

**KUWAIT BUSINESS TOWN REAL ESTATE  
COMPANY K.S.C.P. AND ITS SUBSIDIARIES**

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

**31 MARCH 2015**



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.P.**

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Kuwait Business Town Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 March 2015 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 months period then ended. The management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). 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 ("IAS 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.P. (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 account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulation, or of the Parent Company's memorandum of incorporation and articles of association, as amended, during the three months period ended 31 March 2015 that might have had a material effect on the business of the Parent Company or on its financial position.



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



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

6 May 2015  
Kuwait

Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (UNAUDITED)**  
As at 31 March 2015

		(Audited)		
	Notes	31 March 2015 KD	31 December 2014 KD	31 March 2014 KD
<b>ASSETS</b>				
Bank balances and cash		565,536	500,472	992,347
Investments at fair value through statement of income		622,627	622,507	472,946
Accounts receivable and prepayments		700,119	344,874	546,118
Investments available for sale		22,537,667	22,534,595	22,836,598
Investment properties		37,491,120	37,491,120	34,639,667
Property and equipment		299,172	295,787	64,889
<b>TOTAL ASSETS</b>		<b>62,216,241</b>	<b>61,789,355</b>	<b>59,552,565</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	3	51,609,927	51,609,927	78,568,800
Statutory reserve	3	330,398	330,398	1,958,607
Voluntary reserve	3	330,398	330,398	1,958,607
Cumulative changes in fair values		30,507	27,435	5,198
Retained earnings (accumulated losses)	3	2,742,586	2,501,402	(30,377,033)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>55,043,816</b>	<b>54,799,560</b>	<b>52,114,179</b>
Non-controlling interests		2,599	2,978	2,915
<b>TOTAL EQUITY</b>		<b>55,046,415</b>	<b>54,802,538</b>	<b>52,117,094</b>
<b>LIABILITIES</b>				
Accounts payable and accruals		4,808,730	4,417,389	4,241,047
Term loans		2,361,096	2,569,428	3,194,424
<b>TOTAL LIABILITIES</b>		<b>7,169,826</b>	<b>6,986,817</b>	<b>7,435,471</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62,216,241</b>	<b>61,789,355</b>	<b>59,552,565</b>

  
Salem Khudhur Mohammad Al-Hasawi  
Chairman



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

For the period ended 31 March 2015

	Note	Three months ended 31 March	
		2015 KD	2014 KD
<b>REVENUE</b>			
Rental income		642,558	534,623
Unrealised gain (loss) on investments at fair value through statement of income		120	(65)
Realised loss on sale of investments available for sale		-	(185)
Interest income		-	151
Write off of credit cash balances in portfolios		-	321,761
Other income		5,675	1,047
		<u>648,353</u>	<u>857,332</u>
<b>EXPENSES</b>			
General and administrative expenses		(322,885)	(268,632)
Finance costs		(73,201)	(74,298)
		<u>252,267</u>	<u>514,402</u>
<b>PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS") NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>		<u>252,267</u>	<u>514,402</u>
KFAS		(2,270)	-
NLST		(6,307)	(12,847)
Zakat		(2,510)	(1,988)
		<u>241,180</u>	<u>499,567</u>
<b>PROFIT FOR THE PERIOD</b>		<u>241,180</u>	<u>499,567</u>
<b>Attributable to:</b>			
Equity holders of the Parent Company		241,184	499,054
Non-controlling interests		(4)	513
		<u>241,180</u>	<u>499,567</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	4	<u>0.47 fils</u>	<u>0.97 fils</u>

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.

Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME (UNAUDITED)**  
 For the period ended 31 March 2015

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>	<b>241,180</b>	<b>499,567</b>
<b>Other comprehensive income:</b>		
<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	3,072	(425)
Realised loss on sale of investments available for sale transferred to interim condensed consolidated statement of income	-	185
Foreign currency translation adjustment	(375)	620
<b>Other comprehensive income for the period</b>	<b>2,697</b>	<b>380</b>
<b>Total comprehensive income for the period</b>	<b>243,877</b>	<b>499,947</b>
<b>Attributable to:</b>		
Equity holders of the Parent Company	244,256	498,814
Non-controlling interests	(379)	1,133
	<b>243,877</b>	<b>499,947</b>

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.

**Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the period ended 31 March 2015

	<i>Attributable to equity holders of the Parent Company</i>							
	<i>Share capital</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Cumulative changes in fair values</i> KD	<i>Retained earnings (accumulated losses)</i> KD	<i>Sub total</i> KD	<i>Non-controlling interests</i> KD	<i>Total</i> KD
As at 1 January 2015	51,609,927	330,398	330,398	27,435	2,501,402	54,799,560	2,978	54,802,538
Profit for the period	-	-	-	-	241,184	241,184	(4)	241,180
Other comprehensive income (loss) for the period	-	-	-	3,072	-	3,072	(375)	2,697
Total comprehensive income (loss) for the period	-	-	-	3,072	241,184	244,256	(379)	243,877
<b>At 31 March 2015</b>	<b>51,609,927</b>	<b>330,398</b>	<b>330,398</b>	<b>30,507</b>	<b>2,742,586</b>	<b>55,043,816</b>	<b>2,599</b>	<b>55,046,415</b>
As at 1 January 2014	78,568,800	1,958,607	1,958,607	5,438	(30,876,087)	51,615,365	1,782	51,617,147
Profit for the period	-	-	-	-	499,054	499,054	513	499,567
Other comprehensive (loss) income for the period	-	-	-	(240)	-	(240)	620	380
Total comprehensive income for the period	-	-	-	(240)	499,054	498,814	1,133	499,947
<b>At 31 March 2014</b>	<b>78,568,800</b>	<b>1,958,607</b>	<b>1,958,607</b>	<b>5,198</b>	<b>(30,377,033)</b>	<b>52,114,179</b>	<b>2,915</b>	<b>52,117,094</b>

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.

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

For the period ended 31 March 2015

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	241,180	499,567
Adjustments for:		
Unrealised (gain) loss on investments at fair value through statement of income	(120)	65
Realised loss on sale of investments available for sale	-	185
Interest income	-	(151)
Depreciation	13,444	5,987
Finance costs	73,201	74,298
	<u>327,705</u>	<u>579,951</u>
Working capital adjustments:		
Accounts receivable and prepayments	(355,619)	(52,029)
Accounts payable and accruals	411,179	87,048
Net cash flow from operating activities	<u>383,265</u>	<u>614,970</u>
<b>Investing activities</b>		
Purchases of investments at fair value through statement of income	-	(111,137)
Proceeds from sale of investments at fair value through statement of income	-	756
Purchase of property and equipment	(16,830)	(710)
Interest income received	-	151
Net cash flow used in from investing activities	<u>(16,830)</u>	<u>(110,940)</u>
<b>Financing activities</b>		
Term loans paid	(208,332)	(208,332)
Finance costs paid	(93,039)	(93,039)
Net cash flow used in financing activities	<u>(301,371)</u>	<u>(301,371)</u>
<b>NET INCREASE IN BANK BALANCES AND CASH</b>	<b>65,064</b>	<b>202,659</b>
Bank balances and cash at the beginning of the period	500,472	789,688
<b>BANK BALANCES AND CASH AT THE END OF THE PERIOD</b>	<u><u>565,536</u></u>	<u><u>992,347</u></u>

The attached notes 1 to 8 form part of this interim condensed consolidated financial information.



# Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

### 1 CORPORATE INFORMATION

Kuwait Business Town Real Estate Company K.S.C.P. (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.

The interim condensed consolidated financial information of the Group for the period ended 31 March 2015 were authorized for issue by the Board of Director on 6 May 2015.

On 19 April, 2015 the ordinary Annual General Meeting of the Parent Company's shareholders approved the consolidated financial statements for the year ended 31 December 2014.

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

#### Basis of presentation

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The accounting policies used in the preparation of this 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 2014.

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 information and disclosures required for full financial statements prepared in accordance with the 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 2014. In the opinion of the Group's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

#### New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

**3 SHARE CAPITAL, STATUTORY RESERVE, VOLUNTARY RESERVE AND ACCUMULATED LOSSES**

The extra-ordinary general meeting (EGM) of the shareholders held on 23 June 2014 approved the write-off of accumulated losses amounting to KD 30,876,087 against share capital amounting to KD 26,958,873, statutory reserve amounting to KD 1,958,607 and voluntary reserve amounting to KD 1,958,607. The effect of write off was taken place on 31 August 2014 upon the approval of the Ministry of Commerce and Trade through amending the Article of Association.

**4 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share is computed by dividing the 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>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	<u>241,184</u>	<u>499,054</u>
	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding at the beginning of the period	516,099,270	785,688,000
Less: Weighted average number of shares cancelled during the period	-	(269,588,730)
Weighted average number of outstanding shares	<u>516,099,270</u>	<u>516,099,270</u>
<b>Basic and diluted earnings per share attributable to the equity holders of the Parent Company</b>	<u>0.47 fils</u>	<u>0.97 fils</u>

The prior period comparative information has been restated for the effect of reduction of share capital (Note 3).

**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</i>	<i>common</i>	<i>31 March</i>	<i>(Audited)</i>	
				<i>control</i>	<i>31 December</i>
	<i>KD</i>	<i>2015</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Interim condensed consolidated statement of financial position:</b>					
Investments at fair value through statement of income	19,375	19,375	19,375	171,137	
Investments available for sale	-	-	-	49,050	
Due to related Party	74,772	74,772	89,737	134,687	

Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
 INFORMATION (UNAUDITED)  
 As at 31 March 2015

5 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	Entities under common control KD	Three months ended 31 March	
		2015 KD	2014 KD
<b>Interim condensed consolidated statement of income:</b>			
Rental income	10,792	10,792	10,792
		Three months ended 31 March	
		2015 KD	2014 KD
<b>Key management compensation:</b>			
Salaries and short-term employee benefits		5,653	14,283
Termination benefits		443	563
		<u>6,096</u>	<u>14,846</u>

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 analyzing 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.

	Investment KD	Real estate KD	Total KD
<i>At 31 March 2015</i>			
Segment results	<u>1,301</u>	<u>239,879</u>	<u>241,180</u>
Segment assets	<u>21,761,252</u>	<u>40,454,989</u>	<u>62,216,241</u>
Segmental liabilities	<u>1,613,701</u>	<u>5,556,125</u>	<u>7,169,826</u>
	Investment KD	Real estate KD	Total KD
<i>At 31 March 2014</i>			
Segment results	<u>309,077</u>	<u>190,490</u>	<u>499,567</u>
Segment assets	<u>22,034,569</u>	<u>37,517,996</u>	<u>59,552,565</u>
Segmental liabilities	<u>1,673,992</u>	<u>5,761,479</u>	<u>7,435,471</u>

Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

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.

**Fair value hierarchy**

As at 31 March 2015, 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 31 March 2015, the company held the following classes of financial instruments measured at fair value:

<i>At 31 March 2015</i>	<i>Level: 2</i> <i>KD</i>	<i>Level: 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>Investments at fair value through statement of income</i>			
Equity securities	610,583	-	610,583
Managed funds	12,044	-	12,044
	<u>622,627</u>	<u>-</u>	<u>622,627</u>
<i>Investments available for sale</i>			
Equity securities	2,906,504	19,507,101	22,413,605
Managed funds	124,062	-	124,062
	<u>3,030,566</u>	<u>19,507,101</u>	<u>22,537,667</u>
<i>At 31 March 2014</i>			
<i>Investments at fair value through statement of income</i>			
Equity securities	462,344	-	462,344
Managed funds	10,602	-	10,602
	<u>472,946</u>	<u>-</u>	<u>472,946</u>
<i>Investments available for sale</i>			
Equity securities	701,053	21,972,291	22,673,344
Managed funds	98,753	-	98,753
	<u>799,806</u>	<u>21,972,291</u>	<u>22,772,097</u>

**Kuwait Business Town Real Estate Company K.S.C.P. and its Subsidiaries**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

As at 31 March 2015

**7 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**Fair value hierarchy**

As at 31 March 2015, investments available for sale amounting to KD Nil (March 2014: KD 64,501) were carried at cost .

**8 LEGAL CASE**

The extraordinary General Assembly meeting held on 6 August 2009 approved to increase the authorized and issued share capital from KD 54,600,000 to KD 78,568,800 through issuing 239,688,000 shares with nominal value of 100 fils per share. Increase in share capital was authenticated by the Ministry of Commerce and Industry under memorandum No. 78445 dated 12 August 2009. The shares were issued to "Al Qurain Holding Company K.S.C.P. (Holding) ("Al Qurain") in exchange of 99.87% holding in United National Holding Co K.S.C.. However, a shareholder of the Parent Company (the "shareholder") had filed a case against the Parent Company due to the dilution of the shareholding.

The Court of first decree ruled in favour of the Parent Company. The shareholder had filed appeal against the ruling and on 28 October 2014, the court of second decree ruled the case in favour of the shareholder. The Parent Company has filed appeal against the ruling in the Supreme Court and as of the date of issuance of these interim condensed consolidated financial information the case is pending in the Supreme Court for the hearing. Based on the opinion of the legal advisor, management is confident that case will be ruled in favour of the Parent Company as all legal formalities before issuance of the share capital was complied with an increase in share capital was authorized by all relevant legal authorities.