

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

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

**30 SEPTEMBER 2013**



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



**Dr. Saud Hamad Al-Humaidi & Partners**  
Public Accountants

P.O.Box 1486,  
Safat 13015 Kuwait  
Tel: +965 22443222  
22442333  
Fax : +965 22461225  
www.bakertillykuwait.com

## **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 September 2013 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three month and nine month periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity 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 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.

**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 Memorandum of Incorporation during the nine months period ended 30 September 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 nine months period ended 30 September 2013.



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



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


14 November 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 September 2013

		30 September 2013	(Audited) 31 December 2012	30 September 2012
	Notes	KD	KD	KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		307,424	415,206	472,060
Intangible assets	4	20,248,030	22,304,727	22,990,435
Investment in an associate		-	62,500	62,500
Financial assets available for sale		3,642,044	4,642,044	4,682,622
		<u>24,197,498</u>	<u>27,424,477</u>	<u>28,207,617</u>
<b>Current assets</b>				
Accounts receivable and other assets		2,118,379	2,163,475	2,132,548
Cash and bank balances	5	8,945,757	16,509,719	14,263,262
		<u>11,064,136</u>	<u>18,673,194</u>	<u>16,395,810</u>
<b>TOTAL ASSETS</b>		<u><u>35,261,634</u></u>	<u><u>46,097,671</u></u>	<u><u>44,603,427</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		8,250,000	8,250,000	8,250,000
Share premium		10,500,000	10,500,000	10,500,000
Statutory reserve		3,440,761	3,440,761	2,664,513
Voluntary reserve		-	-	2,664,513
Treasury shares		(1,544,594)	(1,334,194)	(1,334,194)
Other reserve		(260,978)	(260,978)	(260,978)
Cumulative changes in fair values reserve		-	-	36,194
Retained earnings		5,325,601	15,567,973	10,989,534
<b>Equity attributable to equity holders of the Parent Company</b>		<u>25,710,790</u>	<u>36,163,562</u>	<u>33,509,582</u>
Non-controlling interests		2,499,364	2,644,626	2,694,187
<b>Total equity</b>		<u>28,210,154</u>	<u>38,808,188</u>	<u>36,203,769</u>
<b>Non-current liabilities</b>				
Term loans		-	150,000	350,000
Employees' end of service benefits		187,724	214,220	210,468
		<u>187,724</u>	<u>364,220</u>	<u>560,468</u>
<b>Current liabilities</b>				
Bank overdrafts	5	-	101,109	189,698
Term loans		-	800,000	800,000
Accounts payable and other liabilities		6,863,756	6,024,154	6,849,492
		<u>6,863,756</u>	<u>6,925,263</u>	<u>7,839,190</u>
<b>Total liabilities</b>		<u>7,051,480</u>	<u>7,289,483</u>	<u>8,399,658</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>35,261,634</u></u>	<u><u>46,097,671</u></u>	<u><u>44,603,427</u></u>

  
Nadia Abdullah Mohammad Akil  
Chairperson and Managing Director

  
Hassan Bassam Al Houry  
Vice Chairman

The attached notes 1 to 13 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 September 2013

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013	2012	2013	2012
		KD	KD	KD	KD
Revenues		2,828,599	2,620,939	8,696,012	8,429,671
Operating costs		(243,781)	(220,979)	(830,440)	(676,333)
<b>Gross profit</b>		<b>2,584,818</b>	<b>2,399,960</b>	<b>7,865,572</b>	<b>7,753,338</b>
General and administrative expenses		(343,917)	(356,490)	(960,414)	(1,311,472)
Salaries and employee benefits		(229,962)	(224,922)	(691,953)	(629,728)
Net other income		183,237	89,538	1,056,540	989,874
<b>Profit before interest, taxation, depreciation and amortisation</b>		<b>2,194,176</b>	<b>1,908,086</b>	<b>7,269,745</b>	<b>6,802,012</b>
Depreciation		(31,587)	(66,193)	(127,183)	(194,707)
Amortisation		(685,400)	(685,708)	(2,056,697)	(2,060,158)
Interest income		66,508	134,533	249,452	364,875
Finance costs		(610)	(20,514)	(7,880)	(70,186)
<b>Profit before taxation</b>		<b>1,543,087</b>	<b>1,270,204</b>	<b>5,327,437</b>	<b>4,841,836</b>
Taxation	10	(81,899)	(54,759)	(246,631)	(215,578)
<b>PROFIT FOR THE PERIOD</b>		<b>1,461,188</b>	<b>1,215,445</b>	<b>5,080,806</b>	<b>4,626,258</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		1,541,458	1,254,764	5,226,068	4,706,995
Non-controlling interests		(80,270)	(39,319)	(145,262)	(80,737)
		<b>1,461,188</b>	<b>1,215,445</b>	<b>5,080,806</b>	<b>4,626,258</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE – attributable to equity holders of the Parent Company</b>	3	<b>19.63 fils</b>	<b>15.92 fils</b>	<b>66.52 fils</b>	<b>59.72 fils</b>

Certain comparative information has been reclassified to conform to the current year presentation. Please refer to note 12 for details.

The attached notes 1 to 13 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 COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 30 September 2013

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</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>
<b>Profit for the period</b>	<b>1,461,188</b>	1,215,445	<b>5,080,806</b>	4,626,258
<b>Other comprehensive income:</b>				
<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 loss	-	(9,321)	-	(10,676)
- Transferred to interim condensed consolidated income statement on sale	-	(226,192)	-	(220,348)
<b>Net other comprehensive loss to be reclassified to interim condensed consolidated statement of income in subsequent periods</b>	-	(235,513)	-	(231,024)
<b>TOTAL COMPERHENSIVE INCOME FOR THE PERIOD</b>	<b>1,461,188</b>	979,932	<b>5,080,806</b>	4,395,234
<b>Attributable to:</b>				
Equity holders of the Parent Company	1,541,458	1,019,251	5,226,068	4,475,971
Non-controlling interests	(80,270)	(39,319)	(145,262)	(80,737)
	<b>1,461,188</b>	979,932	<b>5,080,806</b>	4,395,234

The attached notes 1 to 13 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 September 2013

	Notes	<i>Nine months ended</i> <i>30 September</i>	
		<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		5,080,806	4,626,258
Adjustments for:			
Depreciation and amortisation		2,183,880	2,254,865
Provision of employees' end of service benefits		29,968	37,195
Realised gain on sale of financial assets available for sale		-	(220,348)
Interest income		(249,452)	(364,875)
Finance costs		7,880	70,186
Dividend income		-	(8,650)
(Reversal of) provision for impairment on receivables		(326,556)	315,762
		<u>6,726,526</u>	<u>6,710,393</u>
Working capital changes:			
Account receivable and other assets		371,654	271,120
Accounts payable and other liabilities		839,602	1,268,028
		<u>7,937,782</u>	<u>8,249,541</u>
Cash flows from operations		7,937,782	8,249,541
Employees' end of service benefits paid		(57,440)	(135,374)
		<u>7,880,342</u>	<u>8,114,167</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets available for sale		-	(3,392,277)
Proceeds from sale of financial assets available for sale		1,000,000	332,439
Purchase of property and equipment		(18,427)	-
Proceeds from sale of an associate		62,500	-
Interest income received		249,452	116,335
Dividend income received		-	8,650
		<u>1,293,525</u>	<u>(2,934,853)</u>
Net cash flows from (used in) investing activities		1,293,525	(2,934,853)
<b>FINANCING ACTIVITIES</b>			
Purchase of treasury shares		(210,400)	(42,950)
Sale of treasury shares		-	53,600
Repayment of term loans		(950,000)	(600,000)
Finance cost paid		(7,880)	(70,186)
Dividend paid	8	(15,468,440)	(2,363,100)
		<u>(16,636,720)</u>	<u>(3,022,636)</u>
Net cash flows used in financing activities		(16,636,720)	(3,022,636)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(7,462,853)</b>	<b>2,156,678</b>
Cash and cash equivalents at the beginning of the period		16,408,610	11,916,886
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>8,945,757</b>	<b>14,073,564</b>

The attached notes 1 to 13 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 September 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 reserve KD	Retained earnings KD	Sub total KD	Non controlling interests 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	-	-	-	-	-	-	-	-	5,226,068	5,226,068	(145,262)	5,080,806
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	5,226,068	5,226,068	(145,262)	5,080,806
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)
<b>As at 30 September 2013</b>	<b>8,250,000</b>	<b>10,500,000</b>	<b>3,440,761</b>	<b>-</b>	<b>(1,544,594)</b>	<b>-</b>	<b>(260,978)</b>	<b>-</b>	<b>5,325,601</b>	<b>25,710,790</b>	<b>2,499,364</b>	<b>28,210,154</b>
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	-	-	-	-	-	-	-	-	4,706,995	4,706,995	(80,737)	4,626,258
Other comprehensive loss	-	-	-	-	-	-	-	(231,024)	-	(231,024)	-	(231,024)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(231,024)	4,706,995	4,475,971	(80,737)	4,395,234
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	(903)	-	-	(3,785)	53,600	-	53,600
<b>As at 30 September 2012</b>	<b>8,250,000</b>	<b>10,500,000</b>	<b>2,664,513</b>	<b>2,664,513</b>	<b>(1,334,194)</b>	<b>-</b>	<b>(260,978)</b>	<b>36,194</b>	<b>10,989,534</b>	<b>33,509,582</b>	<b>2,694,187</b>	<b>36,203,769</b>

The attached notes 1 to 13 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 September 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 September 2013 were authorised for issue by the Board of Directors on 14 November 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 and is a subsidiary of Agility Public Warehousing Company K.S.C. ("Ultimate Parent Company"), which is also listed on the Kuwait Stock Exchange.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree). The Executive Regulations of the new amended law, issued on 29 September 2013, was published in the official Gazette on 6 October 2013. As per Article three of the Executive Regulations, Companies have one year from the date of publishing the Executive Regulations to comply with the new amended law.

### 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 September 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  
Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 30 September 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	<u>1,541,458</u>	<u>1,254,764</u>	<u>5,226,068</u>	<u>4,706,995</u>
	<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	<u>78,520,000</u>	<u>78,840,000</u>	<u>78,558,974</u>	<u>78,813,759</u>
Basic and diluted earnings per share	<u>19.63 fils</u>	<u>15.92 fils</u>	<u>66.52 fils</u>	<u>59.72 fils</u>

4 INTANGIBLE ASSETS

Included in intangible assets is an amount of KD 8,391,479 (31 December 2012: KD 8,988,401 and 30 September 2012: KD 9,187,373) 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.

During the current period, the civil aviation authority permitted flydubai, one of the carriers, to operate from the terminal. The management is confident that the carrying amount of the terminal is fully recoverable and no impairment is considered necessary.



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 September 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>Nine months ended</i>	
	<i>30 September</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Short-term benefits	<b>63,000</b>	116,622
Employees' end of service benefits	-	8,370
	<b>63,000</b>	<b>124,992</b>

**7 TREASURY SHARES**

	<i>30 September</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>30 September</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
Number of treasury shares (shares)	<b>3,980,000</b>	3,660,000	3,660,000
Percentage of issued shares (%)	<b>5%</b>	4%	4%
Market value (KD)	<b>3,184,000</b>	2,122,800	2,013,000

**8 DIVIDEND**

On 15 April 2013, the shareholders at the Annual General Assembly approved the consolidated financial statements for the year ended 31 December 2012 and approved a cash dividend of 197 fils (2011: 30 fils) per share.

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 September 2013

9 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	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD
Segment revenue	241,572	294,689	9,752,552	9,419,545	9,994,124	9,714,234
Segment profit	241,572	593,873	5,085,865	4,247,963	5,327,437	4,841,836
Unallocated expenses					(246,631)	(215,578)
Profit for the period					5,080,806	4,626,258
Depreciation and amortisation	-	-	(2,183,880)	(2,254,865)	(2,183,880)	(2,254,865)

	Investments		Rental and other services operations		Total	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	

	Investments		Rental and other services operations		Total	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD
Segment revenue	241,572	294,689	9,752,552	9,419,545	9,994,124	9,714,234
Segment profit	241,572	593,873	5,085,865	4,247,963	5,327,437	4,841,836
Unallocated expenses					(246,631)	(215,578)
Profit for the period					5,080,806	4,626,258
Depreciation and amortisation	-	-	(2,183,880)	(2,254,865)	(2,183,880)	(2,254,865)

Interim condensed consolidated statement of financial position:

	Investments		Rental and other services operations		Total	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD
Assets	12,587,801	21,214,263	22,673,833	24,883,408	35,261,634	44,603,427
Liabilities	-	-	7,051,480	7,289,483	7,051,480	8,399,658

All of the Group's operations are in Kuwait.

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 September 2013

10 TAXATION

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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)	(45,500)	(32,871)	(131,391)	(123,064)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(18,200)	(8,226)	(54,468)	(44,303)
Zakat	(18,199)	(13,662)	(60,772)	(48,211)
	<u>(81,899)</u>	<u>(54,759)</u>	<u>(246,631)</u>	<u>(215,578)</u>

11 CONTINGENCIES

As at 30 September 2013, the Group has contingent liabilities amounting to KD 370,475 (31 December 2012: KD 210,975 and 30 September 2012: KD 210,975) in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

12 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 September 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 September 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>
<b><i>Condensed consolidated income statement</i></b>			
Operating costs	(3,682,549)	3,006,216	(676,333)
General and administrative expenses	(884,936)	(426,536)	(1,311,472)
Salaries and employee benefits	-	(629,728)	(629,728)
Net other income	966,430	23,444	989,874
Amortisation	-	(2,060,158)	(2,060,158)
Impairment loss on receivables and other assets	(315,760)	315,760	-
Realised loss on sale of financial assets available for sale	220,348	(220,348)	-
Dividend income	8,650	(8,650)	-

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

United Projects Company For Aviation Services K.S.C. (Closed) and its  
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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As at 30 September 2013

**13 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 September 2013 (31 December 2012: KD 4,642,044 and 30 September 2012: KD 4,682,622).