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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 MARCH 2016 (UNAUDITED)

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

Emphasis of Matter

We draw attention to:

(i) Note 2 to the interim condensed consolidated financial information which describes that the Parent Company was indicted by a federal grand jury in the United States of America ("US") on multiple counts of False Claims Act Violations. Furthermore, the United States Department of Justice also joined the qui tam lawsuit against the Parent Company under the False Claims Act (the "Qui Tam Proceedings"). The Department of Justice is claiming substantial damages for alleged violations. 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) Note 9(b) to the interim condensed consolidated financial information which describe the contingencies relating to investigations into 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. 1 of 2016, and its executive regulations of Law No. 25 of 2012, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

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15 May 2016
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 31 March 2016 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 stated in Note 4 to the interim condensed consolidated financial information, the Group's investment in Korek Telecom and its related loan ("Korek") is carried at KD 108,445 thousand (31 December 2015: KD 108,921 thousand) and KD 35,104 thousand (31 December 2015: KD 35,258 thousand) respectively, in the interim condensed consolidated statement of financial position as at 31 March 2016. We were unable to obtain sufficient appropriate evidence about the fair value of the investment in Korek and the recoverability of the related loan as at 31 March 2016 due to the nature and significant uncertainty around the value of the investment and related loan. 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016 (Unaudited)

	Notes	***31 March 2016 KD 000's***	*(Audited) 31 December 2015 KD 000's*	*31 March 2015 KD 000's*
ASSETS				
Non-current assets				
Property, plant and equipment		**210,262**	183,749	180,316
Projects in progress		**42,044**	34,267	30,943
Investment properties		**261,791**	261,474	237,326
Intangible assets		**32,985**	33,995	36,701
Goodwill		**246,689**	244,643	248,450
Investment in associates		**46,933**	47,622	36,583
Financial assets at fair value through profit or loss	4	**108,482**	108,957	107,685
Financial assets available for sale		**34,008**	36,091	25,270
Other non-current assets		**32,366**	29,004	42,373
Loan to a related party		**12,594**	9,486	6,621
Loan to an associate	4	**35,104**	35,258	32,271
Total non-current assets		**1,063,258**	1,024,546	984,539
Current assets				
Inventories		**13,355**	13,458	16,202
Trade receivables		**231,456**	239,738	267,622
Other current assets		**68,263**	70,609	73,988
Bank balances and cash	5	**123,133**	114,054	146,426
Total current assets		**436,207**	437,859	504,238
TOTAL ASSETS		**1,499,465**	1,462,405	1,488,777
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11	**121,185**	121,185	115,414
Share premium		**152,650**	152,650	152,650
Statutory reserve		**60,593**	60,593	57,707
Treasury shares	6	**(45,288)**	(45,288)	(45,038)
Treasury shares reserve		**44,366**	44,366	44,366
Foreign currency translation reserve		**(24,378)**	(15,133)	(8,011)
Hedging reserve		**(18,156)**	(18,225)	(18,026)
Investment revaluation reserve		**1,294**	1,294	201
Other reserves		**(31,225)**	(31,225)	(29,248)
Retained earnings		**649,914**	636,809	642,237
Equity attributable to equity holders of the Parent Company		**910,955**	907,026	912,252
Non-controlling interests		**26,425**	24,449	24,638
Total equity		**937,380**	931,475	936,890
LIABILITIES				
Non-current liabilities				
Interest bearing loans		**71,494**	40,238	34,447
Provision for employees' end of service benefits		**42,558**	41,294	36,640
Other non-current liabilities		**19,975**	17,105	29,522
Total non-current liabilities		**134,027**	98,637	100,609
Current liabilities				
Interest bearing loans		**37,830**	41,193	42,211
Trade and other payables		**382,614**	383,213	401,324
Dividends payable		**7,614**	7,887	7,743
Total current liabilities		**428,058**	432,293	451,278
Total liabilities		**562,085**	530,930	551,887
TOTAL EQUITY AND LIABILITIES		**1,499,465**	1,462,405	1,488,777

Tarek Abdul Aziz Sultan
Vice Chairperson and CEO

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 March 2016 (Unaudited)

	Notes	*Three months ended 31 March* 2016 KD 000's	2015 KD 000's
Revenues			
Logistics and freight forwarding revenues		**263,528**	282,346
Rental revenues		**13,227**	11,761
Other services		**22,079**	24,032
Total revenues		**298,834**	318,139
Cost of revenues		**(196,786)**	(224,327)
Net revenues		**102,048**	93,812
General and administrative expenses		**(29,142)**	(26,539)
Salaries and employee benefits		**(48,765)**	(46,909)
Share of results of associates		**910**	552
Miscellaneous income		**1,171**	2,483
Profit before interest, taxation, depreciation, amortisation and Director's remuneration (EBITDA)		**26,222**	23,399
Depreciation		**(6,612)**	(6,317)
Amortisation		**(1,010)**	(943)
Profit before interest, taxation and Directors' remuneration (EBIT)		**18,600**	16,139
Interest income		**136**	1,175
Finance costs		**(1,252)**	(1,616)
Profit before taxation and Directors' remuneration		**17,484**	15,698
Taxation	7	**(2,014)**	(1,777)
Directors' remuneration		**(35)**	(35)
PROFIT FOR THE PERIOD		**15,435**	13,886
Attributable to:			
Equity holders of the Parent Company		**13,105**	11,818
Non-controlling interests		**2,330**	2,068
		15,435	13,886
BASIC AND DILUTED EARNINGS PER SHARE – attributable to equity holders of the Parent Company	8	**11.39 fils**	10.27 fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2016 (Unaudited)

	Three months ended 31 March	
	2016	*2015*
	KD 000's	*KD 000's*
Profit for the period	**15,435**	13,886
Other comprehensive income:		
Items that are or may be reclassified to interim condensed consolidated statement of income in subsequent periods:		
- Net change in fair values of financial assets available for sale	**-**	4
- Foreign currency translation adjustments	**(10,573)**	9,452
- Gain (loss) on hedge of net investments	**69**	(373)
- Gain on terminating cash flow hedges	**-**	2,810
Other comprehensive (loss) income	**(10,504)**	11,893
Total comprehensive income for the period	**4,931**	25,779
Attributable to:		
Equity holders of the Parent Company	**3,929**	23,182
Non-controlling interests	**1,002**	2,597
	4,931	25,779

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2016 (Unaudited)

	Notes	*Three months ended 31 March* 2016 KD 000's	2015 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		**17,484**	15,698
Adjustments for:			
Provision for impairment of trade receivables		**269**	644
Provision for employees' end of service benefits		**2,429**	2,329
Foreign currency exchange gain		**(137)**	(232)
Share of results of associates		**(910)**	(552)
Miscellaneous income		**(1,171)**	(2,483)
Depreciation		**6,612**	6,317
Amortisation		**1,010**	943
Interest income		**(136)**	(1,175)
Finance costs		**1,252**	1,616
Operating profit before changes in working capital		**26,702**	23,105
Inventories		**(1,010)**	3,753
Trade receivables		**4,731**	348
Other current assets		**1,619**	(6,497)
Trade and other payables		**1,238**	8,252
Cash from operations		**33,280**	28,961
Taxation paid		**(1,098)**	(1,679)
Employees' end of service benefits paid		**(2,096)**	(2,042)
Directors remuneration paid		**-**	(20)
Net cash flows from operating activities		**30,086**	25,220
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		**1,587**	(1,055)
Additions to property, plant and equipment		**(8,187)**	(6,826)
Additions to projects in progress		**(7,909)**	(3,263)
Additions to investment properties		**-**	(137)
Additions to intangible assets		**-**	(2,544)
Acquisition of additional interest in subsidiaries		**-**	(114)
Acquisition of subsidiaries net of cash acquired	13	**(5,115)**	-
Advance paid for purchase of property, plant and equipment		**-**	(1,833)
Dividends received from an associate		**1,548**	1,242
Loan to related party		**(3,108)**	(566)
Dividends received		**1,548**	-
Interest income received		**216**	790
Net movement in deposits with original maturities exceeding three months		**(3,091)**	1,985
Net cash flows used in investing activities		**(24,059)**	(12,321)
FINANCING ACTIVITIES			
Net movement in interest bearing loans		**7,862**	2,474
Finance cost paid		**(1,393)**	(1,021)
Dividends paid to equity holders of the Parent Company		**(273)**	(314)
Net cash flows from financing activities		**6,196**	1,139
Net foreign exchange differences		**(6,235)**	776
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,988**	14,814
Cash and cash equivalents at the beginning of the period		**107,207**	96,988
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5	**113,195**	111,802

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2016 (Unaudited)

	Attributable to equity holders of the Parent Company												
	Share capital KD 000's	*Share premium KD 000's*	*Statutory reserve KD 000's*	*Treasury shares KD 000's*	*Treasury shares reserve KD 000's*	*Foreign currency translation reserve KD 000's*	*Hedging reserve KD 000's*	*Investment revaluation reserve KD 000's*	*Other reserve KD 000's*	*Retained earnings KD 000's*	*Sub total KD 000's*	*Non-controlling interests KD 000's*	*Total equity KD 000's*
As at 1 January 2016	121,185	152,650	60,593	(45,288)	44,366	(15,133)	(18,225)	1,294	(31,225)	636,809	907,026	24,449	931,475
Profit for the period	-	-	-	-	-	-	-	-	-	13,105	13,105	2,330	15,435
Other comprehensive (loss) income	-	-	-	-	-	(9,245)	69	-	-	-	(9,176)	(1,328)	(10,504)
Total comprehensive (loss) income for the period	-	-	-	-	-	(9,245)	69	-	-	13,105	3,929	1,002	4,931
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(356)	(356)
Acquisition of a subsidiary (Note 13)	-	-	-	-	-	-	-	-	-	-	-	1,330	1,330
As at 31 March 2016	**121,185**	**152,650**	**60,593**	**(45,288)**	**44,366**	**(24,378)**	**(18,156)**	**1,294**	**(31,225)**	**649,914**	**910,955**	**26,425**	**937,380**
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

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

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

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively, the "Group") was authorised for issue by the Board of Directors on 8 May 2016.

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 new Companies Law No 1 of 2016 was issued on 24 January 2016 and was published in Official Gazette on 1 February 2016 cancelled the Companies Law No 25 of 2012, and its amendments. According to Article No 5, the new law will be effective retrospectively from 26 November 2012, and the executive regulation of Law No 25 of 2012 will continue until a new set of executive regulations is issued.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 24 March 2016 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

In 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 qui tam lawsuit against the Parent Company under the US False Claims Act (the "Qui Tam Proceedings"). The Department of Justice is claiming substantial damages for alleged violations. The Parent Company pled not guilty to the indictment. Between February and November 2012, both 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.

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

A judgment was issued by the higher Court of Appeal in the State of Kuwait on January 30, 2014 annulling the notices of service of process made upon the request of the competent American authorities at the Court of North Georgia in the United States, and determining such notices to be void *ab initio*. The judgment determined the Qui Tam Proceedings to be criminal in nature and further enjoined the Undersecretary in the Kuwait Ministry of Justice and others from serving the Parent Company, its employees and their dependents with any legal document related to the ongoing litigation at the Court of North Georgia in the United States. The above judgment is procedural in nature, and does not have any impact on the financial information of the Parent Company. As required by applicable law, the Parent Company has made disclosure of the foregoing judgment to the Kuwait Stock Exchange and the Kuwait Capital Markets Authority. The impact of this judgment leads to the same results that have been disclosed in the notes to previous consolidated financial statements of the Group.

With respect to the Qui Tam Proceedings, in an order dated February 5, 2016, the United States District Court granted the United States' motion for alternative service of the Parent Company. The Qui Tam Proceedings are pending in the Northern District of Georgia in the United States. The order is not a final judgment in the matter.

Furthermore, in 2009, in relation to a cost reimbursable contract, the U.S. Defense Contract Audit Agency (DCAA) determined that reimbursement requests for certain costs incurred by the Parent Company were not proper, and demanded repayment of approximately KD 23 million from the Parent Company. In 2011, the US Government collected KD 4.7 million from this amount by offsetting payments due on the Group's other US Government contracts.

In November 2010, the Parent Company filed a Notice of Appeal in respect of the matter to the U.S. Armed Services Board of Contract Appeals (ASBCA). On December 10, 2014, the ASBCA ruled that it did not have subject-matter jurisdiction to review the appeal by the Parent Company.

On April 8, 2015, the Parent Company appealed the ASBCA ruling to the U.S. Court of Appeals for the Federal Circuit. As part of the same contract, the Parent Company asserted a KD 13 million claim for non-reimbursed costs. This claim was denied by the ASBCA and consolidated with the above referenced Government claim for KD 23 million. Both claims are therefore on appeal to the U.S. Court of Appeals for the Federal Circuit. The Parent Company also filed a separate complaint at the U.S. Court of Federal Claims on 7 April 2015 on a different jurisdictional basis seeking the KD 13 million affirmative claim, the KD 4.7 million which was offset by the U.S. Government as aforementioned, and a determination that the KD 23 million demanded by the US Government is invalid. On 10 March 2016 the U.S. Court of Appeals for the Federal Circuit granted a "limited remand" back to the ASBCA for the purpose of determining the real party in interest. Notwithstanding this remand, the U.S. Court of Appeals for the Federal Circuit retained jurisdiction over the appeal.

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 2015. 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 2016.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, 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 January 2016 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

Standards issued but not yet effective

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

IFRS 9: Financial Instruments

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

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, IFRIC 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 2016 did not have any material impact on the accounting policies, financial position or performance of the Group.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2016 KD 000's	*(Audited) 31 December 2015 KD 000's*	*31 March 2015 KD 000's*
Investment in an associate – outside Kuwait	**108,445**	108,921	107,649
Quoted equity securities:			
- In Kuwait	**37**	36	36
	108,482	108,957	107,685

4 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 2016 and 31 December 2015 due to certain inherent uncertainties and accordingly the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 108,445 thousand (31 December 2015: KD 108,921 thousand and 31 March 2015 KD 107,649 thousand).

As at 31 March 2016, interest bearing loan provided by the Group to Korek Telecom along with interest accrued there on amounted to KD 35,104 thousand (31 December 2015: KD 35,258 thousand and 31 March 2015 KD 32,271 thousand) for which the Group management is unable to determine the recoverability.

5 BANK BALANCES AND CASH

	31 March 2016 KD 000's	*(Audited) 31 December 2015 KD 000's*	*31 March 2015 KD 000's*
Cash at banks and in hand	**94,540**	85,461	78,875
Short term deposits	**18,655**	21,746	32,927
Cash and cash equivalents	**113,195**	107,207	111,802
Deposits with original maturities exceeding three months	**9,938**	6,847	34,624
	123,133	114,054	146,426

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 2.5 % per annum (31 December 2015: 1% to 1.625% per annum and 31 March 2015: 1.25 % to 2.00 % per annum).

6 TREASURY SHARES

	31 March 2016	*(Audited) 31 December 2015*	*31 March 2015*
Number of treasury shares	**61,638,142**	61,638,142	58,377,670
Percentage of issued shares	**5.09%**	5.09%	5.06%
Market value in KD 000's	**29,586**	29,582	44,951

7 TAXATION

	Three months ended 31 March	
	2016	*2015*
	KD 000's	*KD 000's*
National labour support tax (NLST)	**343**	323
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	**137**	129
Zakat	**185**	129
Taxation on overseas subsidiaries	**1,349**	1,196
	2,014	1,777

8 BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 31 March	
	2016	*2015*
	KD 000's	*KD 000's (Restated)**
Profit for the period attributable to equity holders of the Parent Company	**13,105**	11,818
	Shares	*Shares*
Weighted average number of paid up shares	**1,211,844,344**	1,211,844,344
Weighted average number of treasury shares	**(61,638,142)**	(61,302,142)
Weighted average number of outstanding shares	**1,150,206,202**	1,150,542,202
Basic and diluted earnings per share - attributable to equity holders of the Parent Company	**11.39 fils**	10.27 fils

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

* Basic and diluted earnings per share for the comparative period presented have been restated to reflect the issue of bonus shares (Note 11).

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	31 March 2016 KD 000's	*(Audited) 31 December 2015 KD 000's*	*31 March 2015 KD 000's*
Letters of guarantee	**104,295**	109,455	106,324
Operating lease commitments	**30,822**	32,296	32,697
Capital commitments	**12,534**	12,539	4,083
	147,651	154,290	143,104

Included in letters of guarantee are bank guarantees of KD 31,405 thousand (31 December 2015: KD 31,405 thousand and 31 March 2015: 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
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 approximately KD 55,000 (Euro 139,000) on Agility. This decision is being appealed by other third parties before the court which is yet to pronounce its decision.

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

As at 31 March 2016, 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 interim condensed consolidated financial information.

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

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

The Company appealed the judgment before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 administrative 4 before the Court of Appeal. On 13 September 2015, the Court of Appeal pronounced its judgement affirming the decision of the Court of First Instance. Both the Company and GAC appealed against this ruling before the Kuwait Court of Cassation which is yet to pronounce its judgement.

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

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

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

(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 legal counsel of the Group believes that these matters will not have a material adverse effect on the accompanying interim condensed consolidated financial information.

10 RELATED PARTIES TRANSACTIONS

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

Transactions and balances with related parties are as follows:

			Three month ended 31 March	
	Major shareholders KD 000's	*Other related parties KD 000's*	***2016 Total KD 000's***	*2015 Total KD 000's*
Interim condensed consolidated income statement				
Revenues	-	225	**225**	228
General and administrative expenses	(17)	(92)	**(109)**	(25)
Interest income	124	-	**124**	833
Finance costs	-	(68)	**(68)**	(273)
Miscellaneous income	-	135	**135**	-

	Major shareholders KD 000's	*Other related Parties KD 000's*	***31 March 2016 Total KD 000's***	*(Audited) 31 December 2015 Total KD 000's*	*31 March 2015 Total KD 000's*
Interim condensed consolidated statement of financial position					
Financial assets available for sale	8,449	-	**8,449**	8,449	-
Amounts due from related parties	-	701	**701**	535	448
Loan to a related party	12,594	-	**12,594**	9,486	6,621
Loan to an associate (Note 4)	-	35,104	**35,104**	35,258	32,271
Amounts due to related parties	304	4,782	**5,086**	6,540	17,117

Amounts due from/to related parties have arisen as a result of transactions made in the ordinary course of the business and are interest free, , except for a portion of amounts due to related parties carry an interest of 6.5% per annum (31 December 2015: 6.5% per annum and 31 March 2015: 6.5% per annum).

10 RELATED PARTIES TRANSACTIONS (continued)

A portion of amounts due to related parties carry an interest of 6.5% per annum (31 December 2015: 6.5% per annum and 31 March 2015: 6.5% per annum).

Compensation of key management personnel	*Three months ended 31 March*	
	2016	*2015*
	KD 000's	*KD 000's*
Short-term benefits	**378**	404

11 DIVIDEND AND BONUS SHARES

On 24 March 2016, Board of Directors of the Parent Company, recommended a cash dividend of 30 fils per share (2014: 35 fils per share) and bonus shares Nil (2014: 5%) in respect of the year ended 31 December 2015, this proposal is subject to approval by the shareholders at the Annual General Assembly of the Parent Company.

On 27 May 2015, the shareholders at the extra ordinary general assembly meeting of the Parent Company approved the increase of authorised share capital from 1,154,137,464 shares to 1,211,844,344 shares (nominal value of each share is 100 fils) by way of bonus shares.

12 OPERATING SEGMENT INFORMATION

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

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

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

12 OPERATING SEGMENT INFORMATION (continued)

Three months ended 31 March 2016	*Logistics and related services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	***Total KD 000's***
Revenues				
External customers	**225,525**	**73,309**	**-**	**298,834**
Inter-segment	**226**	**2,075**	**(2,301)**	**-**
Total revenues	**225,751**	**75,384**	**(2,301)**	**298,834**
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	**6,494**	**22,074**	**(2,346)**	**26,222**
Depreciation				**(6,612)**
Amortisation				**(1,010)**
Profit before interest, taxation and Directors' remuneration (EBIT)				**18,600**
Interest income				**136**
Finance costs				**(1,252)**
Profit before taxation and Director's remuneration				**17,484**
Taxation and Directors' remuneration				**(2,049)**
Profit for the period				**15,435**

Three months ended 31 March 2015	*Logistics and related services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenues				
External customers	247,882	70,257	-	318,139
Inter-segment	80	1,956	(2,036)	-
Total revenues	247,962	72,213	(2,036)	318,139
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	3,381	18,864	1,154	23,399
Depreciation				(6,317)
Amortisation				(943)
Profit before interest, taxation and Directors' remuneration (EBIT)				16,139
Interest income				1,175
Finance costs				(1,616)
Profit before taxation and Director's remuneration				15,698
Taxation and Directors' remuneration				(1,812)
Profit for the period				13,886

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.

13 ACQUISITION OF SUBSIDIARY

On 15 March 2016, a subsidiary of the Parent Company (80% owned by the Parent Company) acquired 100% equity interest in Emirate Ships Investment Company LLC ("E-Ships"), a company incorporated in United Arab Emirates, for a consideration of KD 6,915 thousand, which is partially paid in cash amounting to KD 5,415 thousand and partially payable in four semi equal instalments amounting to KD 1,500 thousand.

Following the acquisition of E-Ships became a subsidiary of the Group and has been consolidated from the date of exercise of control.

The consideration paid and the provisional fair value of asset acquired and liabilities assumed, as well as the non-controlling interest, are summarized as follows:

	KD **000'**
Assets	
Property, plant and equipment	27,762
Other non-current assets	2,108
Trade and other receivables	547
Other current assets	564
Cash and cash equivalents	300
	31,281
Liabilities	
Term loans	20,086
Other non-current liabilities	3,301
Trade and other payables	1,243
	24,630
Net assets acquired	**6,651**
Purchase consideration	6,915
Less: Net identifiable assets acquired	(6,651)
Provisional goodwill on acquisition	**264**
Net asset attributable to shareholders of the Parent Company	5,321
Net assets attributable to non-controlling interest	1,330
	6,651
Net Cash Flow on acquisition	
Consideration paid	(5,415)
Cash and cash equivalents in subsidiary acquired	300
Cash outflow on acquisition	**5,115**

14 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 20,897 thousand (31 December 2015: KD 22,921 thousand and 31 March 2015: KD 21,494 thousand)] and financial liabilities were not materially different from their carrying values.

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

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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

	Level 1 KD'000	*Level 2 KD'000*	*Level 3 KD'000*	*Total fair value KD'000*
31 March 2016				
Financial assets at fair value through profit or loss:				
Investment in an associate	-	-	108,445	108,445
Quoted equity securities	37	-	-	37
	37	**-**	**108,445**	**108,482**
Financial assets available for sale:				
Unquoted equity securities	-	-	13,111	13,111
Derivative:				
Forward foreign exchange contracts – US Dollars	-	44	-	44
	37	**44**	**121,556**	**121,637**
31 December 2015 (Audited)				
Financial assets at fair value through profit or loss:				
Investment in an associate	-	-	108,921	108,921
Quoted equity securities	36	-	-	36
	36	-	108,921	108,957
Financial assets available for sale:				
Unquoted equity securities	-	-	13,170	13,170
Derivative:				
Forward foreign exchange contracts – US Dollars	-	6	-	6
	36	6	122,091	122,133

14 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	Level 1 *KD'000*	*Level 2* *KD'000*	*Level 3* *KD'000*	*Total fair value* *KD'000*
31 March 2015				
Financial assets at fair value through profit or loss:				
Investment in an associate	-	-	107,649	107,649
Quoted equity securities	36	-	-	36
	36	-	107,649	107,685
Financial assets available for sale:				
Unquoted equity securities	-	-	3,776	3,776
Derivative:				
Forward foreign exchange contracts – US Dollars	-	51	-	51
	36	51	111,425	111,512

The movement in the level 3 financial instruments balance primarily relates to foreign currency translation adjustments for investment in associate and for unquoted equity securities relates to purchase of investment.

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 2016 and 31 December 2015 due to certain inherent uncertainties and accordingly the investment is carried at its fair value as at 31 December 2013 (Note 4).

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.