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**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C. (CLOSED)
AND ITS SUBSIDIARIES
STATE OF KUWAIT**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2012
(UNAUDITED)
WITH REVIEW REPORT**

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AND ITS SUBSIDIARIES
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REVIEW REPORT

The Board of Directors
Kuwait Business Town Real Estate Company - K.S.C. (Closed)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated 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 of June 30, 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management of Parent 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". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Basis of Qualified conclusion

The interim condensed consolidated financial information of the Group include the interim condensed financial information of a subsidiary, United National Holding Co. K.S.C. (Holding) ("UNHC"), with total assets of KD 58,927,978 (December 31, 2011 – KD 58,936,542 , June 30, 2011 – KD 50,003,415) and net loss for the period of KD 826,559 (June 30, 2011 – net loss KD 5,483,032). The aforesaid interim condensed financial information of UNHC were reviewed by other auditor who has expressed an unqualified conclusion dated August 28, 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

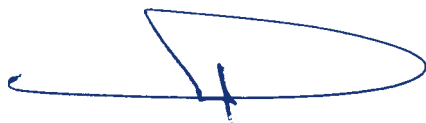
Except for the matters referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting standard 34.

Emphasis of matter

We draw attention to Note (13) to the financial information relating to a going concern of a subsidiary company and the uncertainty of the outcome of legal cases and its impact on the Group's financial position.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the Parent Company's books of account. We further report that, to the best of our knowledge and belief, We have not become aware of any material violation of the Commercial Companies' Law No (15) of 1960, as amended, or the Parent Company's Articles of Association during the six months ended June 30, 2012 that might have had a material effect on the financial position of the Parent Company or on the results of its operations.



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

State of Kuwait
September 2, 2012



Nayef M. Al-Bazie
Licence No. 91-A
RSM Albazie & Co.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

AS OF JUNE 30, 2012

(All amounts are in Kuwaiti Dinars)

ASSETS	Note	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Cash and cash equivalents	3	733,832	539,924	523,840
Investments at fair value through statement of income	4	10,559,035	15,447,786	25,284,434
Accounts receivable and other debit balances		784,519	755,825	1,798,830
Investments available for sale	5	51,689,104	52,751,733	34,084,143
Investment in associates		-	-	920,487
Investment properties	6	45,827,150	39,687,150	14,924,059
Properties under development		15,500,000	15,500,000	54,312,600
Property and equipment		55,347	57,175	62,311
Total assets		125,148,987	124,739,593	131,910,704
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdraft	3	2,244,961	2,231,365	-
Short term loans and bank facilities	7	46,240,307	46,240,307	47,761,988
Accounts payable and other credit balances		5,897,945	4,355,692	2,954,865
Term loans		6,652,748	7,375,000	7,750,000
Total liabilities		61,035,961	60,202,364	58,466,853
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 value		4,034,158	4,827,540	3,996,273
Accumulated losses		(22,253,908)	(22,625,195)	(12,878,858)
Equity attributable to equity holders of the Parent Company		64,103,858	64,525,953	73,441,023
Non-controlling interests		9,168	11,276	2,828
Total equity		64,113,026	64,537,229	73,443,851
Total liabilities and equity		125,148,987	124,739,593	131,910,704

The accompanying notes (1) to (13) form an integral part of the interim condensed consolidated financial information.

Jaber Ahmed Hussain Ghadanfer
Vice Chairman



**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2012**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2012	2011	2012	2011
Revenue:					
Net investment income (loss)	8	1,040,648	54,523	2,269,025	(1,588,410)
Impairment loss on investments available for sale		(216,397)	(149,145)	(452,205)	(893,306)
Share of result of an associate		-	-	-	(1,881,489)
Loss on sale of investment in an associate		-	-	-	(53,462)
Interest income		217	214	453	2,853
Rental income		465,132	228,988	876,953	345,186
Other income (loss)		27,887	(22,137)	28,121	(21,413)
		<u>1,317,487</u>	<u>112,443</u>	<u>2,722,347</u>	<u>(4,090,041)</u>
Expenses:					
General and administrative expenses		(226,664)	(196,281)	(431,254)	(378,655)
Finance costs		(964,122)	(506,098)	(1,918,416)	(998,657)
Profit (loss) for the period before National Labor Support Tax (NLST) and Zakat					
		126,701	(589,936)	372,677	(5,467,353)
NLST		4,385	-	(1,761)	-
Zakat		1,754	-	(704)	-
Net profit (loss) for the period		<u>132,840</u>	<u>(589,936)</u>	<u>370,212</u>	<u>(5,467,353)</u>
Attributable to:					
Equity holders of the Parent Company		134,067	(589,078)	371,287	(5,460,225)
Non-controlling interests		(1,227)	(858)	(1,075)	(7,128)
Net profit (loss) for the period		<u>132,840</u>	<u>(589,936)</u>	<u>370,212</u>	<u>(5,467,353)</u>
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company (Fils)					
	9	<u>0.17</u>	<u>(0.75)</u>	<u>0.47</u>	<u>(6.96)</u>

The accompanying notes (1) to (13) form an integral part of the interim condensed consolidated financial information.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE PERIOD ENDED JUNE 30, 2012**

(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Net profit (loss) for the period	<u>132,840</u>	<u>(589,936)</u>	<u>370,212</u>	<u>(5,467,353)</u>
Other comprehensive income (loss):				
Change in fair value of investments available for sale	(270,275)	553,373	(778,489)	(1,233,087)
Reversal from investments available for sale	-	(20,382)	(468,131)	(171,781)
Impairment loss on investments available for sale	<u>216,397</u>	<u>149,145</u>	<u>452,205</u>	<u>893,306</u>
Other comprehensive (loss) income for the period	<u>(53,878)</u>	<u>682,136</u>	<u>(794,415)</u>	<u>(511,562)</u>
Total comprehensive income (loss) for the period	<u>78,962</u>	<u>92,200</u>	<u>(424,203)</u>	<u>(5,978,915)</u>
Attributable to:				
Equity holders of the Parent Company	<u>80,258</u>	<u>92,228</u>	<u>(422,095)</u>	<u>(5,971,063)</u>
Non-controlling interests	<u>(1,296)</u>	<u>(28)</u>	<u>(2,108)</u>	<u>(7,852)</u>
Total comprehensive income (loss) for the period	<u>78,962</u>	<u>92,200</u>	<u>(424,203)</u>	<u>(5,978,915)</u>

The accompanying notes (1) to (13) form an integral part of the interim condensed consolidated financial information.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2012**

(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company							Non- controlling interests	Total
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Accumulated losses	Sub total		
Balance as of December 31, 2011	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
Total comprehensive (loss) income for the period	-	-	-	-	(793,382)	371,287	(422,095)	(2,108)	(424,203)
Balance as of June 30, 2012	78,568,800	(162,406)	1,958,607	1,958,607	4,034,158	(22,253,908)	64,103,858	9,168	64,113,026
Balance as of December 31, 2010	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
Total comprehensive loss for the period	-	-	-	-	(510,838)	(5,460,225)	(5,971,063)	(7,852)	(5,978,915)
Balance as of June 30, 2011	78,568,800	(162,406)	1,958,607	1,958,607	3,996,273	(12,878,858)	73,441,023	2,828	73,443,851

The accompanying notes (1) to (13) form an integral part of the interim condensed consolidated financial information.

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2012
 (All amounts are in Kuwaiti Dinars)

	Note	Six months ended June 30,	
		2012	2011
Cash flow from operating activities:			
Profit (loss) for the period before National Labor Support Tax (NLST) and Zakat		372,677	(5,467,353)
Adjustments:			
Net investment (income) loss		(2,269,025)	1,588,410
Impairment loss on investments available for sale		452,205	893,306
Share of result of an associate		-	1,881,489
Loss on sale of investment in an associate		-	53,462
Interest income		(455)	(2,853)
Finance costs		1,918,416	998,657
Depreciation		8,537	12,700
		482,355	(42,182)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(28,694)	237,744
Properties under development		-	(776,801)
Accounts payable and other credit balances		(66,797)	433,858
Net cash generated from (used in) operating activities		386,864	(147,381)
Cash flow from investing activities:			
Investments at fair value through statement of income		6,237,445	(287,493)
Proceeds from sale of investments available for sale		284,140	1,455,787
Purchase of investments available for sale		-	(2,432,335)
Proceeds from sale of investment in an associate		-	59,608
Purchase of investment properties		(6,000,000)	-
Purchase of property and equipment		(6,709)	6,346
Interest income received		455	2,853
Dividend received		312,200	9,035
Net cash generated from (used in) investing activities		827,531	(1,186,199)
Cash flow from financing activities:			
Short term loans and bank facilities		-	1,017,193
Term loans paid		(722,252)	(246,216)
Finance costs paid		(311,831)	(998,657)
Net cash used in financing activities		(1,034,083)	(227,680)
Net increase (decrease) in cash and cash equivalents		180,312	(1,561,260)
Cash and cash equivalents at the beginning of the period		(1,691,441)	2,085,100
Cash and cash equivalents at the end of the period	3	(1,511,129)	523,840

The accompanying notes (1) to (13) form an integral part of the interim condensed consolidated financial information.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2012**

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Parent Company

Kuwait Business Town Real Estate 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 November 24, 2004. The Parent Company's shares were listed in the Kuwait Stock Exchange on December 16, 2008.

The Parent Company's registered office is at KBT Tower, 28th floor, Khalid Ebn Al Waleed Street, Kuwait.

The principal activities of 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 interim condensed consolidated financial information were authorized for issue by the Board of Directors on September 2, 2012.

The Annual General Assembly for the year ended December 31, 2011 has not been held as yet. Accordingly, the consolidated financial statements of the Group have not been approved by the shareholders of the Parent Company. The interim condensed consolidated financial information for the period ended June 30, 2012 do not include any adjustments, which might have been required, had the annual general assembly of the shareholders of the company approved the consolidated financial statements for the year ended December 31, 2011.

2. Significant accounting policies

a) 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 include all of the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. For further information, refer to the financial statements and notes there to for the year ended December 31, 2011.

b) Changes in accounting policies and disclosures

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 December 31, 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 ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2012

(All amounts are in Kuwaiti Dinars)

3. Cash and cash equivalents

	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Cash on hand and at banks	424,916	461,213	528,834
Cash in managed portfolios	308,916	78,711	(4,994)
	<u>733,832</u>	<u>539,924</u>	<u>523,840</u>
Less: Bank overdraft	(2,244,961)	(2,231,365)	-
Cash and cash equivalents included in interim condensed consolidated statement of cash flows	<u>(1,511,129)</u>	<u>(1,691,441)</u>	<u>523,840</u>

Bank overdraft relates to the subsidiary, UNHC, and carries an effective rate of interest of 6.5% (December 31, 2011 – 6.5% - June 30, 2011 – Nil) per annum and, 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

	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Held for trading:			
Quoted equity securities	18,199	19,711	22,715
Managed funds	133,754	132,260	137,735
Managed portfolios of quoted equity securities:	8,036,630	7,104,055	16,923,214
Designated:			
Managed portfolios of unquoted equity securities	2,348,863	8,156,864	8,156,864
Managed funds	21,589	34,896	43,906
	<u>10,559,035</u>	<u>15,447,786</u>	<u>25,284,434</u>

Managed portfolios of equity securities amounting to KD 6,961,043 (December 31, 2011 – KD 6,455,025, June 30, 2011 – KD 16,791,653) are pledged against short term loans and bank facilities (Note 7).

5. Investments available for sale

	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Quoted equity securities	1,515	24,893	2,062
Unquoted equity securities	3,284,411	3,671,264	5,312,561
Managed portfolios of equity securities:			
- Quoted	3,609,134	4,297,601	13,744,342
- Unquoted	44,794,044	44,757,975	15,025,178
	<u>51,689,104</u>	<u>52,751,733</u>	<u>34,084,143</u>

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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(All amounts are in Kuwaiti Dinars)

Included in managed portfolios of equity securities is an amount of KD 43,557,860 (December 31, 2011 – KD 44,116,817, June 30, 2011 – KD 24,836,694) pledged against short term loans and bank facilities and bank overdraft (Notes 7).

During the period an impairment loss of KD 452,205 (June 30, 2011 – KD 893,306) was recorded in the interim condensed consolidated statement of income.

6. Investment properties

During the period, the Parent Company acquired a local investment property for a total consideration of KD 6,140,000 from a related party (Note 10) which was settled partially through cash consideration of KD 6,000,000 and partially through transfer of certain investments at fair value through statement of income of KD 140,000 (carrying value of KD 120,000). The ownership of this investment property has not been transferred till the reporting date.

Investment properties amounting to KD 28,737,037 (December 31, 2011 – KD 29,982,537, June 30, 2011 KD 5,226,000) are pledged with a financial institution against term loan.

7. Short term loans and bank facilities

	<u>June 30, 2012</u>	<u>December 31, 2011 (Audited)</u>	<u>June 30, 2011</u>
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.	46,240,307	46,240,307	47,761,988

Short term loans and bank facilities relate to the subsidiary, (UNHC), are secured by investments at fair value through statement of income of KD 6,961,043 (December 31, 2011 – KD 6,455,025, June 30, 2011 – KD 16,791,653) (Note 4), investments available for sale of KD 43,557,860 (December 31, 2011 – KD 44,116,817, June 30, 2011 – KD 24,836,694) (Note 5) and properties under development of KD 15,500,000 (December 31, 2011 – KD 15,500,000, June 30, 2011 – KD 25,396,503). As of reporting date, those banks facilitates 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).

8. Net investment income (loss)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Unrealized (loss) gain from investments at fair value through statement of income	(176,741)	25,106	552,967	(1,769,226)
Realized gain on sale of investments at fair value through statement of income	905,189	-	935,727	-
Realized gain on sale of investments available for sale	-	20,382	468,131	171,781
Dividend income	312,200	9,035	312,200	9,035
	<u>1,040,648</u>	<u>54,523</u>	<u>2,269,025</u>	<u>(1,588,410)</u>

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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(All amounts are in Kuwaiti Dinars)

9. Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company

Basic and diluted earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to the equity holders of the Parent Company by the weighted average number of outstanding shares during the period.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Profit (Loss) for the period attributable to the equity holders of the Parent Company	<u>134,067</u>	<u>(589,078)</u>	<u>371,287</u>	<u>(5,460,225)</u>
Weighted average number of outstanding shares	<u>Share</u> <u>784,658,000</u>	<u>Share</u> <u>784,658,000</u>	<u>Share</u> <u>784,658,000</u>	<u>Share</u> <u>784,658,000</u>
Basic and diluted earnings (loss) per share attributable to the equity holders of the Parent Company (Fils)	<u>0.17</u>	<u>(0.75)</u>	<u>0.47</u>	<u>(6.96)</u>

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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(All amounts are in Kuwaiti Dinars)

10. Related party transactions and balances

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

	Other related parties	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
<u>Interim condensed consolidated statement of financial position</u>				
Investments at fair value through statement of income (managed by a related party)	-	-	9,336,119	16,048,480
Investments available for sale (managed by a related party)	-	-	45,216,465	17,291,468
Due from related parties	15,811	15,811	49,708	1,703,679
Due to related parties	-	-	-	19,764
Term loan	2,000,000	2,000,000	2,375,000	3,000,000

Interim condensed consolidated statement of income

	Six months ended June 30,	
	2012	2011
Realized gain (loss) on sale of investments at fair value through statement of income	20,000	(7,968)
Rental income	31,618	31,882
General and administrative expenses	-	40,992
Finance costs	112,500	-

Transactions

Sale of investments at fair value through statement of income	452,000
Purchase of investment properties (Note 6)	6,140,000

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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(All amounts are in Kuwaiti Dinars)

11. Capital commitments

	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Future capital expenditure relating to properties under development	<u>11,500,000</u>	<u>11,500,000</u>	<u>13,000,000</u>

12. 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 analyzing 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 and trading in 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.

	Six months ended June 30, 2012			Six months ended June 30, 2011			
	Investing activities	Real estate activities	Total	Investing activities	Real estate activities	Other	Total
Segment operating revenue (loss)	914,798	1,807,549	2,722,347	(3,523,361)	345,186	(18,560)	(3,196,735)
Operating profit (loss)			<u>372,677</u>				<u>(5,467,353)</u>
Unallocated expenses			<u>(2,465)</u>				-
Net profit (loss) for the period			<u>370,212</u>				<u>(5,467,353)</u>

13. Going Concern of a subsidiary

The subsidiary, UNHC, incurred a net loss of KD 826,559 for the period ended June 30, 2012. The accumulated losses as of June 30, 2012 amounted to KD 29,544,003 which represents 98% 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 extraordinary General Assembly Meeting to take an appropriate decision about the going concern issue. Also as of June 30, 2012, the subsidiary had past due bank facilities (bank overdraft and short term loans and bank facilities) of KD 48,485,268 with one of the local banks and there are lawsuits filed against the subsidiary in this regard (Note 3 and 7). 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 matters will be solved and as a consequence these interim condensed consolidated financial information have been prepared on a going concern basis.