

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

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

31 MARCH 2014

**EY****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 2014 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

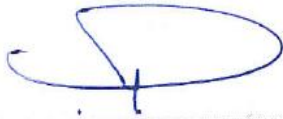
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”).

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, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the three months period ended 31 March 2014 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2014 that might have had a material effect on the business of the Group or on its financial position.



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

13 April 2014
Kuwait



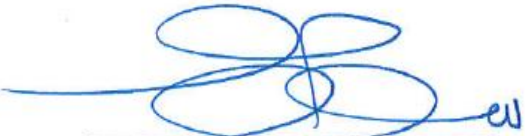
DR. SAUD HAMAD AL-HUMAIIDI
LICENSE NO. 51 A
OF DR. SAUD HAMAD AL-HUMAIIDI &
PARTNERS
MEMBER OF BAKER TILLY
INTERNATIONAL

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 2014

	Note	31 March 2014 KD	(Audited) 31 December 2013 KD	31 March 2013 KD
ASSETS				
Bank balances and cash		992,347	789,688	1,855,329
Investments at fair value through statement of income		472,946	361,874	9,416,656
Accounts receivable and prepayments		546,118	864,280	1,485,730
Investments available for sale		22,836,598	22,788,728	49,620,609
Investment properties		34,639,667	34,639,667	37,590,794
Property under development		-	-	13,000,000
Property and equipment		64,889	70,167	54,095
TOTAL ASSETS		59,552,565	59,514,404	113,023,213
EQUITY AND LIABILITIES				
EQUITY				
Share capital		78,568,800	78,568,800	78,568,800
Treasury shares		-	-	(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 values		5,198	5,438	3,868,604
Accumulated losses		(30,377,033)	(30,876,087)	(35,842,242)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		52,114,179	51,615,365	50,349,970
Non-controlling interests		2,915	1,782	3,948
TOTAL EQUITY		52,117,094	51,617,147	50,353,918
LIABILITIES				
Accounts payable and accruals		4,241,047	4,172,740	8,578,410
Short term loans and bank facilities	3	-	321,761	48,625,633
Term loans		3,194,424	3,402,756	5,465,252
TOTAL LIABILITIES		7,435,471	7,897,257	62,669,295
TOTAL EQUITY AND LIABILITIES		59,552,565	59,514,404	113,023,213


 Salem Khudhur Mohammad Al-Hasawi
 Chairman



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 INCOME

(UNAUDITED)

For the period ended 31 March 2014

	Notes	Three months ended	
		31 March	
		2014	2013
		KD	KD
REVENUE			
Rental income		534,623	510,318
Unrealised loss on investments at fair value through statement of income		(65)	(61,010)
Realised gain on sale of investments at fair value through statement of income		-	311
Realised loss on sale of investments available for sale		(185)	(2,189)
Interest income		151	4
Dividend income		-	32,315
Write off of credit cash balances in portfolios	3	321,761	-
Other income		1,047	10,026
		<u>857,332</u>	<u>489,775</u>
EXPENSES			
General and administrative expenses		(268,632)	(247,986)
Finance costs		(74,298)	(1,021,449)
		<u>(342,930)</u>	<u>(1,269,435)</u>
PROFIT (LOSS) FOR THE PERIOD BEFORE NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		514,402	(779,660)
NLST		(12,847)	-
Zakat		(1,988)	-
		<u>(14,835)</u>	<u>-</u>
PROFIT (LOSS) FOR THE PERIOD		499,567	(779,660)
Attributable to:			
Equity holders of the Parent Company		499,054	(778,405)
Non-controlling interests		513	(1,255)
		<u>499,567</u>	<u>(779,660)</u>
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY			
	4	<u>0.64 fils</u>	<u>(0.99) 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 2014

	<i>Three months ended</i>	
	<i>31 March</i>	
	2014	2013
	KD	KD
Profit (loss) for the period	499,567	(779,660)
Other comprehensive income (loss):		
<i>Other comprehensive income (loss) to be reclassified to statement of income in subsequent periods:</i>		
Change in fair values of investments available for sale	(425)	(240,206)
Realised loss on sale of investments available for sale transferred to interim condensed consolidated statement of income	185	2,189
Foreign currency translation reserve	620	-
Other comprehensive income (loss) for the period	380	(238,017)
Total comprehensive income (loss) for the period	499,947	(1,017,677)
Attributable to:		
Equity holders of the Parent Company	498,814	(1,016,105)
Non-controlling interests	1,133	(1,572)
	499,947	(1,017,677)

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 2014

	<i>Attributable to equity holders of the Parent Company</i>						<i>Sub total</i> KD	<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>Cumulative changes in fair values</i> KD	<i>Accumulated losses</i> KD			
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
At 31 March 2014	78,568,800	-	1,958,607	1,958,607	5,198	(30,377,033)	52,114,179	2,915	52,117,094
As at 1 January 2013	78,568,800	(162,406)	1,958,607	1,958,607	4,106,304	(35,063,837)	51,366,075	5,520	51,371,595
Loss for the period	-	-	-	-	-	(778,405)	(778,405)	(1,255)	(779,660)
Other comprehensive loss for the period	-	-	-	-	(237,700)	-	(237,700)	(317)	(238,017)
Total comprehensive loss for the period	-	-	-	-	(237,700)	(778,405)	(1,016,105)	(1,572)	(1,017,677)
At 31 March 2013	78,568,800	(162,406)	1,958,607	1,958,607	3,868,604	(35,842,242)	50,349,970	3,948	50,353,918

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 2014

	<i>Three months ended</i>	
	<i>31 March</i>	
	2014	2013
	KD	KD
OPERATING ACTIVITIES		
Profit (loss) for the period	499,567	(779,660)
Adjustments for:		
Unrealised loss on investments at fair value through statement of income	65	61,010
Realised gain on sale of investments fair value through statement of income	-	(311)
Realised loss on sale of investments available for sale	185	2,189
Dividend income	-	(32,315)
Interest income	(151)	(4)
Depreciation	5,987	5,110
Finance costs	74,298	1,021,449
	579,951	277,468
Working capital adjustments:		
Accounts receivable and prepayments	(52,029)	483,043
Accounts payable and accruals	87,048	45,696
Net cash flow from operating activities	614,970	806,207
Investing activities		
Addition to investments at fair value through statement of income	(111,137)	(74,043)
Proceeds from sale of investments available for sale	756	31,709
Purchase of property and equipment	(710)	(9,513)
Interest income received	151	4
Dividend income received	-	550,000
Net cash flow (used in) from investing activities	(110,940)	498,157
Financing activities		
Net receipt of short term loans and bank facilities	-	40,417
Term loans paid	(208,332)	(208,332)
Finance costs paid	(93,039)	(93,039)
Net cash flow used in financing activities	(301,371)	(260,954)
NET INCREASE IN BANK BALANCES AND CASH	202,659	1,043,410
Bank balances and cash at the beginning of the period	789,688	811,919
BANK BALANCES AND CASH AT THE END OF THE PERIOD	992,347	1,855,329

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 2014

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.
- Sale and purchase of securities of companies carrying on similar activities.

The New Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the “Companies Law”), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

The interim condensed consolidated financial information of the Group for the period ended 31 March 2014 were authorized for issue by the Board of Director on 13 April 2014.

On 30 March 2014, the ordinary Annual General Meeting of the Parent Company’s shareholders approved the consolidated financial statements for the year ended 31 December 2013.

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 2013.

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 2013. 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 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

New standards, interpretations, and amendments adopted by the Group

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of the new and amended IFRSs that have become effective from 1 January 2014 and those which are applicable to the Group:

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 2014

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING PLOICIES (continued)

New standards, interpretations, and amendments adopted by the Group (continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

3 SHORT TERM LOANS AND BANK FACILITIES

	<i>31 March 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>31 March 2013 KD</i>
Loan	-	-	46,240,307
Bank overdraft	-	-	2,138,019
Credit cash balances in portfolios	-	321,761	247,307
	<u>-</u>	<u>321,761</u>	<u>48,625,633</u>

During the current period, the portfolio manager waived off the entire portfolio management fees and accordingly credit cash balances in portfolios has been written off and recorded as gain in interim condensed consolidated statement of income.

4 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is computed by dividing the profit (loss) for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares. The Parent Company had no outstanding dilutive potential shares.

	<i>Three months ended 31 March</i>	
	<i>2014 KD</i>	<i>2013 KD</i>
Profit (loss) for the period attributable to equity holders of the Parent Company	<u>499,054</u>	<u>(778,405)</u>
	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding at the beginning of the period	785,688,000	785,688,000
Less: Weighted average number of treasury shares	-	(1,030,000)
Weighted average number of outstanding shares	<u>785,688,000</u>	<u>784,658,000</u>
Basic and diluted earnings (loss) per share attributable to the equity holders of the Parent Company	<u>0.64 fils</u>	<u>(0.99) fils</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 2014

5 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties consist of shareholders, directors and executive officers of the Parent Company, entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Significant related party transactions and balances are as follows:

	<i>Entities under common control KD</i>	31 March 2014 KD	<i>(Audited)</i>	
			<i>31 December 2013 KD</i>	<i>31 March 2013 KD</i>
Interim condensed consolidated statement of financial position:				
Investments at fair value through statement of income	171,137	171,137	60,000	4,754,808
Investments available for sale	49,050	49,050	-	118,055
Term loans	-	-	-	1,437,500
Due to Related Party	134,687	134,687	149,652	-
			<i>Three months ended 31 March</i>	
			<hr/>	
			<i>Entities under common control KD</i>	
			2014 KD	2013 KD
Interim condensed consolidated statement of income:				
Rental income		10,792	10,792	10,792
Finance costs		-	-	56,250
Transactions:				
Sale of investment at fair value through statement of income		-	-	731,250
			<i>Three months ended 31 March</i>	
			<hr/>	
			2014 KD	2013 KD
Key management compensation:				
Salaries and short-term employee benefits			14,283	12,454
Termination benefits			563	232
			14,846	12,686
			14,846	12,686

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 2014

6 SEGMENT INFORMATION

The Group is divided into operating segments for managing its various business activities. The Group operates mainly in Kuwait. For the purpose of analysing the major segments, the Group's management allocated its business and services into the following operating segments:

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

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

<i>At 31 March 2014</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
Segment results	309,077	190,490	499,567
Segment assets	22,034,569	37,517,996	59,552,565
Segmental liabilities	1,673,992	5,761,479	7,435,471
	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
<i>At 31 December 2013 (Audited)</i>			
Segment results	1,083,164	3,219,989	4,303,153
Segment assets	22,035,203	37,479,201	59,514,404
Segmental liabilities	1,992,015	5,905,242	7,897,257
	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
<i>At 31 March 2013</i>			
Segment results	(966,048)	186,388	(779,660)
Segment assets	57,865,391	55,157,822	113,023,213
Segmental liabilities	54,848,117	7,821,178	62,669,295

7 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The fair values of financial instruments with the exceptions of certain investments available for sale carried at cost are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to variable rate financial instruments.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2014

7 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

As at 31 March 2014, the Group held the following financial instruments measured at fair value. The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs that have a significant effect on the recorded fair value are not based on observable market data.

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 31 March 2014, the company held the following classes of financial instruments measured at fair value:

<i>At 31 March 2014</i>	<i>Level: 1</i> <i>KD</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	-	462,344	-	462,344
Managed funds	-	10,602	-	10,602
	<u>-</u>	<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>-</u>	<u>799,806</u>	<u>21,972,291</u>	<u>22,772,097</u>
<i>At 31 March 2013</i>				
<i>Investments at fair value through statement of income</i>				
Equity securities	7,644,500	1,617,614	-	9,262,114
Managed funds	-	154,542	-	154,542
	<u>7,644,500</u>	<u>1,772,156</u>	<u>-</u>	<u>9,416,656</u>
<i>Investments available for sale</i>				
Equity securities	2,409,633	4,462,560	41,530,045	48,402,238
Managed funds	-	93,554	-	93,554
	<u>2,409,633</u>	<u>4,556,114</u>	<u>41,530,045</u>	<u>48,495,792</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 2014

8 CONTINGENT LIABILITIES AND COMMITMENTS

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

	<i>31 March</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>31 March</i> <i>2013</i> <i>KD</i>
Future capital expenditure relating to properties under development	-	-	11,500,000