

**UNITED PROJECTS COMPANY FOR
AVIATION SERVICES K.S.C.P.
AND ITS SUBSIDIARIES**

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

30 SEPTEMBER 2014



Building a better
working world

Ernst & Young
Al Aiban, Al Osalmi & 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



BAKER TILLY
KUWAIT

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.P

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Projects Company For Aviation Services K.S.C.P (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 September 2014 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and the related interim condensed consolidated statement of cash flows and 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.

Emphasis of matter

We draw attention to Note 4 to the interim condensed consolidated financial information, which describes the uncertainty relating to the management's ability to renew a BOT contract and its impact on the recoverable amount of the 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.P.
(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 Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 2014 that might have had a material effect on the business of the Parent Company or on its financial position.



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



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

12 November 2014
Kuwait

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2014

		30 September 2014	(Audited) 31 December 2013	30 September 2013
	Notes	KD	KD	KD
ASSETS				
Non-current assets				
Property and equipment		208,616	268,380	307,424
Intangible assets	4	17,728,285	19,678,894	20,248,030
Financial assets available for sale		3,446,022	3,642,044	3,642,044
		<u>21,382,923</u>	<u>23,589,318</u>	<u>24,197,498</u>
Current assets				
Accounts receivable and other assets		2,770,576	1,960,425	2,118,379
Cash and bank balances	5	11,473,930	10,975,638	8,945,757
		<u>14,244,506</u>	<u>12,936,063</u>	<u>11,064,136</u>
TOTAL ASSETS		<u>35,627,429</u>	<u>36,525,381</u>	<u>35,261,634</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		8,250,000	8,250,000	8,250,000
Share premium		10,500,000	10,500,000	10,500,000
Statutory reserve		4,125,000	4,125,000	3,440,761
Treasury shares	7	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		(260,978)	(260,978)	(260,978)
Retained earnings		4,258,485	6,136,881	5,325,601
		<u>25,327,913</u>	<u>27,206,309</u>	<u>25,710,790</u>
Non-controlling interests		2,466,005	2,477,111	2,499,364
Total equity		<u>27,793,918</u>	<u>29,683,420</u>	<u>28,210,154</u>
Non-current liabilities				
Employees' end of service benefits		241,232	215,151	187,724
		<u>241,232</u>	<u>215,151</u>	<u>187,724</u>
Current liabilities				
Accounts payable and other liabilities		7,592,279	6,626,810	6,863,756
		<u>7,592,279</u>	<u>6,626,810</u>	<u>6,863,756</u>
Total liabilities		<u>7,833,511</u>	<u>6,841,961</u>	<u>7,051,480</u>
TOTAL EQUITY AND LIABILITIES		<u>35,627,429</u>	<u>36,525,381</u>	<u>35,261,634</u>

Hassan Bassam Al Houry
Chairman


Nadia Abdullah Mohammad Akil
Vice Chairperson & CEO

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT(UNAUDITED)
For the period ended 30 September 2014

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2014	2013	2014	2013
		KD	KD	KD	KD
Revenues		2,942,901	2,828,599	8,934,994	8,696,012
Operating costs		(304,267)	(243,781)	(890,230)	(830,440)
Gross profit		2,638,634	2,584,818	8,044,764	7,865,572
General and administrative expenses		(325,377)	(343,917)	(884,983)	(960,414)
Salaries and employee benefits		(253,802)	(229,962)	(731,498)	(691,953)
Impairment of financial assets available for sale		(98,011)	-	(196,022)	-
Net other income		39,139	183,237	134,089	1,056,540
Profit before interest, taxation, depreciation and amortization ("EBITDA")		2,000,583	2,194,176	6,366,350	7,269,745
Depreciation		(18,837)	(31,587)	(76,945)	(127,183)
Amortization		(687,120)	(685,400)	(2,060,759)	(2,056,697)
Profit before interest and taxation ("EBIT")		1,294,626	1,477,189	4,228,646	5,085,865
Interest income		75,996	65,898	207,107	241,572
Profit before taxation		1,370,622	1,543,087	4,435,753	5,327,437
Taxation	10	(62,173)	(81,899)	(200,695)	(246,631)
PROFIT FOR THE PERIOD		1,308,449	1,461,188	4,235,058	5,080,806
Attributable to:					
Equity holders of the Parent Company		1,325,940	1,541,458	4,246,164	5,226,068
Non-controlling interests		(17,491)	(80,270)	(11,106)	(145,262)
		1,308,449	1,461,188	4,235,058	5,080,806
BASIC AND DILUTED EARNINGS PER SHARE – attributable to equity holders of the Parent Company	3	16.89 fils	19.63 fils	54.08 fils	66.52 fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME (UNAUDITED)**
 For the period ended 30 September 2014

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014 KD</i>	<i>2013 KD</i>	<i>2014 KD</i>	<i>2013 KD</i>
Profit for the period	1,308,449	1,461,188	4,235,058	5,080,806
TOTAL COMPERHENSIVE INCOME FOR THE PERIOD	1,308,449	1,461,188	4,235,058	5,080,806
Attributable to:				
Equity holders of the Parent Company	1,325,940	1,541,458	4,246,164	5,226,068
Non-controlling interests	(17,491)	(80,270)	(11,106)	(145,262)
	1,308,449	1,461,188	4,235,058	5,080,806

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
For the period ended 30 September 2014

	<i>Note</i>	<i>Nine months ended</i>	
		<i>2014</i>	<i>2013</i>
		<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Profit for the period		4,235,058	5,080,806
Adjustments for:			
Depreciation and amortization		2,137,704	2,183,880
Provision of employees' end of service benefits		35,134	29,968
Interest income		(207,107)	(249,452)
Reversal of impairment on receivables (net)		-	(326,556)
Impairment of financial assets available for sale		196,022	-
Working capital changes:		6,396,811	6,718,646
Account receivable and other assets		(810,151)	371,654
Accounts payable and other liabilities		965,469	839,602
Cash flows from operations		6,552,129	7,929,902
Employees' end of service benefits paid		(9,053)	(57,440)
Net cash flows from operating activities		6,543,076	7,872,462
INVESTING ACTIVITIES			
Purchase of property and equipment		(127,331)	(18,427)
Proceeds from sale of financial assets available for sale		-	1,000,000
Proceeds from sale of an associate		-	62,500
Interest income received		207,107	249,452
Net cash flows from investing activities		79,776	1,293,525
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(210,400)
Repayment of term loans		-	(950,000)
Dividend paid		(6,124,560)	(15,468,440)
Net cash flows used in financing activities		(6,124,560)	(16,628,840)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		498,292	(7,462,853)
Cash and cash equivalents at the beginning of the period		10,975,638	16,408,610
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	11,473,930	8,945,757

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2014

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Treasury shares KD	Other reserve KD	Retained earnings KD	Sub total KD	Non controlling interest KD	Total equity KD
As at 1 January 2014	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	6,136,881	27,206,309	2,477,111	29,683,420
Profit for the period	-	-	-	-	-	4,246,164	4,246,164	(11,106)	4,235,058
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	4,246,164	4,246,164	(11,106)	4,235,058
Dividends for 2013 at 78 fils per share (Note 8)	-	-	-	-	-	(6,124,560)	(6,124,560)	-	(6,124,560)
As at 30 September 2014	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	4,258,485	25,327,913	2,466,005	27,793,918
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
Other comprehensive income	-	-	-	-	-	-	-	-	-
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)
As at 30 September 2013	8,250,000	10,500,000	3,440,761	(1,544,594)	(260,978)	5,325,601	25,710,790	2,499,364	28,210,154

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of United Projects Company for Aviation Services K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") for the period ended 30 September 2014 were authorised for issue by the Board of Directors on 12 November 2014.

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.P. ("Ultimate Parent Company"), which is also listed on the Kuwait Stock Exchange.

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"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2013. 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 2014.

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 2013, except for the adoption of the new and amended IFRS that have become effective from 1 January 2014 and those which are applicable to the Group:

IAS 32: Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

These amendments are effective for annual periods beginning on or after 1 January 2014 and clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment has not resulted in any impact on the financial position or performance of the Group.

IAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The amendment has not resulted in any impact on the financial position or performance of the Group.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

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 ordinary shares, less treasury shares outstanding during the period as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	<u>1,325,940</u>	<u>1,541,458</u>	<u>4,246,164</u>	<u>5,226,068</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>78,520,000</u>	<u>78,520,000</u>	<u>78,558,974</u>
Basic and diluted earnings per share	<u>16.89 fils</u>	<u>19.63 fils</u>	<u>54.08 fils</u>	<u>66.52 fils</u>

4 INTANGIBLE ASSETS

Included in intangible assets is an amount of KD 1,676,312 (31 December 2013: KD 2,398,136 and 30 September 2013: KD 2,638,821) that represents the carrying value of Built-Own-Transfer (BOT) project for the construction of Discovery Mall (the "Mall"). This Mall was built on a leasehold land from the government of the State of Kuwait for 10 years which was then extended by seven months to 28 January 2014. The management believes that the agreement will be extended for additional 3 years and the delay in the extension of the agreement is due to the completion of certain legal and administrative formalities.

Included in intangible assets is an amount of KD 7,595,579 (31 December 2013: KD 8,192,504 and 30 September 2013: KD 8,391,482) that represents the carrying value of Built-Own-Transfer (BOT) project for the construction of Sheikh Saa'd Terminal (the "terminal"). The Civil Aviation Authority permitted Flydubai, one of the carriers to operate from the terminal. As a result of this, the management is confident that the carrying amount of the terminal is fully recoverable and no impairment is considered necessary.

Included in intangible assets is an amount of KD 8,456,394 (31 December 2013: KD 9,088,254 and 30 September 2013: KD 9,217,727) that represents the carrying value of Built-Own-Transfer (BOT) project for the construction of the car park and commercial complex of Kuwait International Airport. The management is confident that the carrying amount of the intangible asset is fully recoverable and no impairment is considered necessary.

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>(Audited)</i>		
	<i>30 September</i> <i>2014</i> <i>KD</i>	<i>31 December</i> <i>2013</i> <i>KD</i>	<i>30 September</i> <i>2013</i> <i>KD</i>
Cash and bank balances	1,093,254	1,004,227	8,945,757
Short term deposits	10,380,676	9,971,411	-
	<u>11,473,930</u>	<u>10,975,638</u>	<u>8,945,757</u>

Short term deposits are denominated in KD and carry an effective interest rate ranging between 1.375% to 1.80% (31 December 2013: 1.00% to 1.50% and 30 September 2013: 1.25% to 1.75%) per annum.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2014

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:

	Other related parties	Nine months ended 30 September	
		2014	2013
	KD	KD	KD
<i>Interim condensed consolidated income statement:</i>			
Revenues	144,677	144,677	176,060
Operating costs	(285,833)	(285,833)	140,826
Administrative expenses	(37,582)	(37,582)	-

	Ultimate Parent Company	Other related parties	30 September 2014	(Audited) 31 December 2013	30 September 2013
		KD	KD	KD	KD
<i>Interim condensed consolidated statement of financial position:</i>					
Amounts due from related parties	-	51,971	51,971	10,654	58,286
Amounts due to related parties	6,650	298,766	305,416	85,872	119,077

Amounts due from/to related parties are classified as part of accounts receivable and other assets and accounts payable and other liabilities respectively in the interim condensed consolidated statement of financial position and are non-interest bearing and receivable/payable on demand.

Compensation of key management personnel

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

	Nine months ended 30 September	
	2014	2013
	KD	KD
Short-term benefits	67,500	63,000
Employees' end of service benefits	3,740	-
	<u>71,240</u>	<u>63,000</u>

7 TREASURY SHARES

	30 September 2014	(Audited) 31 December 2013	30 September 2013
	Number of treasury shares (shares)	3,980,000	3,980,000
Percentage of issued shares (%)	5%	5%	5%
Market value (KD)	3,144,200	3,223,800	3,184,000

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

As at 30 September 2014

8 DIVIDEND

On 12 May 2014, the shareholders at the Annual General Assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2013 and approved a cash dividend of 78 fils per share (2012: 197 fils).

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 2014

10 TAXATION

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</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)	(34,541)	(45,500)	(111,497)	(131,391)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(13,816)	(18,200)	(44,599)	(54,468)
Zakat	(13,816)	(18,199)	(44,599)	(60,772)
	<u>(62,173)</u>	<u>(81,899)</u>	<u>(200,695)</u>	<u>(246,631)</u>

11 CONTINGENCIES

As at 30 September 2014, the Group has contingent liabilities amounting to KD 264,190 (31 December 2013: KD 373,440 and 30 September 2013: KD 370,475) in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

12 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 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 3,446,022 as at 30 September 2014 (31 December 2013: KD 3,642,044 and 30 September 2013: KD 3,642,044).