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**Kuwait Business Town Real Estate  
Company K.S.C. (Closed) And Subsidiaries**

**INTERM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**30 SEPTEMBER 2011 (UNAUDITED)**

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**Kuwait Business Town Real Estate  
Company K.S.C. (Closed) And Subsidiaries**

**INTERM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**30 SEPTEMBER 2011 (UNAUDITED)**

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT BUSINESS TOWN REAL ESTATE COMPANY K.S.C. (CLOSED)**

***Introduction***

We have reviewed the accompanying interim condensed statement of financial position of Kuwait Business Town Real Estate Company K.S.C. (Closed) (“the Parent Company”) and its subsidiary (Collectively the “Group”) as at 30 September 2011 and the related interim condensed Consolidated statements of income and comprehensive income for the three months and nine months period then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed 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 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 mentioned in Note 6 to the accompanying interim condensed consolidated financial information, the Group did not account for its share of results from its associate company “Xpress Cell Services Co. – K.S.C. (Closed)” due to the unavailability of the associate’s financial statement for the year ended 31 December 2010 and for the period ended 30 September 2011.

***Qualified Conclusion***

Except for the effect of the matter referred to in the preceding 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 International Accounting Standard 34.

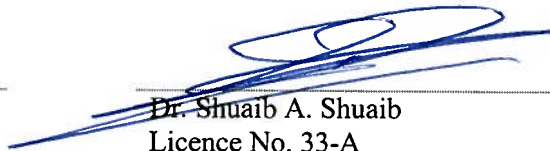
**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT BUSINESS TOWN REAL ESTATE COMPANY K.S.C. (CLOSED) (CONTINUED)**

***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 the Parent Company. We further report that, except for the matter described in the "Basis of Qualified Conclusion" above, to the best of our knowledge and belief, we have not become aware of any violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company during the period ended 30 September 2011 that might have had a material effect on the business of the Parent Company or on its financial position.



Waleed A. Al-Osaimi  
Licence No. 68-A  
of Ernst & Young



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

15 December 2011  
Kuwait

Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
 POSITION (UNAUDITED)**

At 30 September 2011

	Notes	30 September 2011 KD	(Audited) 31 December 2010 KD	30 September 2010 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		61,650	68,665	75,710
Properties under development	4	25,402,565	63,232,295	62,359,639
Investment properties	5	44,286,703	5,226,000	4,023,180
Investment in associates	6	19,090,242	2,899,170	2,899,170
Available for sale investments	7	33,456,427	34,355,833	33,350,136
		<u>122,297,587</u>	<u>105,781,963</u>	<u>102,707,835</u>
<b>Current assets</b>				
Accounts receivable and other assets		297,954	1,956,520	1,636,609
Due from a related party	9	49,708	80,054	2,232,587
Investments at fair value through income statement		24,445,773	26,766,167	24,430,900
Cash and cash equivalents		524,088	2,085,100	3,180,810
		<u>25,317,523</u>	<u>30,887,841</u>	<u>31,480,906</u>
<b>TOTAL ASSETS</b>		<u><b>147,615,110</b></u>	<u><b>136,669,804</b></u>	<u><b>134,188,741</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		78,568,800	78,568,800	78,568,800
Treasury shares		(162,406)	(162,406)	(162,406)
Statutory reserve		1,958,607	1,958,607	1,958,607
Voluntary reserve		1,958,607	1,958,607	1,958,607
Fair value reserve		3,553,356	4,507,111	2,760,121
Accumulated losses		(14,875,447)	(7,418,633)	(7,909,533)
<b>Equity attributable to equity holders of the parent company</b>		<u><b>71,001,517</b></u>	<u><b>79,412,086</b></u>	<u><b>77,174,196</b></u>
Non-controlling interests		195	10,680	8,638
<b>Total equity</b>		<u><b>71,001,712</b></u>	<u><b>79,422,766</b></u>	<u><b>77,182,834</b></u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Term loans	8	7,562,500	7,996,216	7,996,130
<b>Current liabilities</b>				
Short term loans and bank facilities	8	48,420,198	46,744,795	46,255,055
Accounts payable and other liabilities		2,574,700	2,432,089	2,731,773
Due to a related party	9	18,056,000	73,938	22,949
		<u>69,050,898</u>	<u>49,250,822</u>	<u>49,009,777</u>
<b>Total liabilities</b>		<u><b>76,613,398</b></u>	<u><b>57,247,038</b></u>	<u><b>57,005,907</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>147,615,110</b></u>	<u><b>136,669,804</b></u>	<u><b>134,188,741</b></u>

Ahmed Aqeel Al-Aqeel  
 Chairman and Managing Director

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**(UNAUDITED)**

For the period ended 30 September 2011

	Notes	3 months ended 30 September		9 months ended 30 September	
		2011 KD	2010 KD	2011 KD	2010 KD
<b>INCOME</b>					
Unrealized (loss) gain on investments at fair value through income statement		(838,661)	758,922	(2,607,887)	(1,049,685)
Realized gain on sale of investment at fair value through income statement		-	1,302,455	-	1,313,541
Realized gain on sale of available for sale investments		(31,245)	852,908	140,536	3,345,086
Impairment loss on available for sale investments	7	(46,923)	(60,410)	(940,229)	(793,202)
Dividend income		-	-	9,035	523,336
Impairment loss on investment in an associate	6	-	-	(1,881,489)	-
Loss on partial sale of an associate		-	-	(53,462)	-
Loss on sale of properties under development		-	-	-	(1,659,274)
Loss on sale of property and equipment		(37,247)	-	(37,247)	-
Loss on cancelation of construction contract	4	(508,936)	-	(508,936)	-
Interest income		38	227	2,891	29,565
Rental income		317,890	89,572	663,076	264,787
Other income (loss)		35,122	(5,535)	13,709	6,458
		<u>(1,109,962)</u>	<u>2,938,139</u>	<u>(5,200,003)</u>	<u>1,980,612</u>
<b>EXPENSES</b>					
General and administrative expenses		(153,706)	(130,287)	(532,361)	(482,431)
Finance costs		(734,994)	(495,367)	(1,733,651)	(1,624,617)
Foreign exchange loss		-	(14,567)	-	(11,921)
		<u>(888,700)</u>	<u>(640,221)</u>	<u>(2,266,012)</u>	<u>(2,118,969)</u>
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<u>(1,998,662)</u>	<u>2,297,918</u>	<u>(7,466,015)</u>	<u>(138,357)</u>
Attributable to:					
Equity holders of the parent company		(1,996,589)	2,292,966	(7,456,814)	(140,379)
Non-controlling interests		(2,073)	4,952	(9,201)	2,022
		<u>(1,998,662)</u>	<u>2,297,918</u>	<u>(7,466,015)</u>	<u>(138,357)</u>
<b>BASIC AND DILUTED (LOSS) EARNING PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	3	<u>(2.54) Fils</u>	<u>2.92 Fils</u>	<u>(9.50) Fils</u>	<u>(0.18) Fils</u>

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME (UNAUDITED)**  
 For the period ended 30 September 2011

	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(Loss) profit for the period	(1,998,662)	2,297,918	(7,466,015)	(138,357)
<b>Other comprehensive (loss) income</b>				
Change in fair values of available for sale investments	(490,400)	1,211,789	(1,801,853)	2,367,150
Realized gain on sale of available for sale investments	(31,245)	-	(140,536)	-
Impairment loss on available for sale investments	46,923	60,410	940,229	793,202
Loss on valuation of available for sale investment transferred to associate	-	-	31,245	-
Share of other comprehensive income of associates	31,245	-	15,876	-
Other comprehensive (loss) income for the period	(443,477)	1,272,199	(955,039)	3,160,352
<b>Total comprehensive (loss) income for the period</b>	<b>(2,442,139)</b>	<b>3,570,117</b>	<b>(8,421,054)</b>	<b>3,021,995</b>
Attributable to:				
Equity holders of the parent company	(2,439,506)	3,565,603	(8,410,569)	3,016,157
Non-controlling interests	(2,633)	4,514	(10,485)	5,838
	<b>(2,442,139)</b>	<b>3,570,117</b>	<b>(8,421,054)</b>	<b>3,021,995</b>

**Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the period ended 30 September 2011 (Unaudited)

	<i>Attributable to equity holders of the parent company</i>							Non- controlling interests KD	Total KD
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Accumulated losses KD	Sub total KD		
Balance as at 1 January 2011	78,568,800	(162,406)	1,958,607	1,958,607	4,507,111	(7,418,633)	79,412,086	10,680	79,422,766
(Loss) for the period	-	-	-	-	-	(7,456,814)	(7,456,814)	(9,201)	(7,466,015)
Other comprehensive (loss) for the period	-	-	-	-	(953,755)	-	(953,755)	(1,284)	(955,039)
Total comprehensive (loss) for the period	-	-	-	-	(953,755)	(7,456,814)	(8,410,569)	(10,485)	(8,421,054)
<b>Balance as at 30 September 2011</b>	<b>78,568,800</b>	<b>(162,406)</b>	<b>1,958,607</b>	<b>1,958,607</b>	<b>3,553,356</b>	<b>(14,875,447)</b>	<b>71,001,517</b>	<b>195</b>	<b>71,001,712</b>
Balance as at 1 January 2010	78,568,800	(152,030)	1,958,607	1,958,607	(396,415)	(7,769,154)	74,168,415	2,800	74,171,215
(Loss) profit for the period	-	-	-	-	-	(140,379)	(140,379)	2,022	(138,357)
Other comprehensive income for the period	-	-	-	-	3,156,536	-	3,156,536	3,816	3,160,352
Total comprehensive income (loss) for the period	-	-	-	-	3,156,536	(140,379)	3,016,157	5,838	3,021,995
Purchase of treasury shares	-	(10,376)	-	-	-	-	(10,376)	-	(10,376)
Balance as of 30 September 2010	78,568,800	(162,406)	1,958,607	1,958,607	2,760,121	(7,909,533)	77,174,196	8,638	77,182,834



**Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended 30 September 2011 (Unaudited)

	<i>9 months ended</i>	
	<i>30 September</i>	
<i>Notes</i>	<b>2011</b>	<b>2010</b>
	<b>KD</b>	<b>KD</b>
<b>Cash flow from operating activities:</b>		
Loss for the period	(7,466,015)	(138,357)
Adjustments for:		
Unrealized loss (gain) on investments at fair value through income statement	2,607,887	1,049,685
Realized gain on sale of investment fair value through income statement	-	(1,313,541)
Realized gain on sale of available for sale investments	(140,536)	(3,345,086)
Dividend income	(9,035)	(523,336)
Impairment loss on investment in an associate	6 1,881,489	-
Loss on partial sale of an associate	53,462	-
Loss on sale of properties under development	-	1,659,274
Loss from sale of property and equipment	37,247	-
Impairment loss on available for sale investments	7 940,229	793,202
Interest income	(2,891)	(29,565)
Depreciation	17,141	20,109
Finance costs	1,733,651	1,624,617
	(347,371)	(202,998)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	1,688,911	226,060
Investments at fair value through income statement	(287,493)	(4,876,127)
Accounts payable and other liabilities	68,674	78,960
Cash from (used in) operations	1,122,721	(4,774,105)
Finance costs paid	(1,733,651)	(1,624,617)
Net cash used in operating activities	(610,930)	(6,398,722)
<b>Cash flow from investing activities:</b>		
Purchase of property and equipment	(50,173)	(2,270)
Proceeds from sale of property and equipment	2,800	-
Proceeds from sale of properties under development	-	2,827,026
Development costs incurred of properties under development	4 (776,801)	(9,202,096)
Additions to investment properties	5 (454,172)	-
Purchase of investment in associate	6 (60,000)	-
Proceeds from partial sale of an associate	6 59,608	-
Purchase of available for sale investments	(2,370,867)	(10,266,236)
Proceeds from sale of available for sale investments	1,445,910	21,275,435
Interest income received	2,891	29,565
Dividend income received	9,035	523,336
Net cash (used in) from investing activities	(2,191,769)	5,184,760
<b>Cash flow from financing activities:</b>		
Term loans (repaid) obtained	(433,716)	4,996,130
Short term loans and bank facilities obtained (repaid)	1,675,403	(4,478,124)
Purchase of treasury shares	-	(10,376)
Net cash from financing activities	1,241,687	507,630
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,561,012)</b>	<b>(706,332)</b>
Cash and cash equivalents at the beginning of the period	2,085,100	3,887,142
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>524,088</b>	<b>3,180,810</b>

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

# Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 September 2011 (Unaudited)

### 1 INCORPORATION AND ACTIVITIES

Kuwait Business Town Real Estate Co. K.S.C (Closed) (the "Parent Company") was incorporated in Kuwait in 1999 as a limited liability company and was registered as a K.S.C. (Closed) Company on 24 November 2004. The Parent Company's shares were listed in the Kuwait Stock Exchange on 16 December 2008.

The principal activities of the Parent Company and its subsidiaries are:

- Dealing in various real estate activities particularly the purchase, sale, leasing and renting of land and buildings.
- Construction of private and public buildings and projects directly or through others and sale of properties in cash or on installments and managing or renting properties in Kuwait and abroad.
- Sale and purchase of securities of companies carrying on similar activities.

The Parent Company's registered office is at KBT tower, 28<sup>th</sup> floor, Khaled Ebn Alwaleed Street, Kuwait.

The interim condensed consolidated financial information of the Group for the period ended 30 September 2011 was authorized for issue by the Board of Director on 15 December 2011.

The Shareholder's General Assembly for the year ended 31 December 2010 has not yet been held. Accordingly, the annual consolidated financial statements of the Group have not been approved.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting."

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the 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 nine months ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2010.

The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010, except as discussed in the following paragraphs:

#### **Changes in accounting policy and disclosures**

The following new and amended standards are applicable for the Group effective from 1 January 2011:

#### **IAS 24 *Related Party Disclosures (Amendment)***

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities.

Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
 INFORMATION

At 30 September 2011 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures (continued)

IAS 34: Interim Financial Statements (Amendment) (effective 1 January 2011)

The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed consolidated financial information.

The revised standards and new amendments above have not had significant impact on the Group's interim condensed consolidated financial information.

3 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is computed by dividing the (loss) profit for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares. The Parent Company had no outstanding dilutive potential shares.

	3 months ended 30 September		9 months ended 30 September	
	2011 KD	2010 KD	2011 KD	2010 KD
(Loss) profit for the period attributable to equity holders of the Parent Company	<u>(1,996,589)</u>	<u>2,292,966</u>	<u>(7,456,814)</u>	<u>(140,379)</u>
	Shares	Shares	Shares	Shares
Number of shares outstanding at the beginning of the period	785,688,000	785,688,000	785,688,000	785,688,000
Weighted average number of treasury shares	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(1,005,092)</u>
Weighted average number of shares, less treasury shares outstanding during the period	<u>784,658,000</u>	<u>784,658,000</u>	<u>784,658,000</u>	<u>784,682,908</u>
Basic and diluted (loss) earnings per share attributable to the equity holders of the parent company	<u>(2.54) fils</u>	<u>2.92 fils</u>	<u>(9.50) fils</u>	<u>(0.18) fils</u>

4 PROPERTIES UNDER DEVELOPMENT

	30 September	(Audited) 31 December	30 September
	2011 KD	2010 KD	2010 KD
Balance at beginning of the period / year	63,232,295	57,643,843	57,643,843
Development costs incurred	776,801	9,809,752	9,202,096
Change in fair value of properties under development	-	265,000	-
Sale of properties under development	-	(4,486,300)	(4,486,300)
Transferred to investment properties (Note 5)	<u>(38,606,531)</u>	-	-
Balance at end of the period / year	<u>25,402,565</u>	<u>63,232,295</u>	<u>62,359,639</u>

Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 September 2011 (Unaudited)

**4 PROPERTIES UNDER DEVELOPMENT (continued)**

Properties under development with aggregate carrying value of KD 25,402,565 (31 December 2010: KD 25,391,645 and 30 September 2010: 24,826,801) were pledged with a local bank against short-term loans and bank facilities (Note 8).

During the period, the Group incurred a loss of KD 508,936 in the interim condensed consolidated income statement on cancellation of the construction work in one of its properties.

**5 INVESTMENT PROPERTIES**

	<i>30 September</i> <i>2011</i>	<i>(Audited)</i> <i>31 December</i> <i>2010</i>	<i>30 September</i> <i>2010</i>
Balance at the beginning of the period/year	5,226,000	4,023,180	4,023,180
Transfer from properties under development (Note 4)	38,606,531	-	-
Additions	454,172	1,162,175	-
Changes in fair value of investment properties	-	40,645	-
Balance at the end of the period/year	<u>44,286,703</u>	<u>5,226,000</u>	<u>4,023,180</u>

**6 INVESTMENT IN ASSOCIATES**

Name of Associate	Country of incorporation	Percentage of holding		
		<i>30 September</i> <i>2011</i>	<i>(Audited)</i> <i>31 December</i> <i>2010</i>	<i>30 September</i> <i>2010</i>
Xpress Cell Services Co. - K.S.C. (Closed) and Subsidiaries	Kuwait	37.33%	38.85%	38.85%
Al-Zumorroddah Investment Co. - K.S.C. (Closed)	Kuwait	49.9%	-	-

The movement during the period/year is as follows:

	<i>30 September</i> <i>2011</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2010</i> <i>KD</i>	<i>30 September</i> <i>2010</i> <i>KD</i>
Balance at the beginning of the period/year	2,899,170	2,899,170	2,899,170
Additions	18,116,000	-	-
Transfer from available for sale investments	53,755	-	-
Disposals	(113,070)	-	-
Impairment loss on investment in associates	(1,881,489)	-	-
Share of other comprehensive income of associates	15,876	-	-
Balance at the end of the period/year	<u>19,090,242</u>	<u>2,899,170</u>	<u>2,899,170</u>

The Groups share of result from its associate (Xpress Cell Services Company) was not accounted for during the year ended 31 December 2010 and the period ended 30 September 2011 due to the unavailability of the associate's financial statements.

In addition, during the period, the Group sold 600,000 shares of Xpress Cell Services Company K.S.C. (Closed) for KD 59,608 resulted in a loss of KD 53,462 that has been recorded in the interim condensed consolidated income statement.

**Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**INFORMATION**

At 30 September 2011 (Unaudited)

**6 INVESTMENT IN ASSOCIATES (continued)**

At 31 December 2010, the Group had an investment in Al-Zomorodah Investment Company K.S.C. (Closed) which was accounted for as available for sale investment (0.24% ownership). During the period ended 30 September 2011, the Group acquired additional 181,160,000 shares (49.66% ownership) of the investee company for KD 18,116,000 from a related party. An amount of KD 60,000 was paid during the period, the remaining amount of KD 18,056,000 will be payable after 15 days from the date of transferring the ownership title (Note 9). Accordingly, this investment has been accounted for as investment in an associate in accordance with IAS 28. The details of the acquisition are as follows:

	<i>KD</i>
Fair value of the consideration paid	18,116,000
Add : Fair value of the previously held investment available for sale	53,755
Less : Fair value of the Group's share of the identifiable assets and liabilities:	
Assets	39,208,154
Liabilities	(16,406,684)
Net Assets	22,801,470
Ownership percentage	49.9%
	<u>11,377,400</u>
Provisional goodwill arising on acquisition	<u>6,792,355</u>

The initial accounting for the acquisition was done based on provisional values of identifiable assets and liabilities of this company. The provisional fair values of identifiable assets and liabilities were determined by the management of the Group based on their initial estimates.

As of the reporting date, the final fair valuation of identifiable assets and liabilities of this company has not been finalized yet, consequently the goodwill has been provisionally determined. The Group is in the process of determining the final fair values and will recognize any adjustments to these provisional values after completing the purchase price allocation within twelve months from the acquisition date.

Certain available for sale investments with a carrying value of KD 13,260,935 (Note 7) and investments at fair value through income statement with a carrying value of KD 8,565,000 are pledged to a related party against the amount payable on acquisition of an investment in an associate (Note 9).

**7 AVAILABLE FOR SALE INVESTMENTS**

	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>2011</i>	<i>31 December</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted equity securities	24,849	-	10,465
Unquoted equity securities	4,258,914	4,329,093	5,312,555
Managed portfolios of equity securities	29,172,664	30,026,740	28,027,116
	<u>33,456,427</u>	<u>34,355,833</u>	<u>33,350,136</u>

Unquoted securities are carried at cost less impairment losses if any, as their fair values could not be reliably measured. Management has performed an impairment testing for its unquoted securities to assess whether impairment has occurred in the value of these investments. Based on this test, management did not note any indication of impairment in the value of these securities as at the reporting date.

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**7 AVAILABLE FOR SALE INVESTMENTS (continued)**

Investment in managed portfolios amounting to KD 15,373,554 (31 December 2010: KD 25,686,189 and 30 September 2010: KD 24,869,307) and investments in unquoted equity securities amounting to KD 976,921 (31 December 2010: Nil and 30 September 2010: KD Nil) are pledged against short term loans and bank facilities (Note 8).

Certain investments under managed portfolios amounting to KD 13,260,935 are pledged to a related party against the payable balance on acquisition of investment in an associate (Note 6).

Investment in managed portfolios amounting to KD 25,242,643 (31 December 2010: KD 24,828,338 and 30 September 2010: KD 18,647,458) are managed by a related party (Note 9).

An impairment loss of KD 940,229 (31 December 2010: KD 3,224,755 and 30 September 2010: KD 793,202) has been recorded in respect of quoted equity securities classified as available for sale for significant or prolonged decline in the value of these securities.

**8 TERM LOANS AND BANK FACILITIES**

	<i>30 September 2011 KD</i>	<i>(Audited) 31 December 2010 KD</i>	<i>30 September 2010 KD</i>
Non-current portion	<u>7,562,500</u>	<u>7,996,216</u>	<u>7,996,130</u>
Current portion	<u>48,420,198</u>	<u>46,744,795</u>	<u>46,255,055</u>
	<u><u>55,982,698</u></u>	<u><u>54,741,011</u></u>	<u><u>54,251,185</u></u>

The short term loans and bank facilities were obtained from a local bank and bear interest at 1.75% per annum over the Central Bank of Kuwait discount rate and are repayable on 24 November 2011.

Investments in available for sale investments amounting to KD 16,350,075 (31 December 2010: KD 25,686,189 and 30 September 2010: KD 24,869,307) (Note 7), investments in managed portfolios classified as investments at fair value through income statement of KD 7,401,902 (31 December 2010: KD 18,336,630 and 30 September 2010: KD 17,458,531) and properties under development of KD 25,402,565 (31 December 2010: KD 25,391,645 and 30 September 2010: KD 24,826,801) (Note 4) are pledged against the short term facilities.

In addition, investment in an associate company with a carrying value of KD 18,056,000 is pledged against short term loans and bank facilities (Note 9).

# Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties consist of shareholders, directors and executive officers of the Parent Company, entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Significant related party transactions and balances are as follows:

	<i>Other related parties</i>	<i>30 September 2011</i> <i>KD</i>	<i>(Audited)</i> <i>31 December 2010</i> <i>KD</i>	<i>30 September 2010</i> <i>KD</i>
<b>Interim condensed consolidated statement of financial position:</b>				
Investments at fair value through income statement (managed by a related party)	15,890,302	<b>15,890,302</b>	26,386,833	17,386,700
Available for sale investments (managed by a related party) (Note 7)	25,242,643	<b>25,242,643</b>	24,828,338	18,647,458
Due from a related party	49,708	<b>49,708</b>	80,054	2,232,587
Due to a related party (Note 6)	18,056,000	<b>18,056,000</b>	73,938	22,949
Term loan	2,750,000	<b>2,750,000</b>	3,000,000	3,000,000

	<i>Other related parties</i> <i>KD</i>	<i>9 months ended 30 September</i>	
		<i>2011</i> <i>KD</i>	<i>2010</i> <i>KD</i>
<b>Interim condensed consolidated income statement:</b>			
Unrealized (loss) gain from investments at fair value through income statement	(2,540,066)	<b>(2,540,066)</b>	(1,077,616)
Impairment loss of available for sale investment	(219,219)	<b>(219,219)</b>	(7,968)
General and administrative expenses	62,988	<b>62,988</b>	48,671

#### Key management compensation:

Salaries and other short term benefits	42,210	-
Employees' end of service benefits	15,845	-

Certain available for sale investments with a carrying value of KD 13,260,935 and investments at fair value through income statement with a carrying value of KD 8,565,000 are pledged to a related party against the payable balance on acquisition of an investment in an associate (Note 7).

Investment in 180,560,000 shares of the associate company Al-Zumorroadah Investment Co. - K.S.C. (Closed) with a carrying value of KD 18,056,000 are pledged against short term loans and bank facilities (Note 8).

### 10 SEGMENT INFORMATION

For management purposes the Group is organized into two major business segments. The Group operates mainly in Kuwait. The principal activities and services under these segments are as follows:

- Investment activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.
- Real estate activities comprise investment, managing real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.

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**10 SEGMENT INFORMATION (continued)**

There are no inter-segmental transactions. The following segments are reported in a manner that is more consistent with internal reporting providing to the chief operating decision maker.

	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>At 30 September 2011</i>				
Segment assets	76,992,442	69,689,268	933,400	147,615,110
Segment liabilities	66,476,198	7,562,500	2,574,700	76,613,398
<i>Period ended 30 September 2011</i>				
(Loss) income	(5,333,496)	663,076	(529,583)	(5,200,003)
(Loss) income for the period	(7,067,147)	133,493	(532,361)	(7,466,015)
	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>At 30 September 2010</i>				
Segment assets	60,680,206	66,382,819	7,125,716	134,188,741
Segment liabilities	46,255,055	7,996,130	2,754,722	57,005,907
<i>Period ended 30 September 2010</i>				
Income (loss)	3,375,099	(1,394,487)	-	1,980,612
Loss for the period	(11,921)	(126,436)	-	(138,357)

**11 CONTINGENT LIABILITIES AND COMMITMENTS**

The Group is subject to the contingent liabilities and commitments represented by:

	<i>30 September 2011 KD</i>	<i>(Audited) 31 December 2010 KD</i>	<i>30 September 2010 KD</i>
Future capital expenditure	13,000,000	13,000,000	12,310,894

Future capital expenditure is relating to properties under development.