

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

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

**30 JUNE 2022**





Ernst & Young  
Al Aiban, Al Osaimi & Partners  
P.O. Box 74, Safat  
13001 Safat, Kuwait  
Baitak Tower, 18–20th Floor  
Safat Square  
Ahmed Al Jaber Street  
Kuwait

Tel: +965 2295 5000 /  
+965 2295 2880  
Fax: +965 2245 6419  
www.ey.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 Project Company For Aviation Services K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2022, and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, the related interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six 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 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, 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.

### **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 six months period ended 30 June 2022 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 violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2022 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

10 August 2022  
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 30 June 2022

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		KD	KD	KD	KD
Revenues		2,443,620	1,786,598	4,718,159	3,440,789
Operating costs		(310,844)	(274,826)	(604,034)	(522,720)
<b>GROSS PROFIT</b>		<b>2,132,776</b>	<b>1,511,772</b>	<b>4,114,125</b>	<b>2,918,069</b>
General and administrative expenses		(360,957)	(381,018)	(721,507)	(637,424)
Salaries and employee benefits		(296,911)	(279,819)	(589,101)	(591,505)
Share of results of associates		(58,069)	(39,982)	(92,240)	(65,155)
Other income		10,521	1,053,921	51,136	1,065,575
<b>Profit before interest, taxation, depreciation and amortisation (“EBITDA”)</b>		<b>1,427,360</b>	<b>1,864,874</b>	<b>2,762,413</b>	<b>2,689,560</b>
Depreciation		(5,507)	(7,040)	(12,662)	(14,053)
Amortisation		(458,317)	(503,492)	(950,399)	(1,029,705)
<b>Profit before interest and taxation (“EBIT”)</b>		<b>963,536</b>	<b>1,354,342</b>	<b>1,799,352</b>	<b>1,645,802</b>
Interest income		10,103	2,861	17,604	5,412
Finance cost		(503,433)	(506,275)	(980,295)	(1,017,556)
<b>Profit before taxation</b>		<b>470,206</b>	<b>850,928</b>	<b>836,661</b>	<b>633,658</b>
Taxation	10	(20,676)	(3,897)	(34,733)	(3,897)
<b>PROFIT FOR THE PERIOD</b>		<b>449,530</b>	<b>847,031</b>	<b>801,928</b>	<b>629,761</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>1.14 Fils</b>	3.46 Fils	<b>2.03 Fils</b>	2.62 Fils
<b>Attributable to:</b>					
Equity holders of the Parent Company		432,176	851,146	767,090	644,659
Non-controlling interests		17,354	(4,115)	34,838	(14,898)
		<b>449,530</b>	<b>847,031</b>	<b>801,928</b>	<b>629,761</b>

The attached notes 1 to 14 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 June 2022

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Profit for the period</b>	<b>449,530</b>	847,031	<b>801,928</b>	629,761
<b>Other comprehensive income:</b>				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustment	<b>49,704</b>	(21,251)	<b>83,516</b>	(77,856)
Share of other comprehensive income of associate	<b>286,146</b>	27,357	<b>396,079</b>	196,791
<b>Other comprehensive income for the period</b>	<b>335,850</b>	6,106	<b>479,595</b>	118,935
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>785,380</b>	853,137	<b>1,281,523</b>	748,696
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>768,026</b>	857,252	<b>1,246,685</b>	763,594
Non-controlling interests	<b>17,354</b>	(4,115)	<b>34,838</b>	(14,898)
	<b>785,380</b>	853,137	<b>1,281,523</b>	748,696

The attached notes 1 to 14 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 2022

		<i>30 June</i> 2022 KD	<i>(Audited)</i> 31 December 2021 KD	<i>30 June</i> 2021 KD
<b>ASSETS</b>	<i>Notes</i>			
<b>Non-current assets</b>				
Property and equipment		20,163	30,765	43,788
Intangible assets	4	2,216,917	3,167,316	4,134,455
Investment in an associate	5	5,285,034	4,897,679	4,671,241
Loan to an associate	5, 13	165,379,265	152,477,649	163,432,357
		<u>172,901,379</u>	<u>160,573,409</u>	<u>172,281,841</u>
<b>Current assets</b>				
Accounts receivable and other assets		2,411,832	2,386,697	2,460,451
Cash and cash equivalents		4,710,904	4,385,489	3,521,987
		<u>7,122,736</u>	<u>6,772,186</u>	<u>5,982,438</u>
<b>TOTAL ASSETS</b>		<u><u>180,024,115</u></u>	<u><u>167,345,595</u></u>	<u><u>178,264,279</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	38,250,000	38,250,000	38,250,000
Share premium		48,605,000	48,605,000	48,605,000
Statutory reserve		7,093,461	7,093,461	7,000,058
Treasury shares	6	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		(205,875)	(601,954)	(864,082)
Foreign currency translation reserve		61,903	(21,613)	(50,555)
Retained earnings		10,962,364	10,195,274	10,019,106
<b>Equity attributable to holders of the Parent Company</b>		<u>103,222,259</u>	<u>101,975,574</u>	<u>101,414,933</u>
Non-controlling interests		962,240	927,402	910,452
<b>Total equity</b>		<u>104,184,499</u>	<u>102,902,976</u>	<u>102,325,385</u>
<b>Non-current liabilities</b>				
Loans and borrowings	7	-	33,635,382	34,275,382
Accounts payable and other liabilities	9	5,691,072	5,787,273	6,366,412
Employees' end of service benefits		683,488	652,313	609,801
		<u>6,374,560</u>	<u>40,074,968</u>	<u>41,251,595</u>
<b>Current liabilities</b>				
Loans and borrowings	7	32,075,179	-	-
Accounts payable and other liabilities	9	37,389,877	24,367,651	34,687,299
		<u>69,465,056</u>	<u>24,367,651</u>	<u>34,687,299</u>
<b>Total liabilities</b>		<u>75,839,616</u>	<u>64,442,619</u>	<u>75,938,894</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>180,024,115</u></u>	<u><u>167,345,595</u></u>	<u><u>178,264,279</u></u>

Tarek Ibrahim Mohammad Al Mousa  
Chairman

Nadia Abdullah Mohammad Akil  
CEO & Vice Chairperson

The attached notes 1 to 14 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 2022

	<i>Note</i>	<i>Six months ended</i>	
		<i>30 June</i>	
		<b>2022</b>	<b>2021</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period before tax		<b>836,661</b>	629,761
<i>Adjustments for:</i>			
Depreciation		<b>12,662</b>	14,053
Amortisation		<b>950,399</b>	1,029,705
Provision for employees' end of service benefits		<b>48,466</b>	43,532
Interest income		<b>(17,604)</b>	(5,412)
Share of results of an associate		<b>92,240</b>	65,155
Provision for expected credit losses		<b>22,581</b>	111,270
Finance cost		<b>980,295</b>	1,017,556
		<b>2,925,700</b>	2,905,620
Working capital changes:			
Accounts receivable and other assets		<b>(47,276)</b>	686,632
Accounts payable and other liabilities		<b>13,208</b>	(376,931)
Cash flows from operations		<b>2,891,632</b>	3,215,321
Employees' end of service benefits paid		<b>(17,291)</b>	(30,826)
Taxes paid		<b>(69,909)</b>	-
Net cash flows from operating activities		<b>2,804,432</b>	3,184,495
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(2,060)</b>	(1,461)
Additions to intangible assets		-	(3,579)
Additions to loan to an associate	13	<b>(12,901,616)</b>	(27,198,632)
Interest income received		<b>17,158</b>	4,100
Net cash flows used in investing activities		<b>(12,886,518)</b>	(27,199,572)
<b>FINANCING ACTIVITIES</b>			
Amount due to a related party		<b>12,901,906</b>	27,340,393
Repayment of loan and borrowings		<b>(1,560,203)</b>	(840,000)
Finance cost paid		<b>(934,202)</b>	(776,415)
Net cash flows from financing activities		<b>10,407,501</b>	25,723,978
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>325,415</b>	1,708,901
Cash and cash equivalents as at 1 January		<b>4,385,489</b>	1,813,086
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>		<b>4,710,904</b>	3,521,987

The attached notes 1 to 14 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 2022

<i>Attributable to equity holders of the Parent Company</i>										
	<i>Share Capital KD</i>	<i>Share Premium KD</i>	<i>Statutory reserve KD</i>	<i>Treasury shares KD</i>	<i>Other reserve KD</i>	<i>Foreign currency translation Reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non- controlling interests KD</i>	<i>Total KD</i>
As at 1 January 2022	38,250,000	48,605,000	7,093,461	(1,544,594)	(601,954)	(21,613)	10,195,274	101,975,574	927,402	102,902,976
Profit for the period	-	-	-	-	-	-	767,090	767,090	34,838	801,928
Other comprehensive income for the period	-	-	-	-	396,079	83,516	-	479,595	-	479,595
Total comprehensive income for the period	-	-	-	-	396,079	83,516	767,090	1,246,685	34,838	1,281,523
<b>As at 30 June 2022</b>	<b>38,250,000</b>	<b>48,605,000</b>	<b>7,093,461</b>	<b>(1,544,594)</b>	<b>(205,875)</b>	<b>61,903</b>	<b>10,962,364</b>	<b>103,222,259</b>	<b>962,240</b>	<b>104,184,499</b>

<i>Attributable to equity holders of the Parent Company</i>										
	<i>Share Capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Treasury shares KD</i>	<i>Other reserve KD</i>	<i>Foreign currency translation Reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non- controlling interests KD</i>	<i>Total KD</i>
As at 1 January 2021	38,250,000	48,605,000	7,000,058	(1,544,594)	(1,060,873)	27,301	9,374,447	100,651,339	925,350	101,576,689
Profit (Loss) for the period	-	-	-	-	-	-	644,659	644,659	(14,898)	629,761
Other comprehensive income (loss) for the period	-	-	-	-	196,791	(77,856)	-	118,935	-	118,935
Total comprehensive income (loss) for the Period	-	-	-	-	196,791	(77,856)	644,659	763,594	(14,898)	748,696
As at 30 June 2021	38,250,000	48,605,000	7,000,058	(1,544,594)	(864,082)	(50,555)	10,019,106	101,414,933	910,452	102,325,385

The attached notes 1 to 14 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 30 June 2022

### 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 2022 were authorised for issue by the Board of Directors on 10 August 2022.

The Annual General Meeting of the Parent Company for approving the consolidated financial statements for the year ended 31 December 2021 was held on 25 May 2022.

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 Boursa Kuwait and is a subsidiary of Agility Public Warehousing Company K.S.C.P. (“Ultimate Parent Company”), which is also listed on Boursa Kuwait.

### 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 2021. 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 2022.

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

#### 2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### 2.3 New standards, interpretations and amendments adopted by the Group

Several amendments apply for the first time in 2022, but do not have a material impact on the interim condensed consolidated financial information 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 and for the period ended 30 June 2022

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 New standards, interpretations and amendments adopted by the Group (continued)

##### IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

### 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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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	<b>432,176</b>	851,146	<b>767,090</b>	644,659
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	<b>382,500,000</b>	250,614,715	<b>382,500,000</b>	250,614,715
Less: Weighted average number of treasury shares	<b>(4,824,307)</b>	(4,824,307)	<b>(4,824,307)</b>	(4,824,307)
Weighted average number of ordinary shares outstanding during the period	<b>377,675,693</b>	245,790,408	<b>377,675,693</b>	245,790,408
Basic and diluted earnings per share	<b>1.14 Fils</b>	3.46 Fils	<b>2.03 Fils</b>	2.62 Fils

### 4 INTANGIBLE ASSETS

#### *Sheikh Saa'd Terminal*

On 17 May 2020, the Group received an extension to operate the terminal for another six months 28 June 2020 until 27 December 2020. On 24 January 2021, the Group received a proposal for another extension of the Contract until 27 June 2021 and has subsequently since received a further proposal for an additional extension until 27 March 2022 and on 10 February 2022, the group received another proposal with an extension until 27 June 2023. The Group is currently undergoing discussions with the DGCA with regards to scope, fees, and components to facilitate further extension.

#### *Commercial complex of Kuwait International Airport*

Included in intangible assets is an amount of KD 663,535 (31 December 2021: KD 1,123,382 and 30 June 2021: KD 1,599,969) that represents the carrying value of Build-Operate-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.

#### *Kuwait Airways Terminal-4 Parking project*

On 25 November 2018, the Group entered into a service concession arrangement with Directorate General of Civil Aviation of Kuwait (the "Grantor") to operate a pre-existing parking and related facilities at the new Kuwait Airways dedicated Terminal 4 ("Facilities").

Under the terms of the agreement, the Group will operate and make facilities available to the public for a period of five years, starting from 9 February 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 30 June 2022

### 4 INTANGIBLE ASSETS (continued)

As at 30 June 2022, intangible assets include KD 1,553,382 (31 December 2021: KD 2,043,934 and 30 June 2021: KD 2,534,486) relating to this arrangement and liability of KD 3,887,021 (31 December 2021: KD 3,828,099 and 30 June 2021: KD 3,757,819) which represents the minimum fixed payments that will be paid by the Group to the Grantor over the term of the concession arrangement, discounted at a rate of 6%.

### 5 RELATED PARTY TRANSACTIONS AND BALANCES

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>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>Six months ended 30 June</i>		
			<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>	
<i>Interim condensed consolidated statement of income:</i>					
Revenues	-	11,020	<b>11,020</b>	5,758	
Operating costs	-	(438,071)	<b>(438,071)</b>	(130,702)	
General and administrative expenses	-	(15,039)	<b>(15,039)</b>	(19,845)	
Share of results of an associate	-	(92,240)	<b>(92,240)</b>	(65,155)	
Finance cost	(86,596)	-	<b>(86,596)</b>	(86,106)	
	<i>Parent Company (Ultimate and intermediary parent)</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>30 June 2022</i> <i>KD</i>	<i>(Audited) 31 December 2021</i> <i>KD</i>	<i>30 June 2021</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Investment in an associate	-	5,285,034	<b>5,285,034</b>	4,897,679	4,671,241
Loan to an associate <sup>1</sup>	-	165,379,265	<b>165,379,265</b>	152,477,649	163,432,357
Amounts due to related parties (included in accounts payable and other liabilities)	(30,833,944)	(451,954)	<b>(31,285,898)</b>	(17,991,668)	(28,823,333)

Amounts due from / to related parties are interest free and are receivable / payable on demand except for loan advanced to an associate. Other related parties include entities under common control.

<sup>1</sup> 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 carries with it the option, at the sole discretion of the Parent Company, to be converted to equity in the Project on completion of construction subject to the Project achieving certain operational targets. The Group has contributed KD 6,580,301 (31 December 2021: KD 6,580,301 and 30 June 2021: KD 6,580,301) in the equity of the Project. The Ultimate Parent Company has also invested in the equity of this Project.

In response to the economic impact of Covid-19, the Parent Company has not recognised interest income for the period ended 30 June 2022 of KD 5,354,901 (31 December 2021: KD 13,028,263 and 30 June 2021: KD 5,970,807). The interest is suspended temporarily, and the Parent Company retains the right to reinstate it in the future.

#### Compensation of key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The remuneration of key management personnel during the period was as follows:

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 30 June 2022

**5 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Compensation of key management personnel (continued)**

	<i>Six months ended</i> <i>30 June</i>	
	<b>2022</b>	2021
	<b>KD</b>	<b>KD</b>
Short-term benefits	<b>204,328</b>	232,233
Employees' end of service benefits	<b>18,613</b>	18,896
	<b>222,941</b>	251,129

**6 TREASURY SHARES**

	<i>30 June</i> <i>2022</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i>	<i>30 June</i> <i>2021</i>
Number of treasury shares (shares)	<b>4,824,307</b>	4,824,307	4,824,307
Percentage of issued shares (%)	<b>1%</b>	1%	1%
Market value (KD)	<b>1,225,374</b>	1,196,428	1,355,630
Cost (KD)	<b>1,544,594</b>	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>30 June</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>
Borrowing facility	<b>32,075,179</b>	33,635,382	34,275,382

During the year ended 31 December 2017, the Parent Company signed a syndicated loan agreement consisting 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. This loan facility bears an average finance cost of average 4.74% (31 December 2021: average 4.5% and 30 June 2021: average 4.50%) per annum and is repayable on 30 March 2023.

The Group's banking facilities are covered by the corporate guarantee of the Ultimate Parent Company. The Group increased its authorized share capital (Note 8) in the prior year and plans to hold an additional share capital increase to raise funds and meet its liquidity requirements. Alternatively, the Group receives support from the Ultimate Parent Company, as well, on a regular basis.

The management has access to a wide variety of funding and continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that as at 30 June 2022, liquidity position of the Group is stable and its existing funding resources, will be sufficient to satisfy its liquidity requirements.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

**8 SHARE CAPITAL**

	<i>30 June 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 June 2021 KD</i>
Issued and paid up share capital of 382,500,000 shares of 100 fils each (31 December 2021: 382,500,000 shares of 100 fils each and 30 June 2021: 382,500,000 shares of 100 fils each)	<b>38,250,000</b>	38,250,000	38,250,000

	<i>30 June 2022 Shares</i>	<i>(Audited) 31 December 2021 Shares</i>	<i>30 June 2021 Shares</i>
<i>Authorised shares</i>			
Ordinary shares of 100 fils each	<b>1,132,500,000</b>	1,132,500,000	1,132,500,000
<i>Ordinary shares issued and fully paid</i>	<b>382,500,000</b>	382,500,000	382,500,000

During the year ended 31 December 2021, the Parent Company's Board of Directors in their meeting held on 28 January 2021 approved to increase the Parent Company's authorised shares by 750,000,000 shares to be 1,132,500,000 shares which was further approved by the shareholders in an Extra Ordinary General Assembly Meeting held on 11 May 2021.

**9 ACCOUNTS PAYABLE AND OTHER LAIBILITIES**

	<i>30 June 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 June 2021 KD</i>
Accounts payable	<b>1,580,870</b>	1,369,730	1,219,704
Amounts due to related parties (Note 5)	<b>31,285,898</b>	17,991,668	28,823,333
Accrued expenses	<b>2,145,623</b>	2,155,620	1,702,003
Contract liabilities	<b>2,552,316</b>	3,168,998	3,858,275
Provision for staff leave	<b>129,415</b>	126,610	155,612
Tenant refundable deposits	<b>1,500,246</b>	1,514,754	1,536,965
Other payables	<b>3,886,581</b>	3,827,544	3,757,819
	<b>43,080,949</b>	30,154,924	41,053,711

	<i>30 June 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 June 2021 KD</i>
<b>Classified as:</b>			
Non-current liabilities	<b>5,691,072</b>	5,787,273	6,366,412
Current liabilities	<b>37,389,877</b>	24,367,651	34,687,299
	<b>43,080,949</b>	30,154,924	41,053,711

# 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 30 June 2022

### 10 TAXATION

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
National labour support tax (“NLST”)	<b>11,534</b>	1,935	<b>19,082</b>	1,935
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	<b>4,528</b>	1,187	<b>8,018</b>	1,187
Zakat	<b>4,614</b>	775	<b>7,633</b>	775
	<b>20,676</b>	<b>3,897</b>	<b>34,733</b>	<b>3,897</b>

### 11 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised in two operating segments: i) Investments: consists of investing in the Project (Note 5) and surplus funds in investment portfolios. ii) Service operations: consists of managing projects and providing airplane ground and cleaning services and other service facilities.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

11 OPERATING SEGMENT INFORMATION (continued)

	<i>Investments</i>		<i>Services operations</i>		<i>Total</i>	
	<i>Six months ended</i>		<i>Six months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>		<i>30 June</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Interim condensed consolidated statement of income:</i>						
Segment revenue	<b>17,598</b>	5,412	<b>4,769,295</b>	4,506,365	<b>4,786,893</b>	4,511,777
Segment (loss) profit	<b>(996,016)</b>	(990,963)	<b>1,832,677</b>	1,624,621	<b>836,661</b>	633,658
Unallocated expenses	-	-	-	-	<b>(34,733)</b>	(3,897)
Profit for the period	-	-	-	-	<b>801,928</b>	629,761
Other information:						
Share of results of associates	<b>(92,240)</b>	(65,155)	-	-	<b>(92,240)</b>	(65,155)
Depreciation and amortisation	-	-	<b>963,061</b>	1,043,758	<b>963,061</b>	1,043,758

	<i>Investments</i>			<i>Services operations</i>			<i>Total</i>		
	<b>30 June</b>	<i>(Audited)</i>		<b>30 June</b>	<i>(Audited)</i>		<b>30 June</b>	<i>(Audited)</i>	
		<b>2022</b>	<b>31 December</b>		<b>30 June</b>	<b>31 December</b>		<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Interim condensed consolidated statement of financial position:</i>									
Assets	<b>173,642,752</b>	159,656,679	170,549,899	<b>6,381,363</b>	7,688,916	7,714,380	<b>180,024,115</b>	167,345,595	178,264,279
Liabilities	<b>61,363,178</b>	50,021,475	61,615,775	<b>14,476,438</b>	14,421,144	14,323,119	<b>75,839,616</b>	64,442,619	75,938,894
Additions to intangible assets	-	-	-	-	20,230	3,579	-	20,230	3,579
Additions to property and equipment	-	-	-	<b>2,060</b>	2,616	1,461	<b>2,060</b>	2,616	1,461
Investment in an associate	<b>5,285,034</b>	4,897,679	4,671,241	-	-	-	<b>5,285,034</b>	4,897,679	4,671,241

# 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 30 June 2022

### 12 CONTINGENCIES

As at 30 June 2022, the Group had contingent liabilities, amounting to KD 850,245 (31 December 2021: KD 850,245 and 30 June 2021: KD 853,745), in respect of bank guarantees arising in normal course of business from which it is anticipated that no material liabilities will arise.

### 13 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>30 June</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>
At the beginning of the period / year	<b>152,477,649</b>	136,233,725	136,233,725
Additional contribution	<b>12,901,616</b>	16,243,924	27,198,632
<b>At the end of the period / year</b>	<b><u>165,379,265</u></b>	<u>152,477,649</u>	<u>163,432,357</u>

### 14 IMPACT OF COVID-19

COVID restrictions have been gradually relaxed by the government of Kuwait since the third quarter of 2021 resulting in a positive impact on the group's operations compared to previous year. The Group's operating environment is moderately rebound and signs of economic recovery are visible across the region and globally. High vaccination rates and strict social distancing measures significantly reduced the impact of latest variants of the virus.

Compared to the prior year, the operations of the Group are improving and as at this stage, the impact on the Group's business and results has not been significant, comparatively, and management expects this to remain the case. The Group will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue in operation in the best and safest way possible.

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