

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2015 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The 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 condensed consolidated 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 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.

Basis for Qualified Conclusion

As further discussed in Note 5 to the interim condensed consolidated financial information, the Parent Company’s investment in Korek Telecom (“Korek”) is carried at KD 108,629 thousand in the interim condensed consolidated statement of financial position as at 30 June 2015. We were unable to obtain sufficient appropriate audit evidence about the fair value of the investment in Korek Telecom as at 30 June 2015 due to the nature and significant uncertainty around the value of the investment. Consequently, we were unable to determine whether any adjustments to the carrying value of Korek was necessary.

Qualified Conclusion

Based on our review, except for the possible effect of the matter described in the Basis for Qualified conclusion paragraph, 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 REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)

Emphasis of Matter

We draw attention to:

- (i) Note 2 to the interim condensed consolidated financial information which describes that the Parent Company was indicted by a federal grand jury in the United States of America (“US”) on multiple counts of False Claims Act Violations. Furthermore, the United States Department of Justice also joined a civil qui tam lawsuit against the Parent Company under the False Claims Act. The Department of Justice is claiming substantial damages for alleged violations in both the criminal and civil proceedings. The Group Companies (including the Parent Company) are suspended from bidding for new contracts with the US Government pending the outcome of the cases. The ultimate outcome of these matters cannot presently be determined, and therefore no provision has been made in the interim condensed consolidated financial information; and
- (ii) Notes 11(a) and 11(b) to the interim condensed consolidated financial information which describe the contingencies relating to investigations into the freight forwarding business and litigations with the General Administration of Customs for Kuwait.

Our conclusion is not further qualified in respect of the matters set out above.

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 25 of 2012, as amended and its executive regulations, nor of the Parent Company’s Memorandum of Incorporation and Articles of Association have occurred during the six months period ended 30 June 2015 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

NAYEF M. AL-BAZIE
LICENCE NO. 91 A
RSM Albazie & Co.

**AGILITY PUBLIC WAREHOUSING COMPANY
K.S.C.P. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 June 2015 (UNAUDITED)

Agility Public Warehousing Company K.S.C. P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015 (Unaudited)

		(Audited)	
	Notes	30 June 2015 KD 000's	31 December 2014 KD 000's
		30 June 2014 KD 000's	
ASSETS			
Non-current assets			
Property, plant and equipment		181,483	175,739
Projects in progress		32,832	27,441
Investment properties		237,628	237,189
Intangible assets		35,929	33,699
Goodwill		249,576	246,890
Investment in associates	4	37,665	37,182
Financial assets at fair value through profit or loss	5	108,665	105,184
Financial assets available for sale		32,619	23,927
Other non-current assets		41,719	36,952
Loan to an associate	5	30,259	29,289
Total non-current assets		988,375	953,492
Current assets			
Inventories		22,554	19,695
Trade receivables		277,382	270,602
Other current assets		86,593	74,976
Bank balances and cash	6	91,611	133,597
Total current assets		478,140	498,870
TOTAL ASSETS		1,466,515	1,452,362
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	121,185	115,414
Share premium		152,650	152,650
Statutory reserve		57,707	57,707
Treasury shares	7	(45,288)	(45,038)
Treasury shares reserve		44,366	44,366
Foreign currency translation reserve		(6,804)	(16,934)
Hedging reserve		(18,177)	(20,463)
Investment revaluation reserve		203	197
Other reserves		(28,459)	(29,248)
Retained earnings		611,684	630,419
Equity attributable to equity holders of the Parent Company		889,067	889,070
Non-controlling interests		22,394	22,041
Total equity		911,461	911,111
LIABILITIES			
Non-current liabilities			
Interest bearing loans	8	29,559	26,204
Provision for employees' end of service benefits		38,103	36,938
Other non-current liabilities		16,145	30,069
Total non-current liabilities		83,807	93,211
Current liabilities			
Interest bearing loans	8	45,394	47,117
Trade and other payables		415,760	392,865
Dividends payable		10,093	8,058
Total current liabilities		471,247	448,040
Total liabilities		555,054	541,251
TOTAL EQUITY AND LIABILITIES		1,466,515	1,452,362

Tarek Abdul Aziz Sultan
Vice Chairperson and CEO

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2015 (Unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 KD 000's	2014 KD 000's	2015 KD 000's	2014 KD 000's
Revenues					
Logistics and freight forwarding revenues		296,701	310,084	579,047	596,009
Rental revenues		12,140	11,376	23,901	22,524
Other services		19,544	20,229	43,576	37,438
Total revenues		328,385	341,689	646,524	655,971
Cost of revenues		(224,858)	(241,531)	(449,185)	(465,011)
Net revenues		103,527	100,158	197,339	190,960
General and administrative expenses		(31,364)	(27,675)	(57,903)	(51,526)
Salaries and employee benefits		(47,446)	(47,418)	(94,355)	(94,502)
Share of results of associates	4	1,064	511	1,616	710
Unrealised gain on financial assets at fair value through profit or loss		-	-	-	925
Miscellaneous (expenses) income		(262)	(430)	2,221	1,064
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		25,519	25,146	48,918	47,631
Depreciation		(6,978)	(6,424)	(13,295)	(12,437)
Amortisation		(877)	(902)	(1,820)	(1,804)
Profit before interest, taxation and Directors' remuneration (EBIT)		17,664	17,820	33,803	33,390
Interest income		1,181	1,220	2,356	2,440
Finance costs		(1,538)	(1,384)	(3,154)	(3,078)
Profit before taxation and Directors' remuneration		17,307	17,656	33,005	32,752
Taxation	9	(2,878)	(2,933)	(4,655)	(5,003)
Directors' remuneration		(35)	(61)	(70)	(83)
PROFIT FOR THE PERIOD		14,394	14,662	28,280	27,666
Attributable to:					
Equity holders of the Parent Company		13,558	12,865	25,376	24,102
Non-controlling interests		836	1,797	2,904	3,564
		14,394	14,662	28,280	27,666
BASIC AND DILUTED EARNINGS PER SHARE – attributable to equity holders of the Parent Company (fils)	10	11.79	11.18	22.06	20.95

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2015 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2015	2014	2015	2014
	KD 000's	KD 000's	KD 000's	KD 000's
Profit for the period	14,394	14,662	28,280	27,666
Other comprehensive income:				
<i>Items to be reclassified to consolidated statement of income in subsequent periods:</i>				
- Foreign currency translation adjustments	3,461	1,935	12,913	2,615
- Net (loss) gain on hedge of net investments (Note 8)	(151)	(17)	(524)	28
- Net (loss) gain on cash flow hedges	-	(1,220)	2,810	(1,220)
-Net change in fair value of financial assets available for sale	2	-	6	-
Other comprehensive income	3,312	698	15,205	1,423
Total comprehensive income for the period	17,706	15,360	43,485	29,089
Attributable to:				
Equity holders of the Parent Company	14,616	13,611	37,798	25,710
Non-controlling interests	3,090	1,749	5,687	3,379
	17,706	15,360	43,485	29,089

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2015 (Unaudited)

	Notes	Six months ended	
		30 June	
		2015	2014
		KD 000's	KD 000's
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		33,005	32,752
Adjustments for:			
Provision for impairment of trade receivables		2,102	1,285
Provision for employees' end of service benefits		4,793	4,699
Foreign currency exchange gain		(736)	(72)
Share of results of associates	4	(1,616)	(710)
Unrealised gain on financial assets at fair value through profit or loss		-	(925)
Miscellaneous income		(2,221)	(1,064)
Depreciation		13,295	12,437
Amortisation		1,820	1,804
Interest income		(2,356)	(2,440)
Finance costs		3,154	3,078
Operating profit before changes in working capital		51,240	50,844
Inventories		(2,598)	(760)
Trade receivables		(7,874)	(20,283)
Other current assets		(10,484)	845
Trade and other payables		15,708	1,557
Cash from operations		45,992	32,203
Taxation paid		(3,483)	(3,928)
Employees' end of service benefits paid		(4,069)	(4,253)
Directors remuneration paid		(149)	(140)
Net cash flows from operating activities		38,291	23,882
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		(1,093)	(199)
Additions to property, plant and equipment		(17,228)	(9,381)
Advances paid for purchase of property, plant and equipment		(1,833)	-
Advance paid for acquiring an investment		(4,305)	-
Net movement in other non-current assets		1,880	7,534
Additions to projects in progress		(5,046)	(5,853)
Additions to investment properties		(439)	(493)
Additions to intangible assets		(2,572)	(55)
Acquisition of investment in an associate	4	-	(4,335)
Dividends received from an associate	4	1,242	1,110
Acquisition of additional interest in subsidiaries		(1,649)	(915)
Interest income received		1,199	1,672
Net movement in deposits with original maturities exceeding three months		25,262	26,986
Net cash flows (used in) from investing activities		(4,582)	16,071
FINANCING ACTIVITIES			
Purchase of treasury shares		(250)	-
Net movement in interest bearing loans		(10,027)	(1,228)
Finance cost paid		(3,284)	(3,305)
Dividends paid to equity holders of the Parent Company		(36,287)	(39,506)
Dividends paid to non-controlling interests		(2,070)	(1,616)
Net cash flows used in financing activities		(51,918)	(45,655)
Net foreign exchange differences		1,485	122
NET DECREASE IN CASH AND CASH EQUIVALENTS		(16,724)	(5,580)
Cash and cash equivalents at 1 January		96,988	87,546
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	80,264	81,966

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2015 (Unaudited)

	<i>Attributable to equity holders of the Parent Company</i>											<i>Non-controlling interests</i>	<i>Total equity KD 000's</i>
	<i>Share capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Treasury shares reserve KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Hedging reserve KD 000's</i>	<i>Investment revaluation reserve KD 000's</i>	<i>Other reserves KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Sub total KD 000's</i>	<i>KD 000's</i>	
As at 1 January 2015	115,414	152,650	57,707	(45,038)	44,366	(16,934)	(20,463)	197	(29,248)	630,419	889,070	22,041	911,111
Profit for the period	-	-	-	-	-	-	-	-	-	25,376	25,376	2,904	28,280
Other comprehensive income (loss)	-	-	-	-	-	10,130	2,286	6	-	-	12,422	2,783	15,205
Total comprehensive income (loss) for the period	-	-	-	-	-	10,130	2,286	6	-	25,376	37,798	5,687	43,485
Dividends (Note 13)	-	-	-	-	-	-	-	-	-	(38,340)	(38,340)	-	(38,340)
Issue of bonus shares (Note 13)	5,771	-	-	-	-	-	-	-	-	(5,771)	-	-	-
Purchase of treasury shares	-	-	-	(250)	-	-	-	-	-	-	(250)	-	(250)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,184)	(3,184)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	789	-	789	(2,150)	(1,361)
As at 30 June 2015	121,185	152,650	57,707	(45,288)	44,366	(6,804)	(18,177)	203	(28,459)	611,684	889,067	22,394	911,461
As at 1 January 2014	109,918	152,650	54,959	(45,038)	44,366	(27,070)	(17,090)	80	(24,818)	629,569	877,526	19,109	896,635
Profit for the period	-	-	-	-	-	-	-	-	-	24,102	24,102	3,564	27,666
Other comprehensive income (loss)	-	-	-	-	-	2,800	(1,192)	-	-	-	1,608	(185)	1,423
Total comprehensive income (loss) for the period	-	-	-	-	-	2,800	(1,192)	-	-	24,102	25,710	3,379	29,089
Dividends (Note 13)	-	-	-	-	-	-	-	-	-	(41,743)	(41,743)	-	(41,743)
Issue of bonus shares (Note 13)	5,496	-	-	-	-	-	-	-	-	(5,496)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,798)	(2,798)
As at 30 June 2014	115,414	152,650	54,959	(45,038)	44,366	(24,270)	(18,282)	80	(24,818)	606,432	861,493	19,690	881,183

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

1 CORPORATE INFORMATION

Agility Public Warehousing Company K.S.C.P. (the "Parent Company") is a Kuwaiti shareholding company incorporated in 1979, and listed on Kuwait Stock Exchange and Dubai Stock Exchange. The address of the Parent Company's Head office is Sulaibia, beside Land Customs Clearing Area, P.O. Box 25418, Safat 13115, Kuwait. The Group operates under the brand name of "Agility".

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively, the "Group") was authorised for issue by the Board of Directors on 13 August 2015.

The main objectives of the Parent Company are as follows:

- Construction, management and renting of all types of warehouses.
- Warehousing goods under customs' supervision inside and outside customs areas.
- Investing the surplus funds in investment portfolios.
- Participating in, acquiring or taking over companies of similar activities or those that would facilitate in achieving the Parent Company's objectives inside or outside Kuwait.
- All types of transportation, distribution, handling and customs clearance for goods.
- Customs consulting, customs automation, modernisation and decision support.

2 SUBSISTENCE PRIME VENDOR AND OTHER CONTRACTS - US INVESTIGATION

During the year ended 31 December 2007, the Parent Company was served with an administrative subpoena and, subsequently in March 2008 with a grand jury subpoena, by the US Government in connection with an investigation into certain aspects of the Subsistence Prime Vendor ("SPV") Contract which expired in December 2010. In addition, some employees of the Group were served with civil investigative demands. The Parent Company cooperated with this investigation and produced numerous records in response to this request.

In November 2009, the Parent Company was indicted by a federal grand jury in United States on multiple counts of False Claims Act violations. Furthermore, The United States Department of Justice also joined the civil qui tam lawsuit against the Parent Company under the US False Claims Act. The Department of Justice is claiming substantial damages for alleged violations in both the criminal and civil proceedings. The Parent Company pled not guilty to the indictment. Between February and November 2012, both the parties filed various motions and opposition briefs which are pending before the court for ruling. The Parent Company's filings included motions to dismiss the indictment on various grounds and a motion to transfer venue to another judicial district.

As a result of this indictment, the Group companies (including the Parent Company) are suspended from bidding for new contracts with the US Government pending the outcome of the cases. However, the suspension did not affect continued performance of the existing contracts.

The US Government also attempted to serve on the Parent Company, the indictment and other legal documents through the authorities in Kuwait. The Parent Company, challenged the service process and obtained an appeal judgement whereby such process was declared null and void. In addition the Court of Appeal in Kuwait precluded the US Government from serving the Parent Company and its subsidiaries any legal document in respect of the ongoing litigation in the US. The above ruling will not have any impact on the financial situation of the Group.

In addition, the US Department of Justice is currently conducting an informal investigation regarding two cost reimbursable US Government contracts in order to ascertain whether reimbursement requests for certain costs incurred by the Parent Company were proper. Furthermore, in relation to one of such contracts, the Parent Company is appealing before the "Armed Services Board of Contracts, Appeals (ASBCA)" a decision made by the contracting officer demanding repayment of approximately KD 23 million from the Parent Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 30 June 2015 (Unaudited)

**2 SUBSISTENCE PRIME VENDOR AND OTHER CONTRACTS - US INVESTIGATION
(continued)**

During 2011, the US Government collected KD 4.7 million out of the above claim by offsetting payments due on the Group's other US Government contracts. The Parent Company, on 19 April 2011, also filed an affirmative claim for approximately KD 13 million owed by the US Government under the contract which was denied by the Contracting Officer on 15 December 2011. The Parent Company filed an appeal before the ASBCA. On 26 August 2013, the US Government moved to dismiss the appeal which was granted by the ASBCA on 10 December 2014. During the period, the Parent Company filed an appeal against the dismissal to the Court of Appeals for the Federal Circuit.

Despite inherent uncertainty surrounding these cases, no provision is recorded by the management in the interim condensed consolidated financial information. The Parent Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the cases.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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 include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014. 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 2015.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD").

Changes in accounting policies and disclosures

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

Standards issued but not yet effective

The following IASB Standards relevant to the Group have been issued but are not yet mandatory are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9: Financial Instruments

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's consolidated financial statements, when adopted.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 15: Revenue from Contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2018. IFRS 15 supersedes IAS 11 Construction contracts and IAS 18 Revenue along with related IFRIC 13, IFRS 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The Group is in the process of evaluating the effect of IFRS 15 on the Group and do not expect any significant impact on adoption of this standard.

The Group has not early adopted any IASB standards, International Financial Reporting Interpretations Committee (“IFRIC”) interpretations or amendments that have been issued but not yet effective. Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

4 INVESTMENT IN ASSOCIATES

The movement in carrying value of investment in associates during the period is as follows:

	<i>30 June</i> <i>2015</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD 000's</i>	<i>30 June</i> <i>2014</i> <i>KD 000's</i>
At the beginning of the period	37,182	2,333	2,333
Reclassified from financial asset at fair value through profit or loss	-	28,698	28,698
Additions	-	5,294	4,335
Share of results	1,616	2,136	710
Dividend received	(1,242)	(1,110)	(1,110)
Foreign currency translation adjustments	109	(169)	161
At the end of the period	37,665	37,182	35,127

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 June</i> <i>2015</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD 000's</i>	<i>30 June</i> <i>2014</i> <i>KD 000's</i>
Investment in an associate – outside Kuwait	108,629	105,148	101,144
Quoted equity securities:			
- In Kuwait	36	36	37
	108,665	105,184	101,181

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Group (through its wholly owned subsidiary, a Venture Capital Organisation) owns 23.7% indirect interest in Korek Telecom L.L.C. ("Korek Telecom"). The investment in Korek Telecom is classified as investment in an associate as the Group exercises significant influence over Korek Telecom. As this associate is held as part of Venture Capital Organization's investment portfolio, it is carried in the interim condensed consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 "Investment in Associates" which allows investments held by Venture Capital Organisations to be accounted for at fair value through profit or loss in accordance with IAS 39, with changes in fair value recognised in the interim condensed consolidated income statement in the period of change. The Group's management was unable to determine the fair value of this investment as at 30 June 2015 and 31 December 2014 due to certain inherent uncertainties and accordingly the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 108,629 thousand (31 December 2014: KD 105,148 thousand).

The Group has also provided an interest bearing loan to Korek Telecom which amounts to KD 30,259 thousand at 30 June 2015 (31 December 2014: KD 29,289 thousand and 30 June 2014: KD 28,174 thousand) (Note 12).

6 BANK BALANCES AND CASH

	<i>30 June</i> <i>2015</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD 000's</i>	<i>30 June</i> <i>2014</i> <i>KD 000's</i>
Cash at banks and in hand	65,805	76,709	66,412
Short term deposits	14,459	20,279	15,554
Cash and cash equivalents	80,264	96,988	81,966
Deposits with original maturities exceeding three months	11,347	36,609	38,204
	91,611	133,597	120,170

Included in bank balances and cash are balances amounting to KD 24,959 thousand (31 December 2014: KD 48,368 thousand and 30 June 2014: KD 51,234 thousand) held by banks in Kuwait whereas the balance of KD 66,652 thousand (31 December 2014: KD 85,229 thousand and 30 June 2014: KD 68,936 thousand) are held by foreign banks situated outside Kuwait.

Short term deposits (with original maturities up to three months) are placed for varying periods of one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Term deposits (deposits with original maturities exceeding three months) earn interest ranging from 1.5 % to 1.63 % per annum (31 December 2014: 1% to 2% per annum and 30 June 2014: 0.5 % to 5.5 % per annum).

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

7 TREASURY SHARES

	<i>30 June 2015</i>	<i>(Audited) 31 December 2014</i>	<i>30 June 2014</i>
Number of treasury shares	61,638,142	58,377,670	58,377,667
Percentage of issued shares	5.09%	5.06%	5.06%
Market value in KD 000's	44,379	43,199	46,118

8 INTEREST BEARING LOANS

	<i>30 June 2015 KD 000's</i>	<i>(Audited) 31 December 2014 KD 000's</i>	<i>30 June 2014 KD 000's</i>
Committed Term Loan obtained from a local bank and is repayable in annual instalments commencing from December 2011.	16,340	15,816	15,226
Committed Term Loan obtained from a local bank and is repayable in annual instalments commencing from April 2013.	19,000	22,000	22,000
Other loans	39,613	35,505	32,093
	74,953	73,321	69,319

Committed facility

A committed borrowing facility is one in which the lender is legally obliged to provide the funds subject to the Group complying with the terms of the loan facility agreement. A commitment fee will be usually charged to the Group on any undrawn part of the facility.

Uncommitted facility

An uncommitted borrowing facility is one in which the lender is not legally obliged to provide the funds and the facility is therefore repayable on demand.

Floating interest rate loans amounting to KD 64,646 thousand (31 December 2014: KD 69,467 thousand and 30 June 2014: KD 66,087 thousand) carry margin ranging from 0.1% to 4% per annum (31 December 2014: 0.3% to 4% per annum and 30 June 2014: 1 % to 4 % per annum) over the benchmark rates.

The following table shows the current and non-current portion of the Group's loan obligations:

	<i>Current Portion KD 000's</i>	<i>Non-current Portion KD 000's</i>	<i>Total KD 000's</i>
Balance at 30 June 2015	45,394	29,559	74,953
Balance at 31 December 2014	47,117	26,204	73,321
Balance at 30 June 2014	36,616	32,703	69,319

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

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As at 30 June 2015 (Unaudited)

8 INTEREST BEARING LOANS (continued)

Included in interest bearing loans are loans amounting to KD 22, 971 thousand (31 December 2014: KD 24,993 thousand and 30 June 2014: KD 28,261 thousand) which are held by subsidiaries in the Group. Trade receivables and certain other assets of the respective subsidiaries are pledged as collateral against these loans. Also included in interest bearing loans is a loan amounting to KD 19,000 thousand (31 December 2014: KD 22,000 thousand and 30 June 2014: KD 22,000 thousand) which is secured by a pledge of shares of a subsidiary.

Hedge of net investments in foreign operations

Included in interest bearing loans at 30 June 2015 are loans denominated in US\$ (hedging instrument) of US\$ 54,000 thousand (31 December 2014: US\$ 54,000 thousand and 30 June 2014: US\$ 54,000 thousand), which have been designated as a hedge of the net investments in the overseas subsidiaries (with functional currency US\$) and are being used to hedge the Group's exposure to foreign currency exchange risk on these investments. Gains or losses on the translation of interest bearing loans are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in these subsidiaries. Foreign currency exchange loss arising on translation of the hedging instruments amounting KD 524 thousand (31 December 2014: KD 563 thousand and 30 June 2014: gain of KD 28 thousand) were taken to other comprehensive income (hedging reserve).

9 TAXATION

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
National labour support tax (NLST)	366	337	689	631
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	146	135	276	252
Zakat	146	135	276	252
Taxation on overseas subsidiaries	2,220	2,326	3,414	3,868
	2,878	2,933	4,655	5,003

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

10 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of outstanding shares during the period as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2015	2014	2015	2014
	KD	<i>KD</i>	KD	<i>KD</i>
	000's	000's	000's	000's
		<i>(Restated)*</i>		<i>(Restated)*</i>
Profit for the period attributable to equity holders of the Parent Company	13,558	12,865	25,376	24,102
	Shares	<i>Shares</i>	Shares	<i>Shares</i>
Weighted average number of paid up shares	1,211,844,344	1,211,844,344	1,211,844,344	1,211,844,344
Weighted average number of treasury shares	(61,433,621)	(61,302,142)	(61,368,604)	(61,302,142)
Weighted average number of outstanding shares	1,150,410,723	1,150,542,202	1,150,475,740	1,150,542,202
Basic and diluted earnings per share – attributable to equity holders of the Parent Company (fils)	11.79	11.18	22.06	20.95

As there are no outstanding dilutive instruments, outstanding basic and diluted earnings per share are identical.

* Basic and diluted earnings per share for the comparative period presented have been restated to reflect the issue of bonus shares (Note 13).

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has contingent liabilities and capital commitments at the reporting date as follows:

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	2015	<i>31 December</i>	<i>30 June</i>
	KD 000's	<i>2014</i>	<i>2014</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Letters of guarantee	103,829	113,042	104,249
Operating lease commitments	37,814	32,564	32,636
Capital commitments	5,975	4,155	3,997
	147,618	149,761	140,882

Included in letters of guarantee are bank guarantees of KD 31,405 thousand (31 December 2014: KD 31,405 thousand and 30 June 2014: KD 31,405 thousand), provided by a bank on behalf of the subsidiary, Global Clearing House Systems K.S.C. (Closed), to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 30 June 2015 (Unaudited)

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims

(a) Freight forwarding business - investigation

In October 2007, certain subsidiaries (involved in the freight forwarding business) in the Group along with other major players in the freight forwarding industry received requests for information from the competition authorities of the EU, the United States and other jurisdictions in connection with an industry-wide investigation into the setting of surcharges and fees. These subsidiaries are fully cooperating with the respective authorities.

On 26 November 2009, the Italian Competition Authority (ICA) opened an investigation into the activities of some 20 freight forwarding companies including Agility's subsidiary in Italy. The ICA issued its final decision on 15 September 2011, imposing a total fine of KD 55 thousand (Euro 139 thousand) on Agility. This decision is being appealed by other third parties before the court which is yet to pronounce its decision.

In August 2010, the Brazilian competition authority ("CADE") opened an investigation into the activities of the freight forwarding industry which included the Parent Company. The investigation is currently ongoing. The Brazilian competition authority purported to serve a notice on the Parent Company through its Brazilian subsidiary. The Parent Company has to date rejected the validity of service of the notice. However, CADE stated in public announcement that it considers the notice to the Parent Company duly served. The Parent Company filed proceedings before the Brazilian court on 18 February 2014 requesting that the service of process be declared null. The Court issued a ruling rejecting this request and the Parent Company appealed against this ruling on 2 June 2015..

In December 2011, the Competition Commission Singapore (CCS) opened an investigation into the activities of the freight forwarding industry which included two of Agility's subsidiaries. No formal charges have been brought against the subsidiaries at this time.

As at 30 June 2015, due to inherent uncertainty surrounding these investigations, the Group's management (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigations and in view of the difficulty in quantifying any additional potential liabilities in this regard, no provision is recorded in the accompanying interim condensed consolidated financial information.

(b) Guarantee encashment

A resolution was issued by the General Administration of Customs for Kuwait ("GAC") to cash a portion, amounting to KD 10,092 thousand of the bank guarantee submitted by Global Clearing House Systems K.S.C. (Closed) (the "Company"), a subsidiary of the Parent Company, in favour of GAC in relation to performance of a contract. Pursuant to this resolution, GAC called the above guarantee during the year ended 31 December 2007.

The Company appealed against the Resolution at the Court of First Instance through case No. 224/2007 "Administrative - 7" and on 15 June 2014, the Court of First Instance issued its ruling in favour of the Company and directed GAC to pay an amount of KD 58,927 thousand as compensation against non-performance of its obligations under the contract and KD 9,138 thousand towards refund of the guarantee encashed earlier, together with an interest of 7% per annum on these amounts.

The Company filed an appeal against this ruling (through case No. 1923/2014 Administrative - 4) as it believes, based on the advice of its external legal counsel, that it is entitled to additional compensation from GAC. GAC has also filed an appeal No. 1955/2014 Administrative-4 against the ruling issued by the Court of First Instance. The court is yet to pronounce its judgement on the appeal.

In 2013, GAC had filed a separate legal case against the Company for an amount of KD 48,000 thousand towards fees and KD 53,400 thousand towards penalty in relation to an ongoing contract with GAC. The Court has not yet issued its ruling in respect of this case. The Parent Company (after consulting the external counsel) is of the view that this claim is not in accordance with the contract as GAC did not fulfil its obligations in the respect of this matter. Accordingly, no expense is required to be recorded in the interim condensed consolidated statement of income.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

(c) KGL Litigation

During the year ended 31 December 2012, the Parent Company and certain of its subsidiaries were named as defendants in civil lawsuits filed by Kuwait and Gulf Link Transport Company (“KGL”) and its affiliates in three separate jurisdictions in the United States for certain alleged defamation and interference with KGL’s contracts with the US Government by an alleged former employee of the Parent Company. The Parent Company filed motions to dismiss the complaints and KGL also filed amended complaints. As a result, the Court in two of the jurisdictions granted the Parent Company’s motion to dismiss the complaint. The ultimate outcome of the litigation in the other jurisdiction is uncertain at this time.

In addition to the above, the Group is involved in various incidental claims and legal proceedings matters. The in-house legal counsel of the Group believes that these matters will not have a material adverse effect on the accompanying interim condensed consolidated financial information.

12 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Group’s management.

Transactions and balances with related parties are as follows:

	<i>Major shareholders</i>	<i>Other related parties</i>	<i>Six months ended</i>	
			<i>2015</i>	<i>2014</i>
	<i>KD 000’s</i>	<i>KD 000’s</i>	<i>Total</i>	<i>Total</i>
			<i>KD 000’s</i>	<i>KD 000’s</i>
Interim condensed consolidated statement of income				
Revenues	-	462	462	506
General and administrative expenses	(34)	(18)	(52)	(48)
Interest income	-	1,690	1,690	1,596
Finance costs	-	(443)	(443)	(477)
Miscellaneous income	2,000	-	2,000	-
<i>(Audited)</i>				
	<i>Major shareholders</i>	<i>Other related parties</i>	<i>30 June 2015</i>	<i>31 December 2014</i>
	<i>KD 000’s</i>	<i>KD 000’s</i>	<i>Total</i>	<i>Total</i>
			<i>KD 000’s</i>	<i>KD 000’s</i>
Interim condensed consolidated statement of financial position				
Financial assets available for sale	7,000	-	7,000	-
Advance to related parties	5,360	-	5,360	6,055
Amounts due from related parties	-	53	53	47
Loan to an associate (Note 5)	-	30,259	30,259	29,289
Amounts due to related parties	252	5,408	5,660	16,556

Advance to related parties amounting to KD 5,360 thousand (31 December 2014: KD 6,055 thousand and 30 June 2014: KD 5,000 thousand) represents amounts paid to acquire investments.

Amounts due from related parties have arisen as a result of transactions made in the ordinary course of the business and are interest free.

A portion of amounts due to related parties carry an interest of 6.5 % per annum (31 December 2014: 6.5 % per annum and 30 June 2014: 6.5 % per annum).

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

12 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel	<i>Six months ended</i> <i>30 June</i>	
	<i>2015</i> <i>KD 000's</i>	<i>2014</i> <i>KD 000's</i>
Short-term benefits	808	710

13 DIVIDEND AND BONUS SHARES

On 27 May 2015, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2014 and approved a cash dividend of 35 fils per share (2013: 40 fils per share) and bonus shares at 5% (equivalent to 5 shares per 100 shares held) (2013: 5%).

The issue of bonus shares resulted in an increase in the issued and paid up share capital by 57,706,880 shares from 1,154,137,464 shares as at 31 December 2014 to 1,211,844,344 shares as at 30 June 2015.

14 OPERATING SEGMENT INFORMATION

For management reporting purposes, the Group is organised into business units based on their products and services produced and has two reportable operating segments as follows:

Logistics and Related Services:

The Logistics and Related Services segment provides a comprehensive logistics offering to its clients, including freight forwarding, transportation, contract logistics, project logistics and fairs and events logistics.

Infrastructure:

The Infrastructure segment provides other services which include industrial real-estate, facility management and airplane ground handling and cleaning services, customs consulting, private equity and waste recycling.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

14 OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2015	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	Total KD 000's
Revenues				
External customers	507,162	139,362	-	646,524
Inter-segment	141	3,930	(4,071)	-
Total revenues	<u>507,303</u>	<u>143,292</u>	<u>(4,071)</u>	<u>646,524</u>
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	13,211	35,314	393	48,918
Depreciation				(13,295)
Amortisation				(1,820)
Profit before interest, taxation and Directors' remuneration (EBIT)				33,803
Interest income				2,356
Finance costs				(3,154)
Profit before taxation and Directors' remuneration				33,005
Taxation and Directors' remuneration				(4,725)
Profit for the period				<u>28,280</u>
 Six months ended 30 June 2014				
Revenues				
External customers	523,905	132,066	-	655,971
Inter-segment	154	3,338	(3,492)	-
Total revenues	<u>524,059</u>	<u>135,404</u>	<u>(3,492)</u>	<u>655,971</u>
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	10,362	34,475	2,794	47,631
Depreciation				(12,437)
Amortisation				(1,804)
Profit before interest, taxation and Directors' remuneration (EBIT)				33,390
Interest income				2,440
Finance costs				(3,078)
Profit before taxation and Directors' remuneration				32,752
Taxation and Directors' remuneration				(5,086)
Profit for the period				<u>27,666</u>

Inter-segment transactions and balances are eliminated upon consolidation and reflected in the "adjustments and eliminations" column. The Group's financing (including interest income and finance costs) and taxation is managed on a Group basis and are not allocated to operating segments.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015 (Unaudited)

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

As at the reporting date, fair value of the Group's financial assets [with the exception of certain financial assets available for sale carried at cost amounting to KD 22,128 thousand (31 December 2014: KD 20,277 thousand and 30 June 2014: KD 19,294 thousand)] and financial liabilities were not materially different from their carrying values.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>KD'000</i>	<i>Level 2</i> <i>KD'000</i>	<i>Level 3</i> <i>KD'000</i>	<i>Total fair value</i> <i>KD'000</i>
30 June 2015				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	108,629	108,629
Quoted equity securities	36	-	-	36
	<u>36</u>	<u>-</u>	<u>108,629</u>	<u>108,665</u>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	-	-	10,491	10,491
<i>Derivative:</i>				
Forward foreign exchange contracts – US Dollars	-	35	-	35
	<u>36</u>	<u>35</u>	<u>119,120</u>	<u>119,191</u>
31 December 2014 (Audited)				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	105,148	105,148
Quoted equity securities	36	-	-	36
	<u>36</u>	<u>-</u>	<u>105,148</u>	<u>105,184</u>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	-	-	3,650	3,650
<i>Derivative:</i>				
Forward foreign exchange contracts – US Dollars	-	25	-	25
	<u>36</u>	<u>25</u>	<u>108,798</u>	<u>108,859</u>

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As at 30 June 2015 (Unaudited)

15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i> <i>KD'000</i>	<i>Level 2</i> <i>KD'000</i>	<i>Level 3</i> <i>KD'000</i>	<i>Total fair value</i> <i>KD'000</i>
30 June 2014				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	101,144	101,144
Quoted equity securities	37	-	-	37
	<u>37</u>	<u>-</u>	<u>101,144</u>	<u>101,181</u>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	-	-	3,401	3,401
	<u>37</u>	<u>-</u>	<u>104,545</u>	<u>104,582</u>

There was no material movement in the level 3 financial instruments balance and no transfers between the fair value hierarchies during the period.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Financial assets at fair value through profit or loss:

The Group's management was unable to determine the fair value of the investment in an associate as at 30 June 2015 and 31 December 2014 due to certain inherent uncertainties and accordingly the investment is carried at its fair value as at 31 December 2013 (Note 5).

Financial assets available for sale:

Fair values of financial assets available for sale are measured based on their latest net asset values provided by the respective fund managers.