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

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

31 MARCH 2012

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

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

31 MARCH 2012

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 subsidiaries (collectively the "Group") as at 31 March 2012 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 month 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

The interim condensed consolidated financial information of the Group include the financial information of a subsidiary, United National Holding Co. K.S.C. (Holding) ("UNHC"), with total assets of KD 59,083,816 (31 December 2011: 58,936,542 and 31 March 2011: KD 49,509,460) and net profit for the three month period ended 31 March 2012 of KD 116,550 (year ended 31 December 2011: loss of KD 174,383 and three month period ended 31 March 2011: loss of KD 4,823,404). The aforesaid interim condensed financial information of UNHC was reviewed by other auditor who expressed an unqualified conclusion dated 22 August 2012. We were unable to obtain access to the accounting records of the subsidiary for the purpose of obtaining sufficient evidence to satisfy ourselves on the amounts included in the interim condensed consolidated financial information related to the subsidiary. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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)**Emphasis of matter**

We draw attention to Note 13 to the interim condensed consolidated financial information that the subsidiary, UNHC, generated a net profit of KD 116,550 for the three month period ended 31 March 2012 (year ended 31 December 2011: loss of KD 174,383 and three month ended 31 March 2011: KD 4,823,404). The accumulated losses as of 31 March 2012 amounted to KD 28,600,894 which represents 95% of the subsidiary's capital. According to the Article No. 171 of Commercial Companies Law No. 15 for the year 1960, if a shareholding Company loses 75% of its capital, the Board of Directors should call for an extraordinary General Assembly Meeting to take an appropriate decision about the going concern issue.

Also as of 31 March 2012, the subsidiary had past due bank facilities (bank overdraft and short term loans) of KD 48,444,810 with one of the local banks and there are lawsuits filed against the subsidiary in this regard (Note 3 and 8). There is uncertainty related to the outcome of the lawsuits relating to a going concern of the subsidiary company.

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 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, as amended, of the Parent Company during the three months period ended 31 March 2012 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
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Licence No. 91-A
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28 August 2012
Kuwait

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

As at 31 March 2012

	Notes	31 March 2012 KD	(Audited) 31 December 2011 KD	31 March 2011 KD
ASSETS				
Cash and cash equivalents	3	916,775	539,924	2,647,440
Investments at fair value through statement of income	4	16,235,480	15,447,786	25,138,954
Accounts receivable and other assets		357,156	755,825	1,700,663
Investments available for sale	5	51,959,813	52,751,733	31,786,560
Investment in associates		-	-	920,487
Investment properties	6	39,687,150	39,687,150	14,924,059
Properties under development	7	15,500,000	15,500,000	54,172,859
Property and equipment		53,117	57,175	61,368
TOTAL ASSETS		124,709,491	124,739,593	131,352,390
EQUITY AND LIABILITIES				
Equity				
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
Cumulative changes in fair values		4,087,967	4,827,540	3,314,967
Accumulated losses		(22,387,975)	(22,625,195)	(12,289,780)
Equity attributable to equity holders of the Parent Company		64,023,600	64,525,953	73,348,795
Non-controlling interests		10,464	11,276	2,856
Total equity		64,034,064	64,537,229	73,351,651
Liabilities				
Bank overdraft		2,204,503	2,231,365	-
Accounts payable and other liabilities		5,182,037	4,355,692	2,814,961
Short term loans and bank facilities	8	46,240,307	46,240,307	47,248,278
Term loans		7,048,580	7,375,000	7,937,500
Total liabilities		60,675,427	60,202,364	58,000,739
TOTAL EQUITY AND LIABILITIES		124,709,491	124,739,593	131,352,390


Jaber Ahmed Hussain Ghadanfer
Vice Chairman



شركة مدينة الأعمال الكويتية العقارية ذ.م.م

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

For the period ended 31 March 2012

	Notes	3 months ended 31 March	
		2012 KD	2011 KD
INCOME			
Rental income		411,821	116,198
Unrealised gain (loss) on investments at fair value through statement of income		729,708	(1,794,332)
Realised gain on sale of investments at fair value through statement of income		30,538	-
Realised gain on sale of investments available for sale		468,131	151,399
Impairment loss on investments available for sale	5	(235,808)	(744,161)
Impairment loss on investment in an associate		-	(1,881,489)
Loss on partial disposal of investment in an associate		-	(53,462)
Interest income		236	2,639
Other income		234	724
		<u>1,404,860</u>	<u>(4,202,484)</u>
EXPENSES			
General and administrative expenses		(204,590)	(182,374)
Finance costs		(954,294)	(492,559)
		<u>(1,158,884)</u>	<u>(674,933)</u>
PROFIT (LOSS) FOR THE PERIOD BEFORE NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		245,976	(4,877,417)
NLST		(6,146)	-
Zakat		(2,458)	-
PROFIT (LOSS) FOR THE PERIOD		237,372	(4,877,417)
Attributable to:			
Equity holders of the Parent Company		237,220	(4,871,147)
Non-controlling interests		152	(6,270)
		<u>237,372</u>	<u>(4,877,417)</u>
BASIC AND DILUTED EARNING (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY			
	9	<u>0.30 Fils</u>	<u>(6.21) Fils</u>

The attached notes 1 to 13 form part of this 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 31 March 2012

	<i>3 months ended 31 March</i>	
	<i>2012</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>
Profit (loss) for the period	237,372	(4,877,417)
Other comprehensive loss:		
Change in fair values of investments available for sale	(508,214)	(1,700,082)
Realised gain on sale of investments available for sale	(468,131)	(151,399)
Impairment loss on investments available for sale	235,808	744,161
Foreign currency translation differences	-	(1,554)
Share of other comprehensive income of associates	-	(84,824)
Other comprehensive loss for the period	(740,537)	(1,193,698)
Total comprehensive loss for the period	(503,165)	(6,071,115)
Attributable to:		
Equity holders of the Parent Company	(502,353)	(6,063,291)
Non-controlling interests	(812)	(7,824)
	(503,165)	(6,071,115)

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

Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the period ended 31 March 2012

	<i>Attributable to equity holders of the Parent Company</i>								
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair values KD	Accumulated losses KD	Sub total KD	Non- controlling interests KD	Total KD
As at 1 January 2012 (Audited)	78,568,800	(162,406)	1,958,607	1,958,607	4,827,540	(22,625,195)	64,525,953	11,276	64,537,229
Profit for the period	-	-	-	-	-	237,220	237,220	152	237,372
Other comprehensive loss for the period	-	-	-	-	(739,573)	-	(739,573)	(964)	(740,537)
Total comprehensive (loss) income for the period	-	-	-	-	(739,573)	237,220	(502,353)	(812)	(503,165)
As at 31 March 2012	78,568,800	(162,406)	1,958,607	1,958,607	4,087,967	(22,387,975)	64,023,600	10,464	64,034,064
As at 1 January 2011 (Audited)	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	-	-	-	-	-	(4,871,147)	(4,871,147)	(6,270)	(4,877,417)
Other comprehensive loss for the period	-	-	-	-	(1,192,144)	-	(1,192,144)	(1,554)	(1,193,698)
Total comprehensive loss for the period	-	-	-	-	(1,192,144)	(4,871,147)	(6,063,291)	(7,824)	(6,071,115)
As at 31 March 2011	78,568,800	(162,406)	1,958,607	1,958,607	3,314,967	(12,289,780)	73,348,795	2,856	73,351,651

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

For the period ended 31 March 2012

	<i>Three months ended 31 March</i>	
	<i>2012</i>	<i>2011</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>
Cash flow from operating activities:		
Profit (loss) for the period before NLST and Zakat	245,976	(4,877,417)
Adjustments for:		
Unrealised (gain) loss on investments at fair value through statement of income	(729,708)	1,794,332
Realised gain on sale of investment fair value through statement of income	(30,538)	-
Realised gain on sale of available for sale investments	(468,131)	(151,399)
Impairment loss on investment in an associate	-	1,881,489
Loss on partial disposal of investment in an associate	-	53,462
Impairment loss on available for sale investments	5 235,808	744,161
Interest income	(236)	(2,639)
Depreciation	4,273	7,297
Finance costs	954,294	492,559
	<u>211,738</u>	<u>(58,155)</u>
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(142,391)	75,379
Investments at fair value through statement of income	(27,448)	(167,119)
Accounts payable and other liabilities	(68,841)	308,934
Cash (used in) from operations	(26,942)	159,039
Finance costs paid	(66,862)	(487,666)
Net cash used in operating activities	<u>(93,804)</u>	<u>(328,627)</u>
Cash flow from investing activities:		
Purchase of property and equipment	(215)	-
Development costs incurred of properties under development	7 -	(638,623)
Proceeds from partial disposal of investment in an associate	-	59,608
Purchase of available for sale investments	-	(60,001)
Proceeds from sale of available for sale investments	283,820	823,599
Interest income received	236	4,629
Dividend income received	541,060	258,542
Net cash from investing activities	<u>824,901</u>	<u>447,754</u>
Cash flow from financing activities:		
Term loans repaid	(326,420)	(58,716)
Short term loans and bank facilities obtained	-	503,483
Net cash (used in) from financing activities	<u>(326,420)</u>	<u>444,767</u>
INCREASE IN CASH AND CASH EQUIVALENTS		
Foreign currency translation adjustment	404,677	563,894
Cash and cash equivalents at the beginning of the period	(964)	(1,554)
	<u>(1,691,441)</u>	<u>2,085,100</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3 <u>(1,287,728)</u>	<u>2,647,440</u>

The attached notes 1 to 13 form part of this 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 (UNAUDITED)

As at 31 March 2012

1 INCORPORATION AND ACTIVITIES

Kuwait Business Town Company 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 subsidiaries (collectively the "Group") 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, 28th floor, Khaled Ebn Alwaleed Street, Kuwait.

The interim condensed consolidated financial information of the Group for the period ended 31 March 2012 were authorised for issue by the Board of Director on 28 August 2012.

The Annual General Assembly for the year ended 31 December 2011 has not yet been held. Accordingly, the annual consolidated financial statements of the Group have not been approved by the shareholders of the Parent Company.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The interim condensed consolidated financial information of the Group 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 complete 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 three months ended 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012. For further information, please refer to the consolidated financial statements and notes thereto for the year ended 31 December 2011.

Changes in accounting policies and disclosure

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2011, except for the adoption of the following new and amended International Accounting Standards Board (IASB) Standards:

IFRS 7: Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amendment) (effective 1 July 2011)

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

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

As at 31 March 2012

3 CASH AND CASH EQUIVALENTS

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Cash on hand and at banks	401,712	461,213	569,424
Cash in managed portfolios	515,063	78,711	978,016
Short term deposits	-	-	1,100,000
	<u>916,775</u>	<u>539,924</u>	<u>2,647,440</u>
Less: Bank overdraft	(2,204,503)	(2,231,365)	-
Cash and cash equivalents included in interim condensed consolidated statement of cash flows	<u>(1,287,728)</u>	<u>(1,691,441)</u>	<u>2,647,440</u>

Bank overdraft relates to the subsidiary, UNHC, and carries an effective rate of interest of 6.5% (31 December 2011: 6.5% and 31 March 2011: Nil) per annum, is secured against certain investments available for sale (note 5). As of the reporting date, bank overdraft has become past due and the management is currently engaged in discussion with the bank regarding the restructuring of the credit facilities. However, the bank referred the matter to the Ministry of Justice to recover its dues (Note 13).

4 INVESTMENTS AT FAIR VALUE THROUGH STATEMENT OF INCOME

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Held for trading:			
Quoted equity securities	19,699	19,711	24,001
Managed funds	144,451	132,260	139,870
Managed portfolios of quoted equity securities	8,191,670	7,104,055	16,734,812
Designated:			
Unquoted equity securities	7,844,864	8,156,864	8,196,061
Managed funds	34,796	34,896	44,210
	<u>16,235,480</u>	<u>15,447,786</u>	<u>25,138,954</u>

Managed portfolios of equity securities amounting to KD 6,962,202 (31 December 2011: KD 6,455,025 and 31 March 2011: KD 16,596,812) are pledged against short term loans and bank facilities (Note 8).

Investments with aggregate carrying amount of KD Nil (31 December 2011: KD 9,336,119 and 31 March 2011: KD 17,940,246) are managed by a related party (Note 10).

The fair value of unquoted equity securities is determined by the investment manager using valuation techniques that are based on recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, an earnings multiple, or is based on the expected cash flows of the investment discounted at current rates applicable for items with similar terms and risk characteristics. Fair value estimates take into account liquidity constraints and assessment for any impairment.

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

As at 31 March 2012

5 INVESTMENTS AVAILABLE FOR SALE

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Quoted equity securities	1,647	24,893	2,000
Unquoted equity securities	3,190,855	3,671,264	5,210,801
Managed portfolios of equity securities			
- Quoted	3,869,859	4,297,601	11,951,827
- Unquoted	44,897,452	44,757,975	14,621,932
	<u>51,959,813</u>	<u>52,751,733</u>	<u>31,786,560</u>

As at 31 March 2012, certain investments available for sale ('unquoted equity securities' and 'managed portfolio of unquoted equity securities') amounting to KD 46,412,050 (31 December 2011: KD 46,891,884 and 31 March 2011: KD 19,832,733) are carried at cost less impairment due to the non availability of quoted market prices or other reliable measures of fair value. There is no active market for these financial assets and the Company intends to hold them for long term. 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.

An impairment loss of KD 235,808 (31 December 2011: KD 1,353,651 and 31 March 2011: KD 744,161) has been recorded in respect of certain investments for significant or prolonged decline in the value of those securities.

Investment in managed portfolios of equity securities amounting to KD 43,824,059 (31 December 2011: KD 44,116,817 and 31 March 2011: KD 23,040,488) are pledged against short term loans and bank facilities and bank overdraft (Note 3 and Note 8).

6 INVESTMENT PROPERTIES

	<i>31 March</i> <i>2012</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i>	<i>31 March</i> <i>2011</i>
Balance at the beginning of the period/year	39,687,150	5,226,000	5,226,000
Transfer from properties under development (Note 7)	-	38,606,531	9,698,509
Additions	-	454,172	-
Changes in fair value of investment properties	-	(4,599,553)	-
Balance at the end of the period/year	<u>39,687,150</u>	<u>39,687,150</u>	<u>14,924,059</u>

Investment properties amounting to KD 29,982,537 (31 December 2011: KD 29,982,537 and 31 March 2011: KD 4,050,833) are pledged with a financial institution against term loan.

7 PROPERTIES UNDER DEVELOPMENT

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Balance at beginning of the period / year	15,500,000	63,232,295	63,232,295
Development costs incurred	-	776,800	638,623
Change in fair value of properties under development	-	(9,902,564)	-
Transferred to investment properties (Note 6)	-	(38,606,531)	(9,698,059)
Balance at end of the period / year	<u>15,500,000</u>	<u>15,500,000</u>	<u>54,172,859</u>

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

As at 31 March 2012

7 PROPERTIES UNDER DEVELOPMENT (continued)

Properties under development with aggregate carrying value of KD 15,500,000 (31 December 2011: KD 15,500,000 and 31 March 2011: 28,666,449) are pledged with a local bank against short-term loans and bank facilities (Note 8).

8 SHORT TERM LOANS AND BANK FACILITIES

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Bank facilities obtained from a local bank carrying an interest rate of 1.75% per annum over the Central Bank of Kuwait discount rate and repayable on December 29, 2010.	<u>46,240,307</u>	<u>46,240,307</u>	<u>47,248,278</u>

Short term loans and bank facilities relate to the subsidiary, UNHC, are secured by investments at fair value through statement of income KD 6,962,202 (31 December 2011: KD 6,455,025 and 31 March 2011: KD 16,596,812) (Note 4), investments available for sale amounting to KD 43,824,059 (31 December 2011: KD 44,116,817 and 31 March 2011: KD 23,040,488) (Note 5), and properties under development of KD 15,500,000 (31 December 2011: KD 15,500,000 and 31 March 2011: KD 28,666,449) (Note 7). As of the reporting date, those banks facilities have become past due and the management is currently engaged in discussion with the bank regarding the restructuring of the credit facilities however, the bank referred the matter to the Ministry of Justice to recover its dues (Note 13).

9 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is computed by dividing the profit (loss) 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.

	<i>3 months ended 31 March</i>	
	<i>2012</i> <i>KD</i>	<i>2011</i> <i>KD</i>
Profit (loss) for the period attributable to equity holders of the Parent Company	<u>237,220</u>	<u>(4,871,147)</u>
Number of shares outstanding at the beginning of the period	<i>Shares</i> 785,688,000	<i>Shares</i> 785,688,000
Less: Weighted average number of treasury shares	(1,030,000)	(1,030,000)
Weighted average number of outstanding shares	<u>784,658,000</u>	<u>784,658,000</u>
Basic and diluted earnings (loss) per share attributable to the equity holders of the Parent Company	<u>0.30 Fils</u>	<u>(6.21) Fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2012

10 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:

	Other related parties KD	31 March 2012		31 December 2011		31 March 2011	
		KD		KD		KD	
Interim condensed consolidated statement of financial position:							
Investments at fair value through statement of income (managed by a related party) (Note 4)	-	-	-	9,336,119	17,940,246		
Investments available for sale (managed by a related party) (Note 5)	-	-	-	45,216,465	23,414,577		
Due from related parties	-	-	-	49,708	59,850		
Due to a related party	-	-	-	-	133,172		
Term loan	2,187,500	2,187,500		2,375,000	2,937,500		

Three months ended 31 March

	2012	2011
	KD	KD
Interim condensed consolidated statement of income:		
Rental income	15,809	-
General and administrative expenses	-	22,708
Finance costs	56,250	18,750
Transaction:		
Sale of investment at fair value through statement of income	312,000	-

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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	<i>Three months ended 31 March</i>	
	<i>2012</i>	<i>2011</i>
	<i>KD</i>	<i>KD</i>
Salaries and short-term employee benefits	12,237	22,157
Termination benefits	38,111	35,432
	<u>50,348</u>	<u>57,589</u>

11 SEGMENT INFORMATION

The Group is divided into operating segments for managing its various business activities. The Group operates mainly in Kuwait. For the purpose of analysing the major segments, the Group's management allocated its business and services into the following business segments:

- Investing 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.

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</i>	<i>Real estate</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>At 31 March 2012</i>			
Segment operating revenue	981,339	423,521	1,404,860
Operating profit	116,277	129,547	245,824
Unallocated expenses	-	-	(8,604)
Profit for the period attributable to the equity holders of the Parent Company			<u>237,220</u>
<i>At 31 March 2011</i>			
Segment operating revenue (loss)	(4,318,682)	116,198	(4,202,484)
Operating (loss) profit	(4,993,615)	116,198	(4,877,417)
Loss for the period attributable to the equity holders of the Parent Company			<u>(4,871,147)</u>

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12 CONTINGENT LIABILITIES AND COMMITMENTS

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

	<i>31 March</i> <i>2012</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2011</i> <i>KD</i>	<i>31 March</i> <i>2011</i> <i>KD</i>
Future capital expenditure relating to properties under development	<u>11,500,000</u>	<u>11,500,000</u>	<u>12,773,000</u>

13 GOING CONCERN OF A SUBSIDIARY

The subsidiary, UNHC, generated a net profit of KD 116,550 for the three month period ended 31 March 2012 (year ended 31 December 2011: loss of KD 174,383 and three month ended 31 March 2011: KD 4,823,404). The accumulated losses as of 31 March 2012 amounted to KD 28,600,894 which represents 95% of the subsidiary's capital. According to the Article No. 171 of Commercial Companies Law No. 15 for the year 1960, if a shareholding Company losses 75% of its capital, the Board of Directors should call for an extraordinary General Assembly Meeting to take an appropriate decision about the going concern issue.

Also as of 31 March 2012, the subsidiary had past due bank facilities (bank overdraft and short term loans) of KD 48,444,810 with one of the local banks and there are lawsuits filed against the subsidiary in this regard (Note 3 and 8). There is uncertainty related to the outcome of the lawsuits.

These conditions are considered as an indication to the existence of a substantial doubt about the subsidiary's ability to continue as a going concern.

The Group's management is confident that the above issues will be solved and as a consequence this interim condensed consolidated financial information has been prepared on a going concern basis.