

**Sokouk Holding Company K.S.C.P.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2015



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P.

Report on the Interim Condensed Consolidated Financial Information

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sokouk Holding Company K.S.C.P. (the “Company”) and its subsidiaries (collectively the “Group”) as at 31 March 2015, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”). 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 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, it 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.

Basis for Qualified Conclusion

As explained in Note 13 to the interim condensed consolidated financial information, the auditors of the associate were unable to obtain sufficient appropriate audit evidence on the final outcome of the legal case between the associate and the third party investor. Consequently, we were unable to determine the necessary adjustments required in the interim condensed consolidated financial information for the three months period ended 31 March 2015 with respect to the final court ruling.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 IAS 34.

Emphasis of Matter

Without further qualifying our conclusion, we draw attention to Note 6 to the interim condensed consolidated financial information which describes the uncertainty relating to the final outcome of an ongoing lawsuit in relation to a trading property owned by the Company.



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P. (continued)**

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulation, or of the Company's memorandum of incorporation and articles of association, as amended, during the three months period ended 31 March 2015 that might have had a material effect on the business of the Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68-A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS

ALI OWAIID RUKHAEYES
LICENCE NO. 72A
MEMBER OF THE INTERNATIONAL
ACCOUNTING GROUP

26 April 2015
Kuwait

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2015

	Note	Three months ended	
		31 March	
		2015	2014
		KD	KD
INCOME:			
Income from investment properties		68,646	33,709
Net investment income		-	51,422
Share of results of associates		1,188,644	2,584,232
Foreign exchange gain (loss)		36,705	(5,354)
Other income		29,852	25,220
		<u>1,323,847</u>	<u>2,689,229</u>
EXPENSES:			
Staff costs		405,955	181,961
Administrative expenses		291,286	51,956
Finance costs		115,747	99,324
Write-back of provisions		-	(2,715)
		<u>812,988</u>	<u>330,526</u>
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND PROVISIONS FOR ZAKAT			
		510,859	2,358,703
KFAS		-	-
NLST		-	(652)
Zakat		-	(368)
		<u>510,859</u>	<u>2,357,683</u>
PROFIT FOR THE PERIOD			
Attributable to:			
Equity holders of the Company		635,295	2,374,911
Non-controlling interests		(124,436)	(17,228)
		<u>510,859</u>	<u>2,357,683</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
	3	<u>1.11 fils</u>	<u>4.15 fils</u>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2015

	<i>Three months ended</i>	
	<i>31 March</i>	
	2015	2014
	KD	KD
PROFIT FOR THE PERIOD	510,859	2,357,683
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods</i>		
- Financial assets available for sale:		
Net change in fair value	-	(4,151)
Transferred to consolidated statement of income on sale	-	(78,836)
	-	(82,987)
- Foreign currency translation adjustments	98,581	(2,464)
- Share of other comprehensive income of associates	-	(718)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	98,581	(86,169)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	609,440	2,271,514
Attributable to:		
Equity holders of the Company	733,876	2,288,742
Non-controlling interests	(124,436)	(17,228)
	609,440	2,271,514

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2015

		(Restated) (Audited)	(Restated)
	31 March 2015	31 December 2014	31 March 2014
	KD	KD	KD
ASSETS			
Cash and cash equivalents	3,358,729	1,141,194	2,756,060
Accounts receivables and prepayments	8,982,017	9,191,168	11,842,464
Sokouk utilization rights	35,353	35,353	115,426
Financial assets available for sale	3,831,533	3,831,533	4,830,931
Investment in associates	58,289,698	57,447,977	55,189,510
Property and equipment	32,426,391	31,560,882	28,163,176
Investment properties	6,482,000	6,482,000	2,161,000
Inventories	35,072	-	-
Trading property	1,500,022	1,500,022	1,711,733
TOTAL ASSETS	114,940,815	111,190,129	106,770,300
EQUITY AND LIABILITIES			
Equity			
Share capital	59,314,500	56,490,000	53,800,000
Statutory reserve	2,895,475	2,895,475	2,385,102
Voluntary reserve	2,895,475	2,895,475	2,385,102
Treasury shares	(1,769,871)	(1,769,871)	(1,769,871)
Effect of changes in other comprehensive income of associates	(15,740)	(15,740)	(16,458)
Foreign currency translation reserve	132,926	34,345	(61,444)
Cumulative changes in fair values	-	-	12,013
Retained earnings	16,251,083	18,440,288	19,513,597
Equity attributable to the shareholders of the Company	79,703,848	78,969,972	76,248,041
Non-controlling interests	1,034,563	1,158,999	1,140,735
Total equity	80,738,411	80,128,971	77,388,776
Liabilities			
Islamic finance payables	31,882,414	28,594,802	26,483,248
Accounts payable and accruals	2,069,916	2,233,031	2,736,631
Employees' end of service benefits	250,074	233,325	161,645
Total liabilities	34,202,404	31,061,158	29,381,524
TOTAL EQUITY AND LIABILITIES	114,940,815	111,190,129	106,770,300

Mr. Ghanem Yousef Abdullah Al-Ghanem
Chairman

Mr. Feras Fahad Al Bahar
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2015

Attributable to equity holders of the Company

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Effect of changes in other comprehensive income of associates KD	Foreign currency translation reserve KD	Cumulative changes in fair values KD	Retained earnings KD	Sub- total KD	Non- controlling interests KD	Total equity KD
At 1 January 2015	56,490,000	2,895,475	2,895,475	(1,769,871)	(15,740)	34,345	-	18,440,288	78,969,972	1,158,999	80,128,971
Profit (loss) for the period	-	-	-	-	-	-	-	635,295	635,295	(124,436)	510,859
Other comprehensive income for the period	-	-	-	-	-	98,581	-	-	98,581	-	98,581
Total comprehensive income (loss) for the period	-	-	-	-	-	98,581	-	635,295	733,876	(124,436)	609,440
Bonus shares (Note 7)	2,824,500	-	-	-	-	-	-	(2,824,500)	-	-	-
At 31 March 2015	59,314,500	2,895,475	2,895,475	(1,769,871)	(15,740)	132,926	-	16,251,083	79,703,848	1,034,563	80,738,411
At 1 January 2014	53,800,000	2,385,102	2,385,102	(1,769,871)	(15,740)	(58,980)	95,000	17,138,686	73,959,299	657,963	74,617,262
Profit (loss) for the period	-	-	-	-	-	-	-	2,374,911	2,374,911	(17,228)	2,357,683
Other comprehensive loss for the period	-	-	-	-	(718)	(2,464)	(82,987)	-	(86,169)	-	(86,169)
Total comprehensive (loss) income for the period	-	-	-	-	(718)	(2,464)	(82,987)	2,374,911	2,288,742	(17,228)	2,271,514
Non-controlling interests arising on increase in share capital of a subsidiary (Note 10)	-	-	-	-	-	-	-	-	-	500,000	500,000
At 31 March 2014	53,800,000	2,385,102	2,385,102	(1,769,871)	(16,458)	(61,444)	12,013	19,513,597	76,248,041	1,140,735	77,388,776

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 31 March 2015

	<i>Three months ended 31 March</i>	
	<i>2014</i>	<i>2013</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period	510,859	2,357,683
Adjustments to reconcile profit for the period to net cash flows:		
Net investment income	-	(51,422)
Share of results of associates	(1,188,644)	(2,584,232)
Write-back of provisions	-	(2,715)
Finance costs	115,747	99,324
Provision for employees' end of service benefits	16,749	10,734
	(545,289)	(170,628)
Changes in operating assets and liabilities:		
Accounts receivable and prepayments	224,172	2,087,244
Sokouk utilization rights	-	25,416
Accounts payable and accruals	(163,115)	(47,608)
Net cash flows (used in) from operating activities	(484,232)	1,894,424
INVESTING ACTIVITIES		
Proceeds from sale of financial assets available for sale	-	1,139,365
Dividend received from associates	430,483	-
Additions to property and equipment	4 (865,509)	(770,429)
Inventories	(35,072)	-
Dividend income received	-	10,000
Net cash flows (used in) from investing activities	(470,098)	378,936
FINANCING ACTIVITIES		
Net movement in islamic finance payables	8 3,171,865	(617,739)
Net cash flows from (used in) financing activities	3,171,865	(617,739)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	2,217,535	1,655,621
	1,141,194	1,100,439
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,358,729	2,756,060

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2015

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Sokouk Holding Company K.S.C.P. (the "Company") and its subsidiaries (collectively the "Group") for the three month periods ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 26 April 2015.

The consolidated financial statements for the year ended 31 December 2014 were approved by the Company's shareholders during the Annual General Assembly held on 1 March 2015.

The Company is registered in the State of Kuwait and was incorporated and authenticated at the Ministry of Justice - Real Estate Registration and Authentication Department on 23 August 1998 and registered in commercial register on 29 August 1998, and subsequent amendments there to. The Company's registered address is at P.O. Box 29110 Safat- Postal code 13152- State of Kuwait.

The Company is a subsidiary of Aref Investment Group S.A.K. ("Aref") ("the Parent Company"), a Kuwaiti share holding Company incorporated in the State of Kuwait and Aref is a subsidiary of Kuwait Finance House K.S.C.P. ("the Ultimate Parent Company"), a registered Islamic Bank with Central Bank of Kuwait and its shares are listed on the Kuwait Stock Exchange.

The main activities of the Company are as follows:

- Ownership of shares of Kuwaiti or foreign shareholding companies or units in Kuwaiti or foreign limited liability companies, or establishing, managing, financing and sponsoring such companies.
- Financing and sponsoring entities in which the Company has an ownership interest of not less than 20% in such entities.
- 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 State of Kuwait.
- Ownership of movable assets or real estates required to pursue the Company's activities within the limits acceptable by law.
- Utilizing available surplus funds by investing these funds in portfolios managed by specialized parties.

All activities are conducted in accordance with Islamic sharee'a.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the three months ended 31 March 2015 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting.

Change in accounting policy and disclosures

The accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014, except for the adoption of the amendments, the accounting policies of inventories and trading properties and annual improvements to IFRSs, relevant to the Company which are effective for annual reporting period starting from 1 July 2014. The adoption of these amendments and annual improvements to IFRS has no significant impact on the interim condensed consolidated financial information of the Group.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition. Cost represents purchase cost on a specific identification basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Trading property

Trading property is held for short term purposes and is carried at the lower of cost and net realizable value determined on an individual basis. Cost comprises the purchase cost of real estate and other expenses incurred in order to complete the transaction. Net realizable value is based on estimated selling price less any further costs to be incurred on disposal of real estate.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2014. 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 three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD).

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2015

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Company	635,295	2,374,911
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	571,645,920	571,645,920
Basic and diluted earnings per share	1.11 fils	4.15 fils

Basic and diluted earnings per share for the three months and three months periods ended 31 March 2014 was and 4.58 fils, before retrospective adjustment to the number of shares following the bonus issue (Note 7).

As at 31 March, the Company had no outstanding dilutive potential shares.

4 PROPERTY AND EQUIPMENT

Property and equipment represent cost of free hold land and subsequent cost incurred to construct a hotel in Kuwait.

Cumulative borrowing costs amounting to KD 2,910,412 (31 December 2014: KD 2,703,197 and 31 March 2014: KD 2,270,328) have been capitalised as additions to property and equipment.

Property and equipment of KD 32,426,391 (31 December 2014: KD 31,560,882 and 31 March 2014: KD 28,163,176) are mortgaged as collateral against Islamic financing payables of KD 23,879,506 (31 December 2014: KD 20,462,196 and 31 March 2014: KD 17,950,328) (Note 8).

5 INVESTMENT PROPERTIES

Investment properties comprise of residential building located in Kuwait.

The fair value of investment properties was determined as at 31 December 2014 by independent valuers who are specialised in valuing these types of properties. Management is of the view that no significant changes have occurred in fair values of these properties during the period ended 31 March 2015.

Investment properties are mortgaged as collateral against Islamic finance payables of KD 3,025,744 (31 December 2014: KD 3,012,162 and 31 March 2014: KD 1,025,744) (Note 8).

6 TRADING PROPERTY

During 2012, the Company acquired a trading property at its fair value of KD 1,500,022 in lieu of settlement of a wakala receivable from the borrower. The title of this property was transferred to the Company as on that date. However during the current period, the management became aware that there is an ongoing lawsuit between the borrower and a third party in relation to ownership of this property. Consequently, any transfer of the title of this property is subject to final outcome of the ongoing lawsuit. The trial is currently in process in the court of law and therefore it is not practical to assess the final outcome of the court judgment. Accordingly, no provision has been recognised in the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 31 March 2015

6 TRADING PROPERTY (continued)

The trading property was previously classified as an asset held for sale however given the ongoing lawsuit, it has been reclassified as a trading property retrospectively since it no longer meets the criteria of classification as 'held for sale' under IFRS 5. This reclassification did not have any effect on previously reported total assets, total equity, total liabilities and profit reported in the prior periods.

7 ANNUAL GENERAL ASSEMBLY

The annual general assembly of the shareholders of the Company held on 1 March 2015 approved the consolidated financial statements for the year ended 31 December 2014. Whereas, the extra ordinary general assembly held on 16 March 2015 approved the board of directors proposal for distribution 5% bonus shares amounting to KD 2,824,500 for the year ended 31 December 2014. The above was registered in the Company's Commercial registrar on 19 March 2015.

8 ISLAMIC FINANCE PAYABLES

Islamic finance payables represent facilities obtained from local islamic financial institutions and are secured by the property and equipment amounting to KD 32,426,391 (31 December 2014: KD 31,560,882 and 31 March 2014: KD 28,163,176) (Note 4) and investment properties amounting to KD 6,482,000 (31 December 2014: KD 6,482,000 and 31 March 2014: KD 2,161,000) (Note 5). During the current period the Group settled Islamic finance facility of KD 18,031,138 (31 December 2014: 18,031,138 KD and 31 March 2014: KD 17,950,328) with one of the local banks and obtained new facility of KD 21,000,000 (31 December 2014: Nil and 31 March 2014: Nil) from a local Islamic financial institution.

Soukouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2015

9 RELATED PARTY TRANSACTIONS

Related parties represent Parent Company, Ultimate Parent Company, major shareholders, associates, directors and key management personnel of the Group, and companies of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Parent Company/Ultimate Parent Company</i>		<i>Associates</i>		<i>Others</i>		<i>31 March 2015</i>		<i>31 March 2014</i>	
	<i>KD</i>		<i>KD</i>		<i>KD</i>		<i>KD</i>		<i>KD</i>	
<i>Interim condensed consolidated statement of income:</i>										
Finance costs		90,745	-	-	-	-	90,745	-	99,324	
<i>Interim condensed consolidated statement of financial position:</i>										
Amounts due from related parties	-	1,101,144	19,468	1,120,612	1,106,328	1,867,107				
Amounts due to related parties	115,586	-	372311	487,897	488,283	495,753				
Islamic finance payables	8,882,414	-	-	8,882,414	8,882,414	26,483,248				
Cash in managed portfolio	-	-	-	-	-	72,250				
Financial assets available for sale managed by related party	-	-	-	-	-	91,574				

Amounts due from/ due to related parties are receivables/ payables on demand and do not carry any profit.

Amounts due from related parties are stated net of provision for doubtful debts of KD 80,523 (31 December 2014; KD 80,523 and 31 March 2014; KD 2,160,260).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2015

9 RELATED PARTY TRANSACTIONS (continued)

Key management compensation

	<i>Three months ended</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short term benefits	68,443	54,071
End of service benefits	6,405	4,363
	<u>74,848</u>	<u>58,434</u>

10 SEGMENT INFORMATION

For management purposes, the Company is organised into two major business segments. The principal activities and services under these segments are as follows:

- Investment: Managing direct investments and investments in subsidiaries and associates; and
- Real estate: Managing investment properties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. The Group does not have any inter-segment transactions.

The following table presents segment revenue, expenses, results information regarding the Group's operating business segments:

<i>Three months ended 31 March 2015</i>	<i>Real estate</i>	<i>Investment</i>	<i>Others</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	68,645	1,188,644	66,558	1,323,847
Segment expenses	(83,431)	(77,164)	(652,393)	(812,988)
Segment results	<u>(14,786)</u>	<u>1,111,480</u>	<u>(585,835)</u>	<u>510,859</u>
<i>Three months ended 31 March 2014</i>	<i>Real estate</i>	<i>Investment</i>	<i>Others</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	33,709	2,649,154	6,366	2,689,229
Segment expenses	(15,037)	(95,072)	(221,437)	(331,546)
Segment results	<u>18,672</u>	<u>2,554,082</u>	<u>(215,071)</u>	<u>2,357,683</u>

11 COMMITMENTS AND CONTINGENCIES

The Group had capital commitments towards construction contracts relating to property and equipment amounting to KD 154,692 (31 December 2014: KD 174,689 and 31 March 2014: KD 782,557)

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2015

12 FAIR VALUES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. This level also includes items whose fair values have been provided by reputable external fund managers; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>31 March 2015</i>			
Financial assets available for sale	-	-	-
<i>31 December 2014 (Audited)</i>			
Financial assets available for sale	-	-	-
<i>31 March 2014</i>	102,040	4,728,891	4,830,931
Financial assets available for sale			

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value.

	<i>At the beginning of the period/ year</i> <i>KD</i>	<i>Net losses recorded in the interim condensed consolidated statement of comprehensive income</i> <i>KD</i>	<i>Purchase</i> <i>KD</i>	<i>transfer, sales and settlements</i> <i>KD</i>	<i>At the end of the period/ year</i> <i>KD</i>
<i>31 March 2015</i>					
Financial assets available for sale	-	-	-	-	-
<i>31 December 2014 (Audited)</i>					
Financial assets available for sale	-	-	-	-	-
<i>31 March 2014</i>					
Financial assets available for sale	4,822,515	-	-	(93,624)	4,728,891

Financial assets available for sale are carried at cost less impairment due to the unpredictable nature of future cash flows and the unavailability of financial information to arrive at a reliable measure of fair value.

Fair value of other financial assets and liabilities are not materially different from their carrying values at the reporting date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 31 March 2015

13 LEGAL CLAIM

During the period ended 31 March 2015, Munshaat Real Estate Projects Company K.S.C.P. (an "Associate" of the Company) has received a final ruling from a Kuwaiti court (Court of Appeal) ("court ruling") against itself for a case filed by a third party investor in Al Qiblah Joint Venture over the ongoing Dar Al Qiblah project. The associate is the fund manager for Al Qiblah Joint Venture. The court ruling has over ruled the previous arbitration ruling, on a similar matter, that was in favor of the Associate. As per the court ruling, the Associate shall refund an amount of USD 22.5 million (equivalent to KD 6.7 million) to the third party investor representing the original investment amount paid by the investor.

Based on discussion with the legal counsel, the management of the Associate believes that, the previous arbitration ruling and other facts and circumstances relating to this case are favorable to the Associate which entails them to appeal for a higher court and expects to receive the ruling in the Associate's favor. As on the date of the interim condensed consolidated financial information, the Associate is pursuing the appeal to a higher court and therefore, as at 31 March 2015, the Group did not record any amounts, relating to the court ruling in the interim condensed consolidated financial information.