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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2015 (UNAUDITED)

EY
Building a better working world

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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 108,628 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.

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Public Accountants

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.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015 (Unaudited)

	Notes	*30 June 2015 KD 000's*	*(Audited) 31 December 2014 KD 000's*	*30 June 2014 KD 000's*
ASSETS				
Non-current assets				
Property, plant and equipment		**181,483**	175,739	167,504
Projects in progress		**32,832**	27,441	30,961
Investment properties		**237,628**	237,189	214,135
Intangible assets		**35,929**	33,699	35,352
Goodwill		**249,576**	246,890	246,510
Investment in associates	4	**37,665**	37,182	35,127
Financial assets at fair value through profit or loss	5	**108,665**	105,184	101,181
Financial assets available for sale		**32,619**	23,927	22,695
Other non-current assets		**41,719**	36,952	32,063
Loan to an associate	5	**30,259**	29,289	28,174
Total non-current assets		**988,375**	953,492	913,702
Current assets				
Inventories		**22,554**	19,695	15,843
Trade receivables		**277,382**	270,602	276,727
Other current assets		**86,593**	74,976	82,937
Bank balances and cash	6	**91,611**	133,597	120,170
Total current assets		**478,140**	498,870	495,677
TOTAL ASSETS		**1,466,515**	1,452,362	1,409,379
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	**121,185**	115,414	115,414
Share premium		**152,650**	152,650	152,650
Statutory reserve		**57,707**	57,707	54,959
Treasury shares	7	**(45,288)**	(45,038)	(45,038)
Treasury shares reserve		**44,366**	44,366	44,366
Foreign currency translation reserve		**(6,804)**	(16,934)	(24,270)
Hedging reserve		**(18,177)**	(20,463)	(18,282)
Investment revaluation reserve		**203**	197	80
Other reserves		**(28,459)**	(29,248)	(24,818)
Retained earnings		**611,684**	630,419	606,432
Equity attributable to equity holders of the Parent Company		**889,067**	889,070	861,493
Non-controlling interests		**22,394**	22,041	19,690
Total equity		**911,461**	911,111	881,183
LIABILITIES				
Non-current liabilities				
Interest bearing loans	8	**29,559**	26,204	32,703
Provision for employees' end of service benefits		**38,103**	36,938	32,630
Other non-current liabilities		**16,145**	30,069	27,926
Total non-current liabilities		**83,807**	93,211	93,259
Current liabilities				
Interest bearing loans	8	**45,394**	47,117	36,616
Trade and other payables		**415,760**	392,865	387,338
Dividends payable		**10,093**	8,058	10,983
Total current liabilities		**471,247**	448,040	434,937
Total liabilities		**555,054**	541,251	528,196
TOTAL EQUITY AND LIABILITIES		**1,466,515**	1,452,362	1,409,379

Tarek Abdul Aziz Sultan
Vice Chairperson and CEO

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2015 (Unaudited)

		Three months ended 30 June		*Six months ended 30 June*	
	Notes	***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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2015 (Unaudited)

	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*
Profit for the period	**14,394**	14,662	**28,280**	27,666
Other comprehensive income:				
Items to be reclassified to interim condensed consolidated statement of income in subsequent periods:				
- 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2015 (Unaudited)

	Notes	*Six months ended 30 June* **2015** **KD 000's**	*2014* *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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2015 (Unaudited)

	Attributable to equity holders of the Parent Company												
	Share capital KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Treasury shares KD 000's	Treasury shares reserve KD 000's	Foreign currency translation reserve KD 000's	Hedging reserve KD 000's	Investment revaluation reserve KD 000's	Other reserves KD 000's	Retained earnings KD 000's	Sub total KD 000's	Non-controlling interests KD 000's	Total equity KD 000's
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	-	-	-	-	-	10,130	2,286	6	-	-	12,422	2,783	15,205
Total comprehensive income 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.

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 United States Government attempted to serve on the Parent Company, the indictment and other legal documents through the Ministry of Justice in Kuwait and others. The Parent Company, challenged the service process and obtained a judgement from the Court of Appeal invalidating the service process to the Parent Company, its employees and its subsidiaries in their respective capacities pursuant to the request of the United States Government at the Court of North Georgia. The Court of Appeal prohibited the undersecretary of Kuwait Ministry of Justice and others from serving the Parent Company, its employees and its subsidiaries with any legal document for and on behalf of the United States Government in respect of the ongoing litigation at the Court of North Georgia in the United States. The above judgment is procedural in nature and as a result of the same, the United States Government is unable to sue the Parent Company since as per the law, there is no other procedural way that would allow the United States Government to do so. This judgment will not have any impact on the financial information 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.

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.

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:

	30 June 2015	*(Audited) 31 December 2014*	*30 June 2014*
	KD 000's	*KD 000's*	*KD 000's*
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/ year	**37,665**	37,182	35,127

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015	*(Audited) 31 December 2014*	*30 June 2014*
	KD 000's	*KD 000's*	*KD 000's*
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

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

	30 June 2015 KD 000's	*(Audited) 31 December 2014 KD 000's*	*30 June 2014 KD 000's*
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).

7 TREASURY SHARES

	30 June 2015	*(Audited) 31 December 2014*	*30 June 2014*
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

	30 June 2015 KD 000's	*(Audited) 31 December 2014 KD 000's*	*30 June 2014 KD 000's*
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:

	Current Portion KD 000's	*Non-current Portion KD 000's*	*Total KD 000's*
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

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: loss of KD 563 thousand and 30 June 2014: gain of KD 28 thousand) were taken to other comprehensive income (hedging reserve).

9 TAXATION

	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*
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

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:

	Three months ended 30 June		*Six months ended 30 June*	
	2015 KD 000's	*2014 KD 000's (Restated)**	***2015 KD 000's***	*2014 KD 000's (Restated)**
Profit for the period attributable to equity holders of the Parent Company	**13,558**	12,865	**25,376**	24,102
	Shares	*Shares*	***Shares***	*Shares*
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:

	30 June 2015 KD 000's	*(Audited) 31 December 2014 KD 000's*	*30 June 2014 KD 000's*
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.

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 in to 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 the above resolution at the Court of First Instance and the latter issued its judgment in favour of the Company and ordered GAC to pay an amount of KD 58,927 thousand as compensation against the non-performance of its obligations under the contract, and KD 9,138 thousand towards refunding of the guarantee encashed earlier, together with an interest of 7% per annum on these amounts to be calculated from the date the judgment becomes final.

The Company appealed the judgment before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 *administrative 4* before the Court of Appeal. The Court of Appeal is yet to pronounce its judgement.

The Company also filed a claim against GAC and requested, under one of its demands, the Court of Appeal to prohibit GAC from encashing the remaining bank guarantees offered by the Company. The Court of Appeal issued its judgment in favour of the Company in blocking the encashment of the bank guarantees in the possession of GAC

In addition to the above, there are legal disputes between the Company and GAC. Both the parties have filed various claims currently pending in the courts. The Group's in-house counsel believes that these matters will not have a material adverse effect on the Company's financial statements.

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 PARTIES 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:

	Major shareholders KD 000's	*Other related parties KD 000's*	*Six months ended 30 June* ***2015 Total KD 000's***	*Six months ended 30 June 2014 Total KD 000's*
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**	-

	Major shareholders KD 000's	*Other related Parties KD 000's*	***30 June 2015 Total KD 000's***	*(Audited) 31 December 2014 Total KD 000's*	*30 June 2014 Total KD 000's*
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	5,000
Amounts due from related parties	-	53	**53**	47	103
Loan to an associate (Note 5)	-	30,259	**30,259**	29,289	28,174
Amounts due to related parties	252	5,408	**5,660**	16,556	15,509

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).

12 RELATED PARTIES TRANSACTIONS (continued)

Compensation of key management personnel	*Six months ended 30 June*	
	2015	*2014*
	KD 000's	*KD 000's*
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.

14 OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2015	*Logistics and related services* *KD 000's*	*Infrastructure* *KD 000's*	*Adjustments and eliminations* *KD 000's*	***Total*** ***KD 000's***
Revenues				
External customers	**507,162**	**139,362**	**-**	**646,524**
Inter-segment	**141**	**3,930**	**(4,071)**	**-**
Total revenues	**507,303**	**143,292**	**(4,071)**	**646,524**
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				**28,280**

Six months ended 30 June 2014				
Revenues				
External customers	523,905	132,066	-	655,971
Inter-segment	154	3,338	(3,492)	-
Total revenues	524,059	135,404	(3,492)	655,971
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				27,666

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.

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:

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

15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

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.