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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 SEPTEMBER 2013 (UNAUDITED)

EY
Building a better working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

RSM Albazie & Co.
Public Accountants

RSM Albazie & Co.
Kuwait Airways Building, 7th floor, Shuhada Street
P. O. Box 2115, Safat - 13022 State of Kuwait
T +965 22961000 F +965 22412761
mail@albazie.com www. albazie.com

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 September 2013 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the nine months period then ended. 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 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 13(c) to the interim condensed consolidated financial information, during the year ended 31 December 2006, a performance guarantee amounting to KD 10.1 million was called by a counterparty in relation to non performance of obligations under a contract operated by a subsidiary of the Parent Company and encashed during the year ended 31 December 2007. The amount was not expensed in the consolidated financial statements in respect of the year ended 31 December 2006, which in our opinion, is not in accordance with International Financial Reporting Standards. We have qualified our audit opinions and review conclusions in this regard on the consolidated financial statements since 31 December 2006. In 2009, the expert department of the Ministry of Justice issued a report on this matter which stated that the verdict should be issued in favour of the subsidiary in respect of most of the issues arising from the case. Pending final court ruling on this matter, in our conclusion, other current assets should be decreased by KD 10.1 million and retained earnings attributable to the equity holders of the Parent Company should be decreased by KD 6.1 million and non-controlling interests should be decreased by KD 4.0 million.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the preceding 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.

EY
Building a better working world

RSM Albazie & Co.
Public Accountants

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C. (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 Group is also engaged in settlement discussions with the US Department of Justice. 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) Note 13(a) to the interim condensed consolidated financial information which describes the contingencies relating to the investigations into the freight forwarding business.

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, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the nine months period ended 30 September 2013 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.

10 November 2013
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013 (Unaudited)

	Notes	***30 September 2013 KD 000's***	*(Audited) 31 December 2012 KD 000's (Restated)**	*30 September 2012 KD 000's (Restated)**
ASSETS				
Non-current assets				
Property, plant and equipment		**175,034**	189,729	192,822
Projects in progress		**23,874**	18,898	23,883
Investment properties		**210,063**	214,590	218,635
Intangible assets		**37,941**	40,647	31,437
Goodwill		**245,599**	248,118	255,336
Financial assets at fair value through profit or loss	5	**125,306**	119,506	103,681
Financial assets available for sale		**23,525**	24,055	37,646
Other non-current assets		**39,043**	34,934	25,653
Loan to an associate	5	**28,315**	28,138	28,086
Total non-current assets		**908,700**	918,615	917,179
Current assets				
Inventories		**12,395**	13,792	13,557
Trade receivables		**256,252**	274,062	291,360
Other current assets		**88,766**	78,827	94,815
Bank balances and cash	6	**141,577**	143,458	135,415
Total current assets		**498,990**	510,139	535,147
TOTAL ASSETS		**1,407,690**	1,428,754	1,452,326
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11	**109,918**	104,684	104,684
Share premium		**152,650**	152,650	152,650
Statutory reserve		**52,342**	52,342	52,342
Treasury shares	7	**(45,038)**	(45,038)	(45,038)
Treasury shares reserve		**44,366**	44,366	44,366
Foreign currency translation reserve		**(23,138)**	(18,442)	(17,120)
Hedging reserve		**(17,138)**	(17,037)	(17,029)
Investment revaluation reserve		**15**	15	(202)
Other reserves		**(29,571)**	(19,553)	(16,213)
Retained earnings		**619,746**	621,031	611,530
Equity attributable to equity holders of the Parent Company		**864,152**	875,018	869,970
Non-controlling interests		**17,372**	14,860	19,565
Total equity		**881,524**	889,878	889,535
LIABILITIES				
Non-current liabilities				
Interest bearing loans	8	**38,298**	42,678	27,145
Provision for employees' end of service benefits		**37,214**	36,039	32,574
Other non-current liabilities		**27,897**	34,000	32,289
Total non-current liabilities		**103,409**	112,717	92,008
Current liabilities				
Trade and other payables		**379,945**	381,759	405,138
Interest bearing loans	8	**34,041**	36,654	56,070
Dividends payable		**8,771**	7,746	9,575
Total current liabilities		**422,757**	426,159	470,783
Total liabilities		**526,166**	538,876	562,791
TOTAL EQUITY AND LIABILITIES		**1,407,690**	1,428,754	1,452,326

Tarek Abdul Aziz Sultan
Chairman and Managing Director

** Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2012 and interim condensed consolidated financial information as at 30 September 2012 and reflect adjustments made as detailed in Note 4.*

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2013 (Unaudited)

	Notes	*Three months ended 30 September* 2013 KD 000's	2012 KD 000's (Restated)*	*Nine months ended 30 September* 2013 KD 000's	2012 KD 000's (Restated)*
Revenues					
Logistics and freight forwarding revenues		**298,824**	329,643	**951,110**	946,105
Rental revenues		**10,536**	9,639	**31,184**	24,932
Other services		**17,386**	24,159	**52,203**	63,038
Total revenues		**326,746**	363,441	**1,034,497**	1,034,075
Cost of revenues		**(232,473)**	(270,797)	**(751,046)**	(761,941)
Net revenues		**94,273**	92,644	**283,451**	272,134
General and administrative expenses		**(26,724)**	(24,729)	**(84,007)**	(85,109)
Salaries and employee benefits		**(44,912)**	(46,979)	**(139,054)**	(140,227)
Gain on sale of an investment property		**-**	-	**300**	-
Unrealised (loss) gain on financial assets at fair value through profit or loss		**(277)**	(110)	**5,187**	2,259
Miscellaneous income		**1,266**	633	**3,010**	7,032
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		**23,626**	21,459	**68,887**	56,089
Depreciation		**(6,195)**	(6,951)	**(19,426)**	(20,951)
Amortisation		**(902)**	(715)	**(2,707)**	(1,288)
Profit before interest, taxation and Directors' remuneration (EBIT)		**16,529**	13,793	**46,754**	33,850
Interest income		**1,268**	2,127	**3,960**	4,883
Finance costs		**(1,785)**	(2,364)	**(5,288)**	(4,945)
Profit before taxation and Directors' remuneration		**16,012**	13,556	**45,426**	33,788
Taxation	9	**(2,149)**	(2,372)	**(6,774)**	(5,255)
Directors' remuneration		**(31)**	(31)	**(95)**	(94)
PROFIT FOR THE PERIOD		**13,832**	11,153	**38,557**	28,439
Attributable to:					
Equity holders of the Parent Company		**12,129**	9,599	**33,766**	24,195
Non-controlling interests		**1,703**	1,554	**4,791**	4,244
		13,832	11,153	**38,557**	28,439
BASIC AND DILUTED EARNINGS PER SHARE – attributable to equity holders of the Parent Company	10	**11.62 fils**	9.20 fils	**32.36 fils**	23.11 fils

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2012 and reflect adjustments made as detailed in Note 4.*

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2013 (Unaudited)

	Three months ended 30 September		*Nine months ended 30 September*	
	2013 KD 000's	*2012 KD 000's (Restated)**	***2013 KD 000's***	*2012 KD 000's (Restated)**
Profit for the period	**13,832**	11,153	**38,557**	28,439
Other comprehensive income:				
Items to be reclassified to consolidated income statement in subsequent periods:				
- Foreign currency translation adjustments	**(9,135)**	5,818	**(7,354)**	3,469
- Net gain (loss) on hedge of net investments (Note 8)	**106**	(19)	**(101)**	(103)
- Net changes in fair value of financial assets available for sale	**-**	(235)	**-**	(217)
Other comprehensive (loss) income	**(9,029)**	5,564	**(7,455)**	3,149
Total comprehensive income for the period	**4,803**	16,717	**31,102**	31,588
Attributable to:				
Equity holders of the Parent Company	**5,206**	14,491	**28,969**	27,378
Non-controlling interests	**(403)**	2,226	**2,133**	4,210
	4,803	16,717	**31,102**	31,588

** Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2012 and reflect adjustments made as detailed in Note 4.*

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2013 (Unaudited)

	Notes	*Nine months ended 30 September* 2013 KD 000's	2012 KD 000's (Restated)*
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		**45,426**	33,788
Adjustments for:			
Provision for impairment of trade receivables		**1,899**	1,398
Provision for employees' end of service benefits		**6,821**	6,883
Foreign currency exchange gain		**(1,200)**	(1,329)
Gain on sale of an investment property		**(300)**	-
Unrealised gain on financial assets at fair value through profit or loss		**(5,187)**	(2,259)
Miscellaneous income		**(3,010)**	(7,032)
Depreciation		**19,426**	20,951
Amortisation		**2,707**	1,288
Interest income		**(3,960)**	(4,883)
Finance costs		**5,288**	4,945
Operating profit before changes in working capital		**67,910**	53,750
Inventories		**1,475**	(3,284)
Trade receivables		**11,279**	(3,415)
Other current assets		**(12,999)**	(5,799)
Trade and other payables		**(7,341)**	10,796
Cash from operations		**60,324**	52,048
Taxation paid		**(5,380)**	(5,817)
Directors' remuneration paid		**(165)**	(160)
Employees' end of service benefits paid		**(5,744)**	(5,984)
Net cash flows from operating activities		**49,035**	40,087
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		**755**	(250)
Additions to property, plant and equipment		**(8,868)**	(9,365)
Proceeds from disposal of property, plant and equipment		**4,753**	1,373
Proceeds from disposal of an investment property		**5,500**	-
Additions to projects in progress		**(4,976)**	(6,250)
Additions to investment properties		**(673)**	(521)
Acquisition of a subsidiary, net of cash acquired		**-**	(14,308)
Acquisition of additional interest in a subsidiary	12	**(2,968)**	-
Net movement in other non-current assets		**-**	17,533
Deferred consideration paid in respect of prior period acquisitions		**-**	(1,223)
Interest income received		**3,914**	5,141
Dividends received		**172**	1,379
Net movement in deposits with original maturities exceeding three months		**(5,742)**	18,270
Net cash flows (used in) from investing activities		**(8,133)**	11,779
FINANCING ACTIVITIES			
Purchase of treasury shares		**-**	(3,297)
Net movement in interest bearing loans		**(11,719)**	18,345
Finance cost paid		**(4,250)**	(4,366)
Dividends paid to equity holders of the Parent Company		**(29,593)**	(29,397)
Dividends paid to non-controlling interests		**(2,278)**	-
Net cash flows used in financing activities		**(47,840)**	(18,715)
Net foreign exchange differences		**(685)**	839
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(7,623)**	33,990
Cash and cash equivalents at 1 January		**100,530**	77,071
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	**92,907**	111,061

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2012 and reflect adjustments made as detailed in Note 4.*

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2013 (Unaudited)

	Attributable to equity holders of the Parent Company											*Non controlling interests*	*Total equity*
	Share capital	*Share premium*	*Statutory reserve*	*Treasury shares*	*Treasury shares reserve*	*Foreign currency translation reserve*	*Hedging Reserve*	*Investment revaluation reserve*	*Other reserves*	*Retained earnings*	*Sub total*		
	KD 000's	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*	*KD 000's*
As at 31 December 2012 (as previously reported)	104,684	152,650	52,342	(45,038)	44,366	(18,428)	(17,037)	15	-	621,488	895,042	14,860	909,902
Adjustments due to the adoption of IAS 19R (Note 4)	-	-	-	-	-	(14)	-	-	(19,553)	(457)	(20,024)	-	(20,024)
As at 31 December 2012 (restated)	104,684	152,650	52,342	(45,038)	44,366	(18,442)	(17,037)	15	(19,553)	621,031	875,018	14,860	889,878
Profit for the period	-	-	-	-	-	-	-	-	-	33,766	33,766	4,791	38,557
Other comprehensive loss	-	-	-	-	-	(4,696)	(101)	-	-	-	(4,797)	(2,658)	(7,455)
Total comprehensive (loss) income for the period	-	-	-	-	-	(4,696)	(101)	-	-	33,766	28,969	2,133	31,102
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(29,817)	(29,817)	-	(29,817)
Issue of bonus shares (Note 11)	5,234	-	-	-	-	-	-	-	-	(5,234)	-	-	-
Dividends to non controlling – interests	-	-	-	-	-	-	-	-	-	-	-	(3,914)	(3,914)
Acquisition of additional interest in a subsidiary (Note 12)	-	-	-	-	-	-	-	-	(10,018)	-	(10,018)	4,293	(5,725)
As at 30 September 2013	**109,918**	**152,650**	**52,342**	**(45,038)**	**44,366**	**(23,138)**	**(17,138)**	**15**	**(29,571)**	**619,746**	**864,152**	**17,372**	**881,524**

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2013 (Unaudited)

	Attributable to equity holders of the Parent Company											*Non controlling interests*	*Total equity*
	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*	*KD 000's*	*KD 000's*
As at 31 December 2011 (as previously reported)	104,684	152,650	52,342	(41,741)	44,366	(20,623)	(16,926)	15	-	617,006	891,773	7,319	899,092
Adjustments due to the adoption of IAS 19R (Note 4)	-	-	-	-	-	-	-	-	(16,213)	146	(16,067)	-	(16,067)
As at 31 December 2011 (restated)*	104,684	152,650	52,342	(41,741)	44,366	(20,623)	(16,926)	15	(16,213)	617,152	875,706	7,319	883,025
Profit for the period (restated)*	-	-	-	-	-	-	-	-	-	24,195	24,195	4,244	28,439
Other comprehensive income (loss) (restated)*	-	-	-	-	-	3,503	(103)	(217)	-	-	3,183	(34)	3,149
Total comprehensive income (loss) for the period (restated)*	-	-	-	-	-	3,503	(103)	(217)	-	24,195	27,378	4,210	31,588
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(29,817)	(29,817)	-	(29,817)
Purchase of treasury shares	-	-	-	(3,297)	-	-	-	-	-	-	(3,297)	-	(3,297)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	5,148	5,148
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,888	2,888
As at 30 September 2012 (restated)*	104,684	152,650	52,342	(45,038)	44,366	(17,120)	(17,029)	(202)	(16,213)	611,530	869,970	19,565	889,535

** Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2012 and reflect adjustments made as detailed in Note 4.*

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

Agility Public Warehousing Company K.S.C. (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 10 November 2013.

The principal activities of the Group are explained in Note 15.

The New Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 was published in the official Gazette on 6 October 2013. As per Article three of the Executive Regulations, Companies have one year from the date of publishing the Executive Regulations to comply with the new amended law.

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.

While the Parent Company is rigorously defending its case, it is pursuing discussions with the US Government with a view to reaching a fair and reasonable settlement of the current legal cases. However, there is no guarantee that the parties can reach a mutually agreeable settlement.

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. 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 and decision on this appeal is currently pending.

Due to 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 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not contain all information and disclosures as required for full consolidated financial statements that are prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. For more details please refer to the consolidated financial statements for the year ended 31 December 2012.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") and all values are rounded to the nearest KD thousand except when otherwise indicated.

Changes in accounting policies and disclosures
The accounting policies used in the preparation of the 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 2012, except for the adoption of the following new and amended International Accounting Standards Board ("IASB") Standards effective as of 1 January 2013:

IFRS 7: Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendment)
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10: Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled and therefore, are required to be consolidated by the Group, compared with the requirements that were in IAS 27. The Group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the entity. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Once control is established, the standard requires the Group to start consolidating the investee from the date the investor obtains control of the investee and cease consolidation when the investor loses control of the investee. The management has concluded based on its assessment that the adoption of this standard does not have any material impact on the financial position or performance of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

IFRS 12: Disclosure of Interests in Other Entities
The standard includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgements made to determine whether it controls another entity. Many of these changes were introduced by the IASB in response to the financial crisis. Now, even if the Group concludes that it does not control an entity, the information used to make that judgement will be transparent to users of the financial statements to make their own assessment of the financial impact were the Group to reach a different conclusion regarding consolidation.

The Group will need to disclose more information about the consolidated and unconsolidated structure entities with which it is involved or has sponsored. The adoption of this standard does not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

IFRS 13: Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial information. The Group has provided these disclosures in Note 16. The other disclosures will be made in the annual consolidated financial statements.

IAS 1 Presentation of Financial Statements (Amendment)
The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to income statement at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The adoption of this standard has no effect on the financial position or performance of the Group and only resulted in presentation changes in the interim condensed consolidated statement of comprehensive income.

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements. An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed consolidated financial statements do not include a third balance sheet.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

IAS 19 Employee Benefits (Revised)
IAS 19 Employee Benefits ("IAS 19R") includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in income statement, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in income statement, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in income statement at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The effect of the adoption of IAS19R is explained in Note 4.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2013 did not have any material impact on the accounting policies, financial position or performance of the Group.

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.

4 IMPACT OF ADOPTION OF IAS 19R

As a result of previous acquisitions, the Group assumed responsibility for defined benefit plans for the employees of subsidiaries acquired. IAS 19R has been applied retrospectively from 31 August 2005, being the date on which the Group assumed responsibility for the defined benefit plans of these subsidiaries. The transition to IAS 19R had an impact on these net defined benefit plan obligations mainly due to the recognition of actuarial losses in other comprehensive income and the difference in accounting for interest on plan assets.

Under IAS 19R, actuarial gains and loss on the remeasurement of defined benefit plans are now immediately recognised in other comprehensive income ('other reserve'). The Group previously recognised actuarial gains and losses using the corridor approach in the interim condensed consolidated income statement when the cumulative unrecognised gain or loss exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets. Further, under IAS 19R, expected returns on plan assets of defined benefit plans are not recognised in interim condensed consolidated income statement. Instead, interest on net defined benefit obligation (net of the plan assets) is recognised in the interim condensed consolidated income statement, using the discount rate used to measure the net benefit obligation.

Following the adoption of IAS 19R, equity attributable to the equity holders of the Parent Company as at 1 January 2012 decreased by KD 16,067 thousand.

The following adjustments were made to the interim condensed consolidated financial information as at 31 December 2012 and as at and for the periods ended 30 September 2013 and 30 September 2012:

Interim condensed consolidated statement of financial position:

	30 September 2013 KD 000's	*(Audited) 31 December 2012 KD 000's*	*30 September 2012 KD 000's*
Decrease in other non-current assets	**(4,086)**	(4,070)	(3,300)
Increase in provision for employees end of service benefits	**16,116**	15,954	13,223
Net impact on equity	**(20,202)**	(20,024)	(16,523)
Attributable to:			
Equity holders of the Parent Company	**(20,202)**	(20,024)	(16,523)

4 IMPACT OF ADOPTION OF IAS 19R (continued)

Interim condensed consolidated income statement and other comprehensive income:

	Three months ended 30 September		*Nine months ended 30 September*	
	2013 KD 000's	*2012 KD 000's*	***2013 KD 000's***	*2012 KD 000's*
Increase in salaries and employees benefits	**(223)**	(152)	**(669)**	(456)
Decrease in profit for the period	**(223)**	(152)	**(669)**	(456)
Attributable to:				
Equity holders of the Parent Company	**(223)**	(152)	**(669)**	(456)
Foreign currency translation adjustments	**(758)**	(627)	**(171)**	(639)
Decrease in other comprehensive income	**(758)**	(627)	**(171)**	(639)
Decrease in total comprehensive income for the period	**(981)**	(779)	**(840)**	(1,095)
Attributable to:				
Equity holders of the Parent Company	**(981)**	(779)	**(840)**	(1,095)
Decrease in basic and diluted earnings per share – attributable to equity holders of the Parent Company	**(0.21) fils**	(0.15) fils	**(0.64) fils**	(0.44) fils

There was no material impact on the interim condensed consolidated statement of cash flows.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2013 KD 000's	*(Audited) 31 December 2012 KD 000's*	*30 September 2012 KD 000's*
Investment in an associate – outside Kuwait	**95,334**	94,741	81,264
Derivative instrument – outside Kuwait	**2,488**	2,467	-
Quoted equity securities:			
- In Kuwait	**36**	38	209
- Outside Kuwait	**27,448**	22,260	22,208
	125,306	119,506	103,681

During the year ended 31 December 2011, the Group (through its wholly owned subsidiary, a Venture Capital Organisation) jointly with France Telecom acquired 44% equity interest in Korek Telecom L.L.C. ("Korek Telecom"), a limited liability company incorporated in Iraq, via a joint company owned 54% by the Group and 46% by France Telecom. As a result, the Group owns 23.7% indirect interest in Korek Telecom.

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

The investment in Korek Telecom has been classified as an investment in an associate as the Group exercises significant influence over financial and operating policies of 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 requires investments held by Venture Capital Organisations to be excluded from its scope where those investments are designated, upon initial recognition, at fair value through profit and loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the consolidated statement of income in the period of change.

The Group has also provided an interest bearing loan to Korek Telecom which amounts to KD 28,315 thousand at 30 September 2013 (31 December 2012: KD 28,138 thousand and 30 September 2012: KD 28,086 thousand) (Note 14).

Derivative instrument represents an option to acquire equity interest in Telkom Kenya, a limited liability company incorporated in Kenya.

6 BANK BALANCES AND CASH

	30 September 2013 KD 000's	*(Audited) 31 December 2012 KD 000's*	*30 September 2012 KD 000's*
Cash at banks and in hand	**66,532**	76,242	48,289
Short term deposits	**26,375**	24,288	62,772
Cash and cash equivalents	**92,907**	100,530	111,061
Deposits with original maturities exceeding three months	**48,670**	42,928	24,354
	141,577	143,458	135,415

Included in bank balances and cash are balances amounting to KD 67,183 thousand (31 December 2012: KD 66,983 thousand and 30 September 2012: KD 73,553 thousand) held by banks in Kuwait whereas the balance of KD 74,394 thousand (31 December 2012: KD 76,475 thousand and 30 September 2012: KD 61,862 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 1.25% to 2% per annum (31 December 2012: 1.5% to 2.5% per annum and 30 September 2012: 1.5% to 2.5% per annum).

7 TREASURY SHARES

	30 September 2013	*(Audited) 31 December 2012*	*30 September 2012*
Number of treasury shares	**55,591,985**	52,938,640	52,938,640
Percentage of issued shares	**5.06%**	5.06%	5.06%
Market value in KD 000's	**39,470**	26,999	27,528

8 INTEREST BEARING LOANS

	30 September 2013 KD 000's	*(Audited) 31 December 2012 KD 000's*	*30 September 2012 KD 000's*
Committed Term Loan obtained from a local bank and is repayable in annual instalments commencing from December 2011.	**15,296**	15,183	15,167
Committed Term Loan obtained from a local bank in December 2012 and is repayable in annual instalments commencing from April 2013.	**24,500**	27,000	-
Uncommitted revolving facility obtained from local bank in June 2012.	-	-	27,000
Other loans	**32,543**	37,149	41,048
	72,339	79,332	83,215

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 62,149 thousand (31 December 2012: KD 64,419 thousand and 30 September 2012: KD 62,296 thousand) carry margin ranging from 0.03% to 5.64% per annum (31 December 2012: 1% to 2.5% per annum and 30 September 2012: 1% to 3% per annum) over the benchmark rates.

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

	Current Portion KD 000's	*Non-current portion KD 000's*	*Total KD 000's*
Balance at 30 September 2013	**34,041**	**38,298**	**72,339**
Balance at 31 December 2012 *(Audited)*	36,654	42,678	79,332
Balance at 30 September 2012	56,070	27,145	83,215

Included in interest bearing loans are loans amounting to KD 29,272 thousand (31 December 2012: KD 20,197 thousand and 30 September 2012: KD 20,833 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 24,500 thousand (31 December 2012: KD 27,000 and 30 September 2012: KD Nil) which is secured by a pledge of shares of a subsidiary.

8 INTEREST BEARING LOANS (continued)

Hedge of net investments in foreign operations

Included in interest bearing loans at 30 September 2013 are loans denominated in US$ (hedging instrument) of US$ 54,000 thousand (31 December 2012: US$ 54,000 thousand and 30 September 2012: 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 101 thousand (30 September 2012: foreign currency exchange loss of KD 103 thousand) were taken directly to other comprehensive income (hedging reserve).

9 TAXATION

	Three months ended 30 September		*Nine months ended 30 September*	
	2013 KD 000's	*2012 KD 000's*	***2013 KD 000's***	*2012 KD 000's*
National labour support tax (NLST)	**(318)**	(281)	**(884)**	(671)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	**(127)**	(112)	**(358)**	(268)
Zakat	**(127)**	(112)	**(354)**	(267)
Taxation on overseas subsidiaries	**(1,577)**	(1,867)	**(5,178)**	(4,049)
	(2,149)	(2,372)	**(6,774)**	(5,255)

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 shares outstanding during the period as follows:

	Three months ended 30 September		*Nine months ended 30 September*	
	2013 KD 000's	*2012 KD 000's (Restated)**	***2013 KD 000's***	*2012 KD 000's (Restated)**
Profit for the period attributable to equity holders of the Parent Company	**12,129**	9,599	**33,766**	24,195
	Shares	*Shares*	***Shares***	*Shares*
Weighted average number of paid up shares	**1,099,178,539**	1,099,178,539	**1,099,178,539**	1,099,178,539
Weighted average number of treasury shares	**(55,591,985)**	(55,591,985)	**(55,591,985)**	(52,143,655)
Weighted average number of outstanding shares	**1,043,586,554**	1,043,586,554	**1,043,586,554**	1,047,034,884
Basic and diluted earnings per share – attributable to equity holders of the Parent Company	**11.62 fils**	9.20 fils	**32.36 fils**	23.11 fils

* Basic and diluted earnings per share for the comparative periods presented have been restated to reflect the adoption of IAS 19R (Note 4) and the issue of bonus shares during the period (Note 11).

11 SHARE CAPITAL AND DIVIDENDS

On 30 May 2013, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2012 and approved cash dividend of 30 fils per share (2011: 30 fils per share) and bonus shares at 5% (equivalent to 5 shares per 100 shares held) (2011: Nil).

On 26 June 2013, the shareholders at the extraordinary general assembly meeting of the Parent Company, approved the increase in authorised share capital from 1,046,836,709 shares to 1,099,178,539 shares (nominal value of each share is 100 fils).

The issue of bonus shares resulted in an increase in the issued and paid up share capital by 52,341,834 shares from 1,046,836,705 shares as at 31 December 2012 to 1,099,178,539 shares as at 30 September 2013.

12 ACQUISITION OF NON-CONTROLLING INTERESTS

During the period, the Group acquired an additional 49.75% equity interest in Agility Company LLC ("Agility Saudi"), a company registered in Saudi Arabia, for a total consideration of KD 5,725 thousand. The total consideration is made up of cash of KD 3,727 thousand (of which KD 2,968 thousand has been paid during the period) and a portion of land with a fair value of KD 1,998 thousand in Saudi Arabia. Following the acquisition of this additional equity interest, the Group's equity interest in Agility Saudi increased to 100%. As a result of this acquisition, an amount of KD 10,018 thousand has been recorded in the 'other reserve'.

13 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	30 September 2013 KD 000's	*(Audited) 31 December 2012 KD 000's*	*30 September 2012 KD 000's*
Letters of guarantee	**90,700**	90,997	91,581
Operating lease commitments	**32,447**	38,135	33,391
Capital commitments	**4,899**	4,867	4,859
	128,046	133,999	129,831

Included in letters of guarantee are bank guarantees of KD 31,405 thousand (31 December 2012: KD 31,405 thousand and 30 September 2012: 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.

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.

13 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) Freight forwarding business – investigation (continued)
In July 2009, a subsidiary was named as a defendant in a class action lawsuit filed in the Eastern District of New York, along with a number of other freight forwarding companies, regarding surcharges and fees for services. In November 2009, the defendants filed motions to dismiss the claims that are currently pending before the court. On 13 August 2012, the court granted in part and denied in part the defendants' motions to dismiss and dismissed all but one of the claims asserted in the complaint. The court also granted the plaintiffs' leave to file an amended complaint. Plaintiffs filed a Third Amended Class Action Complaint on 15 November 2012. The defendants filed motion to dismiss plaintiffs' claims on 27 February 2013 and oral argument was held on the motions on 13 June 2013. On 20 September 2013, the Magistrate issued a Reports & Recommendation ("Report") on the motions, recommending that the District Court grant them in part and deny them in part. The Report is currently under seal. The ultimate outcome of this litigation is uncertain at this time.

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 June 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 December 2011, the Competition Commission Singapore (CCS) opened an investigation in to 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 September 2013, 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) Lease agreements
On 27 November 2006, based on the recommendation by the Ministers' Council, the Minister of Commerce & Industry issued the Resolution No. 30/2006 to terminate three contracts between the Parent Company and the Public Authority of Industry (PAI) for leasing of land in Mina Abdulla Zone, Kuwait.

The Parent Company protested against this order through case No. 940/2006 "Administrative". In the Hearing held on 25 December 2006, the Court of first instance pronounced its ruling to repeal the aforesaid Resolution of the Minister of Commerce & Industry and its resultant impacts, which was also subsequently confirmed by the Court of appeal. The Ministry filed an appeal at the Supreme Court on which the Supreme Court issued a ruling on 4 May 2010, rejecting the Ministry's appeal and confirming the previous ruling in favour of the Parent Company.

However, the Government of Kuwait requested the Board of PAI to hold a meeting chaired by the Minister of Commerce & Industry, which issued another resolution No. 1/2007 to terminate the same contracts which were subject of the previous resolution. The Parent Company again protested against the above resolution through case No. 36/2007 at the Court of First Instance which ruled in favour of the Parent Company cancelling the aforesaid resolution of the PAI.

The PAI appealed against the above ruling at the Court of Appeal which pronounced its judgement in its favour on 20 February 2012 cancelling the ruling of Court of First Instance and confirming the termination of the three contracts.

On 30 January 2013, the Supreme Court issued its final ruling which affirmed the decision of the Court of Appeal and confirmed the termination of the contracts between the Parent Company and PAI. As a result of this ruling, the Parent Company lost the rights to use the properties. The Parent Company had suspended recognising revenue on the aforementioned contracts since the inception of the case and had recognised impairment provision in respect of these properties during the year ended 31 December 2012.

13 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(c) 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. Pursuant to this resolution, GAC called the above guarantee during the year ended 31 December 2007. This Resolution is being appealed through case No. 224/2007 "Administrative - 7".

The Parent Company (after consulting the external counsel) is of the opinion that the purported violations against which a portion of the bank guarantee provided was encashed, are not in accordance with the contract, and a verdict shall be issued in favour of the Parent Company to return the encashed portion of the guarantee plus interest of 7%. In 2009, the Parent Company obtained a report from the expert department of Ministry of Justice on this matter which was in favour of the Parent Company in respect of most of the issues arising from the case. Accordingly, no expense is recorded in the interim condensed consolidated income statement.

(d) 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.

14 RELATED PARTY TRANSACTIONS

As per the International Accounting Standard (IAS) 24: Related Party Disclosures, 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:

			Nine month ended 30 September	
	Major shareholders KD 000's	*Other related Parties KD 000's*	***2013 Total KD 000's***	*2012 Total KD 000's*
Interim condensed consolidated income statement				
Revenues	-	800	**800**	790
General and administrative expenses	(47)	(39)	**(86)**	(100)
Interest income	-	2,434	**2,434**	2,446
Finance costs	-	(681)	**(681)**	(600)

	Major shareholders KD 000's	*Other related parties KD 000's*	***30 September 2013 Total KD 000's***	*(Audited) 31 December 2012 Total KD 000's*	*30 September 2012 Total KD 000's*
Interim condensed consolidated statement of financial position					
Advance to a related party	5,000	-	**5,000**	5,000	5,000
Amounts due from related parties	-	218	**218**	213	121
Loan to an associate (Note 5)	-	28,315	**28,315**	28,138	28,086
Amounts due to related parties	47	14,683	**14,730**	20,196	21,123

14 RELATED PARTY TRANSACTIONS (continued)

Advance to a related party amounting to KD 5,000 thousand (31 December 2012: KD 5,000 thousand and 30 September 2012: KD 5,000 thousand) represents amount paid to acquire an investment.

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 the amounts due to related parties carry an interest of 6.5% per annum (31 December 2012: 6.5% per annum and 30 September 2012: 6.5% per annum).

Compensation of key management personnel	*Nine months ended 30 September*	
	2013	*2012*
	KD 000's	*KD 000's*
Short-term benefits	**1,161**	1,107

15 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, airport and airplane ground handling and cleaning services, customs consulting, private equity and waste recycling.

Nine months ended 30 September 2013	*Logistics and related services* *KD 000's*	*Infrastructure* *KD 000's*	*Adjustments and eliminations* *KD 000's*	***Total*** ***KD 000's***
Revenues				
External customers	**862,053**	**172,444**	**-**	**1,034,497**
Inter-segment	**86**	**5,611**	**(5,697)**	**-**
Total revenues	**862,139**	**178,055**	**(5,697)**	**1,034,497**
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	**19,053**	**50,662**	**(828)**	**68,887**
Depreciation				**(19,426)**
Amortisation				**(2,707)**
Profit before interest, taxation and Directors' remuneration (EBIT)				**46,754**
Interest income				**3,960**
Finance costs				**(5,288)**
Profit before taxation and Directors' remuneration				**45,426**
Taxation and Directors' remuneration				**(6,869)**
Profit for the period				**38,557**

15 OPERATING SEGMENT INFORMATION (continued)

Nine months ended 30 September 2012 (restated)	*Logistics and related services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenues				
External customers	862,504	171,571	-	1,034,075
Inter-segment	3,121	3,419	(6,540)	-
Total revenues	865,625	174,990	(6,540)	1,034,075
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	14,191	40,406	1,492	56,089
Depreciation				(20,951)
Amortisation				(1,288)
Profit before interest, taxation and Directors' remuneration (EBIT)				33,850
Interest income				4,883
Finance costs				(4,945)
Profit before taxation and Directors' remuneration				33,788
Taxation and Directors' remuneration				(5,349)
Profit for the period				28,439

16 FAIR VALUES OF FINANCIAL INSTRUMENTS

As at the reporting date, the fair value of the Group's financial assets (with the exception of financial assets available for sale carried at cost amounting to KD 23,525 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 as at 30 September 2013:

	Level 1 KD'000	**Level: 3 KD'000**	**Total KD'000**
Financial assets at fair value through profit or loss:			
Investment in an associate	-	**95,334**	**95,334**
Derivative instruments	-	**2,488**	**2,488**
Quoted equity securities	**27,484**	-	**27,484**
	27,484	**97,822**	**125,306**

There was no material movement in the level 3 financial instruments balance during the period. Also, the calculation of fair value of level 3 financial instruments is not materially sensitive to changes in assumptions.