

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

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

31 MARCH 2013

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 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 at 31 March 2013 and the related interim condensed consolidated statement of income, comprehensive income, changes in equity and 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.

Conclusion

Based on our review, 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, “Interim Financial Reporting”.

Emphasis of matter

We draw attention to (Note 10) to the consolidated financial information relating to a going concern of the subsidiary company “United National Holding Company K.S.C. (Holding)” and the uncertainty of the outcome of legal cases and its impact on the Group’s financial position. Our opinion is not qualified in respect of these matters.

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 accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 25 of 2012, as amended, or of the articles of association and the memorandum of incorporation of the Parent Company that might have had a material effect on the business of the Group or on its financial position during the three months period ended 31 March 2013.



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8 May 2013
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 2013

	Note	31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
ASSETS				
Bank balances and cash		1,855,329	811,919	916,775
Investments at fair value through statement of income		9,416,656	10,134,562	16,235,480
Accounts receivable and prepayments		1,485,730	2,486,775	357,156
Investments available for sale		49,620,609	49,892,207	51,959,813
Investment properties		37,590,794	37,590,794	39,687,150
Properties under development		13,000,000	13,000,000	15,500,000
Property and equipment		54,095	49,692	53,117
TOTAL ASSETS		113,023,213	113,965,949	124,709,491
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		3,868,604	4,106,304	4,087,967
Accumulated losses		(35,842,242)	(35,063,837)	(22,387,975)
Equity attributable to equity holders of the Parent Company		50,349,970	51,366,075	64,023,600
Non-controlling interests		3,948	5,520	10,464
Total equity		50,353,918	51,371,595	64,034,064
Liabilities				
Accounts payable and accruals		8,578,410	7,773,054	5,182,037
Short term loans and bank facilities	3	48,625,633	48,585,216	48,444,810
Term loans		5,465,252	6,236,084	7,048,580
Total liabilities		62,669,295	62,594,354	60,675,427
TOTAL EQUITY AND LIABILITIES		113,023,213	113,965,949	124,709,491


Yasser Haji Abulhasan
Chairman



The attached notes 1 to 10 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 INCOME
(UNAUDITED)

For the period ended 31 March 2013

	<i>3 months ended 31 March</i>	
<i>Note</i>	2013	2012
	KD	KD
REVENUE		
Rental income	510,318	411,821
Unrealised (loss) gain on investments at fair value through statement of income	(61,010)	729,708
Realised gain on sale of investments at fair value through statement of income	311	30,538
Realised (loss) gain on sale of investments available for sale	(2,189)	468,131
Impairment loss on investments available for sale	-	(235,808)
Interest income	4	236
Dividend Income	32,315	-
Other income	10,026	234
	489,775	1,404,860
EXPENSES		
General and administrative expenses	(247,986)	(204,590)
Finance costs	(1,021,449)	(954,294)
	(1,269,435)	(1,158,884)
(LOSS) PROFIT FOR THE PERIOD BEFORE NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT	(779,660)	245,976
NLST	-	(6,146)
Zakat	-	(2,458)
(LOSS) PROFIT FOR THE PERIOD	(779,660)	237,372
Attributable to:		
Equity holders of the Parent Company	(778,405)	237,220
Non-controlling interests	(1,255)	152
	(779,660)	237,372
BASIC AND DILUTED (LOSS) EARNING PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	4	0.30 Fils
	(0.99) Fils	0.30 Fils

The attached notes 1 to 10 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 2013

	<i>3 months ended 31 March</i>	
	2013	2012
	KD	KD
(Loss) profit for the period	(779,660)	237,372
Other comprehensive loss:		
<i>Other comprehensive loss to be reclassified to statement of income in subsequent periods:</i>		
Change in fair values of investments available for sale	(240,206)	(508,214)
Realised loss (gain) on sale of investments available for sale	2,189	(468,131)
Impairment loss on investments available for sale	-	235,808
Other comprehensive loss for the period	(238,017)	(740,537)
Total comprehensive loss for the period	(1,017,677)	(503,165)
Attributable to:		
Equity holders of the Parent Company	(1,016,105)	(502,353)
Non-controlling interests	(1,572)	(812)
	(1,017,677)	(503,165)

The attached notes 1 to 10 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 2013

	<i>Attributable to equity holders of the Parent Company</i>								
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Cumulative changes in fair values</i>	<i>Accumulated losses</i>	<i>Sub total</i>	<i>Non-controlling interests</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 1 January 2013 (Audited)	78,568,800	(162,406)	1,958,607	1,958,607	4,106,304	(35,063,837)	51,366,075	5,520	51,371,595
Loss for the period	-	-	-	-	-	(778,405)	(778,405)	(1,255)	(779,660)
Other comprehensive loss for the period	-	-	-	-	(237,700)	-	(237,700)	(317)	(238,017)
Total comprehensive loss for the period	-	-	-	-	(237,700)	(778,405)	(1,016,105)	(1,572)	(1,017,677)
At 31 March 2013	78,568,800	(162,406)	1,958,607	1,958,607	3,868,604	(35,842,242)	50,349,970	3,948	50,353,918
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)
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

The attached notes 1 to 10 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 CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2013

	<i>Three months ended 31 March</i>	
	2013	2012
	KD	KD
OPERATING ACTIVITIES		
(Loss) profit for the period before NLST and Zakat	(779,660)	245,976
Adjustments for:		
Unrealised loss (gain) on investments at fair value through statement of income	61,010	(729,708)
Realised gain on sale of investments fair value through statement of income	(311)	(30,538)
Realised loss (gain) on sale of investments available for sale	2,189	(468,131)
Dividend income	(32,315)	-
Impairment loss on investments available for sale	-	235,808
Interest income	(4)	(236)
Depreciation	5,110	4,273
Finance costs	1,021,449	954,294
	277,468	211,738
Working capital adjustments:		
Accounts receivable and prepayments	483,043	(143,355)
Investments at fair value through statement of income	-	(27,448)
Accounts payable and accruals	45,696	(68,841)
	806,207	(27,906)
Cash from (used in) operations	806,207	(27,906)
Finance costs paid	(93,039)	(66,862)
	713,168	(94,768)
Investing activities		
Net movement in investments at fair value through statement of income	(74,043)	-
Purchase of property and equipment	(9,513)	(215)
Proceeds from sale of investments available for sale	31,709	283,820
Interest income received	4	236
Dividend income received	550,000	541,060
	498,157	824,901
Financing activities		
Payment of term loans	(208,332)	(326,420)
Short term loans and bank facilities obtained	40,417	(26,862)
	(167,915)	(353,282)
NET INCREASE IN BANK BALANCES AND CASH	1,043,410	376,851
Bank balances and cash at the beginning of the period	811,919	539,924
BANK BALANCES AND CASH AT THE END OF THE PERIOD	1,855,329	916,775

The attached notes 1 to 10 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 2013

1 CORPORATE INFORMATION

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

The principal activities of the Parent Company 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 Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Commerce and Industry by 26 September 2013 will determine the basis and rules which the company shall adopt to regularise its affairs with the Companies Law as amended.

The interim condensed consolidated financial information of the Group for the period ended 31 March 2013 were authorised for issue by the Board of Director on 8 May 2013.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING PLOICIES

Basis of presentation

The interim condensed consolidated financial statements for the three months ended 31 March 2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting."

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all of the information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the three month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013.

New standards, interpretations, and amendments adopted by the Group

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 2012, except for the adoption of the new and amended International Financial Reporting Standards that have become effective from 1 January 2013 and those which are applicable to the Group:

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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 2013

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)

New standards, interpretations, and amendments adopted by the Group (continued)

IFRS 10 – Consolidated Financial Statements (continued)

To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The application of the standard does not have an impact on the financial position of the Group.

IFRS 12 – Disclosure of Involvement with Other Entities

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide additional disclosures in the annual consolidated financial statements.

IFRS 13 – Fair Value measurement

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires disclosures on fair value, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16(j), thereby affecting the interim condensed consolidated financial statements period. The Group has applied this requirement for the first time and has provided these disclosures in (Note 8). The provisions in IAS 34 and transition provisions of IFRS 13 do not require comparative information for periods before initial application of IFRS 13. Consequentially, the Group does not provide the comparative information.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the management and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the management. As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the management (see Note 7).

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 2013

3 SHORT TERM LOANS AND BANK FACILITIES

	<i>31 March</i> 2013 KD	<i>(Audited)</i> <i>31 December</i> 2012 KD	<i>31 March</i> 2012 KD
Bank facilities obtained from a local bank carrying an interest rate of 1.75% (31 December 2012: 1.75% and 31 March 2012: 1.75%) per annum over the CBK discount rate and were repayable on 29 December 2010.	48,625,633	48,585,216	48,444,810

Short term loans and bank facilities relate to the subsidiary, United National Holding Company K.S.C. (Holding), are secured by investments at fair value through statement of income KD 6,668,925 (31 December 2012: KD 7,403,057 and 31 March 2012: KD 6,962,202), investments available for sale amounting to KD 42,370,693 (31 December 2012: KD 42,632,152 and 31 March 2012: KD 43,824,059), and properties under development of KD 13,000,000 (31 December 2012: KD 13,000,000 and 31 March 2012: KD 15,500,000). As at the reporting date, banks facilities had become past due and the bank referred the matter to the Ministry of Justice to recover its dues. During the current period the local bank initiated procedures to liquidate the collateral; however, the liquidation has been suspended subject to outstanding legal case filed by the United National Holding Company K.S.C against the bank. The management of the Group is currently engaged in discussion with the bank regarding the restructuring of the credit facilities (Note 10).

4 BASIC AND DILUTED (LOSS) EARNING PER SHARE

Basic and diluted (loss) earning 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.

	<i>3 months ended 31 March</i>	
	2013 KD	2012 KD
(Loss) profit for the period attributable to equity holders of the Parent Company	(778,405)	237,220
Number of shares outstanding at the beginning of the period	785,688,000	785,688,000
Less: Weighted average number of treasury shares	(1,030,000)	(1,030,000)
Weighted average number of outstanding shares	784,658,000	784,658,000
Basic and diluted (loss) earning per share attributable to the equity holders of the Parent Company	(0.99) Fils	0.30 Fils

5 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the Parent Company for the year ended 31 December 2012 is not yet held. Accordingly, the consolidated financial statements for the year ended 31 December 2012 have not yet been approved by the shareholders of the Parent Company. The interim condensed consolidated financial information for the three month period ended 31 March 2013 do not include any adjustments, which might have been required, had the Annual General Assembly not approved the financial statements for the year ended 31 December 2012.

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 2013

6 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>Entities under common control KD</i>	31 March 2013 KD	<i>(Audited) 31 December 2012 KD</i>	<i>31 March 2012 KD</i>
Interim condensed consolidated statement of financial position:				
Investments at fair value through statement of income	4,754,808	4,754,808	4,851,660	-
Investments available for sale	118,055	118,055	120,611	-
Term loans	1,437,500	1,437,500	2,000,000	2,187,500
			<i>Three months ended 31 March</i>	
			<i>2013 KD</i>	<i>2012 KD</i>
Interim condensed consolidated statement				
Rental income			10,792	15,809
Finance costs			56,250	56,250
Transaction:				
Sale of investment at fair value through statement of income			731,250	312,000
			<i>Three months ended 31 March</i>	
			<i>2013 KD</i>	<i>2012 KD</i>
Salaries and short-term employee benefits			12,454	14,266
Termination benefits			232	839
			12,686	15,105

7 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.

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 2013

7 SEGMENT INFORMATION (continued)

	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
<i>At 31 March 2013</i>			
Segment results	(966,048)	186,388	(779,660)
Segment assets	57,865,391	55,157,822	113,023,213
Segmental liabilities	54,848,117	7,821,178	62,669,295
	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
<i>At 31 December 2012 (Audited)</i>			
Segment results	(3,609,370)	(8,833,949)	(12,443,319)
Segment assets	58,109,858	55,856,091	113,965,949
Segmental liabilities	53,863,998	8,730,356	62,594,354
	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
<i>At 31 March 2012</i>			
Segment results	116,429	120,943	237,372
Segment assets	59,066,503	65,642,988	124,709,491
Segmental liabilities	51,034,232	9,641,195	60,675,427

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The fair values of financial instruments with the exceptions of certain investments available for sale carried at cost are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to variable rate financial instruments.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

As at 31 March 2013, the Group held the following financial instruments measured at fair value. 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; and

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

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 31 March 2013, the company held the following classes of financial instruments measured at fair value:

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 2013

8 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>At 31 March 2013</i>	<i>Level: 1</i>	<i>Level: 2</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Investments at fair value through statement of income</i>			
Equity securities	7,644,500	1,617,614	9,262,114
Managed funds	-	154,542	154,542
	<u>7,644,500</u>	<u>1,772,156</u>	<u>9,416,656</u>
<i>Investments available for sale</i>			
Equity securities	<u>2,409,633</u>	<u>-</u>	<u>2,409,633</u>

9 CONTINGENT LIABILITIES AND COMMITMENTS

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

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Future capital expenditure relating to properties under Development	<u>11,500,000</u>	<u>11,500,000</u>	<u>11,500,000</u>

10 GOING CONCERN OF A SUBSIDIARY

The subsidiary, United National Holding Company K.S.C. (Holding), incurred a net loss of KD 966,048 for the three months period ended 31 March 2013 (31 December 2012: loss of KD 3,598,039 and 31 March 2012: profit of KD 116,550). The accumulated losses as of 31 March 2013 amounted to KD 4,564,087 which represents 117% of the subsidiary's capital. According to the Article No. 302 of Companies Law No. 25 of 2012, as amended, if shareholding Company losses exceed 75% of its capital, the Board of Directors should call for Extraordinary General Assembly Meeting to take an appropriate decision about the going concern issue.

Also as of 31 March 2013, the subsidiary had past due bank facilities (bank overdraft and short term loans) of KD 48,378,326 with one of the local banks and there are lawsuits filed against the subsidiary in this regard (Note 3) Further, in the previous year, the local bank initiated procedures to liquidate the collateral; however, the liquidation has been suspended subject to outstanding legal case filed by the subsidiary against the bank. There is an uncertainty related to the outcome of the lawsuits.

The management of the Group is currently engaged in discussion with the bank regarding the restructuring of the credit facilities and is confident that the above issues will be resolved and as a consequence these consolidated financial information have been prepared on a going concern basis.