

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2020 (UNAUDITED)



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2020 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

Except as explained in the following paragraph, 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 and loan to Korek Telecom (“Korek”) is carried at KD 110,930 thousand (31 December 2019: KD 109,183 thousand and 30 June 2019: KD 109,205 thousand) and KD 35,781 thousand (31 December 2019: KD 35,259 thousand and 30 June 2019: KD 35,266 thousand) respectively, in the interim condensed consolidated statement of financial position as at 30 June 2020. The Group has filed an arbitration related to its investment in Korek. We were unable to obtain sufficient appropriate evidence about the investment in Korek and the recoverability of the loan as at 30 June 2020 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.

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.

**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

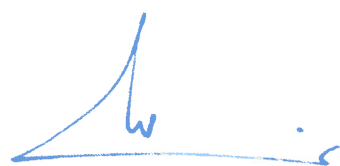
We draw attention to:

- (i) Note 9 (a) to the interim condensed consolidated financial information which describes the contingencies relating to cost reimbursable contracts with U.S. Coalition Provisional Authority (“CPA”);
- (ii) Note 9 (b) to the interim condensed consolidated financial information which describe the contingencies and claims with the General Administration of Customs for Kuwait; and
- (iii) Note 9 (c) to the interim condensed consolidated financial information which describes the uncertainty relating to renewal of the lease contract with Public Authority for Industry of the State of 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, as amended and its Executive Regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2020 that might have had a material effect on the business of the Parent Company or on its financial position.



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AL AIBAN, AL OSAIMI & PARTNERS

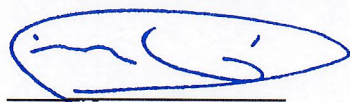


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13 August 2020
Kuwait

Agility Public Warehousing Company K.S.C. P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION
As at 30 June 2020 (Unaudited)

		30 June 2020 KD 000's	(Audited) 31 December 2019 KD 000's	30 June 2019 KD 000's
	Notes			
ASSETS				
Non-current assets				
Property, plant and equipment		216,152	215,458	234,373
Projects in progress		68,196	56,313	60,462
Right-of-use assets		198,311	182,947	160,172
Investment properties		389,801	371,190	302,776
Intangible assets		21,758	25,052	27,589
Goodwill		254,175	254,007	251,940
Investment in associates and joint ventures		101,197	101,352	100,325
Financial assets at fair value through profit or loss	4	113,344	112,148	112,781
Financial assets at fair value through other comprehensive income		16,243	15,856	15,921
Other non-current assets		24,793	22,610	31,319
Loan to a related party	10	113,027	98,732	65,648
Loan to an associate	4	35,781	35,259	35,266
Total non-current assets		1,552,778	1,490,924	1,398,572
Current assets				
Inventories		26,024	28,674	26,311
Trade receivables		340,302	331,616	339,689
Other current assets		105,161	99,988	111,204
Bank balances and cash	5	192,475	130,932	91,282
Total current assets		663,962	591,210	568,486
TOTAL ASSETS		2,216,740	2,082,134	1,967,058
EQUITY AND LIABILITIES				
EQUITY				
Share capital		176,294	176,294	176,294
Share premium		152,650	152,650	152,650
Statutory reserve		85,368	85,368	76,279
Treasury shares	6	(49,239)	(49,239)	(49,239)
Treasury shares reserve		44,366	44,366	44,366
Foreign currency translation reserve		(38,473)	(39,548)	(39,248)
Hedging reserve		(26,807)	(19,842)	(19,859)
Investment revaluation reserve		60	60	351
Other reserves		(499)	(706)	(25,823)
Retained earnings		767,186	750,977	715,201
Equity attributable to equity holders of the Parent Company		1,110,906	1,100,380	1,030,972
Non-controlling interests		45,106	49,190	48,717
Total equity		1,156,012	1,149,570	1,079,689
LIABILITIES				
Non-current liabilities				
Provision for employees' end of service benefits		52,139	50,351	49,105
Interest bearing loans		313,366	247,708	194,936
Lease liabilities		157,035	131,319	121,203
Other non-current liabilities		13,672	12,708	10,621
Total non-current liabilities		536,212	442,086	375,865
Current liabilities				
Interest bearing loans		22,239	23,148	52,060
Lease liabilities		37,360	36,974	30,274
Trade and other payables		456,840	422,213	420,414
Dividends payable		8,077	8,143	8,756
Total current liabilities		524,516	490,478	511,504
Total liabilities		1,060,728	932,564	887,369
TOTAL EQUITY AND LIABILITIES		2,216,740	2,082,134	1,967,058


Tarek Abdul Aziz Sultan
Vice Chairperson and CEO

The attached notes 1 to 14 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 30 June 2020 (Unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 KD 000's	2019 KD 000's	2020 KD 000's	2019 KD 000's
Revenues					
Logistics and freight forwarding revenues		334,224	312,989	639,249	613,568
Rental revenues		15,728	17,716	33,287	35,265
Other services		37,489	65,565	92,514	126,210
Total revenues		387,441	396,270	765,050	775,043
Cost of revenues		(271,237)	(267,189)	(521,451)	(522,024)
Net revenues		116,204	129,081	243,599	253,019
General and administrative expenses		(24,108)	(23,018)	(50,787)	(45,502)
Salaries and employee benefits		(52,851)	(59,595)	(114,195)	(116,708)
Restructuring expenses		(4,259)	(108)	(4,475)	(165)
Change in fair value of investment properties		(443)	-	(443)	-
Share of results of associates and joint ventures		230	1,041	(1,283)	1,879
Miscellaneous income		2,118	1,218	3,429	2,437
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		36,891	48,619	75,845	94,960
Depreciation		(17,431)	(14,094)	(34,245)	(27,864)
Amortisation		(1,694)	(1,519)	(3,301)	(2,737)
Profit before interest, taxation and Directors' remuneration (EBIT)		17,766	33,006	38,299	64,359
Interest income		542	1,837	1,090	3,369
Finance costs		(6,395)	(5,425)	(11,940)	(10,931)
Profit before taxation and Directors' remuneration		11,913	29,418	27,449	56,797
Taxation	7	(3,503)	(3,219)	(5,901)	(6,593)
Directors' remuneration		(35)	(35)	(70)	(70)
PROFIT FOR THE PERIOD		8,375	26,164	21,478	50,134
Attributable to:					
Equity holders of the Parent Company		6,389	21,613	16,209	41,894
Non-controlling interests		1,986	4,551	5,269	8,240
		8,375	26,164	21,478	50,134
BASIC AND DILUTED EARNINGS PER SHARE – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)	8	3.34	11.29	8.47	21.89

The attached notes 1 to 14 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 30 June 2020 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2020 KD 000's	2019 KD 000's	2020 KD 000's	2019 KD 000's
Profit for the period	8,375	26,164	21,478	50,134
Other comprehensive (loss) income:				
<i>Items that are or may be reclassified to consolidated statement of income in subsequent periods:</i>				
Foreign currency translation adjustments	(11,640)	(2,397)	1,665	(1,185)
Share of other comprehensive income (loss) of associates and joint ventures	190	(534)	(1,118)	(777)
Gain (loss) on hedge of net investments	3,677	371	(1,604)	228
Loss on cash flow hedges	(1,644)	(243)	(4,243)	(410)
Net other comprehensive loss that are or may be reclassified to consolidated statement of income in subsequent periods	(9,417)	(2,803)	(5,300)	(2,144)
<i>Items that will not be reclassified to the consolidated statement of income:</i>				
Revaluation surplus from transfer of land	-	-	261	-
Net other comprehensive income that will not be reclassified to consolidated statement of income in subsequent periods	-	-	261	-
Total other comprehensive loss	(9,417)	(2,803)	(5,039)	(2,144)
Total comprehensive (loss) income for the period	(1,042)	23,361	16,439	47,990
Attributable to:				
Equity holders of the Parent Company	(2,528)	19,294	10,580	40,112
Non-controlling interests	1,486	4,067	5,859	7,878
	(1,042)	23,361	16,439	47,990

The attached notes 1 to 14 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 30 June 2020 (Unaudited)

		Six months ended 30 June	
		2020 KD 000's	2019 KD 000's
Notes			
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		27,449	56,797
Adjustments for:			
Change in fair value of investment properties		443	-
Expected credit losses on trade receivables		1,541	446
Provision for employees' end of service benefits		6,040	5,874
Foreign currency exchange gain		(78)	(283)
Share of results of associates and joint ventures		1,283	(1,879)
Miscellaneous income		(3,429)	(2,437)
Depreciation of property, plant and equipment and right-of-use assets		34,245	27,864
Amortisation		3,301	2,737
Interest income		(1,090)	(3,369)
Finance costs		11,940	10,931
Operating profit before changes in working capital		81,645	96,681
Inventories		2,861	(5,418)
Trade receivables		(12,487)	(1,394)
Other current assets		(4,147)	(11,910)
Trade and other payables		36,765	(24,935)
		104,637	53,024
Taxation paid		(5,996)	(8,396)
Employees' end of service benefits paid		(5,021)	(3,464)
Directors' remuneration paid		-	(140)
Net cash flows generated from operating activities		93,620	41,024
INVESTING ACTIVITIES			
Net movement in financial assets at fair value through profit or loss		585	427
Net movement in financial assets at fair value through other comprehensive income		(449)	(786)
Additions to property, plant and equipment		(26,362)	(23,672)
Proceeds from disposal of property plant and equipment		301	366
Loan to a related party	10	(14,295)	(21,242)
Additions to intangible assets		(8)	-
Additions to projects in progress		(1,625)	(10,164)
Additions to investment properties		(4,521)	(787)
Dividends received from an associate		2,272	2,186
Acquisition of investment in an associate		(4,375)	-
Acquisition of additional interest in a subsidiary		(713)	(203)
Acquisition of subsidiaries net of cash acquired		-	(1,665)
Interest income received		651	782
Net movement in other non-current assets		(646)	(100)
Net movement in deposits with original maturities exceeding three months		(695)	(3,022)
Net cash flows used in investing activities		(49,880)	(57,880)
FINANCING ACTIVITIES			
Net movement in interest bearing loans		62,235	35,324
Payment of lease obligations		(25,844)	(16,860)
Finance cost paid		(8,299)	(6,055)
Dividends paid to equity holders of the Parent Company		(61)	(21,171)
Dividends paid to non-controlling interests		(11,086)	(12,319)
Additional share capital issued by a subsidiary		-	260
Net cash flows generated from (used in) financing activities		16,945	(20,821)
Net foreign exchange differences		163	10
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		60,848	(37,667)
Cash and cash equivalents at 1 January		130,932	125,927
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	191,780	88,260

The attached notes 1 to 14 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 30 June 2020 (Unaudited)

	<i>Attributable to equity holders of the Parent Company</i>												
	<i>Share capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Treasury shares reserve KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Hedging reserve KD 000's</i>	<i>Investment revaluation reserve KD 000's</i>	<i>Other reserves KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Sub total KD 000's</i>	<i>Non-controlling interests KD 000's</i>	<i>Total Equity KD 000's</i>
As at 1 January 2020	176,294	152,650	85,368	(49,239)	44,366	(39,548)	(19,842)	60	(706)	750,977	1,100,380	49,190	1,149,570
Profit for the period	-	-	-	-	-	-	-	-	-	16,209	16,209	5,269	21,478
Other comprehensive income loss	-	-	-	-	-	1,075	(6,965)	-	261	-	(5,629)	590	(5,039)
Total comprehensive income (loss) for the period	-	-	-	-	-	1,075	(6,965)	-	261	16,209	10,580	5,859	16,439
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(9,987)	(9,987)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(54)	-	(54)	44	(10)
As at 30 June 2020	176,294	152,650	85,368	(49,239)	44,366	(38,473)	(26,807)	60	(499)	767,186	1,110,906	45,106	1,156,012
As at 1 January 2019	153,299	152,650	76,279	(49,239)	44,366	(38,428)	(18,897)	351	(24,848)	718,006	1,013,539	52,695	1,066,234
Profit for the period	-	-	-	-	-	-	-	-	-	41,894	41,894	8,240	50,134
Other comprehensive loss	-	-	-	-	-	(820)	(962)	-	-	-	(1,782)	(362)	(2,144)
Total comprehensive (loss) income for the period	-	-	-	-	-	(820)	(962)	-	-	41,894	40,112	7,878	47,990
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(21,704)	(21,704)	-	(21,704)
Issue of bonus shares (Note 11)	22,995	-	-	-	-	-	-	-	-	(22,995)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,319)	(12,319)
Issue of share capital by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	260	260
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(975)	-	(975)	203	(772)
As at 30 June 2019	176,294	152,650	76,279	(49,239)	44,366	(39,248)	(19,859)	351	(25,823)	715,201	1,030,972	48,717	1,079,689

The attached notes 1 to 14 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 and for the period ended 30 June 2020 (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 Bursa Kuwait and Dubai Stock Exchange. The address of the Parent Company’s Head office is Sulaibia, beside Land Customs Clearing Area, P.O. Box 25418, Safat 13115, Kuwait. The Group operates under the brand name of “Agility”.

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively, the “Group”) was authorised for issue by the Board of Directors on 13 August 2020.

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 achieving the Parent Company's objectives inside or outside Kuwait.
- ▶ All types of transportation, distribution, handling and customs clearance for goods.
- ▶ Customs consulting, customs automation, modernisation and decision support.

2 BASIS OF PREPARATION

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 2019. 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 2020.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments do not have a material impact on the interim condensed consolidated financial information of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2020 (Unaudited)

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the interim condensed consolidated financial information of the Group.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 KD 000's	(Audited) 31 December 2019 KD 000's	30 June 2019 KD 000's
Investment in an associate - outside Kuwait	110,930	109,183	109,205
Unquoted equity securities - in Kuwait	104	104	106
Investment in funds - outside Kuwait	2,310	2,861	3,470
	<u>113,344</u>	<u>112,148</u>	<u>112,781</u>

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

The investment in Korek Telecom has been classified as an investment in an associate as the Group exercises significant influence over financial and operating policies of Korek Telecom. As this associate is held as part of Venture Capital Organization’s investment portfolio, it is carried in the consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 “Investment in Associates and Joint Ventures” which allows investments held by Venture Capital Organisations to be accounted for at fair value through profit and loss in accordance with IFRS 9, with changes in fair value recognised in the consolidated statement of income in the period of change.

As at 30 June 2020, interest bearing loan provided by the Group to Korek Telecom amounted to KD 35,781 thousand (31 December 2019: KD 35,259 thousand and 30 June 2019: KD 35,266 thousand) (Note 10).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2020 (Unaudited)

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

Korek Litigation

In February 2017, the Group filed a request for arbitration against the Republic of Iraq pursuant to Article 36 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (“ICSID”), and Article 10 of the Agreement between the Government of the State of Kuwait and the Government of the Republic of Iraq for Reciprocal Promotion and Protection of Investments (the “2015 BIT”). The claim arises from a series of actions and inactions of the Iraqi government, including its regulatory agency Communications & Media Commission (“CMC”) relating to an alleged decision by the CMC to annul the previous written consent granted in connection with the Group’s investment in Korek Telecom, as well as the CMC’s order to transfer the shares acquired by the Group back to the original Iraqi shareholders (which was implemented in March 2019). Without limitation, the Group’s claims relate to Iraq’s failure to treat the Group’s investment of over USD 380 million fairly and equitably, its failure to accord the Group with due process, as well as the indirect expropriation of that investment, each in breach of the 2015 BIT. On 24 February 2017, the Group’s request for arbitration was formally registered with ICSID. The arbitration tribunal was formally constituted on 20 December 2017 and an initial procedural hearing was held on 31 January 2018.

The Group’s memorial was submitted on 30 April 2018. On 6 August 2018, Iraq submitted objections to jurisdiction and requested that they be determined as a preliminary matter before the case proceeds further on the merits. The tribunal bifurcated the proceedings on 31 October 2018 and the Group submitted its counter-memorial on jurisdiction on 10 January 2019. The reply of the respondents was submitted on 25 February 2019 and the Group’s rejoinder was submitted on 21 March 2019. The hearings were held on 24 and 25 April 2019. On 9 July 2019, the tribunal issued its decision on jurisdiction in which it found that it had jurisdiction over certain (but not all) of the Group’s claims. The case will now go forward on the merits of the claims over which the tribunal has jurisdiction. The Respondent’s counter-memorial was submitted on 13 March 2020. The Group’s Reply to Respondent’s Counter-Memorial was submitted on 17 July 2020, and the hearing on the merits is scheduled for October 2020. As the dispute remains pending without legal resolution and in the absence of clarity, the financial impact of this case may not be assessed.

In conjunction with the foregoing claims related to Korek Telecom, Iraq Telecom Limited (“IT Ltd.”) (in which the Group holds an indirect 54% stake) commenced the following proceedings:

► *Share Subscription Agreement Arbitration*

On 29 June 2017, IT Ltd. commenced arbitration proceedings before The International Chamber of Commerce (“ICC”) against Korek International (Management) Ltd. (“CS Ltd.”) and Mr. Sirwan Saber Mustafa. The dispute is in relation to the monies owed by CS Ltd. and guaranteed by Mr. Sirwan Saber Mustafa under a subscription agreement relating to the Group’s investment in Korek Telecom. The amount in dispute is approximately USD 75 million (excluding interest). The tribunal was constituted on 2 February 2018, with terms of reference and a procedural timetable to be issued by the tribunal in due course.

IT Ltd.’s statement of claim was submitted on 17 May 2018 and the respondents’ statement of defense was submitted on 12 September 2018.

IT Ltd. submitted its reply on 8 March 2019 and the respondents submitted their rejoinder on 3 May 2019. The hearings were held on 16 and 17 September 2019 and a final award is expected at any time.

► *Shareholders Agreement Arbitration*

On 4 June 2018, IT Ltd. commenced ICC arbitration proceedings against CS Ltd. and Mr. Sirwan Saber Mustafa. The dispute is in relation to various contractual breaches by the respondents under a shareholders’ agreement relating to the Parent Company’s investment in Korek Telecom. The amount in dispute is to be determined during the course of the proceedings.

The request for arbitration was submitted on 4 June 2018, and the respondents’ reply was submitted on 10 September 2018. IT Ltd. filed an amended request for arbitration on 15 January 2019 and the tribunal was constituted on 29 March 2019. IT Ltd.’s Statement of Claim was submitted on 28 August 2019 and CS Ltd.’s Statement of Defense was submitted on 22 January 2020. On 10 July 2020, IT Ltd. discontinued the proceedings on a without prejudice basis.

New proceedings were commenced with similar claims were nonetheless filed by IT Ltd., both for itself and on behalf of International Holdings Ltd. and Korek Telecom, against CS Ltd. and Mr. Sirwan Saber Mustafa. A request for arbitration was filed on 14 April 2020. The tribunal is in the process of being constituted.

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

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

Korek Litigation (continued)

- *IBL Subordination Agreement Arbitration: Arbitration proceedings against IBL Bank SAL, Korek Telecom and International Holdings Ltd.*

The dispute is in relation to alleged fraud orchestrated by certain Korek Telecom stakeholders with the knowledge and cooperation of IBL Bank in connection with a subordination agreement relating to a USD 150 million loan extended by IBL Bank to Korek Telecom. The amount in dispute is to be determined during the course of the proceedings. The request for arbitration was submitted on 26 June 2018, and the respondents' reply and counter-claim was submitted on 8 October 2018. The counterclaim seeks damages for losses (still unquantified) allegedly suffered by the respondents in relation to their reputation and good standing. IBL's answer and counterclaim was submitted on 8 November 2018. Korek's and IH's answer was submitted on 14 December 2018. The tribunal was constituted on 15 May 2019. IT Ltd.'s Statement of Claim was submitted on 22 November 2019, and respondents' Statements of Defense were submitted on 21 February 2020. IT Ltd.'s Reply was filed on 22 July 2020. The hearings are scheduled for November and December 2020.

- *DIFC Director Claims*

On 12 March 2018 IT Ltd. commenced proceedings in the courts of the Dubai International Financial Centre ("DIFC") against certain directors of International Holdings Limited (the holding company of Korek in which IT Ltd. holds a 44% interest). The defendant directors are Abdulhameed Aqrawi, Nozad Jundi and Raymond Zina Rahmeh. The claim alleges breach of the defendants' duties as directors of International Holdings. IT Ltd. is in the process of effecting service of the claims in Lebanon and Iraq.

On 20 February 2019, IT Ltd. filed an application for interim relief to appoint an 'authorised representative' of International Holdings with sufficient power to investigate the affairs of International Holdings' subsidiary, Korek Telecom Company LLC (the 'Protector Application'). The Protector Application was dismissed by the DIFC Court on 7 August 2019.

Separately, on 5 September 2017, Modern Global Company for General Trading of Equipment, Supplier for Construction and Real Estate WLL (a wholly owned subsidiary of the Parent Company) commenced arbitration proceedings against Korek Telecom in relation to Korek's alleged failure to pay servicing fees due to Modern Global under a services agreement. On 20 March 2019, Modern Global was awarded its full claim, interest and legal costs, amounting to approximately USD 4.5 million. The Group is currently in the process of enforcing the award against Korek Telecom.

Consequently, as result of the ongoing litigation relating to Korek, the Group's management was unable to determine the fair value of this investment and the recoverability of interest-bearing loan as at 30 June 2020, 31 December 2019 and 30 June 2019. Accordingly, the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 110,930 thousand (31 December 2019: KD 109,183 thousand and 30 June 2019: KD 109,205 thousand).

5 BANK BALANCES AND CASH

	30 June 2020 KD 000's	(Audited) 31 December 2019 KD 000's	30 June 2019 KD 000's
Cash at banks and in hand	123,867	96,112	69,928
Short term deposits	67,913	34,820	18,332
Cash and cash equivalents	191,780	130,932	88,260
Deposits with original maturities exceeding 3 months	695	-	3,022
	192,475	130,932	91,282

Short term deposits are placed for varying periods, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

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

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6 TREASURY SHARES

	30 June 2020	<i>(Audited)</i> 31 December 2019	30 June 2019
Number of treasury shares	98,978,642	98,978,642	98,978,642
Percentage of issued shares	5.61%	5.61%	5.61%
Market value in KD 000's	72,650	80,965	76,016

7 TAXATION

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2020 KD 000's	2019 KD 000's	2020 KD 000's	2019 KD 000's
National labour support tax (NLST)	167	501	424	1,097
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	67	209	170	438
Zakat	67	214	170	438
Taxation on overseas subsidiaries	3,202	2,295	5,137	4,620
	3,503	3,219	5,901	6,593

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:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2020 KD 000's	2019 KD 000's (Restated)*	2020 KD 000's	2019 KD 000's (Restated)*
Profit for the period attributable to equity holders of the Parent Company	6,389	21,613	16,209	41,894
	Shares	Shares	Shares	Shares
Weighted average number of paid up shares	2,027,370,142	2,027,370,142	2,027,370,142	2,027,370,142
Weighted average number of treasury shares	(113,830,690)	(113,830,690)	(113,830,690)	(113,830,690)
Weighted average number of outstanding shares	1,913,539,452	1,913,539,452	1,913,539,452	1,913,539,452
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	3.34	11.29	8.47	21.89

* Basic and diluted earnings per share for the comparative period presented have been restated to reflect the adjustment of bonus shares following the bonus issue relating to 2019 (Note 11).

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

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

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9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	30 June 2020 KD 000's	(Audited) 31 December 2019 KD 000's	30 June 2019 KD 000's
Letters of guarantee	148,743	157,106	143,011
Operating lease commitments	2,095	3,684	3,205
Capital commitments *	47,906	60,704	83,350
	198,744	221,494	229,566

Included in letters of guarantee are bank guarantees of KD 30,651 thousand (31 December 2019: KD 30,651 thousand and 30 June 2019: KD 30,751 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.

* The Group (Parent Company along with its subsidiary UPAC) and a related party are part of an arrangement to construct and develop a commercial mall in UAE ("project"). The Group currently has an equity interest of 19.87% (31 December 2019: 19.87% and 30 June 2019: 19.87%) and has also extended interest bearing loan facilities to the project (Note 10). Commitments undertaken by the Group towards further investments in the project amount to KD 22,929 thousand as on 30 June 2020 (31 December 2019: KD 37,224 thousand and 30 June 2019: KD 66,187 thousand). In addition to the above, the Parent Company has also provided corporate guarantees for the project amounting to KD 90,193 thousand (31 December 2019: KD 69,297 thousand and 30 June 2019: KD 62,085 thousand) and an undertaking for the completion of the mall within an agreed timeframe.

Legal claims

(a) PCO Contract

From 2004 through 2008, the Parent Company performed a PCO Contract, which was a cost-plus-fixed-fee contract with the Coalition Provisional Authority ("CPA") for logistics services supporting reconstruction in Iraq, including warehousing, convoys and security.

On 23 April 2011, the Parent Company submitted a Certified Claim for approximately USD 47 million that the US Government owes the Parent Company in connection with the PCO Contract. The Contracting Officer denied the Parent Company's Certified Claim on 15 December 2011, and the Parent Company appealed the denial to the Armed Services Board of Contract Appeals ("ASBCA"). Separately, the US Government had claimed that the Parent Company owed USD 80 million in connection with the PCO Contract and sought repayment of the same. The Parent Company appealed the US Government's demand for repayment to the ASBCA and the appeals were consolidated.

On 26 August 2013, the US Government moved to dismiss the ASBCA appeals for lack of jurisdiction. The ASBCA granted the US Government's motion to dismiss on 9 December 2014. The Parent Company appealed to the U.S. Court of Appeals for the Federal Circuit on 8 April 2015. On 16 April 2018, a panel of the Federal Circuit affirmed the ASBCA's decision dismissing the Parent Company's appeals for lack of jurisdiction.

Following the Federal Circuit decision, on 21 September 2018, the Parent Company filed an amended complaint in a pending matter involving the PCO Contract in the Court of Federal Claims ("COFC"), seeking, among other things, a return of USD 17 million previously offset by the US Government (described further below), as well as a declaratory judgment that the US Government may not withhold amounts legally owed by the US Government to the Parent Company based on the Parent Company's purported debt under the PCO Contract. This matter was consolidated with the DDKS matter as detailed below.

As referenced above, the US Government offset USD 17 million from another contract held by the Parent Company (the DDKS contract), in connection with its purported claim related to the PCO contract (the "DDKS offset"). On 3 July 2017, the Parent Company submitted a Certified Claim under the DDKS contract, seeking payment of the DDKS offset plus interest. In a letter, on 1 September 2017, the Contracting Officer notified the Parent Company that she was holding its Certified Claim in abeyance. Following the Federal Circuit decision discussed above, the Parent Company filed a complaint seeking the return of the DDKS offset plus interest (the "DDKS Matter").

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As at and for the period ended 30 June 2020 (Unaudited)

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) PCO Contract (continued)

On 21 September 2018, the Parent Company filed an amended complaint in the DDKS Matter. On 3 December 2018, the Parent Company filed a Motion for Judgment on the Pleadings, as well as a motion to consolidate the DDKS matter with the still-pending COFC matter described above. On 6 December 2018, the court granted the Parent Company's motion to consolidate. On 17 December 2018, the US Government filed a Motion to Dismiss in the DDKS matter. On 28 December 2018, the Parent Company filed its reply to the US Government's motion. The reply of the US Government was filed on 14 February 2019 and a hearing was held on 28 February 2019. On 9 May 2019, the Court of Federal Claims issued an opinion granting judgment for the US Government in the amended PCO complaint and dismissed the DDKS Matter for lack of jurisdiction. The Parent Company appealed both decisions to the Federal Circuit on 14 May 2019, which the court then consolidated. The briefing of the appeal was completed on 16 September 2019 and the oral argument was heard on 5 February 2020. The appeal is now under submission and is awaiting the panel's decision.

On 14 September 2016, the Parent Company filed a PCO-related lawsuit under the Administrative Procedure Act in the U.S. District Court for the District of Columbia ("DDC"). This matter remains stayed.

Despite inherent uncertainty surrounding these cases, no provision is recorded by the management in the interim consolidated financial information. The Parent Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the cases.

(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) ("GCS"), 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.

GCS appealed the above resolution at the Court of First Instance and the latter issued its judgment in favour of GCS 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.

GCS 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 GCS and GAC appealed against this ruling before the Kuwait Court of Cassation in appeals No. 148, 1487 for the year 2015. On 15 March 2017, the Court of Cassation resolved to defer the appeal to the experts. On 7 May 2018, the experts committee issued a report affirming the Company's right for the claimed compensation. The case was heard before the Court of Cassation on 3 October 2018. On 23 January 2019, GCS filed its defence and the court adjourned the hearing until 13 February 2019 for the submission of comments by the Customs. During this hearing, the Customs' representative requested and was granted an extension until 6 March 2019. The case was reserved for the judgment on 1 May 2019 which was then postponed until 26 June 2019. Furthermore, the pronouncement of the judgment was extended until the hearing scheduled on 25 September 2019 during which, the court of cassation resolved to transfer the case to the Experts' Department and the case is being examined with the Experts' Department.

GCS 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 GCS. The Court of Appeal issued its judgment in favour of GCS in blocking the encashment of the bank guarantees in the possession of GAC. GAC filed an appeal against this decision of the Court of Appeal and the Court of Cassation dismissed the appeal.

In addition to the above, there are other legal disputes between GCS and GAC. Both the parties have filed various claims and counter claims that are 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 information.

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

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9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(c) Contract No. 157 on Phases 1 and 2 and 3 for the South Amghara Plot

Investment properties include a property with a carrying value of KD 28,000 thousand representing land located in South Amghara which is leased from the Public Authority of Industry ("PAI").

On 3 July 2018, PAI notified the Parent Company of its intention to terminate the above-mentioned lease alleging that it expired on 30 June 2018 and requested the Parent Company to deliver the plot to PAI. Based on a legal opinion from the Parent Company's external legal counsel, the notice of termination is in violation of the law and the Parent Company initiated the necessary legal actions by filing Claim No. 2587/2018 Commercial-General-Public /24, Claim No. 3686/2018 Commercial-General-Public and Claim No. 4522/2018 Commercial-General-Public demanding the appointment of an expert to opine on the implied renewal of the lease pursuant to the law. On 9 September 2018, Administrative Eviction Order No. (E. P. R./129/2018) was issued by PAI, which the Parent Company petitioned before the court via Petition No. 5600/2018 Administrative/12.

On 25 April 2019, the Court of First Instance issued a judgment in claim No. 314/2019 against the Parent Company thereby terminating Allocation Contract No. 157 as of 30 June 2018, obliging the Parent Company to vacate the plot and allow PAI possession of it, and obliging the Parent Company to pay the proceeds of the plot as of 1 July 2018 equalling KD 80 per day until delivery of the plot. This judgment is not a final judgment. The Parent Company appealed the judgment demanding its reversal, denial of the claim and a declaration that the contractual relationship of Allocation Contract No. 157 is extended and renewed for another 20-year period beginning from 1 July 2018.

On 14 July 2019, the Court of Appeals issued an order suspending the Court of First Instance's judgment with respect of its expedited enforcement clause and adjourned the hearing of the appeal to 17 November 2019.

On 8 December 2019, the Parent Company's appeals were adjudicated; the Court of Appeals reversed the Court of First Instance's judgment in Claim No. 314/2019 and denied the claim because it was filed without standing, and affirmed everything else in the appealed judgment. The outcome of the Court of Appeals' judgment allows the Parent Company to maintain possession of the plots for now, but the judgment is subject to petitions by the parties and the Parent Company has appealed this judgment before the Court of Cassation under Appeals No. 3900/2019, 186/2020, and 562/2020 Commercial Cassation/4, and the Public Authority for Industry has also appealed the same judgment before the Court of Cassation under Appeals No. 560 and 561/2020 Commercial Cassation/4. The appeals are still being reviewed and have not been settled until now.

The Parent Company also filed an injunction to temporarily stay the execution of the Court of First Instance's judgment in Claim No. 314/2019 pending the pronouncement of the Court of Appeals' judgment. On 2 September 2019, the injunction was granted thereby staying enforcement of the abovementioned judgment. PAI subsequently appealed the granting of the injunction. On 16 February 2020, the court of appeals pronounced a judgment dismissing the PAI appeal as well as the injunction on the basis of the above judgment given on 8 December 2019.

The Parent Company (after consultation with the external counsel) is unable to comment on the likely outcome of the case.

(d) KGL Litigation

During the year ended 31 December 2012, the Parent Company and certain of its subsidiaries were named as defendants in civil lawsuits filed by Kuwait and Gulf Link Transport Company ("KGL") and its affiliates in three separate jurisdictions in the United States for certain alleged defamation and interference with KGL's contracts with the US Government by an alleged former employee of the Parent Company.

On 4 June 2018, following the completion of all discovery, the Parent Company filed a motion for summary judgment. On 6 July 2018, the court granted the Parent Company's motion and dismissed the complaint.

On 1 August 2018, KGL appealed the summary judgment to the Pennsylvania Superior Court. KGL filed its opening brief on 8 November 2018. The Group filed its response on 20 December 2018. KGL filed its reply on 17 January 2019 and its appendix for the appeal on 12 February 2019. The Parent Company filed its finalized brief on 25 February 2019, and KGL filed its finalized brief on 26 February 2019.

On 28 February 2019, the Superior Court denied KGL's motion to seal portions of the reproduced record. KGL filed a renewed motion to seal portions of the reproduced record on 7 March 2019. On 12 April 2019, the court granted KGL's motion and ordered KGL to file a redacted version of the reproduced record.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(d) KGL Litigation (continued)

On 15 May 2019, the Superior Court scheduled oral argument in the appeal. The court heard oral argument on 26 June 2019. On 1 August 2019, the Superior Court issued a decision rejecting KGL's appeal. On 3 September 2019, KGL filed a petition for allowance to appeal in the Pennsylvania Supreme Court, requesting that the Supreme Court review the Superior Court's decision. The Parent Company filed its answer to the petition on 17 September 2019. On 20 February 2020, the Supreme court denied KGL's petition. KGL failed to file a petition for a writ of certiorari within the statutory deadline. As such, KGL's appellate rights in this matter are now extinguished and the matter is therefore successfully concluded in the Parent Company's favor.

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

10 RELATED PARTIES TRANSACTIONS AND BALANCES

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:

			Six months ended 30 June	
	Major shareholders KD 000's	Other related parties KD 000's	2020 Total KD 000's	2019 Total KD 000's
Interim condensed consolidated statement of income				
Revenues	40	990	1,030	959
General and administrative expenses	(60)	(208)	(268)	(292)
Interest income	598	-	598	2,665
Finance costs	-	(35)	(35)	(42)
			(Audited)	
	Major shareholders KD 000's	Other related parties KD 000's	30 June 2020 Total KD 000's	31 December 2019 Total KD 000's
Interim condensed consolidated statement of financial position				
Investment in associates and joint ventures	28,718	72,479	101,197	101,352
Financial assets at fair value through profit or loss	-	110,930	110,930	109,183
Amounts due from related parties	40	3,026	3,066	2,781
Loan to a related party	-	113,027	113,027	98,732
Loan to an associate (Note 4)	-	35,781	35,781	35,259
Amounts due to related parties	60	8,128	8,188	8,385

Amounts due to and from related parties have arisen as a result of transactions made in the ordinary course of the business and are interest free.

The loan to a related party amounting to KD 113,027 thousand (31 December 2019: KD 98,732 thousand and 30 June 2019: KD 65,648 thousand) is provided to the joint venture representing amounts advanced by a subsidiary of the Group towards the construction and development of a Commercial Mall in UAE ("Project"). This amount bears compounded annual interest rates as per the loan agreement and can be converted to equity in the project on completion of construction subject to the project achieving certain operational targets and upon the discretion of the Group.

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

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10 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

The remuneration of directors (executives) and other members of key management during the period were as follows:

	Six months ended 30 June	
	2020	2019
	KD 000's	KD 000's
Short-term benefits	<u>708</u>	<u>759</u>

11 DIVIDEND AND BONUS SHARES

The shareholders at the Annual General Meeting ("AGM") and the Extraordinary General Meeting held on 29 June 2020 approved consolidated financial statements for the year ended 31 December 2019 and the distribution of cash dividends of 5 fils per share (31 December 2018: 15 fils per share) and bonus shares of 15% (31 December 2018: 15%) in respect of the year ended 31 December 2019 with the distribution date declared as 28 July 2020.

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 real-estate, airplane ground handling and cleaning services, cargo and lounge management, customs operations and management, customs consulting, fuel logistics and waste recycling.

Six months ended 30 June 2020	Logistics and related services KD 000's	Infrastructure KD 000's	Adjustments and eliminations KD 000's	Total KD 000's
Revenues				
External customers	570,212	194,838	-	765,050
Inter-segment	386	7,924	(8,310)	-
Total revenues	<u>570,598</u>	<u>202,762</u>	<u>(8,310)</u>	<u>765,050</u>
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)				<u>75,845</u>
Six months ended 30 June 2019	Logistics and related services KD 000's	Infrastructure KD 000's	Adjustments and eliminations KD 000's	Total KD 000's
Revenues				
External customers	556,653	218,390	-	775,043
Inter-segment	225	7,464	(7,689)	-
Total revenues	<u>556,878</u>	<u>225,854</u>	<u>(7,689)</u>	<u>775,043</u>
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)				<u>94,960</u>

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12 OPERATING SEGMENT INFORMATION (continued)

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.

The following table presents segment assets and liabilities of the Group’s operating segments as at 30 June 2020, 31 December 2019 and 30 June 2019.

	<i>Logistics and related services KD 000’s</i>	<i>Infrastructure KD 000’s</i>	<i>Adjustments and eliminations KD 000’s</i>	<i>Total KD 000’s</i>
<i>As at 30 June 2020</i>				
Total assets	826,418	1,393,911	(3,589)	2,216,740
Total liabilities	425,424	1,055,844	(420,540)	1,060,728
<i>As at 31 December 2019</i>				
Total assets	781,030	1,340,689	(39,585)	2,082,134
Total liabilities	404,252	998,688	(470,376)	932,564
<i>As at 30 June 2019</i>				
Total assets	847,714	1,224,713	(105,369)	1,967,058
Total liabilities	388,299	1,003,334	(504,264)	887,369

Disaggregated revenue information

The following presents the disaggregation of the Group’s revenue from contracts with customers:

	<i>Logistics revenue KD 000’s</i>	<i>Freight forwarding and project forwarding revenues KD 000’s</i>	<i>Rental revenues KD 000’s</i>	<i>Other services KD 000’s</i>	<i>Total KD 000’s</i>
30 June 2020					
<i>Timing of revenue recognition</i>					
Services performed at a point in time	59,502	21,604	-	92,514	173,620
Services performed over time	44,242	513,901	33,287	-	591,430
Total revenue from contracts with customers	103,744	535,505	33,287	92,514	765,050
<i>30 June 2019</i>					
<i>Timing of revenue recognition</i>					
Services performed at a point in time	60,359	22,172	-	126,210	208,741
Services performed over time	36,295	494,742	35,265	-	566,302
Total revenue from contracts with customers	96,654	516,914	35,265	126,210	775,043

Agility Public Warehousing Company K.S.C.P. and Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Determination of fair value and fair value hierarchy:

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 2</i> <i>KD'000</i>	<i>Level 3</i> <i>KD'000</i>	<i>Total fair value</i> <i>KD'000</i>
30 June 2020			
<i>Financial assets measured at fair value through profit or loss</i>			
Investment in an associate	-	110,930	110,930
Equity securities	-	104	104
Investment in funds	2,310	-	2,310
Loan to a related party	-	113,027	113,027
Loan to an associate	-	35,781	35,781
	<u>2,310</u>	<u>259,842</u>	<u>262,152</u>
<i>Financial assets measured at fair value through other comprehensive income</i>			
Unquoted Equity securities	-	16,243	16,243
<i>Derivative financial assets</i>			
Forward foreign exchange contracts	(13)	-	(13)
Interest rate swaps	(4,053)	-	(4,053)
	<u>(4,066)</u>	<u>-</u>	<u>(4,066)</u>
	<u>(1,756)</u>	<u>276,085</u>	<u>274,329</u>
31 December 2019			
<i>Financial assets measured at fair value through profit or loss</i>			
Investment in an associate	-	109,183	109,183
Equity securities	-	104	104
Investment in funds	2,861	-	2,861
Loan to a related party	-	98,732	98,732
Loan to an associate	-	35,259	35,259
	<u>2,861</u>	<u>243,278</u>	<u>246,139</u>
<i>Financial assets measured at fair value through other comprehensive income</i>			
Unquoted Equity securities	-	15,856	15,856
<i>Derivative financial assets</i>			
Forward foreign exchange contracts	70	-	70
Interest rate swaps	(186)	-	(186)
	<u>(116)</u>	<u>-</u>	<u>(116)</u>
	<u>2,745</u>	<u>259,134</u>	<u>261,879</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2020 (Unaudited)

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 2 KD'000</i>	<i>Level 3 KD'000</i>	<i>Total fair value KD'000</i>
30 June 2019			
<i>Financial assets measured at fair value through profit or loss</i>			
Investment in an associate	-	109,205	109,205
Equity securities	-	106	106
Investment in funds	3,470	-	3,470
Loan to a related party	-	65,648	65,648
Loan to an associate	-	35,266	35,266
	<u>3,470</u>	<u>210,225</u>	<u>213,695</u>
<i>Financial assets measured at fair value through other comprehensive income</i>			
Unquoted Equity securities	-	15,921	15,921
<i>Derivative financial assets</i>			
Forward foreign exchange contracts	56	-	56
Interest rate swaps	(143)	-	(143)
	<u>(87)</u>	<u>-</u>	<u>(87)</u>
	<u>3,383</u>	<u>226,146</u>	<u>229,529</u>

There were no transfers between the fair value hierarchies during the period.

The Group's management was unable to determine the fair value of the investment in an associate and the recoverability of interest bearing loan as at 30 June 2020, 31 December 2019 and 30 June 2019 due to certain inherent uncertainties and accordingly the investment and related loan is carried at its fair value as at 31 December 2013 (Note 4).

Fair values of financial assets classified as fair value through other comprehensive income are determined using valuation techniques that are not based on observable market prices or rates.

The following table below shows a reconciliation of the opening and the closing amount of level 3 financial assets measured at fair value:

	<i>30 June 2020 KD'000</i>	<i>(Audited) 31 December 2019 KD'000</i>	<i>30 June 2019 KD'000</i>
As at 1 January	259,134	201,877	201,877
Change in fair value recognised in consolidated statement of income	-	(132)	337
Re-measurement recognised in consolidated statement of comprehensive income	-	(291)	-
Others including net purchases (sales) and transfer	14,677	57,951	24,152
Exchange differences	2,274	(271)	(220)
As at the reporting date	<u>276,085</u>	<u>259,134</u>	<u>226,146</u>

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INFORMATION

As at and for the period ended 30 June 2020 (Unaudited)

14 IMPACT OF COVID-19

The recent spread of the coronavirus (“COVID-19”) across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 30 June 2020.

(i) Credit risk management

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny.

The uncertainties caused by COVID-19 required the Group to consider the impact of higher volatility in the forward-looking macro-economic factors considered for the determination of expected credit losses (“ECLs”) as at 30 June 2020. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate.

(ii) Liquidity risk management

In response to the COVID 19 outbreak, the Group is closely evaluating its liquidity and funding position and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

(iii) Fair value measurement of financial instruments

The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group is closely monitoring whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario. Further information on the Group's policy in relation to fair value measurements is disclosed in Note 2.5 in the annual consolidated financial statements for the year ended 31 December 2019.

(iv) Fair value measurement of non-financial instruments (Property, plant and equipment, right of use assets, investment properties, Investment in associates and joint ventures)

As at the reporting date, the Group has not identified significant impact on the carrying values of its non-financial assets as at 30 June 2020 due to the uncertainty involved in determining the effect on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at 31 December 2019. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the interim condensed consolidated financial information.

(v) Impairment of Goodwill

The Group has performed a reassessment for the recoverable amount of goodwill, considering the impact of COVID-19 on the entities operating in the transportation and logistics sector, by revisiting the assumptions and cash flows projections. As a result of the exercise, management has concluded that no impairment provision is considered necessary in the interim condensed consolidated statement of income for the period ended 30 June 2020.

The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position in the future. The Group will continue to monitor the market outlook and update its assumptions, and forecasts as that may have a substantial impact on the interim condensed consolidated financial information in the future.