

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2010  
(UNAUDITED)  
WITH**

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

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED MARCH 31, 2010  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

Report on review of interim consolidated financial information	
	<u>Pages</u>
Interim condensed consolidated statement of financial position (Unaudited)	3
Interim condensed consolidated statement of income (Unaudited)	4
Interim condensed consolidated statement of comprehensive income (Unaudited)	5
Interim condensed consolidated statement of changes in equity (Unaudited)	6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to interim consolidated financial information (Unaudited)	8 - 15

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



**RSM! Albazie & Co.**

Public Accountants

Kuwait Airways Building, 7<sup>th</sup> Floor  
Shuhada Street, P.O. Box 2115 Safat  
13022 – State of Kuwait  
T + 965 22410010  
T + 965 22961000  
F + 965 22412761  
[www.albazie.com](http://www.albazie.com)

**Member of The International Group of Accounting Firms**

P.O. Box 27387 Safat  
13134 – State of Kuwait  
Telephone: (965) 22423415  
Facsimile : (965) 22423417

## **REPORT ON REVIEW OF INTERIM 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 statement of financial position of Sokouk Holding Company - K.S.C. (Holding) (the parent company) and subsidiaries (the group) as of March 31, 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. Management is responsible for the preparation and presentation of these interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim 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 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.



-2-

**Conclusion**

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

**Report on other Legal and Regulatory Requirements**

Furthermore, the interim consolidated financial information is in agreement with the books of account. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the period ended March 31, 2010 that might have had a material effect on the business of the Group or on its financial position.

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, 2010

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF MARCH 31, 2010**  
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	<u>Note</u>	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u> <u>(Audited)</u>	<u>March 31,</u> <u>2009</u>
Cash on hand and at banks		1,096,473	1,369,339	1,266,464
Accounts receivable and other debit balances		3,631,231	3,745,393	4,803,124
Sokouk utilization rights		7,284,200	7,284,200	7,284,200
Investments in Wakala	3	1,951,841	1,871,748	4,418,654
Due from related parties	4	43,918,823	43,557,520	48,865,723
Investments available for sale	5	10,170,422	9,965,122	5,853,580
Investment in associates	6	16,768,389	17,600,030	49,964,276
Project under construction	7	16,502,500	16,453,439	15,204,132
Investment in joint venture	8	2,622,632	2,618,041	2,614,299
Investment in unconsolidated subsidiaries		-	-	750,000
Property and equipment		4,100	31,312	82,968
Intangible assets		-	-	3,000
Goodwill		1,312,029	1,312,029	1,312,029
Total assets		<u>105,262,640</u>	<u>105,808,173</u>	<u>142,422,449</u>
<b><u>LIABILITIES AND EQUITY</u></b>				
Liabilities:				
Accounts payable and other credit balances		2,563,581	5,065,518	2,289,702
Due to related parties	4	5,481,174	3,125,855	5,915,995
Murabaha payables	9	5,745,037	5,850,788	11,891,166
Provision for end of service indemnity		88,672	80,613	91,228
Total liabilities		<u>13,878,464</u>	<u>14,122,774</u>	<u>20,188,091</u>
Equity:				
Capital	10	100,000,000	100,000,000	100,000,000
Share premium		17,500,000	17,500,000	17,500,000
Statutory reserve		2,229,106	2,229,106	2,229,106
Voluntary reserve		2,229,106	2,229,106	2,229,106
Foreign currency translation adjustments		12,956	(9,137)	172,244
Cumulative changes in fair value		401,338	196,038	(138,549)
Effect of changes in associates' equity		(222,225)	(260,597)	(839,760)
(Accumulated losses) retained earnings		(31,883,404)	(31,295,312)	72,688
Total equity attributable to parent company's shareholders		<u>90,266,877</u>	<u>90,589,204</u>	<u>121,224,835</u>
Non-controlling interests		1,117,299	1,096,195	1,009,523
Total equity		<u>91,384,176</u>	<u>91,685,399</u>	<u>122,234,358</u>
Total liabilities and equity		<u>105,262,640</u>	<u>105,808,173</u>	<u>142,422,449</u>

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information

  
Abdul Aziz Abdul Latif Al Ebrahim  
Chairman & Managing Director

  
Bader Jassem Bu Rashed  
Vice Chairman

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2010**  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2010	2009
Other operating income	11	146,703	246,077
Expenses and charges:			
General and administrative		186,335	266,060
Depreciation and amortization		2,884	11,757
		<u>189,219</u>	<u>277,817</u>
Operating loss		(42,516)	(31,740)
Net investments income	12	23,296	66,824
Gain from investments in Wakala		32,971	30,263
Group's share of results from associates	6	(870,013)	152,118
Group's share of results from joint venture	8	(13,758)	-
Loss from sale of property and equipment		(19,328)	-
Finance charges		(130,937)	(224,698)
Foreign currencies exchange gain		453,297	1,819,929
(Loss) profit for the period before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labor Support Tax		(566,988)	1,812,696
Contribution to Zakat		-	(12,635)
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(12,222)
National Labor Support Tax		-	(38,958)
Net (loss) profit for the period		<u>(566,988)</u>	<u>1,748,881</u>
Attributable to :			
Parent company's shareholders		(588,092)	1,720,396
Non-controlling interests		21,104	28,485
Net (loss)profit for the period		<u>(566,988)</u>	<u>1,748,881</u>
(Loss) profit per share attributable to the equity holders of the parent company	13	<u>(0.59)</u>	<u>1.72</u>

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2010**  
(All amounts are in Kuwaiti Dinars)

---

	Note	Three months ended March 31,	
		2010	2009
Net (loss) profit for the period		(566,988)	1,748,881
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		22,093	635,609
Investments available for sale	5	205,300	(138,549)
Change in associates' equity	6	38,372	(15,529)
<b>Other comprehensive income for the period</b>		<u>265,765</u>	<u>481,531</u>
<b>Total comprehensive (loss) income for the period</b>		<u>(301,223)</u>	<u>2,230,412</u>
Attributable to :			
Shareholders of the parent company		(322,327)	2,201,927
Non-controlling interests		21,104	28,485
<b>Total comprehensive (loss) income for the period</b>		<u>(301,223)</u>	<u>2,230,412</u>

The accompanying notes from (1) to (17) form an integral part of the interim 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, 2010**  
 (All amounts are in Kuwaiti Dinars)

	Attributable to the Parent Company's shareholders										
	Capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Effect of changes in associates' equity	(Accumulated losses) Retained earnings	Sub – Total attributable to parent company's shareholders	Non - controlling interests	Total equity
Balance at December 31, 2009	100,000,000	17,500,000	2,229,106	2,229,106	(9,137)	196,038	(260,597)	(31,295,312)	90,569,204	1,096,195	91,665,399
Total comprehensive income (loss) for the period	-	-	-	-	22,093	205,300	38,372	(588,092)	(322,327)	21,104	(301,223)
<b>Balance at March 31, 2010</b>	<b>100,000,000</b>	<b>17,500,000</b>	<b>2,229,106</b>	<b>2,229,106</b>	<b>12,956</b>	<b>401,338</b>	<b>(222,225)</b>	<b>(31,883,404)</b>	<b>90,256,877</b>	<b>1,117,299</b>	<b>91,384,176</b>
Balance at December 31, 2008	100,000,000	17,500,000	2,229,106	2,229,106	(463,365)	-	(824,231)	(1,647,709)	119,022,908	981,038	120,003,946
Total comprehensive income (loss) for the period	-	-	-	-	635,609	(138,549)	(15,529)	1,720,396	2,201,927	28,485	2,230,412
<b>Balance at March 31, 2009</b>	<b>100,000,000</b>	<b>17,500,000</b>	<b>2,229,106</b>	<b>2,229,106</b>	<b>172,244</b>	<b>(138,549)</b>	<b>(839,760)</b>	<b>72,688</b>	<b>121,224,835</b>	<b>1,009,523</b>	<b>122,234,358</b>

The accompanying notes (1) to (17) form an integral part of the interim 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, 2010**  
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2010	2009
<b>Cash flows from operating activities:</b>		
(Loss) profit for the period before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labor Support Tax	(566,988)	1,812,696
Adjustments for:		
Depreciation and amortization	2,884	11,757
Dividend income from investments available for sale	(23,296)	(68,280)
Realized loss from sale of investments available for sale	-	1,456
Gain from investments in Wakala	(32,971)	(30,263)
Group's share of results from associates	870,013	(152,118)
Group's share of results from joint venture	13,758	-
Loss from sale of property and equipment	19,328	-
Finance charges	130,937	224,698
Provision for end of service indemnity	8,796	11,204
	<u>422,461</u>	<u>1,811,150</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	114,162	507,774
Due from related parties	(361,303)	(2,216,849)
Accounts payable and other credit balances	(2,501,937)	(164,842)
Due to related parties	2,359,063	(49,669)
Cash generated from (used in) operations	32,446	(112,436)
Payment for end of service indemnity	(737)	(1,131)
Net cash generated from (used in) operating activities	<u>31,709</u>	<u>(113,567)</u>
<b>Cash flows from investing activities:</b>		
Net paid for investments in Wakala	(47,122)	(86,040)
Paid for purchase of investments available for sale	-	(24,771)
Proceeds from sale of investments available for sale	-	9,932
Dividend received from investments available for sale	23,296	68,280
Paid for project under construction	(49,061)	(1,066,589)
Proceeds from sale of property and equipment	5,000	-
Net cash used in investing activities	<u>(67,887)</u>	<u>(1,099,188)</u>
<b>Cash flows from financing activities:</b>		
Net movement on Murabaha payables	(236,688)	168,032
Net cash (used in) generated from financing activities	<u>(236,688)</u>	<u>168,032</u>
Net decrease in cash on hand and at banks	(272,866)	(1,044,723)
Cash on hand and at banks at the beginning of the period	<u>1,369,339</u>	<u>2,311,187</u>
Cash on hand and at banks at the end of the period	<u>1,096,473</u>	<u>1,266,464</u>

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information

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

**MARCH 31, 2010**

(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 at P.O. Box 29110 Safat – Postal code 13152 - State of Kuwait.

The parent company was listed on Kuwait Stock Exchange on December 27, 2005.

The interim consolidated financial information were authorized for issue by the Board of Directors on May 13, 2010.

2. Basis of presentation

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the guidelines issued by the Kuwait Stock Exchange. The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2009 except for the changes due to implementation of the following amended International Financial Reporting Standards:

**IFRS3: Business Combinations (Revised) (IFRS 3R)**

IFRS 3R introduces significant changes in the accounting for business combinations occurring after the effective date. Changes affect the valuation of non - controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

**IAS 27: Consolidated and separate financial statements (Revised) (IAS 27R)**

IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control of subsidiaries and transactions with non - controlling interests.

The interim consolidated financial information do 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. Operating results for the period ended March 31, 2010 are not necessarily indicative of the results that may be expected for

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

**MARCH 31, 2010**

(All amounts are in Kuwaiti Dinars)

the year ending December 31, 2010. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2009.

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

Subsidiaries	Country of incorporation	Percentage of holding %		
		March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
Gulf Real Estate Development House Co. K.S.C. (Closed)	Kuwait	75	75	75
Sokouk Investment Advisory Co.	Cayman Island	100	100	100
Sokouk Real Estate Co.– K.S.C. (Closed)	Kuwait	100	100	100
Gulf Money House for Money Collection - W.L.L.	Kuwait	100	100	100
Sokouk Al Aqlemya Trading Co.-W.L.L.	Kuwait	100	100	-
Sokouk Al Arabia Trading Co.-W.L.L.	Kuwait	100	100	-
Sokouk Al Oula Trading Co.-W.L.L.	Kuwait	100	100	-
Sokouk Al Kuwaiti Trading Co.-W.L.L.	Kuwait	100	100	-
Sokouk Al Islamia Trading Co.-W.L.L.	Kuwait	100	100	-

The interim consolidated financial information includes also the financial information of the following joint venture:

Joint venture	Country of incorporation	Percentage of holding %		
		March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
Joint Venture Al-Salmiya Hotel Project	Kuwait	74.25	74.25	74.25

**3. Investments in Wakala**

Investments in Wakala represent Wakala investment contracts with Kuwaiti Financial Institutions . Investment earns an average rate of return 7% per annum (December 31,2009 – 8.5%, March 31,2009 – 8.5%).

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

**MARCH 31, 2010**

(All amounts are in Kuwaiti Dinars)

**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:

Interim condensed consolidated statement of financial position:	March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
<b><u>Due from related parties</u></b>			
Due from associates	44,111,503	43,823,870	47,661,458
Due from joint ventures	1,058,912	977,516	729,031
Due from companies under common control	559,208	566,934	-
Provision for doubtful debts	(1,810,800)	(1,810,800)	-
Due from other related parties	-	-	475,234
Total due from related parties	<u>43,918,823</u>	<u>43,557,520</u>	<u>48,865,723</u>
Cash with portfolio manager	12,344	39,075	421,574
Investments available for sale managed by related parties	2,195,602	1,988,725	2,101,274
Investments in Wakala	1,951,841	1,871,748	1,818,651
<b><u>Due to related parties</u></b>			
Due to principal shareholders	2,717,254	361,935	-
Due to companies under common control	2,763,920	2,763,920	4,605,637
Due to unconsolidated subsidiaries	-	-	738,250
Due to other related parties	-	-	572,108
Total due to related parties	<u>5,481,174</u>	<u>3,125,855</u>	<u>5,915,995</u>
Murabaha payables	5,745,037	5,850,788	11,891,166

Due from / to related parties mainly result from purchase and sale of Sokouk utilization rights and investments.

Due from related parties includes an amount of KD 45,970,666 (December 31, 2009 – KD 45,652,364, March 31, 2009 – KD 46,368,463) including a deferred revenue of KD 7,259,912 (December 31, 2009 – KD 7,209,644, March 31, 2009 – KD 7,322,734) receivable from Munshaat Real Estate Company – K.S.C. (Closed), payable in five equal annual installments starting from January 1, 2010 up to January 1, 2014.

	Three months ended March 31,	
	2010	2009
<b>Interim condensed consolidated statement of income:</b>		
Gain from investments in Wakala	32,971	30,263
Other operating income	79,730	88,012
Foreign currencies exchange gain	452,957	1,656,857
Finance charges	(130,937)	(224,698)
General and administrative expenses	(12,081)	(21,158)
<b><u>Key management compensation:</u></b>		
Short term benefits	60,924	34,120
Termination benefits	5,048	2,487
	<u>65,972</u>	<u>36,607</u>

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2010**  
 (All amounts are in Kuwaiti Dinars)

5. Investments available for sale

Investments available for sale include the following:

	<b>March 31, 2010</b>	<b>December 31, 2009 (Audited)</b>	<b>March 31, 2009</b>
Investments in funds and portfolios	<u>2,215,760</u>	<u>2,010,460</u>	<u>1,982,557</u>
Investments in equity securities	<u>7,954,662</u>	<u>7,954,662</u>	<u>3,871,023</u>
	<u><b>10,170,422</b></u>	<u><b>9,965,122</b></u>	<u><b>5,853,580</b></u>

The movement during the period / year was as follows:

	<b>March 31, 2010</b>	<b>December 31, 2009 (Audited)</b>	<b>March 31, 2009</b>
Balance at the beginning of the period / year	<u>9,965,122</u>	<u>5,978,746</u>	<u>5,978,746</u>
Additions	-	24,771	24,771
Disposals	-	(1,738,842)	(11,388)
Transferred from investment in associates (Note 6)	-	5,504,409	-
Change in fair value	<u>205,300</u>	<u>196,038</u>	<u>(138,549)</u>
Balance at the end of the period / year	<u><b>10,170,422</b></u>	<u><b>9,965,122</b></u>	<u><b>5,853,580</b></u>

It was not possible to reliably measure the fair value of unquoted investments available for sale amounting to KD 7,954,662 (December 31, 2009 - KD 7,954,662, March 31, 2009 – KD 3,871,023) due to non-availability of a reliable method that could be used to determine the fair value of such investments accordingly they were stated at their cost less impairment loss, if any. Investments available for sale include investments reclassified from held for trading amounting to KD 1,068,449 (December 31, 2009 – KD 963,699, March 31, 2009 – KD 1,452,500). Cumulative changes in fair value related to these investments accounted in other comprehensive (loss) income as of March 31, 2010 amounted to KD (30,068) (December 31, 2009 – KD 74,682, March 31, 2009 – KD 44,146).

6. Investment in associates

The investment in associates consists of the following:

Name of the associate	Country of Incorporation	Ownership percentage %			March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
		March 31, 2010	December 31, 2009 (Audited)	March 31, 2009			
ELAF Bank – B.S.C. (Closed)	Bahrain	-	-	15	-	-	8,444,235
Munshaat Real Estate Projects Co. – K.S.C. (Closed)	Kuwait	27.67	27.67	27.67	15,558,325	16,491,932	40,679,977
Mas Holding Company – K.S.C.	Kuwait	40	40	40	<u>1,210,064</u>	<u>1,108,098</u>	<u>840,064</u>
					<u><b>16,768,389</b></u>	<u><b>17,600,030</b></u>	<u><b>49,964,276</b></u>

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

**MARCH 31, 2010**

(All amounts are in Kuwaiti Dinars)

The movement during the period / year is as follows:

	March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
Balance at the beginning of the period / year	17,600,030	49,346,631	49,346,631
Disposal of associates	-	(2,258,811)	-
Group's share of results from associates	(870,013)	(13,099,318)	152,118
Change in associates' equity	38,372	549,023	(15,529)
Foreign currency translation adjustments	-	314,056	481,056
Impairment loss in value	-	(11,747,142)	-
Transferred to investments available for sale (Note 5)	-	(5,504,409)	-
Balance at the end of the period / year	<u>16,768,389</u>	<u>17,600,030</u>	<u>49,964,276</u>

The market value of the investment in Munshaat Real Estate Projects Company – K.S.C. (Closed) at the date of the interim condensed consolidated statement of financial position is KD 6,058,409 (December 31, 2009 – KD 7,662,106, March 31, 2009 – KD 6,414,786).

The report on review of interim consolidated financial information of Munshaat Real Estate Projects Company - K.S.C. (Closed) for the three months ended March 31, 2010 included an emphasis of matter which was as follows:

"The interim consolidated financial information indicated that the associate made a loss of KD 3,366,418 for the three months ended March 31, 2010 and that the associate's current liabilities exceeded its current assets by KD 71,855,596. These conditions along with other matters indicate existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern without continued support for the financial institutions and shareholders and the ability of the company to improve profitability and cash flows".

7. Project under construction

	March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
Balance at the beginning of the period / year	16,453,439	14,137,543	14,137,543
Addition during the period / year	49,061	2,315,896	1,066,589
Balance at the end of the period / year	<u>16,502,500</u>	<u>16,453,439</u>	<u>15,204,132</u>

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

**MARCH 31, 2010**

(All amounts are in Kuwaiti Dinars)

**8. Investment in Joint Venture**

The investment in joint venture consists of the following:

Name of the joint venture	Country of incorporation	Ownership Percentage %			March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
		March 31, 2010	December 31, 2009 (Audited)	March 31, 2009			
Joint Venture – Qitaf G.C.C.	Kuwait	17.15	17.15	17.15	2,622,632	2,618,041	2,614,299
					<u>2,622,632</u>	<u>2,618,041</u>	<u>2,614,299</u>

The movement during the period / year was as follows:

	March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
Balance at the beginning of the period / year	2,618,041	2,474,608	2,474,608
Group's share of results from joint venture	(13,758)	46,590	-
Foreign currency translation adjustments	18,349	96,843	139,691
Balance at the end of the period / year	<u>2,622,632</u>	<u>2,618,041</u>	<u>2,614,299</u>

**9. Murabaha payables**

The balance of Murabaha payables represent payments received from Islamic Financing Companies . Murabaha payables carry an annual average charge from 5.75% to 7% (December 31,2009 – from 5% to 9% , March 31,2009 – from 5% to 10.5%).

**10. Capital**

Authorized, issued and fully paid-up capital consist of 1,000,000,000 shares (December 31,2009 - 1,000,000,000 shares, March 31, 2009 – 1,000,000,000 shares ) of 100 fils each.

**11. Other operating income**

	Three months ended March 31,	
	2010	2009
Realized income from deferred profit	66,911	120,703
Income from consulting services	64,281	64,837
Others	15,511	60,537
	<u>146,703</u>	<u>246,077</u>

**12. Net investments income**

	Three months ended March 31,	
	2010	2009
Realized loss on sale of investments available for sale	-	(1,456)
Dividend income from investments available for sale	23,296	68,280
	<u>23,296</u>	<u>66,824</u>

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2010**

(All amounts are in Kuwaiti Dinars)

13. (Loss) earnings per share attributable to the parent company's shareholders

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

	Three months ended March 31,	
	2010	2009
(Loss) profit for the period attributable to the parent company's shareholders	<u>(588,092)</u>	<u>1,720,396</u>
	<u>Shares</u>	<u>Shares</u>
<u>Number of shares outstanding:</u>		
Number of issued shares at the beginning of the period	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Weighted average number of shares outstanding	<u>1,000,000,000</u>	<u>1,000,000,000</u>
	<u>Fils</u>	<u>Fils</u>
(Loss) earnings per share	<u>(0.59)</u>	<u>1.72</u>

14. Commitments and contingent liabilities

The Group has capital commitments with respect to future capital expenditure related to the construction of a hotel in a joint venture and contingent liabilities regarding letters of credit for an associate as follows:

	March 31, 2010	December 31, 2009 (Audited)	March 31, 2009
Capital commitments	<u>3,560,839</u>	<u>3,526,141</u>	<u>5,504,560</u>
Contingent liabilities	<u>-</u>	<u>23,838</u>	<u>137,455</u>
	<u>3,560,839</u>	<u>3,549,979</u>	<u>5,642,015</u>

15. General assembly

The shareholders' General Assembly for the year ended December 31, 2009 had not been held until the date of preparation of these interim consolidated financial information. Accordingly, the consolidated financial statements for the year ended December 31, 2009 have not been approved yet. The interim consolidated financial information for the three months period ended March 31, 2010 do not include any adjustments which might have been required had the General Assembly not approved the consolidated financial statements for the year ended December 31, 2009.

The Shareholders' General Assembly held on June 8, 2009 approved non-distribution of cash dividends or bonus shares for the year ended December 31, 2008.



**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2010**

(All amounts are in Kuwaiti Dinars)

---

16. Proposed dividends and bonus shares

The Board of Directors held on March 30, 2010 did not propose any cash dividends or bonus shares for the year ended December 31, 2009. This proposal is subject to the approval of the shareholders' General Assembly.

17. Comparative figures

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