

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

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

**31 MARCH 2017**



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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 2017, and the related interim condensed consolidated statement of comprehensive income, statement of cash flows and statement of changes in equity 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 that may have an impact on a portion of the Group's operations in the future relating to this BOT contract. Our conclusion is not qualified in respect of this matter.



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

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies No. 1 of 2016, and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the three months period ended 31 March 2017 that might have had a material effect on the business of the Parent Company or on its financial position.

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

14 May 2017  
Kuwait

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME (UNAUDITED)**  
 For the period ended 31 March 2017

	Notes	Three months ended 31 March	
		2017 KD	2016 KD
Revenues		3,478,786	3,238,500
Operating costs		(312,604)	(272,785)
<b>GROSS PROFIT</b>		<b>3,166,182</b>	<b>2,965,715</b>
General and administrative expenses		(635,062)	(317,315)
Salaries and employee benefits		(267,591)	(265,230)
Other income		27,458	27,333
<b>Profit before interest, taxation, depreciation and amortisation ("EBITDA")</b>		<b>2,290,987</b>	<b>2,410,503</b>
Depreciation		(13,392)	(12,727)
Amortisation		(466,319)	(707,036)
<b>Profit before interest and taxation ("EBIT")</b>		<b>1,811,276</b>	<b>1,690,740</b>
Interest income		475,037	297,646
<b>Profit before taxation</b>		<b>2,286,313</b>	<b>1,988,386</b>
Taxation	9	(101,050)	(78,616)
<b>PROFIT FOR THE PERIOD</b>		<b>2,185,263</b>	<b>1,909,770</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,185,263</b>	<b>1,909,770</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company		2,176,391	1,906,403
Non-controlling interests		8,872	3,367
		<b>2,185,263</b>	<b>1,909,770</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>27.72 fils</b>	<b>24.28 fils</b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

As at 31 March 2017

		<i>(Audited)</i>	
	<i>Notes</i>	<i>31 March 2017 KD</i>	<i>31 December 2016 KD</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		307,063	280,837
Intangible assets	4	11,605,475	12,071,794
Financial assets available for sale		2,749,198	2,749,198
Loan to a related party	5	22,584,926	20,339,286
		<u>37,246,662</u>	<u>35,441,115</u>
<b>Current assets</b>			
Accounts receivable and other assets		2,935,866	2,701,546
Cash and cash equivalents		5,844,413	5,307,034
		<u>8,780,279</u>	<u>8,008,580</u>
<b>TOTAL ASSETS</b>		<u>46,026,941</u>	<u>43,449,695</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		8,250,000	8,250,000
Share premium		10,500,000	10,500,000
Statutory reserve		4,125,000	4,125,000
Treasury shares	6	(1,544,594)	(1,544,594)
Other reserve		(260,978)	(260,978)
Retained earnings		10,637,306	8,460,915
		<u>31,706,734</u>	<u>29,530,343</u>
<b>Equity attributable to holders of the Parent Company</b>		31,706,734	29,530,343
Non-controlling interests		2,469,112	2,460,240
<b>Total equity</b>		<u>34,175,846</u>	<u>31,990,583</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Accounts payable and other liabilities		3,871,643	3,484,154
Employees' end of service benefits		319,168	304,561
		<u>4,190,811</u>	<u>3,788,715</u>
<b>Current liability</b>			
Accounts payable and other liabilities		7,660,284	7,670,397
<b>Total liabilities</b>		<u>11,851,095</u>	<u>11,459,112</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>46,026,941</u>	<u>43,449,695</u>

\_\_\_\_\_  
Hassan Bassam El Houry  
Chairman

  
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Nadia Abdullah Mohammad Akil  
CEO & Vice Chairperson

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

For the period ended 31 March 2017

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period before taxation	2,286,313	1,988,386
Adjustments for:		
Depreciation and amortization	479,711	719,763
Provision for employees' end of service benefits	14,607	33,871
Interest income	(475,037)	(297,646)
Foreign currency gain	107,817	-
	<u>2,413,411</u>	<u>2,444,374</u>
Working capital changes:		
Accounts receivable and other assets	(234,320)	(176,905)
Accounts payable and other liabilities	276,326	(138,246)
	<u>2,455,417</u>	<u>2,129,223</u>
Net cash flows from operating activities	<u>2,455,417</u>	<u>2,129,223</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(39,618)	(3,589)
Proceeds from maturity of financial assets available for sale	-	1,950,000
Loan to a related party	(1,911,409)	(3,107,948)
Interest income received	32,989	54,660
	<u>(1,918,038)</u>	<u>(1,106,877)</u>
Net cash flows used in investing activities	<u>(1,918,038)</u>	<u>(1,106,877)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>537,379</b>	<b>1,022,346</b>
Cash and cash equivalents as at 1 January	<u>5,307,034</u>	<u>9,267,106</u>
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>	<b><u>5,844,413</u></b>	<b><u>10,289,452</u></b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

**United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the period ended 31 March 2017

	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 2017 (Audited)	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	8,460,915	29,530,343	2,460,240	31,990,583
Total comprehensive income for the period	-	-	-	-	-	2,176,391	2,176,391	8,872	2,185,263
<b>As at 31 March 2017</b>	<b>8,250,000</b>	<b>10,500,000</b>	<b>4,125,000</b>	<b>(1,544,594)</b>	<b>(260,978)</b>	<b>10,637,306</b>	<b>31,706,734</b>	<b>2,469,112</b>	<b>34,175,846</b>
As at 1 January 2016 (Audited)	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	6,770,832	27,840,260	2,484,440	30,324,700
Total comprehensive income for the period	-	-	-	-	-	1,906,403	1,906,403	3,367	1,909,770
<b>As at 31 March 2016</b>	<b>8,250,000</b>	<b>10,500,000</b>	<b>4,125,000</b>	<b>(1,544,594)</b>	<b>(260,978)</b>	<b>8,677,235</b>	<b>29,746,663</b>	<b>2,487,807</b>	<b>32,234,470</b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

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

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

As at 31 March 2017

#### **1 CORPORATE INFORMATION**

The interim condensed consolidated financial information of United Projects Company for Aviation Services K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") for the period ended 31 March 2017 were authorised for issue by the Board of Directors on 7 May 2017.

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

- Providing airplane ground and cleaning services and supply of water and other airplane supplies;
- Leasing out airplanes;
- Tourism, travel and cargo shipment services;
- Managing projects;
- Investing surplus funds in investment portfolios managed by specialised institutions; and
- The right to participate with other firms, which operate in the same field or those, which would assist in achieving its objectives in Kuwait or abroad, and to purchase those firms or participate in their equity.
- Management and development of real estate activities including real estate consultancy services;
- General trading of construction materials, equipment and real estate;
- To own, lease and rent out land and real estate properties;
- Sharing in executing the infrastructure for the housing, trading and industrial projects and manage real estate facilities under BOT regulations.

The AGM of shareholders of the Parent Company has not yet been held for the year ended 31 December 2016 and therefore the consolidated financial statements of the Group for the year ended 31 December 2016 have not yet been approved. The shareholders have the power to amend the consolidated financial statements as at 31 December 2016 and consequently, may have an impact on these interim condensed consolidated financial information.

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

#### **2 SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of compliance**

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

##### **Basis of presentation**

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

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

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016., except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Group.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2017

**3 BASIC AND DILUTED EARNINGS PER SHARE**

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to equity holders of the Parent Company	<b>2,176,391</b>	1,906,403
Weighted average number of paid up shares	<b>82,500,000</b>	82,500,000
Less: Weighted average number of treasury shares	<b>(3,980,000)</b>	(3,980,000)
Weighted average number of ordinary shares outstanding during the period	<b>78,520,000</b>	78,520,000
Basic and diluted earnings per share (fils)	<b>27.72</b>	24.28

**4 INTANGIBLE ASSETS**

Included in intangible assets is a fully amortised intangible asset (31 December 2016: KD Nil and 31 March 2016: KD 239,782) 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 government of the State of Kuwait for 10 years which was then extended by seven months to 28 January 2014. The management believes that the agreement will be extended for additional 4 years and the delay in the extension of the agreement is due to the completion of certain legal and administrative formalities.

Included in intangible assets is an amount of KD 5,605,830 (31 December 2016: KD 5,804,805 and 31 March 2016: KD 6,401,729) 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 20 years which will expire on 2024. Since September 2013, The Civil Aviation Authority permitted Flydubai, one of the carriers to operate from the terminal. As a result of this, the management is confident that the carrying amount of the terminal is fully recoverable and no impairment is considered necessary.

Included in intangible assets is an amount of KD 5,999,645 (31 December 2016: KD 6,266,989 and 31 March 2016: KD 7,078,529) 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 2023. The management is confident that the carrying amount of the intangible asset is fully recoverable and no impairment is considered necessary.

**5 RELATED PARTY TRANSACTIONS**

These represents transactions with related parties, i.e. major shareholders, associate, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions and balances with related parties are as follows:

	<i>Other related parties</i>	<i>Three months ended 31 March</i>	
		<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of comprehensive income:</i>			
Revenues	<b>2,412</b>	<b>2,412</b>	-
Operating costs	<b>(70,645)</b>	<b>(70,645)</b>	(50,849)
General and administrative expenses	<b>(10,191)</b>	<b>(10,191)</b>	(13,312)
Other income	<b>16,050</b>	<b>16,050</b>	-
Interest income	<b>442,048</b>	<b>442,048</b>	124,045

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 2017

**5 RELATED PARTY TRANSACTIONS (continued)**

	<i>Ultimate Parent Company KD</i>	<i>Other related parties KD</i>	<i>31 March 2017 KD</i>	<i>(Audited) 31 December 2016 KD</i>	<i>31 March 2016 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Amounts due from a related party	-	89,934	89,934	10,081	21,998
Amounts due to related parties	115,577	146,417	261,994	149,009	235,483
Loan to a related party	-	22,584,926	22,584,926	20,339,286	12,837,258
Financial assets available for sale	-	1,449,198	1,449,198	1,449,198	1,449,198

Amounts due from/to related parties are interest free and are receivable/payable on demand.

Loan to a related party represents amounts advanced by a subsidiary of the Group towards the construction and development of a commercial mall in UAE ("Project"). This amount bears compounded annual interest of 8.5% and can be converted to equity in the Project on completion of construction subject to the Project achieving certain operational targets. The Group has contributed KD 1,449,198 (31 December 2016: KD 1,449,198 and 31 March 2016: KD 1,449,198) in the equity of the Project out of the Group's capital commitment in respect of uncalled capital in financial assets available for sale amounting to KD 5,166,695 as at the reporting date (31 December 2016: KD 5,334,210 and 31 March 2016: 5,099,128).

**Compensation of key management personnel**

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

	<i>Three months ended 31 March</i>	
	<i>2017 KD</i>	<i>2016 KD</i>
Short-term benefits	24,368	25,745
Employees' end of service benefits	2,236	2,784
	<u>26,604</u>	<u>28,529</u>

**6 TREASURY SHARES**

	<i>31 March 2017</i>	<i>(Audited) 31 December 2016</i>	<i>31 March 2016</i>
Number of treasury shares (shares)	<u>3,980,000</u>	<u>3,980,000</u>	<u>3,980,000</u>
Percentage of issued shares (%)	<u>5%</u>	<u>5%</u>	<u>5%</u>
Market value (KD)	<u>2,985,000</u>	<u>2,666,600</u>	<u>2,865,600</u>
Cost (KD)	<u>1,544,594</u>	<u>1,544,594</u>	<u>1,544,594</u>

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

**7 BONUS SHARES**

At the Board of Directors meeting held on 12 March 2017, the directors of the Parent Company has recommended to issue bonus shares of 17,500,000 shares of 100 fils each (2015: Nil) amounting to KD 1,750,000 (2015: Nil) in respect of the year ended 31 December 2016, subject to approval of shareholders' Annual General Assembly.

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 2017

**8 OPERATING SEGMENT INFORMATION**

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

	Investments		Services operations		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2017	2016	2017	2016	2017	2016
	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of comprehensive income:</i>						
Segment revenue	475,037	297,646	3,506,244	3,265,833	3,981,281	3,563,479
Segment profit	367,220	297,646	1,919,093	1,690,740	2,286,313	1,988,386
Unallocated expenses					(101,050)	(78,616)
Profit for the period			479,711	719,763	2,185,263	1,909,770
Depreciation and amortization					479,711	719,763

	Investments		Services operations		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2017	2016	2017	2016	2017	2016
	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of financial position:</i>						
Assets	29,752,897	26,517,714	16,931,981	16,126,733	46,026,941	42,002,642
Liabilities	-	-	11,459,112	9,768,172	11,851,095	9,768,172

All of the Group's operations are in Kuwait.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 31 March 2017

9 TAXATION

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>
National labour support tax ("NLST")	53,698	43,676
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	23,676	17,470
Zakat	23,676	17,470
	<u>101,050</u>	<u>78,616</u>

10 CONTINGENCIES

As at 31 March 2017, the Group had contingent liabilities, amounting to KD 2,407,972 (31 December 2016: KD 2,539,072 and 31 March 2016: KD 2,429,082), in respect of bank guarantees arising in the ordinary course of business and corporate guarantee of AED 202 million equivalent to KD 16.75 million (31 December 2016: AED 202 million equivalent to KD 16.83 million and 31 March 2016: AED 202 million equivalent to KD 16.6 million) from which it is anticipated that no material liabilities will arise.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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