

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006
(UNAUDITED)
WITH
REVIEW REPORT**

SOKOUK HOLDING COMPANY
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AND SUBSIDIARIES
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(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 March 31, 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 company or the results of its operations except for what was mentioned in Note 1.

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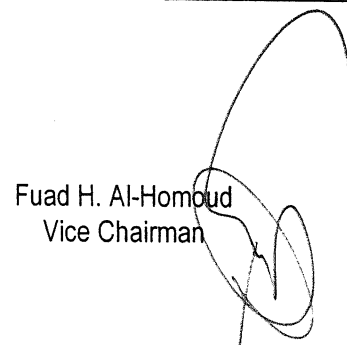
State of Kuwait
April 25, 2006

SOKOUK HOLDING COMPANY KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS OF MARCH 31, 2006

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets:			
Cash on hand and at banks		1,489,504	1,511,573
Utilization rights		33,412,082	33,839,447
Accounts receivable and other debit balances	3	19,241,890	30,226,339
Murabaha Investments	4	3,174,346	-
Investments available for sale	5	5,337,713	1,836,560
Advance payment		100,000	100,000
Investment property		480,000	480,000
Project under construction		9,907,603	9,889,653
Fixed assets		82,477	86,623
Goodwill		188,000	188,000
Total assets		<u>73,413,615</u>	<u>78,158,195</u>
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Accounts payable and other credit balances	6	31,344,675	37,712,816
Provision for employee's end of service indemnity		34,746	27,489
Total liabilities		<u>31,379,421</u>	<u>37,740,305</u>
Equity:			
Capital		30,000,000	30,000,000
Statutory reserve		692,398	692,398
Voluntary reserve		692,398	692,398
Retained earnings		6,874,700	5,283,084
		<u>38,259,496</u>	<u>36,667,880</u>
Minority interest		3,774,698	3,750,010
Total equity		<u>42,034,194</u>	<u>40,417,890</u>
Total liabilities and equity		<u>73,413,615</u>	<u>78,158,195</u>


 Fawaz S. Al-Ahmed
 Chairman


 Fuad H. Al-Homoud
 Vice Chairman

The accompanying notes 1 to 11 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 MARCH 31, 2006
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31, 2006 (Unaudited)	Year ended December 31, 2005 (Audited)
Operating revenue		610,812	58,597,976
Operating cost		(556,915)	(53,725,023)
Gross profit		53,897	4,872,953
Other operating income	7	1,724,788	1,390,519
Expenses and charges:			
Staff cost		99,918	417,008
General and administrative		81,465	272,959
Depreciation		7,528	24,798
		188,911	714,765
Operating profit		1,589,774	5,548,707
Murabaha income		696	211,495
Gain on sale of investments available for sale		74,502	33,430
Foreign currency exchange gain		385	110,176
Profit for the period / year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Board of Directors remuneration and National Labor Support Tax		1,665,357	5,903,808
Contribution to KFAS		(14,116)	(51,964)
Board of Directors' remuneration		-	(34,000)
National Labor Support Tax		(34,937)	-
Net profit for the period / year		1,616,304	5,817,844
Attributable to :			
Equity holders of the parent company		1,591,616	5,787,834
Minority interest		24,688	30,010
Net profit for the period / year		1,616,304	5,817,844
Earnings per share attributable to equity holders of the parent company (fils)	8	5.31	19.29

The accompanying notes 1 to 11 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 MARCH 31, 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	Subtotal		
Balance at December 31, 2004	30,000,000	105,018	105,018	670,010	30,880,046	-	30,880,046
Net profit for the year	-	-	-	5,787,834	5,787,834	30,010	5,817,844
Total recognized income for the year	-	-	-	5,787,834	5,787,834	30,010	5,817,844
Transfer to reserves	-	587,380	587,380	(1,174,760)	-	-	-
Acquisition of consolidated subsidiaries	-	-	-	-	-	3,720,000	3,720,000
Balance at December 31, 2005	30,000,000	692,398	692,398	5,283,084	36,667,880	3,750,010	40,417,890
Net profit for the period	-	-	-	1,591,616	1,591,616	24,688	1,616,304
Total recognized income for the period	-	-	-	1,591,616	1,591,616	24,688	1,616,304
Balance at March 31, 2006	30,000,000	692,398	692,398	6,874,700	38,259,496	3,774,698	42,034,194

The accompanying notes 1 to 11 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 MARCH 31,2006
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31, 2006 (Unaudited)	Year ended December 31, 2005 (Audited)
Cash flows from operating activities		
Profit for the period / year before contribution to Kuwait Foundation for the Advancement of Sciences and Board of Directors' remuneration and National Labor Support Tax	1,665,357	5,903,808
Adjustments for:		
Depreciation	7,528	24,798
Murabaha income	(696)	(211,495)
Gain on sale of investments available for sale	(74,502)	(33,430)
Provision for employee's end of service indemnity	7,257	28,543
Operating profit before changes in working capital	1,604,944	5,712,224
Decrease (increase) in utilization rights	427,365	(468,473)
Decrease (increase) in accounts receivable and other debit balances	11,873,899	(24,094,909)
(Decrease) increase in accounts payable and other credit balances	(8,040,421)	16,917,221
Cash generated from (used in) operations	5,865,787	(1,933,937)
Paid to Kuwait Foundation for the Advancement of Sciences	(51,964)	(7,527)
Payment for employee's end of service indemnity	-	(7,551)
Net cash generated from (used in) operating activities	5,813,823	(1,949,015)
Cash flows from investing activities		
Paid for purchase of fixed assets	(3,382)	(40,697)
Paid for purchase of investments available for sale	(4,178,451)	(1,836,560)
Proceed from sale of investments available for sale	-	1,183,430
(Paid for) proceeds from Murabaha investments	(3,174,346)	8,350,000
Purchase of investment property	-	(480,000)
Increase in advance payment	-	(100,000)
Paid for project under construction	(17,950)	(9,889,653)
Net paid for acquisition of consolidated subsidiary	-	(188,000)
Murabaha income received	-	254,388
Net cash used in investing activities	(7,374,129)	(2,747,092)
Cash flows from financing activities		
Murabaha payable received	1,538,237	752,629
Minority contribution in equity of consolidated subsidiary	-	3,720,000
Net cash generated from financing activities	1,538,237	4,472,629
Net decrease in cash on hand and at banks	(22,069)	(223,478)
Cash on hand and at banks at the beginning of the period / year	1,511,573	1,735,051
Cash on hand and at banks at the end of the period / year	1,489,504	1,511,573

The accompanying notes 1 to 11 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)
MARCH 31, 2006**

(All amounts are in Kuwaiti Dinars)

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 2nd item of the article of incorporation and the first item of the company's article of association to become as follows.

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

2. Amending the 5th item of the article of incorporation and the 4th item of article of association of the 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 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 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 analyze 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 THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 MARCH 31, 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 March 31, 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	
	March 31, 2006 %	December 31, 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	53.38	33.56
Sokouk Investment Advisory Co. (Cayman Island)	100	-

During the period, the parent company incorporated Sokouk Investment Advisory Co. (Cayman Island), a new wholly owned subsidiary.

The accompanying interim condensed consolidated balance sheet of the group as of March 31, 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. while the comparative amounts do not include such information:

Balance sheet

Accounts receivable and other debit balances **119,139**

Income statement:

Other operating income **119,139**

SOKOUK HOLDING COMPANY KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2006

(All amounts are in Kuwaiti Dinars)

During year 2005, the group entered into a joint venture agreement with Mr. Abdullah Khaled Dalijan. The authorized capital for the joint venture is KD 12,000,000 distributed over 120,000,000 units of 100 fils each. As of March 31, 2006, the paid-up capital of the joint venture amounted to KD 6,370,000 (December 31, 2005 - KD 4,470,000) and the group's share from this paid-up capital amounted to KD 3,400,000 (December 31, 2005 - KD 1,500,000) resulting in the group's interest in the equity of this joint venture to be 53.38% as of March 31, 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 investment joint venture is considered investment in a subsidiary of the group.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on April 25, 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 financials.

The interim condensed consolidated 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 considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial statements. Results for the period ended March 31, 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.

The group did not prepare any interim financial statements for the three months period ended March 31, 2005 therefore the comparative figures are only for the year ended December 31, 2005.

SOKOUK HOLDING COMPANY KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2006
 (All amounts are in Kuwaiti Dinars)

3. Accounts receivable and other debit balances

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Trade receivables	18,116,939	28,673,172
Due from related parties	132,017	1,208,592
Due from sale of investments available for sale	751,800	-
Other receivables	241,134	344,575
	<u>19,241,890</u>	<u>30,226,339</u>

The due from related parties represent amounts due from 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 institutions – 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.

5. Investments available for sale

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Managed funds available-for-sale	2,674,002	-
Unquoted investments available-for-sale	2,663,711	1,836,560
	<u>5,337,713</u>	<u>1,836,560</u>

It was not possible to reliably measure the fair value 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.

SOKOUK HOLDING COMPANY KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2006

(All amounts are in Kuwaiti Dinars)

6. Accounts payable and other credit balances

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Trade payables	217,450	2,058,374
Due to related party	28,730,819	34,685,254
Murabaha payable	2,290,866	752,629
Accrued expenses and leave pay	56,487	164,595
Kuwait Foundation for the Advancement of Sciences	14,116	51,964
National Labor Support Tax	34,937	-
	31,344,675	37,712,816

The due to related party 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.

7. Other operating income

	Three months ended March 31, 2006 (Unaudited)	Year ended December 31, 2005 (Audited)
Gain from financing activities	139,395	372,086
Commission income on sale of utilization rights	-	239,197
Income from consulting services	1,450,000	750,000
Investment structure revenue	119,139	-
Others	16,254	29,236
	1,724,788	1,390,519

Commission income on sale of utilization rights relates to Sokouk secured for a related party where the company acted as a broker on his behalf.

SOKOUK HOLDING COMPANY KUWAITI SHAREHOLDING COMPANY (HOLDING) AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2006

(All amounts are in Kuwaiti Dinars)

	Three months ended March 31, 2006 (Unaudited)	Year ended December 31, 2005 (Audited)
Statement of income:		
Gain on sale of investments available for sale	74,502	-
Other operating income	1,569,139	254,884
	<u>1,643,641</u>	<u>254,884</u>
	Three months ended March 31, 2006 (Unaudited)	Year ended December 31, 2005 (Audited)
Key management compensation:		
Short term benefits and Board of Directors' remuneration	40,950	191,400
Terminal benefits	3,938	10,605
	<u>44,888</u>	<u>202,005</u>

10. 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).

11. Comparative figures

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