

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

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

**31 MARCH 2022**





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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 2022, and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income, the related interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

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

12 May 2022  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 March 2022

	Notes	Three months ended 31 March	
		2022 KD	2021 KD
Revenues		2,274,539	1,654,191
Operating costs		(293,190)	(247,955)
<b>GROSS PROFIT</b>		<b>1,981,349</b>	1,406,236
General and administrative expenses		(360,550)	(256,406)
Salaries and employee benefits		(292,190)	(311,625)
Share of results of an associate	5	(34,171)	(25,173)
Other income		40,615	11,654
<b>Profit before interest, taxation, depreciation and amortisation ("EBITDA")</b>		<b>1,335,053</b>	824,686
Depreciation		(7,155)	(7,013)
Amortisation		(492,082)	(526,213)
<b>Profit before interest and taxation ("EBIT")</b>		<b>835,816</b>	291,460
Interest income		7,501	2,551
Finance cost		(476,862)	(511,281)
<b>Profit (loss) before taxation</b>		<b>366,455</b>	(217,270)
Taxation	10	(14,057)	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>352,398</b>	(217,270)
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>0.89 Fils</b>	(0.84 Fils)
<b>Attributable to:</b>			
Equity holders of the Parent Company		334,914	(206,487)
Non-controlling interests		17,484	(10,783)
		<b>352,398</b>	(217,270)

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

United Projects Company For Aviation Services K.S.C.P. and its Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME (UNAUDITED)**  
 For the period ended 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2022</b>	2021
	<b>KD</b>	<b>KD</b>
<b>Profit (loss) for the period</b>	<b>352,398</b>	(217,270)
<b>Other comprehensive income:</b>		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation adjustment	<b>33,812</b>	(56,605)
Share of other comprehensive income of associate	<b>109,933</b>	169,434
<b>Other comprehensive income for the period</b>	<b>143,745</b>	112,829
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>496,143</b>	(104,441)
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>478,659</b>	(93,658)
Non-controlling interests	<b>17,484</b>	(10,783)
	<b>496,143</b>	(104,441)

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

		31 March 2022 KD	(Audited) 31 December 2021 KD	31 March 2021 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		24,305	30,765	49,726
Intangible assets	4	2,675,234	3,167,316	4,637,478
Investment in an associate	5	5,007,253	4,897,679	4,705,117
Loan to an associate	5, 13	158,876,481	152,477,649	152,966,270
		<u>166,583,273</u>	<u>160,573,409</u>	<u>162,358,591</u>
<b>Current assets</b>				
Accounts receivable and other assets		2,420,281	2,386,697	3,313,981
Cash and cash equivalents		3,560,757	4,385,489	1,157,176
		<u>5,981,038</u>	<u>6,772,186</u>	<u>4,471,157</u>
<b>TOTAL ASSETS</b>		<u>172,564,311</u>	<u>167,345,595</u>	<u>166,829,748</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	38,250,000	38,250,000	38,250,000
Share premium		48,605,000	48,605,000	48,605,000
Statutory reserve		7,093,461	7,093,461	7,000,058
Treasury shares	6	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		(492,021)	(601,954)	(891,439)
Foreign currency translation reserve		12,199	(21,613)	(29,304)
Retained earnings		10,530,188	10,195,274	9,167,960
<b>Equity attributable to holders of the Parent Company</b>		<u>102,454,233</u>	<u>101,975,574</u>	<u>100,557,681</u>
Non-controlling interests		944,886	927,402	914,567
<b>Total equity</b>		<u>103,399,119</u>	<u>102,902,976</u>	<u>101,472,248</u>
<b>Non-current liabilities</b>				
Loans and borrowings	7	-	33,635,382	34,475,382
Accounts payable and other liabilities	9	5,674,432	5,787,273	6,442,747
Employees' end of service benefits		670,955	652,313	603,498
		<u>6,345,387</u>	<u>40,074,968</u>	<u>41,521,627</u>
<b>Current liabilities</b>				
Loans and borrowings	7	32,275,179	-	-
Accounts payable and other liabilities	9	30,544,626	24,367,651	23,835,873
		<u>62,819,805</u>	<u>24,367,651</u>	<u>23,835,873</u>
<b>Total liabilities</b>		<u>69,165,192</u>	<u>64,442,619</u>	<u>65,357,500</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>172,564,311</u>	<u>167,345,595</u>	<u>166,829,748</u>

Tarek Ibrahim Mohammad Al Mousa  
Chairman

  
Nadia Abdullah Mohammad Akil  
CEO & Vice Chairperson

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

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

For the period ended 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the period	<b>366,455</b>	(217,270)
Adjustments for:		
Depreciation	<b>7,155</b>	7,013
Amortisation	<b>492,082</b>	526,213
Provision for employees' end of service benefits	<b>21,668</b>	25,134
Interest income	<b>(7,501)</b>	(2,551)
Share of results of an associate	<b>34,171</b>	25,173
Provision for expected credit losses	<b>(99,282)</b>	(24,574)
Finance cost	<b>476,862</b>	511,281
	<b>1,291,610</b>	850,419
Working capital changes:		
Accounts receivable and other assets	<b>63,531</b>	(32,619)
Accounts payable and other liabilities	<b>(289,400)</b>	(566,304)
Cash flows from operations	<b>1,065,741</b>	251,496
Employees' end of service benefits paid	<b>(3,026)</b>	(18,731)
Net cash flows from operating activities	<b>1,062,715</b>	232,765
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<b>(695)</b>	(359)
Additions to intangible assets	-	(3,110)
Additions to loan to an associate	<b>(6,398,832)</b>	(16,732,545)
Interest income received	<b>9,668</b>	2,804
Net cash flows used in investing activities	<b>(6,389,859)</b>	(16,733,210)
<b>FINANCING ACTIVITIES</b>		
Amount due to a related party	<b>6,399,124</b>	16,874,165
Repayment of loan and borrowings	<b>(1,360,203)</b>	(640,000)
Finance cost paid	<b>(536,509)</b>	(389,630)
Net cash flows from financing activities	<b>4,502,412</b>	15,844,535
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(824,732)</b>	(655,910)
Cash and cash equivalents as at 1 January	<b>4,385,489</b>	1,813,086
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>	<b>3,560,757</b>	1,157,176

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

	<i>Attributable to equity holders of the Parent Company</i>									
	<i>Share Capital KD</i>	<i>Share Premium KD</i>	<i>Statutory reserve KD</i>	<i>Treasury shares KD</i>	<i>Other reserve KD</i>	<i>Foreign currency translation Reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non- controlling interests KD</i>	<i>Total KD</i>
As at 1 January 2022	38,250,000	48,605,000	7,093,461	(1,544,594)	(601,954)	(21,613)	10,195,274	101,975,574	927,402	102,902,976
Profit for the period	-	-	-	-	-	-	334,914	334,914	17,484	352,398
Other comprehensive income for the period	-	-	-	-	109,933	33,812	-	143,745	-	143,745
Total comprehensive income for the period	-	-	-	-	109,933	33,812	334,914	478,659	17,484	496,143
<b>As at 31 March 2022</b>	<b>38,250,000</b>	<b>48,605,000</b>	<b>7,093,461</b>	<b>(1,544,594)</b>	<b>(492,021)</b>	<b>12,199</b>	<b>10,530,188</b>	<b>102,454,233</b>	<b>944,886</b>	<b>103,399,119</b>

	<i>Attributable to equity holders of the Parent Company</i>									
	<i>Share Capital KD</i>	<i>Share Premium KD</i>	<i>Statutory reserve KD</i>	<i>Treasury shares KD</i>	<i>Other reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non- controlling interests KD</i>	<i>Total KD</i>
As at 1 January 2021	38,250,000	48,605,000	7,000,058	(1,544,594)	(1,060,873)	27,301	9,374,447	100,651,339	925,350	101,576,689
Loss for the period	-	-	-	-	-	-	(206,487)	(206,487)	(10,783)	(217,270)
Other comprehensive income (loss) for the period	-	-	-	-	169,434	(56,605)	-	112,829	-	112,829
Total comprehensive income (loss) for the Period	-	-	-	-	169,434	(56,605)	(206,487)	(93,658)	(10,783)	(104,441)
As at 31 March 2021	38,250,000	48,605,000	7,000,058	(1,544,594)	(891,439)	(29,304)	9,167,960	100,557,681	914,567	101,472,248

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

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

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

As at and for the period ended 31 March 2022

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of United Projects Company for Aviation Services K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) for the period ended 31 March 2022 were authorised for issue by the Board of Directors on 12 May 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 are subject to approval in the annual general assembly of the shareholders of the Parent Company. The annual general assembly of the shareholders has the power to amend these consolidated financial statements after issuance and consequently, may have an impact on the current period interim condensed consolidated financial information.

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

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

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

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2022.

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

The consolidated financial statements provide comparative information in respect of the previous period. The Group reclassified certain amounts within the consolidated statement of cash flows to conform with current period’s presentation. Such reclassifications do not have any effect on statement of income or equity and have been made to improve the quality of information presented.

#### 2.2 SIGNIFICANT ACCOUNTING POLICIES

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



# 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 2022

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

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

Several amendments apply for the first time in 2022, but do not have a material impact on the interim condensed consolidated financial information of the Group.

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

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

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

### 3 BASIC AND DILUTED EARNINGS / LOSS PER SHARE

Basic and diluted earnings (loss) per share is calculated by dividing profit (loss) 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>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
Profit (loss) for the period attributable to equity holders of the Parent Company	<b>334,914</b>	(206,487)
	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	<b>382,500,000</b>	250,614,715
Less: Weighted average number of treasury shares	<b>(4,824,307)</b>	(4,824,307)
Weighted average number of ordinary shares outstanding during the period	<b>377,675,693</b>	245,790,408
Basic and diluted earnings (loss) per share	<b>0.89 Fils</b>	(0.84 Fils)

### 4 INTANGIBLE ASSETS

#### *Sheikh Saa'd Terminal*

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

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

Included in intangible assets is an amount of KD 876,576 (31 December 2021: KD 1,123,382 and 31 March 2021: KD 1,857,717) that represents the carrying value of Build-Operate-Transfer (BOT) project for the construction of the car park and commercial complex of Kuwait International Airport. This was built on a leasehold land from the government of the State of Kuwait for 20 years which will expire on 2023.

# 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 2022

### 4 INTANGIBLE ASSETS (continued)

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

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

Under the terms of the agreement, the Group will operate and make facilities available to the public for a period of five years, starting from 9 February 2019.

As at 31 March 2022, intangible assets include KD 1,798,658 (31 December 2021: KD 2,043,934 and 31 March 2021: KD 2,779,761) relating to this arrangement and liability of KD 3,859,567 (31 December 2021: KD 3,828,099 and 31 March 2021: KD 3,716,659) which represents the minimum fixed payments that will be paid by the Group to the Grantor over the term of the concession arrangement, discounted at a rate of 6%.

### 5 RELATED PARTY TRANSACTIONS AND BALANCES

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

Transactions and balances with related parties are as follows:

	<i>Ultimate Parent Company</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>Three months ended 31 March</i>		
			<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>	
<i>Interim condensed consolidated statement of income:</i>					
Revenues	-	3,647	<b>3,647</b>	3,508	
Operating costs	-	(196,625)	<b>(196,625)</b>	(55,463)	
General and administrative expenses	-	(8,212)	<b>(8,212)</b>	(6,199)	
Share of results of an associate	-	(34,171)	<b>(34,171)</b>	(25,173)	
Finance cost	(43,036)	-	<b>(43,036)</b>	(42,764)	
	<i>Parent Company (Ultimate and intermediary parent)</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>31 March 2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December 2021</i> <i>KD</i>	<i>31 March 2021</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Investment in an associate	-	5,007,253	<b>5,007,253</b>	4,897,679	4,705,117
Loan to an associate <sup>1</sup>	-	158,876,481	<b>158,876,481</b>	152,477,649	152,966,270
Amounts due to related parties (included in accounts payable and other liabilities)	(24,275,791)	(277,643)	<b>(24,553,434)</b>	(17,991,668)	(18,185,851)

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

<sup>1</sup> Loan to an associate represents amounts advanced by a subsidiary of the Group towards the construction and development of a commercial mall in UAE (“Project”). This amount bears compounded annual interest rates as per the loan agreement and carries with it the option, at the sole discretion of the Parent Company, to be converted to equity in the Project on completion of construction subject to the Project achieving certain operational targets. The Group has contributed KD 6,580,301 (31 December 2021: KD 6,580,301 and 31 March 2021: KD 6,580,301) in the equity of the Project. The Ultimate Parent Company has also invested in the equity of this Project.

# 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 2022

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

In response to the economic impact of Covid-19, the Parent Company has not recognised interest income for the period ended 31 March 2022 of KD 2,656,893 (31 December 2021: KD 13,028,263 and 31 March 2021: KD 2,810,989). The interest is suspended temporarily, and the Parent Company retains the right to reinstate it in the future.

#### Compensation of key management personnel

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2022</b>	2021
	<b>KD</b>	KD
Short-term benefits	<b>103,914</b>	117,866
Employees' end of service benefits	<b>6,205</b>	12,402
	<b>110,119</b>	130,268

### 6 TREASURY SHARES

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<b>2022</b>	2021	2021
Number of treasury shares (shares)	<b>4,824,307</b>	4,824,307	4,824,307
Percentage of issued shares (%)	<b>1%</b>	1%	1%
Market value (KD)	<b>1,350,806</b>	1,196,428	950,388
Cost (KD)	<b>1,544,594</b>	1,544,594	1,544,594

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

### 7 LOANS AND BORROWINGS

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<b>2022</b>	2021	2021
	<b>KD</b>	KD	KD
Borrowing facility	<b>32,275,179</b>	33,635,382	34,475,382

During the year ended 31 December 2017, the Parent Company signed a syndicated loan agreement consisting of two facilities with a local bank for an amount of KD 50,100,000 to finance the construction, development of a commercial mall in UAE, the Project (Note 5), and for working capital requirements of the Parent Company. This loan facility bears an average finance cost of average 4.54% (31 December 2021: average 4.5% and 31 March 2021: average 4.50%) per annum and is repayable on 30 March 2023.

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

# 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 2022

### 7 LOANS AND BORROWINGS (continued)

The management has access to a wide variety of funding and continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that as at 31 March 2022, liquidity position of the Group is stable and its existing funding resources, will be sufficient to satisfy its liquidity requirements.

### 8 SHARE CAPITAL

	<i>31 March 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>31 March 2021 KD</i>
Issued and paid up share capital of 382,500,000 shares of 100 fils each (31 December 2021: 382,500,000 shares of 100 fils each and 31 March 2021: 382,500,000 shares of 100 fils each)	<b>38,250,000</b>	38,250,000	38,250,000
	<u><u>38,250,000</u></u>	<u><u>38,250,000</u></u>	<u><u>38,250,000</u></u>
	<i>31 March 2022 Shares</i>	<i>(Audited) 31 December 2021 Shares</i>	<i>31 March 2021 Shares</i>
<i>Authorised shares</i>			
Ordinary shares of 100 fils each	<b>1,132,500,000</b>	1,132,500,000	382,500,000
	<u><u>1,132,500,000</u></u>	<u><u>1,132,500,000</u></u>	<u><u>382,500,000</u></u>
<i>Ordinary shares issued and fully paid</i>	<b>382,500,000</b>	382,500,000	382,500,000
	<u><u>382,500,000</u></u>	<u><u>382,500,000</u></u>	<u><u>382,500,000</u></u>

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

### 9 ACCOUNTS PAYABLE AND OTHER LAIBILITIES

	<i>31 March 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>31 March 2021 KD</i>
Accounts payable	<b>1,425,425</b>	1,369,730	1,171,495
Amounts due to related parties (Note 5)	<b>24,553,434</b>	17,991,668	18,185,851
Accrued expenses	<b>2,194,293</b>	2,155,620	1,549,863
Contract liabilities	<b>2,547,053</b>	3,168,998	3,809,200
Provision for staff leave	<b>133,091</b>	126,610	162,523
Tenant refundable deposits	<b>1,506,630</b>	1,514,754	1,683,029
Other payables	<b>3,859,132</b>	3,827,544	3,716,659
	<u><u>36,219,058</u></u>	<u><u>30,154,924</u></u>	<u><u>30,278,620</u></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 and for the period ended 31 March 2022

**9 ACCOUNTS PAYABLE AND OTHER LAIBILITIES (continued)**

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2022</i>	<i>31 December</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Classified as:</b>			
Non-current liabilities	<b>5,674,432</b>	5,787,273	6,442,747
Current liabilities	<b>30,544,626</b>	24,367,651	23,835,873
	<b><u>36,219,058</u></b>	<u>30,154,924</u>	<u>30,278,620</u>

**10 TAXATION**

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
National labour support tax (“NLST”)	<b>7,548</b>	-
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	<b>3,490</b>	-
Zakat	<b>3,019</b>	-
	<b><u>14,057</u></b>	<u>-</u>

**11 OPERATING SEGMENT INFORMATION**

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

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 2022

11 OPERATING SEGMENT INFORMATION (continued)

	<i>Investments</i>		<i>Services operations</i>		<i>Total</i>	
	<i>Three months ended</i>		<i>Three months ended</i>		<i>Three months ended</i>	
	<i>31 March</i>		<i>31 March</i>		<i>31 March</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Interim condensed consolidated statement of income:</i>						
Segment revenue	<b>7,501</b>	2,551	<b>2,315,154</b>	1,665,845	<b>2,322,655</b>	1,668,396
Segment (loss) profit	<b>(472,066)</b>	(488,727)	<b>838,521</b>	271,457	<b>366,455</b>	(217,270)
Profit (loss) for the period					<b>352,398</b>	(217,270)
Share of results of an associate	<b>(34,171)</b>	(25,173)	-	-	<b>(34,171)</b>	(25,173)
Depreciation and amortization	-	-	<b>(499,237)</b>	(533,226)	<b>(499,237)</b>	(533,226)

	<i>Investments</i>			<i>Services operations</i>			<i>Total</i>		
	<i>31 March</i>	<i>(Audited)</i>		<i>31 March</i>	<i>(Audited)</i>		<i>31 March</i>	<i>(Audited)</i>	
		<i>31 March</i>	<i>31 December</i>		<i>31 March</i>	<i>31 December</i>		<i>31 March</i>	<i>31 December</i>
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Interim condensed consolidated statement of financial position:</i>									
Assets	<b>165,889,585</b>	159,656,679	157,901,401	<b>6,674,726</b>	7,688,916	8,928,347	<b>172,564,311</b>	167,345,595	166,829,748
Liabilities	<b>55,060,396</b>	50,021,475	51,349,547	<b>14,104,796</b>	14,421,144	14,007,953	<b>69,165,192</b>	64,442,619	65,357,500
Additions to intangible assets	-	-	-	-	20,230	3,110	-	20,230	3,110
Additions to property and equipment	-	-	-	<b>695</b>	2,616	359	<b>695</b>	2,616	359
Investment in an associate	<b>5,007,253</b>	4,897,679	4,705,117	-	-	-	<b>5,007,253</b>	4,897,679	4,705,117

# 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 2022

### 12 CONTINGENCIES

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

### 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of accounts receivables and other assets, cash and cash equivalents and loan to an associate. Financial liabilities consist of loans and borrowings, accounts payables and other liabilities excluding rent received in advance. The management assesses that the carrying amount of financial instruments is a reasonable approximation of fair value.

Loan to an associate is classified as Level 3.

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

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
At the beginning of the period / year	<b>152,477,649</b>	136,233,725	136,233,725
Additional contribution	<b>6,398,832</b>	16,243,924	16,732,545
<b>At the end of the period / year</b>	<b><u>158,876,481</u></b>	<u>152,477,649</u>	<u>152,966,270</u>

### 14 IMPACT OF COVID-19

The COVID-19 outbreak developed and spread across various geographies rapidly in 2020 and was declared as a global pandemic, causing disruption to businesses and increased uncertainties in the economic activities. Many governments have undertaken various measures to contain the spread of the virus and imposed restrictions on travelling and placed quarantine measures. Accordingly, on 22 January 2021, the General Directorate of Civil Aviation, announced that new directives have been issued to airlines operating at Kuwait International Airport to extend the decision to adjust the operating capacity for arrivals of no more than 1,000 passengers per day. On 5 February 2021 the General Directorate of Civil Aviation announced that Non-Kuwaiti passengers are prohibited from entering the State of Kuwait until further notice. This had a direct impact on the operations of the Group in 2021. The COVID restriction has been gradually relaxed by the government of Kuwait since the third quarter of 2021 resulting in a positive impact on the group's operations compared to previous year.

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

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