Agility

14 February 2019

Mr. Hassan Abdulrahman Al Serkal
Executive Vice President
Head of Operations Division
Dubai Financial Market, United Arab Emirates

<u>Subject: Agility's BOD Results</u>

Reference to the above mentioned subject, kindly be informed that Agility's Board of Directors has met on Thursday February 14, 2019 at 3:00 pm and discussed the financial results for the full year 2018 as per the attached template.

And Pursuant to the requirements of Boursa Kuwait, Resolution No. (1) of 2018, we wish to inform you that the quarterly Analyst/ Investors Conference will be held through a Live Webcast on Thursday 21 February 2019 at 2:00 pm local time. Interested parties can visit our website www.agility.com under News or Investor Relations page for instructions on how to participate in the aforementioned conference. For any clarifications you can reach us at investor@agility.com.

Best Regards,

Tarek Abdulaziz Sultan Al Essa
Vice Chairman and CEO

شركة اجيليتي للمخازن العمومية ش.م.ك.ع الكويت 6 ٦ Kuwait Agility Public Warehousing Company K.S.C.P

Agility

Annual Financial Statement Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية السنوية
الشركات الكويتية (د.ك.)

Financial Year Ended on	31/12/2018	السنة المالية المنتهية في

Company Name	اسم الشركة
Agility Public Warehousing Company KSCP	أجيليتي للمخازن العمومية ش.م.ك.ع
Board of Directors Meeting Date	تاريخ اجتماع مجلس الإدارة
14/02/2019	

التغيير (%) Change (%)	السنة المقارنة Comparative Year	السنة الحالية Current Year	البيان Statement
	31/12/2017	31/12/2018	
18.4%	68,510,000	81,110,000	صافي الربح/الخسارة الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
18.5%	47.31	56.06	ربحية/خسارة السهم الأساسية والمخففة (فلس) Basic & Diluted Earnings per Share (fils)
10.2%	530,489,000	584,810,000	الموجودات المتداولة Current Assets
6.6%	1,728,940,000	1,843,159,000	إجمالي الموجودات Total Assets
-8.5%	553,292,000	506,475,000	المطلوبات المتداولة Current Liabilities
10.1%	705,348,000	776,925,000	إجمالي المطلوبات Total Liabilities
4.1%	973,805,000	1,013,539,000	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
10.2%	1,407,033,000	1,550,190,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
17.3%	101,345,000	118,847,000	صافي الربح (الخسارة) التشغيلية (EBIT)Net Operating Profit (Loss)
-9.6%	5.2	4.7	أرباح (خسائر) مرحلة/ رأس المال المدفوع Retained Profit (Loss) / Paid-Up Share Capital

التغيير (%) Change (%)	الربع الرابع المقارن Fourth Quarter *Comparative Period* 31/12/2017	الربع الرابع الحالي Fourth Quarter *Current Period* 31/12/2018	البيان Statement
15.1%	19,290,000	22,212,000	صافي الربح/الخسارة الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
15.2%	13.33	15.35	ربحية/خسارة السهم الأساسية والمخففة (فلس) Basic & Diluted Earnings per Share (fils)
3.6%	385,960,000	399,777,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
11.1%	28,545,000	31,726,000	صافي الربح (الخسارة) التشغيلية (EBIT) Net Operating Profit (Loss)

Increase/Decrease in Net Profit/(Loss) is due to	سبب ارتفاع/انخفاض صافي الربح/الخسارة
Increase in Net Profit is due to increase in operating profits	ان سبب ارتفاع صافي الربح يعود الى الارتفاع في الارباح التشغيلية
Total Revenue realized from dealing with related parties (value, KWD)	**بلغ إجمالي الايرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)**
4,594,000	4,594,000
Total Expenditures incurred from dealing with related parties (value, KWD)	**بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)**
484,000	484,000

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)
النسبة	القيمة	
15%	15 فلس للسهم الواحد 15 fils per share	توزيعات نقدية Cash Dividend
15%	15 سهم لكل 100 سهم 15 shares for every 100 shares	توزيعات أسهم منحة مجانية Stock Dividend
-	-	توزيعات أخرى Other Dividend
-	-	عدم توزيع أرباح No Dividends

-	-	علاوة الإصدار Issue Premium	-	زيادة رأس المال Capital Increase
-	-			تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
شركة اجيليتي للمخازن العمومية ش.م.ك.ع ٦ الكويت Kuwait 6 Agility Public Warehousing Company K.S.C.P		نائب رئيس مجلس الادارة والرئيس التنفيذي Vice Chairman and CEO	طارق عبدالعزيز سلطان العيسى Tarek Abdulaziz Sultan Al Essa

- Auditor Report Attached
- مرفق تقرير مراقب الحسابات

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Agility Public Warehousing Company K.S.C.P (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As stated in Note 10 to the consolidated financial statements, the Group's investment in and loan to Korek Telecom ("Korek") is carried at KD 109,246 thousand (2017: KD 108,425 thousand) and KD 35,321 thousand (2017: KD 35,098 thousand), respectively, in the consolidated statement of financial position as at 31 December 2018. The Group has filed an arbitration related to its investment in Korek. We were unable to obtain sufficient appropriate audit evidence about the investment in Korek and the recoverability of the loan due to the nature and significant uncertainty around the investment and outcome of the arbitration. Consequently, we were unable to determine whether any adjustments to the carrying value of the investment and loan to Korek was necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *'Auditors' Responsibilities for the Audit of the Consolidated Financial Statements'* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

EY
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RSM
RSM Albazie & Co.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Emphasis of Matter
We draw attention to:

(i) Note 26 (a) to the consolidated financial statements, which describes the contingencies relating to cost reimbursable contracts with U.S. Coalition Provisional Authority ("CPA");

(ii) Note 26 (b) to the consolidated financial statements, which describes the contingencies and claims relating to the litigations with the General Administration of Customs for Kuwait; and

(iii) Note 26 (c) to the consolidated financial statements which describes the uncertainty relating to renewal of the lease contract with Public Authority for Industry of the State of Kuwait.

Our opinion is not modified in respect of the matters set out above.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

a) Impairment of goodwill

Impairment testing of goodwill performed by the management is significant to our audit because the assessment of the recoverable amount of goodwill under the value-in-use basis is complex and requires considerable judgment on the part of the management. Estimates of future cash flows are based on management's views of variables such as the growth in the logistics sector, economic conditions such as the economic growth, expected inflation rates, impact of the competition on expected revenue and margin development and discount rates. Therefore, we identified the impairment testing of goodwill as key audit matter.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Impairment of goodwill (continued)

As part of our audit procedures, we assessed the knowledge and expertise of the management of the Group to perform such valuations and obtained management's impairment calculations and key assumptions, including profit forecasts and basis of selection of growth rates and discount rates. We also involved our valuation team to assist us in assessing the appropriateness of the valuation model and reviewing the reasonableness of key assumptions used in the impairment analysis, such as the discount rate and terminal growth rate. We reviewed the sensitivity analysis performed by management around key assumptions noted above and the outcomes of the assessment. Future cash flow assumptions were also reviewed through comparison to current trading performance against budget and forecasts, considering the historical consistency of budgeting and forecasting and the understanding of the reasons for growth profiles used.

We also reviewed the adequacy of the Group's disclosures included in Note 8 to the consolidated financial statements about those assumptions to which the outcome of the impairment test is more sensitive.

b) Contingent liabilities and provisions from claims and proceedings

The Parent Company and certain of its group companies are involved as a party in legal proceedings with third parties as well as investigations with certain governmental entities. As the ultimate disposition of asserted investigations, claims and proceedings cannot be determined with certainty, an adverse outcome could have a material effect on the Group's financial position, results from operations and cash flows.

The determination of (contingent) liabilities from investigations, claims and proceedings is judgmental and the amounts involved are, or can be material to the Group's consolidated financial statements as a whole. Details of Group's investigations and legal claims are presented in the Note 10 and Note 26 of the consolidated financial statements. Due to the significant judgment and estimation uncertainty with respect to the ongoing investigations and legal claims, we identified this as key audit matter.

In response to this matter, our audit procedures included, amongst others, understanding of the Group's processes around the identification and evaluation of investigations, claims and proceedings at different levels in the organization, the recording and continuous re-assessment of the related (contingent) liabilities, provisions and disclosures in accordance with IFRS. We also inquired with management in respect of ongoing investigations or claims, proceedings and read relevant correspondence and minutes of the meetings of the Board of Directors, requested internal and external legal confirmation letters of the Group. We also assessed the appropriateness of disclosure regarding (contingent) liabilities from investigations, claims and proceedings and as shown in Note 10 and Note 26 to the consolidated financial statements.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2018 Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate audit evidence about the carrying value of Group's investment and loan to Korek as at 31 December 2018. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that, except for the possible effect of the matters described in the *Basis for Qualified Opinion* section above, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its Executive Regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

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__ February 2019
Kuwait