

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2021 (UNAUDITED)**



**Building a better  
working world**

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

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2021 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***

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

### ***Basis for Qualified Conclusion***

As stated in Note 4 to the interim condensed consolidated financial information, the Group’s investment in and loan to Korek Telecom (“Korek”) is carried at KD 109,020 thousand (31 December 2020: KD 110,078 thousand and 31 March 2020: KD 112,697 thousand) and KD 35,123 thousand (31 December 2020: KD 35,464 thousand and 31 March 2020: KD 36,394 thousand) respectively, in the interim condensed consolidated statement of financial position as at 31 March 2021. We were unable to obtain sufficient appropriate evidence about the investment in Korek and the recoverability of the loan as at 31 March 2021 due to the nature and significant uncertainty around the investment and outcome of the arbitrations. Consequently, we were unable to determine whether any adjustments to the carrying value of the investment and loan to Korek was necessary.

### ***Qualified Conclusion***

Based on our review, except for the possible effect of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

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

*Emphasis of Matter*

We draw attention to:

- (i) Note 9 (a) to the interim condensed consolidated financial information which describes the contingencies relating to cost reimbursable contracts with U.S. Coalition Provisional Authority (“CPA”); and
- (ii) Note 9 (b) to the interim condensed consolidated financial information which describe the contingencies and claims with the General Administration of Customs for Kuwait.

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

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



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EY  
AL AIBAN, AL OSAIMI & PARTNERS



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11 May 2021  
Kuwait

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (Unaudited)

		(Audited)	
	Notes	31 March 2021 KD 000's	31 December 2020 KD 000's
			31 March 2020 KD 000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		262,577	249,668
Projects in progress		33,355	40,766
Right-of-use assets		184,132	185,455
Investment properties		398,192	393,744
Intangible assets		18,619	19,942
Goodwill		252,587	256,431
Investment in associates and joint ventures		103,564	103,419
Financial assets at fair value through profit or loss	4	136,912	147,408
Financial assets at fair value through other comprehensive income		24,287	13,746
Other non-current assets		27,433	25,682
Loans to related parties	10	155,950	138,954
Loan to an associate	4	35,123	35,464
<b>Total non-current assets</b>		<b>1,632,731</b>	<b>1,610,679</b>
<b>Current assets</b>			
Inventories		21,408	23,390
Trade receivables		415,948	365,556
Other current assets		102,895	102,448
Bank balances and cash	5	167,889	170,041
<b>Total current assets</b>		<b>708,140</b>	<b>661,435</b>
<b>TOTAL ASSETS</b>		<b>2,340,871</b>	<b>2,272,114</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		202,737	202,737
Share premium		152,650	152,650
Statutory reserve		89,731	89,731
Treasury shares	6	(49,239)	(49,239)
Treasury shares reserve		44,366	44,366
Foreign currency translation reserve		(49,009)	(37,727)
Hedging reserve		(12,828)	(23,171)
Investment revaluation reserve		(2,490)	(2,490)
Other reserves		5,288	5,288
Retained earnings		773,502	760,861
<b>Equity attributable to equity holders of the Parent Company</b>		<b>1,154,708</b>	<b>1,143,006</b>
Non-controlling interests		50,519	48,175
<b>Total equity</b>		<b>1,205,227</b>	<b>1,191,181</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		43,174	44,155
Interest bearing loans		360,807	330,936
Lease liabilities		142,895	145,809
Other non-current liabilities		12,589	12,054
<b>Total non-current liabilities</b>		<b>559,465</b>	<b>532,954</b>
<b>Current liabilities</b>			
Interest bearing loans		16,398	24,446
Lease liabilities		38,728	38,660
Trade and other payables		512,854	476,567
Dividends payable		8,199	8,306
<b>Total current liabilities</b>		<b>576,179</b>	<b>547,979</b>
<b>Total liabilities</b>		<b>1,135,644</b>	<b>1,080,933</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,340,871</b>	<b>2,272,114</b>



Tarek Abdul Aziz Sultan  
Vice Chairperson and CEO

The attached notes 1 to 15 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 2021 (Unaudited)

	<i>Three months ended</i>	
	<i>31 March</i>	
<i>Notes</i>	<b>2021</b>	<b>2020</b>
	<b>KD 000's</b>	<b>KD 000's</b>
<b>Revenues</b>		
Logistics and freight forwarding revenues	<b>417,746</b>	305,025
Rental revenues	<b>15,078</b>	17,559
Other services	<b>52,694</b>	55,025
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<b>Total revenues</b>	<b>485,518</b>	377,609
<b>Cost of revenues</b>	<b>(351,618)</b>	(250,214)
	<hr/>	<hr/>
<b>Net revenues</b>	<b>133,900</b>	127,395
General and administrative expenses	<b>(27,002)</b>	(26,895)
Salaries and employee benefits	<b>(55,266)</b>	(61,344)
Share of results of associates and joint ventures	<b>329</b>	(1,513)
Revaluation loss on financial assets at fair value through profit or loss	<b>(8,261)</b>	-
Miscellaneous income	<b>2,720</b>	1,311
	<hr/>	<hr/>
<b>Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)</b>	<b>46,420</b>	38,954
Depreciation	<b>(18,276)</b>	(16,814)
Amortisation	<b>(1,251)</b>	(1,607)
	<hr/>	<hr/>
<b>Profit before interest, taxation and Directors' remuneration (EBIT)</b>	<b>26,893</b>	20,533
Interest income	<b>166</b>	548
Finance costs	<b>(6,167)</b>	(5,545)
	<hr/>	<hr/>
<b>Profit before taxation and Directors' remuneration</b>	<b>20,892</b>	15,536
Taxation	<b>(4,190)</b>	(2,398)
Directors' remuneration	<b>(35)</b>	(35)
	<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>	<b>16,667</b>	13,103
	<hr/>	<hr/>
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>12,641</b>	9,820
Non-controlling interests	<b>4,026</b>	3,283
	<hr/>	<hr/>
	<b>16,667</b>	13,103
	<hr/>	<hr/>
<b>BASIC AND DILUTED EARNINGS PER SHARE – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)</b>	<b>6.01</b>	4.67
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The attached notes 1 to 15 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 2021 (Unaudited)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>
<b>Profit for the period</b>	<b>16,667</b>	13,103
<b>Other comprehensive (loss) income:</b>		
<i>Items that are or may be reclassified to consolidated statement of income in subsequent periods:</i>		
Foreign currency translation adjustments	(11,630)	13,305
Share of other comprehensive income (loss) of associates and joint ventures	354	(1,308)
Gain (loss) on hedge of net investments	1,910	(5,281)
Gain (loss) on cash flow hedges	8,079	(2,599)
<b>Net other comprehensive (loss) income that are or may be reclassified to consolidated statement of income in subsequent periods</b>	<b>(1,287)</b>	4,117
<i>Items that will not be reclassified to the consolidated statement of income:</i>		
Revaluation surplus from transfer of land	-	261
<b>Net other comprehensive income that will not be reclassified to consolidated statement of income</b>	<b>-</b>	261
<b>Total other comprehensive (loss) income</b>	<b>(1,287)</b>	4,378
<b>Total comprehensive income for the period</b>	<b>15,380</b>	17,481
<b>Attributable to:</b>		
Equity holders of the Parent Company	11,702	13,108
Non-controlling interests	3,678	4,373
	<b>15,380</b>	17,481

The attached notes 1 to 15 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 2021 (Unaudited)

	Notes	Three months ended 31 March	
		2021 KD 000's	2020 KD 000's
<b>OPERATING ACTIVITIES</b>			
Profit before taxation and Directors' remuneration		20,892	15,536
Adjustments for:			
Expected credit losses on trade receivables		383	94
Provision for employees' end of service benefits		2,899	3,151
Foreign currency exchange gain		(61)	(691)
Share of results of associates and joint ventures		(329)	1,513
Revaluation loss on financial assets at fair value through profit or loss		8,261	-
Miscellaneous income		(2,720)	(1,311)
Depreciation of property, plant and equipment and right-of-use assets		18,276	16,814
Amortisation		1,251	1,607
Interest income		(166)	(548)
Finance costs		6,167	5,545
Operating profit before changes in working capital		54,853	41,710
Inventories		1,780	2,671
Trade receivables		(55,179)	(9,580)
Other current assets		(1,842)	(9,804)
Trade and other payables		46,675	6,674
		46,287	31,671
Taxation paid		(3,376)	(2,487)
Employees' end of service benefits paid		(2,649)	(2,789)
Net cash flows generated from operating activities		40,262	26,395
<b>INVESTING ACTIVITIES</b>			
Net movement in financial assets at fair value through profit or loss		932	621
Net movement in financial assets at fair value through other comprehensive income		(6,397)	(356)
Additions to property, plant and equipment		(11,456)	(13,617)
Proceeds from disposal of property plant and equipment		197	504
Loans to related parties	10	(16,996)	(10,376)
Additions to intangible assets		(3)	(8)
Additions to projects in progress		(6,343)	(825)
Additions to investment properties		(5,385)	(2,896)
Dividends received from an associate		-	309
Acquisition of additional interest in a subsidiary		-	(548)
Acquisition of subsidiary, net of cash acquired		(126)	-
Interest income received		78	345
Net movement in other non-current assets		(225)	(46)
Net movement in deposits with original maturities exceeding three months		(3,060)	(735)
Net cash flows used in investing activities		(48,784)	(27,628)
<b>FINANCING ACTIVITIES</b>			
Net movement in interest bearing loans		24,823	107,569
Payment of lease obligations		(13,375)	(14,406)
Finance cost paid		(5,110)	(4,017)
Dividends paid to equity holders of the Parent Company		(107)	(61)
Dividends paid to non-controlling interests		(1,056)	(1,118)
Net cash flows generated from financing activities		5,175	87,967
Net foreign exchange differences		(1,865)	2,100
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,212)</b>	<b>88,834</b>
Cash and cash equivalents at 1 January		168,896	130,932
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	5	<b>163,684</b>	<b>219,766</b>

The attached notes 1 to 15 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 2021 (Unaudited)

	<i>Attributable to equity holders of the Parent Company</i>												
	<i>Share capital</i> <i>KD 000's</i>	<i>Share premium</i> <i>KD 000's</i>	<i>Statutory reserve</i> <i>KD 000's</i>	<i>Treasury shares</i> <i>KD 000's</i>	<i>Treasury shares reserve</i> <i>KD 000's</i>	<i>Foreign currency translation reserve</i> <i>KD 000's</i>	<i>Hedging reserve</i> <i>KD 000's</i>	<i>Investment revaluation reserve</i> <i>KD 000's</i>	<i>Other reserves</i> <i>KD 000's</i>	<i>Retained earnings</i> <i>KD 000's</i>	<i>Sub total</i> <i>KD 000's</i>	<i>Non-controlling interests</i> <i>KD 000's</i>	<i>Total Equity</i> <i>KD 000's</i>
As at 1 January 2021	202,737	152,650	89,731	(49,239)	44,366	(37,727)	(23,171)	(2,490)	5,288	760,861	1,143,006	48,175	1,191,181
Profit for the period	-	-	-	-	-	-	-	-	-	12,641	12,641	4,026	16,667
Other comprehensive (loss) income	-	-	-	-	-	(11,282)	10,343	-	-	-	(939)	(348)	(1,287)
Total comprehensive (loss) income for the period	-	-	-	-	-	(11,282)	10,343	-	-	12,641	11,702	3,678	15,380
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,334)	(1,334)
<b>As at 31 March 2021</b>	<b>202,737</b>	<b>152,650</b>	<b>89,731</b>	<b>(49,239)</b>	<b>44,366</b>	<b>(49,009)</b>	<b>(12,828)</b>	<b>(2,490)</b>	<b>5,288</b>	<b>773,502</b>	<b>1,154,708</b>	<b>50,519</b>	<b>1,205,227</b>
As at 1 January 2020	176,294	152,650	85,368	(49,239)	44,366	(39,548)	(19,842)	60	(706)	750,977	1,100,380	49,190	1,149,570
Profit for the period	-	-	-	-	-	-	-	-	-	9,820	9,820	3,283	13,103
Other comprehensive income (loss)	-	-	-	-	-	12,215	(9,188)	-	261	-	3,288	1,090	4,378
Total comprehensive income (loss) for the period	-	-	-	-	-	12,215	(9,188)	-	261	9,820	13,108	4,373	17,481
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(35)	(35)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(54)	-	(54)	44	(10)
As at 31 March 2020	176,294	152,650	85,368	(49,239)	44,366	(27,333)	(29,030)	60	(499)	760,797	1,113,434	53,572	1,167,006

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 31 March 2021 (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 11 May 2021.

The main objectives of the Parent Company are as follows:

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

### 2 BASIS OF PREPARATION

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

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020. 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 2021.

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

#### **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 31 March 2021 (Unaudited)

### 4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>31 March</i> <i>2021</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>31 March</i> <i>2020</i> <i>KD 000's</i>
Investment in an associate - outside Kuwait	<b>109,020</b>	110,078	112,697
Quoted equity securities – outside Kuwait	<b>24,988</b>	34,405	-
Convertible loan – outside Kuwait	<b>607</b>	607	-
Unquoted equity securities - in Kuwait	<b>21</b>	21	104
Investment in funds - outside Kuwait	<b>2,276</b>	2,297	2,313
	<b><u>136,912</u></b>	<u>147,408</u>	<u>115,114</u>

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

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

As at 31 March 2021, interest bearing loan provided by the Group to Korek Telecom amounted to KD 35,123 thousand (31 December 2020: KD 35,464 thousand and 31 March 2020: KD 36,394 thousand) (Note 10).

#### *Korek Litigation*

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

The Group’s memorial was submitted on 30 April 2018. On 6 August 2018, Iraq submitted objections to jurisdiction and requested that they be determined as a preliminary matter before the case proceeds further on the merits. The tribunal bifurcated the proceedings on 31 October 2018 and the Group submitted its counter-memorial on jurisdiction on 10 January 2019. The reply of the respondents was submitted on 25 February 2019 and the Group’s rejoinder was submitted on 21 March 2019. The hearings were held on 24 and 25 April 2019. On 9 July 2019, the tribunal issued its decision on jurisdiction in which it found that it had jurisdiction over certain (but not all) of the Group’s claims. The case will now go forward on the merits of the claims over which the tribunal has jurisdiction. The Respondent’s counter-memorial was submitted on 13 March 2020. The Group’s Reply to Respondent’s Counter-Memorial was submitted on 17 July 2020. The hearings on the merits were held in October 2020, and post-hearing submissions were submitted in November 2020.

On 22 February 2021, the tribunal issued its ruling, dismissing all of the Group’s claims and awarding costs of approximately USD 5 million in favor of the respondent. The Group is preparing an application to annul the ruling.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 31 March 2021 (Unaudited)

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

*Korek Litigation (continued)*

As the tribunal refused to address the merits of the regulatory decision itself as issued by the CMC expropriating the Group's investment in Korek, claiming lack of jurisdiction, the Parent Company is also in the process of preparing a fresh claim against the Republic of Iraq.

As the dispute remains pending without legal resolution and in the absence of clarity, the financial impact of this case cannot be assessed.

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

► *Shareholders Agreement Arbitration*

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

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

New proceedings were commenced with similar claims were nonetheless filed by IT Ltd., both for itself and on behalf of International Holdings Ltd. ("IH") and Korek Telecom, against CS Ltd. and Mr. Sirwan Saber Mustafa. On 25 August 2020, IT Ltd. filed its second amended (and current) request for arbitration for itself and in the name and on behalf of International Holdings Ltd. The tribunal has been constituted, and IT Ltd.'s application to pursue derivative claims on behalf of International Holdings Ltd. and Korek Telecom was submitted in December 2020.

The tribunal held a preliminary hearing in February 2021 to adjudicate IT Ltd.'s application to bring derivative claims on behalf of International Holdings Ltd (including whether the tribunal has jurisdiction over such an application). By order dated 16 March 2021, the Tribunal granted IT Ltd. permission to file most of the derivative claims at issue. On April 23, 2021, IT Ltd. submitted its Statement of Claim on the merits. The parties will then make a series of sequential submissions on the merits, and engage in disclosure, with the hearing on the merits scheduled for late March/early April 2022.

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

The dispute is in relation to alleged fraud orchestrated by certain Korek Telecom stakeholders with the knowledge and cooperation of IBL Bank in connection with a subordination agreement relating to a USD 150 million loan extended by IBL Bank to Korek Telecom. The amount in dispute is to be determined during the course of the proceedings. The request for arbitration was submitted on 26 June 2018, and the respondents' reply and counterclaim was submitted on 8 October 2018. The counterclaim seeks damages for losses (still unquantified) allegedly suffered by the respondents in relation to their reputation and good standing. IBL's answer and counterclaim was submitted on 8 November 2018. Korek's and IH's answer was submitted on 14 December 2018. The tribunal was constituted on 15 May 2019. IT Ltd.'s Statement of Claim was submitted on 22 November 2019, and respondents' Statements of Defense were submitted on 21 February 2020. IT Ltd.'s Reply was filed on 22 July 2020. IBL's Rejoinder and Reply to Defence to Counterclaim and IH/Korek's Rejoinder were filed on 23 October 2020. The hearings were convened in February 2021. The tribunal is expected to issue its ruling at any time.

► *DIFC Director Claims*

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

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

*Korek Litigation (continued)*

► *DIFC Director Claims (continued)*

Separately, on 5 September 2017, Modern Global Company for General Trading of Equipment, Supplier for Construction and Real Estate WLL (a wholly owned subsidiary of the Parent Company) commenced arbitration proceedings against Korek Telecom in relation to Korek's alleged failure to pay servicing fees due to Modern Global under a services agreement. On 20 March 2019, Modern Global was awarded its full claim, interest and legal costs, amounting to approximately USD 4.5 million. The Group is currently in the process of enforcing the award against Korek Telecom. As part of the enforcement process, Modern Global sought leave to make alternative service on Korek. A hearing before the DIFC Court regarding the grant of alternative service was convened on 9 February 2021.

Consequently, as result of the ongoing litigation relating to Korek, the Group's management was unable to determine the fair value of this investment and the recoverability of interest-bearing loan as at 31 March 2021, 31 December 2020 and 31 March 2020. Accordingly, the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 109,020 thousand (31 December 2020: KD 110,078 thousand and 31 March 2020: KD 112,697 thousand).

**5 BANK BALANCES AND CASH**

	<i>31 March 2021</i>	<i>(Audited) 31 December 2020</i>	<i>31 March 2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash at banks and on hand	<b>135,708</b>	139,191	178,255
Short term deposits	<b>27,976</b>	29,705	41,511
<b>Cash and cash equivalents</b>	<b>163,684</b>	168,896	219,766
Deposits with original maturities exceeding 3 months	<b>4,205</b>	1,145	735
	<b>167,889</b>	170,041	220,501

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

**6 TREASURY SHARES**

	<i>31 March 2021</i>	<i>(Audited) 31 December 2020</i>	<i>31 March 2020</i>
Number of treasury shares	<b>113,830,690</b>	113,830,690	98,978,642
Percentage of issued shares	<b>5.61%</b>	5.61%	5.61%
Market value in KD 000's	<b>81,844</b>	76,950	56,319

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**7 TAXATION**

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2021</b>	2020
	<b>KD 000's</b>	KD 000's
National labour support tax (NLST)	<b>331</b>	257
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	<b>132</b>	103
Zakat	<b>132</b>	103
Taxation on overseas subsidiaries	<b>3,595</b>	1,935
	<b>4,190</b>	2,398

**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</i>	
	<i>31 March</i>	
	<b>2021</b>	2020
		<i>(Restated)*</i>
Profit for the period attributable to equity holders of the Parent Company (KD 000's)	<b>12,641</b>	9,820
	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	<b>2,230,107,156</b>	2,230,107,156
Weighted average number of treasury shares	<b>(125,207,982)</b>	(125,207,982)
Weighted average number of outstanding shares	<b>2,104,899,174</b>	2,104,899,174
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils)	<b>6.01</b>	4.67

\* Basic and diluted earnings per share for the comparative period presented have been restated to reflect the adjustment of bonus shares following the bonus issue relating to year ended 31 December 2020 (Note 11).

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	<i>31 March</i> <i>2021</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>31 March</i> <i>2020</i> <i>KD 000's</i>
Letters of guarantee	<b>166,932</b>	155,576	164,631
Operating lease commitments	<b>2,887</b>	3,579	2,956
Capital commitments *	<b>20,412</b>	32,221	52,508
	<b>190,231</b>	191,376	220,095

Included in letters of guarantee are bank guarantees of KD 30,651 thousand (31 December 2020: KD 30,651 thousand and 31 March 2020: KD 30,651 thousand), provided by a bank on behalf of the subsidiary "Global Clearing House Systems K.S.C. (Closed)" to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group.

\* The Group (Parent Company along with its subsidiary UPAC) and a related party are part of an arrangement to construct and develop a commercial mall in UAE ("project"). The Group currently has an equity interest of 19.87% (31 December 2020: 19.87% and 31 March 2020: 19.87%) and has also extended interest bearing loan facilities to the project (Note 10). Commitments undertaken by the Group towards further investments in the project amount to KD Nil as on 31 March 2021 (31 December 2020: KD 15,662 thousand and 31 March 2020: KD 26,848 thousand). In addition to the above, the Parent Company has also provided corporate guarantees for the project amounting to KD 38,838 thousand (31 December 2020: KD 38,704 thousand and 31 March 2020: KD 78,946 thousand) and an undertaking for the completion of the mall within an agreed time frame.

#### Legal claims

##### (a) PCO Contract

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

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

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

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

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

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**9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)**

**Legal claims (continued)**

*(a) PCO Contract (continued)*

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

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

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

The US Government ultimately did not file a petition for panel rehearing or rehearing by 12 November 2020, and the following week, on 19 November 2020, the Federal Circuit issued the mandate remanding the matter to the Court of Federal Claims.

Once the matter was remanded to the Court of Federal Claims, the case was reassigned to a new judge who set a status conference for 17 December 2020. Prior to the status conference, counsel for the US Government reached out to counsel for the Parent Company to discuss a potential settlement in light of the remand from the Federal Circuit. Based on the conversation, the parties entered a joint status report requesting that the court stay the matter while the parties explore the possibility of a settlement. On 14 December 2020, the court granted the parties' request and ordered the matter be stayed until 17 May 2021.

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.

*(b) Guarantee encashment*

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

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

GCS appealed the judgment before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 Administrative 4 before the Court of Appeal. On 13 September 2015, the Court of Appeal pronounced its judgement affirming the decision of the Court of First Instance. Both GCS and GAC appealed against this ruling before the Kuwait Court of Cassation in appeals No. 148, 1487 for the year 2015. On 15 March 2017, the Court of Cassation resolved to defer the appeal to the experts. On 7 May 2018, the experts committee issued a report affirming the Company's right for the claimed compensation. The case was heard before the Court of Cassation on 3 October 2018. On 23 January 2019, GCS filed its defence and the court adjourned the hearing until 13 February 2019 for the submission of comments by the Customs. During this hearing, the Customs' representative requested and was granted an extension until 6 March 2019. The case was reserved for the judgment on 1 May 2019 which was then postponed until 26 June 2019. Furthermore, the pronouncement of the judgment was extended until the hearing scheduled on 25 September 2019 during which, the court of cassation resolved to transfer the case to the Experts' Department and the case is being examined with the Experts' Department.

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 31 March 2021 (Unaudited)

### 9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

#### Legal claims (continued)

(b) *Guarantee encashment (continued)*

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

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

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

### 10 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions and balances with related parties are as follows:

	<i>Major shareholders</i> <i>KD 000's</i>	<i>Other related parties</i> <i>KD 000's</i>	<i>Three months ended</i> <i>31 March</i>		
			<b>2021</b> <b>Total</b> <b>KD 000's</b>	2020 <i>Total</i> <i>KD 000's</i>	
<b>Interim condensed consolidated statement of income</b>					
Revenues	-	658	<b>658</b>	571	
General and administrative expenses	-	(123)	<b>(123)</b>	(133)	
Share of results of associates and joint ventures	(820)	1,149	<b>329</b>	(1,513)	
Interest income	-	-	-	273	
Finance costs	-	(14)	<b>(14)</b>	(18)	
			(Audited)		
	<i>Major shareholders</i> <i>KD 000's</i>	<i>Other related parties</i> <i>KD 000's</i>	<b>31 March</b> <b>2021</b> <b>Total</b> <b>KD 000's</b>	<i>31 December</i> <i>2020</i> <i>Total</i> <i>KD 000's</i>	<i>31 March</i> <i>2020</i> <i>Total</i> <i>KD 000's</i>
<b>Interim condensed consolidated statement of financial position</b>					
Investment in associates and joint ventures	27,586	75,978	<b>103,564</b>	103,419	98,546
Financial assets at fair value through profit or loss	-	109,020	<b>109,020</b>	110,078	112,697
Amounts due from related parties	102	1,467	<b>1,569</b>	2,709	2,160
Loans to related parties	-	155,950	<b>155,950</b>	138,954	109,108
Loan to an associate (Note 4)	-	35,123	<b>35,123</b>	35,464	36,394
Amounts due to related parties	287	6,736	<b>7,023</b>	7,071	8,354



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 10 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Loans to related parties include KD 152,966 thousand (31 December 2020: KD 136,234 thousand and 31 March 2020: KD 109,108 thousand) provided to a joint venture representing amounts advanced by a subsidiary of the Group towards the construction and development of a Commercial Mall in UAE ("Project"). This amount bears compounded annual interest rates as per the loan agreement and can be converted to equity in the project on completion of construction subject to the project achieving certain operational targets and upon the discretion of the Group.

#### Compensation of key management personnel

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2021</b>	<b>2020</b>
	<b>KD 000's</b>	<b>KD 000's</b>
Short-term benefits	<b>411</b>	<b>354</b>

### 11 DIVIDEND AND BONUS SHARES

The shareholders at the Annual General Meeting ("AGM") held on 5 May 2021 approved the consolidated financial statements for the year ended 31 December 2020 and the distribution of cash dividends of 10 fils per share (31 December 2019: 5 fils per share) and bonus shares of 10% (31 December 2019: 15%) in respect of the year ended 31 December 2020 with the distribution date declared as 3 June 2021.

### 12 OPERATING SEGMENT INFORMATION

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

#### *Logistics and Related Services:*

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

#### *Infrastructure:*

The Infrastructure segment provides other services which include real-estate, airplane ground handling and cleaning services, cargo and lounge management, customs operations and management, customs consulting, fuel logistics and waste recycling.

<b>Three months ended 31 March 2021</b>	<i>Logistics and related services</i>	<i>Infrastructure</i>	<i>Adjustments and eliminations</i>	<b>Total</b>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Revenues</b>				
External customers	378,844	106,674	-	<b>485,518</b>
Inter-segment	407	3,899	(4,306)	-
<b>Total revenues</b>	<b>379,251</b>	<b>110,573</b>	<b>(4,306)</b>	<b>485,518</b>
<b>Results</b>				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)				<b>46,420</b>

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**12 OPERATING SEGMENT INFORMATION (continued)**

Three months ended 31 March 2020	<i>Logistics and related services</i> KD 000's	<i>Infrastructure</i> KD 000's	<i>Adjustments and eliminations</i> KD 000's	<i>Total</i> KD 000's
Revenues				
External customers	271,367	106,242	-	377,609
Inter-segment	262	4,068	(4,330)	-
Total revenues	<u>271,629</u>	<u>110,310</u>	<u>(4,330)</u>	<u>377,609</u>
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)				<u>38,954</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 2021, 31 December 2020 and 31 March 2020.

	<i>Logistics and related services</i> KD 000's	<i>Infrastructure</i> KD 000's	<i>Adjustments and eliminations</i> KD 000's	<i>Total</i> KD 000's
<i>As at 31 March 2021</i>				
Total assets	<u>868,290</u>	<u>1,482,947</u>	<u>(10,366)</u>	<u>2,340,871</u>
Total liabilities	<u>464,793</u>	<u>1,158,652</u>	<u>(487,801)</u>	<u>1,135,644</u>
<i>As at 31 December 2020 (Audited)</i>				
Total assets	<u>833,575</u>	<u>1,418,358</u>	<u>20,181</u>	<u>2,272,114</u>
Total liabilities	<u>436,808</u>	<u>1,096,591</u>	<u>(452,466)</u>	<u>1,080,933</u>
<i>As at 31 March 2020</i>				
Total assets	<u>819,019</u>	<u>1,401,420</u>	<u>20,480</u>	<u>2,240,919</u>
Total liabilities	<u>432,105</u>	<u>1,039,381</u>	<u>(397,573)</u>	<u>1,073,913</u>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 31 March 2021 (Unaudited)

#### 12 OPERATING SEGMENT INFORMATION (continued)

##### Disaggregated revenue information

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

	<i>Logistics revenue KD 000's</i>	<i>Freight forwarding and project forwarding revenues KD 000's</i>	<i>Rental revenues KD 000's</i>	<i>Other services KD 000's</i>	<i>Total KD 000's</i>
<b>31 March 2021</b>					
<i>Timing of revenue recognition</i>					
Services performed at a point in time	32,679	13,231	-	52,694	<b>98,604</b>
Services performed over time	24,898	346,938	15,078	-	<b>386,914</b>
<b>Total revenue from contracts with customers</b>	<b>57,577</b>	<b>360,169</b>	<b>15,078</b>	<b>52,694</b>	<b>485,518</b>
<b>31 March 2020</b>					
<i>Timing of revenue recognition</i>					
Services performed at a point in time	29,069	10,825	-	55,025	94,919
Services performed over time	21,014	244,117	17,559	-	282,690
Total revenue from contracts with customers	50,083	254,942	17,559	55,025	377,609

#### 13 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

##### Determination of fair value and fair value hierarchy:

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

- Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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

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As at and for the period ended 31 March 2021 (Unaudited)

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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>
<b>31 March 2021</b>				
<i>Financial assets measured at fair value through profit or loss</i>				
Investment in an associate	-	-	109,020	<b>109,020</b>
Quoted equity securities	24,988	-	-	<b>24,988</b>
Convertible loan	-	-	607	<b>607</b>
Unquoted equity securities	-	-	21	<b>21</b>
Investment in funds	-	2,276	-	<b>2,276</b>
Loans to related parties	-	-	155,950	<b>155,950</b>
Loan to an associate	-	-	35,123	<b>35,123</b>
	<u>24,988</u>	<u>2,276</u>	<u>300,721</u>	<u><b>327,985</b></u>
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted equity securities	10,602	-	-	<b>10,602</b>
Unquoted equity securities	-	-	13,685	<b>13,685</b>
	<u>10,602</u>	<u>-</u>	<u>13,685</u>	<u><b>24,287</b></u>
<i>Derivative financial assets</i>				
Forward foreign exchange contracts	-	(264)	-	<b>(264)</b>
Interest rate swaps	-	5,904	-	<b>5,904</b>
	<u>-</u>	<u>5,640</u>	<u>-</u>	<u><b>5,640</b></u>
	<u><b>35,590</b></u>	<u><b>7,916</b></u>	<u><b>314,406</b></u>	<u><b>357,912</b></u>
<b>31 December 2020 (Audited)</b>				
<i>Financial assets measured at fair value through profit or loss</i>				
Investment in an associate	-	-	110,078	110,078
Quoted equity securities	34,405	-	-	34,405
Convertible loan	-	-	607	607
Unquoted equity securities	-	-	21	21
Investment in funds	-	2,297	-	2,297
Loans to related parties	-	-	138,954	138,954
Loan to an associate	-	-	35,464	35,464
	<u>34,405</u>	<u>2,297</u>	<u>285,124</u>	<u>321,826</u>
<i>Financial assets measured at fair value through other comprehensive income</i>				
Unquoted equity securities	-	-	13,746	13,746
<i>Derivative financial assets</i>				
Forward foreign exchange contracts	-	11	-	11
Interest rate swaps	-	(2,011)	-	(2,011)
	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
	<u><b>34,405</b></u>	<u><b>297</b></u>	<u><b>298,870</b></u>	<u><b>333,572</b></u>

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**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>
31 March 2020				
<i>Financial assets measured at fair value through profit or loss</i>				
Investment in an associate	-	-	112,697	112,697
Unquoted equity securities	-	-	104	104
Investment in funds	-	2,313	-	2,313
Loan to a related party	-	-	109,108	109,108
Loan to an associate	-	-	36,394	36,394
	-	2,313	258,303	260,616
<i>Financial assets measured at fair value through other comprehensive income</i>				
Unquoted equity securities	-	-	16,310	16,310
<i>Derivative financial assets</i>				
Forward foreign exchange contracts	-	(539)	-	(539)
Interest rate swaps	-	(2,809)	-	(2,809)
	-	(3,348)	-	(3,348)
	-	(1,035)	274,613	273,578

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

The Group's management was unable to determine the fair value of the investment in an associate and the recoverability of interest bearing loan as at 31 March 2021, 31 December 2020 and 31 March 2020 due to certain inherent uncertainties and accordingly the investment and related loan is carried at its fair value as at 31 December 2013 (Note 4).

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

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

	<b>31 March</b> <b>2021</b> <b>KD'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2020</b> <b>KD'000</b>	<b>31 March</b> <b>2020</b> <b>KD'000</b>
As at 1 January	<b>298,870</b>	259,134	259,134
Re-measurement recognised in consolidated statement of comprehensive income	-	4,883	-
Others including net purchases (sales), transfer and exchange difference	<b>15,536</b>	34,853	15,479
<b>As at the reporting date</b>	<b>314,406</b>	298,870	274,613

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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**14 EVENTS AFTER REPORTING PERIOD**

On 27 April 2021, the board of directors of the Parent Company approved a sale transaction whereby the Parent Company will sell 100% of its equity interest in its operating segment "Global Integrated Logistics (GIL)" to DSV Panalpina A/S ("DSV") for an estimated sale consideration of USD 4.1 billion (KD 1.2 billion). The sale consideration will be in the form of allotment of shares in DSV to the Parent Company. The Parent Company is expected to own approximately 8% of the post-transaction outstanding shares of DSV.

The closing of the above transaction is subject to the approvals of the regulatory authorities in each of Denmark, Kuwait and other jurisdictions in addition to the approvals of the extra-ordinary general meeting of the shareholders of the Parent Company and is expected to conclude during the third quarter of this year.

**15 IMPACT OF COVID-19**

The spread of the coronavirus ("COVID-19") across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 31 March 2021.

*(i) Credit risk management*

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

The uncertainties caused by COVID-19 required the Group to consider the impact of higher volatility in the forward-looking macro-economic factors considered for the determination of expected credit losses ("ECLs") as at 31 March 2021. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate.

*(ii) Liquidity risk management*

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

*(iii) Fair value measurement of financial instruments*

The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group is closely monitoring whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario. Further information on the Group's policy in relation to fair value measurements is disclosed in Note 2.5 in the annual consolidated financial statements for the year ended 31 December 2020.

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 31 March 2021 (Unaudited)

**15 IMPACT OF COVID-19 (continued)**

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

For the valuation of investment properties, the market disruption caused by the COVID-19 pandemic resulted in a reduction in transactional evidence and market yields, and accordingly, there is an increased risk that the price realised in an actual transaction would differ from the value conclusion arrived by the valuers. The highly uncertain economic outlook for the period may have a material adverse effect on the tenants' operations, the viability of their business and their ability to meet their rental obligations. This uncertainty is factored into the valuation of investment property, specifically in estimating rent payments from existing tenants, the void periods, occupancy rates, expected market rental growth rates and the discount rate, all of which are significant inputs into the fair value determination. As a result of this increased uncertainty, the assumptions may be revised significantly in during the year ending 31 December 2021.

(v) *Impairment of Goodwill*

The Group has performed a reassessment for the recoverable amount of goodwill, considering the impact of COVID-19 on the entities operating in the transportation and logistics sector, by revisiting the assumptions and cash flows projections. As a result of the exercise, management has concluded that no impairment provision is considered necessary in the interim condensed consolidated statement of income for the period ended 31 March 2021.

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