



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

الكويت في : 2018/05/07م

المحترمين

السادة / هيئة أسواق المال

السلام عليكم ورحمة الله وبركاته...

**الموضوع : إعتقاد مجلس الإدارة البيانات المالية المرحلية للربع الأول 2018م**

تهديكم شركة منشآت للمشاريع العقارية (ش.م.ك.ع) أطيب تحياتها متمنية لكم دوام التوفيق والسداد.

بالإشارة إلى الموضوع أعلاه، وعطفاً على كتابنا المؤرخ 2018/05/06م، بشأن موعد إجتماع مجلس إدارة الشركة لمناقشة وإعتقاد البيانات المالية المرحلية عن فترة الربع الأول المنتهية في 2018/03/31م

يرجى التفضل بالعلم بأن مجلس إدارة الشركة قد قرر إعتقاد البيانات المالية المذكورة آنفاً، ونرفق لكم النتائج المالية المعتمدة، للتفضل بالعلم والإحاطة.

وتفضلوا بقبول وافر التقدير والإحترام...

  
داود سليمان البُصيري

رئيس مجلس الإدارة



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

المرفقات:-

- النتائج المالية المعتمدة.

**Quarterly Financial Statement Results Form (Q1)**  
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية المرحلية (الربع الأول)  
الشركات الكويتية (د.ك.)

Financial Quarter Ended on 31 March 2018

31 مارس 2018

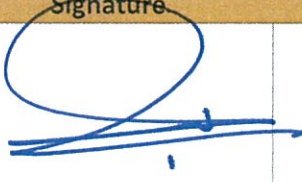

الفترة المرحلية المنتهية في

Company Name	اسم الشركة
Munshaat Real Estate Projects Co. (K.S.C.P)	شركة منشآت للمشاريع العقارية (ش.م.ك.ع)
Board of Directors Meeting Date	تاريخ اجتماع مجلس الإدارة
07 May 2018	07 مايو 2018

التغيير (%)	الربع الأول المقارن	الربع الأول الحالي	البيان
Change (%)	First Quarter	First Quarter	Statement
	Comparative Period	Current Period	
	31/03/2017	31/03/2018	
50%	(1,061,798)	(1,593,477)	صافي الربح/الخسارة الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
50%	(3)	(5)	ربحية/خسارة السهم الأساسية والمخفضة (فلس) Basic & Diluted Earnings per Share (fils)
57%	15,928,540	24,988,000	الموجودات المتداولة Current Assets
18%	151,428,341	178,171,459	إجمالي الموجودات Total Assets
14%	53,222,436	60,647,126	المطلوبات المتداولة Current Liabilities
22%	78,841,058	96,073,546	إجمالي المطلوبات Total Liabilities
11%	72,008,079	79,646,774	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
22%	2,426,528	2,966,645	إجمالي الإيرادات التشغيلية Total Operating Revenue
(542)%	(103,977)	459,572	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
50%	(3%)	(5%)	أرباح (خسائر) مرحلة رأس المال المدفوع Retained Profit (Loss) / Paid-Up Share Capital



سبب ارتفاع/انخفاض صافي الربح/الخسارة	Increase/Decrease in Net Profit/(Loss) is due to
<ul style="list-style-type: none"> <li>• إرتفاع الخسائر الناتجة من حصة في نتائج شركات زميلة.</li> <li>• إرتفاع المصاريف العمومية والإدارية.</li> <li>• إرتفاع تكاليف التمويل.</li> <li>• إرتفاع الخسائر من تحويل عملات أجنبية.</li> <li>• إرتفاع الزكاة والضرائب الأجنبية.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in loss from Share of result of associates.</li> <li>• Increase in General and administration expenses.</li> <li>• Increase in finance cost.</li> <li>• Increase in Net foreign exchange differences Loss.</li> <li>• Increase in Zakat and overseas taxation.</li> </ul>
بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	Total Revenue realized from dealing with related parties (value, KWD)
274,302 دينار كويتي.	274,302 Kuwaiti Dinar.
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	Total Expenditures incurred from dealing with related parties (value, KWD)
336,853 دينار كويتي.	336,853 Kuwaiti Dinar.

الاسم Name	المسمى الوظيفي Title	التوقيع Signature	ختم الشركة Company Seal
داوود سليمان البصري Dawood Sulaiman Al Busairi	رئيس مجلس الإدارة Chairman		

• Auditor Report Attached

• مرفق تقرير مراقب الحسابات



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working world

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## 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 31 March 2018, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month 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 9 to the interim condensed consolidated financial information, regarding material uncertainty relating to the outcome of the tax demand notice issued by the General Authority of Zakat and Tax ('GAZT'), Kingdom of Saudi Arabia in January 2016 ("tax claim"). Based on the advice obtained from an independent tax consultant, the Parent Company has recorded a provision in the books of account as at 31 March 2018, as detailed in Note 9, that represents the best estimate of the ultimate liability on the tax claim, by the management.

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

07 MAY 2018

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**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 the Kingdom of Saudi Arabia has claimed an amount equivalent to KD 41 million from the Parent Company and the Parent Company has filed a counter claim against the same contractor for delay in completing the project for an amount equivalent to KD 51 million. The ultimate outcome of the matter cannot presently be determined, and accordingly no provision for any liability that may result has been made in the interim condensed consolidated financial information as at 31 March 2018.

Our conclusion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the 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, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

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BADER A. AL ABDULJADER  
LICENCE NO. 207-A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

2018  
Kuwait

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

As at and for the period ended 31 March 2018

**7 SHARE CAPITAL**

	31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
Authorised, issued and paid up capital consists of 322,000,000 (31 December 2017: 322,000,000 and 31 March 2017: 322,000,000) shares of 100 fils each, paid in cash.	32,200,000	32,200,000	32,200,000

The board of directors did not propose any dividends for the year ended 31 December 2017. This proposal was approved by the shareholders at the Annual General Assembly meeting (AGM) held on 27 March 2018 (2016: nil).

**8 ISLAMIC FINANCE PAYABLES**

	31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
Murabaha payables - current	5,707,204	5,707,204	6,017,178
Ijara payable - current	1,482,388	1,492,278	-
Less: deferred finance costs payable	(1,798)	(1,798)	(17,178)
Islamic finance payables - current	7,187,794	7,197,684	6,000,000
Ijara payable - non-current	18,743,967	19,928,194	20,522,485
	25,931,761	27,125,878	26,522,485

Murabaha payables amounting to KD 5,707,204 (31 December 2017: KD 5,707,204 and 31 March 2017: KD 6,017,178) are secured by an investment property with a carrying amount of KD 10,550,000 (31 December 2017: KD 10,550,000 and 31 March 2017: KD 10,550,000).

Ijara payable represents facility limit amounting to KD 25 million (31 December 2017: KD 25 million and 31 March 2017: KD 25 million) obtained from the Ultimate Parent Company on 4 January 2012 for a period of 5 years starting from the first draw down date and to be automatically and compulsorily renewed till the complete repayment of the financing amount and profits. During previous year, the Ijara payable contract matured and has been automatically renewed. The repayment of the Ijara facility is to be made from the net operating cash flows of the Al Qebelah tower. The amount of Ijara repayment to be made till March 2019 has been classified as current.

**9 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 General Authority of Zakat and Tax ("GAZT"), Kingdom of Saudi Arabia, for the years 2003 to 2013 and claimed Capital gains tax, corporate income tax, withholding tax and penalties ("tax claim").

The management of the Parent Company 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 the 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 has filed an objection letter dated 2 March 2016 with GAZT.

The management of Parent Company, based on the advice received from the tax consultant, has computed the estimated impact of the tax at the Group level and recorded a tax liability of KD 30,026,351 as at 31 March 2018 (31 December 2017: KD 30,444,311 and 31 March 2017: KD 14,994,438), including the aforepaid tax claim, and included the same under accounts payable and accruals. However, as on the date of these interim condensed consolidated financial information there is a significant uncertainty relating 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.

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

As at and for the period ended 31 March 2018

**9 ACCOUNTS PAYABLE AND ACCRUALS (continued)**

During the period, the management of the Parent Company has reassessed the allocation of the above tax liability between one of the associates of the Group and the Parent Company. This reassessment has resulted in a net impact of KD 515,923 in the share of results of associates disclosed in the interim condensed consolidated statement of profit or loss."

**10 COMMITMENTS AND CONTINGENT LIABILITIES**

During the year 2015, the contractor of one of the properties of the Group in the 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. The Parent Company has filed a counter claim for an amount of SAR 627 million (equivalent to KD 51 million) against the same contractor for the delay in handing over the project and operational losses. The dispute has been referred to the Saudi Arbitration Committee ("SAC"). The trial proceedings and hearings are still in progress as of the date of authorisation of this interim condensed consolidated financial information. However 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 most likely be in favour of Parent Company. Further, the counter claim filed by the Parent Company against the contractor is higher than the amount claimed by the contractor. Accordingly, the Group has not made any provision against this claim in the interim condensed consolidated financial information as at 31 March 2018 (31 December 2017: KD Nil and 31 March 2017: 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 31 March 2018, 31 December 2017 and 31 March 2017, 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
<b>31 March 2018</b>			
Financial asset at fair value through other comprehensive income	1,095,290	215,072	880,218
Financial asset at fair value through profit or loss	5,480,299	-	5,480,299
<b>31 December 2017 (Audited)</b>			
Available-for-sale financial assets	5,791,069	-	5,791,069
Financial asset at fair value through profit or loss	249,590	249,590	-
<b>31 March 2017</b>			
Available-for-sale financial assets	6,284,559	-	6,284,559
Financial asset at fair value through profit or loss	246,935	246,935	-

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