

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2015 (UNAUDITED)**



## **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 31 March 2015 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three 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 107,649 thousand in the interim condensed consolidated statement of financial position as at 31 March 2015. We were unable to obtain sufficient appropriate audit evidence about the fair value of the investment in Korek Telecom as at 31 March 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.

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)**

**Report on review of interim condensed consolidated financial information (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.

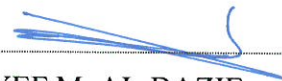
Our conclusion is not further qualified in respect of the matters set out above.

**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 three months period ended 31 March 2015 that might have had a material effect on the business of the Parent Company or on its financial position.



WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS



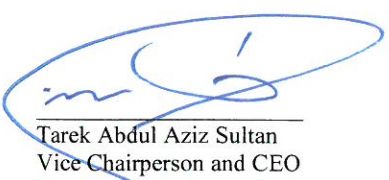
NAYEF M. AL-BAZIE  
LICENCE NO. 91 A  
RSM Albazie & Co.

21 May 2015  
Kuwait

Agility Public Warehousing Company K.S.C. P. and Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION**

As at 31 March 2015 (Unaudited)

|                                                            |                  | <i>(Audited)</i>   |                  |
|------------------------------------------------------------|------------------|--------------------|------------------|
|                                                            | <i>31 March</i>  | <i>31 December</i> | <i>31 March</i>  |
|                                                            | <i>2015</i>      | <i>2014</i>        | <i>2014</i>      |
|                                                            | <i>KD 000's</i>  | <i>KD 000's</i>    | <i>KD 000's</i>  |
| <i>Notes</i>                                               |                  |                    |                  |
| <b>ASSETS</b>                                              |                  |                    |                  |
| <b>Non-current assets</b>                                  |                  |                    |                  |
| Property, plant and equipment                              | 180,316          | 175,739            | 170,605          |
| Projects in progress                                       | 30,943           | 27,441             | 25,714           |
| Investment properties                                      | 237,326          | 237,189            | 213,922          |
| Intangible assets                                          | 36,701           | 33,699             | 36,254           |
| Goodwill                                                   | 248,450          | 246,890            | 244,914          |
| Investment in associates                                   | 4 36,583         | 37,182             | 33,553           |
| Financial assets at fair value through profit or loss      | 5 107,685        | 105,184            | 101,139          |
| Financial assets available for sale                        | 25,270           | 23,927             | 22,755           |
| Other non-current assets                                   | 42,373           | 36,952             | 39,190           |
| Loan to an associate                                       | 5 29,986         | 29,289             | 28,163           |
| <b>Total non-current assets</b>                            | <b>975,633</b>   | <b>953,492</b>     | <b>916,209</b>   |
| <b>Current assets</b>                                      |                  |                    |                  |
| Inventories                                                | 16,202           | 19,695             | 17,274           |
| Trade receivables                                          | 267,622          | 270,602            | 259,845          |
| Other current assets                                       | 82,894           | 74,976             | 82,213           |
| Bank balances and cash                                     | 6 146,426        | 133,597            | 158,730          |
| <b>Total current assets</b>                                | <b>513,144</b>   | <b>498,870</b>     | <b>518,062</b>   |
| <b>TOTAL ASSETS</b>                                        | <b>1,488,777</b> | <b>1,452,362</b>   | <b>1,434,271</b> |
| <b>EQUITY AND LIABILITIES</b>                              |                  |                    |                  |
| <b>EQUITY</b>                                              |                  |                    |                  |
| Share capital                                              | 13 115,414       | 115,414            | 109,918          |
| Share premium                                              | 152,650          | 152,650            | 152,650          |
| Statutory reserve                                          | 57,707           | 57,707             | 54,959           |
| Treasury shares                                            | 7 (45,038)       | (45,038)           | (45,038)         |
| Treasury shares reserve                                    | 44,366           | 44,366             | 44,366           |
| Foreign currency translation reserve                       | (8,011)          | (16,934)           | (26,253)         |
| Hedging reserve                                            | (18,026)         | (20,463)           | (17,045)         |
| Investment revaluation reserve                             | 201              | 197                | 80               |
| Other reserves                                             | (29,248)         | (29,248)           | (24,818)         |
| Retained earnings                                          | 642,237          | 630,419            | 640,806          |
| <b>Equity attributable to equity holders of the Parent</b> |                  |                    |                  |
| Company                                                    | 912,252          | 889,070            | 889,625          |
| Non-controlling interests                                  | 24,638           | 22,041             | 20,739           |
| <b>Total equity</b>                                        | <b>936,890</b>   | <b>911,111</b>     | <b>910,364</b>   |
| <b>LIABILITIES</b>                                         |                  |                    |                  |
| <b>Non-current liabilities</b>                             |                  |                    |                  |
| Interest bearing loans                                     | 8 34,447         | 26,204             | 36,440           |
| Provision for employees' end of service benefits           | 36,640           | 36,938             | 32,633           |
| Other non-current liabilities                              | 29,522           | 30,069             | 29,802           |
| <b>Total non-current liabilities</b>                       | <b>100,609</b>   | <b>93,211</b>      | <b>98,875</b>    |
| <b>Current liabilities</b>                                 |                  |                    |                  |
| Interest bearing loans                                     | 8 42,211         | 47,117             | 33,933           |
| Trade and other payables                                   | 401,324          | 392,865            | 383,877          |
| Dividends payable                                          | 7,743            | 8,058              | 7,222            |
| <b>Total current liabilities</b>                           | <b>451,278</b>   | <b>448,040</b>     | <b>425,032</b>   |
| <b>Total liabilities</b>                                   | <b>551,887</b>   | <b>541,251</b>     | <b>523,907</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>1,488,777</b> | <b>1,452,362</b>   | <b>1,434,271</b> |

  
Tarek Abdul Aziz Sultan  
Vice Chairperson and CEO

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

**Agility Public Warehousing Company K.S.C.P. and Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the period ended 31 March 2015 (Unaudited)

|                                                                                                          |              | <i>Three months ended<br/>31 March</i> |                          |
|----------------------------------------------------------------------------------------------------------|--------------|----------------------------------------|--------------------------|
|                                                                                                          | <i>Notes</i> | <i>2015<br/>KD 000's</i>               | <i>2014<br/>KD 000's</i> |
| <b>Revenues</b>                                                                                          |              |                                        |                          |
| Logistics and freight forwarding revenues                                                                |              | 282,346                                | 285,925                  |
| Rental revenues                                                                                          |              | 11,761                                 | 11,148                   |
| Other services                                                                                           |              | 24,032                                 | 17,209                   |
| <b>Total revenues</b>                                                                                    |              | <b>318,139</b>                         | <b>314,282</b>           |
| <b>Cost of revenues</b>                                                                                  |              | <b>(224,327)</b>                       | <b>(223,482)</b>         |
| <b>Net revenues</b>                                                                                      |              | <b>93,812</b>                          | <b>90,800</b>            |
| General and administrative expenses                                                                      |              | (26,539)                               | (23,850)                 |
| Salaries and employee benefits                                                                           |              | (46,909)                               | (47,084)                 |
| Share of results of associates                                                                           | 4            | 552                                    | 199                      |
| Unrealised gain on financial assets at fair value through profit or loss                                 |              | -                                      | 925                      |
| Miscellaneous income                                                                                     |              | 2,483                                  | 1,495                    |
| <b>Profit before interest, taxation, depreciation, amortisation and Director's remuneration (EBITDA)</b> |              | <b>23,399</b>                          | <b>22,485</b>            |
| Depreciation                                                                                             |              | (6,317)                                | (6,013)                  |
| Amortisation                                                                                             |              | (943)                                  | (902)                    |
| <b>Profit before interest, taxation and Directors' remuneration (EBIT)</b>                               |              | <b>16,139</b>                          | <b>15,570</b>            |
| Interest income                                                                                          |              | 1,175                                  | 1,220                    |
| Finance costs                                                                                            |              | (1,616)                                | (1,694)                  |
| <b>Profit before taxation and Directors' remuneration</b>                                                |              | <b>15,698</b>                          | <b>15,096</b>            |
| Taxation                                                                                                 | 9            | (1,777)                                | (2,070)                  |
| Directors' remuneration                                                                                  |              | (35)                                   | (22)                     |
| <b>PROFIT FOR THE PERIOD</b>                                                                             |              | <b>13,886</b>                          | <b>13,004</b>            |
| <b>Attributable to:</b>                                                                                  |              |                                        |                          |
| Equity holders of the Parent Company                                                                     |              | 11,818                                 | 11,237                   |
| Non-controlling interests                                                                                |              | 2,068                                  | 1,767                    |
|                                                                                                          |              | <b>13,886</b>                          | <b>13,004</b>            |
| <b>BASIC AND DILUTED EARNINGS PER SHARE – attributable to equity holders of the Parent Company</b>       | 10           | <b>10.79 fils</b>                      | <b>10.26 fils</b>        |

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2015 (Unaudited)

|                                                                                                              | <i>Three months ended<br/>31 March</i> |                                |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------|
|                                                                                                              | <b>2015</b><br><b>KD 000's</b>         | <b>2014</b><br><b>KD 000's</b> |
| <b>Profit for the period</b>                                                                                 | <b>13,886</b>                          | <b>13,004</b>                  |
| <b>Other comprehensive income:</b>                                                                           |                                        |                                |
| <i>Other comprehensive to be reclassified to consolidated statement of income<br/>in subsequent periods:</i> |                                        |                                |
| - Net change in fair values of financial assets available for sale                                           | <b>4</b>                               | -                              |
| - Foreign currency translation adjustments                                                                   | <b>9,452</b>                           | 680                            |
| - Net (loss) gain on hedge of net investments (Note 8)                                                       | <b>(373)</b>                           | 45                             |
| - Net gain on terminating cash flow hedges                                                                   | <b>2,810</b>                           | -                              |
| <b>Other comprehensive income</b>                                                                            | <b>11,893</b>                          | <b>725</b>                     |
| <b>Total comprehensive income for the period</b>                                                             | <b>25,779</b>                          | <b>13,729</b>                  |
| <b>Attributable to:</b>                                                                                      |                                        |                                |
| Equity holders of the Parent Company                                                                         | <b>23,182</b>                          | 12,099                         |
| Non-controlling interests                                                                                    | <b>2,597</b>                           | 1,630                          |
|                                                                                                              | <b>25,779</b>                          | <b>13,729</b>                  |

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

**Agility Public Warehousing Company K.S.C.P. and Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended 31 March 2015 (Unaudited)

|       |  | Three months ended<br>31 March |                  |
|-------|--|--------------------------------|------------------|
|       |  | 2015<br>KD 000's               | 2014<br>KD 000's |
| Notes |  |                                |                  |
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The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2015 (Unaudited)

|                                           | Attributable to equity holders of the Parent Company |                              |                                  |                                |                                |                                           |                                                |                                |                                                  |                              |                                  | Non-<br>controlling<br>interests | Total<br>equity |
|-------------------------------------------|------------------------------------------------------|------------------------------|----------------------------------|--------------------------------|--------------------------------|-------------------------------------------|------------------------------------------------|--------------------------------|--------------------------------------------------|------------------------------|----------------------------------|----------------------------------|-----------------|
|                                           | Foreign                                              |                              |                                  |                                |                                |                                           |                                                |                                |                                                  |                              |                                  |                                  |                 |
|                                           | Share<br>capital<br>KD 000's                         | Share<br>premium<br>KD 000's | Statutory<br>reserve<br>KD 000's | Treasury<br>shares<br>KD 000's | Treasury<br>shares<br>KD 000's | Treasury<br>shares<br>reserve<br>KD 000's | currency<br>translation<br>reserve<br>KD 000's | Hedging<br>reserve<br>KD 000's | Investment<br>revaluation<br>reserve<br>KD 000's | Other<br>reserve<br>KD 000's | Retained<br>earnings<br>KD 000's | Sub total<br>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                     | -                                                    | -                            | -                                | -                              | -                              | -                                         | -                                              | -                              | -                                                | 11,818                       | 11,818                           | 2,068                            | 13,886          |
| Other comprehensive income                | -                                                    | -                            | -                                | -                              | -                              | 8,923                                     | 2,437                                          | 4                              | -                                                | -                            | 11,364                           | 529                              | 11,893          |
| Total comprehensive income for the period | -                                                    | -                            | -                                | -                              | -                              | 8,923                                     | 2,437                                          | 4                              | -                                                | 11,818                       | 23,182                           | 2,597                            | 25,779          |
| As at 31 March 2015                       | 115,414                                              | 152,650                      | 57,707                           | (45,038)                       | 44,366                         | (8,011)                                   | (18,026)                                       | 201                            | (29,248)                                         | 642,237                      | 912,252                          | 24,638                           | 936,890         |
| 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                     | -                                                    | -                            | -                                | -                              | -                              | -                                         | -                                              | -                              | -                                                | 11,237                       | 11,237                           | 1,767                            | 13,004          |
| Other comprehensive income                | -                                                    | -                            | -                                | -                              | -                              | 817                                       | 45                                             | -                              | -                                                | -                            | 862                              | (137)                            | 725             |
| Total comprehensive income for the period | -                                                    | -                            | -                                | -                              | -                              | 817                                       | 45                                             | -                              | -                                                | 11,237                       | 12,099                           | 1,630                            | 13,729          |
| As at 31 March 2014                       | 109,918                                              | 152,650                      | 54,959                           | (45,038)                       | 44,366                         | (26,253)                                  | (17,045)                                       | 80                             | (24,818)                                         | 640,806                      | 889,625                          | 20,739                           | 910,364         |

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

### 1 CORPORATE INFORMATION

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

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively, the "Group") was authorised for issue by the Board of Directors on 14 May 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.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 29 March 2015 and are issued subject to the approval of the Ordinary General Assembly of the shareholders' of the Parent Company which has not been held to date. The Ordinary General Assembly of the shareholders has the power to amend these consolidated financial statements after issuance

### 2 SUBSISTENCE PRIME VENDOR AND OTHER CONTRACTS - US INVESTIGATION

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

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

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

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION

As at 31 March 2015 (Unaudited)

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

During 2011, the US Government collected KD 4.7 million out of the above claim by offsetting payments due on the Group's other US Government contracts. The Parent Company, on 19 April 2011, also filed an affirmative claim for approximately KD 13 million owed by the US Government under the contract which was denied by the Contracting Officer on 15 December 2011. The Parent Company filed an appeal before the ASBCA. On 26 August 2013, the US Government moved to dismiss the appeal which was granted by the ASBCA on 10 December 2014. On 8 April 2015, 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").

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.

**Changes in accounting policies and disclosures**

**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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Standards issued but not yet effective (continued)**

*IFRS 15: Revenue from Contracts with customers*

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

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

**4 INVESTMENT IN ASSOCIATES**

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

|                                                                           | (Audited)        |                     |                  |
|---------------------------------------------------------------------------|------------------|---------------------|------------------|
|                                                                           | 31 March<br>2015 | 31 December<br>2014 | 31 March<br>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<br>profit or loss | -                | 28,698              | 28,698           |
| Additions                                                                 | -                | 5,294               | 3,292            |
| Share of results                                                          | 552              | 2,136               | 199              |
| Dividend received                                                         | (1,242)          | (1,110)             | (1,110)          |
| Foreign currency translation adjustments                                  | 91               | (169)               | 141              |
| As at 31 March 2015                                                       | <u>36,583</u>    | <u>37,182</u>       | <u>33,553</u>    |

**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                             | (Audited)        |                     |                  |
|---------------------------------------------|------------------|---------------------|------------------|
|                                             | 31 March<br>2015 | 31 December<br>2014 | 31 March<br>2014 |
|                                             | KD 000's         | KD 000's            | KD 000's         |
| Investment in an associate – outside Kuwait | 107,649          | 105,148             | 101,103          |
| Quoted equity securities:                   |                  |                     |                  |
| - In Kuwait                                 | 36               | 36                  | 36               |
|                                             | <u>107,685</u>   | <u>105,184</u>      | <u>101,139</u>   |

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

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

The Group (through its wholly owned subsidiary, a Venture Capital Organisation) owns 23.7% indirect interest in Korek Telecom L.L.C. ("Korek Telecom"). The investment in Korek Telecom is classified as investment in an associate as the Group exercises significant influence over Korek Telecom. As this associate is held as part of Venture Capital Organization's investment portfolio, it is carried in the interim condensed consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 "Investment in Associates" which allows investments held by Venture Capital Organisations to be accounted for at fair value through profit or loss in accordance with IAS 39, with changes in fair value recognised in the interim condensed consolidated income statement in the period of change. The Group's management was unable to determine the fair value of this investment as at 31 March 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 359million equivalent to KD 107,649 thousand (31 December 2014: KD 105,148 thousands).

The Group has also provided an interest bearing loan to Korek Telecom which amounts to KD 29,986 thousand at 31 March 2015 (31 December 2014: KD 29,289 thousand and 31 March 2014: KD 28,163 thousand) (Note 12).

### 6 BANK BALANCES AND CASH

|                                                          | <b>31 March<br/>2015<br/>KD 000's</b> | <b>(Audited)<br/>31 December<br/>2014<br/>KD 000's</b> | <b>31 March<br/>2014<br/>KD 000's</b> |
|----------------------------------------------------------|---------------------------------------|--------------------------------------------------------|---------------------------------------|
| Cash at banks and in hand                                | <b>78,875</b>                         | 76,709                                                 | 69,011                                |
| Short term deposits                                      | <b>32,927</b>                         | 20,279                                                 | 21,122                                |
| <b>Cash and cash equivalents</b>                         | <b>111,802</b>                        | 96,988                                                 | 90,133                                |
| Deposits with original maturities exceeding three months | <b>34,624</b>                         | 36,609                                                 | 68,597                                |
|                                                          | <b>146,426</b>                        | 133,597                                                | 158,730                               |

Included in bank balances and cash are balances amounting to KD 54,007 thousand (31 December 2014: KD 48,368 thousand and 31 March 2014: KD 80,822 thousand) held by banks in Kuwait whereas the balance of KD 92,419 thousand (31 December 2014: KD 85,229 thousand and 31 March 2014: KD 77,908 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 2.00% per annum (31 December 2014: 1% to 2% per annum and 31 March 2014: 1.25% to 2% per annum).

### 7 TREASURY SHARES

|                             | <b>31 March<br/>2015</b> | <b>(Audited)<br/>31 December<br/>2014</b> | <b>31 March<br/>2014</b> |
|-----------------------------|--------------------------|-------------------------------------------|--------------------------|
| Number of treasury shares   | <b>58,377,670</b>        | 58,377,670                                | 55,591,985               |
| Percentage of issued shares | <b>5.06%</b>             | 5.06%                                     | 5.06%                    |
| Market value in KD 000's    | <b>44,951</b>            | 43,199                                    | 42,249                   |

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

### 8 INTEREST BEARING LOANS

|                                                                                                                      | <i>31 March<br/>2015<br/>KD 000's</i> | <i>(Audited)<br/>31 December<br/>2014<br/>KD 000's</i> | <i>31 March<br/>2014<br/>KD 000's</i> |
|----------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------|---------------------------------------|
| Committed Term Loan obtained from a local bank and is repayable in annual instalments commencing from December 2011. | 16,190                                | 15,816                                                 | 15,208                                |
| Committed Term Loan obtained from a local bank and is repayable in annual instalments commencing from April 2013.    | 22,000                                | 22,000                                                 | 24,500                                |
| Other loans                                                                                                          | 38,468                                | 35,505                                                 | 30,665                                |
|                                                                                                                      | <u>76,658</u>                         | <u>73,321</u>                                          | <u>70,373</u>                         |

#### *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 66,365 thousand (31 December 2014: KD 69,467 thousand and 31 March 2014: KD 67,025 thousand) carry margin ranging from 0.3% to 4% per annum (31 December 2014: 0.3% to 4% per annum and 31 March 2014: 0.5 % to 3.5% per annum) over the benchmark rates.

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

|                                 | <i>Current<br/>Portion<br/>KD 000's</i> | <i>Non-current<br/>Portion<br/>KD 000's</i> | <i>Total<br/>KD 000's</i> |
|---------------------------------|-----------------------------------------|---------------------------------------------|---------------------------|
| <b>Balance at 31 March 2015</b> | <u>42,211</u>                           | <u>34,447</u>                               | <u>76,658</u>             |
| Balance at 31 December 2014     | <u>47,117</u>                           | <u>26,204</u>                               | <u>73,321</u>             |
| Balance at 31 March 2014        | <u>33,933</u>                           | <u>36,440</u>                               | <u>70,373</u>             |

Included in interest bearing loans are loans amounting to KD 32,319 thousand (31 December 2014: KD 24,993 thousand and 31 March 2014: KD 27,018 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 22,000 thousand (31 December 2014: KD 22,000 thousand and 31 March 2014: KD 24,500 thousand) which is secured by a pledge of shares of a subsidiary.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

### 8 INTEREST BEARING LOANS(continued)

#### *Hedge of net investments in foreign operations*

Included in interest bearing loans at 31 March 2015 are loans denominated in US\$ (hedging instrument) of US\$ 54,000 thousand (31 December 2014: US\$ 54,000 thousand and 31 March 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 373 thousand (31 December 2014: KD 563 and 31 March 2014: gain of KD 45 thousand) were taken to other comprehensive income (hedging reserve).

### 9 TAXATION

|                                                                          | <i>Three months ended<br/>31 March</i> |                          |
|--------------------------------------------------------------------------|----------------------------------------|--------------------------|
|                                                                          | <i>2015<br/>KD 000's</i>               | <i>2014<br/>KD 000's</i> |
| National labour support tax (NLST)                                       | 323                                    | 294                      |
| Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | 129                                    | 118                      |
| Zakat                                                                    | 129                                    | 118                      |
| Taxation on overseas subsidiaries                                        | 1,196                                  | 1,540                    |
|                                                                          | <u>1,777</u>                           | <u>2,070</u>             |

### 10 BASIC AND DILUTED EARNINGS PER SHARE

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

|                                                                                             | <i>Three months ended<br/>31 March</i> |                                          |
|---------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------|
|                                                                                             | <i>2015<br/>KD 000's</i>               | <i>2014<br/>KD 000's<br/>(Restated)*</i> |
| Profit for the period attributable to equity holders of the Parent Company                  | <u>11,818</u>                          | <u>11,237</u>                            |
|                                                                                             | <i>Shares</i>                          | <i>Shares</i>                            |
| Weighted average number of paid up shares                                                   | 1,154,137,464                          | 1,154,137,464                            |
| Weighted average number of treasury shares                                                  | (58,377,670)                           | (58,377,670)                             |
| Weighted average number of outstanding shares                                               | <u>1,095,759,794</u>                   | <u>1,095,759,794</u>                     |
| Basic and diluted earnings per share - attributable to equity holders of the Parent Company | <u>10.79 fils</u>                      | <u>10.26 fils</u>                        |

As there are not 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).

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION

As at 31 March 2015 (Unaudited)

**11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

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

|                             | <b>31 March<br/>2015<br/>KD 000's</b> | <b>(Audited)<br/>31 December<br/>2014<br/>KD 000's</b> | <b>31 March<br/>2014<br/>KD 000's</b> |
|-----------------------------|---------------------------------------|--------------------------------------------------------|---------------------------------------|
| Letters of guarantee        | <b>106,324</b>                        | 113,042                                                | 90,967                                |
| Operating lease commitments | <b>32,697</b>                         | 32,564                                                 | 33,051                                |
| Capital commitments         | <b>4,083</b>                          | 4,155                                                  | 3,836                                 |
|                             | <b>143,104</b>                        | 149,761                                                | 127,854                               |

Included in letters of guarantee are bank guarantees of KD 31,405 thousand (31 December 2014: KD 31,405 thousand and 31 March 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.

**Legal claims**

*(a) Freight forwarding business - investigation*

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

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

In August 2010, the Brazilian competition authority ("CADE") opened an investigation into the activities of the freight forwarding industry which included the Parent Company. The investigation is currently ongoing. The Brazilian competition authority purported to serve a notice on the Parent Company through its Brazilian subsidiary. The Parent Company has to date rejected the validity of service of the notice. However, the Brazilian competition authority has indicated 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 is yet to pronounce its judgment.

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 31 March 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.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

### 11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

#### Legal claims (continued)

##### (b) Guarantee encashment (continued)

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

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

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

##### (c) KGL Litigation

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

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

### 12 RELATED PARTY TRANSACTIONS

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

Transactions and balances with related parties are as follows:

|                                                            | Major<br>shareholders<br>KD 000's | Other related<br>parties<br>KD 000's | Three month ended<br>31 March |                           |
|------------------------------------------------------------|-----------------------------------|--------------------------------------|-------------------------------|---------------------------|
|                                                            |                                   |                                      | 2015<br>Total<br>KD 000's     | 2014<br>Total<br>KD 000's |
| <b>Interim condensed consolidated<br/>income statement</b> |                                   |                                      |                               |                           |
| Revenues                                                   | -                                 | 228                                  | <b>228</b>                    | 219                       |
| General and administrative expenses                        | (17)                              | (8)                                  | <b>(25)</b>                   | (26)                      |
| Interest income                                            | -                                 | 833                                  | <b>833</b>                    | 793                       |
| Finance costs                                              | -                                 | (273)                                | <b>(273)</b>                  | (237)                     |

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

### 12 RELATED PARTY TRANSACTIONS (continued)

|                                                                |              |               |          | (Audited)   |          |
|----------------------------------------------------------------|--------------|---------------|----------|-------------|----------|
|                                                                | Major        | Other related | 31 March | 31 December | 31 March |
|                                                                | shareholders | parties       | 2015     | 2014        | 2014     |
|                                                                | KD 000's     | KD 000's      | Total    | Total       | Total    |
| Interim condensed consolidated statement of financial position |              |               | KD 000's | KD 000's    | KD 000's |
| Advance to related parties                                     | 6,621        | -             | 6,621    | 6,055       | 5,000    |
| Amounts due from related parties                               | -            | 48            | 48       | 47          | 246      |
| Loan to an associate (Note 5)                                  | -            | 29,986        | 29,986   | 29,289      | 28,163   |
| Amounts due to related parties                                 | 235          | 16,882        | 17,117   | 16,556      | 15,278   |

Advance to related parties amounting to KD 6,621 thousand (31 December 2014: KD 6,055 thousand and 31 March 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 31 March 2014: 6.5 % per annum).

### Compensation of key management personnel

|                     | Three months ended<br>31 March |          |
|---------------------|--------------------------------|----------|
|                     | 2015                           | 2014     |
|                     | KD 000's                       | KD 000's |
| Short-term benefits | 404                            | 355      |

### 13 PROPOSED DIVIDEND

On 29 March 2015, Board of Directors of the Parent Company, recommended a cash dividend of 35 fils per share (2013: 40 fils per share) and bonus shares at 5% (2013: 5%) in respect of the year ended 31 December 2014, this proposal is subject to approval by the shareholders at the Annual General Assembly of the Parent Company.

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

### 14 OPERATING SEGMENT INFORMATION (continued)

| Three months ended 31 March 2015                                                                        | Logistics<br>and<br>related services<br>KD 000's | Infrastructure<br>KD 000's | Adjustments<br>and<br>eliminations<br>KD 000's | Total<br>KD 000's |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------|------------------------------------------------|-------------------|
| <b>Revenues</b>                                                                                         |                                                  |                            |                                                |                   |
| External customers                                                                                      | 247,882                                          | 70,257                     | -                                              | 318,139           |
| Inter-segment                                                                                           | 80                                               | 1,956                      | (2,036)                                        | -                 |
| <b>Total revenues</b>                                                                                   | <b>247,962</b>                                   | <b>72,213</b>              | <b>(2,036)</b>                                 | <b>318,139</b>    |
| <b>Results</b>                                                                                          |                                                  |                            |                                                |                   |
| Profit before interest, taxation, depreciation,<br>amortisation and Directors' remuneration<br>(EBITDA) | 3,381                                            | 18,864                     | 1,154                                          | 23,399            |
| Depreciation                                                                                            |                                                  |                            |                                                | (6,317)           |
| Amortisation                                                                                            |                                                  |                            |                                                | (943)             |
| Profit before interest, taxation and Directors'<br>remuneration (EBIT)                                  |                                                  |                            |                                                | 16,139            |
| Interest income                                                                                         |                                                  |                            |                                                | 1,175             |
| Finance costs                                                                                           |                                                  |                            |                                                | (1,616)           |
| Profit before taxation and Directors' remuneration                                                      |                                                  |                            |                                                | 15,698            |
| Taxation and Directors' remuneration                                                                    |                                                  |                            |                                                | (1,812)           |
| <b>Profit for the period</b>                                                                            |                                                  |                            |                                                | <b>13,886</b>     |
| Three months ended 31 March 2014                                                                        | Logistics<br>and<br>related services<br>KD 000's | Infrastructure<br>KD 000's | Adjustments<br>and<br>eliminations<br>KD 000's | Total<br>KD 000's |
| <b>Revenues</b>                                                                                         |                                                  |                            |                                                |                   |
| External customers                                                                                      | 253,212                                          | 61,070                     | -                                              | 314,282           |
| Inter-segment                                                                                           | 83                                               | 1,660                      | (1,743)                                        | -                 |
| <b>Total revenues</b>                                                                                   | <b>253,295</b>                                   | <b>62,730</b>              | <b>(1,743)</b>                                 | <b>314,282</b>    |
| <b>Results</b>                                                                                          |                                                  |                            |                                                |                   |
| Profit before interest, taxation, depreciation,<br>amortisation and Directors' remuneration<br>(EBITDA) | 2,066                                            | 16,939                     | 3,480                                          | 22,485            |
| Depreciation                                                                                            |                                                  |                            |                                                | (6,013)           |
| Amortisation                                                                                            |                                                  |                            |                                                | (902)             |
| Profit before interest, taxation and Directors'<br>remuneration (EBIT)                                  |                                                  |                            |                                                | 15,570            |
| Interest income                                                                                         |                                                  |                            |                                                | 1,220             |
| Finance costs                                                                                           |                                                  |                            |                                                | (1,694)           |
| Profit before taxation and Directors'<br>remuneration                                                   |                                                  |                            |                                                | 15,096            |
| Taxation and Directors' remuneration                                                                    |                                                  |                            |                                                | (2,092)           |
| <b>Profit for the period</b>                                                                            |                                                  |                            |                                                | <b>13,004</b>     |

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2015 (Unaudited)

### 15 FAIR VALUES OF FINANCIAL INSTRUMENTS

As at the reporting date, fair value of the Group's financial assets [with the exception of certain financial assets available for sale carried at cost amounting to KD 21,494 thousand (31 December 2014: KD 20,277 thousand and 31 March 2014: KD 19,218 thousand)] and financial liabilities were not materially different from their carrying values.

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

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

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

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

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

|                                                               | <i>Level 1<br/>KD'000</i> | <i>Level 2<br/>KD'000</i> | <i>Level 3<br/>KD'000</i> | <i>Total fair value<br/>KD'000</i> |
|---------------------------------------------------------------|---------------------------|---------------------------|---------------------------|------------------------------------|
| <b>31 March 2015</b>                                          |                           |                           |                           |                                    |
| <i>Financial assets at fair value through profit or loss:</i> |                           |                           |                           |                                    |
| Investment in an associate                                    | -                         | -                         | 107,649                   | 107,649                            |
| Quoted equity securities                                      | 36                        | -                         | -                         | 36                                 |
|                                                               | <u>36</u>                 | <u>-</u>                  | <u>107,649</u>            | <u>107,685</u>                     |
| <i>Financial assets available for sale:</i>                   |                           |                           |                           |                                    |
| Unquoted equity securities                                    | -                         | -                         | 3,776                     | 3,776                              |
| <i>Derivative:</i>                                            |                           |                           |                           |                                    |
| Forward foreign exchange contracts – US Dollars               | -                         | 51                        | -                         | 51                                 |
|                                                               | <u>36</u>                 | <u>51</u>                 | <u>111,425</u>            | <u>111,512</u>                     |
| <b>31 December 2014 (Audited)</b>                             |                           |                           |                           |                                    |
| <i>Financial assets at fair value through profit or loss:</i> |                           |                           |                           |                                    |
| Investment in an associate                                    | -                         | -                         | 105,148                   | 105,148                            |
| Quoted equity securities                                      | 36                        | -                         | -                         | 36                                 |
|                                                               | <u>36</u>                 | <u>-</u>                  | <u>105,148</u>            | <u>105,184</u>                     |
| <i>Financial assets available for sale:</i>                   |                           |                           |                           |                                    |
| Unquoted equity securities                                    | -                         | -                         | 3,650                     | 3,650                              |
| <i>Derivative:</i>                                            |                           |                           |                           |                                    |
| Forward foreign exchange contracts – US Dollars               | -                         | 25                        | -                         | 25                                 |
|                                                               | <u>36</u>                 | <u>25</u>                 | <u>108,798</u>            | <u>108,859</u>                     |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION

As at 31 March 2015 (Unaudited)

**15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

|                                                               | <i>Level 1<br/>KD'000</i> | <i>Level 2<br/>KD'000</i> | <i>Level 3<br/>KD'000</i> | <i>Total fair value<br/>KD'000</i> |
|---------------------------------------------------------------|---------------------------|---------------------------|---------------------------|------------------------------------|
| 31 March 2014                                                 |                           |                           |                           |                                    |
| <i>Financial assets at fair value through profit or loss:</i> |                           |                           |                           |                                    |
| Investment in an associate                                    | -                         | -                         | 101,103                   | 101,103                            |
|                                                               | -                         | -                         | 101,103                   | 101,103                            |
| <i>Financial assets available for sale:</i>                   |                           |                           |                           |                                    |
| Unquoted equity securities                                    | -                         |                           | 3,537                     | 3,537                              |
| <i>Derivative:</i>                                            |                           |                           |                           |                                    |
| Forward foreign exchange contracts – US Dollars               | -                         | 23                        | -                         | 23                                 |
|                                                               | -                         | 23                        | 104,640                   | 104,663                            |

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 31 March 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.