

**UNITED PROJECTS COMPANY FOR
AVIATION SERVICES K.S.C. (CLOSED)
AND ITS SUBSIDIARIES**

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

30 JUNE 2013



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C. (CLOSED)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Projects Company For Aviation Services K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2013 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of cash flows and statement of changes in equity for the six 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 Accounting 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 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

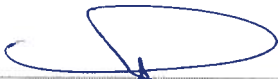
We draw attention to Note 5 to the interim condensed consolidated financial information, which describes the uncertainty relating to the permission of the Civil Aviation Authority to allow alternate carriers to operate from the Sheikh Saa'd terminal, and its impact on the recoverable amount of related intangible asset. Our conclusion is not qualified in respect of this matter.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF
UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C. (CLOSED)
(continued)**


Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Articles of Association and the Memorandum of Incorporation during the six months period ended 30 June 2013 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 material violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2013.



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



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

14 August 2013
Kuwait


United Projects Company For Aviation Services K.S.C. (Closed) and its
Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)

At 30 June 2013

		(Audited)	
		30 June	30 June
		2013	2012
		KD	KD
ASSETS			
Non-current assets			
Property and equipment		332,613	415,206
Intangible assets	4	20,933,430	22,304,727
Investment in an associate		-	62,500
Financial assets available for sale		3,642,044	4,854,020
		<u>24,908,087</u>	<u>27,424,477</u>
Current assets			
Accounts receivable and other assets		2,367,890	2,163,475
Cash and bank balances	5	5,804,694	16,509,719
		<u>8,172,584</u>	<u>18,673,194</u>
TOTAL ASSETS		<u>33,080,671</u>	<u>46,097,671</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		8,250,000	8,250,000
Share premium		10,500,000	10,500,000
Statutory reserve		3,440,761	3,440,761
Voluntary reserve		-	2,664,513
Treasury shares		(1,544,594)	(1,334,194)
Treasury shares reserve		-	(3,785)
Other reserve		(260,978)	(260,978)
Cumulative changes in fair values reserve		-	271,707
Retained earnings		3,784,199	9,738,555
Equity attributable to equity holders of the Parent Company		<u>24,169,388</u>	<u>36,163,562</u>
Non-controlling interests		2,579,579	2,733,506
Total equity		<u>26,748,967</u>	<u>38,808,188</u>
Non-current liabilities			
Term loans		-	150,000
Employees' end of service benefits		198,340	214,220
		<u>198,340</u>	<u>364,220</u>
Current liabilities			
Bank overdrafts	5	-	101,109
Term loans		-	800,000
Accounts payable and other liabilities		6,133,364	6,024,154
		<u>6,133,364</u>	<u>6,925,263</u>
Total liabilities		<u>6,331,704</u>	<u>7,289,483</u>
TOTAL EQUITY AND LIABILITIES		<u>33,080,671</u>	<u>46,097,671</u>

Nadia Abdullah Mohammad Akil
Chairperson and Managing Director


Hassan Bassam Al Houry
Vice Chairman

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C. (Closed) and its
Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 June 2013

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2013	2012	2013	2012
		KD	KD	KD	KD
Revenues		2,853,960	2,828,696	5,867,413	5,808,732
Operating costs		(277,634)	(215,027)	(556,659)	(455,354)
Gross profit		2,576,326	2,613,669	5,310,754	5,353,378
General and administrative expenses		(350,754)	(432,120)	(646,496)	(954,980)
Salaries and employee benefits		(232,323)	(210,450)	(461,991)	(404,808)
Miscellaneous income		350,921	307,335	873,303	900,205
Profit before interest, taxation, depreciation and amortisation		2,344,170	2,278,432	5,075,570	4,893,795
Depreciation		(33,779)	(64,045)	(95,596)	(128,514)
Amortisation		(685,595)	(686,466)	(1,371,297)	(1,374,450)
Interest income		73,953	100,966	175,674	180,801
Profit before taxation		1,698,749	1,628,887	3,784,351	3,571,632
Taxation	11	(74,293)	(72,341)	(164,732)	(160,819)
PROFIT FOR THE PERIOD		1,624,456	1,556,546	3,619,619	3,410,813
Attributable to:					
Equity holders of the Parent Company		1,710,264	1,580,531	3,684,666	3,452,231
Non-controlling interests		(85,808)	(23,985)	(65,047)	(41,418)
		1,624,456	1,556,546	3,619,619	3,410,813
BASIC AND DILUTED EARNINGS PER SHARE – attributable to equity holders of the Parent Company	3	21.8 fils	20.1 fils	46.9 fils	43.8 fils

Certain comparative information has been reclassified to conform to the current year presentation. Please refer to note 13 for details.

United Projects Company For Aviation Services K.S.C. (Closed) and its
Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2013

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
Profit for the period	1,624,456	1,556,546	3,619,619	3,410,813
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Financial assets available for sale:				
- Net unrealised gain	-	(7,955)	-	(1,355)
- Transferred to interim condensed consolidated income statement on sale	-	4,788	-	5,844
Net other comprehensive (loss) income to be reclassified to interim condensed consolidated statement of income in subsequent periods	-	(3,167)	-	4,489
TOTAL COMPERHENSIVE INCOME FOR THE PERIOD	1,624,456	1,553,379	3,619,619	3,415,302
Attributable to:				
Equity holders of the Parent Company	1,710,264	1,577,364	3,684,666	3,456,720
Non-controlling interests	(85,808)	(23,985)	(65,047)	(41,418)
	1,624,456	1,553,379	3,619,619	3,415,302

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C. (Closed) and its
Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2013

	Notes	<i>Six months ended</i>	
		<i>30 June</i>	
		<i>2013</i>	<i>2012</i>
		<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Profit for the period		3,619,619	3,410,813
Adjustments for:			
Depreciation and amortisation		1,466,893	1,502,964
Provision of employees' end of service benefits		21,886	23,260
Realised loss on sale of financial assets available for sale		-	5,844
Interest income		(175,674)	(180,801)
Dividend income		-	(5,143)
Impairment loss on receivables and other assets		-	315,762
Reversal of provision for impairment of receivables (net)	9	(273,444)	(216,357)
		<u>4,659,280</u>	<u>4,856,342</u>
Working capital changes:			
Account receivable and other assets		25,013	555,437
Due to related parties		-	(672,225)
Accounts payable and other liabilities		109,210	1,756,917
		<u>4,793,503</u>	<u>6,496,471</u>
Cash flows from operations		(37,766)	(124,762)
Employees' end of service benefits paid			
Net cash flows from operating activities		<u>4,755,737</u>	<u>6,371,709</u>
INVESTING ACTIVITIES			
Purchase of financial assets available for sale		-	(3,347,662)
Proceeds from sale of financial assets available for sale		1,000,000	130,303
Purchase of property and equipment		(13,004)	-
Proceeds from sale of an associate		62,500	-
Interest income received		219,691	72,042
Dividend income received		-	5,143
Net cash flows from (used in) investing activities		<u>1,269,187</u>	<u>(3,140,174)</u>
FINANCING ACTIVITIES			
Purchase of treasury shares		(210,400)	(42,950)
Sale of treasury shares		-	53,600
Repayment of term loans		(950,000)	(400,000)
Dividend paid	8	(15,468,440)	(2,363,100)
Net cash flows used in financing activities		<u>(16,672,884)</u>	<u>(2,802,122)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(10,603,916)</u>	<u>479,085</u>
Cash and cash equivalents at the beginning of the period		16,408,610	11,916,886
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	<u>5,804,694</u>	<u>12,395,971</u>

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C. (Closed) and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the period ended 30 June 2013

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Other reserve KD	Cumulative changes in fair values KD	Retained earnings KD	Sub total KD	Non controlling interest KD	Total equity KD
As at 1 January 2013	8,250,000	10,500,000	3,440,761	-	(1,334,194)	-	(260,978)	-	15,567,973	36,163,562	2,644,626	38,808,188
Profit (loss) for the period	-	-	-	-	-	-	-	-	3,684,666	3,684,666	(65,047)	3,619,619
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	3,684,666	3,684,666	(65,047)	3,619,619
Dividends for 2012 at 197 fils per share (Note 8)	-	-	-	-	-	-	-	-	(15,468,440)	(15,468,440)	-	(15,468,440)
Purchase of treasury shares	-	-	-	-	(210,400)	-	-	-	-	(210,400)	-	(210,400)
As at 30 June 2013	8,250,000	10,500,000	3,440,761	-	(1,544,594)	-	(260,978)	-	3,784,199	24,169,388	2,579,579	26,748,967
As at 1 January 2012	8,250,000	10,500,000	2,664,513	2,664,513	(1,349,532)	903	(260,978)	267,218	8,649,424	31,386,061	2,774,924	34,160,985
Profit (loss) for the period	-	-	-	-	-	-	-	-	3,452,231	3,452,231	(41,418)	3,410,813
Other comprehensive income	-	-	-	-	-	-	-	4,489	-	4,489	-	4,489
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	4,489	3,452,231	3,456,720	(41,418)	3,415,302
Dividends for 2011 at 30 fils per share	-	-	-	-	-	-	-	-	(2,363,100)	(2,363,100)	-	(2,363,100)
Purchase of treasury shares	-	-	-	-	(42,950)	-	-	-	-	(42,950)	-	(42,950)
Sale of treasury shares	-	-	-	-	58,288	(4,688)	-	-	-	53,600	-	53,600
As at 30 June 2012	8,250,000	10,500,000	2,664,513	2,664,513	(1,334,194)	(3,785)	(260,978)	271,707	9,738,555	32,490,331	2,733,506	35,223,837

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of United Projects Company for Aviation Services K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively the "Group") for the period ended 30 June 2013 were authorised for issue by the Board of Directors on 14 August 2013.

The Parent Company was established as a closed Kuwaiti Shareholding Company on 4 December 2000 and its registered address is Kuwait International Airport, P.O. Box 27068, Safat 13131, Kuwait. The main objectives of the Parent Company are:

- Providing airplane ground and cleaning services and supply of water and other airplane supplies;
- Leasing out airplanes;
- Tourism, travel and cargo shipment services;
- Managing projects;
- Using the surplus funds available to the company in investment portfolios managed by specialized institutions.

The Parent Company is listed on the Kuwait Stock Exchange.

The Parent Company is a subsidiary of Agility Public Warehousing Company K.S.C. ("Ultimate Parent Company"), which is listed on the Kuwait Stock Exchange.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Ministry of Commerce and Industry by 26 September 2013 will determine the basis and rules which the parent company shall adopt to regularise its affairs with the Companies Law as amended.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2012.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD").

Changes in accounting policy and disclosures

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the new and amended International Financial Reporting Standards that have become effective from 1 January 2013 and those which are applicable to the Group:

United Projects Company For Aviation Services K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures (continued)

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The application of the standard does not have an impact on the financial position of the Group.

IFRS 12 – Disclosure of Involvement with Other Entities

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide additional disclosures in the annual consolidated financial statements.

IFRS 13 – Fair Value measurement

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The adoption of this standard does not have any material impact on the financial position or performance of the group.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available for sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

United Projects Company For Aviation Services K.S.C. (Closed) and its
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2013

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures (continued)

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the management and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the management. As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the management.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	1,710,264	1,580,531	3,684,666	3,452,231
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares, less treasury shares, outstanding during the period	78,520,000	78,814,505	78,578,785	78,800,495
Basic and diluted earnings per share	21.8 fils	20.1 fils	46.9 fils	43.8 fils

4 INTANGIBLE ASSETS

Included in intangible assets is an amount of KD 8,590,457 (31 December 2012: KD 8,988,401 and 30 June 2012: KD 9,386,345) that represents the carrying value of Built-Own-Transfer (BOT) project for the construction of Sheikh Saa'd Terminal (the "terminal"). This terminal was used by Kuwait National Airways K.S.C. (previously the Ultimate Parent Company) for its airline operations. However, during 2011, Kuwait National Airways K.S.C. ceased operations and, consequently, the terminal's traffic significantly reduced. The management of the Group has initiated discussions with alternative carriers in Kuwait to increase the utilisation of this terminal by seeking to lease the terminal to other operators. Based on these discussions, the management is confident that it will be able to increase the utilisation for the terminal and, therefore, believes that the carrying amount of intangible assets for this terminal will be recovered from future operations. The management has not yet obtained the permission of the civil aviation authority to allow alternate carriers to operate from the Sheikh Saa'd terminal, but has applied for permission in this regard. The management is confident that the approval to lease the terminal to alternate carriers will be obtained.

United Projects Company For Aviation Services K.S.C. (Closed) and its
Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2013

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the interim condensed consolidated statement of cash flows consist of the following interim condensed consolidated statement of financial position amounts:

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
Cash and bank balances	5,804,694	16,509,719	12,416,774
Bank overdrafts	-	(101,109)	(20,803)
	<u>5,804,694</u>	<u>16,408,610</u>	<u>12,395,971</u>

Short term deposits are denominated in KD and carry an effective interest rate ranging between 1.25% to 2.13% (31 December 2012: 1.25% to 2.13% and 30 June 2012: 0.88% to 2.88%) per annum.

6 RELATED PARTY TRANSACTIONS

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

Balances and transactions with related parties are as follows:

	<i>Other related</i> <i>Parties</i> <i>KD</i>	<i>Six months ended</i> <i>30 June</i>	
		<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
<i>Interim condensed consolidated income statement:</i>			
Revenues	184,487	184,487	170,417
Operating costs	(158,862)	(158,862)	-
Interest income	-	-	174,586
Other income	36,773	36,773	16,929
Administrative expenses	-	-	(1,738)
Finance costs	-	-	(41,432)
	<i>Other related parties</i> <i>KD</i>	<i>(Audited)</i> <i>30 June</i> <i>2013</i> <i>KD</i>	<i>31 December</i> <i>2012</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>			
Amounts due from related parties	14,666	14,666	-
			<i>30 June</i> <i>2012</i> <i>KD</i>
			138,986

United Projects Company For Aviation Services K.S.C. (Closed) and its
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2013

6 RELATED PARTY TRANSACTIONS (continued)

Amounts due from related parties are classified as part of accounts receivable and other assets in the consolidated statement of financial position.

Amounts due from related parties are non-interest bearing and receivable on demand.

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Short-term benefits	42,000	79,392
Employees' end of service benefits	-	8,077
	42,000	87,469

7 TREASURY SHARES

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2013</i>	<i>31 December</i>	<i>2012</i>
		<i>2012</i>	
Number of treasury shares (shares)	3,980,000	3,660,000	3,660,000
Percentage of issued shares (%)	5%	4%	4%
Market value (KD)	3,582,000	2,122,800	1,518,900

8 DIVIDEND

The Annual General Assembly held on 15 April 2013 approved the distribution of cash dividend of 197 fils (2011: 30 fils) per share for the year ended 31 December 2012, to the shareholders of the Parent Company, proportionate to their shareholding as of the date of the Annual General Assembly.

9 REVERSAL OF (PROVISION FOR) IMPAIRMENT OF RECEIVABLES

During the period, the management of the Group agreed with Kuwait National Airways K.S.C. (Closed) to receive a total amount of KD 600,000 as a final settlement against all outstanding balances. Accordingly this amount was reversed in the interim condensed consolidated statement of income since it was fully provided for in prior periods.

Also during the current period, certain receivables and other assets of KD 273,444 (30 June 2012: KD 216,357) were impaired and fully provided for.

United Projects Company For Aviation Services K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2013

10 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised in two operating segments "investments" and "rental and other services operations" as follows:

	Investments		Rental and other services operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013 KD	2012 KD	2013 KD	2012 KD	2013 KD	2012 KD
Segment revenue	175,674	235,485	6,740,716	6,654,253	6,916,390	6,889,738
Segment profit	175,674	229,641	3,608,676	3,341,991	3,784,351	3,571,632
Unallocated expenses					(164,732)	(160,819)
Profit for the period					3,619,619	3,410,813
Depreciation and amortisation		-	(1,466,893)	(1,502,964)	(1,466,893)	(1,502,964)

	Investments		Rental and other services operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013 KD	2012 KD	2013 KD	2012 KD	2013 KD	2012 KD
Segment revenue	9,446,738	21,214,263	17,333,293	17,333,293	33,080,671	43,552,671
Segment profit	9,446,738	21,214,263	17,333,293	17,333,293	33,080,671	43,552,671
Unallocated expenses					(164,732)	(160,819)
Profit for the period					3,619,619	3,410,813
Depreciation and amortisation		-	(1,466,893)	(1,502,964)	(1,466,893)	(1,502,964)

Interim condensed consolidated statement of financial position:

	30 June 2013		30 June 2012		30 June 2012	
	(Audited) KD	(Audited) KD	(Audited) KD	(Audited) KD	(Audited) KD	(Audited) KD
Assets	9,446,738	21,214,263	17,333,293	17,333,293	46,097,671	46,097,671
Liabilities	-	-	6,331,704	7,289,483	6,331,704	7,289,483
			23,633,933	24,883,408	33,080,671	43,552,671
			6,331,704	7,289,483	6,331,704	7,289,483
			17,333,293	17,333,293	33,080,671	43,552,671
			-	-	6,331,704	7,289,483
			17,333,293	17,333,293	33,080,671	43,552,671
			6,331,704	7,289,483	6,331,704	7,289,483
			23,633,933	24,883,408	33,080,671	43,552,671
			6,331,704	7,289,483	6,331,704	7,289,483
			17,333,293	17,333,293	33,080,671	43,552,671

All of the Group's operations are in Kuwait.

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11 TAXATION

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
National labour support tax (NLST)	(38,493)	(41,134)	(85,891)	(90,193)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(18,100)	(16,453)	(36,268)	(36,077)
Zakat	(17,700)	(14,754)	(42,573)	(34,549)
	<u>(74,293)</u>	<u>(72,341)</u>	<u>(164,732)</u>	<u>(160,819)</u>

12 CONTINGENCIES

As at 30 June 2013, the Group has contingent liabilities amounting to KD 282,475 (31 December 2012: KD 210,975 and 30 June 2012: KD 322,240) in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

13 COMPARATIVE INFORMATION

In the previous period certain expenses were classified under operating cost in the interim condensed consolidated income statement for the period ended 30 June 2013. These amounts have been reclassified and disclosed separately.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the comparative information for the previous quarter ended 30 June 2012 has been reclassified as follows to give effect to the above reclassifications:

	<i>As previously reported KD</i>	<i>Effect of reclassification KD</i>	<i>Reclassified KD</i>
<i>Condensed consolidated income statement</i>			
Operating costs	(2,409,287)	1,953,933	(455,354)
General and administrative expenses	(469,352)	(485,628)	(954,980)
Salaries and employee benefits		(404,808)	(404,808)
Miscellaneous income	905,844	(5,639)	900,205
Amortisation		(1,374,450)	(1,374,450)
Interest income	230,342	(49,541)	180,801
Impairment loss on receivables and other assets	(315,760)	315,760	
Finance costs	(49,672)	49,672	
Realised loss on sale of financial assets available for sale	(5,844)	5,844	
Dividend income	5,143	(5,143)	

Such reclassifications were made to improve the quality of information presented and had no impact on the profit for the period ended 30 June 2012 and retained earnings as at 1 January 2013.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 30 June 2013

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

The Group's financial assets include financial assets available for sale, receivables and cash and bank balances.

The Group's financial liabilities include term loans, bank overdrafts and accounts payable and other liabilities.

The fair value of financial assets and financial liabilities that are not carried at fair value is not materially different from their carrying amounts except for financial assets available for sale which are carried at cost less impairment amounting to KD 3,642,044 as at 30 June 2013 (31 December 2012: KD 4,642,044 and 30 June 2012: KD 4,854,020).