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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2012
(UNAUDITED)
WITH REVIEW REPORT**

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CONTENTS

Review report	
	<u>Pages</u>
Interim condensed consolidated statement of financial position (Unaudited)	3
Interim condensed consolidated statement of income (Unaudited)	4
Interim condensed consolidated statement of comprehensive income (Unaudited)	5
Interim condensed consolidated statement of changes in equity (Unaudited)	6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to the interim condensed consolidated financial information (Unaudited)	8 – 13



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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 its subsidiaries (collectively the "Group") as of September 30, 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management of 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 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 of Qualified conclusion

The interim condensed consolidated financial information of the Group include the interim condensed financial information of a subsidiary, United National Holding Co. K.S.C. (Holding) ("UNHC"), with total assets of KD 58,281,009 (December 31, 2011 – KD 58,936,542, September 30, 2011 – KD 66,691,327) and net loss for the period of KD 1,890,847 (September 30, 2011 – net loss KD 7,077,688). The aforesaid interim condensed financial information of UNHC were reviewed by another auditor who has expressed an unqualified conclusion dated October 31, 2012. We were unable to obtain access to the accounting records of UNHC for the purpose of obtaining sufficient appropriate evidence to satisfy ourselves on the amounts included in the interim condensed consolidated financial information related to UNHC. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

-2-

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis of 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.

Emphasis of matter

As mentioned by the independent auditor of the subsidiary (UNHC) in their review conclusion, we draw attention to Notes (13) and (14) to the interim condensed consolidated financial information relating to the going concern of UNHC and the uncertainty of the outcome of legal cases and its impact on the Group's financial position, and the subsequent event of UNHC respectively. Our conclusion is not qualified for these matters.


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 violation of the Commercial Companies' Law No (15) of 1960, as amended, or the Parent Company's Articles of Association during the nine months ended September 30, 2012 that might have had a material effect on the financial position of the Parent Company or on the results of its operations.



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

State of Kuwait
November 11, 2012



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

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF SEPTEMBER 30, 2012
(All amounts are in Kuwaiti Dinars)

	Note	September 30, 2012	December 31, 2011 (Audited)	September 30, 2011
ASSETS				
Cash and cash equivalents	3	787,485	539,924	524,088
Investments at fair value through statement of income	4	10,571,729	15,447,786	24,445,773
Accounts receivable and other debit balances		913,430	755,825	347,662
Investments available for sale	5	51,032,104	52,751,733	33,456,427
Investment in associates		-	-	19,090,242
Investment properties	6	45,827,150	39,687,150	44,286,703
Properties under development		15,500,000	15,500,000	25,402,565
Property and equipment		51,381	57,175	61,650
Total assets		124,683,279	124,739,593	147,615,110
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdraft	3	2,294,441	2,231,365	2,118,114
Short term loans and bank facilities	7	46,240,307	46,240,307	46,302,084
Accounts payable and other credit balances		7,077,248	4,355,692	2,574,700
Due to related parties	10	-	-	18,056,000
Term loans		6,444,416	7,375,000	7,562,500
Total liabilities		62,056,412	60,202,364	76,613,398
Equity:				
Share capital		78,568,800	78,568,800	78,568,800
Treasury shares		(162,406)	(162,406)	(162,406)
Statutory reserve		1,958,607	1,958,607	1,958,607
Voluntary reserve		1,958,607	1,958,607	1,958,607
Cumulative changes in fair value		3,378,406	4,827,540	3,553,356
Accumulated losses		(23,082,089)	(22,625,195)	(14,875,447)
Equity attributable to equity holders of the Parent Company		62,619,925	64,525,953	71,001,517
Non-controlling interests		6,942	11,276	195
Total equity		62,626,867	64,537,229	71,001,712
Total liabilities and equity		124,683,279	124,739,593	147,615,110

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information.

Yaser Haji Abulhasan
Chairman



KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2012	2011	2012	2011
Revenue:					
Net investment income (loss)	8	12,695	(869,906)	2,281,720	(2,458,316)
Impairment loss on investments available for sale		-	(46,923)	(452,205)	(940,229)
Share of result of an associate		-	-	-	(1,881,489)
Loss on sale of investment in an associate		-	-	-	(53,462)
Loss on disposal of property and equipment		-	(37,247)	-	(37,247)
Loss on cancellation of a construction contract		-	(508,936)	-	(508,936)
Interest income		256	38	709	2,891
Rental income		550,324	317,890	1,427,277	663,076
Other (loss) income		(723)	35,122	27,398	13,709
		<u>562,552</u>	<u>(1,109,962)</u>	<u>3,284,899</u>	<u>(5,200,003)</u>
Expenses:					
General and administrative expenses		(224,520)	(153,706)	(655,774)	(532,361)
Finance costs		<u>(1,170,061)</u>	<u>(734,994)</u>	<u>(3,088,477)</u>	<u>(1,733,651)</u>
Loss for the period before National Labour Support Tax (NLST) and Zakat		(832,029)	(1,998,662)	(459,352)	(7,466,015)
NLST		1,761	-	-	-
Zakat		704	-	-	-
Net loss for the period		<u>(829,564)</u>	<u>(1,998,662)</u>	<u>(459,352)</u>	<u>(7,466,015)</u>
Attributable to:					
Equity holders of the Parent Company		(828,181)	(1,996,589)	(456,894)	(7,456,814)
Non-controlling interests		<u>(1,383)</u>	<u>(2,073)</u>	<u>(2,458)</u>	<u>(9,201)</u>
Net loss for the period		<u>(829,564)</u>	<u>(1,998,662)</u>	<u>(459,352)</u>	<u>(7,466,015)</u>
Basic and diluted loss per share attributable to equity holders of the Parent Company (Fils)					
	9	<u>(1.06)</u>	<u>(2.54)</u>	<u>(0.58)</u>	<u>(9.50)</u>

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

(All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Net loss for the period	(829,564)	(1,998,662)	(459,352)	(7,466,015)
Other comprehensive loss:				
Change in fair value of investments available for sale	(656,595)	(490,400)	(1,435,084)	(1,801,853)
Reversal from investments available for sale	-	(31,245)	(468,131)	(140,536)
Impairment loss on investments available for sale	-	46,923	452,205	940,229
Fair value reserve movement of investment in associates	-	31,245	-	47,121
Other comprehensive loss for the period	(656,595)	(443,477)	(1,451,010)	(955,039)
Total comprehensive loss for the period	<u>(1,486,159)</u>	<u>(2,442,139)</u>	<u>(1,910,362)</u>	<u>(8,421,054)</u>
Attributable to:				
Equity holders of the Parent Company	(1,483,933)	(2,439,506)	(1,906,028)	(8,410,569)
Non-controlling interests	(2,226)	(2,633)	(4,334)	(10,485)
Total comprehensive loss for the period	<u>(1,486,159)</u>	<u>(2,442,139)</u>	<u>(1,910,362)</u>	<u>(8,421,054)</u>

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company							Non- controlling interests	Total
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Accumulated losses	Sub total		
Balance as of December 31, 2011	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
Total comprehensive loss for the period	-	-	-	-	(1,449,134)	(456,894)	(1,906,028)	(4,334)	(1,910,362)
Balance as of September 30, 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
Balance as of December 31, 2010	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
Total comprehensive loss for the period	-	-	-	-	(953,755)	(7,456,814)	(8,410,569)	(10,485)	(8,421,054)
Balance as of September 30, 2011	78,568,800	(162,406)	1,958,607	1,958,607	3,553,356	(14,875,447)	71,001,517	195	71,001,712

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information.

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2012
(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended September 30,	
		2012	2011
Cash flow from operating activities:			
Loss for the period before National Labour Support Tax (NLST) and Zakat		(459,352)	(7,466,015)
Adjustments:			
Net investment (income) loss		(2,281,720)	2,458,316
Impairment loss on investments available for sale		452,205	940,229
Share of result of an associate		-	1,881,489
Loss on sale of investment in an associate		-	53,462
Loss on disposal of property and equipment		-	37,247
Interest income		(709)	(2,891)
Finance costs		3,088,477	1,733,651
Depreciation		13,364	17,141
		<u>812,265</u>	<u>(347,371)</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(157,605)	1,688,911
Properties under development		-	(776,801)
Accounts payable and other credit balances		96,125	68,674
Net cash generated from operating activities		<u>750,785</u>	<u>633,413</u>
Cash flow from investing activities:			
Investments at fair value through statement of income		6,237,446	(287,493)
Proceeds from sale of investments available for sale		284,545	1,445,910
Purchase of investments available for sale		-	(2,370,867)
Proceeds from sale of investment in an associate		-	59,608
Purchase of investment in an associate		-	(60,000)
Purchase of investment properties		(6,000,000)	(454,172)
Purchase of property and equipment		(7,570)	(50,173)
Proceeds from sale of property and equipment		-	2,800
Interest income received		709	2,891
Dividend received		312,200	9,035
Net cash generated from (used in) investing activities		<u>827,330</u>	<u>(1,702,461)</u>
Cash flow from financing activities:			
Short term loans and bank facilities		-	(442,711)
Term loans paid		(930,584)	(433,716)
Finance costs paid		(463,046)	(1,733,651)
Net cash used in financing activities		<u>(1,393,630)</u>	<u>(2,610,078)</u>
Net increase (decrease) in cash and cash equivalents		184,485	(3,679,126)
Cash and cash equivalents at the beginning of the period		(1,691,441)	2,085,100
Cash and cash equivalents at the end of the period	3	<u>(1,506,956)</u>	<u>(1,594,026)</u>

The accompanying notes (1) to (14) form an integral part of the interim condensed consolidated financial information.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2012**

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Parent 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 in the Kuwait Stock Exchange on December 16, 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 interim condensed consolidated financial information were authorized for issue by the Board of Directors on November 11, 2012.

Subsequent to the reporting period, on October 24, 2012, the Parent Company held its Annual General Assembly of its shareholders for the year ended December 31, 2011 and the consolidated financial statements of the Group were approved by the shareholders.

2. Significant accounting policies

a) Basis of presentation

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

The interim condensed consolidated financial information does not include all of the information and notes required for complete 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 nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2011.

b) Changes in accounting policies and disclosures

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, 2011 except for the adoption of the following new and amended International Accounting Standards Board (IASB) standards:

IFRS 7: Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amendment) (effective 1 July 2011)

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2012**

(All amounts are in Kuwaiti Dinars)

3. Cash and cash equivalents

	September 30, 2012	December 31, 2011 (Audited)	September 30, 2011
Cash on hand and at banks	<u>497,500</u>	461,213	440,169
Cash in managed portfolios	<u>289,985</u>	78,711	83,919
	<u>787,485</u>	539,924	524,088
Less: Bank overdraft	<u>(2,294,441)</u>	(2,231,365)	(2,118,114)
Cash and cash equivalents included in interim condensed consolidated statement of cash flows	<u><u>(1,506,956)</u></u>	<u><u>(1,691,441)</u></u>	<u><u>(1,594,026)</u></u>

Bank overdraft relates to the subsidiary, UNHC, and carries an effective rate of interest of 6.5% (December 31, 2011 – 6.5%, September 30, 2011 - 6.5%) per annum and, is secured against certain investments available for sale (Note 5). As of the reporting date, bank overdraft has become past due and the management is currently engaged in discussion with the bank regarding the restructuring of the credit facilities. However, the bank referred the matter to the Ministry of Justice to recover its dues (Note 13).

4. Investments at fair value through statement of income

	September 30, 2012	December 31, 2011 (Audited)	September 30, 2011
Held for trading:			
Quoted equity securities	18,185	19,711	22,720
Managed funds	137,553	132,260	130,752
Managed portfolios of quoted equity securities	8,051,893	7,104,055	16,100,991
Designated:			
Unquoted equity securities	2,348,864	8,156,864	8,156,865
Managed funds	15,234	34,896	34,445
	<u><u>10,571,729</u></u>	<u><u>15,447,786</u></u>	<u><u>24,445,773</u></u>

Managed portfolios of quoted equity securities amounting to KD 6,977,263 (December 31, 2011 – KD 6,455,025, September 30, 2011 – KD 7,401,902) are pledged against short term loans and bank facilities (Note 7).

The fair value of unquoted equity securities is determined by the investment manager using valuation techniques that are based on recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, an earnings multiple, or is based on the expected cash flows of the investment discounted at current rates applicable for items with similar terms and risk characteristics. Fair value estimates take into account liquidity constraints and assessment for any impairment.

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2012

(All amounts are in Kuwaiti Dinars)

5. Investments available for sale

	<u>September 30,</u> <u>2012</u>	December 31, 2011 (Audited)	<u>September 30,</u> <u>2011</u>
Quoted equity securities	1,515	24,893	24,849
Unquoted equity securities	3,190,855	3,671,264	4,258,914
Managed portfolios of equity securities:			
- Quoted	2,952,136	4,297,601	13,293,865
- Unquoted	44,887,598	44,757,975	15,878,799
	<u>51,032,104</u>	<u>52,751,733</u>	<u>33,456,427</u>

Included in managed portfolios of equity securities is an amount of KD 42,902,352 (December 31, 2011 – KD 44,116,817, September 30, 2011 – KD 15,373,554) pledged against short term loans and bank facilities and bank overdraft (Note 3 and 7).

The management performed an impairment testing during the year ended December, 31 2011 for these investments. An impairment charge of KD 452,205 (September 30, 2011 – KD 940,229) has been recognised in respect of certain investments available for sale for which there has been a significant or prolonged decline in fair value below cost. Except this, the management is not aware of any circumstances that would indicate any impairment in the value of the above investments as of the reporting date.

6. Investment properties

During the period, the Parent Company acquired a local investment property for a total consideration of KD 6,140,000 from a related party (Note 10) which was settled partially through cash consideration of KD 6,000,000 and partially through transfer of certain investments at fair value through statement of income of KD 140,000 (carrying value of KD 120,000). The ownership of this investment property has not been transferred on account of certain legal formalities not being completed as of the reporting date.

Investment properties amounting to KD 28,737,037 (December 31, 2011 – KD 29,982,537, September 30, 2011 - KD 34,588,644) are pledged with a financial institution against term loan.

7. Short term loans and bank facilities

	<u>September 30,</u> <u>2012</u>	December 31, 2011 (Audited)	<u>September 30,</u> <u>2011</u>
Bank facilities obtained from a local bank carrying an interest rate of 1.75% per annum over the Central Bank of Kuwait discount rate and repayable on December 29, 2010.	<u>46,240,307</u>	<u>46,240,307</u>	<u>46,302,084</u>

Short term loans and bank facilities relate to the subsidiary, UNHC, are secured by investments at fair value through statement of income of KD 6,977,263 (December 31, 2011 – KD 6,455,025, September 30, 2011 – KD 7,401,902) (Note 4), investments available for sale of KD 42,902,352 (December 31, 2011 – KD 44,116,817, September 30, 2011 – KD 15,373,554) (Note 5) and properties under development of KD 15,500,000 (December 31, 2011 – KD 15,500,000, September 30, 2011 – KD 25,402,565). As of reporting date, those banks facilitates have become past due and the management is currently engaged in discussion with the bank regarding the restructuring of the credit facilities. However, the bank referred the matter to the Ministry of Justice to recover its dues (Note 13).

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2012

(All amounts are in Kuwaiti Dinars)

The local bank has initiated procedures against UNHC to liquidate the assets pledged against the short term loans and bank facilities. UNHC has referred the matter to the court of law and accordingly the liquidation of the aforesaid assets has been temporarily suspended. The management of UNHC believes that they hold a strong position for the legal case filed by UNHC against the local bank. The management is also under discussions with the bank for restructuring of credit facilities.

8. Net investment income (loss)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Unrealized gain (loss) from investments at fair value through statement of income	12,695	(838,661)	565,662	(2,607,887)
Realized gain on sale of investments at fair value through statement of income	-	-	935,727	-
Realized (loss) gain on sale of investments available for sale	-	(31,245)	468,131	140,536
Dividend income	-	-	312,200	9,035
	<u>12,695</u>	<u>(869,906)</u>	<u>2,281,720</u>	<u>(2,458,316)</u>

9. Basic and diluted loss per share attributable to equity holders of the Parent Company

Basic and 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 outstanding shares (net of treasury shares) during the period.

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Loss for the period attributable to the equity holders of the Parent Company	<u>(828,181)</u>	<u>(1,996,589)</u>	<u>(456,894)</u>	<u>(7,456,814)</u>
	<u>Share</u>	<u>Share</u>	<u>Share</u>	<u>Share</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 (Fils)	<u>(1.06)</u>	<u>(2.54)</u>	<u>(0.58)</u>	<u>(9.50)</u>

**KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2012**

(All amounts are in Kuwaiti Dinars)

10. Related party transactions and balances

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

	September 30, 2012	December 31, 2011 (Audited)	September 30, 2011
Interim condensed consolidated statement of financial position			
Investments at fair value through statement of income (managed by a related party)	-	9,336,119	15,890,302
Investments available for sale (managed by a related party)	122,220	45,216,465	25,242,643
Due from related parties	-	49,708	49,708
Due to related parties	17,696	-	18,056,000
Investments available for sale cumulative changes	2,000,000	2,375,000	-
Term loan	-	-	2,750,000

Nine months ended
September 30,

	2012	2011
Interim condensed consolidated statement of income		
Realized gain (loss) on sale of investments at fair value through statement of income	20,000	(2,540,066)
Rental income	47,427	-
General and administrative expenses	-	(62,988)
Finance costs	(168,750)	-

Transactions

Sale of investments at fair value through statement of income
Purchase of investment properties (Note 6)

	2012	2011
Sale of investments at fair value through statement of income	452,000	-
Purchase of investment properties (Note 6)	6,140,000	-

Key management compensation:

Salaries and other short term benefits
Employees' end of services benefits

	2012	2011
Salaries and other short term benefits	58,535	49,666
Employees' end of services benefits	2,625	17,886
	61,160	67,552

KUWAIT BUSINESS TOWN REAL ESTATE COMPANY - K.S.C (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
SEPTEMBER 30, 2012

(All amounts are in Kuwaiti Dinars)

11. Capital commitments

	<u>September 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u> <u>(Audited)</u>	<u>September 30,</u> <u>2011</u>
Future capital expenditure relating to properties under development	<u>11,500,000</u>	<u>11,500,000</u>	<u>13,000,000</u>

12. 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 business segments:

- 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.

	<u>Nine months ended</u> <u>September 30, 2012</u>			<u>Nine months ended</u> <u>September 30, 2011</u>			
	<u>Investing</u> <u>activities</u>	<u>Real estate</u> <u>activities</u>	<u>Total</u>	<u>Investing</u> <u>activities</u>	<u>Real estate</u> <u>activities</u>	<u>Other</u>	<u>Total</u>
Segment operating revenue (loss)	922,520	2,362,379	3,284,899	(5,333,496)	663,076	(529,583)	(5,200,003)
Net loss for the period			<u>(459,352)</u>				<u>(7,466,015)</u>

13. Going Concern of a subsidiary

The subsidiary, UNHC, incurred a net loss of KD 1,890,847 for the period ended September 30, 2012. The accumulated losses as of September 30, 2012 amounted to KD 30,608,291 which represents 102.03% of the subsidiary's capital. According to the Article No. 171 of Commercial Companies Law No. 15 for the year 1960, if a shareholding Company loses 75% of its capital, the Board of Directors should call extraordinary General Assembly Meeting to take an appropriate decision about the going concern issue. Also as of September 30, 2012, the subsidiary had past due bank facilities (bank overdraft and short term loans and bank facilities) of KD 48,378,326 with one of the local banks and there are lawsuits filed against the subsidiary in this regard (Note 3 and 7). There is uncertainty related to the outcome of the lawsuits.

These conditions are considered as an indication to the existence of a substantial doubt about the subsidiary's ability to continue as a going concern. The Group's management is confident that the above matters will be solved and as a consequence this interim condensed consolidated financial information have been prepared on a going concern basis.

14. Subsequent events of a subsidiary

Subsequent to the reporting date, the management of the subsidiary, UNHC, held an extraordinary General Assemble Meeting on October 15, 2012, whereby approved the absorption of an amount of KD 28,717,444 of the balance of accumulated losses at December 31, 2011 through charging KD 1,301,329 to the statutory reserve, KD 1,301,329 to the voluntary reserve and KD 26,114,786 to the share capital, which is subject to approval from regulatory authorities. As a result of the absorption, the authorized, issued and paid up capital will be reduced from KD 30,000,000 (300,000,000 shares) to KD 3,885,214 (38,852,140 shares).