

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

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

**30 SEPTEMBER 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 30 September 2014 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine 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 nine months period ended 30 September 2014 that might have had a material effect on the business of the Group or on its financial position.



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



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

12 October 2014  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2014

		(Audited)	
	Notes	30 September 2014 KD	31 December 2013 KD
ASSETS			30 September 2013 KD
Bank balances and cash		605,010	789,688
Investments at fair value through statement of income		472,753	361,874
Accounts receivable and prepayments		568,440	864,280
Investments available for sale		22,856,876	22,788,728
Investment properties		34,639,667	34,639,667
Property under development		-	-
Property and equipment		270,994	70,167
<b>TOTAL ASSETS</b>		<b>59,413,740</b>	<b>59,514,404</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	3	51,609,927	78,568,800
Treasury shares		-	-
Statutory reserve	3	-	1,958,607
Voluntary reserve	3	-	1,958,607
Foreign currency translation reserve		-	-
Cumulative changes in fair values		25,475	5,438
Retained earnings (Accumulated losses)	3	823,370	(30,876,087)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>52,458,772</b>	<b>51,615,365</b>
Non-controlling interests		2,893	1,782
<b>TOTAL EQUITY</b>		<b>52,461,665</b>	<b>51,617,147</b>
<b>LIABILITIES</b>			
Accounts payable and accruals		4,174,315	4,172,740
Short term loans and bank facilities	4	-	321,761
Term loans		2,777,760	3,402,756
<b>TOTAL LIABILITIES</b>		<b>6,952,075</b>	<b>7,897,257</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,413,740</b>	<b>59,514,404</b>

Salem Khudhur Mohammad Al-Hasawi  
Chairman



The attached notes 1 to 9 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 30 September 2014

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 KD	2013 KD	2014 KD	2013 KD
<b>REVENUE</b>					
Rental income		593,606	713,700	1,691,397	1,745,948
Unrealised gain (loss) on investments at fair value through statement of income		108	201,569	(258)	(420,944)
Realised gain on sale of investments at fair value through statement of income		-	-	-	311
Realised loss on sale of investments available for sale		-	(545,101)	(185)	(545,345)
Interest income		342	-	732	6
Dividend income		-	-	-	34,163
Write off of credit cash balances in portfolios	4	-	-	321,760	-
Other income (loss)		1,763	(3,501)	3,579	4,801
		<u>595,819</u>	<u>366,667</u>	<u>2,017,025</u>	<u>818,940</u>
<b>EXPENSES</b>					
General and administrative expenses		(308,077)	(359,043)	(946,927)	(868,395)
Finance costs		(66,709)	(269,186)	(211,556)	(1,872,229)
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS") NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>					
		<u>221,033</u>	<u>(261,562)</u>	<u>858,542</u>	<u>(1,921,684)</u>
KFAS		(7,722)	-	(7,722)	-
NLST		(5,526)	-	(21,451)	-
Zakat		(2,253)	-	(5,507)	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<u>205,532</u>	<u>(261,562)</u>	<u>823,862</u>	<u>(1,921,684)</u>
<b>Attributable to:</b>					
Equity holders of the Parent Company		205,543	(260,898)	823,370	(1,918,383)
Non-controlling interests		(11)	(664)	492	(3,301)
		<u>205,532</u>	<u>(261,562)</u>	<u>823,862</u>	<u>(1,921,684)</u>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	5	<u>0.40 fils</u>	<u>(0.51) fils</u>	<u>1.60 fils</u>	<u>(3.72) fils</u>

The attached notes 1 to 9 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 30 September 2014

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Profit (loss) for the period</b>	<b>205,532</b>	(261,562)	<b>823,862</b>	(1,921,684)
<b>Other comprehensive income (loss):</b>				
<i>Other comprehensive income (loss) to be reclassified to statement of income in subsequent periods:</i>				
Change in fair values of investments available for sale	<b>2,577</b>	13,336	<b>19,852</b>	(5,486)
Realised loss (gain) on sale of investments available for sale transferred to interim condensed consolidated statement of income	-	(2,391)	<b>185</b>	(2,147)
Foreign currency translation adjustment	<b>(1)</b>	1,214	<b>619</b>	1,214
<b>Other comprehensive income (loss) for the period</b>	<b>2,576</b>	12,159	<b>20,656</b>	(6,419)
<b>Total comprehensive income (loss) for the period</b>	<b>208,108</b>	(249,403)	<b>844,518</b>	(1,928,103)
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>208,120</b>	(248,747)	<b>843,407</b>	(1,924,824)
Non-controlling interests	<b>(12)</b>	(656)	<b>1,111</b>	(3,279)
	<b>208,108</b>	(249,403)	<b>844,518</b>	(1,928,103)

The attached notes 1 to 9 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 30 September 2014

	<i>Attributable to equity holders of the Parent Company</i>							<i>Sub total KD</i>	<i>Non-controlling interests KD</i>	<i>Total KD</i>
	<i>Share capital KD</i>	<i>Treasury shares KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Foreign currency translation reserve</i>	<i>Cumulative changes in fair values KD</i>	<i>Retained earnings (accumulated losses) KD</i>			
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	-	-	-	-	-	-	823,370	823,370	492	823,862
Other comprehensive income for the period	-	-	-	-	-	20,037	-	20,037	619	20,656
Total comprehensive income for the period	-	-	-	-	-	20,037	823,370	843,407	1,111	844,518
Set off accumulated losses (Note 3)	(26,958,873)	-	(1,958,607)	(1,958,607)	-	-	30,876,087	-	-	-
<b>At 30 September 2014</b>	<b>51,609,927</b>	-	-	-	-	<b>25,475</b>	<b>823,370</b>	<b>52,458,772</b>	<b>2,893</b>	<b>52,461,665</b>
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	-	-	-	-	-	-	(1,918,383)	(1,918,383)	(3,301)	(1,921,684)
Other comprehensive (loss) income for the period	-	-	-	-	1,214	(7,655)	-	(6,441)	22	(6,419)
Total comprehensive income (loss) for the period	-	-	-	-	1,214	(7,655)	(1,918,383)	(1,924,824)	(3,279)	(1,928,103)
At 30 September 2013	78,568,800	(162,406)	1,958,607	1,958,607	1,214	4,098,649	(36,982,220)	(49,441,251)	2,241	49,443,492

The attached notes 1 to 9 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 30 September 2014

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<b>2014</b>	<b>2013</b>
	<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the period	<b>823,862</b>	(1,921,684)
Adjustments for:		
Unrealised loss on investments at fair value through statement of income	<b>258</b>	420,944
Realised gain on sale of investments fair value through statement of income	-	(311)
Realised loss on sale of investments available for sale	<b>185</b>	545,345
Dividend income	-	(34,163)
Interest income	<b>(732)</b>	(6)
Depreciation	<b>21,272</b>	21,217
Finance costs	<b>211,556</b>	1,872,229
	<b>1,056,401</b>	903,571
Working capital adjustments:		
Accounts receivable and prepayments	<b>(74,354)</b>	53,391
Accounts payable and accruals	<b>69,135</b>	(28,612)
Net cash flow from operating activities	<b>1,051,182</b>	928,350
<b>Investing activities</b>		
Purchases of investments at fair value through statement of income	<b>(111,137)</b>	(32,576)
Proceeds from sale of investments at fair value through statement of income	-	1,970,380
Purchases of investments available for sale	-	(822,060)
Purchase of property and equipment	<b>(222,098)</b>	(17,216)
Proceeds from sale of investments available for sale	<b>756</b>	919,798
Interest income received	<b>732</b>	6
Dividend income received	-	34,163
Net cash flow (used in) from investing activities	<b>(331,747)</b>	2,052,495
<b>Financing activities</b>		
Net receipt of short term loans and bank facilities	-	82,620
Term loans paid	<b>(624,996)</b>	(2,624,996)
Finance costs paid	<b>(279,117)</b>	(354,828)
Net cash flow used in financing activities	<b>(904,113)</b>	(2,897,204)
<b>NET (DECREASE) INCREASE IN BANK BALANCES AND CASH</b>	<b>(184,678)</b>	83,641
Foreign currency translation adjustment	-	1,236
Bank balances and cash at the beginning of the period	<b>789,688</b>	811,919
<b>BANK BALANCES AND CASH AT THE END OF THE PERIOD</b>	<b>605,010</b>	896,796

The attached notes 1 to 9 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 30 September 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 30 September 2014 were authorized for issue by the Board of Director on 12 October 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 nine months period ended 30 September 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:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (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 SHARE CAPITAL, STATUTORY RESERVE, VOLUNTARY RESERVE AND ACCUMULATED LOSSES**

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

**4 SHORT TERM LOANS AND BANK FACILITIES**

	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Bank overdraft	-	-	48,378,326
Credit cash balances in portfolios	-	321,761	289,510
	<u>-</u>	<u>321,761</u>	<u>48,667,836</u>
	<u>-</u>	<u>321,761</u>	<u>48,667,836</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.

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

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

As at 30 September 2014

### 5 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</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Profit (loss) for the period attributable to equity holders of the Parent Company	<b>205,543</b>	(260,898)	<b>823,370</b>	(1,918,383)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of shares outstanding at the beginning of the period	<b>785,688,000</b>	785,688,000	<b>785,688,000</b>	785,688,000
Less: Weighted average number of treasury shares	-	(1,030,000)	-	(1,030,000)
Less: Weighted average number of shares cancelled during the period	<b>(269,588,730)</b>	(269,588,730)	<b>(269,588,730)</b>	(269,588,730)
Weighted average number of outstanding shares	<b>516,099,270</b>	515,069,270	<b>516,099,270</b>	515,069,270
<b>Basic and diluted earnings (loss) per share attributable to the equity holders of the Parent Company</b>	<b>0.40 fils</b>	(0.51) fils	<b>1.60 fils</b>	(3.72) fils

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

### 6 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</i>	<i>30 September</i>	<i>(Audited)</i>	
			<i>31 December</i>	<i>30 September</i>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Interim condensed consolidated statement of financial position:</b>				
Investments at fair value through statement of income	171,137	<b>171,137</b>	60,000	4,870,236
Investments available for sale	49,050	<b>49,050</b>	-	1,005,427
Term loans	-	-	-	-
Due to related Party	104,702	<b>104,702</b>	149,652	264,783

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	<i>Entities under common control</i> <i>KD</i>	<i>Nine months ended</i> <i>30 September</i>	
		<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
<b>Interim condensed consolidated statement of income:</b>			
Rental income	32,376	<b>32,376</b>	32,376
Finance costs	-	-	300,162
Realized loss on sale of investments at fair value through statement of income	-	-	(133)
Unrealized loss on investments at fair value through statement of income	-	-	4,812
<b>Transactions:</b>			
Sale of investment at fair value through statement of income	-	-	1,928,864
		<i>Nine months ended</i> <i>30 September</i>	
		<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
<b>Key management compensation:</b>			
Salaries and short-term employee benefits		<b>59,148</b>	43,914
Termination benefits		<b>1,688</b>	698
		<b>60,836</b>	44,612

7 SEGMENT INFORMATION

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

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

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

<i>At 30 September 2014</i>	<i>Investment</i> <i>KD</i>	<i>Real estate</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Segment results	<b>302,054</b>	<b>521,808</b>	<b>823,862</b>
Segment assets	<b>22,034,870</b>	<b>37,378,870</b>	<b>59,413,740</b>
Segmental liabilities	<b>1,665,132</b>	<b>5,286,943</b>	<b>6,952,075</b>

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

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

As at 30 September 2014

### 7 SEGMENT INFORMATION (continued)

<i>At 31 December 2013 (Audited)</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</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>At 30 September 2013</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Total KD</i>
Segment results	(2,539,210)	617,526	(1,921,684)
Segment assets	74,051,526	36,930,586	110,982,112
Segmental liabilities	55,311,241	6,227,379	61,538,620

### 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

#### **Fair value hierarchy**

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

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

As at 30 September 2014, the company held the following classes of financial instruments measured at fair value:

	<i>Level: 1 KD</i>	<i>Level: 2 KD</i>	<i>Level: 3 KD</i>	<i>Total KD</i>
<i>At 30 September 2014</i>				
<i>Investments at fair value through statement of income</i>				
Equity securities	-	462,344	-	462,344
Managed funds	-	10,409	-	10,409
	-	<b>472,753</b>	-	<b>472,753</b>
<i>Investments available for sale</i>				
Equity securities	-	701,054	21,972,291	22,673,345
Managed funds	-	119,030	-	119,030
	-	<b>820,084</b>	<b>21,972,291</b>	<b>22,792,375</b>
<i>At 30 September 2013</i>				
<i>Investments at fair value through statement of income</i>				
Equity securities	7,178,956	421,465	-	7,600,421
Managed funds	-	175,704	-	175,704
	7,178,956	597,169	-	7,776,125
<i>Investments available for sale</i>				
Equity securities	2,608,742	3,882,164	41,530,045	48,020,951
Managed funds	-	93,554	-	93,554
	2,608,742	3,975,718	41,530,045	48,114,505

**9 CONTINGENT LIABILITIES AND COMMITMENTS**

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

	<i>30 September 2014 KD</i>	<i>(Audited) 31 December 2013 KD</i>	<i>30 September 2013 KD</i>
Future capital expenditure relating to properties under development	-	-	11,500,000