

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

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

30 JUNE 2017

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 Project Company For Aviation Services K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 30 June 2017, and the related interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related interim condensed statement of cash flows and the interim condensed 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 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

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 that may have an impact on a portion of the Group’s operations in the future relating to this BOT contract. 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 No. 1 of 2016, as amended, and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2017 that might have had a material effect on the business of the Parent Company or on its financial position.



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

26 July 2017
Kuwait

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 June 2017

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Revenues	3,460,294	3,250,231	6,939,080	6,488,731
Operating costs	(328,252)	(259,248)	(640,856)	(532,033)
GROSS PROFIT	3,132,042	2,990,983	6,298,224	5,956,698
General and administrative expenses	(411,151)	(326,999)	(938,441)	(644,054)
Salaries and employee benefits	(277,255)	(261,311)	(544,845)	(526,541)
Foreign currency loss	(98,361)	(30,847)	(206,133)	(31,107)
Other income	23,489	14,867	50,947	42,200
Profit before interest, taxation, depreciation and amortisation ("EBITDA")	2,368,764	2,386,693	4,659,752	4,797,196
Depreciation	(18,810)	(12,953)	(32,203)	(25,680)
Amortisation	(466,338)	(704,776)	(932,657)	(1,411,812)
Profit before interest and taxation ("EBIT")	1,883,616	1,668,964	3,694,892	3,359,704
Interest income	507,562	336,387	982,599	634,033
Profit before taxation	2,391,178	2,005,351	4,677,491	3,993,737
Taxation	(100,299)	(91,786)	(201,349)	(170,402)
PROFIT FOR THE PERIOD	2,290,879	1,913,565	4,476,142	3,823,335
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,290,879	1,913,565	4,476,142	3,823,335
Attributable to:				
Equity holders of the Parent Company	2,275,900	1,920,060	4,452,290	3,826,463
Non-controlling interests	14,979	(6,495)	23,852	(3,128)
	2,290,879	1,913,565	4,476,142	3,823,335
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	23.91 fils	20.17 fils	46.78 fils	40.20 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 FINANCIAL
POSITION (UNAUDITED)
As at 30 June 2017

		<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
		<i>2017</i>	<i>31 December</i>	<i>2016</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS				
Non-current assets				
Property and equipment		303,659	280,837	202,475
Intangible assets	4	11,140,462	12,071,794	13,015,909
Financial assets available for sale		1,449,198	2,749,198	2,749,198
Loan to a related party	5	24,305,048	20,339,286	16,025,786
		<u>37,198,367</u>	<u>35,441,115</u>	<u>31,993,368</u>
Current assets				
Accounts receivable and other assets		3,504,934	2,701,546	2,795,819
Cash and cash equivalents		7,989,344	5,307,034	2,036,140
		<u>11,494,278</u>	<u>8,008,580</u>	<u>4,831,959</u>
TOTAL ASSETS		<u>48,692,645</u>	<u>43,449,695</u>	<u>36,825,327</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		10,000,000	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	4,125,000
Treasury shares	6	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		(260,978)	(260,978)	(260,978)
Retained earnings		11,163,205	8,460,915	3,844,575
		<u>33,982,633</u>	<u>29,530,343</u>	<u>24,914,003</u>
Equity attributable to holders of the Parent Company		<u>33,982,633</u>	<u>29,530,343</u>	<u>24,914,003</u>
Non-controlling interests		2,484,092	2,460,240	2,481,312
Total equity		<u>36,466,725</u>	<u>31,990,583</u>	<u>27,395,315</u>
Liabilities				
Non-current liabilities				
Accounts payable and other liabilities		3,916,116	3,484,154	1,902,939
Employees' end of service benefits		339,913	304,561	281,658
		<u>4,256,029</u>	<u>3,788,715</u>	<u>2,184,597</u>
Current liability				
Accounts payable and other liabilities		7,969,891	7,670,397	7,245,415
Total liabilities		<u>12,225,920</u>	<u>11,459,112</u>	<u>9,430,012</u>
TOTAL EQUITY AND LIABILITIES		<u>48,692,645</u>	<u>43,449,695</u>	<u>36,825,327</u>

Hassan Bassam El Houry
Chairman



Nadia Abdulrah Mohammad Akil
CEO & Vice Chairperson

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 CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2017

	Note	Six months ended	
		30 June	
		2017	2016
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before taxation		4,677,491	3,993,737
Adjustments for:			
Depreciation and amortization		964,860	1,437,492
Provision for employees' end of service benefits		36,097	46,877
Interest income		(982,599)	(634,033)
Foreign currency loss		206,133	31,107
		<u>4,901,982</u>	<u>4,875,180</u>
Working capital changes:			
Accounts receivable and other assets		(803,388)	(759,090)
Accounts payable and other liabilities		530,107	(580,529)
		<u>4,628,701</u>	<u>3,535,561</u>
Cash flows from operations		4,628,701	3,535,561
Employees' end of service benefits paid		(745)	(669)
		<u>4,627,956</u>	<u>3,534,892</u>
Net cash flows from operating activities		4,627,956	3,534,892
INVESTING ACTIVITIES			
Purchase of property and equipment		(55,025)	(8,346)
Additions to intangible assets		(1,325)	(645)
Proceeds from maturity of financial assets available for sale		1,300,000	1,950,000
Loan to a related party		(3,242,993)	(6,018,743)
Interest income received		53,697	64,596
		<u>(1,945,646)</u>	<u>(4,013,138)</u>
Net cash flows used in investing activities		(1,945,646)	(4,013,138)
FINANCING ACTIVITY			
Dividends paid	7	-	(6,752,720)
		<u>-</u>	<u>(6,752,720)</u>
Net cash flows used in financing activity		-	(6,752,720)
		<u>2,682,310</u>	<u>(7,230,966)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,682,310	(7,230,966)
Cash and cash equivalents as at 1 January		5,307,034	9,267,106
		<u>7,989,344</u>	<u>2,036,140</u>
CASH AND CASH EQUIVALENTS AS AT 30 JUNE		7,989,344	2,036,140

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 June 2017

	<i>Attributable to equity holders of the Parent Company</i>							Total equity KD	
	Share capital KD	Share premium KD	Statutory reserve KD	Treasury shares KD	Other reserve KD	Retained earnings KD	Sub total KD		Non-controlling interests KD
As at 1 January 2017 (Audited)	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	8,460,915	29,530,343	2,460,240	31,990,583
Total comprehensive income for the period	-	-	-	-	-	4,452,290 (1,750,000)	4,452,290	23,852	4,476,142
Issue of bonus shares (Note 7)	1,750,000	-	-	-	-	-	-	-	-
As at 30 June 2017	10,000,000	10,500,000	4,125,000	(1,544,594)	(260,978)	11,163,205	33,982,633	2,484,092	36,466,725
As at 1 January 2016 (Audited)	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	6,770,832	27,840,260	2,484,440	30,324,700
Total comprehensive income (loss) for the period	-	-	-	-	-	3,826,463	3,826,463	(3,128)	3,823,335
Dividends for 2016 at 86 fils per share (Note 7)	-	-	-	-	-	(6,752,720)	(6,752,720)	-	(6,752,720)
As at 30 June 2016	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	3,844,575	24,914,003	2,481,312	27,395,315

The attached notes 1 to 11 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 June 2017

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 June 2017 were authorised for issue by the Board of Directors on 26 July 2017.

The Parent Company was established as a 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;
- Investing surplus funds in investment portfolios managed by specialised institutions; and
- The right to participate with other firms, which operate in the same field or those, which would assist in achieving its objectives in Kuwait or abroad, and to purchase those firms or participate in their equity.
- Management and development of real estate activities including real estate consultancy services;
- General trading of construction materials, equipment and real estate;
- To own, lease and rent out land and real estate properties;
- Sharing in executing the infrastructure for the housing, trading and industrial projects and manage real estate facilities under BOT regulations.

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 compliance

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

Basis of presentation

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") being the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Furthermore, results for the period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2016.

The accounting policies used in the preparation of this 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 2016, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2017 and did not result in any material impact on the accounting policies, 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 June 2017

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary 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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</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	2,275,900	1,920,060	4,452,290	3,826,463
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	100,000,000	100,000,000	100,000,000	100,000,000
Less: Weighted average number of treasury shares	(4,824,242)	(4,824,242)	(4,824,242)	(4,824,242)
Weighted average number of ordinary shares outstanding during the period	95,175,758	95,175,758	95,175,758	95,175,758
Basic and diluted earnings per share	23.91 fils	20.17 fils	46.78 fils	40.20 fils

Earnings per share for the three months and six months ended 30 June 2016 were 24.45 fils and 48.73 fils respectively, before retroactive adjustment to the number of shares following the bonus issue (Note 7).

4 INTANGIBLE ASSETS

Included in intangible assets is a fully amortised intangible asset (31 December 2016: KD Nil and 30 June 2016: KD Nil) that represents Build-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 4 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 5,406,854 (31 December 2016: KD 5,804,805 and 30 June 2016: KD 6,202,783) that represents the carrying value of Build-Own-Transfer (BOT) project for the construction of Sheikh Saa'd Terminal (the "terminal"). This was built on a leasehold land from the government of the State of Kuwait for 20 years which will expire on 2024. Since September 2013, 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 5,733,608 (31 December 2016: KD 6,266,989 and 30 June 2016: KD 6,813,126) that represents the carrying value of Build-Own-Transfer (BOT) project for the construction of the car park and commercial complex of Kuwait International Airport. This was built on a leasehold land from the government of the State of Kuwait for 20 years which will expire on 2023. The management is confident that the carrying amount of the intangible asset is fully recoverable and no impairment is considered necessary.

5 RELATED PARTY TRANSACTIONS

These represents transactions with related parties, i.e. major shareholders, associate, 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 Parent Company's management.

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 June 2017

5 RELATED PARTY TRANSACTIONS (continued)

Transactions and balances with related parties are as follows:

	<i>Other related parties</i> KD	<i>Six months ended 30 June</i>	
		<i>2017</i> KD	<i>2016</i> KD
<i>Interim condensed consolidated statement of comprehensive income:</i>			
Revenues	8,219	8,219	-
Operating costs	(158,301)	(158,301)	(74,852)
General and administrative expenses	(18,733)	(18,733)	(23,968)
Other income	21,480	21,480	21,480
Interest income	928,902	928,902	551,824

	<i>Ultimate Parent Company</i> KD	<i>Other related parties</i> KD	<i>30 June 2017</i> KD	<i>(Audited) 31 December 2016</i> KD	<i>30 June 2016</i> KD
<i>Interim condensed consolidated statement of financial position:</i>					
Amounts due from a related party (included in accounts receivable and other assets)	-	32,008	32,008	10,081	6,410
Amounts due to related parties (included in accounts payable and other liabilities)	166,965	105,961	272,926	149,009	244,468
Loan to a related party	-	24,305,048	24,305,048	20,339,286	16,025,786
Financial assets available for sale	-	1,449,198	1,449,198	1,449,198	1,449,198

Amounts due from/to related parties are interest free and are receivable/payable on demand except for certain loan advanced to a related party.

Loan to a related party represents amounts advanced by a subsidiary of the Group towards the construction and development of a commercial mall in UAE ("Project"). This amount bears compounded annual interest of 8.5% and can be converted to equity in the Project on completion of construction subject to the Project achieving certain operational targets. The Group has contributed KD 1,449,198 (31 December 2016: KD 1,449,198 and 30 June 2016: KD 1,449,198) in the equity of the Project out of the Group's capital commitment in respect of uncalled capital in financial assets available for sale amounting to KD 5,121,522 as at the reporting date (31 December 2016: KD 5,334,210 and 30 June 2016: 5,065,290).

Compensation of key management personnel

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

	<i>Six months ended 30 June</i>	
	<i>2017</i> KD	<i>2016</i> KD
Short-term benefits	52,321	52,321
Employees' end of service benefits	3,872	3,687
	<u>56,193</u>	<u>56,008</u>

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 June 2017

6 TREASURY SHARES

	30 June 2017	(Audited) 31 December 2016	30 June 2016
Number of treasury shares (shares)	<u>4,824,242</u>	<u>3,980,000</u>	<u>3,980,000</u>
Percentage of issued shares (%)	<u>5%</u>	<u>5%</u>	<u>5%</u>
Market value (KD)	<u>4,105,430</u>	<u>2,666,600</u>	<u>2,746,200</u>
Cost (KD)	<u>1,544,594</u>	<u>1,544,594</u>	<u>1,544,594</u>

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

7 DIVIDENDS

During the current period, at the Annual General Assembly (“AGM”) of the shareholders of the Parent Company held on 11 May 2017, the shareholders approved the distribution of bonus shares 17,500,000 shares of 100 fils each (2016: nil) amounting to KD 1,750,000 (2016: nil) in respect of the year ended 31 December 2016 which have been issued on 22 June 2017. Cash dividends distribution of 86 fils per share amounting to KD 6,752,720 for the year ended 31 December 2015 were approved at the AGM of the shareholders of the Parent Company held on 27 April 2016.

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 2017

8 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised in two operating segments: i) Investments: consists of investing surplus funds in investment portfolios. ii) Service operations: consists of managing projects and providing airplane ground and cleaning services and other service facilities

	Investments		Services operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016
	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of comprehensive income:</i>						
Segment revenue	982,599	634,033	6,990,027	6,530,931	7,972,626	7,164,964
Segment profit	776,302	634,033	3,901,189	3,359,704	4,677,491	3,993,737
Unallocated expenses	-	-	-	-	(201,349)	(170,402)
Profit for the period	-	-	-	-	4,476,142	3,823,335
Depreciation and amortization	-	-	(964,860)	(1,437,492)	(964,860)	(1,437,492)

	Investments		Services operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016
	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of financial position:</i>						
Assets	32,184,765	26,517,714	16,507,880	16,931,981	48,692,645	43,449,695
Liabilities	-	-	12,225,920	11,459,112	12,225,920	11,459,112
Capital expenditure	-	-	1,325	-	1,325	645

Capital expenditure represents addition to intangible assets. All of the Group's operations are in Kuwait.

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 June 2017

9 TAXATION

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
National labour support tax ("NLST")	55,145	50,490	108,843	94,166
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	22,577	20,648	46,253	38,118
Zakat	22,577	20,648	46,253	38,118
	100,299	91,786	201,349	170,402

10 CONTINGENCIES

As at 30 June 2017, the Group had contingent liabilities, amounting to KD 2,455,772 (31 December 2016: KD 2,539,072 and 30 June 2016: KD 2,429,082), in respect of bank guarantees arising in the ordinary course of business and corporate guarantee of AED 202 million equivalent to KD 16.69 million (31 December 2016: AED 202 million equivalent to KD 16.83 million and 30 June 2016: AED 202 million equivalent to KD 16.61 million) from which it is anticipated that no material liabilities will arise.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets available for sale, accounts receivables and other assets, cash and cash equivalents and loan to a related party. Financial liabilities consist of accounts payables and other liabilities excluding rent received in advance. The management assesses that the carrying amount of financial instruments is a reasonable approximation of fair value, with the exception of certain financial assets available for sale carried at cost amounting to KD 1,449,198 as at 30 June 2017 (31 December 2016: KD 2,749,198 and 30 June 2016: KD 2,749,198) since fair value could not be assessed reliably, and the loan to a related party whose fair value is higher than the carrying value due to the contractual interest rate that is above the prevailing market rate, are not materially different from their carrying values.

12 SUBSEQUENT EVENT

Subsequent to the reporting date, amendments to Law no. 6 of 2010 concerning Labour in Private Sector were published in the Official Gazette affecting employees short-term and post-employment benefits recognised by the Group. As on the date of the interim condensed consolidated financial information, the management is in the process of quantifying the financial effect of the same on employees end of service benefits.