



نموذج رقم (.....)

Form No. (.....)

نموذج إعلان البيانات المالية السنوية للشركات المدرجة في سوق الكويت للأوراق المالية

**Annual Financial Statements Disclosures form of the Companies Listed in Kuwait
Stock Exchange**

السنة المالية المنتهية في 2015/12/31: End of fiscal year in
اسم الشركة : شركة منشآت للمشاريع العقارية ش.م.ك.ع. Company's Name
رمز الشركة : منشآت Company's code
رقم الشركة : 433 Company's Number

• النشاط الرئيسي / 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 حظرت 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 المزايدات 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.



منشآت

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

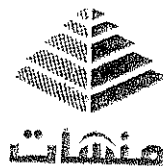


• **Activity/ Main activities of the company:**

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 السبت الموافق 2016/04/02 في تمام الساعة 06:00 مساءً، و اعتمد البيانات المالية السنوية للشركة للسنة المالية المنتهية في 2015/12/31 ، وفقاً لما يلي :-

We would like to inform you that the Company's board of directors has held a meeting on **Saturday 02/04/2016** at **06:00 PM**, and has approved the Company's annual financial statements for the fiscal year ended at **31/12/2015** in accordance to the following :



منهات

شركة منصات المشاريع التجارية ش.م.ك (عامة)

نموذج رقم: QF-FGA-0004	تاريخ الإصدار: 05/5/15	مراجعة رقم: 4	تاريخ المراجعة: 2014/8/14	صفحة 2 من 10
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مشاريع

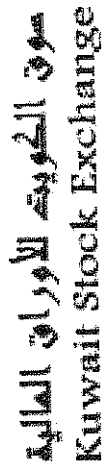
شركة منشآت للمشروعات العقارية ش.م.ك (عامة)
Munshaat Real Estate Projects Co. K.S.C. (Public)



سوق الكويت للأوراق المالية
Kuwait Stock Exchange

(1) البيانات المالية السنوية للشركة :

نسبة التغير % Change %	السنة المالية المنتهية 2014/12/31 في (السنة المقارنة) المبالغ بالدينار الكويتي Fiscal year ended at 31/12/2014 (Comparative year) Amounts in Kuwaiti Dinars	نسبة التغير Change %	السنة المالية المنتهية 2015/12/31 في (السنة الحالية) المبالغ بالدينار الكويتي Fiscal year ended at 31/12/2015 (current year) Amounts in Kuwaiti Dinars	الربح الرابع - فترة الثلاثة أشهر المنتهية 2014/12/31 في (الفترة المقارنة) المبالغ بالدينار الكويتي Fourth quarter - three month period ended at 31/12/2014 (Comparative period) Amounts in Kuwaiti Dinars	الربح الرابع - فترة الثلاثة أشهر المنتهية 2015/12/31 في (الفترة الحالية) المبالغ بالدينار الكويتي Fourth quarter - three month period ended at 31/12/2015 (Current period) Amounts in Kuwaiti Dinars	البيان Statement
% (92)	11,576,571	% (364)	960,731	1,471,193	(3,890,262)	• بيان الدخل المجموع • Consolidated Statement of Income صافي الربح / (الخسارة) * Net profit/(loss) * ربحية / (خسارة) السهم - فلس ** Earnings per Share - fls**
% (92)	36	% (340)	3	5	(12)	



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

*Basic Earnings per Share

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

** ربحية (خسارة) السهم الأساسية.



شركة منشآت للمشاريع العقارية ش.م.ك (عامة)
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سوق الكويت للأوراق المالية
Kuwait Stock Exchange



• يعود سبب الانخفاض في صافي الربح إلى :

1. انخفاض الربح الناتج من إطفاء مطلوبات مالية عن السنة المقارنة بمبلغ 6.4 مليون دينار كويتي.
2. تسجيل مصروف ضرائب محتملة لصالح مصلحة الزكاة والدخل بالمملكة العربية السعودية بمبلغ 5.2 مليون دينار كويتي وفقا لما تم الإفصاح عنه في حينه.
3. تسجيل خسائر من التغير في القيمة لعقار مستأجر بمبلغ 3.3 مليون دينار كويتي.
4. انخفاض الأرباح من عقارات استثمارية بمبلغ 2.3 مليون دينار كويتي.
5. انخفاض الربح الناتج من حصة في نتائج شركات زميلة بمبلغ 1.5 مليون دينار كويتي.
6. تسجيل خسائر من دمج أعمال بمبلغ 2 مليون دينار كويتي.
7. تسجيل أرباح من رد مخصصات إنتفى الغرض منها بمبلغ 6.2 مليون دينار كويتي.
8. زيادة الإيرادات الأخرى عن السنة المقارنة بمبلغ مليون دينار كويتي.

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

1. Decrease in the profit from extinguishment of liabilities of the comparative year by an amount of KD 6.4 M.
2. Recording of Potential Tax Expenses for "DZIT" by an amount of KD 5.2 M, as been announced timely.
3. Recording loss from change in value of leasehold property by an amount of KD 3.3 M.
4. Decrease in Investment Properties gain by an amount of KD 2.3 M.
5. Decrease of the profit from Share of results of associates by an amount of KD 1.5 M.
6. Recording of loss from business combination by an amount of KD 2 M.
7. Recording profit from provision no longer required by an amount of KD 6.2 M.
8. Increase in other income of the comparative year by an amount of KD 1 M.

• بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة مبلغ 1,663,002 دينار كويتي.

- Total revenues realized from dealing with related parties amounting to KD 1,663,002.

• بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة مبلغ 312,284 دينار كويتي.

- Total expenditures incurred from dealing with related parties amounting to KD 312,284.



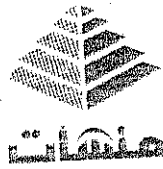
شركة منشآت للمشاريع العقارية ش.م.ك. (عامّة)
Minshat Real Estate Projects Co. K.S.C. (Public)

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Kuwait Stock Exchange



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

الربع الرابع-فترة الثلاثة أشهر المنتهية في 31/12/2014 (الفترة المقارنة) Fourth quarter- three month period ended at 31/12/2014 (Comparative period)		الربع الرابع-فترة الثلاثة أشهر المنتهية في 31/12/2015 (الفترة الحالية) Fourth quarter- three month period ended at 31/12/2015 (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	
% 2	93,126	% (3)	117,358	أتعاب إدارة
% (3)	(150,031)	% 0	13,128	خسائر / أرباح غير محققة من موجودات مالية بالقيمة العادلة من خلال الأرباح أو الخسائر
% 66	3,098,474	% 12	(446,478)	إيرادات من عقارات استثمارية
% 2	83,898	% (1)	(21,824)	أرباح بيع إستثمارات مالية متاحة للبيع
% 2	108,120	% (4)	147,932	إيرادات توزيعات أرباح
% 0	0	% 02	(79,431)	خسائر الإستحواذ علي شركة تابعة
% 27	1,257,968	% 17	(628,203)	حصة في نتائج شركات زميلة
% 0	0	% 91	(3,273,451)	التغير في القيمة العادلة لعقار مستأجر
% 4	188,894	% 0	0	أرباح بيع حصص من شركة زميلة



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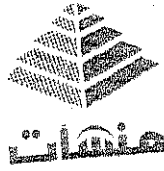
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Kuwait Stock Exchange



السنة المالية المنتهية في 31 / 12 / 2014 (السنة المقارنة) Fiscal year ended at 31/12/2014. (Comparative year)		السنة المالية المنتهية في 31 / 12 / 2015 (السنة الحالية) Fiscal year ended at 13/12/2015 (Current year)		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	
% 7	592,725	% 12	692,940	أتعاب إدارة
% (3)	(242,908)	% (1)	(55,888)	خسائر / أرباح غير محققة من موجودات مالية بالقيمة العادلة من خلال الأرباح أو الخسائر
% 22	3,964,356	% 33	1,892,126	إيرادات من عقارات استثمارية
% 0	83,898	% 0	(3,824)	أرباح بيع إستثمارات مالية متاحة للبيع
% 2	387,578	% 9	517,257	إيرادات توزيعات أرباح
% 0	0	% 56	(2,026,841)	خسائر الإستحواذ علي شركة تابعة
% 15	2,687,664	% 21	1,211,148	حصة في نتائج شركات زميلة
% 0	0	% 91	(3,273,451)	التغير في القيمة العادلة لعقار مستأجر
% 4	188,894	% 0	0	أرباح بيع حصص من شركة زميلة

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.



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

(أ) نلفت الانتباه إلى إيضاح 5 حول البيانات المالية 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 مليون دينار كويتي في البيانات المالية المجمعة كما في 31 ديسمبر 2015 يتضمن حصة الشركة الأم بمبلغ 5.2 مليون دينار كويتي كما هو مبين بالتفصيل في إيضاح 4. وعلى الرغم من الحقائق المذكورة أعلاه، فإنه يوجد عدم تأكد مادي فيما يتعلق بنتيجة المطالبة الضريبية. يمثل المخصص المدرج في الدفاتر كما في 31 ديسمبر 2015 أفضل تقدير من إدارة الشركة الأم.

(ب) نلفت الانتباه إلى إيضاح 19 حول البيانات المالية المجمعة والذي يبين أنه خلال السنة، 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 إنجاز 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 البيانات المالية المجمعة كما في 31 ديسمبر 2015.

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

- a) We draw attention to Note 5 to the consolidated financial statements, 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 million in the consolidated statement of financial position as at 31 December 2015 including the Parent Company's share of KD 5.2 million as detailed in Note 5. 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 31 December 2015 represents the best estimate from the management of the Parent Company.
- b) We draw attention to Note 19 to the consolidated financial statements, which describes that, during the year, 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 consolidated financial statements as at 31 December 2015.



Board of director's recommendations

(4) توصيات مجلس الإدارة :

☒ أوصى مجلس إدارة الشركة عدم توزيع أرباح عن السنة المالية المنتهية في 2015/12/31 علماً بأن هذه التوصية تخضع لموافقة الجمعية العامة و الجهات الرقابية المختصة.

The Company's board of directors recommended not to distribute any dividends for the fiscal year ended 31/12/2015 This recommendation is subject to the approval of the shareholder's at the annual general assembly and the specialized regulating authority.

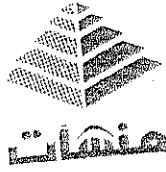
أو Or

☐ أوصى مجلس إدارة الشركة بإجراء التوزيعات التالية عن السنة المالية المنتهية في/...../..... علماً بأن هذه التوصية تخضع لموافقة الجمعية العامة و الجهات الرقابية المختصة.

The Company's board of directors recommended to proceed with the following distributions for the fiscal year ended/...../..... These recommendations are subject to the approval of the shareholder's at the annual general assembly and the specialized regulating authority.

..... فلس كويتي لكل سهمKuwaiti fils per share% من القيمة الاسمية للسهم % of par value	توزيع أرباح نقدية Distribution of cash dividends
..... سهم لكل 100 سهمshares for every 100 shares% من رأس المال المدفوع % of paid up capital	توزيع أسهم منحة Distribution of stock dividends
.....	توزيعات أخرى Other distributions

- مصدر التوزيعات :
 • Source of distributions:



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

سوق الكويت للأوراق المالية
Kuwait Stock Exchange



أوصى مجلس إدارة الشركة بزيادة / (خفض) رأس مال الشركة ، علماً بأن هذه التوصية تخضع لموافقة الجمعية العامة و الجهات الرقابية المختصة ، وذلك وفقاً للآتي:

لا يوجد.

The Company's board of directors recommended to increase/(decrease) the company's capital. These recommendations are subject to the approval of the shareholder's general assembly and the specialized regulating authority, in accordance to the following:

None.

توصيات أخرى :

لا يوجد.

Other recommendations

None.

توقيع و ختم الشركة

Company's signature and seal



Building a better
working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MUNSHAAT REAL ESTATE PROJECTS COMPANY K.S.C.P.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Munshaat Real Estate Projects Company K.S.C.P (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management of the Parent Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the entity's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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See Our Report Dated

02 APR 2016



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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MUNSHAAT REAL ESTATE PROJECTS COMPANY K.S.C.P. (continued)

Report on the consolidated financial statements (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

- a) We draw attention to Note 5 to the consolidated financial statements, 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 million in the consolidated statement of financial position as at 31 December 2015 including the Parent Company's share of KD 5.2 million as detailed in Note 5. 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 31 December 2015 represents the best estimate from the management of the Parent Company.
- b) We draw attention to Note 19 to the consolidated financial statements, which describes that, during the year, 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 consolidated financial statements as at 31 December 2015.

Our opinion is not qualified for the above matters.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidation financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, the executive regulations of Law No. 25 of 2012 and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and the executive regulations of Law No. 25 of 2012 or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2015, that might have had a material effect on the business of the Parent Company or on its financial position.





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We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2015 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.

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

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

2016
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EY ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS
See Our Report Dated

02 APR 2016

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شركة منشآت المشاريع 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
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2015

	Notes	2015 KD	2014 KD
Income			
Management fees	17	692,938	592,725
Net income from investment properties	7	1,892,126	4,548,670
Net loss from change in fair value of leasehold property under development	7	(3,273,450)	(350,560)
(Loss) gain on sale of financial assets available for sale		(3,824)	83,898
Operating costs		(444,791)	-
Gain from extinguishment of financial liabilities	8	3,752,978	10,191,041
Unrealised loss from financial asset at fair value through statement of income		(55,888)	(242,908)
Finance income		55,097	25,933
Dividend income		517,257	387,578
Other income	7	1,371,252	376,595
Share of results of associates	9	1,211,148	2,687,664
Gain from sale of an associate		-	188,894
		5,714,843	18,489,530
Expenses			
General and administrative expenses	3	(3,854,826)	(3,834,488)
Depreciation		(66,984)	(147,739)
Finance costs		(728,812)	(720,404)
Impairment loss on financial assets available for sale	10	(283,290)	-
Write back of provisions no longer required	7	6,174,627	-
Write back of impairment loss on accounts receivable	11	180,557	168,439
Net loss on business combination	4	(2,026,841)	-
Foreign exchange gain		592,521	50,630
		(13,048)	(4,483,562)
Profit for the year before Taxation and Directors' remuneration		5,701,795	14,005,968
Taxation	5	(5,538,444)	(866,698)
Directors' remuneration	17	-	(100,000)
Profit for the year		163,351	13,039,270
Attributable to			
Equity holders of the Parent Company		960,731	11,576,571
Non-controlling interests		(797,380)	1,462,699
Profit for the year		163,351	13,039,270
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	6	3 fils	36 fils



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

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

02 APR 2016

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PURPOSES ONLY

The attached notes 1 to 22 form part of these consolidated financial statements.

Munshaat Real Estate Projects Company K.S.C.P and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 KD	2014 KD
ASSETS			
Non-current assets			
Furniture and computers		81,662	111,476
Leasehold property under development	7	76,225,925	27,725,115
Investment properties	7	20,064,117	20,690,228
Prepaid operating lease	8	2,430,300	1,222,470
Investment in associates	9	43,159,298	53,156,614
Financial assets available for sale	10	7,173,083	7,456,905
		149,134,385	110,362,808
Current assets			
Financial asset at fair value through statement of income		244,177	300,064
Accounts receivable and prepayments	11	8,129,743	17,822,862
Trading properties		545,902	-
Bank balances and cash		10,523,839	9,839,470
		19,443,661	27,962,396
TOTAL ASSETS		168,578,046	138,325,204
EQUITY AND LIABILITIES			
Equity			
Share capital	12	32,200,000	32,200,000
Share premium		12,400,000	12,400,000
Statutory reserve	12	11,216,178	11,169,484
Voluntary reserve	12	6,789,172	6,742,478
Cumulative changes in fair value		1,042,855	820,946
Revaluation reserve		2,532,504	1,329,775
Foreign currency translation reserve		(181,693)	(265,199)
Retained earnings		14,495,098	15,237,755
Equity attributable to equity holders of the Parent Company		80,494,114	79,635,239
Non-controlling interests	13	3,135,059	5,713,713
Total equity		83,629,173	85,348,952
Liabilities			
Non-current liabilities			
Employees' end of service benefits		810,171	657,413
Islamic finance payables	14	19,243,259	721,595
Obligations under finance leases	15	1,730,184	1,706,305
Accounts payable and accruals	16	647,513	626,233
		22,431,127	3,711,546
Current liabilities			
Islamic finance payables	14	6,884,930	6,000,000
Obligations under finance leases	15	81,044	83,254
Accounts payable and accruals	16	55,551,772	43,181,452
		62,517,746	49,264,706
Total liabilities		84,948,873	52,976,252
TOTAL EQUITY AND LIABILITIES		168,578,046	138,325,204

Zeyad Tareq Abdul Mohsen Al Mukhaizeem
Chairman



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

02 APR 2016

The attached notes 1 to 22 form part of these consolidated financial statements.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

5 CONTRIBUTION TO KFAS AND TAXATION

	2015	2014
	KD	KD
Contribution to KFAS	59,432	123,112
Zakat	80,200	243,358
National Labour Support Tax (NLST)	163,952	500,228
Overseas taxation *	5,234,860	-
	<u>5,538,444</u>	<u>866,698</u>

* 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, including the assessment on the Parent Company for the years 2003 to 2013 and claimed Capital gains tax, corporate income tax, withholding tax and penalties ("tax claim"). In addition, DZIT has also claimed penalties for failure to register, non-submission of declarations and the consequential delay penalties at the rate of 1% for every thirty days delay on the settlement of income tax and withholding tax calculated as of the due date and till the payment date. The tax claim covers the transactions of properties owned and/or managed by the Parent Company that includes Zamzam, Bakkah, Mehrab and Dar Al Qiblah towers in the Kingdom of Saudi Arabia.

The management of Parent Company believes that the tax claim do not reflect the correct application of tax laws in the Kingdom of Saudi Arabia, the correct nature of the operations of Parent Company 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 the Parent Company has appointed a tax consultant in the Kingdom of Saudi Arabia to review the tax claim and file an objection letter with DZIT. Accordingly, the tax consultant has filed an objection letter dated 2 March 2016 with DZIT primarily covering the Capital gains tax on the transfer of leasing rights, tax on the lease contracts of Bakkah and Mehrab towers, deemed revenue from the operations of Zamzam tower and the penalties on delays, non-filing, non-registration and evasion of tax.

The management of Parent Company, based on the advice from a tax consultant, has estimated and recorded a potential tax liability of KD 12,004,980, including KD 973,275 provided in previous years, representing Zakat, withholding tax and applicable penalties in the consolidated statement of financial position with a charge of KD 5,234,860 in the consolidated statement of income for the year ended 31 December 2015 including an amount of KD 130,310 arising on consolidation from one of the subsidiaries. The balance KD 5,796,845 has been recorded as receivable from affiliate entities that were also subjected in the tax claim. However, as on the date of these consolidated financial statements there is a significant uncertainty as to the outcome of the tax claim. The provision recorded in the consolidated financial statements for the year ended 31 December 2015 represents the best estimate of the tax liability that may arise from the tax claim.



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

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

02 APR 2016

EY

INITIALED FOR IDENTIFICATION
PURPOSES ONLY

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

17 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 consolidated statement of income are as follows:

	Ultimate Parent Company KD	Intermediate Parent Company KD	Major shareholders KD	Associates KD	Others KD	2015 KD	2014 KD
Management fees	-	-	-	294,017	398,921	692,938	592,725
Other income	-	-	-	-	851,306	851,306	-
Finance income	8,624	-	-	-	-	8,624	25,134
Finance costs	(239,162)	(73,122)	-	-	-	(312,284)	(294,531)
Income from investment properties and leasehold property	-	-	110,133	-	-	110,133	-
Other transactions during the year							
Purchase of Qebela JV	-	-	-	-	-	-	2,465,900
Transfer of Qitaf JV	-	-	-	-	-	-	(1,982,645)
Gain on settlement	-	-	-	-	-	-	(معامه)
Gain on sale of associate	-	-	-	-	-	-	Munshaat Real Estate Projects Co. K.S.C.P. (PHILIE)
Sale of leasehold property	-	-	-	-	-	-	188,894
Write back of receivable provision on acquisition of Qebelah JV (Note 4)	-	74,237	-	-	-	74,237	2,465,900
	-	-	-	-	9,282,849	9,282,849	-

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

	Ultimate Parent Company KD	Intermediate Parent Company KD	Major shareholders KD	Associates KD	Others KD	2015 KD	2014 KD
Financial assets available for sale	-	-	-	-	4,178,787	4,178,787	4,048,616
Financial assets at fair value through statement of income	-	-	244,177	-	-	244,177	300,064
Bank balances and cash	3,066,285	-	-	-	-	3,066,285	1,550,087
Accounts receivable and prepayments	-	-	-	-	3,101,684	3,101,684	14,466,995
Accounts payable and accruals	-	-	-	14,291,906	4,813,393	19,105,299	18,777,281
Islamic finance payables (Note 14)	19,243,259	884,930	-	-	-	20,128,189	721,595

The related party receivable and payable balances includes KD 5,796,845 that represents the amount receivable from affiliate entities on account of the DZIT tax claim (Note 5).

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ALABAW, AL OSAIMI & PARTNERS
Sec Our Report Dated

02 APR 2016

EY

INITIALLED FOR IDENTIFICATION
PURPOSES ONLY

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

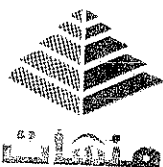
17 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors in their capacity as executives and other members of key management during the year is as follows:

	2015 KD	2014 KD
Salaries and short term benefits	743,285	906,899
Employees' end of service benefits	64,433	108,155
	<u>807,718</u>	<u>1,015,054</u>

The board of directors has recommended directors remuneration of KD Nil (2014: KD 100,000).



شركة منشآت المشاريع العقارية ش.م.ك (عامّة)
Munshaat Real Estate Projects Co. S.C. (Public)

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

02 APR 2016

EY

INITIALLED FOR IDENTIFICATION
PURPOSES ONLY

Munshaat Real Estate Projects Company K.S.C.P and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

19 COMMITMENTS AND CONTINGENCIES

At 31 December 2015, the Group had commitments in respect of construction cost amounting to KD 4,865,272 (2014: KD 1,408,242).

During the year, 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 these consolidated financial statements, 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 developer is higher than the amount claimed by the developer. Accordingly, as at 31 December 2015, the Group has not made any provision against this claim in the consolidated financial statements.



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

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

02 APR 2016

EY

INITIALLED FOR IDENTIFICATION
PURPOSES ONLY