

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

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

**30 JUNE 2023**



## **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 30 June 2023, and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, the interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six 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 six months period ended 30 June 2023 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 six months period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



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

6 August 2023  
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 30 June 2023

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
Revenues		<b>2,463,818</b>	2,443,620	<b>5,059,596</b>	4,718,159
Operating costs		<b>(278,303)</b>	(310,844)	<b>(589,330)</b>	(604,034)
<b>GROSS PROFIT</b>		<b>2,185,515</b>	2,132,776	<b>4,470,266</b>	4,114,125
General and administrative expenses		<b>(409,354)</b>	(360,957)	<b>(766,266)</b>	(721,507)
Salaries and employee benefits		<b>(318,968)</b>	(296,911)	<b>(616,864)</b>	(589,101)
Share of results of associates		<b>(1,144,844)</b>	(58,069)	<b>(1,656,040)</b>	(92,240)
Other income		<b>6,340</b>	10,521	<b>10,132</b>	51,136
<b>Profit before interest, taxation, depreciation and amortisation (“EBITDA”)</b>		<b>318,689</b>	1,427,360	<b>1,441,228</b>	2,762,413
Depreciation		<b>(3,215)</b>	(5,507)	<b>(9,460)</b>	(12,662)
Amortisation		<b>(287,933)</b>	(458,317)	<b>(747,167)</b>	(950,399)
<b>Profit before interest and taxation (“EBIT”)</b>		<b>27,541</b>	963,536	<b>684,601</b>	1,799,352
Interest income		<b>3,178</b>	10,103	<b>21,178</b>	17,604
Finance cost		<b>(17,283)</b>	(503,433)	<b>(35,218)</b>	(980,295)
<b>Profit before taxation</b>		<b>13,436</b>	470,206	<b>670,561</b>	836,661
Taxation	9	<b>(808)</b>	(20,676)	<b>(29,065)</b>	(34,733)
<b>PROFIT FOR THE PERIOD</b>		<b>12,628</b>	449,530	<b>641,496</b>	801,928
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>0 Fils</b>	1.14 Fils	<b>1.55 Fils</b>	2.03 Fils
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>(651)</b>	432,176	<b>586,294</b>	767,090
Non-controlling interests		<b>13,279</b>	17,354	<b>55,202</b>	34,838
		<b>12,628</b>	449,530	<b>641,496</b>	801,928

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 30 June 2023

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>KD</b>	<i>KD</i>	<b>KD</b>	<i>KD</i>
<b>Profit for the period</b>	<b>12,628</b>	449,530	<b>641,496</b>	801,928
<b>Other comprehensive income:</b>				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustment	<b>12,839</b>	49,704	<b>16,647</b>	83,516
Share of other comprehensive income of associate	<b>63,420</b>	286,146	<b>8,168</b>	396,079
<b>Other comprehensive income for the period</b>	<b>76,259</b>	335,850	<b>24,815</b>	479,595
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>88,887</b>	785,380	<b>666,311</b>	1,281,523
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>75,608</b>	768,026	<b>611,109</b>	1,246,685
Non-controlling interests	<b>13,279</b>	17,354	<b>55,202</b>	34,838
	<b>88,887</b>	785,380	<b>666,311</b>	1,281,523

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 30 June 2023

		30 June 2023 KD	(Audited) 31 December 2022 KD	30 June 2022 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		242	9,362	20,163
Intangible assets	4	572,278	1,319,445	2,216,917
Investment in an associate	5	2,049,434	3,680,659	5,285,034
Loan to an associate	5, 12	201,263,920	181,485,131	165,379,265
		<u>203,885,874</u>	<u>186,494,597</u>	<u>172,901,379</u>
<b>Current assets</b>				
Accounts receivable and other assets		2,762,266	2,655,618	2,411,832
Cash and cash equivalents		2,521,823	4,472,185	4,710,904
		<u>5,284,089</u>	<u>7,127,803</u>	<u>7,122,736</u>
<b>TOTAL ASSETS</b>		<u>209,169,963</u>	<u>193,622,400</u>	<u>180,024,115</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	38,250,000	38,250,000	38,250,000
Share premium		48,605,000	48,605,000	48,605,000
Statutory reserve		7,159,646	7,159,646	7,093,461
Treasury shares	6	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		147,191	139,023	(205,875)
Foreign currency translation reserve		47,760	31,113	61,903
Retained earnings		11,346,354	10,760,060	10,962,364
<b>Equity attributable to holders of the Parent Company</b>		<u>104,011,357</u>	<u>103,400,248</u>	<u>103,222,259</u>
Non-controlling interests		1,044,152	988,950	962,240
<b>Total equity</b>		<u>105,055,509</u>	<u>104,389,198</u>	<u>104,184,499</u>
<b>Non-current liabilities</b>				
Accounts payable and other liabilities	8	805,969	906,519	5,691,072
Employees' end of service benefits		783,451	747,167	683,488
		<u>1,589,420</u>	<u>1,653,686</u>	<u>6,374,560</u>
<b>Current liabilities</b>				
Loans and borrowings		-	-	32,075,179
Accounts payable and other liabilities	8	8,060,192	9,893,445	8,101,879
Loan from a related party	5	94,464,842	77,686,071	29,287,998
		<u>102,525,034</u>	<u>87,579,516</u>	<u>69,465,056</u>
<b>Total liabilities</b>		<u>104,114,454</u>	<u>89,233,202</u>	<u>75,839,616</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>209,169,963</u>	<u>193,622,400</u>	<u>180,024,115</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 30 June 2023

		<i>Six months ended</i>	
		<i>30 June</i>	
	<i>Note</i>	<b>2023</b>	<b>2022</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period before tax		<b>670,561</b>	836,661
<i>Adjustments for:</i>			
Depreciation		<b>9,460</b>	12,662
Amortisation		<b>747,167</b>	950,399
Provision for employees' end of service benefits		<b>47,951</b>	48,466
Interest income		<b>(21,178)</b>	(17,604)
Share of results of an associate		<b>1,656,040</b>	92,240
Provision for expected credit losses		<b>-</b>	22,581
Finance cost		<b>35,218</b>	980,295
		<b>3,145,219</b>	2,925,700
<i>Working capital changes:</i>			
Accounts receivable and other assets		<b>(106,795)</b>	(47,276)
Accounts payable and other liabilities		<b>(1,929,622)</b>	13,208
Cash flows from operations		<b>1,108,802</b>	2,891,632
Employees' end of service benefits paid		<b>(11,667)</b>	(17,291)
Taxes paid		<b>(68,464)</b>	(69,909)
Net cash flows from operating activities		<b>1,028,671</b>	2,804,432
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(340)</b>	(2,060)
Additions to loan to an associate	12	<b>(19,778,789)</b>	(12,901,616)
Interest income received		<b>21,325</b>	17,158
Net cash flows used in investing activities		<b>(19,757,804)</b>	(12,886,518)
<b>FINANCING ACTIVITIES</b>			
Loan from a related party		<b>16,778,771</b>	12,901,906
Repayment of loan and borrowings		<b>-</b>	(1,560,203)
Finance cost paid		<b>-</b>	(934,202)
Net cash flows from financing activities		<b>16,778,771</b>	10,407,501
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,950,362)</b>	325,415
Cash and cash equivalents as at 1 January		<b>4,472,185</b>	4,385,489
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>		<b>2,521,823</b>	4,710,904

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 30 June 2023

	<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 2023	38,250,000	48,605,000	7,159,646	(1,544,594)	139,023	31,113	10,760,060	103,400,248	988,950	104,389,198
Profit for the period	-	-	-	-	-	-	586,294	586,294	55,202	641,496
Other comprehensive income for the period	-	-	-	-	8,168	16,647	-	24,815	-	24,815
Total comprehensive income for the period	-	-	-	-	8,168	16,647	586,294	611,109	55,202	666,311
<b>As at 30 June 2023</b>	<b>38,250,000</b>	<b>48,605,000</b>	<b>7,159,646</b>	<b>(1,544,594)</b>	<b>147,191</b>	<b>47,760</b>	<b>11,346,354</b>	<b>104,011,357</b>	<b>1,044,152</b>	<b>105,055,509</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 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	-	-	-	-	-	-	767,090	767,090	34,838	801,928
Other comprehensive income for the period	-	-	-	-	396,079	83,516	-	479,595	-	479,595
Total comprehensive income for the period	-	-	-	-	396,079	83,516	767,090	1,246,685	34,838	1,281,523
As at 30 June 2022	38,250,000	48,605,000	7,093,461	(1,544,594)	(205,875)	61,903	10,962,364	103,222,259	962,240	104,184,499

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 30 June 2023

### 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 30 June 2023 were authorised for issue by the Board of Directors on 3 August 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the shareholders at the annual general assembly meeting (“AGM”) held on 30 May 2023. No dividends have been declared by the Parent Company.

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 PWC Aviation Services Company K.S.C. (Closed) (“Intermediate Parent Company”), which 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 2022. 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 2023.

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 financial position 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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 30 June 2023

### 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 2023, but do not have a material impact on the interim condensed consolidated financial information of the Group.

##### Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial information.

##### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

##### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial information.

### 3 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is calculated by dividing the (loss) profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the (loss) profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted (loss) earnings per share are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>KD</b>	<i>KD</i>	<b>KD</b>	<i>KD</i>
(Loss) profit for the period attributable to equity holders of the Parent Company	<b>(651)</b>	432,176	<b>586,294</b>	767,090
	<b><i>Shares</i></b>	<i>Shares</i>	<b><i>Shares</i></b>	<i>Shares</i>
Weighted average number of paid up shares	<b>382,500,000</b>	382,500,000	<b>382,500,000</b>	382,500,000
Less: Weighted average number of treasury shares	<b>(4,824,307)</b>	(4,824,307)	<b>(4,824,307)</b>	(4,824,307)
Weighted average number of ordinary shares outstanding during the period	<b>377,675,693</b>	377,675,693	<b>377,675,693</b>	377,675,693
Basic and diluted (loss) earnings per share	<b>0 Fils</b>	1.14 Fils	<b>1.55 Fils</b>	2.03 Fils

# 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 30 June 2023

### 4 INTANGIBLE ASSETS

#### *Sheikh Saa'd Terminal*

On 10 February 2022, the Group received proposal with an extension until 27 June 2023, followed by another proposal received on 18 June 2023 to extend the contract until 27 December 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 Nil (31 December 2022: KD 256,615 and 30 June 2022: KD 663,535) 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 was expired in May 2023. On 20 June 2023, the Group has received a letter from DGCA expressing their willingness to continue operating the project for another one year until May 2024. The Group's management remains confident that further extension of the contract is likely and the final approval is a matter of finalizing various administrative formalities.

#### *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 30 June 2023, intangible assets include KD 572,278 (31 December 2022: KD 1,062,830 and 30 June 2022: KD 1,553,382) relating to this arrangement and liability of KD 2,942,282 (31 December 2022: KD 3,715,218 and 30 June 2022: KD 3,887,020) 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>Six months ended 30 June</i>	
	<i>Ultimate Parent Company</i>	<i>Other related parties</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of income:</i>				
Revenues	-	<b>68,257</b>	<b>68,257</b>	11,020
Operating costs	-	<b>(471,580)</b>	<b>(471,580)</b>	(438,071)
General and administrative expenses	-	<b>(53,171)</b>	<b>(53,171)</b>	(15,039)
Finance cost	<b>(1,973)</b>	-	<b>(1,973)</b>	(86,596)

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 30 June 2023

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

	<i>Ultimate Parent Company KD</i>	<i>Intermediate Parent Company KD</i>	<i>Other related parties KD</i>	<i>30 June 2023 KD</i>	<i>(Audited) 31 December 2022 KD</i>	<i>30 June 2022 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Investment in an associate	-	-	2,049,434	2,049,434	3,680,659	5,285,034
Loan to an associate <sup>1</sup>	-	-	201,263,920	201,263,920	181,485,131	165,379,265
Amounts due to related parties (Included in accounts payable and other liabilities)	(922,572)		(172,101)	(1,094,673)	(1,188,443)	(1,997,900)
Loan from a related party <sup>2</sup>	-	(94,464,842)	-	(94,464,842)	(77,686,071)	(29,287,998)

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

<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 2022: KD 6,580,301 and 30 June 2022: KD 6,580,301 in the equity of the Project. The Ultimate Parent Company has also invested in the equity of this Project.

The Parent Company has suspended interest income for the period ended 30 June 2023 of KD 10,992,919 (31 December 2022: KD 14,340,580 and 30 June 2022: KD 5,354,901). The interest is suspended temporarily, and the Parent Company retains the right to reinstate it in the future.

<sup>2</sup> Loan from the Intermediate Parent Company carries no interest and is payable on demand. On 13 June 2023, the Parent company and Intermediate Parent Company signed a convertible loan agreement ('agreement') amounting to KD 125 million. The utilized portion of the loan as at 30 June 2023 amounts to KD 94 million and the unutilized portion of the loan amounting to KD 31 million will be utilized to meet any future funding requirement of the Project. The agreement grants the Intermediate Parent Company an option to convert the debt into new ordinary shares in the Parent Company in accordance with the terms of the agreement. The completion and execution of the conversion of the existing debt is subject to the approval of the relevant regulatory authorities and the Extra-ordinary General Meeting ('EGM') of the shareholders of the Parent Company.

**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>Six months ended 30 June</i>	
	<i>2023 KD</i>	<i>2022 KD</i>
Short-term benefits	182,948	204,328
Employees' end of service benefits	18,658	18,613
	<u>201,606</u>	<u>222,941</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 30 June 2023

**6 TREASURY SHARES**

	<b>30 June 2023</b>	<i>(Audited)</i> <b>31 December 2022</b>	<b>30 June 2022</b>
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>1,085,469</b>	984,159	1,225,374
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 SHARE CAPITAL**

	<b>30 June 2023 KD</b>	<i>(Audited)</i> <b>31 December 2022 KD</b>	<b>30 June 2022 KD</b>
Issued and paid up share capital of 382,500,000 shares of - 100 fils each (31 December 2022: 382,500,000 shares of 100 fils each and 30 June 2022: 382,500,000 shares of 100 fils each)	<b>38,250,000</b>	38,250,000	38,250,000

	<b>30 June 2023 Shares</b>	<i>(Audited)</i> <b>31 December 2022 Shares</b>	<b>30 June 2022 Shares</b>
<b>Authorised shares</b>			
Ordinary shares of 100 fils each	<b>1,132,500,000</b>	1,132,500,000	1,132,500,000
<b>Ordinary shares issued and fully paid</b>	<b>382,500,000</b>	382,500,000	382,500,000

**8 ACCOUNTS PAYABLE AND OTHER LIABILITIES**

	<b>30 June 2023 KD</b>	<i>(Audited)</i> <b>31 December 2022 KD</b>	<b>30 June 2022 KD</b>
Accounts payable	<b>1,884,490</b>	1,734,395	1,580,870
Amounts due to related parties (Note 5)	<b>1,094,673</b>	1,188,443	1,997,900
Accrued expenses	<b>1,261,658</b>	1,247,725	2,145,623
Contract liabilities	<b>152,940</b>	1,358,208	2,552,316
Provision for staff leave	<b>129,235</b>	116,000	129,415
Tenant refundable deposits	<b>1,405,078</b>	1,442,482	1,500,246
Other payables	<b>2,938,087</b>	3,712,711	3,886,581
	<b>8,866,161</b>	10,799,964	13,792,951

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 30 June 2023

**8 ACCOUNTS PAYABLE AND OTHER LIABILITIES (continued)**

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2023</i>	<i>31 December</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Classified as:</b>			
Non-current liabilities	<b>805,969</b>	906,519	5,691,072
Current liabilities	<b>8,060,192</b>	9,893,445	8,101,879
	<b>8,866,161</b>	10,799,964	13,792,951

**9 TAXATION**

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
National labour support tax (“NLST”)	<b>576</b>	11,534	<b>16,365</b>	19,082
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	<b>2</b>	4,528	<b>6,154</b>	8,018
Zakat	<b>230</b>	4,614	<b>6,546</b>	7,633
	<b>808</b>	20,676	<b>29,065</b>	34,733

**10 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 30 June 2023

10 OPERATING SEGMENT INFORMATION (continued)

	<i>Investments</i>		<i>Services operations</i>		<i>Total</i>	
	<i>Six months ended</i>		<i>Six months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>		<i>30 June</i>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</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>21,178</b>	17,604	<b>5,069,728</b>	4,769,295	<b>5,090,906</b>	4,786,899
Segment (loss) profit	<b>(1,640,216)</b>	(996,016)	<b>2,310,777</b>	1,832,677	<b>670,561</b>	836,661
Unallocated expenses	-	-	-	-	<b>(29,065)</b>	(34,733)
Profit for the period	-	-	-	-	<b>641,496</b>	801,928
Other information:						
Share of results of associates	<b>(1,656,040)</b>	(92,240)	-	-	<b>(1,656,040)</b>	(92,240)
Depreciation and amortisation	-	-	<b>(756,627)</b>	(963,061)	<b>(756,627)</b>	(963,061)

	<i>Investments</i>			<i>Services operations</i>			<i>Total</i>		
	<i>30 June</i>	<i>(Audited)</i>		<i>30 June</i>	<i>(Audited)</i>		<i>30 June</i>	<i>(Audited)</i>	
		<i>2023</i>	<i>31 December</i>		<i>30 June</i>	<i>31 December</i>		<i>30 June</i>	<i>31 December</i>
	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</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>203,814,134</b>	188,097,937	173,642,752	<b>5,355,829</b>	5,524,463	6,381,363	<b>209,169,963</b>	193,622,400	180,024,115
Liabilities	<b>94,464,842</b>	77,686,071	61,363,178	<b>9,649,612</b>	11,547,131	14,476,438	<b>104,114,454</b>	89,233,202	75,839,616
Additions to property and equipment	-	-	-	<b>340</b>	2,090	2,060	<b>340</b>	2,090	2,060
Investment in an associate	<b>2,049,434</b>	3,680,659	5,285,034	-	-	-	<b>2,049,434</b>	3,680,659	5,285,034

# 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 30 June 2023

### 11 CONTINGENCIES

As at 30 June 2023, the Group had contingent liabilities, amounting to KD 1,050,245 (31 December 2022: KD 1,050,245 and 30 June 2022: KD 850,245), in respect of bank guarantees arising in normal course of business from which it is anticipated that no material liabilities will arise.

### 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets 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. Management assessed that the carrying value of financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates.

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.

	<b>30 June</b>	<i>(Audited)</i> <b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
At the beginning of the period / year	<b>181,485,131</b>	152,477,649	152,477,649
Additional contribution	<b>19,778,789</b>	29,007,482	12,901,616
<b>At the end of the period / year</b>	<b><u>201,263,920</u></b>	<u>181,485,131</u>	<u>165,379,265</u>

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