

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2017 (UNAUDITED)



Building a better
working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena



RSM

RSM Albazie & Co.

Al-Anqa Tower 2 Floor 41 & 42
Baitak Tower Safat Al-Jaber St. Sherg
P.O. Box 21111, Safat 13002, State of Kuwait

Tel: +965 22963900

Fax: +965 22412761

www.rsmkuwait.com

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 2017 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

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4 to the interim condensed consolidated financial information, the Group’s investment in Korek Telecom and its related loan (“Korek”) is carried at KD 108,389 thousand (31 December 2016: KD 109,881 thousand) and KD 35,086 thousand (31 December 2016: KD 35,569 thousand) respectively, in the interim condensed consolidated statement of financial position as at 30 September 2017. Further, the Group 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 2017 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 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

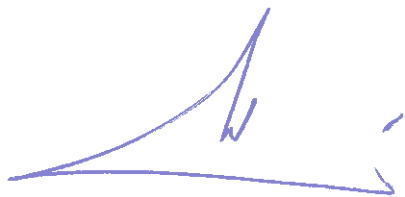
We draw attention to:

- (i) Note 2 to the interim condensed consolidated financial information which describes that the Parent Company was indicted by a federal grand jury in the United States of America (“US”) on multiple counts of False Claims Act Violations. Furthermore, the United States Department of Justice also joined a civil qui tam lawsuit against the Parent Company under the False Claims Act. The Department of Justice claimed substantial damages for alleged violations in both the criminal and civil proceedings. During the period ended 30 September 2017, the Group entered into a settlement agreement resolving all outstanding claims against the Group.; and
- (ii) Note 9(b) to the interim condensed consolidated financial information which describe the contingencies relating to investigations into litigations with the General Administration of Customs for Kuwait.

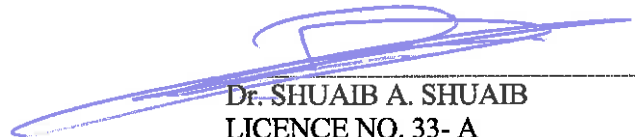
Our conclusion is not further qualified in respect of the matters set out above.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its Executive Regulations, 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 2017 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS



Dr. SHUAIB A. SHUAIB
LICENCE NO. 33- A
RSM Albazie & Co.

9 November 2017
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 (Unaudited)

		(Audited)	
	30 September 2017	31 December 2016	30 September 2016
	Notes	KD 000's	KD 000's
ASSETS			
Non-current assets			
Property, plant and equipment		274,496	251,997
Projects in progress		19,969	16,501
Investment properties		269,603	268,686
Intangible assets		26,957	29,978
Goodwill		248,871	245,989
Investment in associates		53,092	51,167
Financial assets at fair value through profit or loss	4	108,526	109,917
Financial assets available for sale		36,858	35,497
Other non-current assets		30,211	34,831
Loan to a related party	10	39,878	20,339
Loan to an associate	4	35,086	35,569
Total non-current assets		1,143,547	1,100,471
Current assets			
Inventories		16,021	14,390
Trade receivables		295,707	241,146
Other current assets		108,780	93,725
Bank balances and cash	5	85,548	94,305
Total current assets		506,056	443,566
TOTAL ASSETS		1,649,603	1,544,037
EQUITY AND LIABILITIES			
EQUITY			
Share capital		133,303	121,185
Share premium		152,650	152,650
Statutory reserve		60,593	60,593
Treasury shares	6	(49,239)	(45,288)
Treasury shares reserve		44,366	44,366
Foreign currency translation reserve		(26,932)	(22,918)
Hedging reserve		(17,610)	(17,801)
Investment revaluation reserve		1,836	1,836
Other reserves		(35,431)	(31,225)
Retained earnings		681,301	661,356
Equity attributable to equity holders of the Parent Company		944,837	920,582
Non-controlling interests		34,442	28,660
Total equity		979,279	949,242
LIABILITIES			
Non-current liabilities			
Interest bearing loans		84,738	86,911
Provision for employees' end of service benefits		50,386	46,301
Other non-current liabilities		15,032	11,769
Total non-current liabilities		150,156	144,981
Current liabilities			
Interest bearing loans		114,226	52,492
Trade and other payables		397,352	388,821
Dividends payable		8,590	8,501
Total current liabilities		520,168	449,814
Total liabilities		670,324	594,795
TOTAL EQUITY AND LIABILITIES		1,649,603	1,544,037


Tarek Abdul Aziz Sultan
Vice Chairperson and CEO

The attached notes 1 to 13 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 2017 (Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017	2016	2017	2016
		KD 000's	KD 000's	KD 000's	KD 000's
Revenues					
Logistics and freight forwarding revenues		310,877	270,790	881,745	802,960
Rental revenues		15,309	13,916	45,226	40,729
Other services		32,290	27,249	94,103	75,560
Total revenues		358,476	311,955	1,021,074	919,249
Cost of revenues		(242,976)	(204,748)	(676,953)	(602,548)
Net revenues		115,500	107,207	344,121	316,701
General and administrative expenses		(31,063)	(29,369)	(95,630)	(89,752)
Salaries and employee benefits		(52,515)	(51,101)	(157,240)	(150,268)
Reversal of provisions	2	-	-	29,505	-
Settlement of litigation claims	2	-	-	(28,785)	-
Share of results of associates		1,214	1,530	3,121	3,495
Gain on bargain purchase on acquisition of subsidiary		-	-	-	1,045
Miscellaneous income		1,043	633	2,481	2,525
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		34,179	28,900	97,573	83,746
Depreciation		(7,225)	(6,909)	(21,753)	(20,604)
Amortisation		(1,012)	(1,011)	(3,021)	(3,033)
Profit before interest, taxation and Directors' remuneration (EBIT)		25,942	20,980	72,799	60,109
Interest income		860	202	2,366	525
Finance costs		(2,686)	(1,936)	(7,867)	(4,668)
Profit before taxation and Directors' remuneration		24,116	19,246	67,298	55,966
Taxation	7	(2,801)	(1,987)	(7,862)	(5,854)
Directors' remuneration		(39)	(35)	(109)	(105)
PROFIT FOR THE PERIOD		21,276	17,224	59,327	50,007
Attributable to:					
Equity holders of the Parent Company		17,816	15,175	49,219	43,304
Non-controlling interests		3,460	2,049	10,108	6,703
		21,276	17,224	59,327	50,007
BASIC AND DILUTED EARNINGS PER SHARE – attributable to Equity holders of the Parent Company (fils)	8	14.16	11.99	39.08	34.23

The attached notes 1 to 13 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 2017 (Unaudited)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</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	21,276	17,224	59,327	50,007
Other comprehensive income:				
<i>Items are or may be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
- Foreign currency translation adjustments	(2,205)	3,630	(3,141)	(3,717)
- Gain on hedge of net investments	80	35	224	107
- Gain (loss) on cash flow hedges	7	97	(33)	(109)
Other comprehensive (loss) income	(2,118)	3,762	(2,950)	(3,719)
Total comprehensive income for the period	19,158	20,986	56,377	46,288
Attributable to:				
Equity holders of the Parent Company	15,876	18,704	45,396	40,773
Non-controlling interests	3,282	2,282	10,981	5,515
	19,158	20,986	56,377	46,288

The attached notes 1 to 13 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 2017 (Unaudited)

	Notes	Nine months ended 30 September	
		2017 KD 000's	2016 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		67,298	55,966
Adjustments for:			
Provision for impairment of trade receivables		592	588
Provision for employees' end of service benefits		7,901	7,375
Foreign currency exchange gain		(501)	(837)
Share of results of associates		(3,121)	(3,495)
Gain on bargain purchase on acquisition of a subsidiary		-	(1,045)
Reversal of provisions	2	(29,505)	-
Settlement of litigation claims	2	28,785	-
Miscellaneous income		(2,481)	(2,525)
Depreciation		21,753	20,604
Amortisation		3,021	3,033
Interest income		(2,366)	(525)
Finance costs		7,867	4,668
Operating profit before changes in working capital		99,243	83,807
Inventories		(1,803)	(2,286)
Trade receivables		(47,629)	(15,805)
Other current assets		(4,458)	(7,464)
Trade and other payables		24,291	6,172
Cash from operations		69,644	64,424
Settlement of litigation claims		(28,785)	-
Taxation paid		(6,313)	(4,297)
Employees' end of service benefits paid		(5,884)	(6,028)
Directors remuneration paid		(140)	(140)
Net cash flows from operating activities		28,522	53,959
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		(3,434)	1,193
Additions to property, plant and equipment		(36,749)	(34,021)
Proceeds from disposal of property plant and equipment		476	-
Loan to a related party	10	(18,104)	(7,480)
Additions to projects in progress		(7,239)	(20,731)
Additions to investment properties		(917)	(295)
Additions to intangible assets		-	(14)
Acquisition of additional interest in an associate		-	(355)
Dividends received from an associate		1,698	1,548
Acquisition of subsidiary net of cash required		(115)	(5,115)
Acquisition of additional interest in a subsidiary		(38)	-
Interest income received		551	556
Net movement in deposits with original maturities exceeding three months		7,065	(256)
Net cash flows used in investing activities		(56,806)	(64,970)
FINANCING ACTIVITIES			
Purchase of treasury shares		(3,951)	-
Net movement in interest bearing loans		61,120	35,386
Finance cost paid		(8,469)	(6,087)
Dividends paid to equity holders of the Parent Company		(17,211)	(33,872)
Dividends paid to non-controlling interests		(5,516)	(1,409)
Net cash flows from (used in) financing activities		25,973	(5,982)
Net foreign exchange differences		619	(7,220)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,692)	(24,213)
Cash and cash equivalents at 1 January		87,240	107,207
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	85,548	82,994

The attached notes 1 to 13 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 2017 (Unaudited)

Attributable to equity holders of the Parent Company

	Share capital KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Treasury shares KD 000's	Treasury shares reserve KD 000's	Foreign currency translation reserve KD 000's	Hedging reserve KD 000's	Investment revaluation reserve KD 000's	Other reserves KD 000's	Retained earnings KD 000's	Sub total KD 000's	Non-controlling interests KD 000's	Total equity KD 000's
As at 1 January 2017	121,185	152,650	60,593	(45,288)	44,366	(22,918)	(17,801)	1,836	(35,397)	661,356	920,582	28,660	949,242
Profit for the period	-	-	-	-	-	-	-	-	-	49,219	49,219	10,108	59,327
Other comprehensive (loss) income	-	-	-	-	(4,014)	191	-	-	-	-	(3,823)	873	(2,950)
Total comprehensive (loss) income for the period	-	-	-	-	(4,014)	191	-	-	-	49,219	45,396	10,981	56,377
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(17,156)	(17,156)	-	(17,156)
Issue of bonus shares (Note 11)	12,118	-	-	-	-	-	-	-	-	(12,118)	-	-	-
Purchase of treasury shares	-	-	-	(3,951)	-	-	-	-	-	-	(3,951)	-	(3,951)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,516)	(5,516)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	322	322
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(34)	-	(34)	(5)	(39)
As at 30 September 2017	133,303	152,650	60,593	(49,239)	44,366	(26,932)	(17,610)	1,836	(35,431)	681,301	944,837	34,442	979,279
As at 1 January 2016	121,185	152,650	60,593	(45,288)	44,366	(15,133)	(18,225)	1,294	(31,225)	636,809	907,026	24,449	931,475
Profit for the period	-	-	-	-	-	(2,529)	(2)	-	-	43,304	43,304	6,703	50,007
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	(2,531)	(1,188)	(3,719)
Total comprehensive (loss) income for the period	-	-	-	-	-	(2,529)	(2)	-	-	43,304	(34,506)	5,515	46,288
Dividends (Note 11)	-	-	-	-	-	-	-	-	-	(34,506)	(34,506)	-	(34,506)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,316)	(4,316)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,990	1,990
As at 30 September 2016	121,185	152,650	60,593	(45,288)	44,366	(17,662)	(18,227)	1,294	(31,225)	645,607	913,293	27,638	940,931

The attached notes 1 to 13 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 30 September 2017 (Unaudited)

1 CORPORATE INFORMATION

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

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively, the "Group") was authorised for issue by the Board of Directors on 2 November 2017.

The main objectives of the Parent Company are as follows:

- Construction, management and renting of all types of warehouses.
- Warehousing goods under customs' supervision inside and outside customs areas.
- Investing the surplus funds in investment portfolios.
- Participating in, acquiring or taking over companies of similar activities or those that would facilitate in achieving the Parent Company's objectives inside or outside Kuwait.
- All types of transportation, distribution, handling and customs clearance for goods.
- Customs consulting, customs automation, modernisation and decision support.

2 SUBSISTENCE PRIME VENDOR AND OTHER CONTRACTS - US INVESTIGATION

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

In November 2009, the Parent Company was indicted by a federal grand jury in United States on multiple counts of fraud allegations. Furthermore, The United States Department of Justice also joined the qui tam lawsuit against the Parent Company under the US False Claims Act (the "Qui Tam Proceedings"). The Department of Justice claimed substantial damages for alleged violations.

In May 2017, the Parent Company entered into a global settlement of the Qui Tam Proceedings. The Parent Company agreed to plead in the criminal portion of the case to a misdemeanor in connection with a single invoice valued at \$551 (KD 167). The misdemeanor is a minor offense, unrelated to any of the original criminal charges, requiring the Parent Company to pay a maximum of \$551 and no criminal fine. In the parallel civil proceedings of the case, the Parent Company agreed to pay \$95 million (KD 28.8 million) in cash. In addition, the Parent Company and the U.S. government agreed to mutual releases of all outstanding contract claims related to the SPV Contract. The global settlement and mutual dismissal of all claims by both parties allowed the company to release operational credit reserves of KD 29.5 million. The settlement resolved all outstanding issues with the U.S. government in connection with the SPV Contract for the Parent Company, its affiliates, employees, directors, and officers. It also allows the Parent Company to resume pursuit of new U.S. government contracts. Under the terms of the settlement, the U.S. government has agreed to remove the Parent Company and its subsidiaries and affiliates from the list of suspended companies on its System for Award Management (SAM) database, formerly known as the Excluded Parties List System (EPLS). Subsequently, the court approved the joint dismissal of the civil case and ordered restitution of \$551 and a special assessment of \$125. The court did not impose a fine.

In October 2016, U.S. Defense Logistics Agency (DLA) sent a demand that the Parent Company reimburse the U.S. Government an amount of approximately KD 8.4 million for alleged "bottled water overcharges." The U.S. Government paid the claimed amount to the Parent Company for supplying bottled water to the U.S. military in Afghanistan in 2005. DLA claimed that the Parent Company misrepresented the price of bottled water because PWC's supplier, Supreme Foodservice, charged an artificially-high price for the water that Supreme sold to the Parent Company. DLA did not present any evidence that the Parent Company was complicit in, or had any actual or constructive knowledge of, Supreme's fraud at the time the Parent Company purchased bottled water from Supreme. On March 1, 2017, DLA sent a letter threatening to take offsets against amounts due under other U.S. government contracts. On March 8, 2017, the Parent Company requested deferment of the offsets based on the differing contractual parties. In May 2017, under a Global settlement agreement signed with DLA covering various other claims and counter claims as mentioned above, the Parent Company settled this case without prejudice.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 30 September 2017 (Unaudited)

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

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

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

On April 8, 2015, the Parent Company appealed the ASBCA ruling to the U.S. Court of Appeals for the Federal Circuit. As part of the same contract, the Parent Company asserted a KD 13 million claim for non-reimbursed costs. This claim was denied by the ASBCA and consolidated with the above referenced Government claim for KD 23 million. Both claims are therefore on appeal to the U.S. Court of Appeals for the Federal Circuit. The Parent Company also filed a separate complaint at the U.S. Court of Federal Claims on 7 April 2015 on a different jurisdictional basis seeking the KD 13 million affirmative claim, the KD 4.7 million which was offset by the U.S. Government as aforementioned, and a determination that the KD 23 million demanded by the US Government is invalid. On 10 March 2016 the U.S. Court of Appeals for the Federal Circuit granted a "limited remand" back to the ASBCA for the purpose of determining the real party in interest. Notwithstanding this remand, the U.S. Court of Appeals for the Federal Circuit retained jurisdiction over the appeal. On February 14, 2017, the ASBCA issued a decision concluding that the identity of the real party in interest did not affect the ASBCA's earlier decision dismissing the Parent Company's claims for lack of jurisdiction. After the ASBCA issued its decision on remand, the Federal Circuit appeal recommenced. The government filed its brief on April 25, 2017, and the Parent Company filed its reply on May 9, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. 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 2017.

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

Changes in accounting policies and disclosures

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

As at 30 September 2017 (Unaudited)

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 September 2017 KD 000's</i>	<i>(Audited) 31 December 2016 KD 000's</i>	<i>30 September 2016 KD 000's</i>
Investment in an associate – outside Kuwait	108,389	109,881	108,210
Un-quoted equity securities - in Kuwait	137	-	-
Quoted equity securities - in Kuwait	-	36	36
	<u>108,526</u>	<u>109,917</u>	<u>108,246</u>

The Group (through its wholly owned subsidiary, a Venture Capital Organisation) owns 23.7% indirect interest in Korek Telecom L.L.C. (“Korek Telecom”). The investment in Korek Telecom is classified as investment in an associate as the Group exercises significant influence over Korek Telecom. As this associate is held as part of Venture Capital Organization’s investment portfolio, it is carried in the interim condensed consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 “Investment in Associates” which allows investments held by Venture Capital Organisations to be accounted for at fair value through profit or loss in accordance with IAS 39, with changes in fair value recognised in the interim condensed consolidated statement of income in the period of change.

Korek Litigation

In February 2017, the Parent Company 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 (CMC) relating to an alleged decision by the CMC to annul the previous written consent granted in connection with the Parent Company’s investment in Korek Telecom. Without limitation, the Parent Company’s claims relate to Iraq’s failure to treat the Parent Company’s investment of over \$380 million fairly and equitably, its failure to accord the Parent Company with due process, as well as the indirect expropriation of that investment, each in breach of the 2015 BIT. On 24 February, 2017, the Parent Company’s request for arbitration was formally registered with ICSID. The parties are currently in the process of constituting the arbitral tribunal. Currently and as the dispute remains pending without legal resolution and in the absence of clarity, the financial impact of this case may not be assessed.

5 BANK BALANCES AND CASH

	<i>30 September 2017 KD 000's</i>	<i>(Audited) 31 December 2016 KD 000's</i>	<i>30 September 2016 KD 000's</i>
Cash at banks and in hand	71,095	77,774	69,411
Short term deposits	14,453	9,466	13,583
Cash and cash equivalents	<u>85,548</u>	<u>87,240</u>	<u>82,994</u>
Deposits with original maturities exceeding three months	-	7,065	7,103
	<u>85,548</u>	<u>94,305</u>	<u>90,097</u>

Short term deposits (with original maturities up to three months) are placed for varying periods of one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Term deposits (deposits with original maturities exceeding three months) earn interest ranging from 1.43% to 2.00% per annum (31 December 2016: 2.03% to 2.5% per annum and 30 September 2016: 2.25% to 2.5 % per annum).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2017 (Unaudited)

6 TREASURY SHARES

	<i>30 September 2017</i>	<i>(Audited) 31 December 2016</i>	<i>30 September 2016</i>
Number of treasury shares	<u>74,831,667</u>	<u>61,638,142</u>	<u>61,638,142</u>
Percentage of issued shares	<u>5.61%</u>	<u>5.09%</u>	<u>5.09%</u>
Market value in KD 000's	<u>66,376</u>	<u>38,216</u>	<u>29,278</u>

7 TAXATION

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017 KD 000's</i>	<i>2016 KD 000's</i>	<i>2017 KD 000's</i>	<i>2016 KD 000's</i>
National labour support tax (NLST)	465	397	1,288	1,134
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	186	158	515	453
Zakat	186	63	515	453
Taxation on overseas subsidiaries	1,964	1,369	5,544	3,814
	<u>2,801</u>	<u>1,987</u>	<u>7,862</u>	<u>5,854</u>

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>	
	<i>2017 KD 000's</i>	<i>2016 KD 000's (Restated)*</i>	<i>2017 KD 000's</i>	<i>2016 KD 000's (Restated)*</i>
Profit for the period attributable to equity holders of the Parent Company	<u>17,816</u>	<u>15,175</u>	<u>49,219</u>	<u>43,304</u>
Weighted average number of paid up shares	<u>1,333,028,778</u>	<u>1,333,028,778</u>	<u>1,333,028,778</u>	<u>1,333,028,778</u>
Weighted average number of treasury shares	<u>(74,825,842)</u>	<u>(67,807,781)</u>	<u>(73,448,996)</u>	<u>(67,807,781)</u>
Weighted average number of outstanding Shares	<u>1,258,202,936</u>	<u>1,265,220,997</u>	<u>1,259,579,782</u>	<u>1,265,220,997</u>
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	<u>14.16</u>	<u>11.99</u>	<u>39.08</u>	<u>34.23</u>

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

As there are no outstanding dilutive instruments hence, outstanding 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 30 September 2017 (Unaudited)

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	<i>30 September</i> 2017 KD 000's	<i>(Audited)</i> 31 December 2016 KD 000's	<i>30 September</i> 2016 KD 000's
Letters of guarantee	111,771	123,638	120,887
Operating lease commitments	31,105	35,230	29,378
Capital commitments	28,855	22,534	10,697
	<u>171,731</u>	<u>181,402</u>	<u>160,962</u>

Included in letters of guarantee are bank guarantees of KD 31,405 thousand (31 December 2016: KD 31,405 thousand and 30 September 2016: KD 31,405 thousand), provided by a bank on behalf of the subsidiary, Global Clearing House Systems K.S.C. (Closed), to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group.

Legal claims

(a) Freight forwarding business – investigation

In August 2010, the Brazilian competition authority ("CADE") opened an investigation into the activities of the freight forwarding industry which included the Parent Company. The Brazilian competition authority purported to serve a notice on the Parent Company through its Brazilian subsidiary. The Parent Company rejected the validity of service of the notice. However, CADE stated in public announcement that it considers the notice to the Parent Company duly served. The Parent Company filed proceedings before the Brazilian court on 18 February 2014 requesting that the service of process be declared null. The Court issued a ruling rejecting this request and the Parent Company appealed against this ruling on 2 June 2015. In April 2017, the Parent Company concluded a settlement agreement with CADE, pursuant to which the Parent Company agreed to pay a fine of BRL 2,250,432 (approximately KD 213,554) in return for CADE closing its investigation. The Parent Company withdrew its proceedings in the Brazilian court contesting the validity of service of process. The terms of the settlement agreement were formally approved by CADE on 19 April 2017, and the Parent Company recorded this amount in the interim condensed consolidated statement of income.

(b) Guarantee encashment

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

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

The Company appealed the judgment before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 administrative 4 before the Court of Appeal. On 13 September 2015, the Court of Appeal pronounced its judgement affirming the decision of the Court of First Instance. Both the Company and GAC appealed against this ruling before the Kuwait Court of Cassation which is yet to pronounce its judgement. On 15 March 2017, the Court of Cassation resolved to defer the appeal to the experts and a hearing is scheduled for 20 November 2017 for the experts to prepare their report.

The Company also filed a claim against GAC and requested, under one of its demands, the Court of Appeal to prohibit GAC from encashing the remaining bank guarantees offered by the Company. The Court of Appeal issued its judgment in favour of the Company in blocking the encashment of the bank guarantees in the possession of GAC. GAC filed an appeal against the decision of the Court of Appeal blocking the encashment of the bank guarantees which was repealed by the Court of Cassation.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2017 (Unaudited)

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(b) Guarantee encashment (continued)

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

(c) KGL Litigation

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

On August 21, 2015, the Parent Company filed a motion for summary judgment. On December 8, 2015, the court denied the Parent Company's motion as well as KGL's motion to compel discovery that they argued was central to their claims. To date, no trial date has been set by the court, and the ultimate outcome of the litigation in the other jurisdiction is uncertain at this time.

(d) Miller False Claims Act Litigation

In a matter captioned United States of America ex rel. John Miller vs. The Public Warehousing Company, K.S.C. a/k/a Agility and PWC was filed under seal in the United States District Court for the Central District of California by Relator John Miller pursuant to the qui tam provisions in the False Claims Act ("FCA"), 31 U.S.C. §§ 3729 et. seq., on May 3, 2010. In his complaint, Relator alleged that the Parent Company violated the FCA by overstating indirect costs, thus overcharging the U.S. Government under three contracts. Relator attempted to serve the complaint on the Parent Company through its U.S. subsidiaries with offices in California. The Parent Company maintained that such service attempts were not effective. The District Court found that service had been effected, and the Parent Company appealed that order. The Court of Appeals found that further factual development was necessary before it could be determined whether or not service was effective. Relator, however, declined to pursue discovery and instead attempted service through the Hague Convention process. The Relator filed a motion, claiming that his efforts at service had been unsuccessful, and asking for the U.S. Court to grant alternative service. The Court granted Relator's motion and Relator served the Parent Company through the alternative means specified. On September 27, 2017, the Relator filed a motion to voluntarily dismiss the claims without prejudice. The motion was accepted by the United States District Court.

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 accompanying 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 30 September 2017 (Unaudited)

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:

	<i>Major shareholders</i> <i>KD 000's</i>	<i>Other related parties</i> <i>KD 000's</i>	<i>Nine months ended</i> <i>30 September</i>	
			<i>2017</i> <i>Total</i> <i>KD 000's</i>	<i>2016</i> <i>Total</i> <i>KD 000's</i>
Interim condensed consolidated statement of income				
Revenues	-	684	684	686
General and administrative expenses	(50)	(285)	(335)	(360)
Interest income	1,773	-	1,773	921
Finance costs	-	(127)	(127)	(228)
Miscellaneous income	-	-	-	407
			<i>(Audited)</i>	
			<i>30 September</i> <i>2017</i> <i>Total</i> <i>KD 000's</i>	<i>31 December</i> <i>2016</i> <i>Total</i> <i>KD 000's</i>
	<i>Major shareholders</i> <i>KD 000's</i>	<i>Other related Parties</i> <i>KD 000's</i>	<i>30 September</i> <i>2017</i> <i>Total</i> <i>KD 000's</i>	<i>30 September</i> <i>2016</i> <i>Total</i> <i>KD 000's</i>
Interim condensed consolidated statement of financial position				
Financial assets available for sale	8,449	-	8,449	8,449
Amounts due from related parties	310	1,828	2,138	971
Loan to a related party	39,878	-	39,878	17,898
Loan to an associate (Note 4)	-	35,086	35,086	35,028
Amounts due to related parties	34	2,751	2,785	4,392

Loan to a related party carries an interest ranging from 5.5% to 8.5% per annum (31 December 2016: 6.5% per annum and 30 September 2016: 8.5% per annum).

A portion of amounts due to related parties carry an interest of 6.5% per annum (31 December 2016: 6.5% per annum and 30 September 2016: 8.5% per annum).

Compensation of key management personnel	<i>Nine months ended</i> <i>30 September</i>	
	<i>2017</i> <i>KD 000's</i>	<i>2016</i> <i>KD 000's</i>
Short-term benefits	1,208	1,134

11 DIVIDEND AND BONUS SHARES

The shareholders at the Annual General Meeting ("AGM") and the Extraordinary General Meeting held on 24 May 2017, approved the distribution of cash dividends of 15 fils per share (31 December 2015: 30 fils per share) and bonus shares of 10% (31 December 2015: nil) in respect of the year ended 31 December 2016.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2017 (Unaudited)

12 OPERATING SEGMENT INFORMATION

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

Logistics and Related Services:

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

Infrastructure:

The Infrastructure segment provides other services which include industrial and commercial real-estate, facility management and airplane ground handling, cleaning services, customs consulting, bulk fuel storage and transport and waste recycling.

Nine months ended 30 September 2017	<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>
Revenues				
External customers	767,796	253,278	-	1,021,074
Inter-segment	779	8,630	(9,409)	-
Total revenues	<u>768,575</u>	<u>261,908</u>	<u>(9,409)</u>	<u>1,021,074</u>
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration	<u>21,025</u>	<u>83,565</u>	<u>(7,737)</u>	96,853
Reversal of provisions				29,505
Settlement of litigation claims				<u>(28,785)</u>
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)				97,573
Depreciation				(21,753)
Amortisation				<u>(3,021)</u>
Profit before interest, taxation and Directors' remuneration (EBIT)				72,799
Interest income				2,366
Finance costs				<u>(7,867)</u>
Profit before taxation and Directors' remuneration				67,298
Taxation and Directors' remuneration				<u>(7,971)</u>
Profit for the period				<u>59,327</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2017 (Unaudited)

12 OPERATING SEGMENT INFORMATION (continued)

Nine months ended 30 September 2016	<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>
Revenues				
External customers	686,606	232,643	-	919,249
Inter-segment	605	8,169	(8,774)	-
Total revenues	687,211	240,812	(8,774)	919,249
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	22,277	71,398	(9,929)	83,746
Depreciation				(20,604)
Amortisation				(3,033)
Profit before interest, taxation and Directors' remuneration (EBIT)				60,109
Interest income				525
Finance costs				(4,668)
Profit before taxation and Directors' remuneration				55,966
Taxation and Directors' remuneration				(5,959)
Profit for the period				50,007

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 September 2017, 31 December 2016 and 30 September 2016

As at 30 September 2017	<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>
Total assets	752,433	1,002,052	(104,882)	1,649,603
Total liabilities	839,756	809,944	(979,376)	670,324
31 December 2016				
Total assets	693,717	959,116	(108,796)	1,544,037
Total liabilities	605,945	767,144	(778,294)	594,795
30 September 2016				
Total assets	691,101	974,307	(131,859)	1,533,549
Total liabilities	604,040	772,178	(783,600)	592,618

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2017 (Unaudited)

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

As at the reporting date, fair value of the Group's financial assets [with the exception of certain financial assets available for sale carried at cost amounting to KD 32,502 thousand (31 December 2016: KD 30,047 thousand and 30 September 2016: KD 22,490 thousand)] and financial liabilities were not materially different from their carrying values.

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

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

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

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

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

	<i>Level 1 KD'000</i>	<i>Level 2 KD'000</i>	<i>Level 3 KD'000</i>	<i>Total fair value KD'000</i>
30 September 2017				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	108,389	108,389
Quoted equity securities	-	137	-	137
	<u>-</u>	<u>137</u>	<u>108,389</u>	<u>108,526</u>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	-	-	4,356	4,356
<i>Derivative:</i>				
Forward foreign exchange contracts	-	(183)	-	(183)
Interest rate swaps	-	287	-	287
	<u>-</u>	<u>241</u>	<u>112,745</u>	<u>112,986</u>
31 December 2016 (Audited)				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	109,881	109,881
Quoted equity securities	36	-	-	36
	<u>36</u>	<u>-</u>	<u>109,881</u>	<u>109,917</u>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	-	-	5,450	5,450
<i>Derivative:</i>				
Forward foreign exchange contracts	-	(60)	-	(60)
Interest rate swaps	-	319	-	319
	<u>36</u>	<u>259</u>	<u>115,331</u>	<u>115,626</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2017 (Unaudited)

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i> <i>KD'000</i>	<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 September 2016				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	108,210	108,210
Quoted equity securities	36	-	-	36
	<u>36</u>	<u>-</u>	<u>108,210</u>	<u>108,246</u>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	-	-	11,971	11,971
<i>Derivative:</i>				
Forward foreign exchange contracts	-	(15)	-	(15)
	<u>36</u>	<u>(15)</u>	<u>120,181</u>	<u>120,202</u>

The movement in the level 3 financial instruments balance primarily relates to foreign currency translation adjustments.

There was no material movement in the level 3 financial instruments balance and no transfers between the fair value hierarchies during the period.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Financial assets at fair value through profit or loss:

The Group's management was unable to determine the fair value of the investment in an associate as at 30 September 2017 and 31 December 2016 due to certain inherent uncertainties and accordingly the investment is carried at its fair value as at 31 December 2013 (Note 4).

Financial assets available for sale:

Fair values of financial assets available for sale are measured based on their latest net asset values provided by the respective fund managers.