

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

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

**31 MARCH 2013**



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C. (CLOSED)**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Projects Company For Aviation Services K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 March 2013, and the related interim condensed consolidated income statement interim condensed consolidated statement of comprehensive income interim condensed consolidated statements of cash flows and interim condensed consolidated statement of changes in equity for the three month 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 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 5 to the interim condensed consolidated financial information, which describes the uncertainty relating to the permission of the civil aviation authority to allow alternate carriers to operate from the Sheikh Saa'd terminal, and its impact on the recoverable amount of 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. (CLOSED)**  
(continued)

***Report on Other Legal and Regulatory Requirements***

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Articles of Association and the Memorandum of Incorporation during the three months period ended 31 March 2013 that might have had a material effect on the business of the Parent Company or on its financial position.



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



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

15 May 2013  
Kuwait

United Projects Company For Aviation Services K.S.C. (Closed) and its  
Subsidiaries

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

For the period ended 31 March 2013

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2013 KD</i>	<i>2012 KD</i>
Revenues		2,854,677	2,980,036
Operating costs		(1,211,831)	(1,117,008)
<b>GROSS PROFIT</b>		<b>1,642,846</b>	<b>1,863,028</b>
Realised loss on sale of financial assets available for sale		-	(1,056)
Interest income		123,367	106,077
Other income		340,229	597,552
Reversal of (provision for) impairment of receivables	9	326,556	(216,357)
Administrative expenses		(263,936)	(315,670)
Depreciation		(61,817)	(64,468)
Finance costs		(21,645)	(26,361)
<b>PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT</b>		<b>2,085,600</b>	<b>1,942,745</b>
Contribution to KFAS		(18,168)	(19,624)
NLST		(51,622)	(49,059)
Zakat		(20,648)	(19,795)
<b>PROFIT FOR THE PERIOD</b>		<b>1,995,162</b>	<b>1,854,267</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company		1,974,402	1,871,700
Non-controlling interests		20,760	(17,433)
		<b>1,995,162</b>	<b>1,854,267</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>25.11 fils</b>	<b>23.76 fils</b>

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

United Projects Company For Aviation Services K.S.C. (Closed) and its  
Subsidiaries

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)**

For the period ended 31 March 2013

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2013</b>	<b>2012</b>
	<b>KD</b>	<b>KD</b>
<b>Profit for the period</b>	<b>1,995,162</b>	<b>1,854,267</b>
<b>Other comprehensive income:</b>		
<i>Other comprehensive income to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>		
Financial assets available for sale:		
- Net unrealized gain	-	6,600
- Transferred to interim condensed consolidated income statement on sale	-	1,056
<b>Net other comprehensive income to be reclassified to interim condensed consolidated statement of income in subsequent periods</b>	<b>-</b>	<b>7,656</b>
<b>TOTAL COMPERHENSIVE INCOME FOR THE PERIOD</b>	<b>1,995,162</b>	<b>1,861,923</b>
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>1,974,402</b>	1,879,356
Non-controlling interests	<b>20,760</b>	(17,433)
	<b>1,995,162</b>	<b>1,861,923</b>

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


United Projects Company For Aviation Services K.S.C. (Closed) and its  
Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (UNAUDITED)

At 31 March 2013

		31 March 2013 KD	(Audited) 31 December 2012 KD	31 March 2012 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		358,943	415,206	593,482
Intangible assets	4	21,619,024	22,304,727	24,362,611
Investment in an associate		-	62,500	62,500
Financial assets available for sale		4,642,044	4,642,044	3,589,012
		<u>26,620,011</u>	<u>27,424,477</u>	<u>28,607,605</u>
<b>Current assets</b>				
Accounts receivable and other assets		2,460,375	2,163,475	2,072,626
Cash and bank balances	5	18,062,889	16,509,719	11,843,130
		<u>20,523,264</u>	<u>18,673,194</u>	<u>13,915,756</u>
<b>TOTAL ASSETS</b>		<u>47,143,275</u>	<u>46,097,671</u>	<u>42,523,361</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		8,250,000	8,250,000	8,250,000
Share premium		10,500,000	10,500,000	10,500,000
Statutory reserve		3,440,761	3,440,761	2,664,513
Voluntary reserve		-	-	2,664,513
Treasury shares		(1,544,594)	(1,334,194)	(1,362,482)
Treasury shares reserve		-	-	903
Other reserve		(260,978)	(260,978)	(260,978)
Cumulative changes in fair values reserve		-	-	274,874
Retained earnings		17,542,375	15,567,973	8,158,024
<b>Equity attributable to equity holders of the Parent Company</b>		<u>37,927,564</u>	<u>36,163,562</u>	<u>30,889,367</u>
Non-controlling interests		2,665,386	2,644,626	2,757,491
<b>Total equity</b>		<u>40,592,950</u>	<u>38,808,188</u>	<u>33,646,858</u>
<b>Non-current liabilities</b>				
Term loans		-	150,000	750,000
Employees' end of service benefits		193,526	214,220	318,525
		<u>193,526</u>	<u>364,220</u>	<u>1,068,525</u>
<b>Current liabilities</b>				
Bank overdrafts	5	-	101,109	96,817
Term loans		-	800,000	800,000
Accounts payable and other liabilities		6,356,799	6,024,154	6,911,161
		<u>6,356,799</u>	<u>6,925,263</u>	<u>7,807,978</u>
<b>Total liabilities</b>		<u>6,550,325</u>	<u>7,289,483</u>	<u>8,876,503</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>47,143,275</u>	<u>46,097,671</u>	<u>42,523,361</u>

  
Nadia Abdullah Mohammad Akil  
Chairperson and Managing Director

  
Hassan Bassam Al Houry  
Vice Chairman

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

United Projects Company For Aviation Services K.S.C. (Closed) and its  
Subsidiaries

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

For the period ended 31 March 2013

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2013</i>	<i>2012</i>
		<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,995,162	1,854,267
Adjustments for:			
Depreciation and amortization		747,520	752,452
Provision of employees' end of service benefits		8,426	11,297
Realised loss on sale of financial assets available for sale		-	1,056
Interest income		(123,367)	(106,077)
(Reversal of) provision for impairment of receivables		(326,556)	216,357
Finance costs		21,645	26,361
		<u>2,322,830</u>	<u>2,755,713</u>
Working capital changes:			
Accounts receivable and other assets		29,656	356,598
Accounts payable and other liabilities		332,645	1,244,967
Cash flows from operations		<u>2,685,131</u>	<u>4,357,278</u>
Employees' end of service benefits paid		(29,120)	(1,419)
Net cash flows from operating activities		<u>2,656,011</u>	<u>4,355,859</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(5,554)	(1,994,745)
Proceeds from sale of property and equipment		-	42,051
Proceeds from sale of an associate		62,500	-
Interest income received		123,367	28,673
Net cash flows from (used in) investing activities		<u>180,313</u>	<u>(1,924,021)</u>
<b>FINANCING ACTIVITIES</b>			
Purchase of treasury shares		(210,400)	(12,950)
Repayment of term loans		(950,000)	(200,000)
Dividend paid	8	-	(2,363,100)
Finance costs paid		(21,645)	(26,361)
Net cash flows used in financing activities		<u>(1,182,045)</u>	<u>(2,602,411)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>1,654,279</u>	<u>(170,573)</u>
Cash and cash equivalents at the beginning of the period		<u>16,408,610</u>	<u>11,916,886</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<u>18,062,889</u>	<u>11,746,313</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. (Closed) and its Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the period ended 31 March 2013

*Attributable to equity holders of the Parent Company*

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Other reserve KD	Cumulative changes in fair values reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2013	8,250,000	10,500,000	3,440,761	-	(1,334,194)	-	(260,978)	-	15,567,973	36,163,562	2,644,626	38,808,188
Profit for the period	-	-	-	-	-	-	-	-	1,974,402	1,974,402	20,760	1,995,162
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-	1,995,162
Total comprehensive income for the period	-	-	-	-	-	-	-	-	1,974,402	1,974,402	20,760	1,995,162
Purchase of treasury shares	-	-	-	-	(210,400)	-	-	-	-	(210,400)	-	(210,400)
<b>As at 31 March 2013</b>	<b>8,250,000</b>	<b>10,500,000</b>	<b>3,440,761</b>	<b>-</b>	<b>(1,544,594)</b>	<b>-</b>	<b>(260,978)</b>	<b>-</b>	<b>17,542,375</b>	<b>37,927,564</b>	<b>2,665,386</b>	<b>40,592,950</b>
As at 1 January 2012	8,250,000	10,500,000	2,664,513	2,664,513	(1,349,532)	903	(260,978)	267,218	8,649,424	31,386,061	2,774,924	34,160,985
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,871,700	1,871,700	(17,433)	1,854,267
Other comprehensive income	-	-	-	-	-	-	-	7,656	-	7,656	-	7,656
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	7,656	1,871,700	1,879,356	(17,433)	1,861,923
Dividend paid (Note 8)	-	-	-	-	-	-	-	-	(2,363,100)	(2,363,100)	-	(2,363,100)
Purchase of treasury shares	-	-	-	-	(12,950)	-	-	-	-	(12,950)	-	(12,950)
<b>As at 31 March 2012</b>	<b>8,250,000</b>	<b>10,500,000</b>	<b>2,664,513</b>	<b>2,664,513</b>	<b>(1,362,482)</b>	<b>903</b>	<b>(260,978)</b>	<b>274,874</b>	<b>8,158,024</b>	<b>30,889,367</b>	<b>2,757,491</b>	<b>33,646,858</b>

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



# United Projects Company For Aviation Services K.S.C. (Closed) and its Subsidiaries

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

As at 31 March 2013

### 1 ACTIVITIES

The interim condensed consolidated financial information of United Projects Company for Aviation Services K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively the "Group") for the Three month period ended 31 March 2013 were authorised for issue by the board of directors on 15 May 2013.

The Parent Company was established as a closed Kuwaiti Shareholding Company on 4 December 2000 and its registered address is Kuwait International Airport, P.O. Box 27068, Safat 13131, Kuwait. The main objectives of the Parent Company are:

- Providing airplane ground and cleaning services and supply of water and other airplane supplies;
- Leasing out airplanes;
- Tourism, travel and cargo shipment services;
- Managing projects;
- Using the surplus funds available to the company in investment portfolios managed by specialised institutions.

The Parent Company is listed on the Kuwait Stock Exchange.

The Parent Company is a subsidiary of Agility Public Warehousing Company K.S.C. ("Ultimate Parent Company"), which is listed at Kuwait Stock Exchange.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Ministry of Commerce and Industry by 26 September 2013 will determine the basis and rules which the parent company shall adopt to regularise its affairs with the Companies Law as amended."

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

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

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2012.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD").

#### **Signification accounting policies**

##### **Adoption of new IASB Standards and amendments during the period**

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the new and amended International Financial Reporting Standards that have become effective from 1 January 2013 and those which are applicable to the Group:

United Projects Company For Aviation Services K.S.C. (Closed) and its  
Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 31 March 2013

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

*IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

*IFRS 10 – Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The application of the standard does not have an impact on the financial position of the Group.

*IFRS 12 – Disclosure of Involvement with Other Entities*

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide additional disclosures in the annual consolidated financial statements.

*IFRS 13 – Fair Value measurement*

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The adoption of this standard does not have any material impact on the financial position or performance of the group.

*IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available for sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

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

As at 31 March 2013

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

*IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)*

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the management and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the management. As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the management.

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**3 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 March, the Parent Company had no outstanding dilutive potential shares.

The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	<i>Three months ended 31 March</i>	
	<i>2013 KD</i>	<i>2012 KD</i>
Profit for the period attributable to equity holders of the Parent Company	<u>1,974,402</u>	<u>1,871,700</u>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares, less treasury shares, outstanding during the period	<u>78,638,222</u>	<u>78,786,484</u>
Basic and diluted earnings per share	<u>25.11 fils</u>	<u>23.76 fils</u>

**4 INTANGIBLE ASSETS**

Included in intangible assets an amount of KD 8,789,429 (31 December 2012: KD 8,988,401 and 31 March 2012: KD 9,585,317) that represents the carrying value of Built-Own-Transfer (BOT) project for the construction of Sheikh Saa'd Terminal (the "terminal"). This terminal was used by Kuwait National Airways K.S.C. (previously the Ultimate Parent Company) for its airline operations. However, during 2011, Kuwait National Airways K.S.C. ceased operations and, consequently, the terminal's traffic has significantly reduced. The management of the Group has initiated discussions with alternative carriers in Kuwait to increase the utilisation of this terminal by seeking to lease the terminal to other operators. Based on these discussions, the management is confident that it will be able to increase the utilisation for the terminal and, therefore, believes that the carrying amount of intangible assets for this terminal will be recovered from future operations. The management has not yet obtained the permission of the civil aviation authority to allow alternate carriers to operate from the Sheikh Saa'd terminal, but has applied for permission in this regard. The management is confident that the approval to lease the terminal to alternate carriers will be obtained.

United Projects Company For Aviation Services K.S.C. (Closed) and its  
Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 31 March 2013

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>31 March 2013 KD</i>	<i>31 December 2012 KD</i>	<i>31 March 2012 KD</i>
Cash and bank balances	644,755	608,719	2,243,130
Short term deposits	17,418,134	15,901,000	9,600,000
	<b>18,062,889</b>	16,509,719	11,843,130
Bank overdrafts	-	(101,109)	(96,817)
	<b>18,062,889</b>	16,408,610	11,746,313

Short term deposits are denominated in KD and carry an effective interest rate ranges between 1.25% to 2.13% (31 December 2012: 1.25% to 2.13% and 31 March 2012: 0.88% to 2.88%)

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:

	<i>Ultimate Parent Company KD</i>	<i>Other related Parties KD</i>	<i>Three months ended 31 March</i>		
			<i>2013 KD</i>	<i>2012 KD</i>	
<b><i>Interim condensed consolidated income statement:</i></b>					
Revenues	-	147,914	147,914	31,938	
Operating costs	-	(110,035)	(110,035)	-	
Interest income	-	-	-	106,077	
Other income	-	21,573	21,573	8,349	
Administrative expenses	-	-	-	(955)	
Finance costs	-	-	-	(26,361)	
	<i>Ultimate Parent Company</i>	<i>Other related parties KD</i>	<i>31 March 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>31 March 2012 KD</i>
<b><i>Interim condensed consolidated statement of financial position:</i></b>					
Amounts due from related parties	-	65,937	65,937	-	933,098
Cash and cash equivalents	-	-	-	-	11,746,313
Term loans	-	-	-	-	1,550,000
Amounts due to related parties	-	-	-	-	599,408

United Projects Company For Aviation Services K.S.C. (Closed) and its  
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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As at 31 March 2013

**6 RELATED PARTY TRANSACTIONS (continued)**

Amounts due from related parties are classified as part of accounts receivable and other assets in the consolidated statement of financial position.

Amounts due from related parties are non-interest bearing and receivable on demand.

**Compensation of key management personnel**

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Short-term benefits	<b>18,000</b>	34,746
Employees' end of service benefits	-	4,038
	<b>18,000</b>	<b>38,784</b>

**7 TREASURY SHARES**

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2013</i>	<i>31 December</i>	<i>2012</i>
		<i>2012</i>	<i>2012</i>
Number of treasury shares (shares)	<b>3,980,000</b>	3,660,000	3,740,000
Percentage of issued shares (%)	<b>5%</b>	4%	5%
Market value (KD)	<b>3,184,000</b>	2,122,800	1,196,800

**8 DIVIDEND**

The Annual General Assembly held on 15 April 2013 approved the distribution of cash dividend of 197 fils (2011: 30 fils) per share for the year ended 31 December 2012, to the shareholders of the Parent Company, proportionate to their shareholding as of the date of the Annual General Assembly.

Proposed dividends for the year ended 31 December 2011 amounting to KD 2,363,100 were paid subsequent to the approval by the Parent Company's general assembly of the shareholders on 19 March 2012.

**9 REVERSAL OF (PROVISION FOR) IMPAIRMENT OF RECEIVABLES**

During the current period, the management of the Group has agreed with Kuwait National Airways K.S.C. (Closed) (former shareholder) to receive total amount of KD 600,000 as a final settlement against all outstanding balances, accordingly this amount was reversed to the consolidated statement of income since it was fully provided for during prior years.

Also during the current period, receivables and other assets of KD 273,444 (31 March 2012: KD 216,357) were impaired and fully provided for.

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**10 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

The Group's financial assets include financial assets available for sale, receivables and cash and bank balances.

The Group's financial liabilities include term loans, bank overdrafts and accounts payable and other liabilities.

The fair value of financial assets and financial liabilities that are not carried at fair value is not materially different from their carrying amounts except for financial assets available for sale which are carried at cost less impairment amounting to KD 4,642,044 as at 31 March 2013 (31 December 2012: KD 4,642,044 and 31 March 2012: KD 3,589,012).

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

For management purposes, the Group is organized in two operating segments "investments" and "rental and other services operations" as follows:

	Investments		Rental and other services operations		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD
Segment revenue	123,367	106,077	3,194,906	3,577,588	3,318,273	3,683,665
Segment profit	123,367	105,021	1,962,233	1,837,724	2,085,600	1,942,745
Unallocated expenses	-	-	-	-	(90,438)	(88,478)
Profit for the period	-	-	1,995,162	1,854,267	1,995,162	1,854,267
Depreciation and amortisation	-	-	747,520	752,452	747,520	752,452

	Investments		Rental and other services operations		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD
Investments	22,060,178	21,214,263	25,083,097	24,823,408	47,143,275	46,097,671
Rental and other services operations	-	-	6,550,325	7,289,483	6,550,325	7,289,483
Total	22,060,178	21,214,263	31,633,422	32,112,891	53,693,600	53,387,154

*Interim condensed consolidated statement of financial position:*

	Investments		Rental and other services operations		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2013	2012	2013	2012	2013	2012
	KD	KD	KD	KD	KD	KD
Assets	22,060,178	21,214,263	25,083,097	24,823,408	47,143,275	46,097,671
Liabilities	-	-	6,550,325	7,289,483	6,550,325	7,289,483
Total	22,060,178	21,214,263	31,633,422	32,112,891	53,693,600	53,387,154

All of the Group's operations are in Kuwait.

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**12 CONTINGENCIES**

As at 31 March 2013, the Group has contingent liabilities amounting to KD 210,975 (31 December 2012: KD 210,975 and 31 March 2012: KD 322,240) in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.