

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

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

31 MARCH 2015



Building a better
working world

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**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 2015, and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard, IAS 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

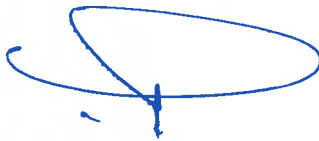
Emphasis of matter

We draw attention to Note 4 to the interim condensed consolidated financial information, which describes the uncertainty relating to the management's ability to renew a BOT contract and its impact on the recoverable amount of the related intangible asset. Our conclusion is not qualified in respect of this matter.

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulations, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the three months period ended 31 March 2015 that might have had a material effect on the business of the Parent Company or on its financial position.



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



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

14 May 2015
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2015

		31 March 2015 KD	(Audited) 31 December 2014 KD	31 March 2014 KD
ASSETS				
Non-current assets				
Property and equipment		188,146	198,552	239,990
Intangible assets	4	16,463,375	17,113,881	19,022,083
Financial assets available for sale		3,250,000	3,250,000	3,642,044
		<u>19,901,521</u>	<u>20,562,433</u>	<u>22,904,117</u>
Current assets				
Accounts receivable and other assets		3,400,763	3,168,322	2,019,164
Cash and bank balances	5	15,520,061	13,362,613	13,443,697
		<u>18,920,824</u>	<u>16,530,935</u>	<u>15,462,861</u>
TOTAL ASSETS		<u><u>38,822,345</u></u>	<u><u>37,093,368</u></u>	<u><u>38,366,978</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		8,250,000	8,250,000	8,250,000
Share premium		10,500,000	10,500,000	10,500,000
Statutory reserve		4,125,000	4,125,000	4,125,000
Treasury shares	7	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		(260,978)	(260,978)	(260,978)
Retained earnings		7,231,738	5,671,935	7,658,120
		<u>28,301,166</u>	<u>26,741,363</u>	<u>28,727,548</u>
Equity attributable to holders of the Parent Company		<u>28,301,166</u>	<u>26,741,363</u>	<u>28,727,548</u>
Non-controlling interests		2,440,250	2,457,267	2,493,294
Total equity		<u>30,741,416</u>	<u>29,198,630</u>	<u>31,220,842</u>
Non-current liabilities				
Employees' end of service benefits		257,263	252,288	221,399
		<u>257,263</u>	<u>252,288</u>	<u>221,399</u>
Current liabilities				
Accounts payable and other liabilities		7,823,666	7,642,450	6,924,737
		<u>7,823,666</u>	<u>7,642,450</u>	<u>6,924,737</u>
Total liabilities		<u>8,080,929</u>	<u>7,894,738</u>	<u>7,146,136</u>
TOTAL EQUITY AND LIABILITIES		<u><u>38,822,345</u></u>	<u><u>37,093,368</u></u>	<u><u>38,366,978</u></u>

Hassan Bassam El Houry
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 INCOME STATEMENT (UNAUDITED)
For the period ended 31 March 2015

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		2015	2014
		KD	KD
Revenues		3,020,669	2,996,423
Operating costs		(273,838)	(295,627)
Gross profit		2,746,831	2,700,796
General and administrative expenses		(309,200)	(263,674)
Salaries and employee benefits		(243,288)	(229,467)
Net other income		41,410	48,286
		2,235,753	2,255,941
Profit before interest, taxation, depreciation and amortization ("EBITDA")			
Depreciation		(11,810)	(31,092)
Amortisation		(694,231)	(686,475)
Profit before interest and taxation ("EBIT")		1,529,712	1,538,374
Interest income		88,170	70,729
Profit before taxation		1,617,882	1,609,103
Taxation	10	(75,096)	(71,681)
PROFIT FOR THE PERIOD		1,542,786	1,537,422
Attributable to:			
Equity holders of the Parent Company		1,559,803	1,521,239
Non-controlling interests		(17,017)	16,183
		1,542,786	1,537,422
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	19.87 fils	19.37 fils

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

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

For the period ended 31 March 2015

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	1,542,786	1,537,422
Other comprehensive income	-	-
Total comprehensive income for the year	1,542,786	1,537,422
Attributable to:		
Equity holders of the Parent Company	1,559,803	1,521,239
Non-controlling interests	(17,017)	16,183
	1,542,786	1,537,422

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 2015

	<i>Note</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		2015	2014
		KD	KD
OPERATING ACTIVITIES			
Profit for the period		1,542,786	1,537,422
Adjustments for:			
Depreciation and amortisation		706,041	717,567
Provision of employees' end of service benefits		11,342	6,364
Interest income		(88,170)	(70,729)
		<u>2,171,999</u>	<u>2,190,624</u>
Working capital changes:			
Accounts receivable and other assets		(232,441)	(58,739)
Accounts payable and other liabilities		181,216	297,927
		<u>2,120,774</u>	<u>2,429,812</u>
Cash flows from operations		2,120,774	2,429,812
Employees' end of service benefits paid		(6,367)	-
		<u>2,114,407</u>	<u>2,429,812</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,654)	(2,702)
Proceeds from disposal of property and equipment		250	-
Additions to intangible assets		(43,725)	(29,664)
Interest income received		88,170	70,613
		<u>43,041</u>	<u>38,247</u>
Net cash flows from investing activities		43,041	38,247
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,157,448	2,468,059
Cash and cash equivalents at the beginning of the period		13,362,613	10,975,638
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	<u>15,520,061</u>	<u>13,443,697</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 2015

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Treasury shares KD	Other reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2015	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	5,671,935	26,741,363	2,457,267	29,198,630
Profit for the period	-	-	-	-	-	1,559,803	1,559,803	(17,017)	1,542,786
Total comprehensive income / (loss) for the period	-	-	-	-	-	1,559,803	1,559,803	(17,017)	1,542,786
As at 31 March 2015	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	7,231,738	28,301,166	2,440,250	30,741,416
As at 1 January 2014	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	6,136,881	27,206,309	2,477,111	29,683,420
Profit for the period	-	-	-	-	-	1,521,239	1,521,239	16,183	1,537,422
Total comprehensive income for the period	-	-	-	-	-	1,521,239	1,521,239	16,183	1,537,422
As at 31 March 2014	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	7,658,120	28,727,548	2,493,294	31,220,842

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 31 March 2015

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 2015 were authorised for issue by the Board of Directors on 14 May 2015.

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; and
- Investing surplus funds in investment portfolios managed by specialised institutions; and
- The right to participate with other firms, which operate in the same field or those, which would assist in achieving its objectives in Kuwait or abroad, and to purchase those firms or participate in their equity

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.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 19 March 2015 and are issued subject to the approval of the Ordinary General Assembly of the shareholders' of the Parent Company which has not been held to date. The Ordinary General Assembly of the shareholders has the power to amend these consolidated financial statements after issuance.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014. 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 2015.

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

Changes in accounting policy and disclosures

The accounting policies used in the preparation of 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 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective

The following IASB Standards relevant to the Group have been issued but are not yet mandatory are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9: Financial Instruments

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's consolidated financial statements, when adopted.

IFRS 15: Revenue from Contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 Construction contracts and IAS 18 Revenue along with related IFRIC 13, IFRS 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is in the process of evaluating the effect of IFRS 15 on the Group and do not expect any significant impact on adoption of this standard.

The Group has not early adopted any IASB standards, International Financial Reporting Interpretations Committee ("IFRIC") interpretations or amendments that have been issued but not yet effective.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Three months ended 31 March</i>	
	<i>2015 KD</i>	<i>2014 KD</i>
Profit for the period attributable to equity holders of the Parent Company	<u>1,559,803</u>	<u>1,521,239</u>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	<u>82,500,000</u>	<u>82,500,000</u>
Weighted average number of treasury shares	<u>(3,980,000)</u>	<u>(3,980,000)</u>
Weighted average number of ordinary shares outstanding during the period	<u>78,520,000</u>	<u>78,520,000</u>
Basic and diluted earnings per share	<u>19.87 fils</u>	<u>19.37 fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

4 INTANGIBLE ASSETS

Included in intangible assets is an amount of KD 1,198,996 (31 December 2014: KD 1,438,807 and 31 March 2014:KD 2,157,451) that represents the carrying value of Built-Own-Transfer (BOT) project for the construction of Discovery Mall (the "Mall"). This Mall was built on a leasehold land from the government of the State of Kuwait for 10 years which was then extended by seven months to 28 January 2014. The management believes that the agreement will be extended for additional 3 years and the delay in the extension of the agreement is due to the completion of certain legal and administrative formalities.

Included in intangible assets is an amount of KD 7,197,629 (31 December 2014: KD 7,396,604 and 31 March 2014:KD 7,993,529) that represents the carrying value of Built-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 10 years which will expire on 2023. 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 8,066,750 (31 December 2014: KD 8,278,470 and 31 March 2014:KD 8,871,103) that represents the carrying value of Built-Own-Transfer (BOT) project for the construction of the car park and commercial complex of Kuwait International Airport. This was built on a leasehold land from the government of the State of Kuwait for 20 years which will expire on 2020. The management is confident that the carrying amount of the intangible asset is fully recoverable and no impairment is considered necessary.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the interim condensed consolidated statement of cash flows consist of the following interim condensed consolidated statement of financial position amounts:

	<i>31 March</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>31 March</i> <i>2014</i> <i>KD</i>
Cash and bank balances	945,563	1,019,917	1,120,852
Short term deposits	14,574,498	12,342,696	12,322,845
	<u>15,520,061</u>	<u>13,362,613</u>	<u>13,443,697</u>

Short term deposits are denominated in KD and carry an effective interest rate ranging between 1% to 1.75% (31 December 2014: 1.375% to 1.80% and 31 March 2014: 0.625% to 1.25%) per annum.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

6 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Group's management.

Balances and transactions with related parties are as follows:

	<i>Other related parties</i> <i>KD</i>	<i>Three months ended</i> <i>31 March</i>		
		<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>	
<i>Interim condensed consolidated income statement:</i>				
Revenues	18,167	18,167	40,790	
Operating costs	(43,043)	(43,043)	(94,072)	
Administrative expenses	(13,793)	(13,793)	(15,624)	
	<i>Other related parties</i> <i>KD</i>	<i>31 March</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>31 March</i> <i>2014</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>				
Amounts due from related party	27,270	27,270	60,892	79,694
Amounts due to related party	286,847	286,847	390,845	320,486

Amounts due from/to related party are interest free and are receivable/payable 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>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>
Short-term benefits	22,500	22,500
Employees' end of service benefits	1,233	1,233
	23,733	23,733

7 TREASURY SHARES

	<i>31 March</i> <i>2015</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i>	<i>31 March</i> <i>2014</i>
Number of treasury shares (shares)	3,980,000	3,980,000	3,980,000
Percentage of issued shares (%)	5%	5%	5%
Market value (KD)	3,024,800	2,945,200	3,263,600

8 DIVIDEND

At the board of directors meeting held on 19 March 2015, the directors recommended distribution of cash dividend of 72 fils per share for the year ended 31 December 2014. The proposed dividend, if approved, shall be payable to the shareholders registered in the Parent Company's records as of the date of the General Assembly meeting.

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 2015

10 TAXATION

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD 000's</i>	<i>KD 000's</i>
National labour support tax (NLST)	41,720	39,823
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	16,688	15,929
Zakat	16,688	15,929
	<u>75,096</u>	<u>71,681</u>

11 CONTINGENCIES

As at 31 March 2015, the Group has contingent liabilities amounting to KD 264,190 (31 December 2014: KD 264,190 and 31 March 2014: KD 352,190) 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 consists of financial assets available for sale, receivables, other assets and cash and bank balances. Financial liabilities consist of accounts payable and other liabilities.

The fair value of financial assets and financial liabilities is not materially different from their carrying amounts except for financial assets available for sale which are carried at cost amounting to KD 3,250,000 as at 31 March 2015 (31 December 2014: KD 3,250,000 and 31 March 2014: KD 3,642,044).