

**SOKOUK HOLDING COMPANY  
KUWAITI SHAREHOLDING COMPANY (HOLDING)  
AND SUBSIDIARIES  
STATE OF KUWAIT**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006  
(UNAUDITED)  
WITH  
REVIEW REPORT**

SOKOUK HOLDING COMPANY  
KUWAITI SHAREHOLDING COMPANY (HOLDING)  
AND SUBSIDIARIES  
STATE OF KUWAIT

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FOR THE PERIOD ENDED SEPTEMBER 30, 2006  
(UNAUDITED)

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Review report

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### Review Report

The Board of Directors  
Sokouk Holding Company  
Kuwaiti Shareholding Company (Holding)  
State of Kuwait

We have reviewed the accompanying interim condensed consolidated balance sheet of Sokouk Holding Company - Kuwaiti Shareholding Company (Holding) "the parent company" and subsidiaries "the group" as of September 30, 2006 and the related interim condensed consolidated statement of income, changes in equity, and cash flows for the period then ended. These interim condensed consolidated financial statements are the responsibility of the parent company's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of the parent company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with the International Accounting Standard No. 34. Furthermore, and based on our review the interim condensed consolidated financial statements are in agreement with the books of account and to the best of our knowledge and belief, no violations of the Commercial Companies law nor of the parent company's Articles of Association have occurred during the period that might have had a material effect on the financial position of the group or the results of its operations except as mentioned in Note 1.

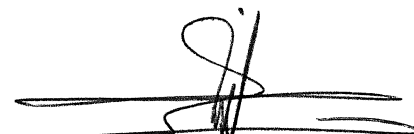
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State of Kuwait  
November 8, 2006

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**AS OF SEPTEMBER 30, 2006**  
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	<u>Note</u>	<u>September 30, 2006 (Unaudited)</u>	<u>December 31, 2005 (Audited)</u>	<u>September 30, 2005 (Unaudited)</u>
<b>Assets:</b>				
Cash on hand and at banks		853,235	1,511,573	2,606,278
Utilization rights		32,080,044	33,839,447	41,844,097
Accounts receivable and other debit balances	3	18,920,228	30,226,339	29,980,566
Murabaha Investments	4	1,319,267	-	1,500,000
Investment in an associate	5	2,985,510	-	-
Investment in joint venture	6	12,211,153	-	-
Investments available for sale	7	4,080,126	1,836,560	4,800,500
Advance payment		100,000	100,000	-
Investment property		480,000	480,000	-
Project under construction		10,610,412	9,889,653	-
Fixed assets		97,796	86,623	85,299
Goodwill		188,000	188,000	-
Total assets		<u>83,925,771</u>	<u>78,158,195</u>	<u>80,816,740</u>
 <b><u>LIABILITIES AND EQUITY</u></b>				
<b>Liabilities:</b>				
Accounts payable and other credit balances	8	30,672,787	37,712,816	45,283,039
Provision for employee's end of service indemnity		36,372	27,489	20,540
Total liabilities		<u>30,709,159</u>	<u>37,740,305</u>	<u>45,303,579</u>
<b>Equity:</b>				
Capital		30,000,000	30,000,000	30,000,000
Statutory reserve		692,398	692,398	105,018
Voluntary reserve		692,398	692,398	105,018
Retained earnings		11,780,259	5,283,084	5,303,125
		<u>43,165,055</u>	<u>36,667,880</u>	<u>35,513,161</u>
Minority interest		10,051,557	3,750,010	-
Total equity		<u>53,216,612</u>	<u>40,417,890</u>	<u>35,513,161</u>
Total liabilities and equity		<u>83,925,771</u>	<u>78,158,195</u>	<u>80,816,740</u>

  
Fawaz S. Al-Ahmed  
Chairman

  
Fuad H. Al-Hornoud  
Vice Chairman

The accompanying notes 1 to 14 are an integral part of the interim condensed consolidated financial statements

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2006**  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30, 2006 (Unaudited)	Nine months ended September 30, 2006 (Unaudited)	Nine months ended September 30, 2005 (Unaudited)
Operating revenue	9	54,199,129	55,587,668	48,690,285
Operating cost	9	(53,036,498)	(54,237,325)	(45,076,662)
Gross profit		1,162,631	1,350,343	3,613,623
Other operating income	10	285,898	3,748,541	1,107,157
Expenses and charges:				
Staff cost		95,770	329,883	240,760
General and administrative		273,306	617,416	134,380
Depreciation		9,446	24,855	17,589
		378,522	972,154	392,729
Operating profit		1,070,007	4,126,730	4,328,051
Murabaha income		21,394	50,631	204,071
Gain on sale of investment in subsidiary	1	-	1,887,089	-
Realized gain on sale of investments available for sale		444,550	519,053	33,430
Share of result from the associate	5	(14,490)	(14,490)	-
Share of result from the Joint Venture	6	60,553	60,553	-
Foreign exchange gain		49,475	166,713	109,640
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labor Support Tax		1,631,489	6,796,279	4,675,192
Contribution to KFAS		(14,324)	(59,129)	(42,077)
National Labor Support Tax		(57,537)	(168,429)	-
Net profit for the period		1,559,628	6,568,721	4,633,115
Attributable to :				
Equity holders of the parent company		1,533,441	6,497,175	4,633,115
Minority interest		26,187	71,546	-
Net profit for the period		1,559,628	6,568,721	4,633,115
Earnings per share attributable to equity holders of the parent company (fils)	11	5.11	21.66	15.44

The accompanying notes 1 to 14 are an integral part of the interim condensed consolidated financial statements

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the parent company				Minority Interest	Total
	Capital	Statutory reserve	Voluntary reserve	Retained earnings		
Balance at December 31, 2005	30,000,000	692,398	692,398	5,283,084	36,667,880	40,417,890
Profit for the period	-	-	-	6,497,175	6,497,175	6,568,721
Total recognized income for the period	-	-	-	6,497,175	6,497,175	6,568,721
Minority share from newly consolidated subsidiaries	-	-	-	-	-	9,200,000
Sale of consolidated subsidiary	-	-	-	-	-	(2,969,999)
<b>Balance at September 30, 2006</b>	<b>30,000,000</b>	<b>692,398</b>	<b>692,398</b>	<b>11,780,259</b>	<b>43,165,055</b>	<b>53,216,612</b>
Balance at December 31, 2004	30,000,000	105,018	105,018	670,010	30,880,046	30,880,046
Profit for the period	-	-	-	4,633,115	4,633,115	4,633,115
Total recognized income for the period	-	-	-	4,633,115	4,633,115	4,633,115
Balance at September 30, 2005	30,000,000	105,018	105,018	5,303,125	35,513,161	35,513,161

The accompanying notes 1 to 14 are an integral part of the interim condensed consolidated financial statements

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2006**  
(All amounts are in Kuwaiti Dinars)

	<b>Nine months ended September 30,</b>	
	<b>2006</b>	<b>2005</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities:</b>		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax	6,796,279	4,675,192
Adjustments for:		
Depreciation	24,855	17,589
Murabaha income	(50,631)	(204,071)
Gain on sale of investment in subsidiary	(1,887,089)	-
Realized gain on sale of investments available for sale	(519,053)	(33,430)
Share of result from associate	14,490	-
Share of result from Joint Venture	(60,553)	-
Provision for employee's end of service indemnity	25,074	14,043
Operating profit before changes in working capital	4,343,372	4,469,323
Decrease in utilization rights	5,231,003	6,669,887
Decrease (increase) in accounts receivable and other debit balances	15,948,864	(12,781)
Decrease in accounts payable and other credit balances	(37,838,451)	(13,702,829)
Cash used in operations	(12,315,212)	(2,576,400)
Paid to Kuwait Foundation for the Advancement of Sciences	(51,964)	(7,527)
Payment for employee's end of service indemnity	(16,191)	-
Net cash used in operating activities	(12,383,367)	(2,583,927)
<b>Cash flows from investing activities:</b>		
Paid for purchase of fixed assets	(36,028)	(32,164)
Paid for purchase of investments available for sale	(5,175,951)	(4,800,500)
Proceeds from sale of investments available for sale	3,451,438	1,183,430
Paid for purchase of investment in an associate	(3,000,000)	-
Paid for purchase of investment in Joint Venture	(12,150,600)	-
Paid for purchase of investment in subsidiary	(2,600,000)	-
Proceeds from sale of investment in subsidiary	7,500,000	6,850,000
Paid for Murabaha investments	(219,267)	-
Murabaha income received	50,631	254,388
Net cash (used in) generated from investing activities	(12,179,777)	3,455,154
<b>Cash flows from financing activities:</b>		
Murabaha payable received	24,077,063	-
Minority contribution in equity of consolidated subsidiary	200,000	-
Net cash generated from financing activities	24,277,063	-
Cash relating to newly consolidated subsidiary	(372,257)	-
Net (decrease) increase in cash on hand and at banks	(658,338)	871,227
Cash on hand and at banks at the beginning of the period	1,511,573	1,735,051
Cash on hand and at banks at the end of the period	853,235	2,606,278

The accompanying notes 1 to 14 are an integral part of the interim condensed consolidated financial statements

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**SEPTEMBER 30, 2006**  
(All amounts are in Kuwaiti Dinars)

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1. Incorporation and activities

Sokouk Holding Company - Kuwaiti Shareholding Company (Holding) "the parent company", (previously known as Sokouk Real Estate Development Company - Kuwaiti Shareholding Company Closed and prior before as Al-Wasta Real Estate Development Company – Kuwaiti Shareholding Company Closed), is registered in the State of Kuwait and was incorporated and authenticated on August 23, 1998 at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 1909/Volume 1.

According to the memorandum issued by the Ministry of Commerce and Industry under Ref. No. 259/2005 dated August 29, 2005 and based on the extraordinary General Assembly held on August 28, 2005, it was approved and recorded in the commercial register the following:

1. Amending the 2<sup>nd</sup> item of the article of incorporation and the first item of the parent company's article of association to become as follows.

The company's name is: Sokouk Holding Company – Kuwaiti Shareholding Company (Holding).

2. Amending the 5<sup>th</sup> item of the article of incorporation and the 4<sup>th</sup> item of article of association of the parent company to become:
  1. Ownership of shares of Kuwaiti or foreign shareholding companies or units in limited liability companies, or establishing, managing, financing and sponsoring such companies.
  2. Financing and sponsoring entities in which the parent company has an ownership interest of not less than 20% of those entities.
  3. Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such rights for the benefit of companies inside or outside the State of Kuwait.
  4. Ownership of movable assets or real estate required to pursue the company's activities within the limits acceptable by law.
  5. Utilizing available surplus funds by investing these funds in portfolios managed by specialized parties.

The company shall have the right to have an interest or to take part in any manner with the authorities that practice similar operations, or that may help the company to achieve its objectives inside and outside State of Kuwait. The company shall also acquire these authorities or merge them to the company. The objectives for which the company was established shall be practiced according to Islamic Shari'a, and the company shall not interpret the above objectives as it allows the company directly or indirectly to deal in usury in the form of interest or any other form.



**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES  
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**SEPTEMBER 30, 2006**

(All amounts are in Kuwaiti Dinars)

According to the latest amendments in the parent company's Article of Association and Articles of Incorporation, the parent company's activities do not permit certain current activities as at September 30, 2006.

The parent company's registered address is P.O. Box 29110 Safat – 13152 - State of Kuwait.

The parent company's shares were listed on Kuwait Stock Exchange on December 27, 2005.

The interim condensed consolidated financial statements include the financial statements of Sokouk Holding Company - Kuwaiti Shareholding Company (Holding) " the parent company" and the following subsidiaries "the group":

Subsidiaries	Percentage of holding		
	September 30, 2006 %	December 31, 2005 %	September 30, 2005 %
Gulf Real Estate Development House Co. K.S.C.C. (previously known as Prince Real Estate Group K.S.C.C.)	75	75	-
Joint venture	25	33.56	-
Sokouk Investment Advisory Co. (Cayman Island)	100	-	-
Sokouk Real Estate Co W.L.L.	90	-	-

During the period, the parent company incorporated Sokouk Investment Advisory Co. (Cayman Island), a wholly owned subsidiary and Sokouk Real Estate Co. W.L.L, 90% owned subsidiary.

The accompanying interim condensed consolidated balance sheet of the group as of September 30, 2006 and the related interim condensed consolidated statement of income for the period then ended include the following financial information relating to Sokouk Investment Advisory Co. and Sokouk Real Estate Co. W.L.L. while the comparative amounts do not include such information:

<b>Balance sheet:</b>	<b>KD</b>
Cash on hand and at banks	500,000
Accounts receivable and other debit balances	453,351
<b>Income statement:</b>	
Other operating income	453,351

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES  
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**SEPTEMBER 30, 2006**

(All amounts are in Kuwaiti Dinars)

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During year 2005, the group entered into a joint venture agreement with Mr. Abdullah Khaled Dalijan. The authorized capital for the joint venture (subsidiary) is KD 12,000,000 distributed over 120,000,000 units of 100 fils each. As of September 30, 2006, the paid-up capital of the joint venture amounted to KD 12,000,000 (December 31, 2005 - KD 4,470,000) and the group's share from this paid-up capital as of September 30, 2006 amounted to KD 3,000,000 (December 31, 2005 - KD 1,500,000). On June 26, 2006 the group increased its interest in the equity of this joint venture to be 66.89% and subsequently during the period on June 27, 2006 the group sold all its interest in the equity of this joint venture with retaining its right to subscribe in the unpaid share capital that amounted to KD 3,000,000 of the sale date. Accordingly, the group paid an amount of KD 3,000,000 against its remaining share in the unpaid capital of the joint venture on August 9, 2006 which resulted in increasing the group's interest in the equity of the joint venture to 25% as of September 30, 2006 (December 31, 2005 - 33.56%). Since the group has a direct power to govern the financial and the operating policies of the joint venture, therefore, the joint venture is considered a subsidiary of the group.

The net asset value of the joint venture as of July 27, 2006, the date of sale amounted to KD 5,612,911 and this joint venture was sold against a consideration amounting to KD 7,500,000 which resulted in a gain of KD 1,887,089. The above transaction is summarized as follows:

	<u>KD</u>
Proceeds from sale of the subsidiary	<u>7,500,000</u>
Net assets value for the subsidiary as of the selling date	<u>(5,612,911)</u>
Gain on sale of investment in subsidiary	<u>1,887,089</u>

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 8, 2006.

2. Basis of preparation

The interim condensed consolidated financial statements are presented in accordance with the most recent accounting policies and procedures followed in the most recent annual consolidated financial statements, in addition to the use of equity method for accounting for an investment in associate and investment in joint venture.

Investment in an associate:

Associates are those enterprises in which the group has significant influence, but not control, over the financial and operating policy decisions. The consolidated financial statements include the group's share of the results and assets and liabilities of associates under the equity method of accounting from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognized.

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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(All amounts are in Kuwaiti Dinars)

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Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the group's interest in the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in statement of income.

On disposal of an associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in Joint Venture:

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the group's financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in joint ventures are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the joint venture, less any impairment in the value of individual investments.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the group's interest in the joint venture.

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**SEPTEMBER 30, 2006**  
(All amounts are in Kuwaiti Dinars)

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The interim condensed consolidated financial statements have been prepared to present interim condensed consolidated financial information in compliance with the International Accounting Standard No. 34 "Interim Financial Reporting" and the guidelines issued by the Kuwait Stock Exchange. Condensed financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial statements. Operating results for the interim period ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2005.

Since the interim consolidated financial statements for the nine months period ended September 30, 2005 was the first interim condensed financial statements prepared by the Group, the comparative figures for the three months period ended September 30, 2005 are not presented in the accompanying interim condensed consolidated financial statements.

3. Accounts receivable and other debit balances

	<b>September 30, 2006 (Unaudited)</b>	December 31, 2005 (Audited)	September 30, 2005 (Unaudited)
Trade receivables	<b>18,672,491</b>	28,673,172	28,019,117
Due from related parties	-	1,208,592	1,565,758
Other receivables	<b>247,737</b>	344,575	395,691
	<b><u>18,920,228</u></b>	<u>30,226,339</u>	<u>29,980,566</u>

Due from related parties represent amounts due from major shareholders and parties related to them, resulting from certain commercial transactions. Prices and terms of payment relating to these transactions are approved by the Executive Management.

4. Murabaha investments

Murabaha investments represents deposits with Kuwaiti financial institution – related party, which has experience in management of investment funds in the local and international markets. These investments earn a weighted average income of 4% per annum.

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**SEPTEMBER 30, 2006**  
 (All amounts are in Kuwaiti Dinars)

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5. Investment in associate

During the period, the group invested an amount of KD 3,000,000 against 40% ownership in the equity of MAS International Company for General Trading and Contracting W.L.L.

The details for the investment in associate as of September 30, 2006 is as follows:

	<u>KD</u>
Group's share of fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition	1,545,443
Goodwill	1,454,557
Share of result from the associate	<u>(14,490)</u>
	<u><u>2,985,510</u></u>

The Group's share of result from associate is based on management accounts prepared by the associate.

6. Investment in Joint Venture

During the period, the group entered into a joint venture agreement with a related party "Joint Venture – Zamzam Tower", and its principal activities is to purchase, invest and operate utilization rights of Zamzam Tower through hotel operations or through reselling either all or part of the utilization rights. The authorized capital for the Joint Venture – Zamzam Tower is USD 293,000,000. As of September 30, 2006, the paid-up capital of the Joint Venture – Zamzam Tower amounted to USD 82,000,000 equivalent to KD 23,722,600 and the group's share from this paid-up capital amounted to USD 42,000,000 equivalent to KD 12,150,600 resulting in the group's interest in the equity of the Joint Venture – Zamzam Tower to be 51.22% as of September 30, 2006. The company is subject to joint control by the partners.

The details for the investment in Joint Venture as of September 30, 2006 is as follows:

	<u>KD</u>
Investment in Joint Venture – Zamzam Tower	12,150,600
Share of result from Joint Venture	<u>60,553</u>
	<u><u>12,211,153</u></u>

The Group's share of result from Joint Venture is based on management accounts prepared by the Joint Venture.

**SOKOUK HOLDING COMPANY - KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**SEPTEMBER 30, 2006**

(All amounts are in Kuwaiti Dinars)

7. Investments available for sale

	<b>September 30, 2006 (Unaudited)</b>	<b>December 31, 2005 (Audited)</b>	<b>September 30, 2005 (Unaudited)</b>
Managed funds available-for-sale	<b>2,674,002</b>	-	-
Unquoted investments available-for-sale	<b>1,406,124</b>	1,836,560	4,800,500
	<b>4,080,126</b>	1,836,560	4,800,500

It was not possible to reliably measure the fair value of some of the available-for-sale investments for which no quoted market price in an active market is available, accordingly, the investments are stated at their original cost less impairment losses, if any.

8. Accounts payable and other credit balances

	<b>September 30, 2006 (Unaudited)</b>	<b>December 31, 2005 (Audited)</b>	<b>September 30, 2005 (Unaudited)</b>
Trade payables	<b>3,680,774</b>	2,058,374	6,120,176
Due to related parties	<b>693,805</b>	34,685,254	39,085,615
Due to joint venture	<b>1,182,225</b>	-	-
Murabaha payable	<b>24,829,692</b>	752,629	-
Accrued expenses and provision for leave salary	<b>58,733</b>	164,595	35,171
Payable to Kuwait Foundation for the Advancement of Sciences	<b>59,129</b>	51,964	42,077
National Labor Support Tax payable	<b>168,429</b>	-	-
	<b>30,672,787</b>	37,712,816	45,283,039

Due to related parties mainly represent the amount due to Munshaat Real Estate Projects Company K.S.C.C., resulting from certain commercial transactions. Prices and terms of payment relating to these transactions are approved by the Executive Management.

Murabaha payable include an amount of KD 12,595,398 payable to a related party. Prices and terms of payment relating to these transactions are approved by the executive management.

9. Operating revenue and cost

Operating revenue and cost consists mainly of revenue and cost from utilization rights that were bought and sold during the period.

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10. Other operating income

	Three months ended September 30, 2006 (Unaudited)	Nine months ended September 30, 2006 (Unaudited)	Nine months ended September 30, 2005 (Unaudited)
Gain from financing activities	140,697	413,051	232,450
Commission income on sale of utilization rights	-	-	124,241
Income from consulting services	30,000	2,730,000	750,000
Investment structure revenue	111,167	572,490	-
Others	4,034	33,000	466
	<u>285,898</u>	<u>3,748,541</u>	<u>1,107,157</u>

11. Earnings per share

Earnings per share is calculated by dividing net profit for the period attributable to equity holders of the parent company over the weighted average number of shares outstanding during the period as follows:

	Three months ended September 30, 2006 (Unaudited)	Nine months ended September 30, 2006 (Unaudited)	Nine months ended September 30, 2005 (Unaudited)
Net profit for the period attributable to equity holders of the parent company	<u>1,533,441</u>	<u>6,497,175</u>	<u>4,633,155</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding:			
Weighted average number of shares issued	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to equity holders of the parent company	<u>5.11</u>	<u>21.66</u>	<u>15.44</u>

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**12. Related party transactions**

In the ordinary course of business, the group has entered into commercial transactions with parties related to the shareholders and parties related to them. Prices and terms of payment relating to these transactions are approved by the Executive Management.

	<b>September 30, 2006 (Unaudited)</b>	<b>December 31, 2005 (Audited)</b>	<b>September 30, 2005 (Unaudited)</b>
<b>Assets:</b>			
Accounts receivable and other debit balances:			
Trade receivables	453,351	15,687	-
Other receivables	-	-	36,344
Due from related parties	-	1,208,592	1,565,758
Murabaha investment	1,319,267	-	1,500,000
<b>Liabilities:</b>			
Accounts payable and other credit balances:			
Due to related parties	693,805	34,685,254	39,085,615
Due to Joint Venture	1,182,225	-	-
Murabaha payable	12,595,398	-	-
	<b>Three months ended September 30, 2006 (Unaudited)</b>	<b>Nine months ended September 30, 2006 (Unaudited)</b>	<b>Nine months ended September 30, 2005 (Unaudited)</b>
<b>Statement of income:</b>			
Operating revenue	53,387,775	53,387,775	-
Operating cost	(52,302,900)	(52,302,900)	-
General and administrative expenses:			
Finance cost	(4,602)	(4,602)	-
Murabaha income	21,393	21,393	-
Realized gain on sale of investments available for sale	428,450	502,956	-
Gain on sale of investment in subsidiary	-	1,886,089	-
Other operating income	141,167	3,302,490	180,613
	<u>1,671,283</u>	<u>6,793,201</u>	<u>180,613</u>



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	<b>Three months ended September 30, 2006 (Unaudited)</b>	<b>Nine months ended September 30, 2006 (Unaudited)</b>
<b><u>Key management compensation:</u></b>		
Short term benefits	8,730	108,030
Terminal benefits	2,183	23,290
	<u>10,913</u>	<u>131,320</u>

13. General Assembly

The shareholders General Assembly held on April 19, 2006 approved the proposal of the Board of Directors not to make any distributions for the year ended December 31, 2005 (2004 – Nil).

14. Comparative figures

Certain comparative amounts have been reclassified to conform with the current period presentation.