

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2017 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2017 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4 to the interim condensed consolidated financial information, the Group’s investment in Korek Telecom and its related loan (“Korek”) is carried at KD 109,346 thousand (31 December 2016: KD 109,881 thousand) and KD 35,396 thousand (31 December 2016: KD 35,569 thousand) respectively, in the interim condensed consolidated statement of financial position as at 31 March 2017. Further, the Group filed a request for 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 31 March 2017 due to the nature and significant uncertainty around the investment and outcome of the request for 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 the qui tam lawsuit against the Parent Company under the False Claims Act (the "Qui Tam Proceedings"). The Department of Justice is claiming substantial damages for alleged violations. The Group Companies (including the Parent Company) are suspended from bidding for new contracts with the US Government pending the outcome of the cases. The ultimate outcome of these matters cannot presently be determined, and therefore no provision has been made in the interim condensed consolidated financial information; and
- (ii) Note 9(b) to the interim condensed consolidated financial information which describe the contingencies relating to investigations into litigations with the General Administration of Customs for Kuwait.

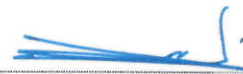
Our conclusion is not further qualified in respect of the matters set out above.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2017 that might have had a material effect on the business of the Parent Company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 63 A
EY
AL AIBAN, AL OSAIMI & PARTNERS



NAYEF M. AL-BAZIE
LICENCE NO. 91 A
RSM Albazie & Co.

15 May 2017
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017 (Unaudited)

		31 March 2017	<i>(Audited)</i> 31 December 2016	31 March 2016
	<i>Notes</i>	KD 000's	KD 000's	KD 000's
ASSETS				
Non-current assets				
Property, plant and equipment		273,389	251,997	210,262
Projects in progress		18,643	16,501	42,044
Investment properties		268,846	268,686	261,791
Intangible assets		28,664	29,978	32,985
Goodwill		247,128	245,989	246,689
Investment in associates		50,536	51,167	46,933
Financial assets at fair value through profit or loss	4	109,346	109,917	108,482
Financial assets available for sale		35,241	35,497	34,008
Other non-current assets		29,231	34,831	32,366
Loan to a related party		25,585	20,339	12,594
Loan to an associate	4	35,396	35,569	35,104
Total non-current assets		1,122,005	1,100,471	1,063,258
Current assets				
Inventories		16,400	14,390	13,355
Trade receivables		254,045	241,146	231,456
Other current assets		95,740	93,725	68,263
Bank balances and cash	5	87,640	94,305	123,133
Total current assets		453,825	443,566	436,207
TOTAL ASSETS		1,575,830	1,544,037	1,499,465
EQUITY AND LIABILITIES				
EQUITY				
Share capital		121,185	121,185	121,185
Share premium		152,650	152,650	152,650
Statutory reserve		60,593	60,593	60,593
Treasury shares	6	(49,239)	(45,288)	(45,288)
Treasury shares reserve		44,366	44,366	44,366
Foreign currency translation reserve		(23,971)	(22,918)	(24,378)
Hedging reserve		(17,684)	(17,801)	(18,156)
Investment revaluation reserve		1,836	1,836	1,294
Other reserves		(35,397)	(35,397)	(31,225)
Retained earnings		675,916	661,356	649,914
Equity attributable to equity holders of the Parent Company		930,255	920,582	910,955
Non-controlling interests		33,893	28,660	26,425
Total equity		964,148	949,242	937,380
LIABILITIES				
Non-current liabilities				
Interest bearing loans		96,703	86,911	71,494
Provision for employees' end of service benefits		47,459	46,301	42,558
Other non-current liabilities		10,522	11,769	19,975
Total non-current liabilities		154,684	144,981	134,027
Current liabilities				
Interest bearing loans		47,349	52,492	37,830
Trade and other payables		401,369	388,821	382,614
Dividends payable		8,280	8,501	7,614
Total current liabilities		456,998	449,814	428,058
Total liabilities		611,682	594,795	562,085
TOTAL EQUITY AND LIABILITIES		1,575,830	1,544,037	1,499,465



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 31 March 2017 (Unaudited)

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	<i>2017</i>	<i>2016</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Revenues			
Logistics and freight forwarding revenues		276,486	263,528
Rental revenues		14,776	13,227
Other services		29,280	22,079
		<hr/>	<hr/>
Total revenues		320,542	298,834
Cost of revenues		(209,712)	(196,786)
		<hr/>	<hr/>
Net revenues		110,830	102,048
General and administrative expenses		(30,089)	(29,142)
Salaries and employee benefits		(51,787)	(48,765)
Share of results of associates		827	910
Miscellaneous income		990	1,171
		<hr/>	<hr/>
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		30,771	26,222
Depreciation		(7,587)	(6,612)
Amortisation		(1,008)	(1,010)
		<hr/>	<hr/>
Profit before interest, taxation and Directors' remuneration (EBIT)		22,176	18,600
Interest income		772	136
Finance costs		(2,520)	(1,252)
		<hr/>	<hr/>
Profit before taxation and Directors' remuneration		20,428	17,484
Taxation	7	(2,372)	(2,014)
Directors' remuneration		(35)	(35)
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		18,021	15,435
		<hr/>	<hr/>
Attributable to:			
Equity holders of the Parent Company		14,560	13,105
Non-controlling interests		3,461	2,330
		<hr/>	<hr/>
		18,021	15,435
		<hr/>	<hr/>
BASIC AND DILUTED EARNINGS PER SHARE – attributable to Equity holders of the Parent Company (fils)	8	12.69	11.39
		<hr/>	<hr/>

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 31 March 2017 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2017 KD 000's</i>	<i>2016 KD 000's</i>
Profit for the period	18,021	15,435
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	719	(10,573)
- Gain on hedge of net investments	80	69
- Gain on cash flow hedges	37	-
Other comprehensive income (loss)	836	(10,504)
Total comprehensive income for the period	18,857	4,931
Attributable to:		
Equity holders of the Parent Company	13,624	3,929
Non-controlling interests	5,233	1,002
	18,857	4,931

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2017 (Unaudited)

		Three months ended 31 March	
	Notes	2017 KD 000's	2016 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		20,428	17,484
Adjustments for:			
Provision for impairment of trade receivables		321	269
Provision for employees' end of service benefits		2,359	2,429
Foreign currency exchange gain		297	(137)
Share of results of associates		(827)	(910)
Miscellaneous income		(990)	(1,171)
Depreciation		7,587	6,612
Amortisation		1,008	1,010
Interest income		(772)	(136)
Finance costs		2,520	1,252
Operating profit before changes in working capital		31,931	26,702
Inventories		(2,077)	(1,010)
Trade receivables		(10,066)	4,731
Other current assets		5,183	1,619
Trade and other payables		3,567	1,238
Cash from operations		28,538	33,280
Taxation paid		(2,359)	(1,098)
Employees' end of service benefits paid		(1,907)	(2,096)
Net cash flows from operating activities		24,272	30,086
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		(1,027)	1,587
Additions to property, plant and equipment		(20,901)	(8,187)
Proceeds from disposal of property, plant and equipment		121	-
Loan to a related party		(4,804)	(3,108)
Additions to projects in progress		(4,388)	(7,909)
Dividends received from an associate		1,698	1,548
Acquisition of subsidiary net of cash required		-	(5,115)
Interest income received		308	216
Net movement in deposits with original maturities exceeding three months		5,518	(3,091)
Net cash flows used in investing activities		(23,475)	(24,059)
FINANCING ACTIVITIES			
Purchase of treasury shares		(3,951)	-
Net movement in interest bearing loans		4,969	7,862
Finance cost paid		(2,158)	(1,393)
Dividends paid to equity holders of the Parent Company		(365)	(273)
Dividends paid to non-controlling interests		(788)	-
Net cash flows (used in) from financing activities		(2,293)	6,196
Net foreign exchange differences		348	(6,235)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,148)	5,988
Cash and cash equivalents at 1 January		87,240	107,207
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	86,092	113,195

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 31 March 2017 (Unaudited)

	<i>Attributable to equity holders of the Parent Company</i>												
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Treasury shares</i>	<i>Treasury shares reserve</i>	<i>Foreign currency translation reserve</i>	<i>Hedging reserve</i>	<i>Investment revaluation reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Sub total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
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	-	-	-	-	-	-	-	-	-	14,560	14,560	3,461	18,021
Other comprehensive (loss) income	-	-	-	-	-	(1,053)	117	-	-	-	(936)	1,772	836
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,053)	117	-	-	14,560	13,624	5,233	18,857
Purchase of treasury shares	-	-	-	(3,951)	-	-	-	-	-	-	(3,951)	-	(3,951)
As at 31 March 2017	121,185	152,650	60,593	(49,239)	44,366	(23,971)	(17,684)	1,836	(35,397)	675,916	930,255	33,893	964,148
As at 1 January 2016	121,185	152,650	60,593	(45,288)	44,366	(15,133)	(18,225)	1,294	(31,225)	636,809	907,026	24,449	931,475
Profit for the period	-	-	-	-	-	-	-	-	-	13,105	13,105	2,330	15,435
Other comprehensive (loss) income	-	-	-	-	-	(9,245)	69	-	-	-	(9,176)	(1,328)	(10,504)
Total comprehensive (loss) income for the period	-	-	-	-	-	(9,245)	69	-	-	13,105	3,929	1,002	4,931
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(356)	(356)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,330	1,330
As at 31 March 2016	121,185	152,650	60,593	(45,288)	44,366	(24,378)	(18,156)	1,294	(31,225)	649,914	910,955	26,425	937,380

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 31 March 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 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 10 May 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.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 8 March 2017 and are issued subject to the approval of the Ordinary General Assembly of the shareholders' of the Parent Company which has not been held to date. The Ordinary General Assembly of the shareholders has the power to amend the consolidated financial statements for the year ended 31 December 2016 after issuance.

2 SUBSISTENCE PRIME VENDOR AND OTHER CONTRACTS - US INVESTIGATION

In 2007, the Parent Company was served with an administrative subpoena and, subsequently, in March 2008, with a grand jury subpoena, by the US Government in connection with an investigation into certain aspects of the Subsistence Prime Vendor ("SPV") Contract which expired in December 2010. In addition, some employees of the Group were served with 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 is claiming substantial damages for alleged violations. The Parent Company pled not guilty to the indictment. Between February and November 2012, both parties filed various motions and opposition briefs which are pending before the court for ruling. The Parent Company's filings included motions to dismiss the indictment on various grounds and a motion to transfer venue to another judicial district.

As a result of this indictment, the Group companies (including the Parent Company) are suspended from bidding for new contracts with the US Government pending the outcome of the cases. However, the suspension did not affect continued performance of the existing contracts.

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

With respect to the Qui Tam Proceedings, in an order dated February 5, 2016, the United States District Court granted the United States' motion for alternative service of the Parent Company. The Qui Tam Proceedings are pending in the Northern District of Georgia in the United States. The order is not a final judgment in the matter. While publication of notice of the proceedings was subsequently made in a Kuwaiti newspaper, the United States District Court has yet to rule on whether service of process has yet been effected.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 31 March 2017 (Unaudited)

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

On September 28, 2016, the U.S. magistrate issued a Report and Recommendation recommending that the U.S. District Court deny the Parent Company's motions to dismiss the indictment and to transfer venue. On January 20, 2017, the U.S. District Court denied the Parent Company's motion to transfer venue. On March 30, 2017, the U.S. District Court issued orders granting in part and denying in part the motions to dismiss the complaints. As a result, all claims against certain executives of the Parent Company were dismissed, but the claims against the Parent Company were permitted to continue. On March 30, 2017, the Parent Company filed answers to the U.S. Government's complaints.

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

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

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

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 claims 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. To date, DLA has not presented 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 and the Parent Company's appeal which is pending at the U.S. Court of Federal Claims. The Parent Company intends to defend vigorously against these claims. In addition, the Parent Company has notified Supreme that the Parent Company will hold Supreme liable for all costs, including legal fees, the Parent Company incurs in defending this matter.

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

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>31 March 2017 KD 000's</i>	<i>(Audited) 31 December 2016 KD 000's</i>	<i>31 March 2016 KD 000's</i>
Investment in an associate – outside Kuwait	109,346	109,881	108,445
Quoted equity securities:			
- In Kuwait	-	36	37
	109,346	109,917	108,482

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

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

The Group's management was unable to determine the fair value of this investment as at 31 March 2017, 31 December 2016 and 31 March 2016 due to certain inherent uncertainties and accordingly the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 109,346 thousand (31 December 2016: KD 109,881 thousand and 31 March 2016: KD 108,445 thousand).

As at 31 March 2017, interest bearing loan provided by the Group to Korek Telecom along with interest accrued there on amounted to KD 35,396 thousand (31 December 2016: KD 35,569 thousand and 31 March 2016: KD 35,104 thousand) for which the Group management is unable to determine its recoverability.

5 BANK BALANCES AND CASH

	31 March 2017 KD 000's	<i>(Audited)</i> 31 December 2016 KD 000's	31 March 2016 KD 000's
Cash at banks and in hand	67,980	77,774	94,540
Short term deposits	18,112	9,466	18,655
Cash and cash equivalents	86,092	87,240	113,195
Deposits with original maturities exceeding three months	1,548	7,065	9,938
	87,640	94,305	123,133

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 of 2% per annum (31 December 2016: 2.03% to 2.5% per annum and 31 March 2016: 1.25 % to 2.5% per annum).

6 TREASURY SHARES

	31 March 2017	<i>(Audited)</i> 31 December 2016	31 March 2016
Number of treasury shares	68,023,493	61,638,142	61,638,142
Percentage of issued shares	5.61%	5.09%	5.09%
Market value in KD 000's	42,175	38,216	29,586

7 TAXATION

	<i>Three months ended 31 March</i>	
	2017 KD 000's	2016 KD 000's
National labour support tax (NLST)	379	343
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	152	137
Zakat	152	185
Taxation on overseas subsidiaries	1,689	1,349
	2,372	2,014

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

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 31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period attributable to equity holders of the Parent Company	14,560	13,105
Weighted average number of paid up shares	<i>Shares</i> 1,211,844,344	1,211,844,344
Weighted average number of treasury shares	(64,210,672)	(61,638,142)
Weighted average number of outstanding shares	1,147,633,672	1,150,206,202
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	12.69	11.39

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

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	<i>31 March 2017</i>	<i>(Audited) 31 December 2016</i>	<i>31 March 2016</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Letters of guarantee	120,767	123,638	104,295
Operating lease commitments	33,276	35,230	30,822
Capital commitments	39,710	22,534	12,534
	193,753	181,402	147,651

Included in letters of guarantee are bank guarantees of KD 31,405 thousand (31 December 2016: KD 31,405 thousand and 31 March 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 31 March 2017 (Unaudited)

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) Freight forwarding business – investigation (continued)

In August 2010, the Brazilian competition authority ("CADE") opened an investigation into the activities of the freight forwarding industry which included the Parent Company. The investigation is currently ongoing. The Brazilian competition authority purported to serve a notice on the Parent Company through its Brazilian subsidiary. The Parent Company has to date rejected the validity of service of the notice. However, CADE stated in public announcement that it considers the notice to the Parent Company duly served. The Parent Company filed proceedings before the Brazilian court on 18 February 2014 requesting that the service of process be declared null. The Court issued a ruling rejecting this request and the Parent Company appealed against this ruling on 2 June 2015. 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 has 90 days from the publication of CADE's decision in the Official Gazette within which to pay the fine.

(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. A hearing is scheduled on 24 May 2017 before the experts and a hearing is scheduled on 14 June 2017 before the court.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(b) Guarantee encashment (continued)

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

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

(c) KGL Litigation

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

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

10 RELATED PARTIES TRANSACTIONS 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 KD 000's</i>	<i>Other related parties KD 000's</i>	<i>Three months ended 31 March</i>	
			<i>2017 Total KD 000's</i>	<i>2016 Total KD 000's</i>
Interim condensed consolidated statement of income				
Revenues	-	228	228	225
General and administrative expenses	-	(95)	(95)	(109)
Interest income	442	-	442	124
Finance costs	-	(57)	(57)	(68)
Miscellaneous income	-	-	-	135

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

10 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

			<i>(Audited)</i>		
	<i>Major</i>	<i>Other related</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>shareholders</i>	<i>parties</i>	<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>Total</i>	<i>Total</i>	<i>Total</i>
			<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Interim condensed consolidated statement of financial position					
Financial assets available for sale	8,449	-	8,449	8,449	8,449
Amounts due from related parties	21	1,772	1,793	1,170	701
Loan to a related party	25,585	-	25,585	20,339	12,594
Loan to an associate (Note 4)	-	35,396	35,396	35,569	35,104
Amounts due to related parties	17	2,499	2,516	3,994	5,086

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

Compensation of key management personnel

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Short-term benefits	403	378

11 DIVIDEND AND BONUS SHARES

On 8 March 2017, Board of Directors of the Parent Company, recommended a cash dividend of 15 fils per share (2015: 30 fils per share) and bonus shares of 10% (2015: Nil) in respect of the year ended 31 December 2016. This proposal is subject to approval by the shareholders at the Annual General Assembly of the Parent Company.

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

12 OPERATING SEGMENT INFORMATION (continued)

Infrastructure:

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

Three months ended 31 March 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	240,212	80,330	-	320,542
Inter-segment	121	1,509	(1,630)	-
Total revenues	240,333	81,839	(1,630)	320,542
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	5,716	27,394	(2,339)	30,771
Depreciation				(7,587)
Amortisation				(1,008)
Profit before interest, taxation and Directors' remuneration (EBIT)				22,176
Interest income				772
Finance costs				(2,520)
Profit before taxation and Directors' remuneration				20,428
Taxation and Directors' remuneration				(2,407)
Profit for the period				18,021

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

12 OPERATING SEGMENT INFORMATION (continued)

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

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 31 March 2017, 31 December 2016 and 31 March 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>
As at 31 March 2017				
Total assets	<u>705,755</u>	<u>1,012,889</u>	<u>(142,814)</u>	<u>1,575,830</u>
Total liabilities	<u>790,234</u>	<u>784,921</u>	<u>(963,473)</u>	<u>611,682</u>
31 December 2016				
Total assets	<u>693,717</u>	<u>959,116</u>	<u>(108,796)</u>	<u>1,544,037</u>
Total liabilities	<u>605,945</u>	<u>767,144</u>	<u>(778,294)</u>	<u>594,795</u>
31 March 2016				
Total assets	<u>697,577</u>	<u>1,074,975</u>	<u>(273,087)</u>	<u>1,499,465</u>
Total liabilities	<u>612,397</u>	<u>757,670</u>	<u>(807,982)</u>	<u>562,085</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 31 March 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 30,327 thousand (31 December 2016: KD 30,047 thousand and 31 March 2016: KD 20,897 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</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>
31 March 2017				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	109,346	109,346
	<u>-</u>	<u>-</u>	<u>109,346</u>	<u>109,346</u>
 <i>Financial assets available for sale:</i>				
Unquoted equity securities			4,914	4,914
 <i>Derivative:</i>				
Forward foreign exchange contracts	-	59	-	59
Interest rate swaps	-	356	-	356
	<u>-</u>	<u>415</u>	<u>114,260</u>	<u>114,675</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2017 (Unaudited)

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
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>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
31 March 2016				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in an associate	-	-	108,445	108,445
Quoted equity securities	37	-	-	37
	<u>37</u>	<u>-</u>	<u>108,445</u>	<u>108,482</u>
<i>Financial assets available for sale:</i>				
Unquoted equity securities	-	-	13,111	13,111
<i>Derivative:</i>				
Forward foreign exchange contracts	-	44	-	44
	<u>37</u>	<u>44</u>	<u>121,556</u>	<u>121,637</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 31 March 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.