

12 OCT 2011

Kuwait Stock Exchange
Auto. Doc.
& Archival Section Copy

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2011 (UNAUDITED)

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2011 (UNAUDITED)



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74 Safat
13001 Safat, Kuwait
Baitak Tower, 18-21st Floor
Safat Square
Ahmed Al Jaber Street
Tel : 2245 2880/2295 5000
Fax: 2245 6419
Email: kuwait@kw.ey.com
www.ey.com/me

RSM Albazie & Co.

Public Accountants

RSM Albazie & Co.
Kuwait Airways Building, 7th floor, Shuhada Street
P. O. Box 2115, Safat - 13022 State of Kuwait
T +965 22961000 F +965 22412761
mail@albazie.com www.albazie.com

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 June 2011 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three month and six month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. 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 ("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.

Basis for qualified conclusion

As mentioned in Note 5 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 Co. – K.S.C. (Closed)" due to unavailability of the associate's financial information for the year ended 31 December 2010 and for the period ended 30 June 2011.

Qualified Conclusion

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

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)

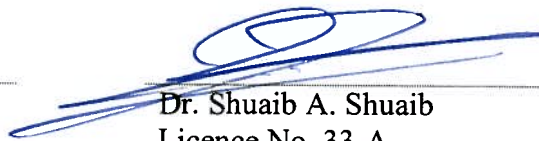
Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of 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 Commercial Companies Law of 1960, as amended, or of the Articles of Association of the Parent Company during the period ended 30 June 2011 that might have had a material effect on the business of the Parent Company or on its financial position.



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

29 September 2011
Kuwait



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

Kuwait Business Town Real Estate Company K.S.C. (Closed) and Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION (UNAUDITED)
 At 30 June 2011

	Note	30 June 2011 KD	(Audited) 31 December 2010 KD	30 June 2010 KD
ASSETS				
Non-current assets				
Property and equipment		62,311	68,665	82,779
Properties under development	4	54,312,600	63,232,295	60,918,515
Investment properties		14,924,059	5,226,000	4,023,180
Investment in an associate	5	920,487	2,899,170	2,899,170
Available-for-sale investments	6	34,084,143	34,355,833	29,314,792
		<u>104,303,600</u>	<u>105,781,963</u>	<u>97,238,436</u>
Current assets				
Accounts receivable and other assets		1,798,830	2,036,574	4,139,727
Investments at fair value through income statement		25,284,434	26,766,167	25,364,112
Cash and cash equivalents		523,840	2,085,100	4,459,513
		<u>27,607,104</u>	<u>30,887,841</u>	<u>33,963,352</u>
TOTAL ASSETS		<u>131,910,704</u>	<u>136,669,804</u>	<u>131,201,788</u>
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
Fair value reserve		3,996,273	4,507,111	1,487,484
Accumulated losses		(12,878,858)	(7,418,633)	(10,202,499)
Equity attributable to equity holders of the parent company		<u>73,441,023</u>	<u>79,412,086</u>	<u>73,608,593</u>
Non-controlling interests		2,828	10,680	4,124
Total equity		<u>73,443,851</u>	<u>79,422,766</u>	<u>73,612,717</u>
Liabilities				
Non-current liabilities				
Term loans		7,750,000	7,996,216	7,563,918
		<u>7,750,000</u>	<u>7,996,216</u>	<u>7,563,918</u>
Current liabilities				
Short term loans and bank facilities	7	47,761,988	46,744,795	46,781,293
Accounts payable and other liabilities		2,954,865	2,506,027	3,243,860
		<u>50,716,853</u>	<u>49,250,822</u>	<u>50,025,153</u>
Total liabilities		<u>58,466,853</u>	<u>57,247,038</u>	<u>57,589,071</u>
TOTAL EQUITY AND LIABILITIES		<u>131,910,704</u>	<u>136,669,804</u>	<u>131,201,788</u>

Ahmed Aqeel Al-Aqeel
 Chairman and Managing Director

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

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

For the period ended 30 June 2011

	Note	3 months ended 30 June		6 months ended 30 June	
		2011 KD	2010 KD	2011 KD	2010 KD
INCOME					
Unrealized gain (loss) on investments at fair value through income statement		25,106	(2,368,328)	(1,769,226)	(1,808,607)
Realized (loss) gain on investments at fair value through income statement		-	(26,992)	-	11,086
Realized gain on sale of available for-sale investments		20,382	2,274,726	171,781	2,492,178
Dividend income		9,035	360,888	9,035	523,336
Impairment loss on investment in an associate	5	-	-	(1,881,489)	-
Loss on partial sale of an associate	5	-	-	(53,462)	-
Loss on sale of properties under development	4	-	(1,080,974)	-	(1,659,274)
Interest income		214	28,876	2,853	29,338
Rental income		228,988	86,970	345,186	175,215
Other (loss) income		(22,137)	(11,545)	(21,413)	14,639
		<u>261,588</u>	<u>(736,379)</u>	<u>(3,196,735)</u>	<u>(222,089)</u>
EXPENSES					
General and administrative expenses		(196,281)	(159,052)	(378,655)	(352,144)
Finance costs		(506,098)	(500,166)	(998,657)	(1,129,250)
Impairment loss on available-for-sale investments	6	(149,145)	(521,398)	(893,306)	(732,792)
		<u>(851,524)</u>	<u>(1,180,616)</u>	<u>(2,270,618)</u>	<u>(2,214,186)</u>
LOSS FOR THE PERIOD		<u>(589,936)</u>	<u>(1,916,995)</u>	<u>(5,467,353)</u>	<u>(2,436,275)</u>
Attributable to:					
Equity holders of the parent company		(589,078)	(1,922,998)	(5,460,225)	(2,433,345)
Non-controlling interests		(858)	6,003	(7,128)	(2,930)
		<u>(589,936)</u>	<u>(1,916,995)</u>	<u>(5,467,353)</u>	<u>(2,436,275)</u>
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	3	<u>(0.75) Fils</u>	<u>(2.44) Fils</u>	<u>(6.96) Fils</u>	<u>(3.10) Fils</u>

The attached notes 1 to 10 form 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 30 June 2011

	<i>3 months ended 30 June</i>		<i>6 months ended 30 June</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Loss for the period	(589,936)	(1,916,995)	(5,467,353)	(2,436,275)
Other comprehensive income (loss)				
Change in fair value of available-for-sale investments	682,136	(1,104,274)	(511,562)	1,888,153
Other comprehensive income (loss) for the period	682,136	(1,104,274)	(511,562)	1,888,153
Total comprehensive income (loss) for the period	92,200	(3,021,269)	(5,978,915)	(548,122)
Attributable to:				
Equity holders of the parent company	92,228	(3,018,699)	(5,971,063)	(549,446)
Non-controlling interests	(28)	(2,570)	(7,852)	1,324
	92,200	(3,021,269)	(5,978,915)	(548,122)

The attached notes 1 to 10 form 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

For the period ended 30 June 2011 (Unaudited)

	<i>Attributable to equity holders of the parent company</i>							<i>Non-controlling interests</i> KD	<i>Total</i> KD
	<i>Share capital</i> KD	<i>Treasury shares</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Fair value reserve</i> KD	<i>Accumulated losses</i> KD	<i>Sub total</i> KD		
As at 1 January 2011	78,568,800	(162,406)	1,958,607	1,958,607	4,507,111	(7,418,633)	79,412,086	10,680	79,422,766
Loss for the period	-	-	-	-	-	(5,460,225)	(5,460,225)	(7,128)	(5,467,353)
Other comprehensive loss for the period	-	-	-	-	(510,838)	-	(510,838)	(724)	(511,562)
Total comprehensive loss for the period	-	-	-	-	(510,838)	(5,460,225)	(5,971,063)	(7,852)	(5,978,915)
At 30 June 2011	78,568,800	(162,406)	1,958,607	1,958,607	3,996,273	(12,878,858)	73,441,023	2,828	73,443,851
As at 1 January 2010	78,568,800	(152,030)	1,958,607	1,958,607	(396,415)	(7,769,154)	74,168,415	2,800	74,171,215
Loss for the period	-	-	-	-	-	(2,433,345)	(2,433,345)	(2,930)	(2,436,275)
Other comprehensive income for the period	-	-	-	-	1,883,899	-	1,883,899	4,254	1,888,153
Total comprehensive income (loss) for the period	-	-	-	-	1,883,899	(2,433,345)	(549,446)	1,324	(548,122)
Purchase of treasury shares	-	(10,376)	-	-	-	-	(10,376)	-	(10,376)
At 30 June 2010	78,568,800	(162,406)	1,958,607	1,958,607	1,487,484	(10,202,499)	73,608,993	4,124	73,612,717

The attached notes 1 to 10 form 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

For the period ended 30 June 2011 (Unaudited)

	6 months ended 30 June	
	2011	2010
Notes	KD	KD
Cash flow from operating activities:		
Loss for the period	(5,467,353)	(2,436,275)
Adjustments for:		
Unrealized loss on investments at fair value through income statement	1,769,226	1,808,607
Realized gain on investments at fair value through income statement	-	(11,086)
Realized gain on sale of available-for-sale investments	(171,781)	(2,492,178)
Dividend income	(9,035)	(523,336)
Loss on sale of properties under development	4	1,659,274
Impairment loss on investment in an associate	5	-
Loss on partial sale of an associate	5	-
Impairment loss on available-for-sale investments	6	732,792
Interest income	(2,853)	(29,338)
Depreciation	12,700	13,040
Finance costs	998,657	1,129,250
	(42,182)	(149,250)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	237,744	(44,471)
Investments at fair value through statement of income	(287,493)	(7,870,716)
Accounts payable and other liabilities	433,858	568,098
Net cash from (used in) operating activities	341,927	(7,496,339)
Cash flow from investing activities:		
Proceeds from sale of investment properties	4	2,827,026
Expenditure on properties under development	(776,801)	(7,760,972)
Proceeds from sale of available-for-sale investments	1,455,787	13,845,776
Purchase of available-for-sale investments	(2,432,335)	(865,930)
Purchase of property and equipment	6,346	(2,270)
Proceeds from partial sale of an associate	59,608	-
Interest income received	2,853	29,338
Dividend income received	9,035	523,336
Net cash (used in) from investing activities	(1,675,507)	8,596,304
Cash flow from financing activities:		
(Repayment of) proceeds from term loans	(246,216)	4,563,918
Proceeds from (repayment of) short term loans and bank facilities	1,017,193	(3,951,886)
Finance costs paid	(998,657)	(1,129,250)
Purchase of treasury shares	-	(10,376)
Net cash used in financing activities	(227,680)	(527,594)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,561,260)	572,371
Cash and cash equivalents at the beginning of the period	2,085,100	3,887,142
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	523,840	4,459,513

The attached notes 1 to 10 form part of the 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

At 30 June 2011 (Unaudited)

1 INCORPORATION AND ACTIVITIES OF THE COMPANY

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

The principal activities of the Parent Company and its subsidiaries 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 Parent Company's registered office is at KBT tower, 27th floor, Khaled Ebn Alwaleed Street, Kuwait.

The interim condensed consolidated financial information of the Group for the period ended 30 June 2011 was authorized for issue by the Board of Director on 29 September 2011.

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

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting."

The interim consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six months ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 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 31 December 2010, except as discussed in the following paragraphs:

Changes in accounting policy and disclosures

The following new and amended standards and interpretations are applicable for the Group effective from 1 January 2011:

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities.

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

At 30 June 2011 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures (continued)

IAS 34: Interim Financial Statements (Amendment) (effective 1 January 2011)

The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed consolidated financial information.

The revised standards and new amendments above have not had significant impact on the Group's interim condensed consolidated financial information.

3 BASIC AND DILUTED LOSS PER SHARE

Basic 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.

Diluted loss per share is calculated by dividing the loss for the period attributable to the equity holders of the Parent Company by the weighted average number of shares. The Parent Company had no outstanding dilutive potential shares.

	3 months ended 30 June		6 months ended 30 June	
	2011 KD	2010 KD	2011 KD	2010 KD
Loss for the period attributable to equity holders of the Parent Company	<u>(589,078)</u>	<u>(1,922,998)</u>	<u>(5,460,225)</u>	<u>(2,433,345)</u>
	Shares	Shares	Shares	Shares
Number of shares outstanding at the beginning of the period	785,688,000	785,688,000	785,688,000	785,688,000
Weighted average number of treasury shares	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(992,431)</u>
Weighted average number of shares, less treasury shares outstanding during the period	<u>784,658,000</u>	<u>784,658,000</u>	<u>784,658,000</u>	<u>784,695,569</u>
Basic and diluted loss per share	<u>(0.75) fils</u>	<u>(2.45) fils</u>	<u>(6.96) fils</u>	<u>(3.10) fils</u>

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

At 30 June 2011 (Unaudited)

4 PROPERTIES UNDER DEVELOPMENT

	<i>30 June</i> <i>2011</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2010</i> <i>KD</i>	<i>30 June</i> <i>2010</i> <i>KD</i>
Balance at beginning of the period / year	63,232,295	57,643,843	57,643,843
Capitalized borrowing cost	335,336	925,155	612,678
Development costs incurred	441,465	8,884,597	7,148,294
Change in fair value of properties under development	-	265,000	-
Proceeds from sale of properties under development	-	(2,827,026)	(2,827,026)
Loss on sale of properties under development	-	(1,659,274)	(1,659,274)
Transferred to investment properties	(9,696,496)	-	-
Balance at end of the period / year	<u>54,312,600</u>	<u>63,232,295</u>	<u>60,918,515</u>

Properties under development with aggregate carrying value of KD 25,396,503 (31 December 2010: KD 25,391,645 and 30 June 2010: 24,826,801) are pledged with a local bank against short term loans and bank facilities (Note 7) with aggregate carrying value of KD 28,916,097 (31 December 2010: 28,144,152 and 30 June 2010: 28,327,482) are pledged with a local bank against term loans.

5 INVESTMENT IN AN ASSOCIATE

Name of Associate	Country of incorporation	Percentage of holding <i>(Audited)</i>		
		<i>30 June 2011</i>	<i>31 December 2010</i>	<i>30 June 2010</i>
Xpress Cell Services Co. - K.S.C. (Closed) and Subsidiaries	Kuwait	37.33%	38.85%	38.85%

The movement during the period/year is as follows:

	<i>30 June</i> <i>2011</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2010</i> <i>KD</i>	<i>30 June</i> <i>2010</i> <i>KD</i>
Balance at the beginning of the period/year	2,899,170	2,899,170	2,899,170
Impairment loss on investment in an associate	(1,881,489)	-	-
Disposals during the period/year	(113,070)	-	-
Share in other comprehensive income	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 share of result from Xpress Cell Services Company has not been accounted for the year ended 31 December 2010 and for the 6 months period ended 30 June 2011 due to the unavailability of associate's financial statements.

Also, during the period, the Group has sold 600,000 shares of Xpress Cell Services Company for KD 59,608 resulted in a loss of KD 53,462 that has been recorded in the interim condensed consolidated income statement.

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

At 30 June 2011 (Unaudited)

6 AVAILABLE-FOR-SALE INVESTMENTS

	<i>30 June</i> <i>2011</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2010</i> <i>KD</i>	<i>30 June</i> <i>2010</i> <i>KD</i>
Quoted equity securities	2,062	-	9,551
Unquoted equity securities	5,312,561	4,329,093	6,298,119
Managed portfolios of equity securities	28,769,520	30,026,740	23,007,122
	<u>34,084,143</u>	<u>34,355,833</u>	<u>29,314,792</u>

Unquoted securities are carried at cost less impairment losses if any, as their fair values could not be reliably measured. Management has performed an impairment testing of its unquoted securities to assess whether impairment has occurred in the value of these investments. Based on this test, management did not note any indication of impairment in the value of these securities as at the reporting date.

Investment in managed portfolios amounting to KD 24,836,694 (31 December 2010: KD 25,686,189 and 30 June 2010: KD 21,053,689) are pledged against short term loans and bank facilities (Note 7)

Investment in managed portfolios amounting to KD 24,611,660 (31 December 2010: KD 24,828,338 and 30 June 2010: KD 17,291,468) are managed by a related party (Note 8).

An impairment loss of KD 893,306 (31 December 2010: KD 3,224,755 and 30 June 2010: KD 732,792) has been recorded in respect of quoted equity securities classified as available for sale for significant decline in the value of these securities.

7 SHORT TERM LOANS AND BANK FACILITIES

	<i>30 June</i> <i>2011</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2010</i> <i>KD</i>	<i>30 June</i> <i>2010</i> <i>KD</i>
Short term loans and bank facilities	47,761,988	46,744,795	46,781,293

The short term loans and bank facilities have been obtained from a local bank and bear interest at 1.75% per annum over the Central Bank of Kuwait discount rate and are repayable on 24 July 2011.

Investments portfolios classified as available-for-sale investments of KD 24,836,694 (31 December 2010: KD 25,686,189 and 30 June 2010: KD 21,053,689) (Note 6), investments portfolios classified as investments at fair value through income statement of KD 16,791,653 (31 December 2010: KD 18,336,630 and 30 June 2010: KD 22,211,380) and properties under development of KD 25,396,503 (31 December 2010: KD 25,391,645 and 30 June 2010: KD 24,826,801) (Note 4) are mortgaged against this facility.

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

At 30 June 2011 (Unaudited)

8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties consist of shareholders, directors and executive officers of the Group, their families and companies of which they are the principal owners. Pricing policies and terms of these transactions are approved by the Group's management. Significant related party transactions and balances are as follows:

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
	<i>Other Related parties</i>		
Interim condensed consolidated statement of financial position			
Investments at fair value through income statement (managed by a related party)	24,824,394	26,386,833	16,048,480
Available-for-sale investments (managed by a related party) (Note 6)	24,611,660	24,828,338	17,291,468
Due from related parties	51,682	80,054	1,703,679
Due to related parties	23,218	73,938	19,764
Term loan	2,750,000	3,000,000	3,000,000

6 months period ended 30 June

	<i>2011</i>	<i>2010</i>
	<i>KD</i>	<i>KD</i>
Interim condensed consolidated income statement		
Unrealized loss from investment at fair value through income statement	(1,712,839)	(2,300,787)
Realized loss on sale of investment at fair value through income statement	(7,968)	(7,968)
Rental income	31,882	-
General and administrative expenses	40,992	32,707

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

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

At 30 June 2011 (Unaudited)

9 SEGMENT INFORMATION

For management purposes the Group is organized into two major business segments. The Group operates mainly in Kuwait. The principal activities and services under these segments are as follows:

- Investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.
- Real estate activities comprise investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.

There are no inter-segmental transactions. The following segments are reported in a manner that is more consistent with internal reporting providing to the chief operating decision maker.

	<i>Investments</i>	<i>Real estate management</i>	<i>Others</i>	<i>Total</i>
At 30 June 2011				
Segment assets	<u>60,289,064</u>	<u>69,236,659</u>	<u>2,384,981</u>	<u>131,910,704</u>
Segment liabilities	<u>47,761,988</u>	<u>7,750,000</u>	<u>2,954,865</u>	<u>58,466,853</u>
Period ended 30 June 2011				
(Loss) income	<u>(3,523,361)</u>	<u>345,186</u>	<u>(18,560)</u>	<u>(3,196,735)</u>
(Loss) income for the period	<u>(5,415,324)</u>	<u>345,186</u>	<u>(397,215)</u>	<u>(5,467,353)</u>
	<i>Investments</i>	<i>Real estate management</i>	<i>Others</i>	<i>Total</i>
At 30 June 2010				
Segment assets	<u>57,578,074</u>	<u>64,941,693</u>	<u>8,682,019</u>	<u>131,201,788</u>
Segment liabilities	<u>46,781,293</u>	<u>7,563,918</u>	<u>3,243,860</u>	<u>57,589,071</u>
Period ended 30 June 2010				
Income (loss)	<u>1,217,993</u>	<u>(1,484,059)</u>	<u>43,977</u>	<u>(222,089)</u>
Loss for the period	<u>(644,049)</u>	<u>(1,484,059)</u>	<u>(308,167)</u>	<u>(2,436,275)</u>

10 CONTINGENT LIABILITIES AND COMMITMENTS

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

	<i>30 June 2011 KD</i>	<i>(Audited) 31 December 2010 KD</i>	<i>30 June 2010 KD</i>
Future capital expenditure	<u>13,000,000</u>	<u>13,000,000</u>	<u>12,602,002</u>
	<u>13,000,000</u>	<u>13,000,000</u>	<u>12,602,002</u>

Future capital expenditure is relating to properties under development