

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

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

31 MARCH 2018

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 2018, and the related interim condensed consolidated statement of income, statement of comprehensive income, statement of cash flows and the 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.

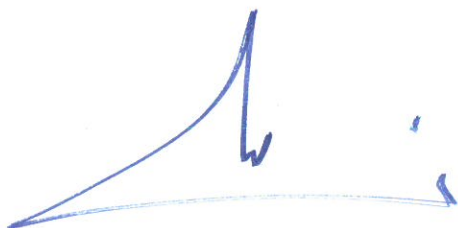
Emphasis of matter

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 modified in respect of this matter.

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.



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

13 May 2018
Kuwait

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

For the period ended 31 March 2018

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		2018	2017
		KD	KD
Revenues		3,627,339	3,478,786
Operating costs		(356,664)	(312,604)
GROSS PROFIT		3,270,675	3,166,182
General and administrative expenses		(463,538)	(635,062)
Salaries and employee benefits		(274,612)	(267,591)
Unrealized loss on financial asset at fair value through profit or loss		(204,183)	-
Other income		39,990	27,458
Profit before interest, taxation, depreciation and amortisation (“EBITDA”)		2,368,332	2,290,987
Depreciation		(19,430)	(13,392)
Amortisation		(467,372)	(466,319)
Profit before interest and taxation (“EBIT”)		1,881,530	1,811,276
Interest income		619,010	475,037
Finance cost		(127,787)	-
Profit before taxation		2,372,753	2,286,313
Taxation	9	(113,467)	(101,050)
PROFIT FOR THE PERIOD		2,259,286	2,185,263
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	17.58 Fils	22.87 Fils
Attributable to:			
Equity holders of the Parent Company		2,231,266	2,176,391
Non-controlling interests		28,020	8,872
		2,259,286	2,185,263

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 2018


	<i>Three months ended</i>	
	<i>31 March</i>	
	2018	2017
	KD	KD
Profit for the period	2,259,286	2,185,263
Other comprehensive loss:		
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i>		
<i>Equity instruments at fair value through other comprehensive income:</i>		
- Effect of net changes in fair value	(8,948)	-
Other comprehensive loss for the period	(8,948)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,250,338	2,185,263
Attributable to:		
Equity holders of the Parent Company	2,222,318	2,176,391
Non-controlling interests	28,020	8,872
	2,250,338	2,185,263

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

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION (UNAUDITED)
 As at 31 March 2018

		(Audited)	
		31 March	31 March
		2018	2017
		KD	KD
ASSETS			
Non-current assets			
Property and equipment		265,231	283,580
Intangible assets	4	9,795,286	10,224,312
Financial assets available for sale		-	1,449,198
Financial assets at fair value through other comprehensive income		1,308,633	-
Loan to a related party	5	32,896,137	30,022,447
		<u>44,265,287</u>	<u>41,979,537</u>
Current assets			
Accounts receivable and other assets		3,120,033	3,499,184
Cash and cash equivalents		26,868,361	7,679,086
		<u>29,988,394</u>	<u>11,178,270</u>
TOTAL ASSETS		<u>74,253,681</u>	<u>53,157,807</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	13,175,000	10,000,000
Share premium	7	27,327,500	10,500,000
Statutory reserve		5,000,000	5,000,000
Treasury shares	6	(1,544,594)	(1,544,594)
Other reserve		(260,978)	(260,978)
Foreign currency translation reserve		-	(333,914)
Cumulative change in fair value		(140,565)	-
Retained earnings		16,616,234	15,480,385
		<u>60,172,597</u>	<u>38,840,899</u>
Equity attributable to holders of the Parent Company		<u>60,172,597</u>	<u>31,706,734</u>
Non-controlling interests		2,151,790	2,469,112
Total equity		<u>62,324,387</u>	<u>34,175,846</u>
Liabilities			
Non-current liabilities			
Accounts payable and other liabilities		4,550,339	4,774,891
Employees' end of service benefits		416,756	399,990
		<u>4,967,095</u>	<u>5,174,881</u>
Current liabilities			
Accounts payable and other liabilities		6,962,199	7,018,257
Total liabilities		<u>11,929,294</u>	<u>12,193,138</u>
TOTAL EQUITY AND LIABILITIES		<u>74,253,681</u>	<u>46,026,941</u>

Tarek Ibrahim Mohammad Al Mousa
 Chairman


 Nadia Abdullah Mohammad Akil
 CEO & Vice Chairperson

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

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

For the period ended 31 March 2018

	Note	Three months ended	
		31 March	
		2018	2017
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before taxation		2,372,753	2,286,313
Adjustments for:			
Depreciation and amortisation		486,802	479,711
Provision for employees' end of service benefits		19,696	14,607
Interest income		(619,010)	(475,037)
Foreign currency loss		-	107,817
Unrealized loss on financial asset through profit or loss		204,183	-
Provision for doubtful debt		40,616	-
Finance cost		127,787	-
		<u>2,632,827</u>	<u>2,413,411</u>
Working capital changes:			
Accounts receivable and other assets		(466,748)	(234,320)
Accounts payable and other liabilities		(204,567)	276,326
Cash flows from operations		<u>1,961,512</u>	<u>2,455,417</u>
Employees' end of service benefits paid		(2,930)	-
Net cash flows from operating activities		<u>1,958,582</u>	<u>2,455,417</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,081)	(39,618)
Additions to intangible assets		(38,346)	-
Loan to a related party		(2,446,630)	(1,911,409)
Interest income received		31,549	32,989
Net cash flows used in investing activities		<u>(2,454,508)</u>	<u>(1,918,038)</u>
FINANCING ACTIVITIES			
Issue of share capital	7	20,002,500	-
Finance cost paid		(317,299)	-
Net cash flows from financing activities		<u>19,685,201</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>19,189,275</u>	<u>537,379</u>
Cash and cash equivalents as at 1 January		<u>7,679,086</u>	<u>5,307,034</u>
CASH AND CASH EQUIVALENTS AS AT 31 MARCH		<u><u>26,868,361</u></u>	<u><u>5,844,413</u></u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2018

Attributable to equity holders of the Parent Company

	Share capital KD	Share premium KD	Statutory reserve KD	Treasury shares KD	Other reserve KD	Foreign currency translation reserve KD	Cumulative change in fair value KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
As at 1 January 2018	10,000,000	10,500,000	5,000,000	(1,544,594)	(260,978)	(333,914)	-	15,480,385	38,840,899	2,123,770	40,964,669
Transition adjustment on adoption of IFRS 9 at 1 January 2018 (Note 2)	-	-	-	-	-	333,914	(131,617)	(1,095,417)	(893,120)	-	(893,120)
As at 1 January 2018 (restated)	10,000,000	10,500,000	5,000,000	(1,544,594)	(260,978)	-	(131,617)	14,384,968	37,947,779	2,123,770	40,071,549
Profit for the period	-	-	-	-	-	-	-	2,231,266	2,231,266	28,020	2,259,286
Other comprehensive loss for the period	-	-	-	-	-	-	(8,948)	-	(8,948)	-	(8,948)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	(8,948)	2,231,266	2,222,318	28,020	2,250,338
Share capital increase (Note 7)	3,175,000	16,827,500	-	-	-	-	-	-	20,002,500	-	20,002,500
As at 31 March 2018	13,175,000	27,327,500	5,000,000	(1,544,594)	(260,978)	-	(140,565)	16,616,234	60,172,597	2,151,790	62,324,387
As at 1 January 2017	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
As at 31 March 2017	8,250,000	10,500,000	4,125,000	(1,544,594)	(260,978)	-	-	10,637,306	31,706,734	2,469,112	34,175,846

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

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 2018 were authorised for issue by the Board of Directors on 13 May 2018.

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. 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 2018.

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 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 2017, except for the changes described below arising from the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' effective from 1 January 2018.

The Group has decided to adopt the policy of disclosing the items of other comprehensive income in a separate statement and accordingly presented the interim condensed consolidated statement of other comprehensive income for the first time for the period ended 31 March 2018.

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

As at and for the period ended 31 March 2018

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from contracts with customers effective from 1 January 2018. This standard supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. This standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The adoption of this standard does not result in any change in accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 Financial Instruments effective from 1 January 2018. IFRS 9 sets out the requirements for recognising and measuring financial assets and financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below:

Classification and Measurement of Financial assets

The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost
- Financial assets carried at fair value through other comprehensive income ("FVOCI")
- Financial assets carried at fair value through profit or loss ("FVPL")

Financial assets carried at amortised cost:

A financial asset is carried at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective yield method. Financing income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

a) Equity investments at FVOCI

Upon initial recognition, the Group makes an irrevocable election to classify some of its equity investments as equity investments at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the fair values reserves as part of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated statement of income. Dividend income on equity investments at FVOCI are recognised in the consolidated statement of income unless they clearly represent a recovery of part of the cost of the investment in which case they are recognised in other comprehensive income. Equity investments at FVOCI are not subject to impairment assessment.

b) Financial asset carried at FVPL

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVPL.

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

As at and for the period ended 31 March 2018

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

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments (continued)

Classification and Measurement of Financial assets (continued)

b) Financial assets carried at FVPL (continued)

Financial assets at FVPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of income. Interest is recognised using the effective yield method. Dividend income from equity investments measured at FVPL is recognised in the consolidated statement of income when the right to the payment has been established.

Financial assets carried through FVPL includes loan to a related party.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

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

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments (continued)

Impact of Adopting IFRS 9

The impact of this change in accounting policy as at 1st January 2018 is as follows:

	<i>Retained earnings</i>	<i>Cumulative change in fair value</i>	<i>Foreign currency translation reserve</i>
Closing balance under IAS 39 (31 December 2017)	15,480,385	-	(333,914)
Impact on reclassification and re-measurements:			
Investment securities - equity from available-for-sale previously carried at cost to FVOCI	-	(131,617)	-
Debt securities - debt from loan to a related party to FVPL	(290,133)	-	333,914
Impact on recognition of ECL on financial assets:			
ECL under IFRS 9 for financial assets – account receivables at amortised cost	(805,284)	-	-
Opening balance under IFRS 9 on date of initial application of 1 January 2018	14,384,968	(131,617)	-

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets as at 1 January 2018.

	<i>Original classification under IAS 39</i>	<i>New classification under IFRS 9</i>	<i>Original carrying amount under IAS 39 KD</i>	<i>Remeasurement KD</i>	<i>New carrying amount under IFRS 9 KD</i>
Loan to a related party	Loans and receivables	Debt instruments at FVPL	30,022,447	43,781	30,066,228
Financial assets available for sale – equity securities	Financial assets available for sale	Equity instruments at FVOCI	1,449,198	(131,617)	1,317,581
Accounts receivables and other assets	Loans and receivables	Amortised cost	3,499,184	(805,284)	2,693,900
Cash and cash equivalents	Loans and receivable	Amortised cost	7,679,086	-	7,679,086
Total financial assets			42,649,915	(893,120)	41,756,795

The application of these policies resulted in the reclassifications set out in the table above. On adoption of IFRS 9, loan to a related party was reclassified out of the loans and receivables category to FVPL since the contractual cash flows of these securities are not solely payments of principal and interest on the principal outstanding have been re-classified to FVTPL.

Expected credit losses (ECL)

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in adjustment to retained earnings amounting to KD 805,284 and an additional charge in the current period interim condensed consolidated statement of income amounting to KD 40,616.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

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>	
	2018	2017
	KD	KD
Profit for the period attributable to equity holders of the Parent Company	2,231,266	2,176,391
	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	131,750,000	100,000,000
Less: Weighted average number of treasury shares	(4,824,307)	(4,824,307)
Weighted average number of ordinary shares outstanding during the period	126,925,693	95,175,693
Basic and diluted earnings per share	17.58 Fils	22.87 Fils

Earnings per share for the three months ended 31 Mar 2017 was 27.72 fils, before retroactive adjustment to the number of shares following the bonus issue.

4 INTANGIBLE ASSETS

Included in intangible assets is a fully amortised intangible asset (31 December 2017: Nil and 31 March 2017: Nil) that represents Built-Own-Transfer (BOT) project for the construction of Discovery Mall (the "Mall"). This Mall was built on a leasehold land from the Touristic Enterprise Company ("TEC") for an initial period of 10 years which was then extended by seven months to 28 January 2014. Since there were various delays in receiving leasehold land from the TEC, which resulted in an adverse effect on the investment term, the Parent Company requested to renew the contract for an additional period and has subsequently filed a compensation claim. However, TEC has filed a lawsuit requesting the Parent Company to withdraw from the Mall and deliver the Mall back. The First instance court ruled in favor of TEC acknowledging the initial expiration of the contract. UPAC appealed the judgement which was subsequently transferred to a committee of experts to assess the overall damages and compensation. UPAC also submitted recourse before the cassation court, which ruled that the execution judgement should be suspended. UPAC is therefore still handling the management and operation of the Mall on the basis of the cassation court judgement and cannot assess when these proceedings will come to closure until a final ruling is made. Accordingly, revenue from the project have been recognised by the Parent Company in statement of income because it is, in all cases, an exclusive right for which the Company is entitled, regardless of the outcome of the lawsuits filed by both parties.

Included in intangible assets is an amount of KD 4,809,929 (31 December 2017: KD 5,008,904 and 31 March 2017: KD 5,605,830) that represents the carrying value of Build-Own-Transfer (BOT) project for the construction of Sheikh Saa'd Terminal (the "terminal"). This was built on a leasehold land from the government of the State of Kuwait for 20 years which will expire on 2024. Since September 2013, The Civil Aviation Authority permitted Flydubai, one of the carriers to operate from the terminal. As a result of this, the management is confident that the carrying amount of the terminal is fully recoverable and no impairment is considered necessary.

Included in intangible assets is an amount of KD 4,985,357 (31 December 2017: KD 5,215,408 and 31 March 2017: KD 5,999,645) that represents the carrying value of Build-Own-Transfer (BOT) project for the construction of the car park and commercial complex of Kuwait International Airport. This was built on a leasehold land from the government of the State of Kuwait for 20 years which will expire on 2023. The management is confident that the carrying amount of the intangible asset is fully recoverable and no impairment is considered necessary.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 31 March 2018

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>KD</i>	<i>Three months ended 31 March</i>	
		<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
<i>Interim condensed consolidated statement of income:</i>			
Revenues	8,035	8,035	2,412
Operating costs	(121,488)	(121,488)	(70,645)
General and administrative expenses	(4,880)	(4,880)	(10,191)
Other income	-	-	16,050
Interest income	587,461	587,461	442,048

	<i>Ultimate Parent Company</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>31 March 2018</i> <i>KD</i>	<i>(Audited) 31 December 2017</i> <i>KD</i>	<i>31 March 2017</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Amounts due from a related party (included in accounts receivable and other assets)	-	-	-	43,878	89,934
Amounts due to related parties (included in accounts payable and other liabilities)	(122,105)	(201,341)	(323,446)	(309,697)	261,994
Loan to a related party	-	32,896,137	32,896,137	30,022,447	22,584,926
Financial assets available for sale	-	-	-	1,449,198	1,449,198
Financial assets at fair value through other comprehensive income	-	1,308,633	1,308,633	-	-

Amounts due from/to related parties are interest free and are receivable/payable on demand except for certain loan advanced to a related party.

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 rates as per the loan agreement and can be converted to equity in the Project on completion of construction subject to the Project achieving certain operational targets. The Group has contributed KD 1,449,198 (31 December 2017: KD 1,449,198 and 31 March 2017: KD 1,449,198) in the equity of the Project when the fair value as at 31 March 2018 amounted to KD 1,308,633. The Group's capital commitment in respect of uncalled capital in the project amounts to KD 5,063,211 as at the reporting date (31 December 2017: KD 5,097,830 and 31 March 2017: KD 5,166,695). After adopting IFRS 9 in 1 January 2018, both the loan to related party and equity contribution have been reclassified as FVPL and FVOCI, respectively (Note 2.2).

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>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Short-term benefits	49,147	24,368
Employees' end of service benefits	3,343	2,236
	52,490	26,604

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

6 TREASURY SHARES

	31 March 2018	<i>(Audited)</i> 31 December 2017	31 March 2017
Number of treasury shares (shares)	<u>4,824,307</u>	<u>4,824,307</u>	<u>3,980,000</u>
Percentage of issued shares (%)	<u>4%</u>	<u>5%</u>	<u>5%</u>
Market value (KD)	<u>3,405,961</u>	<u>2,822,220</u>	<u>2,985,000</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 SHARE CAPITAL

The authorised share capital of the Parent Company is KD 38,250,000 comprises of 382,500,000 shares of 100 fils each. The increase in the authorised share capital was approved by the Extraordinary General Assembly meeting of the shareholders held on 29 September 2016. Issued and paid up share capital of the Parent Company as at 31 March 2018 is KD 13,175,000 comprises of 131,750,000 shares (31 December 2017: 100,000,000 shares and 31 March 2017: 82,500,000 shares) of 100 fils each.

During the period, the Parent Company made a rights issue to its shareholders at KD 0.630 per share made up of KD 0.100 share capital and KD 0.530 share premium. A total of 31,750,000 shares were issued resulting in an increase in share capital by KD 3,175,000 and an increase in the share premium account by KD 16,827,500.

Subsequent to period end, at the Annual General Assembly of the shareholders of the Parent Company held on 24 April 2018, the shareholders approved the distribution of cash dividends of 121 fils per share (2016: Nil) amounting to KD 15,358,009 for the year ended 31 December 2017 (2016: Nil) for shareholders registered on the appropriate regulatory approval date.

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

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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 2018 KD	2017 KD	Three months ended 31 March 2018 KD	2017 KD	2018 KD	2017 KD
Interim condensed consolidated statement of income:						
Segment revenue	<u>414,828</u>	<u>475,037</u>	<u>3,667,229</u>	<u>3,506,244</u>	<u>4,082,057</u>	<u>3,981,281</u>
Segment profit	<u>287,041</u>	<u>367,220</u>	<u>2,085,712</u>	<u>1,919,093</u>	<u>2,372,753</u>	<u>2,286,313</u>
Unallocated expenses					<u>(113,467)</u>	<u>(101,050)</u>
Profit for the period			<u>486,802</u>	<u>479,711</u>	<u>2,259,286</u>	<u>2,185,263</u>
Depreciation and amortization					<u>486,802</u>	<u>479,711</u>

	Investments		Services operations		Total	
	31 March 2018 KD	31 March 2017 KD	31 March 2018 KD	31 March 2017 KD	31 March 2018 KD	31 March 2017 KD
Interim condensed consolidated statement of financial position:						
Assets	<u>59,039,978</u>	<u>37,468,051</u>	<u>15,213,703</u>	<u>16,274,044</u>	<u>74,253,681</u>	<u>46,026,941</u>
Liabilities			<u>11,929,294</u>	<u>11,851,095</u>	<u>11,929,294</u>	<u>11,851,095</u>
Capital expenditure			<u>38,346</u>	<u>24,065</u>	<u>38,346</u>	<u>24,065</u>

Capital expenditure represents addition to intangible assets.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

9 TAXATION

	<i>Three months ended</i>	
	<i>31 March</i>	
	2018	2017
	KD	KD
National labour support tax (“NLST”)	62,789	53,698
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	25,339	23,676
Zakat	25,339	23,676
	113,467	101,050

10 CONTINGENCIES

As at 31 March 2018, the Group had contingent liabilities, amounting to KD 36,410,576 (31 December 2017: KD 307,290 and 31 March 2017: KD 2,407,972), in respect of bank guarantees arising in the ordinary course of business 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 through other comprehensive income, 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 carrying amount of financial instruments is a reasonable approximation of fair value.

Loan to a related party and financial asset at fair value through other comprehensive income are classified as Level 3 upon the implementation of IFRS 9 (Note 2.2).

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

	<i>As at 1 January</i>	<i>Profit/(loss)</i>	<i>Net</i>	<i>Recognised in</i>	<i>As at</i>
	<i>2018</i>	<i>recorded in the</i>	<i>purchases,</i>	<i>other</i>	<i>31 March</i>
	<i>KD</i>	<i>consolidated</i>	<i>sales, transfers</i>	<i>comprehensive</i>	<i>2018</i>
	<i>KD</i>	<i>income</i>	<i>and settlements</i>	<i>income</i>	<i>KD</i>
	<i>KD</i>	<i>statement</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Financial assets at fair value through profit or loss:</i>					
Loan to a related party	30,066,228	(204,183)	3,034,092	-	32,896,137
<i>Financial assets at fair value through other comprehensive income</i>					
Equities	1,317,581	-	-	(8,948)	1,308,633

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of comprehensive income would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

12 MULTICURRENCY TERM FACILITIES

During the year ended 31 December 2017, the Parent Company signed a loan agreement with a local bank for an amount of KD 50,100,000 to finance the construction and development of a commercial mall in UAE, the Project (Note 5). As at 31 March 2018, these funds have not been withdrawn.