

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

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

30 SEPTEMBER 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 30 September 2022, and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, the related interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the nine 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 nine months period ended 30 September 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 nine months period ended 30 September 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

6 November 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 30 September 2022

| | <i>Notes</i> | <i>Three months ended</i> | | <i>Nine months ended</i> | |
|--|--------------|---------------------------|-------------|--------------------------|-------------|
| | | <i>30 September</i> | | <i>30 September</i> | |
| | | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> |
| | | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Revenues | | 2,622,101 | 2,028,998 | 7,340,260 | 5,469,787 |
| Operating costs | | (280,214) | (308,105) | (884,248) | (830,825) |
| GROSS PROFIT | | 2,341,887 | 1,720,893 | 6,456,012 | 4,638,962 |
| General and administrative expenses | | (399,693) | (364,175) | (1,121,200) | (1,001,599) |
| Salaries and employee benefits | | (326,811) | (279,290) | (915,912) | (870,795) |
| Share of results of an associate | | (51,760) | (36,555) | (144,000) | (101,710) |
| Other income | | 17,967 | 1,200 | 69,103 | 1,066,775 |
| Profit before interest, taxation, depreciation and amortization (“EBITDA”) | | 1,581,590 | 1,042,073 | 4,344,003 | 3,731,633 |
| Depreciation | | (5,442) | (7,036) | (18,104) | (21,089) |
| Amortisation | | (453,192) | (492,312) | (1,403,591) | (1,522,017) |
| Profit before interest and taxation (“EBIT”) | | 1,122,956 | 542,725 | 2,922,308 | 2,188,527 |
| Interest income | | 8,396 | 9,553 | 26,000 | 14,965 |
| Finance cost | | (327,619) | (503,491) | (1,307,914) | (1,521,047) |
| Profit before taxation | | 803,733 | 48,787 | 1,640,394 | 682,445 |
| Taxation | 10 | (35,497) | (3,915) | (70,230) | (7,812) |
| PROFIT FOR THE PERIOD | | 768,236 | 44,872 | 1,570,164 | 674,633 |
| BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | 3 | 1.99 Fils | 0.16 Fils | 4.02 Fils | 2.79 Fils |
| Attributable to: | | | | | |
| Equity holders of the Parent Company | | 751,587 | 40,238 | 1,518,677 | 684,897 |
| Non-controlling interests | | 16,649 | 4,634 | 51,487 | (10,264) |
| | | 768,236 | 44,872 | 1,570,164 | 674,633 |

The attached notes 1 to 13 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 September 2022

| | <i>Three months ended</i> | | <i>Nine months ended</i> | |
|--|---------------------------|-------------|--------------------------|-------------|
| | <i>30 September</i> | | <i>30 September</i> | |
| | 2022 | 2021 | 2022 | 2021 |
| | KD | KD | KD | KD |
| Profit for the period | 768,236 | 44,872 | 1,570,164 | 674,633 |
| Other comprehensive income: | | | | |
| <i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Foreign currency translation adjustment | 78,965 | 3,272 | 162,481 | (74,584) |
| Share of other comprehensive income of associate | 169,905 | 77,480 | 565,984 | 274,271 |
| Other comprehensive income for the Period | 248,870 | 80,752 | 728,465 | 199,687 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 1,017,106 | 125,624 | 2,298,629 | 874,320 |
| Attributable to: | | | | |
| Equity holders of the Parent Company | 1,000,457 | 120,990 | 2,247,142 | 884,584 |
| Non-controlling interests | 16,649 | 4,634 | 51,487 | (10,264) |
| | 1,017,106 | 125,624 | 2,298,629 | 874,320 |

The attached notes 1 to 13 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 September 2022

| | | <i>30 September</i> 2022 | <i>(Audited)</i> <i>31 December</i> 2021 | <i>30 September</i> 2021 |
|---|--------------|------------------------------------|---|------------------------------------|
| | <i>Notes</i> | KD | KD | KD |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property and equipment | | 14,751 | 30,765 | 36,848 |
| Intangible assets | 4 | 1,763,725 | 3,167,316 | 3,643,686 |
| Investment in an associate | 5 | 5,482,145 | 4,897,679 | 4,715,438 |
| Loan to an associate | 5, 13 | 172,800,373 | 152,477,649 | 175,226,939 |
| | | <u>180,060,994</u> | <u>160,573,409</u> | <u>183,622,911</u> |
| Current assets | | | | |
| Accounts receivable and other assets | | 2,747,326 | 2,386,697 | 2,482,461 |
| Cash and cash equivalents | | 3,823,658 | 4,385,489 | 3,867,728 |
| | | <u>6,570,984</u> | <u>6,772,186</u> | <u>6,350,189</u> |
| TOTAL ASSETS | | <u>186,631,978</u> | <u>167,345,595</u> | <u>189,973,100</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| 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 | | (35,970) | (601,954) | (786,602) |
| Foreign currency translation reserve | | 140,868 | (21,613) | (47,283) |
| Retained earnings | | 11,713,951 | 10,195,274 | 10,059,344 |
| Equity attributable to holders of the Parent Company | | <u>104,222,716</u> | <u>101,975,574</u> | <u>101,535,923</u> |
| Non-controlling interests | | 978,889 | 927,402 | 915,086 |
| Total equity | | <u>105,201,605</u> | <u>102,902,976</u> | <u>102,451,009</u> |
| Non-current liabilities | | | | |
| Loans and borrowings | 7 | - | 33,635,382 | 33,993,782 |
| Accounts payable and other liabilities | 9 | 2,837,036 | 5,787,273 | 6,156,080 |
| Employees' end of service benefits | | 729,875 | 652,313 | 620,713 |
| | | <u>3,566,911</u> | <u>40,074,968</u> | <u>40,770,575</u> |
| Current liabilities | | | | |
| Accounts payable and other liabilities | 9 | 77,863,462 | 24,367,651 | 46,751,516 |
| Total liabilities | | <u>81,430,373</u> | <u>64,442,619</u> | <u>87,522,091</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>186,631,978</u> | <u>167,345,595</u> | <u>189,973,100</u> |

Tarek Ibrahim Mohammad Al Mousa
Chairman

Nadia Abdullah Mohammad Akil
CEO & Vice Chairperson

The attached notes 1 to 13 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 September 2022

| | <i>Nine months ended</i> | |
|---|--------------------------|--------------|
| | <i>30 September</i> | |
| <i>Note</i> | 2022 | 2021 |
| | KD | KD |
| OPERATING ACTIVITIES | | |
| Profit for the period before tax | 1,640,394 | 682,445 |
| <i>Adjustments for:</i> | | |
| Depreciation | 18,104 | 21,089 |
| Amortisation | 1,403,591 | 1,522,017 |
| Provision for employees' end of service benefits | 94,853 | 60,406 |
| Interest income | (26,000) | (14,965) |
| Share of results of an associate | 144,000 | 101,710 |
| Provision for expected credit losses | 22,581 | 206,465 |
| Finance cost | 1,307,914 | 1,521,047 |
| | 4,605,437 | 4,100,214 |
| Working capital changes: | | |
| Accounts receivable and other assets | (387,078) | 573,740 |
| Accounts payable and other liabilities | (2,120,997) | (440,514) |
| Cash flows from operations | 2,097,362 | 4,233,440 |
| Employees' end of service benefits paid | (17,291) | (36,788) |
| Taxes paid | (175,553) | - |
| Net cash flows from operating activities | 1,904,518 | 4,196,652 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (2,090) | (1,557) |
| Additions to intangible assets | - | (5,122) |
| Additions to loan to an associate | (20,322,724) | (38,993,214) |
| Interest income received | 29,861 | 9,340 |
| Net cash flows used in investing activities | (20,294,953) | (38,990,553) |
| FINANCING ACTIVITIES | | |
| Amount due to a related party | 52,615,244 | 39,135,326 |
| Repayment of loan and borrowings | (33,635,382) | (1,121,600) |
| Finance cost paid | (1,151,258) | (1,165,183) |
| Net cash flows from financing activities | 17,828,604 | 36,848,543 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (561,831) | 2,054,642 |
| Cash and cash equivalents as at 1 January | 4,385,489 | 1,813,086 |
| CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER | 3,823,658 | 3,867,728 |

The attached notes 1 to 13 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 September 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 | - | - | - | - | - | - | 1,518,677 | 1,518,677 | 51,487 | 1,570,164 |
| Other comprehensive income for the period | - | - | - | - | 565,984 | 162,481 | - | 728,465 | - | 728,465 |
| Total comprehensive income for the period | - | - | - | - | 565,984 | 162,481 | 1,518,677 | 2,247,142 | 51,487 | 2,298,629 |
| As at 30 September 2022 | 38,250,000 | 48,605,000 | 7,093,461 | (1,544,594) | (35,970) | 140,868 | 11,713,951 | 104,222,716 | 978,889 | 105,201,605 |

| | <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 |
| Profit (loss) for the period | - | - | - | - | - | - | 684,897 | 684,897 | (10,264) | 674,633 |
| Other comprehensive income (loss) for the period | - | - | - | - | 274,271 | (74,584) | - | 199,687 | - | 199,687 |
| Total comprehensive income (loss) for the Period | - | - | - | - | 274,271 | (74,584) | 684,897 | 884,584 | (10,264) | 874,320 |
| As at 30 September 2021 | 38,250,000 | 48,605,000 | 7,000,058 | (1,544,594) | (786,602) | (47,283) | 10,059,344 | 101,535,923 | 915,086 | 102,451,009 |

The attached notes 1 to 13 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 September 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 30 September 2022 were authorised for issue by the Board of Directors on 3 November 2022

The Annual General Meeting of the Parent Company for approving the consolidated financial statements for the year ended 31 December 2021 was held on 25 May 2022.

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 30 September 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 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. Diluted EPS is calculated by dividing the 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 earnings per share are identical.

| | <i>Three months ended</i> | | <i>Nine months ended</i> | |
|--|---------------------------|---------------|--------------------------|---------------|
| | <i>30 September</i> | | <i>30 September</i> | |
| | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Profit for the period attributable to equity holders of the Parent Company | 751,587 | 40,238 | 1,518,677 | 684,897 |
| | <i>Shares</i> | <i>Shares</i> | <i>Shares</i> | <i>Shares</i> |
| Weighted average number of paid up shares | 382,500,000 | 250,614,715 | 382,500,000 | 250,614,715 |
| Less: Weighted average number of treasury shares | (4,824,307) | (4,824,307) | (4,824,307) | (4,824,307) |
| Weighted average number of ordinary shares outstanding during the period | 377,675,693 | 245,790,408 | 377,675,693 | 245,790,408 |
| Basic and diluted earnings per share | 1.99 Fils | 0.16 Fils | 4.02 Fils | 2.79 Fils |

4 INTANGIBLE ASSETS

Sheikh Saa'd Terminal

On 17 May 2020, the Group received an extension to operate the terminal for another Nine 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 455,619 (31 December 2021: KD 1,123,382 and 30 September 2021: KD 1,354,476) 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. The Group is currently undergoing discussions with the DGCA to facilitate further extension of the contract.

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 September 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 30 September 2022, intangible assets include KD 1,308,106 (31 December 2021: KD 2,043,934 and 30 September 2021: KD 2,289,210) relating to this arrangement and liability of KD 3,695,792 (31 December 2021: KD 3,828,099 and 30 September 2021: KD 3,794,966) 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>Nine months ended 30 September</i> | | |
|---|---|---|---------------------------------------|--|---------------------------------------|
| | | | <i>2022</i> <i>KD</i> | <i>2021</i> <i>KD</i> | |
| <i>Interim condensed consolidated statement of income:</i> | | | | | |
| Revenues | - | 11,820 | 11,820 | 8,719 | |
| Operating costs | - | (647,377) | (647,377) | (231,765) | |
| General and administrative expenses | - | (21,689) | (21,689) | (35,715) | |
| Share of results of an associate | - | (144,000) | (144,000) | (101,710) | |
| Finance cost | (106,280) | - | (106,280) | (129,971) | |
| | <i>Ultimate Parent Company</i> <i>KD</i> | <i>Other related parties</i> <i>KD</i> | <i>30 September 2022</i> <i>KD</i> | <i>(Audited)</i> <i>31 December 2021</i> <i>KD</i> | <i>30 September 2021</i> <i>KD</i> |
| <i>Interim condensed consolidated statement of financial position:</i> | | | | | |
| Investment in an associate | - | 5,482,145 | 5,482,145 | 4,897,679 | 4,715,438 |
| Loan to an associate ¹ | - | 172,800,373 | 172,800,373 | 152,477,649 | 175,226,939 |
| Amounts due to related parties (included in accounts payable and other liabilities) * | (69,869,620) | (660,331) | (70,529,951) | (17,991,668) | (40,573,359) |

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

* The amounts due to the Ultimate Parent Company will be settled by raising funds through a planned share capital issuance in 2023. Although the amounts due to the Ultimate Parent Company are payable on demand, the management, based on their past experience remains confident that these amounts will not be called upon unless the Group has sufficient funds to settle these amounts.

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 September 2022

5 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

¹ 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 30 September 2021: KD 6,580,301 in the equity of the Project. The Ultimate Parent Company has also invested in the equity of this Project.

In response to the economic impact of Covid-19, the Parent Company has not recognised interest income for the period ended 30 September 2022 of KD 9,857,112 (31 December 2021: KD 13,028,263 and 30 September 2021: KD 9,584,198). 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>Nine months ended</i> | |
|------------------------------------|---------------------------|-------------|--------------------------|-------------|
| | <i>30 September</i> | | <i>30 September</i> | |
| | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Short-term benefits | 111,242 | 105,819 | 317,467 | 338,051 |
| Employees' end of service benefits | 9,698 | 6,110 | 28,312 | 25,005 |
| | 120,940 | 111,929 | 345,779 | 363,056 |

6 TREASURY SHARES

| | <i>(Audited)</i> | | |
|------------------------------------|---------------------|--------------------|---------------------|
| | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
| | <i>2022</i> | <i>2021</i> | <i>2021</i> |
| Number of treasury shares (shares) | 4,824,307 | 4,824,307 | 4,824,307 |
| Percentage of issued shares (%) | 1% | 1% | 1% |
| Market value (KD) | 1,066,172 | 1,196,428 | 1,153,009 |
| Cost (KD) | 1,544,594 | 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>(Audited)</i> | | |
|--------------------|---------------------|--------------------|---------------------|
| | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
| | <i>2022</i> | <i>2021</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Borrowing facility | - | 33,635,382 | 33,993,782 |

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. During the period, the Parent Company has fully settled this facility.

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 September 2022

8 SHARE CAPITAL

| | <i>30 September 2022</i> | <i>(Audited) 31 December 2021</i> | <i>30 September 2021</i> |
|--|------------------------------|---|------------------------------|
| | <i>KD</i> | <i>KD</i> | <i>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 30 September 2021: 382,500,000 shares of 100 fils each) | 38,250,000 | 38,250,000 | 38,250,000 |

| | <i>30 September 2022</i> | <i>(Audited) 31 December 2021</i> | <i>30 September 2021</i> |
|--|------------------------------|---|------------------------------|
| | <i>Shares</i> | <i>Shares</i> | <i>Shares</i> |
| <i>Authorised shares</i> | | | |
| Ordinary shares of 100 fils each | 1,132,500,000 | 1,132,500,000 | 1,132,500,000 |
| <i>Ordinary shares issued and fully paid</i> | 382,500,000 | 382,500,000 | 382,500,000 |

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>30 September 2022</i> | <i>(Audited) 31 December 2021</i> | <i>30 September 2021</i> |
|---|------------------------------|---|------------------------------|
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Accounts payable | 1,590,472 | 1,369,730 | 1,267,401 |
| Amounts due to related parties (Note 5) | 70,529,951 | 17,991,668 | 40,573,359 |
| Accrued expenses | 1,331,683 | 2,155,620 | 1,852,544 |
| Contract liabilities | 1,984,248 | 3,168,998 | 3,742,926 |
| Provision for staff leave | 126,844 | 126,610 | 149,420 |
| Tenant refundable deposits | 1,442,482 | 1,514,754 | 1,528,111 |
| Other payables | 3,694,818 | 3,827,544 | 3,793,835 |
| | 80,700,498 | 30,154,924 | 52,907,596 |

| | <i>30 September 2022</i> | <i>(Audited) 31 December 2021</i> | <i>30 September 2021</i> |
|-------------------------|------------------------------|---|------------------------------|
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Classified as: | | | |
| Non-current liabilities | 2,837,036 | 5,787,273 | 6,156,080 |
| Current liabilities | 77,863,462 | 24,367,651 | 46,751,516 |
| | 80,700,498 | 30,154,924 | 52,907,596 |

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

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10 TAXATION

| | <i>Three months ended</i> | | <i>Nine months ended</i> | |
|--|---------------------------|-------------|--------------------------|-------------|
| | <i>30 September</i> | | <i>30 September</i> | |
| | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| National labour support tax (“NLST”) | 19,733 | 2,760 | 38,815 | 4,695 |
| Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”) | 7,871 | 50 | 15,889 | 1,237 |
| Zakat | 7,893 | 1,105 | 15,526 | 1,880 |
| | 35,497 | 3,915 | 70,230 | 7,812 |

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 30 September 2022

11 OPERATING SEGMENT INFORMATION (continued)

| | <i>Investments</i> | | <i>Services operations</i> | | <i>Total</i> | |
|---|--------------------------|-------------|----------------------------|-------------|--------------------------|-------------|
| | <i>Nine months ended</i> | | <i>Nine months ended</i> | | <i>Nine months ended</i> | |
| | <i>30 September</i> | | <i>30 September</i> | | <i>30 September</i> | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | KD | KD | KD | KD | KD | KD |
| <i>Interim condensed consolidated statement of income:</i> | | | | | | |
| Segment revenue | 25,994 | 14,965 | 7,409,369 | 6,536,562 | 7,435,363 | 6,551,527 |
| Segment (loss) profit | (1,343,557) | (1,484,309) | 2,983,951 | 2,166,754 | 1,640,394 | 682,445 |
| Unallocated expenses | - | - | - | - | (70,230) | (7,812) |
| Profit for the period | - | - | - | - | 1,570,164 | 674,633 |
| Other information: | | | | | | |
| Share of results of associates | (144,000) | (101,710) | - | - | (144,000) | (101,710) |
| Depreciation and amortization | - | - | 1,421,695 | 1,543,106 | 1,421,695 | 1,543,106 |

| | <i>Investments</i> | | | <i>Services operations</i> | | | <i>Total</i> | | |
|---|---------------------|--------------------|---------------------|----------------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| | <i>(Audited)</i> | | | <i>(Audited)</i> | | | <i>(Audited)</i> | | |
| | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
| | 2022 | 2021 | 2021 | 2022 | 2021 | 2021 | 2022 | 2021 | 2021 |
| | KD | KD | KD | KD | KD | KD | KD | KD | KD |
| <i>Interim condensed consolidated statement of financial position:</i> | | | | | | | | | |
| Assets | 180,194,781 | 159,656,679 | 182,606,060 | 6,437,197 | 7,688,916 | 7,367,040 | 186,631,978 | 167,345,595 | 189,973,100 |
| Liabilities | 69,001,336 | 50,021,475 | 73,129,108 | 12,429,037 | 14,421,144 | 14,392,983 | 81,430,373 | 64,442,619 | 87,522,091 |
| Additions to intangible assets | - | - | - | - | 20,230 | 5,122 | - | 20,230 | 5,122 |
| Additions to property and equipment | - | - | - | 2,090 | 2,616 | 1,557 | 2,090 | 2,616 | 1,557 |
| Investment in an associate | 5,482,145 | 4,897,679 | 4,715,438 | - | - | - | 5,482,145 | 4,897,679 | 4,715,438 |

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 September 2022

12 CONTINGENCIES

As at 30 September 2022, the Group had contingent liabilities, amounting to KD 850,245 (31 December 2021: KD 850,245 and 30 September 2021: 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.

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. 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.

| | <i>30 September 2022 KD</i> | <i>(Audited) 31 December 2021 KD</i> | <i>30 September 2021 KD</i> |
|--|-------------------------------------|--|-------------------------------------|
| At the beginning of the period / year | 152,477,649 | 136,233,725 | 136,233,725 |
| Additional contribution | 20,322,724 | 16,243,924 | 38,993,214 |
| At the end of the period / year | 172,800,373 | 152,477,649 | 175,226,939 |

