

**SOKOUK HOLDING COMPANY K.S.C. (HOLDING)  
AND SUBSIDIARIES  
STATE OF KUWAIT**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2007  
(UNAUDITED)**

**WITH  
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

SOKOUK HOLDING COMPANY K.S.C. (HOLDING)  
AND SUBSIDIARIES  
STATE OF KUWAIT

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2007  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

Report on review of interim condensed consolidated financial information	
	<u>Pages</u>
Interim condensed consolidated balance sheet (Unaudited)	3
Interim condensed consolidated statement of income (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5
Interim condensed consolidated statement of cash flows (Unaudited)	6 - 7
Notes to interim condensed consolidated financial information (Unaudited)	8 - 13

**AL-WAHA**  
AUDITING OFFICE  
ALI OWAIID RUKHAEYES



Member of The International Group of Accounting Firms

P.O. Box 27387 Safat  
13134 – State of Kuwait  
Telephone: (965) 2423415  
Facsimile : (965) 2423417

**Albazie & Co.**

Member of **RSM** International

Public Accountants

Kuwait Airways Building, 7<sup>th</sup> Floor  
Shuhada Street, P.O. Box 2115 Safat  
13022 – State of Kuwait  
T + 965 2410010  
F + 965 2412761  
[www.albazie.com](http://www.albazie.com)

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors  
Sokouk Holding Company K.S.C. (Holding)  
State of Kuwait

### **Introduction**

We have reviewed the accompanying interim condensed consolidated balance sheet of Sokouk Holding Company - K.S.C. (Holding) (the parent company) and subsidiaries (the group) as of March 31, 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.



Report on other Legal and Regulatory Requirements

Furthermore, the interim condensed consolidated financial information is in agreement with the books of account and to the best of our knowledge and belief, there were no contraventions during the period ended March 31, 2007 of either the Commercial Companies Law or the parent Company's Articles of Association, which might have materially affected the Group's financial position or results of its operations.

Ali Owaid Rukheyes  
Licence No. 72-A  
Member of the International Group  
of Accounting Firms

Dr. Shuaib A. Shuaib  
Licence No. 33 - A  
Albazie & Co.  
Member of RSM International


State of Kuwait  
May 13, 2007

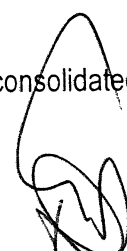
**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**AS OF MARCH 31, 2007**

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	March 31, 2007	December 31, 2006 (Audited)	March 31, 2006
Cash on hand and at banks		1,419,948	3,465,760	1,489,504
Accounts receivable and other debit balances		12,447,004	14,184,061	18,348,299
Sokouk utilization rights	3	26,139,545	31,650,632	33,412,082
Due from related parties	4	8,687,165	3,795,702	893,591
Investment in Murabaha		-	2,095,250	-
Investment in Wakala		219,267	219,267	3,174,346
Investment in an associate	5	3,371,330	3,371,330	-
Investment in joint ventures	6	15,313,793	15,711,905	-
Investments available for sale		4,080,126	4,080,126	5,337,713
Advance payment for purchase of investments	7	9,219,467	492,998	100,000
Investment properties		2,005,888	2,005,888	-
Project under construction	8	-	1,335,000	10,387,603
Property and equipment		100,313	104,773	82,477
Goodwill		188,000	188,000	188,000
Total assets		<u>83,191,846</u>	<u>82,700,692</u>	<u>73,413,615</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Accounts payable and other credit balances		435,303	560,905	322,990
Due to related parties	4	14,694,586	16,535,590	28,730,819
Murabaha payable		20,840,602	19,511,358	2,290,866
Provision for employees' end of service indemnity		48,056	39,828	34,746
Total liabilities		<u>36,018,547</u>	<u>36,647,681</u>	<u>31,379,421</u>
Equity:				
Capital		30,000,000	30,000,000	30,000,000
Statutory reserve		1,593,017	1,593,017	692,398
Voluntary reserve		1,593,017	1,593,017	692,398
Retained earnings		13,104,269	12,011,104	6,874,700
Total equity attributable to parent company's shareholders		<u>46,290,303</u>	<u>45,197,138</u>	<u>38,259,496</u>
Minority interest		882,996	855,873	3,774,698
Total equity		<u>47,173,299</u>	<u>46,053,011</u>	<u>42,034,194</u>
Total liabilities and equity		<u>83,191,846</u>	<u>82,700,692</u>	<u>73,413,615</u>

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information

  
Fawaz S. Al-Ahmed  
Chairman

  
Fuad H. Al-Homoud  
Vice Chairman

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2007	2006
Operating revenue		<b>7,108,684</b>	610,812
Operating cost		<b>(5,536,943)</b>	(556,915)
Gross profit		<b>1,571,741</b>	53,897
Other operating income	9	<b>308,880</b>	1,724,788
Expenses and charges:			
General and administrative		<b>725,146</b>	181,383
Depreciation		<b>11,800</b>	7,528
		<b>736,946</b>	188,911
Operating profit		<b>1,143,675</b>	1,589,774
Gain from investment in Murabaha		<b>4,643</b>	696
Realized gain on sale of investments available for sale		-	74,502
Foreign currency exchange gain		-	385
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labor Support Tax		<b>1,148,318</b>	1,665,357
Contribution to Kuwait Foundation for the Advancement of Sciences	10	-	(14,116)
National Labor Support Tax		<b>(28,030)</b>	(34,937)
Net profit for the period		<b>1,120,288</b>	1,616,304
Attributable to :			
Parent company's shareholders		<b>1,093,165</b>	1,591,616
Minority interest		<b>27,123</b>	24,688
Net profit for the period		<b>1,120,288</b>	1,616,304
Earnings per share attributable to the parent company's shareholders (fils)	11	<b>3.64</b>	5.31

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**

(All amounts are in Kuwaiti Dinars)

	Attributable to the parent company's shareholders					Total equity attributable to the Parent Company's shareholders	Minority interest	Total
	Capital	Statutory reserve	Voluntary reserve	Retained earnings	Company's shareholders			
Balance at December 31, 2006	30,000,000	1,593,017	1,593,017	12,011,104	45,197,138	855,873	46,053,011	
Net profit for the period	-	-	-	1,093,165	1,093,165	27,123	1,120,288	
<b>Balance at March 31, 2007</b>	<b>30,000,000</b>	<b>1,593,017</b>	<b>1,593,017</b>	<b>13,104,269</b>	<b>46,290,303</b>	<b>882,996</b>	<b>47,173,299</b>	
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	
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 (14) form an integral part of the interim condensed consolidated financial information

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**

(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2007	2006
<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	1,148,318	1,665,357
Adjustments for:		
Depreciation	11,800	7,528
Realized gain on sale of investments available for sale	-	(74,502)
Gain from investment in Murabaha	(4,643)	(696)
Provision for employees' end of service indemnity	12,640	7,257
Assets management fees income	(90,000)	-
Operating income before changes in working capital	1,078,115	1,604,944
Decrease in Sokouk utilization rights	5,511,087	427,365
Increase (decrease) in accounts receivable and other debit balances	(682,404)	11,845,953
Increase in due from related parties	(5,209,080)	27,946
Increase in accounts payable and other credit balances	(92,615)	(1,949,032)
Increase in due to related parties	1,718,606	(6,091,389)
Cash generated from operations	2,323,709	5,865,787
Paid for Kuwait Foundation for the Advancement of Sciences	(61,017)	(51,964)
Payment for employees' end of service indemnity	(4,412)	-
Proceeds from asset management fees income	360,000	-
Net cash generated from operating activities	2,618,280	5,813,823
<b>Cash flows from investing activities:</b>		
Proceeds from (paid for) investments in Murabaha	2,095,250	(3,174,346)
Gain from investment in Murabaha received	4,643	-
Paid for purchase of investments available for sale	-	(4,178,451)
Increase in advance payment for purchase of investments	(8,726,469)	-
Paid for project under construction	-	(17,950)
Proceeds from sale of project under construction	1,335,000	-
Paid for purchase of property and equipment	(7,340)	(3,382)
Net cash used in investing activities	(5,298,916)	(7,374,129)



**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTD.)**  
**FOR THE PERIOD ENDED MARCH 31, 2007**  
(All amounts are in Kuwaiti Dinars)

---

	Three months ended March 31,	
	<u>2007</u>	<u>2006</u>
<b>Cash flows from financing activities:</b>		
Murabaha payable received	<u>634,824</u>	<u>1,538,237</u>
Net cash generated from financing activities	<u>634,824</u>	<u>1,538,237</u>
Net decrease in cash on hand and at banks	<u>(2,045,812)</u>	<u>(22,069)</u>
Cash on hand and at banks at the beginning of the period	<u>3,465,760</u>	<u>1,511,573</u>
Cash on hand and at banks at the end of the period	<u><u>1,419,948</u></u>	<u><u>1,489,504</u></u>

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2007**  
(All amounts are in Kuwaiti Dinars)

---

1. Incorporation and activities

Sokouk Holding Company – K.S.C. (Holding) “the parent company”, (previously known as Sokouk Real Estate Development Company – K.S.C. (Closed) and prior before as Al-Wasta Real Estate Development Company – K.S.C. (Closed), is registered in the State of Kuwait and was incorporated and authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 1909/Volume 1 on August 23, 1998 and registered on commercial register under Ref. No. 74323 dated August 29, 1998.

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

The interim condensed consolidated financial information were authorized for issue by the Board of Director's on May 13, 2007.

2. Basis of preparation

These interim condensed consolidated financial information have been prepared in accordance with the same accounting policies and methods of computation as were followed in the most recent consolidated annual financial statement.

The interim condensed consolidated financial information have been prepared to present 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 information 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 information. Operating results for the interim period ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. For further information, refer to the consolidated financial statement and notes thereto for the year ended December 31, 2006.

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2007**  
(All amounts are in Kuwaiti Dinars)

The interim condensed consolidated financial information include the financial information of Sokouk Holding Company – K.S.C. (Holding) and the following subsidiaries:

Subsidiaries	Country of incorporation	Percentage of holding %		
		March 31, 2007	December 31, 2006	March 31, 2006
Gulf Real Estate Development House Co. K.S.C.C. (previously known as Prince Real Estate Group K.S.C.C.)	Kuwait	75	75	75
Joint venture – Salmiya Hotel Project	Kuwait	-	-	33.56
Sokouk Investment Advisory Co.	Cayman Island	100	100	100
Sokouk Real Estate Co.– K.S.C.C.	Kuwait	100	100	-
Gulf Money House for Money Collection - W.L.L.	Kuwait	100	100	-

**3. Sokouk Utilization rights**

During the period ended March 31, 2007 the Group sold Sokouk utilization rights amounting to KD 5,877,446 to a joint venture resulting in a gain of KD 1,148,170 after eliminating intercompany profit (Note 6).

**4. Related party transactions**

The Group has entered into various transactions with related parties, i.e. shareholders, key management personnel, associates, joint ventures and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

	March 31, 2007	December 31, 2006 (Audited)	March 31, 2006
<b><u>Assets:</u></b>			
Due from related parties	8,687,165	3,795,702	893,591
Investment in Murabaha	-	2,095,250	-
Investment in Wakala	219,267	219,267	-
<b><u>Liabilities:</u></b>			
Due to related parties	14,694,586	16,535,590	28,730,819
Murabaha payable	14,547,194	12,855,019	-

Due to related parties mainly resulting from purchasing and selling Sokouk utilization rights

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2007**

(All amounts are in Kuwaiti Dinars)

	<u>March 31,</u> <u>2007</u>	December 31, 2006 (Audited)	<u>March 31,</u> <u>2006</u>
<b><u>Statement of income:</u></b>			
Operating revenue	4,428,656	53,387,775	-
Operating cost	3,280,486	(52,302,900)	-
General and administrative expenses	(411,419)	(666,338)	-
Gain from investment in Murabaha	4,643	48,209	696
Realized gain on sale of investments available for sale	-	502,956	74,502
Gain on sale of investment in subsidiary	-	1,887,089	-
Other operating income	67,500	813,586	1,569,139

	<u>March 31,</u> <u>2007</u>	December 31, 2006 (Audited)	<u>March 31,</u> <u>2006</u>
<b><u>Key management compensation:</u></b>			
Short term benefits and Board of Directors' remuneration	34,738	197,560	40,950
Terminal benefits	1,563	31,455	3,938

5. Investment in an associate

The Group did not account for its share of results from the associate due to non-availability of financial information.

6. Investment in Joint Ventures

The investment in joint venture consists of the following:

<u>Name of the associate</u>	<u>Country of</u> <u>Incorporation</u>	<u>Ownership</u> <u>Percentage</u>	<u>March 31,</u> <u>2007</u>	December 31, 2006 (Audited)	<u>March 31,</u> <u>2006</u>
Joint Venture – Zamzam Tower	Kuwait	24.65%	12,351,556	12,727,168	-
Joint Venture – Al-Salmiya Hotel Project	Kuwait	25.00%	2,962,237	2,984,737	-
			<u>15,313,793</u>	<u>15,711,905</u>	<u>-</u>

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2007**  
(All amounts are in Kuwaiti Dinars)

The movement during the period was as follows:

	<b>March 31, 2007</b>	December 31, 2006 (Audited)	March 31, 2006
Balance at the beginning of the period / year	<b>15,711,905</b>	-	-
Acquisition of joint venture	-	15,150,600	-
Group's share of results from joint ventures	-	578,292	-
Elimination of profit on intercompany transactions (Note 3)	<b>(398,112)</b>	-	-
Other equity movements	-	(16,987)	-
Balance at the end of the period	<b><u>15,313,793</u></b>	<b><u>15,711,905</u></b>	<b><u>-</u></b>

During the period, one of the partners of the Joint Venture – Zamzam Tower increased his share in equity which resulted the decrease of the Group's share in the equity of Joint Venture – Zamzam Tower to become as of March 31, 2007 - 24.65% (December 31, 2006 – 28.88%).

The Group did not account for its share of results from the above mentioned joint ventures due to non-availability of financial information.

**7. Advance payment for purchase of investments**

Advance payment for purchase of investments represents amount paid for investment in a company which is under incorporation, for which the legal procedures have not yet been completed as of the date of the interim condensed consolidated financial information. The details of payments are as follows:

	<b>March 31, 2007</b>	December 31, 2006 (Audited)	March 31, 2006
Sokouk Al Tadawol (under establishment)	<b>9,219,467</b>	492,998	-
Gulf Money House for Money Collection – W.L.L.	-	-	100,000
	<b><u>9,219,467</u></b>	<b><u>492,998</u></b>	<b><u>100,000</u></b>

**8. Project under construction**

During the period ended March 31, 2007 one of the subsidiaries sold its project under construction to a Joint Venture at carrying value without any gain or loss on the sale.

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2007**  
(All amounts are in Kuwaiti Dinars)

9. Other operating income

	Three months ended March 31,	
	2007	2006
Gain from financing activities	149,100	139,395
Income from consulting services	-	1,450,000
Others	159,780	135,393
	<b>308,880</b>	<b>1,724,788</b>

10. Contribution to Kuwait Foundation for the Advancement of Sciences

The contribution to Kuwait Foundation for the Advancement of Sciences had not been calculated for the period ended March 31, 2007 since there was no profit after deducting the Group's share of income from shareholding subsidiaries on which contribution to Kuwait Foundation for the Advancement of Sciences could be calculated.

11. Earnings per share attributable to the parent company's shareholders

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	Three months ended March 31,	
	2007	2006
Net profit for the period attributable to the parent company's shareholders	1,093,165	1,591,616
	<b>Shares</b>	<b>Shares</b>
<u>Weighted average number of shares outstanding:</u>		
Weighted average number of shares issued	300,000,000	300,000,000
	<b>300,000,000</b>	<b>300,000,000</b>
	<b>Fils</b>	<b>Fils</b>
Earnings per share attributable to the parent company's shareholders	3.64	5.31

12. Capital commitments

The Group had capital commitments in respect of future capital expenditure related to the construction of a hotel in a joint venture as follows:

	March 31, 2007	December 31, 2006 (Audited)	March 31, 2006
Capital commitments	2,267,915	3,615,314	226,459

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2007**  
(All amounts are in Kuwaiti Dinars)

---

13. General Assembly

The shareholders' General Assembly held on April 16, 2007 approved distribution of cash dividends of 12 Fils (12%) for the year ended December 31, 2006.

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

14. Comparative figures

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