

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

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

31 MARCH 2019

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 31 March 2019, and the related interim condensed consolidated statement of income, comprehensive income, cash flows and changes in equity for the three months period then ended. 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.

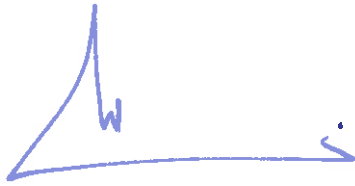
Emphasis of matter

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 modified 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. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



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

15 May 2019
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 KD	2018 KD
Revenues		3,290,811	3,627,339
Operating costs		(297,551)	(290,160)
GROSS PROFIT		2,993,260	3,337,179
General and administrative expenses		(585,007)	(530,042)
Salaries and employee benefits		(320,427)	(274,612)
Share of results of an associate		(36,247)	-
Revaluation gain (loss) on loan to an associate		50,412	(204,183)
Net other (expense) income		(34,486)	39,990
Profit before interest, taxation, depreciation and amortisation ("EBITDA")		2,067,505	2,368,332
Depreciation		(18,571)	(19,430)
Amortisation		(638,994)	(467,372)
Profit before interest and taxation ("EBIT")		1,409,940	1,881,530
Interest income		1,180,310	619,010
Finance cost		(448,359)	(127,787)
Profit before taxation		2,141,891	2,372,753
Taxation	10	(97,259)	(113,467)
PROFIT FOR THE PERIOD		2,044,632	2,259,286
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	14.17 fils	21.71 fils
Attributable to:			
Equity holders of the Parent Company		2,037,828	2,231,266
Non-controlling interests		6,804	28,020
		2,044,632	2,259,286

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 31 March 2019

	<i>Three months ended</i>	
	<i>31 March</i>	
	2019	2018
	KD	KD
Profit for the period	2,044,632	2,259,286
Other comprehensive income (loss):		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation adjustment	5,178	(8,948)
Share of other comprehensive loss of associate	(117,773)	-
Other comprehensive loss for the period	(112,595)	(8,948)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,932,037	2,250,338
Attributable to:		
Equity holders of the Parent Company	1,925,233	2,222,318
Non-controlling interests	6,804	28,020
	1,932,037	2,250,338

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 31 March 2019

		<i>(Audited)</i>	
	<i>Notes</i>	<i>31 March 2019 KD</i>	<i>31 December 2018 KD</i>
ASSETS			
Non-current assets			
Property and equipment		192,275	216,407
Intangible assets	4	12,780,801	8,513,402
Investment in an associate	5	6,390,503	6,539,345
Financial assets at fair value through other comprehensive income	5	-	1,308,633
Loan to an associate	5, 12	50,644,453	42,054,013
		<u>70,008,032</u>	<u>57,323,167</u>
Current assets			
Accounts receivable and other assets		3,493,828	3,635,790
Cash and cash equivalents		20,073,748	10,211,760
		<u>23,567,576</u>	<u>13,847,550</u>
TOTAL ASSETS		<u>93,575,608</u>	<u>71,170,717</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	16,450,000	13,175,000
Share premium	8	42,065,000	27,327,500
Statutory reserve		6,021,868	6,021,868
Treasury shares	6	(1,544,594)	(1,544,594)
Other reserve		(415,360)	(297,587)
Foreign currency translation reserve		10,386	5,208
Cumulative change in fair value		-	(140,565)
Retained earnings		9,682,633	7,644,805
Equity attributable to holders of the Parent Company		<u>72,269,933</u>	<u>52,332,200</u>
Non-controlling interests		2,136,099	2,129,295
Total equity		<u>74,406,032</u>	<u>54,461,495</u>
Liabilities			
Non-current liabilities			
Accounts payable and other liabilities		7,103,019	3,532,872
Employees' end of service benefits		477,279	459,844
		<u>7,580,298</u>	<u>3,992,716</u>
Current liabilities			
Loans and borrowings	7	2,400,000	4,400,000
Accounts payable and other liabilities		9,189,278	8,316,506
		<u>11,589,278</u>	<u>12,716,506</u>
Total liabilities		<u>19,169,576</u>	<u>16,709,222</u>
TOTAL EQUITY AND LIABILITIES		<u>93,575,608</u>	<u>71,170,717</u>

Tarek Ibrahim Mohammad Al Mousa
Chairman

Nadia Abdullah 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 31 March 2019

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2019</i>	<i>2018</i>
		<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Profit for the period before taxation		2,141,891	2,372,753
Adjustments for:			
Depreciation and amortisation		657,565	486,802
Provision for employees' end of service benefits		23,131	19,696
Interest income		(1,180,310)	(619,010)
Share of results of an associate		36,247	-
Revaluation (gain) loss on loan to an associate		(50,412)	204,183
Provision for expected credit loss		109,176	40,616
Finance cost		448,359	127,787
		<u>2,185,647</u>	<u>2,632,827</u>
Working capital changes:			
Accounts receivable and other assets		73,222	(466,748)
Accounts payable and other liabilities		(669,313)	(204,567)
Cash flows from operations		<u>1,589,556</u>	<u>1,961,512</u>
Employees' end of service benefits paid		(5,696)	(2,930)
Net cash flows from operating activities		<u>1,583,860</u>	<u>1,958,582</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(3,494)	(1,081)
Additions to intangible assets		(303,011)	(38,346)
Loan to an associate		(7,432,675)	(2,446,630)
Interest income received		32,521	31,549
Net cash flows used in investing activities		<u>(7,706,659)</u>	<u>(2,454,508)</u>
FINANCING ACTIVITIES			
Issue of share capital	8	18,012,500	20,002,500
Repayment of loan and borrowings	7	(2,000,000)	-
Finance cost paid		(27,713)	(317,299)
Net cash flows from financing activities		<u>15,984,787</u>	<u>19,685,201</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>9,861,988</u>	<u>19,189,275</u>
Cash and cash equivalents as at 1 January		10,211,760	7,679,086
CASH AND CASH EQUIVALENTS AS AT 31 MARCH		<u><u>20,073,748</u></u>	<u><u>26,868,361</u></u>

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 31 March 2019

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Treasury shares KD	Other reserve KD	Foreign currency translation reserve KD	Cumulative change in fair value KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
As at 1 January 2019	13,175,000	27,327,500	6,021,868	(1,544,594)	(297,587)	5,208	-	7,644,805	52,332,200	2,129,295	54,461,495
Profit for the period	-	-	-	-	-	-	-	2,037,828	2,037,828	6,804	2,044,632
Other comprehensive (loss) income for the period	-	-	-	-	(117,773)	5,178	-	-	(112,595)	-	(112,595)
Total comprehensive (loss) income for the period	-	-	-	-	(117,773)	5,178	-	2,037,828	1,925,233	6,804	1,932,037
Share capital increase (Note 8)	3,275,000	14,737,500	-	-	-	-	-	-	18,012,500	-	18,012,500
As at 31 March 2019	16,450,000	42,065,000	6,021,868	(1,544,594)	(415,360)	10,386	-	9,682,633	72,269,933	2,136,099	74,406,032
As at 1 January 2018	10,000,000	10,500,000	5,000,000	(1,544,594)	(260,978)	(333,914)	-	15,480,385	38,840,899	2,123,770	40,964,669
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	333,914	(131,617)	(1,095,417)	(893,120)	-	(893,120)
As at 1 January 2018 (restated)	10,000,000	10,500,000	5,000,000	(1,544,594)	(260,978)	-	(131,617)	14,384,968	37,947,779	2,123,770	40,071,549
Profit for the period	-	-	-	-	-	-	-	2,231,266	2,231,266	28,020	2,259,286
Other comprehensive loss for the period	-	-	-	-	-	-	(8,948)	-	(8,948)	-	(8,948)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(8,948)	2,231,266	2,222,318	28,020	2,250,338
Share capital increase (Note 8)	3,175,000	16,827,500	-	-	-	-	-	-	20,002,500	-	20,002,500
As at 31 March 2018	13,175,000	27,327,500	5,000,000	(1,544,594)	(260,978)	-	(140,565)	16,616,234	60,172,597	2,151,790	62,324,387

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 and for the period ended 31 March 2019

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 31 March 2019 were authorised for issue by the Board of Directors on 13 May 2019.

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;
- 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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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 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 2018. 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 2019.

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

Certain prior period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity as at 31 March 2018 and profit for the period then ended. Such reclassification have been made to improve the quality of information presented.

2.2 SIGNIFICANT ACCOUNTING POLICIES

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 2018, except for the changes described below arising from the adoption of IFRS 16 'Leases' effective from 1 January 2019.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 'Leases'

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Hence, adoption of this standard does not result in any change in accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information.

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>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	2,037,828	2,231,266
	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	148,600,386	107,619,486
Less: Weighted average number of treasury shares	(4,824,307)	(4,824,307)
Weighted average number of ordinary shares outstanding during the period	143,776,079	102,795,179
Basic and diluted earnings per share	14.17 fils	21.71 fils

Earnings per share for 2018 has been adjusted to reflect the rights issue during the period (Note 8).

4 INTANGIBLE ASSETS

Included in intangible assets is a fully amortised intangible asset (31 December 2018: KD Nil and 31 March 2018: KD Nil) that represents Built-Own-Transfer (BOT) project for the construction of Discovery Mall (the "Mall"). This Mall was built on a leasehold land from the Touristic Enterprise Company ("TEC") for an initial period of 10 years which was then extended by seven months to 28 January 2014. Since there were various delays in receiving the leasehold land from TEC, which resulted in an adverse effect on the investment term, the Parent Company requested to renew the contract for an additional period and has subsequently filed a compensation claim. However, TEC has filed a lawsuit requesting the Parent Company to withdraw from the Mall and deliver the Mall back. The First Instance court ruled in favor of TEC acknowledging the initial expiration of the contract. The Parent Company appealed the judgement which was subsequently transferred to a committee of experts to assess the overall damages and compensation. The Parent Company also submitted recourse before the Cassation Court, which ruled that the execution judgement should be suspended. The Parent Company is therefore still handling the management and operation of the Mall on the basis of the Cassation Court judgement and cannot assess when these proceedings will come to closure until a final ruling is made. Accordingly, revenue from the Mall has been recognised by the Parent Company in the statement of income because it is, in all cases, an exclusive right for which the Parent Company is entitled to, regardless of the outcome of the lawsuits filed by both parties.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

4 INTANGIBLE ASSETS (continued)

Included in intangible assets is an amount of KD 4,031,054 (31 December 2018: KD 4,230,853 and 31 March 2018: KD 4,809,929) 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 4,017,525 (31 December 2018: KD 4,282,549 and 31 March 2018: KD 4,985,357) 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.

Included in intangible assets is an amount of KD 4,732,222 (31 December 2018: KD Nil and 31 March 2018: KD Nil) that represents the carrying value of Build-Own-Transfer (BOT) project for developing, operating and maintaining the parking and related facilities at the new Kuwait Airways dedicated Terminal 4 (T4) for a period of five years which will expire on 2024. The Group's operations at T4 have commenced from February 2019.

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.

Transactions and balances with related parties are as follows:

	<i>Ultimate Parent Company</i>	<i>Other related parties</i>	<i>Three months ended 31 March</i>		
			<i>2019</i>	<i>2018</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	
<i>Interim condensed consolidated statement of income:</i>					
Revenues	-	24,816	24,816	8,035	
Operating costs	-	(42,483)	(42,483)	(121,488)	
General and administrative expenses	-	(4,681)	(4,681)	(4,880)	
Finance cost	(218,400)	-	(218,400)	-	
Interest income	-	1,107,352	1,107,352	587,461	
	<i>Ultimate Parent Company</i>	<i>Other related parties</i>	<i>(Audited) 31 March 2019</i>	<i>(Audited) 31 December 2018</i>	<i>31 March 2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Amounts due to related parties (included in accounts payable and other liabilities)	(563,314)	(30,342)	(593,656)	(390,930)	(323,446)
Investment in an associate	-	6,390,503	6,390,503	6,539,345	-
Loan to an associate*	-	50,644,453	50,644,453	42,054,013	32,896,137
Financial assets at fair value through other comprehensive income	-	-	-	-	1,308,633

Amounts due from/to related parties are receivable/payable on demand except for certain loan advanced to an associate.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

5 RELATED PARTY TRANSACTIONS (continued)

*Loan to an associate 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 rates as per the loan agreement 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 6,390,503 (31 December 2018: KD 6,539,345 and 31 March 2018: KD 1,308,633) in the equity of the project.

Compensation of key management personnel

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Short-term benefits	53,217	49,147
Employees' end of service benefits	8,955	3,343
	<u>62,172</u>	<u>52,490</u>

6 TREASURY SHARES

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2019</i>	<i>31 December</i>	<i>2018</i>
		<i>2018</i>	<i>2018</i>
Number of treasury shares (shares)	4,824,307	4,824,307	4,824,307
Percentage of issued shares (%)	3%	4%	4%
Market value (KD)	2,122,695	3,063,435	3,405,961
Cost (KD)	1,544,594	1,544,594	1,544,594

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

7 LOANS AND BORROWINGS

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2019</i>	<i>31 December</i>	<i>2018</i>
	<i>KD</i>	<i>2018</i>	<i>2018</i>
		<i>KD</i>	<i>KD</i>
Gross amount	2,400,000	4,400,000	-

During the year ended 31 December 2017, the Parent Company signed a syndicated loan agreement consist of two facilities with a local bank for an amount of KD 50,100,000 to finance the construction, development of a commercial mall in UAE, the Project (Note 5), and for working capital requirements of the Parent Company. As at reporting date, an amount of KD 5,900,000 has been withdrawn and KD 3,500,000 is repaid. This loan facility bears an average finance cost of 6% (31 December 2018: 6% and 31 March 2018: Nil%) per annum and is repayable on 31 December 2019.

8 SHARE CAPITAL AND DIVIDENDS DISTRIBUTION

The authorised share capital of the Parent Company is KD 38,250,000 comprises of 382,500,000 shares of 100 fils each. Issued and paid up share capital of the Parent Company as at 31 March 2019 is KD 16,450,000 comprises of 164,500,000 shares (31 December 2018: 131,750,000 shares and 31 March 2018: 131,750,000 shares) of 100 fils each.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

8 SHARE CAPITAL AND DIVIDENDS DISTRIBUTION (continued)

During the period, the Parent Company made a rights issue to its shareholders at KD 0.550 per share (31 December 2018 and 31 March 2018: KD 0.630 per share) made up of KD 0.100 share capital (31 December 2018 and 31 March 2018: KD 0.100 share capital) and KD 0.450 share premium (31 December 2018 and 31 March 2018: KD 0.530 share premium). A total of 32,750,000 shares (31 December 2018 and 31 March 2018: 31,750,000 share) were issued resulting in an increase in share capital by KD 3,275,000 (31 December 2018 and 31 March 2018: KD 3,175,000) and an increase in the share premium account by KD 14,737,500 (31 December 2018 and 31 March 2018: KD 16,827,500).

At the Annual General Assembly of the shareholders of the Parent Company held on 9 April 2019, the shareholders approved the distribution of cash dividends of 21 fils per share (2018: 121 fils) amounting to KD 3,353,190 for the year ended 31 December 2018 (2017: KD 15,358,009) for shareholders registered on the appropriate regulatory approval date on 24 April 2019 which has been paid on 2 May 2019.

9 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.

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

As at and for the period ended 31 March 2019

9 OPERATING SEGMENT INFORMATION (continued)

	Investments		Services operations		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2019	2018	2019	2018	2019	2018
	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of income:</i>						
Segment revenue	<u>1,194,475</u>	<u>414,828</u>	<u>3,290,811</u>	<u>3,667,229</u>	<u>4,485,286</u>	<u>4,082,057</u>
Segment profit	<u>746,116</u>	<u>287,041</u>	<u>1,395,775</u>	<u>2,085,712</u>	<u>2,141,891</u>	<u>2,372,753</u>
Unallocated expenses					<u>(97,259)</u>	<u>(113,467)</u>
Profit for the period					<u>2,044,632</u>	<u>2,259,286</u>
Depreciation and amortization			<u>657,565</u>	<u>486,802</u>	<u>657,565</u>	<u>486,802</u>

	Investments		Services operations		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2019	2018	2019	2018	2019	2018
	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of financial position:</i>						
Assets	<u>74,240,872</u>	<u>56,151,929</u>	<u>19,334,736</u>	<u>15,213,703</u>	<u>93,575,608</u>	<u>71,170,717</u>
Liabilities	<u>-</u>	<u>-</u>	<u>19,169,576</u>	<u>11,929,294</u>	<u>19,169,576</u>	<u>11,929,294</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>303,011</u>	<u>38,346</u>	<u>303,011</u>	<u>38,346</u>

Capital expenditure represents addition to intangible assets.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

10 TAXATION

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
National labour support tax ("NLST")	52,919	62,789
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	22,170	25,339
Zakat	22,170	25,339
	<u>97,259</u>	<u>113,467</u>

11 CONTINGENCIES

As at 31 March 2019, the Group had contingent liabilities, amounting to KD 37,458,734 (31 December 2018: KD 37,344,054 and 31 March 2018: KD 36,410,576), 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.

Financial assets consist of accounts receivables and other assets, cash and cash equivalents and loan to an associate. Financial liabilities consist of loans and borrowings, 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.

Loan to an associate is classified as Level 3.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2019</i>	<i>31 December</i>	<i>2018</i>
	<i>KD</i>	<i>2018</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Loan to an associate</i>			
At the beginning of the period	42,054,013	30,022,447	30,022,447
IFRS 9 transition adjustment	-	43,781	43,781
Net purchases, sales, transfers and settlements	8,540,028	11,718,464	3,034,092
Total gain (loss) recognised in consolidated statement of income	50,412	269,321	(204,183)
At the end of the period	<u>50,644,453</u>	<u>42,054,013</u>	<u>32,896,137</u>