

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

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

**30 SEPTEMBER 2021**





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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 2021, and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statement of cash flows and 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 2021 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 2021 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

8 November 2021  
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 2021

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		KD	KD	KD	KD
Revenues		<b>2,028,998</b>	1,826,564	<b>5,469,787</b>	5,046,163
Operating costs		<b>(308,105)</b>	(202,975)	<b>(830,825)</b>	(770,959)
<b>GROSS PROFIT</b>		<b>1,720,893</b>	1,623,589	<b>4,638,962</b>	4,275,204
General and administrative expenses		<b>(364,175)</b>	(295,027)	<b>(1,001,599)</b>	(1,188,509)
Salaries and employee benefits		<b>(279,290)</b>	(310,851)	<b>(870,795)</b>	(928,151)
Share of results of an associate		<b>(36,555)</b>	(17,403)	<b>(101,710)</b>	(1,008,843)
Other income	4	<b>1,200</b>	500	<b>1,066,775</b>	2,090
<b>Profit before interest, taxation, depreciation and amortisation (“EBITDA”)</b>		<b>1,042,073</b>	1,000,808	<b>3,731,633</b>	1,151,791
Depreciation		<b>(7,036)</b>	(7,119)	<b>(21,089)</b>	(112,294)
Amortisation		<b>(492,312)</b>	(522,696)	<b>(1,522,017)</b>	(3,865,366)
<b>Profit (loss) before interest and taxation (“EBIT”)</b>		<b>542,725</b>	470,993	<b>2,188,527</b>	(2,825,869)
Interest income		<b>9,553</b>	3,109	<b>14,965</b>	7,551
Finance cost		<b>(503,491)</b>	(539,404)	<b>(1,521,047)</b>	(1,648,920)
<b>Profit (loss) before taxation</b>		<b>48,787</b>	(65,302)	<b>682,445</b>	(4,467,238)
Taxation	11	<b>(3,915)</b>	-	<b>(7,812)</b>	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>44,872</b>	(65,302)	<b>674,633</b>	(4,467,238)
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	3	<b>0.16 Fils</b>	(0.31) Fils	<b>2.79 Fils</b>	(15.23) Fils
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>40,238</b>	(73,219)	<b>684,897</b>	(3,650,680)
Non-controlling interests		<b>4,634</b>	7,917	<b>(10,264)</b>	(816,558)
		<b>44,872</b>	(65,302)	<b>674,633</b>	(4,467,238)

The attached notes 1 to 15 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 2021

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Profit (loss) for the period</b>	<b>44,872</b>	(65,302)	<b>674,633</b>	(4,467,238)
<b>Other comprehensive income (loss):</b>				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustment	<b>3,272</b>	(31,054)	<b>(74,584)</b>	62,260
Share of other comprehensive income (loss) of associate	<b>77,480</b>	63,666	<b>274,271</b>	(469,103)
<b>Other comprehensive income (loss) for the period</b>	<b>80,752</b>	32,612	<b>199,687</b>	(406,843)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>125,624</b>	(32,690)	<b>874,320</b>	(4,874,081)
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>120,990</b>	(40,607)	<b>884,584</b>	(4,057,523)
Non-controlling interests	<b>4,634</b>	7,917	<b>(10,264)</b>	(816,558)
	<b>125,624</b>	(32,690)	<b>874,320</b>	(4,874,081)

The attached notes 1 to 15 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 2021

		30 September 2021	(Audited) 31 December 2020	30 September 2020
	Notes	KD	KD	KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		36,848	56,380	62,707
Intangible assets	5	3,643,686	5,160,581	5,644,598
Investment in an associate	6	4,715,438	4,617,461	4,591,978
Loan to an associate	6, 14	175,226,939	136,233,725	122,843,556
		<u>183,622,911</u>	<u>146,068,147</u>	<u>133,142,839</u>
<b>Current assets</b>				
Accounts receivable and other assets		2,482,461	3,257,041	3,506,603
Cash and cash equivalents		3,867,728	1,813,086	1,947,681
		<u>6,350,189</u>	<u>5,070,127</u>	<u>5,454,284</u>
<b>TOTAL ASSETS</b>		<u><b>189,973,100</b></u>	<u><b>151,138,274</b></u>	<u><b>138,597,123</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	9	38,250,000	38,250,000	16,450,000
Share premium	9	48,605,000	48,605,000	42,065,000
Statutory reserve		7,000,058	7,000,058	7,000,058
Treasury shares	7	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		(786,602)	(1,060,873)	(1,130,849)
Foreign currency translation reserve		(47,283)	27,301	52,719
Retained earnings		10,059,344	9,374,447	8,993,705
<b>Equity attributable to holders of the Parent Company</b>		<u><b>101,535,923</b></u>	<u>100,651,339</u>	<u>71,886,039</u>
Non-controlling interests		915,086	925,350	929,588
<b>Total equity</b>		<u><b>102,451,009</b></u>	<u>101,576,689</u>	<u>72,815,627</u>
<b>Non-current liabilities</b>				
Loans and borrowings	8	33,993,782	35,115,382	36,395,382
Accounts payable and other liabilities	10	6,156,080	6,630,890	7,365,116
Employees' end of service benefits		620,713	597,095	585,779
		<u>40,770,575</u>	<u>42,343,367</u>	<u>44,346,277</u>
<b>Current liabilities</b>				
Accounts payable and other liabilities	10	46,751,516	7,218,218	21,435,219
<b>Total liabilities</b>		<u><b>87,522,091</b></u>	<u>49,561,585</u>	<u>65,781,496</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>189,973,100</b></u>	<u><b>151,138,274</b></u>	<u><b>138,597,123</b></u>

Tarek Ibrahim Mohammad Al Mousa  
Chairman



Nadia Abdullah Mohammad Akil  
CEO & Vice Chairperson

The attached notes 1 to 15 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 2021

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the period	<b>674,633</b>	(4,467,238)
Adjustments for:		
Depreciation	<b>21,089</b>	112,294
Amortisation	<b>1,522,017</b>	3,865,366
Provision for employees' end of service benefits	<b>60,406</b>	57,902
Interest income	<b>(14,965)</b>	(7,551)
Share of results of an associate	<b>101,710</b>	1,008,843
Provision for expected credit loss	<b>206,465</b>	275,140
Finance cost	<b>1,521,047</b>	1,648,920
	<b>4,092,402</b>	2,493,676
Working capital changes:		
Accounts receivable and other assets	<b>573,740</b>	(155,170)
Accounts payable and other liabilities	<b>(432,702)</b>	(1,096,907)
Cash flows from operations	<b>4,233,440</b>	1,241,599
Employees' end of service benefits paid	<b>(36,788)</b>	(8,300)
Net cash flows from operating activities	<b>4,196,652</b>	1,233,299
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<b>(1,557)</b>	(939)
Additions to intangible assets	<b>(5,122)</b>	(15,494)
Additions to loan to an associate	<b>(38,993,214)</b>	(24,111,411)
Interest income received	<b>9,340</b>	8,270
Net cash flows used in investing activities	<b>(38,990,553)</b>	(24,119,574)
<b>FINANCING ACTIVITIES</b>		
Amount due to a related party	<b>39,135,326</b>	13,750,000
Proceeds from loans and borrowings	<b>-</b>	10,843,308
Repayment of loan and borrowings	<b>(1,121,600)</b>	(200,000)
Finance cost paid	<b>(1,165,183)</b>	(1,070,766)
Net cash flows from financing activities	<b>36,848,543</b>	23,322,542
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,054,642</b>	436,267
Cash and cash equivalents as at 1 January	<b>1,813,086</b>	1,511,414
<b>CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER</b>	<b>3,867,728</b>	1,947,681

The attached notes 1 to 15 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 2021

	<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
<b>As at 30 September 2021</b>	<b>38,250,000</b>	<b>48,605,000</b>	<b>7,000,058</b>	<b>(1,544,594)</b>	<b>(786,602)</b>	<b>(47,283)</b>	<b>10,059,344</b>	<b>101,535,923</b>	<b>915,086</b>	<b>102,451,009</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 2020	16,450,000	42,065,000	7,000,058	(1,544,594)	(661,746)	(9,541)	12,644,385	75,943,562	1,746,146	77,689,708
Loss for the period	-	-	-	-	-	-	(3,650,680)	(3,650,680)	(816,558)	(4,467,238)
Other comprehensive (loss) income for the period	-	-	-	-	(469,103)	62,260	-	(406,843)	-	(406,843)
Total comprehensive (loss) income for the Period	-	-	-	-	(469,103)	62,260	(3,650,680)	(4,057,523)	(816,558)	(4,874,081)
As at 30 September 2020	16,450,000	42,065,000	7,000,058	(1,544,594)	(1,130,849)	52,719	8,993,705	71,886,039	929,588	72,815,627

The attached notes 1 to 15 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 2021

### 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 2021 were authorised for issue by the Board of Directors on 8 November 2021.

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.

The Annual General Meeting of the Parent Company for approving the consolidated financial statements for the year ended 31 December 2020 was held on 11 May 2021.

### 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 2020. 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 2021.

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

#### 2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies 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 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Several amendments apply for the first time in 2021, but do not have a material impact on the interim condensed consolidated financial information of the Group.



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

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

As at and for the period ended 30 September 2021

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

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

##### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Basic and diluted 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</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit (loss) for the period attributable to equity holders of the Parent Company	<b>40,238</b>	(73,219)	<b>684,897</b>	(3,650,680)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	<b>250,614,715</b>	244,568,398	<b>250,614,715</b>	244,568,398
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>245,790,408</b>	239,744,091	<b>245,790,408</b>	239,744,091
Basic and diluted earnings (loss) per share	<b>0.16 Fils</b>	(0.31) Fils	<b>2.79 Fils</b>	(15.23) Fils

Basic and diluted loss per share for the period ended 30 September 2020 has been adjusted to reflect the rights issue during 2020 (Note 9).

### 4 OTHER INCOME

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
Reversal of Expected Credit Loss on counter fees receivable	<b>569,800</b>	-
Additional counter fees income received from DGCA	<b>484,223</b>	-
Other income	<b>12,752</b>	2,090
	<b>1,066,775</b>	2,090

# 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 2021

### 4 OTHER INCOME (continued)

During the period, the Parent Company has concluded on the settlement agreement with the Directorate General of Civil Aviation of Kuwait (“DGCA”) on the payment of the outstanding counter fees whereby both parties have agreed to a final and conclusive settlement committing DGCA to pay KD 2,024,222, while UPAC has agreed to waive off the interest ruled in the court. Accordingly, UPAC has recorded KD 1,054,023 in the interim condensed consolidated of income representing a reversal of expected credit losses taken in previous periods and additional income.

### 5 INTANGIBLE ASSETS

#### *Sheikh Saa’d Terminal*

Included in intangible assets is an amount of KD Nil (31 December 2020: KD Nil and 30 September 2020: KD Nil) that represents the carrying value of Built-Operate-Transfer (BOT) project for the construction of Sheikh Saa’d Terminal (the “terminal”). On 17 May 2020, the Group has received an extension for six months for handover of the terminal until 27 December 2020. On 24 January 2021 the BOT contract related to Sheikh Saa’d Terminal has received proposal for further extension until 27 June 2021. The Group is currently undergoing discussions 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 1,354,476 (31 December 2020: KD 2,135,544 and 30 September 2020: KD 2,378,948) 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.

#### *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 2021, intangible assets include KD 2,289,210 (31 December 2020: KD 3,025,037 and 30 September 2020: KD 3,265,650) relating to this arrangement and liability of KD 3,794,966 (31 December 2020: KD 3,671,484 and 30 September 2020: KD 4,035,985) 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%.

### 6 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>Nine months ended 30 September</i>	
	<i>Ultimate Parent Company KD</i>	<i>Other related parties KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
<i>Interim condensed consolidated statement of income:</i>				
Revenues	-	8,719	<b>8,719</b>	200
Operating costs	-	(231,765)	<b>(231,765)</b>	(193,504)
General and administrative expenses	-	(35,715)	<b>(35,715)</b>	(35,167)
Share of results of an associate	-	(101,710)	<b>(101,710)</b>	(1,008,843)
Finance cost	(129,971)	-	<b>(129,971)</b>	(129,323)

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 2021

**6 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

	<i>Parent Company (Ultimate and intermediary parent) KD</i>	<i>Other related parties KD</i>	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Investment in an associate	-	4,715,438	4,715,438	4,617,461	4,591,978
Loan to an associate <sup>1</sup>	-	175,226,939	175,226,939	136,233,725	122,843,556
Amounts due to related parties (included in accounts payable and other liabilities)	(40,498,603)	(74,756)	(40,573,359)	(1,163,969)	(14,866,305)

Amounts due from / to related parties are interest free and are receivable / payable on demand except for certain 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 2020: KD 6,580,301 and 30 September 2020: 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 2021 of KD 9,584,198 (31 December 2020: KD 9,698,503 and 30 September 2020: KD 7,071,746). The interest is suspended temporarily, and the Parent Company retains the right to reinstate it in the future.

**Compensation of key management personnel**

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 KD</i>	<i>2020 KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
Short-term benefits	105,819	121,927	338,051	348,694
Employees' end of service benefits	6,110	6,821	25,005	19,898
	<u>111,929</u>	<u>128,748</u>	<u>363,056</u>	<u>368,592</u>

**7 TREASURY SHARES**

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
Number of treasury shares (shares)	4,824,307	4,824,307	4,824,307
Percentage of issued shares (%)	1%	1%	3%
Market value (KD)	1,153,009	1,399,049	2,243,303
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.

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 2021

**8 LOANS AND BORROWINGS**

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Borrowing facility	<b>33,993,782</b>	35,115,382	36,395,382

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 6), and for working capital requirements of the Parent Company. This loan facility bears an average finance cost of average 4.50% (31 December 2020: average 4.75% and 30 September 2020: average 5%) per annum and is repayable on 31 December 2022.

**9 SHARE CAPITAL AND SHARE PREMIUM**

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Issued and paid up share capital of 382,500,000 shares of 100 fils each (31 December 2020: 382,500,000 shares of 100 fils each and 30 September 2020: 164,500,000 shares of 100 fils each)	<b>38,250,000</b>	38,250,000	16,450,000
<i>Authorised shares</i>		<i>(Audited)</i>	
Ordinary shares of 100 fils each	<b>1,132,500,000</b>	382,500,000	382,500,000
<i>Ordinary shares issued and fully paid</i>			
As at 1 January	<b>382,500,000</b>	164,500,000	164,500,000
Issued during the period / year	-	218,000,000	-
	<b>382,500,000</b>	382,500,000	164,500,000

During the year ended 31 December 2020, the Parent Company made a rights issue to its shareholders at KD 0.130 per share made up of KD 0.100 share capital and KD 0.030 share premium. A total of 218,000,000 shares were issued resulting in an increase in share capital by KD 21,800,000 and an increase in the share premium account by KD 6,540,000.

During the period ended 30 September 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.

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 2021

**10 ACCOUNTS PAYABLE AND OTHER LAIBILITIES**

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Accounts payable	<b>41,840,760</b>	2,246,347	15,882,519
Accrued expenses	<b>1,852,544</b>	1,419,348	2,068,943
Contract liabilities	<b>3,742,926</b>	4,617,680	5,032,165
Provision for staff leave	<b>149,420</b>	146,555	138,903
Tenant refundable deposits	<b>1,528,111</b>	1,744,355	1,641,820
Other payables	<b>3,793,835</b>	3,674,823	4,035,985
	<b><u>52,907,596</u></b>	<u>13,849,108</u>	<u>28,800,335</u>

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Classified as:</b>			
Non-current liabilities	<b>6,156,080</b>	6,630,890	7,365,116
Current liabilities	<b>46,751,516</b>	7,218,218	21,435,219
	<b><u>52,907,596</u></b>	<u>13,849,108</u>	<u>28,800,335</u>

**11 TAXATION**

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
National labour support tax (“NLST”)	<b>2,760</b>	-	<b>4,695</b>	-
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	<b>50</b>	-	<b>1,237</b>	-
Zakat	<b>1,105</b>	-	<b>1,880</b>	-
	<b><u>3,915</u></b>	<u>-</u>	<b><u>7,812</u></b>	<u>-</u>

**12 OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised in two operating segments: i) Investments: consists of investing in Reem Mall 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 2021

12 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>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of comprehensive income:</i>						
Segment revenue	<b>14,965</b>	-	<b>6,536,562</b>	5,055,804	<b>6,551,527</b>	5,055,804
Segment (loss) profit	<b>(1,484,309)</b>	(2,495,488)	<b>2,166,754</b>	(1,971,750)	<b>682,445</b>	(4,467,238)
Unallocated expenses	-	-	-	-	<b>(7,812)</b>	-
Profit (loss) for the period	-	-	-	-	<b>674,633</b>	(4,467,238)
Other information :						
Share of results of associates	<b>(101,710)</b>	(1,008,843)	-	-	<b>(101,710)</b>	(1,008,843)
Depreciation and amortization	-	-	<b>1,543,106</b>	(3,977,660)	<b>1,543,106</b>	(3,977,660)

	<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>
	<i>2021</i>	<i>2020</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>									
Assets	<b>182,606,060</b>	142,058,913	127,743,644	<b>7,367,040</b>	9,079,361	10,853,479	<b>189,973,100</b>	151,138,274	138,597,123
Liabilities	<b>73,129,108</b>	35,115,382	36,395,382	<b>14,392,983</b>	14,446,203	29,386,114	<b>87,522,091</b>	49,561,585	65,781,496
Additions to intangible assets	-	-	-	<b>5,122</b>	56,806	15,494	<b>5,122</b>	56,806	15,494
Additions to property and equipment	-	-	-	<b>1,557</b>	1,687	939	<b>1,557</b>	1,687	939
Investment in an associate	<b>4,715,438</b>	4,617,461	4,591,978	-	-	-	<b>4,715,438</b>	4,617,461	4,591,978
	-	-	-	-	-	-	-	-	-

# 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 2021

### 13 COMMITMENTS AND CONTINGENCIES

#### *Capital commitments*

As at 30 September 2021, the Group had commitments, amounting to KD Nil (31 December 2020: KD Nil and 30 September 2020: KD 12,889,000), in respect of financing construction and development of a commercial mall in UAE.

#### *Contingencies*

As at 30 September 2021, the Group had contingent liabilities, amounting to KD 850,245 (31 December 2020: KD 853,745 and 30 September 2020: 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.

### 14 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>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
At the beginning of the period / year	<b>136,233,725</b>	98,732,145	98,732,145
Additional contribution	<b>38,993,214</b>	37,501,580	24,111,411
<b>At the end of the period / year</b>	<b><u>175,226,939</u></b>	<u>136,233,725</u>	<u>122,843,556</u>

### 15 IMPACT OF COVID-19

The COVID-19 outbreak has developed and spread across various geographies rapidly in 2020 and 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.

Despite the fact that current liabilities exceed current assets by KD 40,401,327 as of 30 September 2021, the Group believes this has no prolonged negative impact and pressure of its liquidity since KD 2,998,456 of the current liabilities represent rent received in advance which will be recognized as rental income over the year and KD 39,135,326 of the current liabilities represent an amount due to a related party against the construction and development of a commercial mall in UAE which will be settled during the year ending 31 December 2022 through the proceeds of the Group's planned share capital increase during the year ending 31 December 2022, as the Parent Company's Board of directors has approved the increase of Parent Company's authorized share capital in order to start the planned share capital increase (Note 9). In response to this crisis, the Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group has taken measures to minimize liquidity risks, deferral of non-essential costs. The Group believes that as at 30 September 2021, liquidity position of the Group is stable and its existing balances of cash and cash equivalent, will be sufficient to satisfy its liquidity requirements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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As at and for the period ended 30 September 2021

**15 IMPACT OF COVID-19 (Continued)**

The Group has concluded that it is not significantly exposed to credit risk as a result of the outbreak on its receivables. The Group's exposure to tenant credit risk is influenced mainly by the individual characteristics of each tenant. Tenant credit risk is managed by requiring tenants to pay rent advances therefore, substantially eliminating the Group's credit risk in this respect. The Group will continue to individually assess significant exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

*Loan to Associate and investment in an associate*

As at the reporting date, the Group has considered the potential impact of the current economic volatility in the determination of the reported amounts of the loan to an associate and these are considered to represent management's best assessment based on observable information. Markets and the economy however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Group acknowledges that geographies and sectors in which these assets are located are negatively impacted, and as the situation continues to unfold, the Group will continuously monitor the market outlook and use relevant assumptions in reflecting the values of these assets as and when they occur.

*Impairment of intangible assets*

The Group assessed the impairment of intangible assets as at 30 September 2021. The recoverable amount measured of the cash generating units have been determined based on the value in use calculated using cash flow projections approved by the management for the tenure of the BOT agreements. Based on its impairment assessment, the Group has concluded that the recoverable value of the intangible assets exceeds the carrying value.

Given the ongoing economic uncertainties and likely significant risks that may impact the business in future, the effects of COVID-19 may not be fully reflected in the Group's financial results until future periods. The Group is taking proactive measures to monitor and manage the situation to the best of its abilities to support the long-term continuity of its business.



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