

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 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 September 2020, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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 110,390 thousand (31 December 2019: KD 109,183 thousand and 30 September 2019: KD 109,490 thousand) and KD 35,606 thousand (31 December 2019: KD 35,259 thousand and 30 September 2019: KD 35,358 thousand) respectively, in the interim condensed consolidated statement of financial position as at 30 September 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 September 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 nine months period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.



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8 November 2020
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020 (Unaudited)

		30 September 2020	(Audited) 31 December 2019	30 September 2019
	Notes	KD 000's	KD 000's	KD 000's
ASSETS				
Non-current assets				
Property, plant and equipment		212,769	215,458	243,586
Projects in progress		46,925	56,313	61,462
Right-of-use assets		225,377	182,947	156,579
Investment properties		396,411	371,190	303,713
Intangible assets		20,571	25,052	25,976
Goodwill		253,873	254,007	253,063
Investment in associates and joint ventures		102,112	101,352	100,584
Financial assets at fair value through profit or loss	4	112,742	112,148	113,051
Financial assets at fair value through other comprehensive income		18,622	15,856	15,946
Other non-current assets		44,901	22,610	23,928
Loans to related parties	10	125,081	98,732	83,109
Loan to an associate	4	35,606	35,259	35,358
Total non-current assets		1,594,990	1,490,924	1,416,355
Current assets				
Inventories		24,356	28,674	30,972
Trade receivables		352,676	331,616	323,810
Other current assets		100,526	99,988	112,598
Bank balances and cash	5	136,808	130,932	112,190
Total current assets		614,366	591,210	579,570
TOTAL ASSETS		2,209,356	2,082,134	1,995,925
EQUITY AND LIABILITIES				
EQUITY				
Share capital		202,737	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		(40,814)	(39,548)	(41,163)
Hedging reserve		(25,814)	(19,842)	(20,511)
Investment revaluation reserve		60	60	351
Other reserves		(500)	(706)	(25,822)
Retained earnings		747,737	750,977	736,881
Equity attributable to equity holders of the Parent Company		1,116,551	1,100,380	1,050,086
Non-controlling interests		46,992	49,190	53,085
Total equity		1,163,543	1,149,570	1,103,171
LIABILITIES				
Non-current liabilities				
Provision for employees' end of service benefits		52,059	50,351	49,376
Interest bearing loans		269,431	247,708	208,092
Lease liabilities		179,741	131,319	119,325
Other non-current liabilities		14,734	12,708	10,462
Total non-current liabilities		515,965	442,086	387,255
Current liabilities				
Interest bearing loans		41,261	23,148	52,366
Lease liabilities		39,102	36,974	27,464
Trade and other payables		441,025	422,213	417,361
Dividends payable		8,460	8,143	8,308
Total current liabilities		529,848	490,478	505,499
Total liabilities		1,045,813	932,564	892,754
TOTAL EQUITY AND LIABILITIES		2,209,356	2,082,134	1,995,925


 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 September 2020 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2020 KD 000's</i>	<i>2019 KD 000's</i>	<i>2020 KD 000's</i>	<i>2019 KD 000's</i>
Revenues					
Logistics and freight forwarding revenues		343,166	319,987	982,415	933,555
Rental revenues		16,900	17,492	50,187	52,757
Other services		42,916	63,232	135,430	189,442
Total revenues		402,982	400,711	1,168,032	1,175,754
Cost of revenues		(282,623)	(267,378)	(804,074)	(789,402)
Net revenues		120,359	133,333	363,958	386,352
General and administrative expenses		(74,452)	(87,605)	(239,434)	(249,815)
Restructuring expenses		(4,028)	(99)	(8,503)	(264)
Change in fair value of investment properties		-	-	(443)	-
Share of results of associates and joint ventures		769	486	(514)	2,365
Miscellaneous income		3,870	1,313	7,299	3,750
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		46,518	47,428	122,363	142,388
Depreciation		(18,269)	(14,488)	(52,514)	(42,352)
Amortisation		(1,403)	(1,612)	(4,704)	(4,349)
Profit before interest, taxation and Directors' remuneration (EBIT)		26,846	31,328	65,145	95,687
Interest income		478	2,490	1,568	5,859
Finance costs		(5,347)	(5,685)	(17,287)	(16,616)
Profit before taxation and Directors' remuneration		21,977	28,133	49,426	84,930
Taxation	7	(3,450)	(2,175)	(9,351)	(8,768)
Directors' remuneration		(35)	(35)	(105)	(105)
PROFIT FOR THE PERIOD		18,492	25,923	39,970	76,057
Attributable to:					
Equity holders of the Parent Company		15,314	21,680	31,523	63,574
Non-controlling interests		3,178	4,243	8,447	12,483
		18,492	25,923	39,970	76,057
BASIC AND DILUTED EARNINGS PER SHARE – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)	8	8.00	11.33	16.47	33.22

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 September 2020 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period	18,492	25,923	39,970	76,057
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	(2,504)	(1,434)	(839)	(2,619)
Share of other comprehensive income (loss) of associates and joint ventures	133	(225)	(985)	(1,002)
Gain (loss) on hedge of net investments	217	(402)	(1,387)	(174)
Gain (loss) on cash flow hedges	643	(64)	(3,600)	(474)
Net other comprehensive loss that are or may be reclassified to consolidated statement of income in subsequent periods	(1,511)	(2,125)	(6,811)	(4,269)
<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	-	-	261	-
Total other comprehensive loss	(1,511)	(2,125)	(6,550)	(4,269)
Total comprehensive income for the period	16,981	23,798	33,420	71,788
Attributable to:				
Equity holders of the Parent Company	13,966	19,113	24,546	59,225
Non-controlling interests	3,015	4,685	8,874	12,563
	16,981	23,798	33,420	71,788

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 September 2020 (Unaudited)

		Nine months ended 30 September	
		2020 KD 000's	2019 KD 000's
Notes			
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		49,426	84,930
Adjustments for:			
Change in fair value of investment properties		443	-
Expected credit losses on trade receivables		2,357	542
Provision for employees' end of service benefits		9,114	9,042
Foreign currency exchange gain		(202)	(603)
Share of results of associates and joint ventures		514	(2,365)
Miscellaneous income		(7,299)	(3,750)
Depreciation of property, plant and equipment and right-of-use assets		52,514	42,352
Amortisation		4,704	4,349
Interest income		(1,568)	(5,859)
Finance costs		17,287	16,616
Operating profit before changes in working capital		127,290	145,254
Inventories		4,374	(10,027)
Trade receivables		(24,176)	9,835
Other current assets		547	(15,060)
Trade and other payables		23,937	(12,932)
		131,972	117,070
Taxation paid		(8,042)	(10,987)
Employees' end of service benefits paid		(8,598)	(7,868)
Directors' remuneration paid		(140)	(140)
Net cash flows generated from operating activities		115,192	98,075
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		(2,890)	(787)
Additions to property, plant and equipment		(54,769)	(36,153)
Proceeds from disposal of property plant and equipment		285	525
Loans to related parties	10	(26,310)	(36,707)
Additions to intangible assets		(15)	(328)
Additions to projects in progress		(2,973)	(15,164)
Additions to investment properties		(5,864)	(1,000)
Dividends received from an associate		2,272	2,186
Acquisition of investment in an associate		(4,507)	-
Acquisition of additional interest in a subsidiary		(713)	(212)
Acquisition of subsidiaries net of cash acquired		-	(1,665)
Interest income received		734	883
Net movement in other non-current assets		(19,865)	(91)
Net movement in deposits with original maturities exceeding three months		(1,144)	(52)
Net cash flows used in investing activities		(115,174)	(88,138)
FINANCING ACTIVITIES			
Net movement in interest bearing loans		72,607	50,268
Payment of lease obligations		(37,547)	(26,305)
Finance cost paid		(11,006)	(13,281)
Dividends paid to equity holders of the Parent Company		(8,001)	(21,619)
Dividends paid to non-controlling interests		(11,116)	(12,636)
Additional share capital issued by a subsidiary		-	260
Net cash flows generated from (used in) financing activities		4,937	(23,313)
Net foreign exchange differences		(223)	(413)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,732	(13,789)
Cash and cash equivalents at 1 January		130,932	125,927
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	135,664	112,138

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 September 2020 (Unaudited)

	<i>Attributable to equity holders of the Parent Company</i>												
	<i>Share capital</i> <i>KD 000's</i>	<i>Share premium</i> <i>KD 000's</i>	<i>Statutory reserve</i> <i>KD 000's</i>	<i>Treasury shares</i> <i>KD 000's</i>	<i>Treasury shares reserve</i> <i>KD 000's</i>	<i>Foreign currency translation reserve</i> <i>KD 000's</i>	<i>Hedging reserve</i> <i>KD 000's</i>	<i>Investment revaluation reserve</i> <i>KD 000's</i>	<i>Other reserves</i> <i>KD 000's</i>	<i>Retained earnings</i> <i>KD 000's</i>	<i>Sub total</i> <i>KD 000's</i>	<i>Non-controlling interests</i> <i>KD 000's</i>	<i>Total Equity</i> <i>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	-	-	-	-	-	-	-	-	-	31,523	31,523	8,447	39,970
Other comprehensive (loss) income	-	-	-	-	-	(1,266)	(5,972)	-	261	-	(6,977)	427	(6,550)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,266)	(5,972)	-	261	31,523	24,546	8,874	33,420
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(8,320)	(8,320)	-	(8,320)
Issue of bonus share (Note 11)	26,443	-	-	-	-	-	-	-	-	(26,443)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,116)	(11,116)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(55)	-	(55)	44	(11)
As at 30 September 2020	202,737	152,650	85,368	(49,239)	44,366	(40,814)	(25,814)	60	(500)	747,737	1,116,551	46,992	1,163,543
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	-	-	-	-	-	-	-	-	-	63,574	63,574	12,483	76,057
Other comprehensive loss	-	-	-	-	-	(2,735)	(1,614)	-	-	-	(4,349)	80	(4,269)
Total comprehensive (loss) income for the period	-	-	-	-	-	(2,735)	(1,614)	-	-	63,574	59,225	12,563	71,788
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(21,704)	(21,704)	-	(21,704)
Issue of bonus shares (Note 11)	22,995	-	-	-	-	-	-	-	-	(22,995)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,636)	(12,636)
Issue of share capital by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	260	260
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(974)	-	(974)	203	(771)
As at 30 September 2019	176,294	152,650	76,279	(49,239)	44,366	(41,163)	(20,511)	351	(25,822)	736,881	1,050,086	53,085	1,103,171

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 September 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 Boursa 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 8 November 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.

A provision for restructuring expenses is recognised when the Group has approved a detailed and formal restructuring plan.

Certain prior period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity and profit for the period then ended.

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 September 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 September 2020	(Audited) 31 December 2019	30 September 2019
	KD 000's	KD 000's	KD 000's
Investment in an associate - outside Kuwait	110,390	109,183	109,490
Unquoted equity securities - in Kuwait	54	104	106
Investment in funds - outside Kuwait	2,298	2,861	3,455
	<u>112,742</u>	<u>112,148</u>	<u>113,051</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 September 2020, interest bearing loan provided by the Group to Korek Telecom amounted to KD 35,606 thousand (31 December 2019: KD 35,259 thousand and 30 September 2019: KD 35,358 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 September 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. The hearings on the merits were held in October 2020, and post-hearing submissions are due in November 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. On 1 April 2020, the tribunal issued its final award in favor of the respondents and dismissing all of IT Ltd.’s claims.

► *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.

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

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

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

Korek Litigation (continued)

Shareholders Agreement Arbitration (continued)

The tribunal has been constituted, and IT Ltd.'s application to pursue derivative claims on behalf of International Holdings Ltd. and Korek Telecom is due in December 2020.

► *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 February 2021.

► *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 Aqrabi, 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.

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 September 2020, 31 December 2019 and 30 September 2019. Accordingly, the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 110,390 thousand (31 December 2019: KD 109,183 thousand and 30 September 2019: KD 109,490 thousand).

5 BANK BALANCES AND CASH

	30 September 2020 KD 000's	(Audited) 31 December 2019 KD 000's	30 September 2019 KD 000's
Cash at banks and in hand	114,644	96,112	81,700
Short term deposits	21,020	34,820	30,438
Cash and cash equivalents	135,664	130,932	112,138
Deposits with original maturities exceeding 3 months	1,144	-	52
	136,808	130,932	112,190

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 September 2020	<i>(Audited)</i> 31 December 2019	30 September 2019
Number of treasury shares	113,830,690	98,978,642	98,978,642
Percentage of issued shares	5.61%	5.61%	5.61%
Market value in KD 000's	74,787	80,965	71,166

7 TAXATION

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2020	2019	2020	2019
	KD 000's	KD 000's	KD 000's	KD 000's
National labour support tax (NLST)	401	567	825	1,664
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	160	228	330	666
Zakat	160	228	330	666
Taxation on overseas subsidiaries	2,729	1,152	7,866	5,772
	3,450	2,175	9,351	8,768

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 September</i>		<i>Nine months ended 30 September</i>	
	2020	2019	2020	2019
		<i>(Restated)*</i>		<i>(Restated)*</i>
Profit for the period attributable to equity holders of the Parent Company (KD 000's)	15,314	21,680	31,523	63,574
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
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)	8.00	11.33	16.47	33.22

* 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 year ended 31 December 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	30 September 2020	<i>(Audited)</i> 31 December 2019	30 September 2019
	KD 000's	KD 000's	KD 000's
Letters of guarantee	149,155	157,106	159,847
Operating lease commitments	1,418	3,684	2,992
Capital commitments *	31,749	60,704	70,682
	182,322	221,494	233,521

Included in letters of guarantee are bank guarantees of KD 30,651 thousand (31 December 2019: KD 30,651 thousand and 30 September 2019: KD 30,651 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 September 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 12,889 thousand as on 30 September 2020 (31 December 2019: KD 37,224 thousand and 30 September 2019: KD 50,865 thousand). In addition to the above, the Parent Company has also provided corporate guarantees for the project amounting to KD 94,254 thousand (31 December 2019: KD 69,297 thousand and 30 September 2019: KD 67,641 thousand) and an undertaking for the completion of the mall within an agreed time frame.

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.

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

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

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) PCO Contract (continued)

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”).

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.

On 12 August 2020, the Federal Circuit issued an opinion remanding the PCO complaint to the Court of Federal Claims for an evaluation of the merits of the US Government’s offset determination as well as a determination of whether proper procedures were followed as required by law.

On 31 August 2020, Agility sought panel rehearing on a minor, technical point, which the panel denied. On 18 September 2020, the US Government filed a motion seeking an extension of time to file a combined petition for panel rehearing and rehearing until 12 November 2020. The Court granted that motion on 21 September 2020.

The matter is currently awaiting the US Government’s decision on whether to file a petition for rehearing with the Federal Circuit.

On 14 September 2016, the Parent Company had 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.

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

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

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(b) Guarantee encashment (continued)

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.

(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 appeal by the parties. 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 Court of Cassation during the hearing on 15 October 2020 decided to accept the appeals and scheduled the hearing on 5 November 2020 during which it decided to further postpone the hearing to 18 February 2021.

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 (continued)

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.

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.

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

			Nine months ended 30 September		
	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	55	1,931	1,986	1,799	
General and administrative expenses	(92)	(360)	(452)	(371)	
Interest income	-	948	948	4,972	
Finance costs	-	(47)	(47)	(62)	
			(Audited)		
	Major shareholders KD 000's	Other related parties KD 000's	30 September 2020 Total KD 000's	31 December 2019 Total KD 000's	30 September 2019 Total KD 000's
Interim condensed consolidated statement of financial position					
Investment in associates and joint ventures	28,409	73,703	102,112	101,352	100,584
Financial assets at fair value through profit or loss	-	110,390	110,390	109,183	109,490
Amounts due from related parties	203	3,224	3,427	3,031	2,949
Loans to related parties	-	125,081	125,081	98,732	83,109
Loan to an associate (Note 4)	-	35,606	35,606	35,259	35,358
Amounts due to related parties	109	8,112	8,221	8,385	6,301

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.

Loans to related parties include KD 122,844 thousand (31 December 2019: KD 98,732 thousand and 30 September 2019: KD 83,109 thousand) provided to a 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.

Compensation of key management personnel

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

	<i>Nine months ended 30 September</i>	
	2020 KD 000's	2019 KD 000's
Short-term benefits	1,062	1,268

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11 DIVIDEND AND BONUS SHARES

The shareholders at the Annual General Meeting (“AGM”) and the Extraordinary General Meeting held on 29 June 2020 approved the 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.

Nine months ended 30 September 2020	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	Total KD 000's
Revenues				
External customers	875,674	292,358	-	1,168,032
Inter-segment	608	12,107	(12,715)	-
Total revenues	876,282	304,465	(12,715)	1,168,032
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)				122,363

Nine months ended 30 September 2019	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	Total KD 000's
Revenues				
External customers	841,452	334,302	-	1,175,754
Inter-segment	434	11,207	(11,641)	-
Total revenues	841,886	345,509	(11,641)	1,175,754
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)				142,388

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.

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12 OPERATING SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2020, 31 December 2019 and 30 September 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 September 2020</i>				
Total assets	788,124	1,431,407	(10,175)	2,209,356
Total liabilities	406,152	1,091,018	(451,357)	1,045,813
<i>As at 31 December 2019 (Audited)</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 September 2019</i>				
Total assets	824,654	1,275,920	(104,649)	1,995,925
Total liabilities	372,395	1,040,650	(520,291)	892,754

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 September 2020					
<i>Timing of revenue recognition</i>					
Services performed at a point in time	91,788	32,787	-	135,430	260,005
Services performed over time	67,893	789,947	50,187	-	908,027
Total revenue from contracts with customers	159,681	822,734	50,187	135,430	1,168,032
30 September 2019					
<i>Timing of revenue recognition</i>					
Services performed at a point in time	95,315	33,891	-	189,442	318,648
Services performed over time	55,506	748,843	52,757	-	857,106
Total revenue from contracts with customers	150,821	782,734	52,757	189,442	1,175,754

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

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

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 KD'000</i>	<i>Level 3 KD'000</i>	<i>Total fair value KD'000</i>
30 September 2020			
<i>Financial assets measured at fair value through profit or loss</i>			
Investment in an associate	-	110,390	110,390
Equity securities	-	54	54
Investment in funds	2,298	-	2,298
Loans to related parties	-	125,081	125,081
Loan to an associate	-	35,606	35,606
	<u>2,298</u>	<u>271,131</u>	<u>273,429</u>
<i>Financial assets measured at fair value through other comprehensive income</i>			
Unquoted Equity securities	-	18,622	18,622
<i>Derivative financial assets</i>			
Forward foreign exchange contracts	(162)	-	(162)
Interest rate swaps	(3,798)	-	(3,798)
	<u>(3,960)</u>	<u>-</u>	<u>(3,960)</u>
	<u>(1,662)</u>	<u>289,753</u>	<u>288,091</u>
31 December 2019 (Audited)			
<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>

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

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	Level 2 KD'000	Level 3 KD'000	Total fair value KD'000
30 September 2019			
<i>Financial assets measured at fair value through profit or loss</i>			
Investment in an associate	-	109,490	109,490
Equity securities	-	106	106
Investment in funds	3,455	-	3,455
Loan to a related party	-	83,109	83,109
Loan to an associate	-	35,358	35,358
	<u>3,455</u>	<u>228,063</u>	<u>231,518</u>
<i>Financial assets measured at fair value through other comprehensive income</i>			
Unquoted Equity securities	-	15,946	15,946
<i>Derivative financial assets</i>			
Forward foreign exchange contracts	(120)	-	(120)
Interest rate swaps	(216)	-	(216)
	<u>(336)</u>	<u>-</u>	<u>(336)</u>
	<u>3,119</u>	<u>244,009</u>	<u>247,128</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 September 2020, 31 December 2019 and 30 September 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:

	30 September 2020 KD'000	(Audited) 31 December 2019 KD'000	30 September 2019 KD'000
As at 1 January	259,134	201,877	201,877
Change in fair value recognised in consolidated statement of income	(82)	(132)	114
Re-measurement recognised in consolidated statement of comprehensive income	-	(291)	-
Others including net purchases (sales) and transfer	30,701	57,951	42,018
Exchange differences	-	(271)	-
As at the reporting date	<u>289,753</u>	<u>259,134</u>	<u>244,009</u>

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As at and for the period ended 30 September 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 September 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 September 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 September 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 September 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 consolidated financial information in the future.