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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2011
(UNAUDITED)
WITH REVIEW REPORT**

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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 subsidiaries (the Group) as of March 31, 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Parent Company's 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'. 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 for qualified conclusion

As mentioned in Note No. (3) to the accompanying interim condensed consolidated financial information, the Group has not accounted for its share of results from its associate company "Xpress Cell Services Company – K.S.C. (Closed)" due to non availability of the financial information for the year ended December 31, 2010 and for the period ended March 31, 2011.

Qualified conclusion

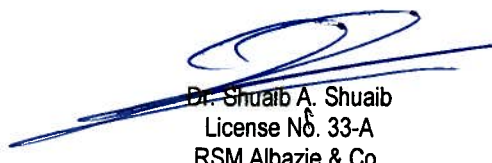
Based on our review, except for the effect of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

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 violations during the three-month ended March 31, 2011 of either the Commercial Companies Law of 1960 as amended or the Parent Company's Articles of Association, which might have materially affected the Parent Company's financial position or results of its operations.



Waleed A. Al – Osaimi
License No. 68-A
Ernst & Young



Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.

State of Kuwait
May 15, 2011

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2011**

(All amounts are in Kuwaiti Dinars)

	Note	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010 (Restated)
ASSETS				
Cash and cash equivalents		2,647,440	2,085,100	2,022,486
Investments carried at fair value through statement of income		25,138,954	26,766,167	18,389,599
Accounts receivable and other debit balances		1,700,663	2,036,574	3,507,362
Investments available for sale		31,786,560	34,355,833	40,109,792
Investment in an associate	3	920,487	2,899,170	2,899,170
Investment properties	4	14,924,059	5,226,000	4,023,180
Properties under development	5	54,172,859	63,232,295	61,269,909
Property and equipment		61,368	68,665	89,076
Total assets		131,352,390	136,669,804	132,310,574
LIABILITIES AND EQUITY				
Liabilities:				
Short term loans and bank facilities		47,248,278	46,744,795	47,249,218
Accounts payable and other credit balances		2,814,961	2,506,027	2,659,124
Term loans		7,937,500	7,996,216	5,757,870
Total liabilities		58,000,739	57,247,038	55,666,212
Equity:				
Share capital		78,568,800	78,568,800	78,568,800
Treasury shares		(162,406)	(162,406)	(152,030)
Statutory reserve		1,958,607	1,958,607	1,958,607
Voluntary reserve		1,958,607	1,958,607	1,958,607
Cumulative change in fair value		3,308,750	4,416,181	2,492,255
Effect of changes in associate's equity		6,217	90,930	90,930
Accumulated losses		(12,289,780)	(7,418,633)	(8,279,501)
Equity attributable to Parent Company's shareholders		73,348,795	79,412,086	76,637,668
Non-controlling interests		2,856	10,680	6,694
Total equity		73,351,651	79,422,766	76,644,362
Total liabilities and equity		131,352,390	136,669,804	132,310,574

The accompanying notes (1) to (11) form an integral part of the interim condensed consolidated financial information.

Ahmed Aqeel Al-Aqeel
Chairman and Managing Director

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

FOR THE PERIOD ENDED MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31,	
		2011	2010 (Restated)
Revenue:			
Net investment (loss) income	6	(1,642,933)	977,699
Loss on sale of properties under development		-	(578,300)
Loss on partial disposal of an associate		(53,462)	-
Interest income		2,639	462
Rental income		116,198	88,245
Other income		724	26,184
		<u>(1,576,834)</u>	<u>514,290</u>
Expenses:			
General and administrative expenses		(182,374)	(193,092)
Finance cost		(492,559)	(629,084)
Impairment loss on investments available for sale		(744,161)	(211,394)
Impairment loss on investment in an associate	3	(1,881,489)	-
Net loss for the period		<u>(4,877,417)</u>	<u>(519,280)</u>
Attributable to:			
Parent company's shareholders		(4,871,147)	(510,347)
Non – controlling interests		(6,270)	(8,933)
Net loss for the period		<u>(4,877,417)</u>	<u>(519,280)</u>
		<u>Fils</u>	<u>Fils</u>
Loss per share attributable to parent company's shareholders	7	<u>(6.21)</u>	<u>(0.65)</u>

The accompanying notes (1) to (11) form an integral part of the 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 MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

	Three months ended March 31	
	2011	2010 (Restated)
Net loss for the period	(4,877,417)	(519,280)
Other comprehensive (loss) income:		
Change in fair value of investments available for sale	(1,108,874)	2,992,427
Change in associate's equity	(84,824)	-
Other comprehensive (loss) income for the period	(1,193,698)	2,992,427
Total comprehensive (loss) income for the period	(6,071,115)	2,473,147
Attributable to:		
Parent company's shareholders	(6,063,291)	2,469,253
Non-controlling interests	(7,824)	3,894
	(6,071,115)	2,473,147

The accompanying notes (1) to (11) form an integral part of the 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 MARCH 31, 2011
 (All amounts are in Kuwaiti Dinars)

	Attributable to parent company's shareholders						Effect of changes in associate's equity	Subtotal	Non-controlling interests	Total
	Share capital	Treasury share	Statutory reserve	Voluntary reserve	Cumulative change in fair value	Accumulated losses				
Balance as of December 31, 2010	78,568,800	(162,406)	1,958,607	1,958,607	4,416,181	(7,418,633)	90,930	79,412,086	10,680	79,422,766
Total comprehensive loss for the period	-	-	-	-	(1,107,431)	(4,871,147)	(84,713)	(6,063,291)	(7,824)	(6,071,115)
Balance as of March 31, 2011	78,568,800	(162,406)	1,958,607	1,958,607	3,308,750	(12,289,780)	6,217	73,348,795	2,856	73,351,651
Balance as of December 31, 2009	78,568,800	(152,030)	1,958,607	1,958,607	(487,345)	(7,769,154)	90,930	74,168,415	2,800	74,171,215
Total comprehensive income (loss) for the period	-	-	-	-	2,979,600	(510,347)	-	2,469,253	3,894	2,473,147
Balance as of March 31, 2010 (Restated)	78,568,800	(152,030)	1,958,607	1,958,607	2,492,255	(8,279,501)	90,930	76,637,668	6,694	76,644,362

The accompanying notes (1) to (11) form an integral part of the 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 MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2011	2010 (Restated)
Cash flow from operating activities:		
Net loss for the period	(4,877,417)	(519,280)
Adjustments for:		
Net investment loss (income)	1,642,933	(977,699)
Loss on sale of properties under development	-	578,300
Loss on partial disposal of an associate	53,462	-
Interest income	(2,639)	(462)
Finance cost	492,559	629,084
Impairment loss on investments available for sale	744,161	211,394
Impairment loss on investment in an associate	1,881,489	-
Depreciation	6,883	6,743
	<u>(58,569)</u>	<u>(71,920)</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	34,812	763,169
Properties under development	(638,623)	(4,204,366)
Accounts payable and other credit balances	331,468	(27,014)
Cash used in operating activities	<u>(330,912)</u>	<u>(3,540,131)</u>
Interest income received	4,629	462
Net cash used in operating activities	<u>(326,283)</u>	<u>(3,539,669)</u>
Cash flow from investing activities:		
Investments carried at fair value through statement of income	(167,119)	1,499,117
Purchase of investments available for sale	(60,001)	(399,907)
Proceeds from sale of investments available for sale	927,527	1,933,248
Dividend received	258,542	-
Purchase of property and equipment	-	(2,270)
Net cash generated from investing activities	<u>958,949</u>	<u>3,030,188</u>
Cash flow from financing activities:		
Net movement on short term loans and bank facilities	503,483	(3,483,961)
Term loans obtained	-	2,757,870
Term loans paid	(62,500)	-
Finance cost paid	(511,309)	(629,084)
Net cash used in financing activities	<u>(70,326)</u>	<u>(1,355,175)</u>
Net increase (decrease) in cash and cash equivalents	562,340	(1,864,656)
Cash and cash equivalents at beginning of the period	2,085,100	3,887,142
Cash and cash equivalents at end of the period	<u>2,647,440</u>	<u>2,022,486</u>

The accompanying notes (1) to (11) form an integral part of the interim condensed consolidated financial information.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011**

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the 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 on the Kuwait Stock Exchange on December 16, 2008.

The Parent Company's registered office is at Zumorroda Tower, Ahmed Al Jaber Street, Block 9, Plot 7A – 14th floor, Kuwait.

The principal activities of the Parent Company and its subsidiaries (collectively the Group) are:

- Dealing in various real estate activities particularly the purchase, sale, leasing and renting of land and buildings.
- Construction of private and public buildings and projects directly or through others and sale of properties in cash or on installments and managing or renting properties in Kuwait and abroad.
- Sale and purchase of securities of companies carrying on similar activities.

The interim condensed consolidated financial information were authorized for issue by the Board of Directors on 15 May, 2011.

The Shareholder's General Assembly for the year ended December 31, 2010 has not held yet, accordingly, the consolidated financial statements have not been approved for that year.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and footnotes required for complete consolidated 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 three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2010.

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, 2010.

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

3. Investment in an associate

	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
Balance at the beginning of the period / year	2,899,170	2,899,170	2,899,170
Disposals	(113,070)	-	-
Impairment loss on investment in an associate	(1,881,489)	-	-
Group share of other comprehensive income of an associate	15,876	-	-
Balance at the end of the period / year	<u>920,487</u>	<u>2,899,170</u>	<u>2,899,170</u>

The group's share of result from an associate has not been accounted for the year ended December 31, 2010 and for the period ended March 31, 2011 due to non availability of associate's financial statements.

4. Investment properties

	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
Balance at the beginning of the period / year	5,226,000	4,023,180	4,023,180
Additions	-	1,162,175	-
Changes in fair value	-	40,645	-
Transfer from properties under development (Note 5)	9,698,059	-	-
Balance at the end of the period / year	<u>14,924,059</u>	<u>5,226,000</u>	<u>4,023,180</u>

Investment properties amounting to KD 4,050,833 (December 31, 2010 – 4,050,833, March 31, 2010 – KD 4,023,180) were pledged with a financial institution against term loan.

5. Properties under development

	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
Balance at beginning of the period / year	63,232,295	57,643,843	57,643,843
Development costs	638,623	9,809,752	5,473,366
Changes in fair value of properties under development	-	265,000	-
Proceeds from disposals	-	(2,827,026)	(1,847,300)
Transfer to investment properties (Note 4)	(9,698,059)	-	-
Loss on sale of properties under development	-	(1,659,274)	-
Balance at end of the period / year	<u>54,172,859</u>	<u>63,232,295</u>	<u>61,269,909</u>

Properties under development of KD 28,666,449 (December 31, 2010 – KD 25,391,645 and March 31, 2010 – KD 24,826,801) are pledged with a local bank against short term loans and bank facilities and KD 28,666,449 (December 31, 2010 - KD 28,144,152 and March 31, 2010 – KD 26,506,770) are pledged with a local bank against term loans.

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

6. Net investment (loss) income

	Three months ended March 31,	
	2011	2010 (Restated)
Unrealized (loss) gain from investments carried at fair value through statement of income	(1,794,332)	559,721
Realized gain on sale of investments carried at fair value through statement of income	-	38,078
Realized gain on sale of investments available for sale	151,399	217,452
Dividend income	-	162,448
	<u>(1,642,933)</u>	<u>977,699</u>

7. Loss per share

Loss per share is computed by dividing net loss for the period attributable to Parent Company's Shareholders by the weighted average number of outstanding shares less weighted average number of treasury shares as follows:

	Three months ended March 31,	
	2011	2010 (Restated)
Net loss for the period attributable to Parent Company's Shareholders	<u>(4,871,147)</u>	<u>(510,347)</u>
	Shares	Shares
Number of shares at the beginning of the period	785,688,000	785,688,000
Less: Weighted average number of treasury shares	(1,030,000)	(830,000)
Weighted average number of outstanding shares	<u>784,658,000</u>	<u>784,858,000</u>
	Fils	Fils
Loss per share attributable to Parent Company's shareholders	<u>(6.21)</u>	<u>(0.65)</u>

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

8. Related party balances and transactions

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

<u>Interim condensed consolidated statement of financial position</u>	<u>March 31, 2011</u>	<u>December 31, 2010 (Audited)</u>	<u>March 31, 2010</u>
Due from a related party	59,850	80,054	974,071
Due to a related party	133,172	73,938	535,703
Term loans	2,937,500	3,000,000	3,000,000

Amounts due from and due to related parties included under accounts receivable and other debit balances and accounts payable and other credit balances are interest free and receivable / payable on demand.

9. Capital commitments

	<u>March 31, 2011</u>	<u>December 31, 2010 (Audited)</u>	<u>March 31, 2010</u>
Future capital commitments	<u>12,773,000</u>	<u>13,000,000</u>	<u>14,645,523</u>

The future capital commitments are related to properties under development.

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

10. Segment information

The Group is divided into operating segments for managing its various business activities. The Group operates mainly in State of Kuwait, and accordingly does not have a geographical segment. For the purpose of analyzing the major segments, the Group's management allocated its business and services into the following business segments:

- Investment 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 the basis on which the Group represents its primary segment information as follows:

	Three months ended March 31, 2011			Three months ended March 31, 2010 (Restated)		
	Investing activities	Real estate activities	Total	Investing activities	Real estate activities	Total
Operating (loss) revenue	(3,574,521)	116,198	(3,458,323)	1,004,345	(490,055)	514,290
Unallocated expenses			(1,419,094)			(1,033,570)
Net loss for the period			<u>(4,877,417)</u>			<u>(519,280)</u>

11. Impairment loss on investments available for sale

Certain cumulative changes in fair value of investments available for sale of KD 6,909,713 related to the pre-acquisition cumulative changes of one of the subsidiaries were incorrectly recycled from the cumulative changes of fair value to the interim consolidated statement of income during the period ended March 31, 2010. Accordingly, the comparative figures have been restated, the adjustment resulted in a decrease in the net loss for the three months ended March 31, 2010 of KD 6,909,713 and accordingly loss per share was adjusted from 9.45 fils to 0.65 fils. There was no effect on total equity as a result of this adjustment.