

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

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

30 SEPTEMBER 2013



Building a better
working world

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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 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 30 September 2013 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three months and nine months periods ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of 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 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 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 9 to the interim condensed consolidated financial information relating to a going concern of the subsidiary company “United National Holding Company K.S.C. (Holding)” 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 Parent Company's articles of association and the memorandum of incorporation during the nine months period ended 30 September 2013 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2013.



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

7 November 2013
Kuwait



DR. SAUD HAMAD AL-HUMAI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAI
PARTNERS
MEMBER OF BAKER TILLY
INTERNATIONAL

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2013

ASSETS	Note	(Audited)		
		30 September 2013 KD	31 December 2012 KD	30 September 2012 KD
Bank balances and cash		896,796	811,919	787,485
Investments at fair value through statement of income		7,776,125	10,134,562	10,571,729
Accounts receivable and prepayments		2,433,384	2,486,775	913,430
Investments available for sale		49,239,322	49,892,207	51,032,104
Investment properties		37,590,794	37,590,794	45,827,150
Property under development		13,000,000	13,000,000	15,500,000
Property and equipment		45,691	49,692	51,381
TOTAL ASSETS		110,982,112	113,965,949	124,683,279
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
Foreign currency translation reserve		1,214	-	-
Cumulative changes in fair values		4,098,649	4,106,304	3,378,406
Accumulated losses		(36,982,220)	(35,063,837)	(23,082,089)
Equity attributable to equity holders of the Parent Company		49,441,251	51,366,075	62,619,925
Non-controlling interests		2,241	5,520	6,942
Total equity		49,443,492	51,371,595	62,626,867
Liabilities				
Bank overdraft		-	-	2,294,441
Accounts payable and accruals		9,259,696	7,773,054	7,077,248
Short term loans and bank facilities	3	48,667,836	48,585,216	46,240,307
Term loans		3,611,088	6,236,084	6,444,416
Total liabilities		61,538,620	62,594,354	62,056,412
TOTAL EQUITY AND LIABILITIES		110,982,112	113,965,949	124,683,279

Yasser Haji Abulhasan
Chairman



The attached notes 1 to 9 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 30 September 2013

	Note	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		2013	2012	2013	2012
		KD	KD	KD	KD
REVENUE					
Rental income		713,700	550,324	1,745,948	1,427,277
Unrealised gain (loss) on investments at fair value through statement of income		201,569	12,695	(420,944)	565,662
Realised gain on sale of investments at fair value through statement of income		-	-	311	935,727
Realised (loss) gain on sale of investments available for sale		(545,101)	-	(545,345)	468,131
Interest income		-	256	6	709
Dividend Income		-		34,163	312,200
Other (loss) income		(3,501)	(723)	4,801	27,398
		366,667	562,552	818,940	3,737,104
EXPENSES					
General and administrative expenses		(359,043)	(224,520)	(868,395)	(655,774)
Impairment loss on investments available for sale		-	-	-	(452,205)
Finance costs		(269,186)	(1,170,061)	(1,872,229)	(3,088,477)
LOSS FOR THE PERIOD BEFORE NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT					
		(261,562)	(832,029)	(1,921,684)	(459,352)
NLST		-	1,761	-	-
Zakat		-	704	-	-
LOSS FOR THE PERIOD					
		(261,562)	(829,564)	(1,921,684)	(459,352)
Attributable to:					
Equity holders of the Parent Company		(260,898)	(828,181)	(1,918,383)	(456,894)
Non-controlling interests		(664)	(1,383)	(3,301)	(2,458)
		(261,562)	(829,564)	(1,921,684)	(459,352)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	4	(0.33) fils	(1.06) fils	(2.44) fils	(0.58) fils

The attached notes 1 to 9 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 30 September 2013

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2013	2012	2013	2012
	KD	KD	KD	KD
Loss for the period	(261,562)	(829,564)	(1,921,684)	(459,352)
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) to be reclassified to statement of income in subsequent periods:</i>				
Change in fair values of investments available for sale	13,336	(656,595)	(5,486)	(1,435,084)
Realised loss on sale of investments available for sale transferred to interim condensed consolidated statement of income	(2,391)	-	(2,147)	(468,131)
Impairment loss on investments available for sale transferred to interim condensed consolidated statement of income	-	-	-	452,205
Foreign currency translation reserve	1,214	-	1,214	-
Other comprehensive income (loss) for the period	12,159	(656,595)	(6,419)	(1,451,010)
Total comprehensive loss for the period	(249,403)	(1,486,159)	(1,928,103)	(1,910,362)
Attributable to:				
Equity holders of the Parent Company	(248,747)	(1,483,933)	(1,924,824)	(1,906,028)
Non-controlling interests	(656)	(2,226)	(3,279)	(4,334)
	(249,403)	(1,486,159)	(1,928,103)	(1,910,362)

The attached notes 1 to 9 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 30 September 2013

	<i>Attributable to equity holders of the Parent Company</i>									
	<i>Share capital KD</i>	<i>Treasury shares KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Cumulative changes in fair values KD</i>	<i>Accumulated losses KD</i>	<i>Sub total KD</i>	<i>Non-controlling interests KD</i>	<i>Total KD</i>
As at 1 January 2013	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	-	-	-	-	-	-	(1,918,383)	(1,918,383)	(3,301)	(1,921,684)
Other comprehensive income (loss) for the period	-	-	-	-	1,214	(7,655)	-	(6,441)	22	(6,419)
Total comprehensive income (loss) for the period	-	-	-	-	1,214	(7,655)	(1,918,383)	(1,924,824)	(3,279)	(1,928,103)
At 30 September 2013	78,568,800	(162,406)	1,958,607	1,958,607	1,214	4,098,649	(36,982,220)	49,441,251	2,241	49,443,492
As at 1 January 2012	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
Loss for the period	-	-	-	-	-	-	(456,894)	(456,894)	(2,458)	(459,352)
Other comprehensive loss for the period	-	-	-	-	-	(1,449,134)	-	(1,449,134)	(1,876)	(1,451,010)
Total comprehensive loss for the period	-	-	-	-	-	(1,449,134)	(456,894)	(1,906,028)	(4,334)	(1,910,362)
At 30 September 2012	78,568,800	(162,406)	1,958,607	1,958,607	-	3,378,406	(23,082,089)	62,619,925	6,942	62,626,867

The attached notes 1 to 9 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 30 September 2013

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2013	2012
	KD	KD
OPERATING ACTIVITIES		
Loss for the period before NLST and Zakat	(1,921,684)	(459,352)
Adjustments for:		
Unrealised loss (gain) on investments at fair value through statement of income	420,944	(565,662)
Realised gain on sale of investments at fair value through statement of income	(311)	(935,727)
Realised loss (gain) on sale of investments available for sale	545,345	(468,131)
Dividend income	(34,163)	(312,200)
Impairment loss on investments available for sale	-	452,205
Interest income	(6)	(709)
Depreciation	21,217	13,364
Finance costs	1,872,229	3,088,477
	903,571	812,265
Working capital adjustments:		
Accounts receivable and prepayments	53,391	(157,605)
Accounts payable and accruals	(28,612)	96,125
Net cash from operating activities	928,350	750,785
Investing activities		
Addition to investments at fair value through statement of income	(32,576)	-
Proceeds from sale of investments at fair value through statement of income	1,970,380	6,237,446
Addition to investments available for sale	(822,060)	-
Purchase of property and equipment	(17,216)	(7,570)
Purchase of investment properties	-	(6,000,000)
Proceeds from sale of investments available for sale	919,798	284,545
Interest income received	6	709
Dividend income received	34,163	312,200
Net cash from investing activities	2,052,495	827,330
Financing activities		
Net receipt of short term loans and bank facilities	82,620	-
Term loans paid	(2,624,996)	(930,584)
Finance costs paid	(354,828)	(463,046)
Net cash used in financing activities	(2,897,204)	(1,393,630)
NET INCREASE IN BANK BALANCES AND CASH	83,641	184,485
Foreign currency translation adjustment	1,236	-
Bank balances and cash at the beginning of the period	811,919	(1,691,441)
BANK BALANCES AND CASH AT THE END OF THE PERIOD	896,796	(1,506,956)

The attached notes 1 to 9 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 30 September 2013

1 CORPORATE INFORMATION

Kuwait Business Town Real Estate Company K.S.C. (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 New Companies Law issued on 26 November 2012 by Decree Law no. 25 of 2012 (the "Companies Law"), 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). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

The interim condensed consolidated financial information of the Group for the period ended 30 September 2013 were authorized for issue by the Board of Director on 7 November 2013.

On 29 May 2013, the ordinary Annual General Meeting of the Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2012.

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

Basis of presentation

The interim condensed consolidated financial statements for the six months ended 30 September 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 International Financial Reporting Standards ("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 nine months period ended 30 September 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 IFRSs 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.

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

As at 30 September 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)

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.

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 7). 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 6).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2013

3 SHORT TERM LOANS AND BANK FACILITIES

	<i>30 September</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 September</i> <i>2012</i> <i>KD</i>
Bank facilities obtained from a local bank carrying an interest rate of 1.75% (31 December 2012: 1.75% and 30 September 2012: 1.75%) per annum over the CBK discount rate and were repayable on 29 December 2010.	<u>48,378,326</u>	<u>48,585,216</u>	<u>46,240,307</u>

Short term loans and bank facilities related to the subsidiary, United National Holding Company K.S.C. ("UNHC"), are secured by investments at fair value through statement of income of KD 7,039,730 (31 December 2012: KD 7,403,057 and 30 September 2012: KD 6,977,263), investments available for sale amounting to KD 42,518,848 (31 December 2012: KD 42,632,152 and 30 September 2012: KD 42,902,352) and properties under development of KD 13,000,000 (31 December 2012: KD 13,000,000 and 30 September 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 prior period the local bank initiated procedures to liquidate the collateral; however, the liquidation has been suspended subject to outstanding legal case filed by the UNHC against the bank. The management of the Group is engaged in discussion with the bank regarding the restructuring of the credit facilities. Subsequent to the reporting date, the management of the Group has agreed to settle the facilities by transferring certain investment properties and properties under development. This transaction is expected to be completed before end of the financial year ending on 31 December 2013 (Note 9).

4 BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share is computed by dividing the 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>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
Loss for the period attributable to equity holders of the Parent Company	<u>(260,898)</u>	<u>(828,181)</u>	<u>(1,918,383)</u>	<u>(456,894)</u>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding at the beginning of the period	785,688,000	785,688,000	785,688,000	785,688,000
Less: Weighted average number of treasury Shares	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(1,030,000)</u>
Weighted average number of outstanding shares	<u>784,658,000</u>	<u>784,658,000</u>	<u>784,658,000</u>	<u>784,658,000</u>
Basic and diluted loss per share attributable to the equity holders of the Parent Company	<u>(0.33) fils</u>	<u>(1.06) fils</u>	<u>(2.44) fils</u>	<u>(0.58) 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 30 September 2013

5 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>	30 September 2013 KD	<i>(Audited)</i>	
			<i>31 December 2012 KD</i>	<i>30 September 2012 KD</i>
Interim condensed consolidated statement of financial position:				
Investments at fair value through statement of income	4,870,236	4,870,236	4,851,660	17,696
Investments available for sale	1,005,427	1,005,427	120,611	122,220
Term loans	-	-	2,000,000	2,000,000
Due to Related Party	264,783	264,783	-	-
			<i>Nine months ended 30 September</i>	
			<i>Entities under common control KD</i>	
			2013 KD	2012 KD
Interim condensed consolidated statement of income:				
Rental income		32,376	32,376	47,427
Finance costs		300,162	300,162	168,750
Realized (loss) gain on sale of investments at fair value through statement of income		(133)	(133)	20,000
Realized loss on sale of investments at available for sale		4,812	4,812	-
Transactions:				
Sale of investment at fair value through statement of income		1,928,864	1,928,864	452,000
Purchase of investment properties		-	-	6,140,000
			<i>Nine months ended 30 September</i>	
			2013 KD	2012 KD
Key management compensation:				
Salaries and short-term employee benefits			37,366	58,535
Termination benefits			698	2,625
			38,064	61,160

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2013

6 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 operating 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 KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
<i>For the nine months period ended 30 September 2013</i>			
Segment results	<u>(2,539,209)</u>	<u>617,526</u>	<u><u>(1,921,683)</u></u>
<i>For the nine months period ended 30 September 2012</i>			
Segment results	<u>(1,902,177)</u>	<u>1,442,823</u>	<u><u>(459,354)</u></u>
<i>At 30 September 2013</i>			
Segment assets	<u>74,051,526</u>	<u>36,930,586</u>	<u><u>110,982,112</u></u>
Segmental liabilities	<u>55,311,241</u>	<u>6,227,379</u>	<u><u>61,538,620</u></u>
<i>At 31 December 2012 (Audited)</i>			
Segment assets	<u>58,109,858</u>	<u>55,856,091</u>	<u><u>113,965,949</u></u>
Segmental liabilities	<u>53,863,998</u>	<u>8,730,356</u>	<u><u>62,594,354</u></u>
<i>At 30 September 2012</i>			
Segment assets	<u>58,281,009</u>	<u>66,402,264</u>	<u><u>124,683,279</u></u>
Segmental liabilities	<u>52,940,865</u>	<u>9,115,547</u>	<u><u>62,056,412</u></u>

7 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2013

7 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

As at 30 September 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 recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (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 30 September 2013, the company held the following classes of financial instruments measured at fair value:

	<i>Level: 1</i> <i>KD</i>	<i>Level: 2</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>At 30 September 2013</i>			
<i>Investments at fair value through statement of income</i>			
Equity securities	7,178,956	421,465	7,600,421
Managed funds	-	175,704	175,704
	<u>7,178,956</u>	<u>597,169</u>	<u>7,776,125</u>
<i>Investments available for sale</i>			
Equity securities	<u>2,608,741</u>	-	-
<i>At 31 December 2012</i>			
<i>Investments at fair value through statement of income</i>			
Equity securities	7,637,852	2,348,864	9,986,716
Managed funds	-	147,846	147,846
	<u>7,637,852</u>	<u>2,496,710</u>	<u>10,134,562</u>
<i>Investments available for sale</i>			
Equity securities	<u>2,681,230</u>	-	<u>2,681,230</u>

8 CONTINGENT LIABILITIES AND COMMITMENTS

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

	<i>30 September</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 September</i> <i>2012</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>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 30 September 2013

9 GOING CONCERN OF A SUBSIDIARY

The subsidiary, UNHC, incurred a net loss of KD 2,539,210 for the nine months period ended 30 September 2013 (31 December 2012: net loss of KD 3,598,039 and 30 September 2012: net loss of KD 1,890,847). The accumulated losses as of 30 September 2013 amounted to KD 6,137,249 representing 158% of the subsidiary's capital.

On 18 August 2013, extra ordinary general meeting of shareholders of UNHC approved the write off of the part of accumulated losses as of 31 December 2012 amounting to KD 2,885,214 against share capital. Further the remaining accumulated losses of KD 712,825 will be written off in the future. The new share capital of UNHC will be 10,000,000 shares of 100 fils each amounting to KD 1,000,000. The effect of the above transaction will be recorded after approval from Ministry of Commerce and change in articles of association of UNHC.

Also as of 30 September 2013, UNHC 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 UNHC 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 UNHC against the bank.

The management of the Group is engaged in discussion with the bank regarding the restructuring of the credit facilities. Subsequent to the reporting date, the management of the Group has agreed to settle the facilities by transferring certain investment properties and properties under development. This transaction is expected to be completed before end of the financial year ending on 31 December 2013.