

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

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

30 SEPTEMBER 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 September 2023, 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 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 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 nine months period ended 30 September 2023 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

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 2023

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</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>
Revenues		2,657,935	2,622,101	7,717,531	7,340,260
Operating costs		(312,376)	(280,214)	(901,706)	(884,248)
GROSS PROFIT		2,345,559	2,341,887	6,815,825	6,456,012
General and administrative expenses		(445,925)	(399,693)	(1,212,191)	(1,121,200)
Salaries and employee benefits		(339,843)	(326,811)	(956,707)	(915,912)
Share of results of associates		-	(51,760)	(1,656,040)	(144,000)
Other income	4	1,734,553	17,967	1,744,685	69,103
Profit before interest, taxation, depreciation and amortisation (“EBITDA”)		3,294,344	1,581,590	4,735,572	4,344,003
Depreciation		(380)	(5,442)	(9,840)	(18,104)
Amortisation		(245,276)	(453,192)	(992,443)	(1,403,591)
Profit before interest and taxation (“EBIT”)		3,048,688	1,122,956	3,733,289	2,922,308
Interest income		16,338	8,396	37,516	26,000
Finance cost		(10,252)	(327,619)	(45,470)	(1,307,914)
Profit before taxation		3,054,774	803,733	3,725,335	1,640,394
Taxation	10	(108,333)	(35,497)	(137,398)	(70,230)
PROFIT FOR THE PERIOD		2,946,441	768,236	3,587,937	1,570,164
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	7.8 Fils	1.99 Fils	9.35 Fils	4.02 Fils
Attributable to:					
Equity holders of the Parent Company		2,944,697	751,587	3,530,991	1,518,677
Non-controlling interests		1,744	16,649	56,946	51,487
		2,946,441	768,236	3,587,937	1,570,164

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 2023

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	2022	2023	2022
	KD	<i>KD</i>	KD	<i>KD</i>
Profit for the period	2,946,441	768,236	3,587,937	1,570,164
Other comprehensive (loss) income:				
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustment	20,178	78,965	36,825	162,481
Share of other comprehensive (loss) income of associate	(28,770)	169,905	(20,602)	565,984
Other comprehensive (loss) income for the period	(8,592)	248,870	16,223	728,465
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,937,849	1,017,106	3,604,160	2,298,629
Attributable to:				
Equity holders of the Parent Company	2,936,105	1,000,457	3,547,214	2,247,142
Non-controlling interests	1,744	16,649	56,946	51,487
	2,937,849	1,017,106	3,604,160	2,298,629

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 2023

		<i>30 September</i> 2023	<i>(Audited)</i> 31 December <i>2022</i>	<i>30 September</i> 2022
	<i>Notes</i>	KD	KD	KD
ASSETS				
Non-current assets				
Property and equipment		7	9,362	14,751
Intangible assets	5	327,002	1,319,445	1,763,725
Investment in an associate		2,040,842	3,680,659	5,482,145
Loan to an associate	6, 13	209,816,148	181,485,131	172,800,373
		212,183,999	186,494,597	180,060,994
Current assets				
Accounts receivable and other assets		2,094,822	2,655,618	2,747,326
Cash and cash equivalents		5,443,711	4,472,185	3,823,658
		7,538,533	7,127,803	6,570,984
TOTAL ASSETS		219,722,532	193,622,400	186,631,978
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		7,159,646	7,159,646	7,093,461
Treasury shares	7	(1,544,594)	(1,544,594)	(1,544,594)
Other reserve		118,421	139,023	(35,970)
Foreign currency translation reserve		67,938	31,113	140,868
Retained earnings		14,291,051	10,760,060	11,713,951
Equity attributable to holders of the Parent Company		106,947,462	103,400,248	104,222,716
Non-controlling interests		1,045,896	988,950	978,889
Total equity		107,993,358	104,389,198	105,201,605
Non-current liabilities				
Accounts payable and other liabilities	9	806,985	906,519	2,837,036
Employees' end of service benefits		825,523	747,167	729,875
		1,632,508	1,653,686	3,566,911
Current liabilities				
Accounts payable and other liabilities	9	7,079,596	9,893,445	8,862,126
Loan from a related party	6	103,017,070	77,686,071	69,001,336
		110,096,666	87,579,516	77,863,462
Total liabilities		111,729,174	89,233,202	81,430,373
TOTAL EQUITY AND LIABILITIES		219,722,532	193,622,400	186,631,978

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 2023

		<i>Nine months ended</i>	
		<i>30 September</i>	
	<i>Note</i>	2023	2022
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before tax		3,725,335	1,640,394
<i>Adjustments for:</i>			
Depreciation		9,840	18,104
Amortisation		992,443	1,403,591
Provision for employees' end of service benefits		94,473	94,853
Interest income		(37,516)	(26,000)
Share of results of an associate		1,656,040	144,000
(Reversal of) allowances for expected credit losses, net		(682,949)	22,581
Finance cost		45,470	1,307,914
		5,803,136	4,605,437
<i>Working capital changes:</i>			
Accounts receivable and other assets		1,247,930	(387,078)
Accounts payable and other liabilities		(3,027,786)	(2,120,997)
Cash flows from operations		4,023,280	2,097,362
Employees' end of service benefits paid		(16,117)	(17,291)
Taxes paid		(68,464)	(175,553)
Net cash flows from operating activities		3,938,699	1,904,518
INVESTING ACTIVITIES			
Purchase of property and equipment		(485)	(2,090)
Additions to loan to an associate	13	(28,331,017)	(20,322,724)
Interest income received		33,331	29,861
Net cash flows used in investing activities		(28,298,171)	(20,294,953)
FINANCING ACTIVITIES			
Loan from a related party		25,330,998	52,615,244
Repayment of loan and borrowings		-	(33,635,382)
Finance cost paid		-	(1,151,258)
Net cash flows from financing activities		25,330,998	17,828,604
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		971,526	(561,831)
Cash and cash equivalents as at 1 January		4,472,185	4,385,489
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER		5,443,711	3,823,658

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 2023

	<i>Attributable to equity holders of the Parent Company</i>									<i>Total KD</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>	
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	-	-	-	-	-	-	3,530,991	3,530,991	56,946	3,587,937
Other comprehensive (loss) income for the period	-	-	-	-	(20,602)	36,825	-	16,223	-	16,223
Total comprehensive (loss) income for the period	-	-	-	-	(20,602)	36,825	3,530,991	3,547,214	56,946	3,604,160
As at 30 September 2023	38,250,000	48,605,000	7,159,646	(1,544,594)	118,421	67,938	14,291,051	106,947,462	1,045,896	107,993,358

	<i>Attributable to equity holders of the Parent Company</i>									<i>Total KD</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>	
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

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 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 September 2023 were authorised for issue by the Board of Directors on 14 November 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 September 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 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the 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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</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	2,944,697	751,587	3,530,991	1,518,677
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	382,500,000	382,500,000	382,500,000	382,500,000
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	377,675,693	377,675,693	377,675,693
Basic and diluted earnings per share	7.8 Fils	1.99 Fils	9.35 Fils	4.02 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 September 2023

4 OTHER INCOME

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2023	2022
	KD	KD
Reversal of expected credit loss on counter fees receivable	663,525	-
Additional counter fees income received from DGCA	1,066,027	-
Other income	15,133	69,103
	1,744,685	69,103

During the period, the Parent Company has concluded on a settlement agreement with the Directorate General of Civil Aviation of Kuwait (“DGCA”) on the payment of the outstanding counter fees, for the period from October 2017 to December 2020, whereby both parties have agreed to a final settlement committing DGCA to pay KD 2,829,339. Accordingly, the Parent Company has recorded KD 1,729,552 in the interim condensed consolidated statement of income representing a reversal of expected credit losses taken in previous periods and additional income.

5 INTANGIBLE ASSETS

Sheikh Saa’d Terminal

On 10 February 2022, the Group received a proposal with an extension for this terminal 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 nil (31 December 2022: KD 256,615 and 30 September 2022: KD 455,619) 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 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 September 2023, intangible assets include KD 327,002 (31 December 2022: KD 1,062,830 and 30 September 2022: KD 1,308,106) relating to this arrangement and liability of KD 2,683,593 (31 December 2022: KD 3,715,218 and 30 September 2022: KD 3,695,792) 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.

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 2023

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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>2023</i> <i>KD</i>	<i>2022</i> <i>KD</i>		
<i>Interim condensed consolidated statement of income:</i>						
Revenues	-	76,211	76,211		11,820	
Operating costs	-	(636,905)	(636,905)		(647,377)	
General and administrative expenses	-	(73,331)	(73,331)		(21,689)	
Finance cost	(2,988)	-	(2,988)		(106,280)	
	<i>Ultimate Parent Company</i> <i>KD</i>	<i>Intermediate Parent Company</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>(Audited) 30 September 2023</i> <i>KD</i>	<i>31 December 2022</i> <i>KD</i>	<i>30 September 2022</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Loan to an associate ¹	-	-	209,816,148	209,816,148	181,485,131	172,800,373
Amounts due to related parties (Included in accounts payable and other liabilities)	(881,818)	-	(95,563)	(977,381)	(1,188,443)	(1,528,615)
Loan from a related party ²	-	(103,017,070)	-	(103,017,070)	(77,686,071)	(69,001,336)

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.

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 2022: KD 6,580,301 and 30 September 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 September 2023 of KD 17,408,786 (31 December 2022: KD 14,340,580 and 30 September 2022: KD 9,857,112). The interest is suspended temporarily, and the Parent Company retains the right to reinstate it in the future.

² 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 September 2023 amounts to KD 103 million and the unutilized portion of the loan amounting to KD 22 million. 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 currently under discussion with the relevant regulatory authorities and subject to the approval of Extra-ordinary General Meeting ("EGM") of the shareholders of the Parent Company.

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 2023

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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>Nine months ended</i>	
	<i>30 September</i>	
	2023	2022
	KD	KD
Short-term benefits	287,217	317,467
Employees' end of service benefits	32,789	28,312
	320,006	345,779

7 TREASURY SHARES

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</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)	916,618	984,159	1,066,172
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.

8 SHARE CAPITAL

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	KD	KD	KD
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 September 2022: 382,500,000 shares of 100 fils each)	38,250,000	38,250,000	38,250,000
	1,132,500,000	1,132,500,000	1,132,500,000
<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

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 2023

9 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	<i>30 September</i> 2023 <i>KD</i>	<i>(Audited)</i> <i>31 December</i> 2022 <i>KD</i>	<i>30 September</i> 2022 <i>KD</i>
Accounts payable	585,124	1,734,395	1,590,472
Amounts due to related parties (Note 6)	977,381	1,188,443	1,528,615
Accrued expenses	1,558,253	1,247,725	1,331,683
Contract liabilities	555,459	1,358,208	1,984,248
Provision for staff leave	130,565	116,000	126,844
Tenant refundable deposits	1,398,430	1,442,482	1,442,482
Other payables	2,681,369	3,712,711	3,694,818
	7,886,581	10,799,964	11,699,162
		<i>(Audited)</i>	
	<i>30 September</i> 2023 <i>KD</i>	<i>31 December</i> 2022 <i>KD</i>	<i>30 September</i> 2022 <i>KD</i>
Classified as:			
Non-current liabilities	806,985	906,519	2,837,036
Current liabilities	7,079,596	9,893,445	8,862,126
	7,886,581	10,799,964	11,699,162

10 TAXATION

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2023 <i>KD</i>	2022 <i>KD</i>	2023 <i>KD</i>	2022 <i>KD</i>
National labour support tax (“NLST”)	60,313	19,733	76,678	38,815
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	23,895	7,871	30,049	15,889
Zakat	24,125	7,893	30,671	15,526
	108,333	35,497	137,398	70,230

11 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised in two operating segments: i) Investments: consists of investing in the Project (Note 6) 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 2023

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>	
	2023	2022	2023	2022	2023	2022
	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of income:</i>						
Segment revenue	37,516	25,994	9,462,215	7,409,369	9,499,731	7,435,363
Segment (loss) profit	(1,625,221)	(1,343,557)	5,350,556	2,983,951	3,725,335	1,640,394
Unallocated expenses	-	-	-	-	(137,398)	(70,230)
Profit for the period	-	-	-	-	3,587,937	1,570,164
Other information:						
Share of results of associates	(1,656,040)	(144,000)	-	-	(1,656,040)	(144,000)
Depreciation and amortisation	-	-	(1,002,283)	(1,421,695)	(1,002,283)	(1,421,695)

	<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>
	2023	2022	2022	2023	2022	2022	2023	2022	2022
	KD	KD	KD	KD	KD	KD	KD	KD	KD
<i>Interim condensed consolidated statement of financial position:</i>									
Assets	215,867,277	188,097,937	180,194,781	3,855,255	5,524,463	6,437,197	219,722,532	193,622,400	186,631,978
Liabilities	103,017,070	77,686,071	69,001,336	8,712,104	11,547,131	12,429,037	111,729,174	89,233,202	81,430,373
Additions to property and equipment	-	-	-	485	2,090	2,090	485	2,090	2,090
Investment in an associate	2,040,842	3,680,659	5,482,145	-	-	-	2,040,842	3,680,659	5,482,145

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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12 CONTINGENCIES

As at 30 September 2023, the Group had contingent liabilities, amounting to KD 515,045 (31 December 2022: KD 1,050,245 and 30 September 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.

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 2023 KD</i>	<i>(Audited) 31 December 2022 KD</i>	<i>30 September 2022 KD</i>
At the beginning of the period / year	181,485,131	152,477,649	152,477,649
Additional contribution	28,331,017	29,007,482	20,322,724
At the end of the period / year	<u>209,816,148</u>	<u>181,485,131</u>	<u>172,800,373</u>