



شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C (Public)

الكويت في : 2016/10/24م

المحترمين

السادة / شركة بورصة الكويت


السلام عليكم ورحمة الله وبركاته...

الموضوع : اعتماد مجلس الإدارة للبيانات المالية المنتهية في 2016/09/30م

تهديكم شركة منشآت للمشاريع العقارية (ش.م.ك.ع) أطيب تحياتها متمنية لكم دوام التوفيق والسداد.
بالإشارة إلى الموضوع أعلاه، وعطفاً على كتابنا لكم المؤرخ 2016/10/24م، بشأن
اجتماع مجلس إدارة الشركة لمناقشة واعتماد البيانات المالية المرحلية لفترة التسعة
أشهر المنتهية في 2016/09/30م

يرجى التفضل بالعلم بأن مجلس الإدارة قد قرر اعتماد البيانات المالية المذكورة،
ونرفق لكم النتائج المالية المعتمدة، للتفضل بالعلم والإحاطة واتخاذ اللازم.

وتفضلوا بقبول وافر التقدير والإحترام...


عبد العزيز أحمد الفيزي
الرئيس التنفيذي



شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C (Public)

المرفقات:-

النتائج المالية للشركة عن فترة التسعة أشهر المنتهية في 2016/09/30م.

نموذج رقم (.....)

Form No. (.....)

نموذج إعلان البيانات المالية المرحلية عن الربع الثالث للشركات المدرجة في بورصة الكويت

Third Quarter Interim Financial Statements Disclosures form of the Companies Listed in Boursa Kuwait

- فترة التسعة أشهر المالية المنتهية في : 2016/ 09 / 30
- اسم الشركة : شركة منشآت للمشاريع العقارية ش.م.ك.ع
- رمز الشركة : منشآت
- رقم الشركة : 433

Nine month Period ended at

Company's Name

Company's code

Company's Number

● النشاط / الأنشطة الرئيسية للشركة :

1. تملك وبيع وشراء العقارات والأراضي وتطويرها لحساب الشركة داخل دولة الكويت وخارجها وكذا إدارة أملاك الغير وكل ذلك بما لا يخالف الأحكام المنصوص عليها في القوانين القائمة وما حظرته من الاتجار من قسائم السكن الخاص على النحو الذي نصت عليه هذه القوانين.
2. تملك وبيع وشراء اسهم الشركات العقارية لحساب الشركة فقط في الكويت وفي الخارج.
3. إعداد الدراسات وتقديم الاستشارات في المجالات العقارية بكافة أنواعها على أن تتوافر الشروط المطلوبة في من يزاول تقديم هذه الخدمة.
4. تملك وإدارة الفنادق والنوادي الصحية والمرافق السياحية وإيجارها واستئجارها.
5. القيام بأعمال الصيانة والمتعلقة بالمباني والعقارات المملوكة للشركة بما في ذلك أعمال الصيانة وتنفيذ الأعمال المدنية والميكانيكية والكهربائية والمساعد وأعمال تكييف الهواء بما يكفل المحافظة على المباني وسلامتها.
6. إدارة وتشغيل واستثمار وإيجار واستئجار الفنادق والنوادي والموتيلات وبيوت الضيافة والاستراحات والمنزهات والحدائق والمعارض والمطاعم والكافتریات والمجمعات السكنية والمنتجعات السياحية والصحية والمشروعات الترويحية والرياضية والمحلات وذلك على مختلف الدرجات والمستويات شاملا جميع الخدمات الأصلية والمساعدة والمرافقة الملحقة بها وغيرها من الخدمات اللازمة لها.
7. تنظيم المعارض العقارية الخاصة بمشاريع الشركة العقارية وذلك حسب الأنظمة المعمول بها في الوزارة.
8. إقامة المزادات العقارية وذلك حسب الأنظمة المعمول بها في الوزارة.
9. تملك الأسواق التجارية والمجمعات السكنية وإدارتها.
10. إنشاء وإدارة الصناديق الاستثمارية العقارية وذلك بعد موافقة بنك الكويت المركزي.
11. استغلال الفوائض المالية المتوفرة لدى الشركة عن طريق استثمارها في محافظ مالية وعقارية تدار من قبل شركات وجهات متخصصة.



شركة منشآت للمشاريع العقارية ش.م.ك.ع (عامة)

Munshat Real Estate Projects Co. K.S.C. (Public)

نموذج رقم: QF-FSA-0102-A	إصدار رقم: 1	تاريخ الإصدار: 05/5/15	مراجعة رقم: 4	تاريخ المراجعة: 2014/8/14	صفحة 1 من 9
--------------------------	--------------	------------------------	---------------	---------------------------	-------------

ك.ع.

Activity/ Main activities of the company:

1. To own, sell and acquire real estate properties and lands and develop the same to the account of the company inside the State of Kuwait and abroad; and to manage properties for third parties in accordance with the provisions stipulated under the existing laws and the restrictions on construction of private housing plots in the manner stipulated under these laws.
2. To own, sell and acquire stocks and bonds of real estate companies for the account of the company only inside Kuwait and abroad.
3. To prepare studies and provide consultancies in the field of real estate of all types; provided that the service provider meets the required conditions.
4. To own and manage hotels, health clubs and touristic facilities and to rent and lease the same.
5. To carry-out all maintenance works at the buildings and real estate properties owned by the company, including all civil, mechanical and electrical works, elevators and air conditioning works in a way that maintains the safety of the buildings.
6. To manage, operate, invest, lease and rent hotels, clubs, motels, entertainment houses, rest places, gardens, parks, exhibitions, restaurants, cafes, residential compounds, touristic and health spas, entertainment and sports facilities and stores at different levels and grades, including all principal and auxiliary services, appended facilities and other services required therefore.
7. To organize real estate exhibitions related to the real estate projects of the company pursuant to the regulations set forth by the Ministry.
8. To hold real estate bids pursuant to the regulations set forth by the Ministry.
9. To own and manage commercial markets and housing complexes.
10. To establish and manage real estate investment funds after obtaining the approval of the Central Bank of Kuwait.
11. To utilize financial surpluses available for the company by investing the same in financial portfolios managed by competent companies and entities.

نود إفادتكم بأن مجلس إدارة الشركة قد اجتمع يوم الإثنين الموافق 2016/10/24 في تمام الساعة 01:00 ظ، واعتمد البيانات المالية المرحلية عن الربع الثالث لفترة التسعة أشهر المنتهية في 2016/09/30، وفقاً لما يلي :-

We would like to inform you that the Company's board of directors has held a meeting on **Monday at 01:00 pm** and has approved the Company's interim financial statements for the nine month period ended at 30/09/2016 in accordance to the following:



شركة منشآت للمشاريع العقارية ش.م.ك. (عامة)

صفحة 2 من 9	تاريخ المراجعة: 2014/8/14	مراجعة رقم: 4	تاريخ الإصدار: 05/9/15	إصدار رقم: 1	نموذج رقم: QF-FSA-0102-A
-------------	---------------------------	---------------	------------------------	--------------	--------------------------

30/9/15

(1) البيانات المالية المرحلية للشركة :

البيان Statement	الربع الثالث - فترة الثلاثة أشهر المنتهية في 30/09/2016 (الفترة الحالية) Third quarter- three month period ended at 30/09/2016 (Current period) Amounts in Kuwaiti Dinars	الربع الثالث - فترة الثلاثة أشهر المنتهية في 30/09/2015 (الفترة المقارنة) Third quarter- three month period ended at 30/09/2015 (Comparative period) Amounts in Kuwaiti Dinars	نسبة التغير Change %	الربع الثالث - فترة التسعة أشهر المنتهية في 30/09/2016 (الفترة الحالية) Third quarter- Nine month period ended at 30/09/2016 (Current period) Amounts in Kuwaiti Dinars	الربع الثالث - فترة التسعة أشهر المنتهية في 30/09/2015 (الفترة المقارنة) Third quarter- month period ended at 30/09/2015 (Comparative period) Amounts in Kuwaiti Dinars	نسبة التغير Change %
• بيان الدخل المجموع Consolidated Statement of Income	(222,607)	2,381,982	%109-	(2,935,707)	4,775,052	%161-
صافي الربح / (الخسارة) * Net profit/(loss)*	(1)	7	%114-	(9)	15	%160-
ربحية / (خسارة) السهم - فلس Earnings per share - fils**						



منشآت

شركة منشآت للمشاريع العقارية ش.م.ك (عامه)
Munshaat Real Estate Projects Co. K.S.C. (Public)

٥٦

بيان الإيرادات و الأرباح التشغيلية Statement of Revenue & Operating Profit						
إجمالي الإيرادات التشغيلية Total operating revenue	755,480	2,157,378	%65-	(146,260)	4,627,055	%103-
صافي الربح / (الخسارة) التشغيلي Net Operating profit/(loss)	755,480	2,157,378	%65-	(146,260)	4,627,055	%103-
بيان المركز المالي Statement of Financial Position						
الموجودات المتداولة Current Assets				14,752,232	16,763,841	%12-
إجمالي الموجودات Total Assets				154,336,805	154,258,219	%0
المطلوبات المتداولة Current liabilities				48,069,855	46,191,934	%4
إجمالي المطلوبات Total liabilities				74,842,400	66,817,436	%12
إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total equity attributable to the owners of the parent Company				77,674,513	82,908,572	%6-

*صافي الربح (الخسارة) هو الخاص بمساهمي الشركة الأم.

Net profit (loss) represents the amount attributable to the owners of the parent Company

**Basic Earnings per share

** ربحية (خسارة) السهم الأساسية.

نموذج رقم: QF-FSA-0102-A	إصدار رقم: 1	تاريخ الإصدار: 05/5/15	مراجعة رقم: 4	تاريخ المراجعة: 2014/8/14	صفحة 4 من 9
--------------------------	--------------	------------------------	---------------	---------------------------	-------------

• يعود سبب الانخفاض في صافي الربح إلى :

1. تغيرات بالسلب قدرها 10,848,338 دينار كويتي وبيانها كالتالي:

- (أ) تسجيل خسائر ناتجة عن تشغيل عقار مستأجر للفترة المنتهية في 30 سبتمبر 2016 بصافي مبلغ وقدره 2,978,749 دينار كويتي.
(ب) تسجيل أرباح من إطفاء مطلوبات مالية للفترة المقارنة المنتهية في 30 سبتمبر 2015 بصافي مبلغ وقدره 3,752,978 دينار كويتي، في حين لم يتم تسجيل أرباح إطفاء مطلوبات مالية للفترة الحالية المنتهية في 30 يونيو 2016.
(ج) انخفاض الربح الناتج من حصة في نتائج شركات زميلة عن الفترة المقارنة بمبلغ 1,585,953 دينار كويتي.
(د) انخفاض الربح الناتج من تحويل عملات أجنبية عن السنة المقارنة بمبلغ 839,083 دينار كويتي.
(هـ) ارتفاع تكاليف التمويل عن السنة المقارنة بمبلغ 761,616 دينار كويتي.
(و) انخفاض الإيرادات الأخرى عن السنة المقارنة بمبلغ 633,193 دينار كويتي.
(ز) انخفاض في إيرادات توزيعات أرباح عن السنة المقارنة بمبلغ وقدره 296,766 دينار كويتي.

2. تغيرات بالإيجاب قدرها 2,026,841 دينار كويتي وبيانها كالتالي:

- (أ) تسجيل خسائر من دمج أعمال بمبلغ 2,026,841 مليون دينار كويتي للفترة المقارنة المنتهية في 30 سبتمبر 2015، في حين لم يتم تسجيل خسائر من دمج أعمال للفترة الحالية المنتهية في 30 سبتمبر 2016.

• The decrease in the net profit is due to the followings:

1. Negative change by an amount of KD 10,848,338 as the following:

- a) Recording of loss from operating of leasehold property for the current period ended 30 September 2016 by net amount of KD 2,978,749.
b) Recording of gain from extinguishment of financial liabilities for the comparative period ended 30 September 2015 by net amount of KD 3,752,978 (KD Nil for the current period ended 30 June 2016).
c) Decrease in Share of results of associates by an amount of KD 1,585,953 for the comparative period.
d) Decrease in foreign exchange gain by an amount of KD 839,083 for the comparative period.
e) Increase in finance cost by an amount of KD 761,616 for the comparative period.
f) Decrease in other income by an amount of KD 633,193 for the comparative period.
g) Decrease in Dividends income by an amount of KD 296,766 for the comparative period.

2. Positive change by an amount of KD 2,026,841 as the following:

- a) Recording of loss from business combination for the comparative period ended 30 September 2015 by net amount of KD 2,026,841 (KD Nil for the current period ended 30 September 2016).

- بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة مبلغ 439,224 دينار كويتي.
- Total revenues realized from dealing with related parties amounting to KD 439,224.
- بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة مبلغ 707,181 دينار كويتي.
- Total expenditures incurred from dealing with related parties amounting to KD 707,181.



كس

(2) الإيرادات التشغيلية للشركة : Company's Operating Revenues

الربع الثالث - فترة الثلاثة أشهر المنتهية في 2015/09/30 (الفترة المقارنة) Third quarter- three month period ended at 30/09/2015 (Comparative period)		الربع الثالث - فترة الثلاثة أشهر المنتهية في 2016/09/30 (الفترة الحالية) Third quarter- three month period ended at 30/09/2016 (Current period)		النشاط activity
النسبة إلى إجمالي الإيرادات Percentage to total revenues	المبلغ بالدينار الكويتي Amount in Kuwaiti Dinars	النسبة إلى إجمالي الإيرادات Percentage to total revenues	المبلغ بالدينار الكويتي Amount in Kuwaiti Dinars	
%8	234,683	%13	149,920	أتعاب إدارة
%39	1,164,863	%45	518,419	إيرادات من عقارات استثمارية
%1-	(39,009)	%2-	(18,587)	خسائر غير محققة من موجودات مالية بالقيمة العادلة من خلال الأرباح أو الخسائر
%0	0	%0	0	إيرادات توزيعات أرباح
%26	796,841	%33	382,427	حصة في نتائج شركات زميلة
%0	0	%24-	(276,699)	خسائر تشغيل عقار مستأجر



شركة منشآت للعقارية ش.م.ك (عامة)
Munshat Real Estate Projects Co. B.S.C. (Public)

حسب

الربع الثالث - فترة التسعة أشهر المنتهية في 2015/09/30 (الفترة المقارنة) Third quarter - Nine month period ended at 30/09/2015 (compared year)		الربع الثالث - فترة التسعة أشهر المنتهية في 2016/09/30 (الفترة الحالية) Third quarter - Nine month period ended at 30/09/2016 (Current period)		النشاط Activity
النسبة إلى إجمالي الإيرادات Percentage to total revenues	المبلغ بالدينار الكويتي Amount in Kuwaiti Dinars	النسبة إلى إجمالي الإيرادات Percentage to total revenues	المبلغ بالدينار الكويتي Amount in Kuwaiti Dinars	
%6	575,582	%14	432,069	أتعاب إدارة
%20	1,893,813	%69	2,159,327	إيرادات من عقارات إستثمارية
%1-	(69,016)	%3-	(84,864)	خسائر غير محققة من موجودات مالية بالقيمة العادلة من خلال الأرباح أو الخسائر
%4	369,325	%2	72,559	إيرادات توزيعات أرباح
%20	1,839,351	%8	253,398	حصة في نتائج شركات زميلة
%0	0	%95-	(2,978,749)	خسائر تشغيل عقار مستأجر
%0	18,000	%0	0	أرباح بيع استثمارات متاحة للبيع

يقصد بالإيرادات التشغيلية جميع الإيرادات الناتجة عن الأنشطة الرئيسية للشركة و ذلك وفقاً لمعايير المحاسبة الدولية.

Operating revenues represents all revenues resulting from the Company's main activities recognized in accordance with the International Accounting Standards.



شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C. (Public)

(3) تفاصيل (التحفظات / التأكيدات على بعض الجوانب / الفقرات توضيحية) الواردة في تقرير مراقبي الحسابات :

(أ) نلفت الانتباه إلى إيضاح 8 حول المعلومات المالية المرحلية المجمعة، الذي يبين أن الشركة الأم قد استلمت مذكرة بمطالبة ضريبية بمبلغ 1,891 مليون ريال سعودي (ما يعادل 153 مليون دينار كويتي) من مصلحة الزكاة والدخل ("المصلحة") بالمملكة العربية السعودية ("المطالبة الضريبية"). ورداً على المطالبة الضريبية، قامت الشركة الأم بتقديم كتاب اعتراض لدى المصلحة. استناداً إلى استشارة مستشار ضريبي، قدرت إدارة الشركة الأم وسجلت التزام ضريبي محتمل بمبلغ 12.6 مليون دينار كويتي في المعلومات المالية المرحلية المجمعة كما في 30 سبتمبر 2016. وعلى الرغم من الحقائق المذكورة أعلاه، فإنه يوجد عدم تأكيد مادي فيما يتعلق بنتيجة المطالبة الضريبية. يمثل المخصص المدرج في الدفاتر كما في 30 سبتمبر 2016 أفضل تقدير من إدارة الشركة الأم.

(ب) نلفت الانتباه إلى إيضاح 10 حول المعلومات المالية المرحلية المجمعة والذي يبين أنه خلال عام 2015، قام مقاول أحد عقارات المجموعة في المملكة العربية السعودية برفع دعوى للمطالبة بمبلغ 501 مليون ريال سعودي (ما يعادل 41 مليون دينار كويتي) من الشركة الأم وقد قامت الشركة الأم في المقابل برفع دعوى مضادة للمطالبة بمبلغ 627 مليون ريال سعودي (ما يعادل 51 مليون دينار كويتي) ضد نفس المقاول وذلك للتأخير في انجاز المشروع. إن الدعوى قيد التحكيم حالياً لدى لجنة التحكيم السعودية. وترى إدارة الشركة الأم، استناداً إلى استشارة من مستشار قانوني مستقل، أن قرار التحكيم من المرجح أن يكون لصالح الشركة الأم، وبالتالي لم يتم إدراج أي مخصص لقاء هذه المطالبة في المعلومات المالية المرحلية المجمعة كما في 30 سبتمبر 2016.



شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C. (Public)

3) Details of(qualifications, emphasis of matters, and explanatory paragraphs) included in the auditors' report.

- a) We draw attention to Note 8 to the interim consolidated financial information, which states that Parent Company has received a tax demand notice amounting to SAR 1,891 million (equivalent to KD 153 million) from the Department of Zakat and Income Tax ("DZIT), Kingdom of Saudi Arabia ("tax claim"). In response to the tax claim, the Parent Company has filed an objection letter with DZIT. Based on the advice from a tax consultant, the management of the Parent Company has estimated and recorded a potential tax liability of KD 12.6 million in the interim consolidated statement of financial information as at 30 September 2016. Notwithstanding the above facts, there is a significant material uncertainty as to the outcome of the tax claim. The provision made in the books as at 30 September 2016 represents the best estimate from the management of the Parent Company.
- b) We draw attention to Note 10 to the interim consolidated financial information, which describes that, during the year 2015, the contractor of one of the properties of the Group in Kingdom of Saudi Arabia has claimed an amount of SAR 501 million (equivalent to KD 41 million) from the Parent Company and the Parent Company has counter claimed an amount of SAR 627 million (equivalent to KD 51 million) on the same contractor for the delay in completing the project. The claim is currently under arbitration in the Saudi Arbitration Committee. The management of the Parent Company, based on the advice from an independent legal counsel, believes that the outcome of the arbitration ruling would most probably be in favour of the Parent Company and hence no provision has been made for this claim in the interim consolidated financial information as at 30 September 2016.

توقيع وختم الشركة
Company's signature and seal



منشآت
شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C. (Public)



Building a better
working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

EY ERNST & YOUNG

AL AIBAN, AL OSAIMI & PARTNERS

See Our Report Dated

23 OCT 2016

EY

INITIALED FOR IDENTIFICATION
PURPOSES ONLY



**BAKER TILLY
KUWAIT**

Audit, tax and consulting
P.O.Box 1486 Safat 13015
Kuwait

T: +965 1 88 77 99
F: +965 2294 2651

info@bakertillykuwait.com
www.bakertillykuwait.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MUNSHAAT REAL ESTATE PROJECTS COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Munshaat Real Estate Projects Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), as at 30 September 2016, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months period then 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 of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard, IAS 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, it 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 IAS 34.

Emphasis of Matter

- a) We draw attention to Note 8 to the interim condensed consolidated financial information, which states that Parent Company has received a tax demand notice amounting to SAR 1,891 million (equivalent to KD 153 million) from the Department of Zakat and Income Tax ('DZIT), Kingdom of Saudi Arabia ("tax claim"). In response to the tax claim, the Parent Company has filed an objection letter with DZIT. Based on the advice from a tax consultant, the management of the Parent Company has estimated and recorded a potential tax liability of KD 12.6 million in the interim condensed consolidated statement of financial position as at 30 September 2016. Notwithstanding the above facts, there is a significant material uncertainty as to the outcome of the tax claim. The provision made in the books as at 30 September 2016 represents the best estimate from the management of the Parent Company.

منشآت

شركة منشآت للمشاريع العقارية ش.م.ك. (عامة)
Munshaat Real Estate Projects Co. K.S.C. (Public)

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION TO THE BOARD OF DIRECTORS OF MUNSHAAT REAL ESTATE
PROJECTS COMPANY K.S.C.P. (continued)**

Emphasis of Matter (continued)

- b) We draw attention to Note 10 to the interim condensed consolidated financial information, which describes that, during the year 2015, the contractor of one of the properties of the Group in Kingdom of Saudi Arabia has claimed an amount of SAR 501 million (equivalent to KD 41 million) from the Parent Company and the Parent Company has counter claimed an amount of SAR 627 million (equivalent to KD 51 million) on the same contractor for the delay in completing the project. The claim is currently under arbitration with the Saudi Arbitration Committee. The management of the Parent Company, based on the advice from an independent legal counsel, believes that the outcome of the arbitration ruling would most probably be in favour of the Parent Company and hence no provision has been made for this claim in the interim condensed consolidated financial information as at 30 September 2016.

Our conclusion is not qualified for the above matters.

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 Companies Law No. 1 of 2016 and its executive regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the nine months period ended 30 September 2016 that might have had a material effect on the business of the Parent Company 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 nine months period ended 30 September 2016 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
EY
AL AIBAN, AL OSAIMI & PARTNERS

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

Kuwait

EY ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS
See Our Report Dated

23 OCT 2016


INITIALLED FOR IDENTIFICATION
PURPOSES ONLY



شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C. (Public)

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)
For the period ended 30 September 2016

		Three months ended 30 September		Nine months ended 30 September	
	Notes	2016 KD	2015 KD	2016 KD	2015 KD
Operating revenue	3	2,448,581	-	4,227,717	-
Operating cost	3	(2,725,280)	-	(7,206,466)	-
Gross loss		(276,699)	-	(2,978,749)	-
Income					
Management fees		149,920	234,683	432,069	575,582
Net income from investment properties and leasehold property		518,419	1,164,863	2,159,327	1,893,813
Gain on sale of financial assets available for sale		-	-	-	18,000
Unrealised loss from financial asset at fair value through statement of income		(18,587)	(39,009)	(84,864)	(69,016)
Gain from extinguishment of financial liabilities		-	-	-	3,752,978
Finance income		644	4,130	9,953	28,264
Dividend income		-	-	72,559	369,325
Other income		116,556	854,421	286,427	919,620
Share of results of associates		382,427	796,841	253,398	1,839,351
		1,149,379	3,015,929	3,128,869	9,327,917
Expenses					
General and administrative expenses	INITIALLED FOR IDENTIFICATION PURPOSES ONLY	(658,859)	(540,040)	(2,397,086)	(2,182,381)
Depreciation		(4,500)	(15,953)	(23,109)	(55,256)
Finance costs		(488,847)	(93,337)	(1,259,048)	(497,432)
Net write back of impairment loss on accounts receivable		-	55,054	-	159,663
Net loss on business combination		-	-	-	(2,026,841)
Foreign exchange (loss) gain		(69,455)	578,892	(112,428)	726,655
		(1,221,661)	(15,384)	(3,791,671)	(3,875,592)
(Loss) profit for the period before contribution to Kuwait Foundation of Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and overseas taxation		(348,981)	3,000,545	(3,641,551)	5,452,325
Contribution to KFAS		-	(18,684)	-	(43,120)
NLST		-	(51,604)	-	(114,228)
Zakat		-	(24,197)	-	(56,330)
Overseas taxation		(3,467)	-	(68,545)	-
(Loss) profit for the period		(352,448)	2,906,060	(3,710,096)	5,238,647
Attributable to:					
Equity holders of the Parent Company		(222,607)	2,381,982	(2,935,707)	4,775,052
Non-controlling interests		(129,841)	524,078	(774,389)	463,595
(Loss) profit for the period		(352,448)	2,906,060	(3,710,096)	5,238,647
Basic and diluted (loss) earnings per share attributable to the equity holders of the Parent Company	4	(1) Fils	7 Fils	(9) Fils	15 Fils



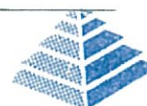
The attached notes 1 to 11 form part of this interim condensed consolidated financial information.
Munshaat Real Estate Projects Co. K.S.C.P. (Public)

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)**
As at 30 September 2016

	Notes	30 September 2016 KD	(Audited) 31 December 2015 KD	30 September 2015 KD
ASSETS				
Non-current assets				
Furniture and computers		78,100	81,662	93,031
Leasehold property		70,948,614	76,225,925	60,977,698
Investment properties		19,553,716	20,064,117	20,643,977
Prepaid operating lease		2,430,300	2,430,300	1,222,470
Investment in associates		39,661,172	43,159,298	47,157,297
Financial assets available for sale		6,912,671	7,173,083	7,399,905
		139,584,573	149,134,385	137,494,378
Current assets				
Financial asset at fair value through statement of income		159,313	244,177	231,049
Accounts receivable and prepayments		8,754,113	8,129,743	5,917,492
Trading properties		545,902	545,902	-
Bank balances and cash		5,292,904	10,523,839	10,615,300
		14,752,232	19,443,661	16,763,841
TOTAL ASSETS		154,336,805	168,578,046	154,258,219
EQUITY AND LIABILITIES				
Equity				
Share capital		32,200,000	32,200,000	32,200,000
Share premium		12,400,000	12,400,000	12,400,000
Statutory reserve		11,216,178	11,216,178	11,169,484
Voluntary reserve		6,789,172	6,789,172	6,742,478
Cumulative changes in fair values		1,131,353	1,042,855	851,534
Revaluation reserve		2,460,249	2,532,504	1,275,123
Foreign currency translation reserve		(154,085)	(181,693)	(132,854)
Retained earnings		11,631,646	14,495,098	18,402,807
Equity attributable to equity holders of the Parent Company		77,674,513	80,494,114	82,908,572
Non-controlling interests		1,819,892	3,135,059	4,532,211
Total equity		79,494,405	83,629,173	87,440,783
Liabilities				
Non-current liabilities				
Employees' end of service benefits		929,657	810,171	781,744
Islamic finance payables	7	21,226,967	19,243,259	17,504,400
Obligations under finance leases		1,646,677	1,730,184	1,694,292
Accounts payable and accruals		2,969,244	647,513	645,066
		26,772,545	22,431,127	20,625,502
Current liabilities				
Islamic finance payables	7	6,896,903	6,884,930	6,868,458
Obligations under finance leases		75,487	81,044	80,714
Accounts payable and accruals	8	41,097,465	55,551,772	39,242,762
		48,069,855	62,517,746	46,191,934
Total liabilities		74,842,400	84,948,873	66,817,436
TOTAL EQUITY AND LIABILITIES		154,336,805	168,578,046	154,258,219

Zeyad Tareq Abdulmohsen Al-Mukhaizeem
Chairman

Abdulaziz Ahmad Yousef Alsaqer
Chief Executive Officer



The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

منشآت

شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C. (Public)

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

23 OCT 2016

EY

3 OPERATING REVENUE AND COST

INITIALLED FOR IDENTIFICATION PURPOSES ONLY

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Operating revenue				
Hotel revenue	2,448,581	-	4,227,717	-
Operating cost				
Hotel operating cost	(1,607,578)	-	(4,221,411)	-
Amortisation of leasehold property	(1,117,702)	-	(2,985,055)	-
	(2,725,280)	-	(7,206,466)	-

4 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share attributable to the equity holders of the Parent Company are calculated by dividing the (loss) profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
(Loss) profit for the period attributable to the equity holders of the Parent Company (KD)	(222,607)	2,381,982	(2,935,707)	4,775,052
Weighted average number of ordinary shares outstanding during the period (shares)	322,000,000	322,000,000	322,000,000	322,000,000
Basic and diluted (loss) earnings per share attributable to the equity holders of the Parent Company	(1) Fils	7 Fils	(9) Fils	15 Fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

5 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties including hotel operator. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Ultimate Parent Company KD</i>	<i>Intermediate Parent Company KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>Nine months ended 30 September</i>	
					<i>2016 KD</i>	<i>2015 KD</i>
Management fees	-	-	160,422	271,647	432,069	575,582
Finance income	7,155	-	-	-	7,155	8,603
Finance costs	(681,846)	(25,335)	-	-	(707,181)	(185,364)



Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

5 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	Ultimate Parent Company KD	Intermediate Parent Company KD	Major shareholders KD	Associates KD	Other related parties KD	30 September 2016 KD	(Audited) 31 December 2015 KD	30 September 2015 KD
Financial assets available for sale	-	-	-	-	3,918,375	3,918,375	4,178,787	4,984,783
Financial asset at fair value through statement of income	-	-	159,313	-	-	159,313	244,177	231,049
Bank balances and cash	2,590,688	-	-	-	-	2,590,688	3,066,285	1,928,357
Accounts receivable and prepayments	-	-	-	-	3,586,318	3,586,318	3,101,684	927,634
Accounts payable and accruals (current and non-current)	-	-	2,345,577	10,241,582	50,100	12,637,259	19,105,299	28,376,033
Islamic finance payables	21,226,967	896,903	-	-	-	22,123,870	20,128,189	18,372,859
Transactions:								
Sale of leasehold property	-	-	-	-	-	-	-	74,237

Compensation of key management personnel

The remuneration of directors in their capacity as executives and other members of key management, during the period were as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2016 KD	2015 KD	2016 KD	2015 KD
Salaries and short-term benefits	164,300	122,300	489,255	384,813
Employee's end of service benefits	16,497	12,345	59,510	59,246
	<u>180,797</u>	<u>134,645</u>	<u>548,765</u>	<u>444,059</u>



منشآت

شركة منشآت للمشاريع العقارية ش.م.ك. (عمومية)
Munshaat Real Estate Projects Co. K.S.C. (Public)

EY ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS
See Our Report Dated

23 OCT 2016

EY

INITIALLED FOR IDENTIFICATION
PURPOSES ONLY

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**
As at 30 September 2016



6 SHARE CAPITAL

	30 September 2016 KD	(Audited) 31 December 2015 KD	30 September 2015 KD
Authorised, issued and paid up capital consists of 322,000,000 (31 December 2015: 322,000,000 and 30 September 2015: 322,000,000) shares of 100 fils each, paid in cash.	<u>32,200,000</u>	<u>32,200,000</u>	<u>32,200,000</u>

The board of directors has not recommended cash dividend for the financial year ended 31 December 2015 which has been approved at the Annual General Meeting of the shareholders held on 26 May 2016.

The cash dividend proposed of 5 fils per share for the year end 31 December 2014 was paid to the shareholders registered in the Parent Company's records as of the Annual General Meeting date.

7 ISLAMIC FINANCE PAYABLES

	 EY ERNST & YOUNG AL AIBAN, AL OSAIMI & PARTNERS See Our Report Dated	30 September 2016 KD	(Audited) 31 December 2015 KD	30 September 2015 KD
Murabaha payables - current		6,962,492	6,914,798	6,986,254
Less: deferred profit payable	23 OCT 2016	(65,589)	(29,868)	(117,796)
Ijara payable – non current	 INITIALLED FOR IDENTIFICATION PURPOSES ONLY	6,896,903 <u>21,226,967</u>	6,884,930 <u>19,243,259</u>	6,868,458 <u>17,504,400</u>
		<u>28,123,870</u>	<u>26,128,189</u>	<u>24,372,858</u>

Murabaha payables amounting to KD 6,065,589 (31 December 2015: KD 6,011,507 and 30 September 2015: KD 6,087,123) are secured by an investment property with a carrying value of KD 10,550,000 (31 December 2015: KD 10,550,000 and 30 September 2015: KD 11,209,000).

Ijara payable represents facility amounting to KD 25 million taken by one of the subsidiaries of the Group from the Ultimate Parent Company for a period of 5 years, which will be automatically and compulsorily renewed till the complete payment of the financing amount and profit.

8 ACCOUNTS PAYABLE AND ACCRUALS

On 5 January 2016, the Parent Company received a demand notice for SAR 1,891 million (equivalent to KD 153 million) from the Department of Zakat and Income Tax ("DZIT"), Kingdom of Saudi Arabia for the years 2003 to 2013 and claimed Capital gains tax, corporate income tax, withholding tax and penalties ("tax claim"). Refer 31 December 2015 consolidated financial statements for details.

The management of Munshaat believes that the tax claim does not reflect the correct application of tax laws in the Kingdom of Saudi Arabia, the correct nature of the operations of Munshaat and also the underlying numbers used in the computation of tax claim are significantly different from the actual results of operations. Further, the management of Munshaat has appointed a tax consultant in the Kingdom of Saudi Arabia to review the tax claim and has filed an objection letter dated 2 March 2016 with DZIT.

The management of Parent Company, based on the advice from a tax consultant, has computed the estimated impact of the aforesaid tax claim at the Group level and recorded a tax liability of KD 12,669,228 as at 30 September 2016 and included in accounts payable and accruals. However, as on the date of these interim condensed consolidated financial information there is a significant uncertainty as to the outcome of the tax claim. The provision recorded represents the best estimate of the tax liability that may arise from the tax claim.

Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

23 OCT 2016

EY

INITIALLED FOR IDENTIFICATION
PURPOSES ONLY

8 ACCOUNTS PAYABLE AND ACCRUALS (continued)

As at 30 September 2015, an amount of KD 6,471,007 was netted against the leasehold property representing charges payable to a development authority in the Kingdom of Saudi Arabia for the period 2008 to 2015. This amount has been reclassified to accounts payable and accruals in the interim condensed consolidated statement of financial position as at 30 September 2015 to conform to the current period's presentation. This reclassification did not result in any change to the profit or equity of the Group for the period ended 30 September 2015.

9 SEGMENTAL INFORMATION

For management purpose, the Group is organised into two major business segments. The principal activities and services under these segments are as follows:

Real estate & property management: Purchase, sale, development, renting and managing of properties.

Investment: Managing portfolio of investments.

The following table presents information relating to revenue and results of the Group for the nine months ended 30 September 2016 and 30 September 2015.

Nine months ended 30 September 2016	<i>Real estate & property management KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
Segment revenue	6,819,113	335,910	286,427	7,441,450
Segment results	(4,247,569)	251,046	286,427	(3,710,096)
<i>Real estate & property management KD</i>				
Nine months ended 30 September 2015		<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
Segment revenue	3,318,204	2,185,924	70,811	5,574,939
Segment results	3,057,745	2,110,091	70,811	5,238,647

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2016, 31 December 2015 and 30 September 2015:

	<i>Real estate & property management KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
As at 30 September 2016				
Segment assets	100,685,250	46,733,156	6,918,399	154,336,805
Segment liabilities	72,778,756	-	2,063,644	74,842,400
As at 31 December 2015 (Audited)				
Segment assets	102,040,944	50,576,558	15,960,544	168,578,046
Segment liabilities	82,703,967	-	2,244,906	84,948,873
As at 30 September 2015				
Segment assets	87,210,510	54,788,251	12,259,458	154,258,219
Segment liabilities	64,593,357	-	2,224,079	66,817,436



Munshaat Real Estate Projects Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2016

INITIALLED FOR IDENTIFICATION
PURPOSES ONLY

10 COMMITMENTS AND CONTINGENT LIABILITIES

At 30 September 2016, the Group had capital commitments in respect of construction cost amounting to KD 3,142,507 (31 December 2015: KD 4,865,272 and 30 September 2015: KD 6,105,962).

During the year 2015, the contractor of one of the properties of the Group in Kingdom of Saudi Arabia has claimed a penalty of SAR 501 million (equivalent to KD 41 million) from the Parent Company for the delay in the execution of the project and various other related costs and the Parent Company has counter claimed an amount of SAR 627 million (equivalent to KD 51 million) on the same contractor for the delay in handing over the project and operational losses. The dispute has been referred to Saudi Arbitration Committee and as on the date of this interim condensed consolidated financial information, the trial is in progress and the management of the Parent Company, based on the advice from the legal counsel representing the Parent Company in the aforesaid arbitration, believes that the outcome of the arbitration ruling will be in favour of Parent Company and also the counter claim filed by the Parent Company on the contractor is higher than the amount claimed by the contractor. Accordingly, as at 30 September 2016, the Group has not made any provision against this claim in the interim condensed consolidated financial information (31 December 2015: KD Nil and 30 September 2015: KD Nil).

11 FAIR VALUES

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurements directly or indirectly observable).

Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurements unobservable).

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 30 September 2016, 31 December 2015 and 30 September 2015, the Group held the following classes of financial instruments measured at fair value:

Financial assets measured at fair value	Total KD	Level 1 KD	Level 3 KD
30 September 2016			
Financial assets available for sale	6,348,056	-	6,348,056
Financial asset at fair value through statement of income	159,313	159,313	-
31 December 2015 (Audited)			
Financial assets available for sale	6,608,468	-	6,608,468
Financial asset at fair value through statement of income	244,177	244,177	-
30 September 2015			
Financial assets available for sale	6,835,290	-	6,835,290
Financial asset at fair value through statement of income	231,049	231,049	-

During the nine months period ended 30 September 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The fair values of financial instruments (financial assets and financial liabilities), with the exception of certain financial assets available for sale carried at cost amounting to KD 564,615 (31 December 2015: KD 564,615 and 30 September 2015: KD 564,615) are not materially different from their carrying values.