

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2023 (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 30 June 2023 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

- (i) 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 111,650 thousand (31 December 2022: KD 111,263 thousand and 30 June 2022: KD 111,173 thousand) and KD 35,715 thousand (31 December 2022: KD 35,591 thousand and 30 June 2022: KD 35,647 thousand) respectively, in the interim condensed consolidated statement of financial position as at 30 June 2023. We were unable to obtain sufficient appropriate evidence about the investment in Korek and the recoverability of the loan due to the nature and significant uncertainty around the investment and outcome of the various ongoing arbitrations. Consequently, we were unable to determine whether any adjustments to the carrying value of the investment in and loan to Korek were necessary. We have been issuing a qualified opinion and conclusion on the consolidated financial statements of the Group in respect of the same matter since the year ended 31 December 2014.

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

Basis for Qualified Conclusion (continued)

- (ii) As stated in Note 11(a) to the interim condensed consolidated financial information, the Group has investment properties amounting to KD 279,317 thousand as at 30 June 2023 (31 December 2022: KD 279,216 thousand and 30 June 2022: KD 276,335 thousand) that are leased from the Public Authority for Industry, Kuwait (“PAI”), of which the lease contracts of properties amounting to KD 190,717 thousand (31 December 2022: KD 190,635 thousand and 30 June 2022: KD 155,174 thousand) have expired as at the reporting date and are currently under legal dispute since PAI issued a notice to the Group on 18 January 2023 expressing their unwillingness to renew or extend these lease contracts, and for the Group to vacate these premises within a week of issuing the notice. As part of legal proceedings, the Group has asked the Kuwait courts to prevent PAI from interrupting the usage of these properties by the Group. The Group was also unable to obtain a reliable estimate of the fair value of the investment properties leased from PAI, on account of the uncertainty associated with these properties, as a result of the ongoing litigation with PAI. We were therefore unable to obtain sufficient appropriate audit evidence about the existence and valuations of these investment properties due to the expiry of the underlying lease contracts as detailed in Note 11(a), and management being unable to determine the fair value of all the leased properties from PAI as at 30 June 2023. Further there is significant uncertainty around the renewal of all the lease contracts with PAI and the rights or liabilities that may arise, as well as the operational revenues, profitability and related cashflows that may be impacted, as a result of the ongoing legal proceedings. Consequently, we were unable to determine whether any adjustments to the carrying value of these properties were necessary. We have been issuing a qualified opinion and conclusion on the consolidated financial statements of the Group in respect of the same matter since the year ended 31 December 2022.
- (iii) As stated in Note 11(c) to the interim condensed consolidated financial information and pursuant to the judgment by the Court of Cassation against the General Administration of Customs for Kuwait (“GAC”), the Group has not recorded any adjustments related to the final outcome as at 30 June 2023 in the interim condensed consolidated financial information, as the management is exploring the possibilities of entering into negotiations with GAC for settlement of awarded compensation, which in our view should have been recorded as an income and receivable. As a result, receivables, retained earnings and non-controlling interest as at 30 June 2023 are understated by KD 54,396 thousand (31 December 2022: KD 54,396 thousand and 30 June 2022: KD 54,396 thousand), KD 32,964 thousand (31 December 2022: KD 32,964 thousand and 30 June 2022: KD 32,964 thousand) and KD 21,432 thousand (31 December 2022: KD 21,432 thousand and 30 June 2022: KD 21,432 thousand) respectively. Further, as stated in Note 11(c), the Group is also eligible for 7% interest per annum on awarded compensation, the financial impact of which has not been determined in the interim condensed consolidated financial information. We have been issuing a qualified opinion and conclusion on the consolidated financial statements of the Group in respect of the same matter since the period ended 30 June 2022.

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

Qualified Conclusion

Based on our review, except for the possible effect of the matters described in the “Basis for Qualified Conclusion” paragraph above, 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.

Emphasis of Matter

We draw attention to Note 11(d) 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 this matter.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, except for the possible effects of the matters described in the “Basis for Qualified Conclusion” paragraph above, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, except for the possible effects of the matters described in the “Basis for Qualified Conclusion” paragraph above, 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 six months period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position, except for the valuation of investment properties as disclosed in Note 11(a).



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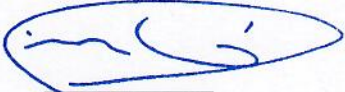
13 August 2023
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023 (Unaudited)

| | | (Audited) | |
|--|-------|-----------------------------|---------------------------------|
| | Notes | 30 June 2023 KD 000's | 31 December 2022 KD 000's |
| | | | 30 June 2022 KD 000's |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 295,245 | 298,160 |
| Projects in progress | | 41,118 | 37,396 |
| Right-of-use assets | | 158,773 | 155,042 |
| Investment properties | | 496,788 | 474,823 |
| Intangible assets | | 66,479 | 70,270 |
| Goodwill | | 293,757 | 292,392 |
| Investment in associates and joint ventures | | 149,941 | 142,926 |
| Financial assets at fair value through profit or loss | 4 | 116,377 | 116,813 |
| Financial assets at fair value through other comprehensive income | 5 | 1,303,329 | 976,412 |
| Other non-current assets | | 79,209 | 65,350 |
| Loans to related parties | 12 | 205,075 | 182,969 |
| Loan to an associate | 4 | 35,715 | 35,591 |
| Total non-current assets | | 3,241,806 | 2,848,144 |
| Current assets | | | |
| Inventories | | 44,594 | 45,247 |
| Trade receivables | | 215,385 | 213,990 |
| Other current assets | | 120,155 | 102,204 |
| Bank balances, cash and deposits | 6 | 109,880 | 131,264 |
| Total current assets | | 490,014 | 492,705 |
| TOTAL ASSETS | | 3,731,820 | 3,340,849 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 267,613 | 267,613 |
| Share premium | | 152,650 | 152,650 |
| Statutory reserve | | 195,595 | 195,595 |
| Treasury shares | 7 | (40,561) | (40,561) |
| Treasury shares reserve | | 56,769 | 56,769 |
| Foreign currency translation reserve | | (34,255) | (150,788) |
| Hedging reserve | | (51,332) | (4,695) |
| Investment revaluation reserve | | (253,900) | (446,276) |
| Other reserves | | 27,713 | 27,713 |
| Retained earnings | | 1,573,088 | 1,543,601 |
| Equity attributable to equity holders of the Parent Company | | 1,893,380 | 1,601,621 |
| Non-controlling interests | | 117,633 | 119,025 |
| Total equity | | 2,011,013 | 1,720,646 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Provision for employees' end of service benefits | | 28,302 | 29,169 |
| Interest bearing loans | | 935,482 | 885,869 |
| Lease liabilities | | 155,712 | 133,742 |
| Other non-current liabilities | | 72,079 | 43,203 |
| Total non-current liabilities | | 1,191,575 | 1,091,983 |
| Current liabilities | | | |
| Interest bearing loans | | 55,902 | 47,101 |
| Lease liabilities | | 32,199 | 34,582 |
| Trade and other payables | | 432,856 | 438,094 |
| Dividends payable | | 8,275 | 8,443 |
| Total current liabilities | | 529,232 | 528,220 |
| Total liabilities | | 1,720,807 | 1,620,203 |
| TOTAL EQUITY AND LIABILITIES | | 3,731,820 | 3,340,849 |


Tarek Abdul Aziz Sultan
Vice Chairperson and CEO

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the period ended 30 June 2023 (Unaudited)

| | Notes | <i>Three months ended</i> | | <i>Six months ended</i> | |
|---|-------|---------------------------|-----------------|-------------------------|-----------------|
| | | <i>30 June</i> | | <i>30 June</i> | |
| | | 2023 | 2022 | 2023 | 2022 |
| | | KD 000's | KD 000's | KD 000's | KD 000's |
| Revenue from contract with customers | 8 | 327,840 | 138,447 | 648,378 | 270,535 |
| Cost of revenues | | (128,060) | (66,401) | (261,510) | (131,345) |
| Net revenues | | 199,780 | 72,046 | 386,868 | 139,190 |
| General and administrative expenses | | (29,955) | (13,206) | (62,155) | (24,238) |
| Salaries and employee benefits | | (112,369) | (21,494) | (212,891) | (41,600) |
| Share of results of associates and joint ventures | | 3,373 | 1,138 | 4,253 | (2,975) |
| Revaluation loss on financial assets at fair value through profit or loss | | (510) | (1,954) | (1,107) | (4,828) |
| Dividend income | | - | - | 5,522 | 4,774 |
| Miscellaneous income | | 159 | 486 | 386 | 599 |
| Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA) | | 60,478 | 37,016 | 120,876 | 70,922 |
| Depreciation | | (20,899) | (8,130) | (40,279) | (16,290) |
| Amortisation | | (2,084) | (1,151) | (4,306) | (2,335) |
| Profit before interest, taxation and Directors' remuneration (EBIT) | | 37,495 | 27,735 | 76,291 | 52,297 |
| Interest income | | 656 | 104 | 1,171 | 267 |
| Finance costs | | (15,293) | (5,838) | (29,729) | (11,498) |
| Profit before taxation and Directors' remuneration | | 22,858 | 22,001 | 47,733 | 41,066 |
| Taxation | 9 | (2,871) | (1,553) | (7,145) | (3,662) |
| Directors' remuneration | | 263 | (87) | 175 | (175) |
| PROFIT FOR THE PERIOD | | 20,250 | 20,361 | 40,763 | 37,229 |
| Attributable to: | | | | | |
| Equity holders of the Parent Company | | 14,166 | 16,050 | 29,487 | 28,820 |
| Non-controlling interests | | 6,084 | 4,311 | 11,276 | 8,409 |
| | | 20,250 | 20,361 | 40,763 | 37,229 |
| BASIC AND DILUTED EARNINGS PER SHARE – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Fils) | 10 | 5.55 | 6.35 | 11.55 | 11.41 |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2023 (Unaudited)

| | <i>Three months ended</i> | | <i>Six months ended</i> | |
|---|---------------------------|-----------------|-------------------------|-----------------|
| | <i>30 June</i> | | <i>30 June</i> | |
| | <i>2023</i> | <i>2022</i> | <i>2023</i> | <i>2022</i> |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| Profit for the period | 20,250 | 20,361 | 40,763 | 37,229 |
| Other comprehensive income (loss): | | | | |
| <i>Items that are or may be reclassified to consolidated statement of income in subsequent periods:</i> | | | | |
| Foreign currency translation adjustments | (5,901) | (51,009) | (10,638) | (75,536) |
| Share of other comprehensive income of associates and joint ventures | 74 | 594 | 19 | 819 |
| Loss on hedge of net investments | (909) | (3,054) | (5,822) | (5,176) |
| Gain (loss) gain on cash flow hedges | 2,565 | 4,905 | (463) | 14,719 |
| Net other comprehensive loss that are or may be reclassified to consolidated statement of income in subsequent periods | (4,171) | (48,564) | (16,904) | (65,174) |
| <i>Items that will not be reclassified to the consolidated statement of income:</i> | | | | |
| Changes in fair value of financial assets at fair value through other comprehensive income | 106,235 | (257,707) | 320,262 | (454,982) |
| Loss on fair value hedge | (40,371) | - | (40,371) | - |
| Net other comprehensive income (loss) that will not be reclassified to consolidated statement of income | 65,864 | (257,707) | 279,891 | (454,982) |
| Total other comprehensive income (loss) | 61,693 | (306,271) | 262,987 | (520,156) |
| Total comprehensive income (loss) for the period | 81,943 | (285,910) | 303,750 | (482,927) |
| Attributable to: | | | | |
| Equity holders of the Parent Company | 74,948 | (290,413) | 291,759 | (491,610) |
| Non-controlling interests | 6,995 | 4,503 | 11,991 | 8,683 |
| | 81,943 | (285,910) | 303,750 | (482,927) |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023 (Unaudited)

| | Note | Six months ended 30 June | |
|---|------|-----------------------------|------------------|
| | | 2023 KD 000's | 2022 KD 000's |
| OPERATING ACTIVITIES | | | |
| Profit before taxation and Director's remuneration | | 47,733 | 41,066 |
| Adjustments for: | | | |
| Expected credit losses on trade receivables | | (44) | 1,022 |
| Provision for employees' end of service benefits | | 7,756 | 2,370 |
| Foreign currency exchange gain | | (669) | (1,176) |
| Share of results of associates and joint ventures | | (4,253) | 2,975 |
| Revaluation loss on financial assets at fair value through profit or loss | | 1,107 | 4,828 |
| Dividend income | | (5,522) | (4,774) |
| Miscellaneous income | | (386) | (599) |
| Depreciation of property, plant and equipment and right-of-use assets | | 40,279 | 16,290 |
| Amortisation | | 4,306 | 2,335 |
| Interest income | | (1,171) | (267) |
| Finance costs | | 29,729 | 11,498 |
| Operating profit before changes in working capital | | 118,865 | 75,568 |
| Inventories | | 570 | (20,696) |
| Trade receivables | | (5,575) | (12,358) |
| Other current assets | | (11,251) | (14,754) |
| Trade and other payables | | 1,184 | 700 |
| | | 103,793 | 28,460 |
| Taxation paid | | (9,771) | (3,072) |
| Employees' end of service benefits paid | | (4,302) | (984) |
| Directors' remuneration paid | | - | (35) |
| Net cash flows from operating activities | | 89,720 | 24,369 |
| INVESTING ACTIVITIES | | | |
| Net movement in financial assets at fair value through profit or loss | | 235 | 537 |
| Net movement in financial assets at fair value through other comprehensive income | | (674) | (63,734) |
| Additions to property, plant and equipment | | (18,939) | (5,608) |
| Proceeds from disposal of property, plant and equipment | | 761 | 99 |
| Loans to related parties | | (22,104) | (9,674) |
| Additions to projects in progress | | (9,936) | (6,679) |
| Additions to investment properties | | - | (6,916) |
| Net movement in investment in associates and joint ventures | | (4,360) | - |
| Dividends received | | 7,233 | 6,087 |
| Interest income received | | 613 | 272 |
| Acquisition of a subsidiary, net of cash acquired | | (604) | (184) |
| Net movement in deposits with original maturities exceeding three months | | 10,015 | 18,330 |
| Net cash flows used in investing activities | | (37,760) | (67,470) |
| FINANCING ACTIVITIES | | | |
| Net movement in interest bearing loans | | 39,733 | 112,347 |
| Payment of lease obligations | | (28,283) | (11,428) |
| Finance cost paid | | (61,335) | (7,780) |
| Dividends paid to equity holders of the Parent Company | | (168) | (41,207) |
| Dividends paid to non-controlling interests | | (12,595) | (12,214) |
| Net cash flows (used in) from financing activities | | (62,648) | 39,718 |
| Net foreign exchange differences | | (681) | (364) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (11,369) | (3,747) |
| Cash and cash equivalents at 1 January | | 115,025 | 74,036 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 6 | 103,656 | 70,289 |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2023 (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 2023 | 267,613 | 152,650 | 195,595 | (40,561) | 56,769 | (150,788) | (4,695) | (446,276) | 27,713 | 1,543,601 | 1,601,621 | 119,025 | 1,720,646 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 29,487 | 29,487 | 11,276 | 40,763 |
| Other comprehensive income (loss) | - | - | - | - | - | 116,533 | (46,637) | 192,376 | - | - | 262,272 | 715 | 262,987 |
| Total comprehensive income (loss) for the period | - | - | - | - | - | 116,533 | (46,637) | 192,376 | - | 29,487 | 291,759 | 11,991 | 303,750 |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (13,383) | (13,383) |
| As at 30 June 2023 | 267,613 | 152,650 | 195,595 | (40,561) | 56,769 | (34,255) | (51,332) | (253,900) | 27,713 | 1,573,088 | 1,893,380 | 117,633 | 2,011,013 |
| As at 1 January 2022 | 223,011 | 152,650 | 188,450 | (49,239) | 44,366 | (84,486) | (12,873) | (57,372) | 34,464 | 1,573,610 | 2,012,581 | 46,510 | 2,059,091 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 28,820 | 28,820 | 8,409 | 37,229 |
| Other comprehensive (loss) income | - | - | - | - | - | (75,810) | 10,362 | (454,982) | - | - | (520,430) | 274 | (520,156) |
| Total comprehensive (loss) income for the period | - | - | - | - | - | (75,810) | 10,362 | (454,982) | - | 28,820 | (491,610) | 8,683 | (482,927) |
| Dividends (Note 13) | - | - | - | - | - | - | - | - | - | (42,099) | (42,099) | - | (42,099) |
| Issue of bonus shares (Note 13) | 44,602 | - | - | - | - | - | - | - | - | (44,602) | - | - | - |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (15,288) | (15,288) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | 1,187 | 1,187 |
| As at 30 June 2022 | 267,613 | 152,650 | 188,450 | (49,239) | 44,366 | (160,296) | (2,511) | (512,354) | 34,464 | 1,515,729 | 1,478,872 | 41,092 | 1,519,964 |

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (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 13 August 2023.

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 consolidated 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 2022. 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 2023.

3 NEW STANDARDS, INTERPRETATIONS, AMENDMENTS AND ACCOUNTING POLICIES 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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no impact on the Group’s interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

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

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Fair value hedge of an equity investment designated at fair value through other comprehensive income

For a hedging instrument that hedges an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, the changes in the fair value of the hedging instrument are recognised in other comprehensive income.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <i>30 June</i> <i>2023</i> <i>KD 000's</i> | <i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD 000's</i> | <i>30 June</i> <i>2022</i> <i>KD 000's</i> |
|---|--|--|--|
| Investment in an associate - outside Kuwait (Note 12) | 111,650 | 111,263 | 111,173 |
| Quoted equity securities – outside Kuwait | 2,794 | 3,886 | 5,341 |
| Unquoted equity securities - in Kuwait | 21 | 21 | 21 |
| Investment in funds - outside Kuwait | 1,912 | 1,643 | 790 |
| | <u>116,377</u> | <u>116,813</u> | <u>117,325</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 30 June 2023, interest bearing loan provided by the Group to Korek Telecom amounted to KD 35,715 thousand (31 December 2022: KD 35,591 thousand and 30 June 2022: KD 35,647 thousand) (Note 12).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

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

Korek Litigation

In February 2017, the Group filed a request for arbitration against the Republic of Iraq pursuant to Article 36 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (“ICSID”), and Article 10 of the Agreement between the Government of the State of Kuwait and the Government of the Republic of Iraq for Reciprocal Promotion and Protection of Investments (the “2015 BIT”). The arbitral 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. On 28 May 2021, the Group filed an application to annul the award with ICSID which was formally registered on 4 June 2021. On 22 September 2021, ICSID constituted a committee to adjudicate the Group’s application to annul the award. The committee convened on 22 November 2021 and issued a procedural timetable for the proceedings on 24 November 2021. In accordance with the procedural timetable, the Group submitted its Memorial on 22 December 2021. Iraq’s Counter-Memorial was submitted on 22 April 2022. The hearings were convened on 15 and 16 November 2022. The committee is now expected to deliberate and issue its final award on annulment in a few months.

As the BIT 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 Group prepared a fresh claim against the Republic of Iraq.

On 31 May 2021, Alcazar Capital Limited (“Alcazar”), a subsidiary of the Group, filed a claim in Kuwait against the Kurdistan Regional Government (KRG), a political subdivision of the Government of Iraq, under the terms of a sovereign guarantee in respect of the Group’s investment. On 24 January 2022, the Court of First Instance dismissed Alcazar’s claims on the basis that, among other things, Alcazar had failed to prove that it had extended the USD 250 million loan to Korek over which it was seeking damages under the sovereign guarantee. On 16 February 2022, Alcazar appealed the judgment to the Kuwait Court of Appeal. On 19 April 2022 the Court of Appeal issued a judgment in favor of Alcazar awarding damages of USD 490 million (the “Kuwait Judgement”) against the Kurdistan Regional Government, together with interest of 7% p.a. up to the date of satisfaction of the amount. On 2 May 2023, the Kuwait Court of Cassation issued a stay of enforcement of the Kuwait Court of Appeal judgment, pending its adjudication of the matter. The Kuwait Court of Cassation is expected to hold a hearing in Q4 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

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

Korek Litigation (continued)

On 24 February 2023, Korek commenced an arbitration against Alcazar, seeking a permanent injunction preventing Alcazar from enforcing in Kuwait and internationally against the KRG, the Kuwait Judgment. Korek claims the obtaining and enforcement of the Kuwaiti Judgment is a breach of a Deed of Release that Alcazar signed in 2011, by which Alcazar is said to have released Korek's obligations under the Convertible Loan Agreement. Korek also seeks various declarations, including declarations that Alcazar is in breach of contract and Korek has no liability under a Convertible Loan Agreement. Korek has also indicated that it will apply to the tribunal (once constituted) for an interim injunction preventing Alcazar from enforcing the Kuwaiti Judgment, pending the issuance of a final award in the arbitration. The arbitration is in the very early stages. Korek submitted its Request for Arbitration to the ICC Secretariat on 24 February 2023, and this was served on Alcazar on 15 March 2023. Alcazar filed its Answer to the Request for Arbitration (the "Answer") on 15 May 2023. The tribunal was constituted on 23 July 2023. The ICC secretariat will now transfer the case file to the tribunal. From there, the terms of reference and the procedure for the arbitration will be set by the tribunal in consultation with the parties.

Separately and prior to filing the Request for Arbitration under the Deed of Release, Korek applied to the DIFC Courts for an interim injunction restraining Alcazar from enforcing the Kuwaiti Judgment until the tribunal in the Release Arbitration is constituted and can determine an equivalent application for an interim injunction (the "Interim Injunction Application"). The Interim Injunction Application was made on 20 January 2023. Alcazar acknowledged service of the Interim Injunction Application on 17 February 2023. After the parties filed evidence and skeleton arguments, the hearing of the Interim Injunction Application occurred on 22 March 2023. On 13 June 2023 the DIFC Court dismissed the Interim Injunction Application. On 26 June 2023, the DIFC Court provided written reasons for the dismissal of the Interim Injunction Application.

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 23 April 2021, IT Ltd. submitted its Statement of Claim on the merits. The parties held hearings on the merits between 8 and 16 May 2022. Further hearings occurred on 2 and 3 August 2022. On March 20, 2023, the Tribunal issued its award. The Tribunal agreed with IT Ltd. and International Holdings Limited that all of the respondents had engaged in a deliberate and intentional scheme "to bribe and corrupt officials" of Iraq's telecommunications regulator in order to procure a wrongful decision to expropriate the shareholding of IT Ltd. and IH in Korek Telecom. The Tribunal also agreed with IT Ltd. and International Holdings Limited that Sirwan Saber Mustafa Barzani had breached his fiduciary obligations by engaging in multiple acts of self-dealing and misconduct, causing harm to the claimants.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

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

Korek Litigation (continued)

► *Shareholders Agreement Arbitration (continued)*

The Tribunal ordered that the respondents, jointly and severally, pay International Holdings Limited and IT Ltd. a combined amount of USD 1.65 billion in damages and legal costs, together with interest. Of this amount, an amount of USD 1.329 billion is due to International Holdings Limited, and an amount of USD 318.7 million is due to IT Ltd.

On 10 April 2023, an application for recognition and enforcement of the award was made. The DIFC Court granted the application on 13 April 2023 (the “R&E Order”). The R&E Order needs to be served before it is enforceable. On 14 April 2023, an application for permission to serve the Defendants with the R&E Order and related DIFC Court documents by alternative means. This application was granted by the DIFC Court on 2 May 2023. On 14 April 2023, an application was made for IT Ltd. to have permission to enforce the award and the R&E Order for and on behalf of International Holdings Limited. This application was granted on 12 May 2023.

On 28 April 2023, IT Ltd. Applied to the DIFC Court for a worldwide freezing order against Mr. Barzani, to the value of the amount he personally owes Iraq Telecom and IH Ltd under the SHA Award (i.e. circa US \$1.6 billion). An ex parte hearing occurred on 11 May 2023 and the freezing order was granted on 12 May 2023. Mr. Barzani has been served with the freezing order, expressed his willingness to comply with it, and has provided asset disclosure via an affidavit. The parties are in ongoing correspondence regarding the extent of Mr. Barzani’s disclosure and his compliance with the freezing order. IT Ltd. can apply to the DIFC Court for an order for further disclosure, or cross-examination of Mr. Barzani, as necessary.

On 24 May 2023, Korek and Mr. Barzani applied to stay the effect of the R&E Order pending determination of the Award Set Aside Application (defined below) (the “R&E Application”). The Court granted the R&E Application on 31 May 2023, but then set aside the order granting the R&E Application on 2 June 2023 and requested a hearing of the R&E Application, which was listed for 25 July 2023. The parties then agreed to the withdrawal of the R&E Application, on the condition that Iraq Telecom undertake not to enforce the R&E Order in the DIFC until the determination of the Award Set Aside Application by the DIFC Court of First Instance. That agreement was memorialised in a consent order. The 25 July 2023 hearing has been vacated.

IT Ltd. and International Holdings Limited are now seeking to enforce the award against the respondents. Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Group’s management has not considered any adjustment in the interim condensed consolidated financial information.

► *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.

On 24 September 2021, the Tribunal issued its award granting in full IT Ltd.’s claim to render as null and void the subordination agreement relating to the USD 150 million loan extended by IBL Bank to Korek Telecom. The Tribunal agreed with IT Ltd. that all of the respondents, including IBL Bank, had engaged in a deliberate and intentional deception of IT Ltd. The counterclaims of the respondents were rejected in their entirety. In addition to the avoidance of the subordination agreement, IT Ltd. was awarded legal costs in the amount of US 3 million, which was collected on 18 May 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

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

Korek Litigation (continued)

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

As a result of this award, on 12 November 2021, IT Ltd. filed a Request for Arbitration against Korek Telecom, in order to enforce its debt claim of more than USD 285 million (plus default interest) bringing the total claim to approximately USD 1 billion, against IH, as debtor, and Korek Telecom, as guarantor. Korek Telecom filed its reply on 24 January 2022. On 17 June 2022, Korek Telecom filed a request to stay the proceedings pending adjudication of its application before the Lebanese courts to annul the arbitral award invalidating the Subordination Agreement. On 1 July 2022, IT Ltd. filed its response to Korek Telecom's motion to stay. On 15 July 2022, Korek Telecom filed its Reply in support of its motion to stay. On 29 July 2022, IT Ltd. filed its Rejoinder to Korek Telecom's motion to stay. The hearing of the stay application occurred on 17 August 2022 and Korek Telecom's stay application was dismissed by the Tribunal on 22 August 2022.

The first Procedural order was issued on 9 September 2022. IT Ltd. filed its Statement of Claim on 9 September 2022. Korek Telecom's Defense was filed on 18 November 2022, the disclosure stage concluded on 20 January 2023. Iraq Telecom's Statement of Reply was filed on 3 March 2023. Korek's Statement of Rejoinder was filed on 5 May 2023. The merits hearing was convened in June 2023. Further hearings are scheduled for September 2023.

Separately as well, IT Ltd. filed a Request for Arbitration against IBL Bank on 13 December 2021, seeking damages for the fraud that was adjudicated in the previous arbitration. IBL Bank's Reply was submitted on 7 April 2022. The tribunal was constituted on 10 August 2022, and the Tribunal has convened a Case Management Conference in the arbitration on 3 November 2022 and issued a procedural timetable on 5 December 2022. Pursuant to the timetable, IT Ltd. filed its Statement of Claim on 9 December 2022 and IBL's Statement of Defense was filed 24 March 2023.

On 1 June 2023, the Beirut Court of Appeal issued its decision on IBL's challenge to the award in the initial IBL Arbitration, ordering the set aside of that award. Following that decision, on 7 July 2023, IT Ltd. applied for a stay of the proceedings, or, in the alternative, and adjustment of the procedural timetable. On the same date, IBL applied for a summary dismissal of IT Ltd.'s claims. The outcome of these two applications, which are currently pending before the tribunal in the IBL II Arbitration, will define the next steps for this proceeding. Separately, IT Ltd. has appealed the Beirut Court of Appeal decision to the Lebanese Court of Cassation.

► *DIFC Director Claims*

On 12 March 2018 IT Ltd. commenced proceedings in the courts of the Dubai International Financial Centre ("DIFC") against Raymond Zina Rahmeh. The claim alleges breach of the defendant's duties as directors of International Holdings and also alleges multiple instances of self-dealing. Mr. Rahmeh was validly served with the claim in CFI-019-2018 in Lebanon on 6 February 2020 and a certificate of service was issued by the DIFC Court on 13 February 2020.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

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

Korek Litigation (continued)

▶ *DIFC Director Claims (continued)*

Permission for IT to bring the derivative claim for and on behalf of IH against Mr. Rahmeh was granted by the DIFC Court on 11 May 2020, subject to the condition that IT is to file a schedule of breach, loss and causation (which has been done). Efforts were made to serve Mr. Rahmeh with the Schedule of Particulars and other recent documents via diplomatic service, but ultimately failed. Per the orders of the Court, the Schedule of Particulars must be served before further steps are taken in the proceedings. IT Ltd therefore applied for and was granted on 17 June 2021 permission to serve Mr. Rahmeh with the Schedule of Particulars and other documents by alternative means (e.g. email and courier to various affiliates of Mr. Rahmeh). Service by the alternative methods was effected, and, subsequently, on 16 December 2021, a judgment against Mr. Rahmeh was issued in the amount of USD 71.3 million plus costs and interest. On 27 December 2021, the DIFC court granted permission for the judgement to be served on Mr. Rahmeh by way of alternate service. Alternative service was effected, and IT is now in the process of enforcing the judgement sum plus costs.

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. The DIFC Court issued its judgment on 9 May 2021 pursuant to which Modern Global was wholly successful on the appeal. Consequently, Modern Global is now taking active steps to enforce the USD 5 million award against Korek in the UAE and Iraq. In April 2022, an amount of approximately USD 1.1 million was obtained from certain Korek assets in the United Arab Emirates. Enforcement efforts remain ongoing.

As a result of the ongoing litigation relating to Korek, the Group's management was unable to determine the fair value of this investment and the recoverability of interest-bearing loan as at 30 June 2023, 31 December 2022 and 30 June 2022. Accordingly, the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 111,650 thousand (31 December 2022: KD 111,263 thousand and 30 June 2022: KD 111,173 thousand).

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | <i>(Audited)</i> | | |
|--|------------------|--------------------|-----------------|
| | 30 June | <i>31 December</i> | <i>30 June</i> |
| | 2023 | <i>2022</i> | <i>2022</i> |
| | KD 000's | <i>KD 000's</i> | <i>KD 000's</i> |
| Quoted equity securities - outside Kuwait ** | 1,248,478 | 928,432 | 887,517 |
| Unquoted equity securities: | | | |
| - In Kuwait | 2,841 | 2,831 | 2,836 |
| - Outside Kuwait | 52,010 | 45,149 | 38,898 |
| | 1,303,329 | 976,412 | 929,251 |

** includes equity securities having a carrying value of KD 388,002 thousand (31 December 2022: Nil and 30 June 2022: Nil), in respect of which the Group has entered into a funded equity collar arrangement ("collars") during the period, in order to hedge the fair value movements in these securities. The collars have been designated as a fair value hedge and accordingly the fair value loss on the collars during the period, amounting to KD 40,371 thousand (31 December 2022: Nil and 30 June 2022: Nil) has been recognized in the interim condensed consolidated statement of other comprehensive income.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

6 BANK BALANCES, CASH AND DEPOSITS

| | 30 June 2023 | <i>(Audited)</i> 31 December 2022 | 30 June 2022 |
|--|-------------------------|---|-----------------|
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| Cash at banks and on hand | 94,170 | 105,778 | 65,077 |
| Short term deposits* | 9,486 | 9,247 | 5,212 |
| Cash and cash equivalents | 103,656 | 115,025 | 70,289 |
| Deposits with original maturities exceeding 3 months | 6,224 | 16,239 | 6,757 |
| | 109,880 | 131,264 | 77,046 |

* 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.

7 TREASURY SHARES

| | 30 June 2023 | <i>(Audited)</i> 31 December 2022 | 30 June 2022 |
|-----------------------------|-------------------------|---|-----------------|
| Number of treasury shares | 123,786,106 | 123,786,106 | 150,269,349 |
| Percentage of issued shares | 4.63% | 4.63% | 5.61% |
| Market value in KD 000's | 77,119 | 89,126 | 122,169 |

8 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

| | <i>Three months ended</i> 30 June | | <i>Six months ended</i> 30 June | |
|---|--------------------------------------|-----------------|------------------------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| Logistics services | 96,991 | 64,711 | 195,698 | 123,575 |
| Rent | 21,243 | 19,916 | 42,846 | 39,448 |
| Ground handling and airport services | 164,780 | 16,893 | 317,308 | 33,825 |
| Others | 44,826 | 36,927 | 92,526 | 73,687 |
| | 327,840 | 138,447 | 648,378 | 270,535 |
| Timing of revenue recognition | | | | |
| Goods and services transferred at a point in time | 287,270 | 102,135 | 566,869 | 201,346 |
| Goods and services transferred over time | 40,570 | 36,312 | 81,509 | 69,189 |
| | 327,840 | 138,447 | 648,378 | 270,535 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

8 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

| | <i>Three months ended</i> | | <i>Six months ended</i> | |
|--|---------------------------|-----------------|-------------------------|-----------------|
| | <i>30 June</i> | | <i>30 June</i> | |
| | <i>2023</i> | <i>2022</i> | <i>2023</i> | <i>2022</i> |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| Geographical markets | | | | |
| Middle East | 94,884 | 87,805 | 207,704 | 173,779 |
| Africa | 84,235 | 36,165 | 154,440 | 70,735 |
| America | 58,939 | 5,671 | 119,692 | 9,295 |
| Europe | 59,692 | 6,608 | 119,533 | 13,111 |
| Asia | 30,090 | 2,198 | 47,009 | 3,615 |
| Total revenue from contracts with customers | 327,840 | 138,447 | 648,378 | 270,535 |

9 TAXATION

| | <i>Three months ended</i> | | <i>Six months ended</i> | |
|--|---------------------------|-----------------|-------------------------|-----------------|
| | <i>30 June</i> | | <i>30 June</i> | |
| | <i>2023</i> | <i>2022</i> | <i>2023</i> | <i>2022</i> |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| National labour support tax (NLST) | 372 | 379 | 776 | 759 |
| Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | 184 | 232 | 384 | 367 |
| Zakat | 186 | 234 | 386 | 369 |
| Taxation on overseas subsidiaries | 2,129 | 708 | 5,599 | 2,167 |
| | 2,871 | 1,553 | 7,145 | 3,662 |

10 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>Six months ended</i> | |
|---|---------------------------|---------------|-------------------------|---------------|
| | <i>30 June</i> | | <i>30 June</i> | |
| | <i>2023</i> | <i>2022</i> | <i>2023</i> | <i>2022</i> |
| Profit for the period attributable to equity holders of the Parent Company (KD 000's) | 14,166 | 16,050 | 29,487 | 28,820 |
| | <i>Shares</i> | <i>Shares</i> | <i>Shares</i> | <i>Shares</i> |
| Number of paid up shares | 2,676,128,586 | 2,676,128,586 | 2,676,128,586 | 2,676,128,586 |
| Weighted average number of treasury shares | (123,786,106) | (150,269,349) | (123,786,106) | (150,269,349) |
| Weighted average number of outstanding shares | 2,552,342,480 | 2,525,859,237 | 2,552,342,480 | 2,525,859,237 |
| Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils): | 5.55 | 6.35 | 11.55 | 11.41 |

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

11 CONTINGENCIES AND CAPITAL COMMITMENTS

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

| | 30 June 2023 KD 000's | <i>(Audited)</i> 31 December 2022 KD 000's | 30 June 2022 KD 000's |
|-----------------------------|--------------------------------------|--|--------------------------------------|
| Letters of guarantee* | 183,325 | 166,859 | 142,661 |
| Operating lease commitments | 830 | 2,370 | 116 |
| Capital commitments | 25,367 | 43,671 | 40,748 |
| Corporate guarantees** | 124,476 | 148,779 | 154,578 |
| | 333,998 | 361,679 | 338,103 |

*Included in letters of guarantee are bank guarantees of KD 30,651 thousand (31 December 2022: KD 30,651 thousand and 30 June 2022: 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 2022: 19.87% and 30 June 2022: 19.87%) and has also extended interest bearing loan facilities to the project (Note 12). Further, the Parent Company provided Corporate guarantees amounting to KD 123,945 thousand (31 December 2022: KD 138,100 thousand and 30 June 2022: KD 154,578 thousand) to the project.

Legal claims

(a) Renewal of land leases with Public authority for industry, Kuwait (PAI)

Investment properties include certain properties with a carrying value of KD 190,717 thousand that are leased from PAI as described below

1. 805,712 m2 of land in Sulaibiya area with a carrying value of KD 77,869 thousand leased based on Municipal Council No. (MC /61/6/80) -issued in 1980 – under contract No. 60.
2. 150,000 m2 of land in Sulaibiya area with a carrying value of KD 11,733 thousand leased based on Municipal Council No. (MC / F 21/287/10/99)-issued in 1999 – under contract No. 211.
3. 1,625,000 m2 of land in Mina Abdullah area (plots 3,4 and 5) with a carrying value of KD 65,966 thousand leased based on Municipal Council No. (MC/11/10/78) -issued in 1981 – under contract No. 208.
4. 200,000 m2 of land in Amghara Industrial area with a carrying value of KD 6,815 thousand leased based on Municipal Council No. (L.B./83/10/86) -issued in 1986 – under contract No. 19/2002.
5. 941,420 m2 of land in Doha with a carrying value of KD 28,334 thousand leased in accordance with letter issued by the Council of Ministers No. (11/930-1949) - Issued in 1978 – under contract No. 8/2003.

The above lands were leased for developing warehousing facilities (both dry and temperature controlled), craft areas, open yards for parking trucks etc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 30 June 2023 (Unaudited)

11 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) Renewal of land leases with Public authority for industry, Kuwait (PAI) (continued)

On 21 November 2022, the Council of Ministers, Kuwait issued a resolution no (1259/12) during its meeting No. (48-3/2022) which decided the following:

- a. No automatic renewal or extension of leases for warehousing and related support services after the expiration of their term. The lands will be leased through public bidding process for qualified companies in conformity with the principles of justice, equality and improvement of governance.
- b. No leasing of any land for storage purposes except after referring and coordinating with the government performance follow-up agency.

Subsequently PAI made a public announcement through news media that was also published in the Official Gazette "Kuwait Al-Youm" under No. 1618 on 15 January 2023 on the termination of the contracts referred to above. The Parent Company issued a warning dated 15 January 2023 to the PAI's Board directors members and to its Director General to respond and deny the content of these announcements. The Parent Company sent another warning to PAI on 25 January 2023 in response to the latter's warning dated 18 January 2023. The Parent Company filed the following cases in the court of first instance against PAI asserting its position that the leases have been renewed and requesting the court to prevent PAI and its affiliates from obstructing the Parent Company's possession and use of the lands mentioned above.

The Parent Company filed the cases based on the terms of the aforementioned contracts, minutes of meetings, exchanged correspondence, rules of law and decisions in force in this regard.

1. Case No. 14/2023 Commercial, Civil, Government / 27, regarding contract No. 60 of the Sulaibiya site, with an area of 805,712 m². The court of first instance dismissed the case on 16 February 2023 rejecting the case. The Parent Company filed the appeal under appeals No. 1480, 1482, 1449 Commercial Appeal, Civil, Government / 10 for the year 2023. A hearing is scheduled for 8 October 2023.
2. Case No. 9/2023 Commercial, Civil Government / 28, regarding contract No. 211 of the Sulaibiya site, with an area of 150,000 m². The first instance court issued a judgment on 18 June 2023 on grounds of lack of jurisdiction and referred the case to the Administrative Department / 2 for a hearing scheduled on 18 October 2023. The parent company appealed the First Instance judgment under Appeal No. 3340/2023 Commercial, Civil, Government / 9, and the appeal's first hearing is scheduled for 3 October 2023.
3. Case No. 19/2023 Commercial, Civil, Government / 9, regarding contract No. 208 for Mina Abdullah's site, with an area of 1,625,000 m². This remains pending before the Court of First Instance, and the next hearing is scheduled for 20 September 2023.
4. Case No. 12/2023 Commercial, Civil, Government / 20, regarding Contract No. 19/2002 for the truck parking site in Amghara Industrial Area, with an area of 200,000 m². The court of first instance dismissed the case on 28 February 2023. The Parent Company appealed the judgment with appeals Nos. 1613, 1649, 1654, 1663 for the year 2023, commercial, civil, government / 5. On 14 June 2023, a stay order was issued pending a decision on the judges' rejection request No. 13 of 2023.
5. Case No. 29/2023 Commercial, Civil, Government / 7 regarding contract No. 8/2003, Doha site, with an area of 941,420 m². The court of first instance on 19 March 2023 ruled in favor of the Parent Company establishing the contractual relationship between Agility and PAI for a period twenty years starting from 1 January 2023 and ending on 31 December 2042 on an area of 941,420 m² in the Doha area, subject of contract No. 8/2003 dated 12 August 2003 under the same terms and conditions. PAI for Industry appealed the judgment in Appeal No. 1762/2023 Commercial, Civil, Government / 1. On 18 June 2023, the Court of Appeal ruled to annul the appealed ruling and dismiss the case. The Parent Company is currently filing an appeal against this ruling before the court of cassation.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

11 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) *Renewal of land leases with Public authority for industry, Kuwait (PAI) (continued)*

The PAI also filed claims against the Parent Company in respect of contract No. 208 for Mina Abdullah site, and Contract No. 211 for the Sulaibiya site. Pending final outcome of the above litigations, the Group's management was unable to determine the fair value of the subject investment properties as at 30 June 2023.

(b) *Dispute with Iraqi Airways Company (IAC):*

Aviation Service (Iraq) Limited (ASIL), an indirect partially owned subsidiary of the Parent Company, is a party to a concession agreement with IAC to provide Ground Handling and Aviation Fuel Concession Agreement with IAC (the "Concession Agreement"). Pursuant to the Concession Agreement, the parties established a separate entity in Iraq, Menzies Aviation Services Iraq LLC (but registered as United Iraqi Company for Airports and Ground Handling Services Limited) ("MASIL") to perform the services under the Concession Agreement.

On 20 October 2022, ASIL commenced an arbitration in the Dubai International Arbitration Centre ("DIAC") with assigned case number 239/2022 against IAC. The claim seeks, inter alia, damages against IAC for breaches of the Concession Agreement, including costs associated with services provided under the Concession Agreement in the amount of USD 15 million and loss of profits incurred by ASIL in the amount of USD 81 million. IAC has not filed any response to the request for arbitration. The parties are now in the process of appointing the arbitral tribunal and the arbitration is therefore at an early stage; however, the Group's management (after consulting with external legal counsel) is of the view that ASIL's prospects of success in the DIAC arbitration are estimated to be reasonable.

IAC subsequently commenced proceedings before the commercial court in Iraq seeking, inter alia, the annulment of the registration of MASIL, the annulment of the shareholders agreement entered into between ASIL and IAC (as shareholders in MASIL) and MASIL (as the company) and sought a grossly inflated financial compensation with no substantive evidence whatsoever.

In light of the lack of any substantive evidence submitted by IAC, the strong jurisdictional challenge on the basis of the arbitration agreement, the total disregard of the limitation of liability clauses under the relevant agreements and the fact there are no guarantees provided by any of the Group's entities to guarantee the performance of ASIL, the Group's management (after consulting with external legal counsel) is of the view that IAC's prospects of success in the proceedings it has filed before the commercial court in Iraq are estimated to be low.

(c) *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 in Appeal number 1923 for the year 2014 administration /4, 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. 1480, 1487 for the year 2015. On 25 September 2019, the Court of Cassation resolved to defer the appeal to the experts. On 24 May 2021, the experts committee issued a report affirming GCS's right for the claimed compensation.

On 11 May 2022, this matter was finally resolved with the issuance of this judgment in respect of Appeals Nos. 1480 and 1487 for year 2015, Administrative/4 by the Court of Cassation, where the court ordered the GAC to refund an amount of KD 5,561 thousand to GCS out of the original amount of encashed guarantee. The said appeals resolved, otherwise, to uphold the appealed judgment, which ordered the second defendant, "the Director General of the General Administration of Customs in his capacity," to pay to the plaintiff "GCS" an amount of KD 58,927 thousand in addition to the legal interest of 7% annually on both amounts from the date this judgment becomes final.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

11 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(c) Guarantee encashment (continued):

The management of GCS is currently engaged in negotiations with GAC to conclude this in the best interest of shareholders of GCS and accordingly the Parent Company and GCS have decided not to recognize any adjustments in the interim condensed consolidated financial information to reflect the above judgement pending the outcome of the negotiations.

(d) Legal cases with GAC - Appeals no. 1927 and 1933 for the year 2018

Further, in respect of an ongoing dispute between GCS and GAC on which there were claims filed by both parties against each other relating to project management mechanisms in the ports, GCS filed Case No. 760/2014 Administrative/6 against the GAC requesting the delegation of experts from the Ministry of Justice to view the IT system at the GAC to indicate the amount of vehicle handling fees. GAC filed a counterclaim requesting that GCS complies with the price list attached to the auction contract and not to increase or decrease the prices vis-à-vis the GAC or the public.

GAC also filed case No. 4242/2014 Administrative/6 against GCS with a request to establish a project mechanism development fund, for GCS to pay the customs an amount of KD 500 thousand for developing project mechanisms at customs ports on a periodic basis, obliging GCS to pay the customs an amount of KD 21,242 thousand for the fines owed by GCS as of 9 February 2005, as well as an amount of KD 50 thousand for the annual allocation to the fund.

GAC also filed several lawsuits that were included in the case filed by GCS, and these cases are Case No. 4246/2014 Administrative/6 against GCS requesting it to pay the customs an amount of KD 1,805 thousand as differential payments due for the project manager's fees from August 2006 to August 2011, obliging the company to pay the customs an amount of KD 2,025 thousand as differences due to the project manager's fees for the period from August 2011 to August 2014, obliging GCS to pay the customs an amount of KD 42,991 thousand for the differences due as of 9 February 2005 as a result of its failure to pay the project manager's fees, with a cumulative delay fine of 1% per week, and obliging GCS to make monthly payments due for the project manager's fees until the end of the contract.

Case No. 2738/2014 Administrative/6 against GCS with a request to oblige it to pay customs an amount of KD 5,853 thousand as differences in payments due for the project manager's fees from August 2006 to October 2010 with a cumulative delay fine and legal interest at the rate of 7% annually; and Case No. 3276/2015 Administrative/6 filed by the Director General of the General Administration of Customs with the same requests under Case No. 4242/2014 Administrative/6; and Case No. 3280/2015 Administrative/6 filed by the Director General of the General Administration of Customs with the same requests contained in Case No. 4246/2014 Administrative/6.

All these cases were joined together to hand down a single judgment for all of them. On 25 September 2018, the judgment was issued dismissing all cases.

The judgment was appealed by both GCS and GAC under appeals No. 1927 and 1933/2018, Contracts Administration and Individual Appeals/2. On 26 September 2022 the court ruled, First: the litigation ended in the first appeal, and the appellant company is obliged to pay the expenses and KD 10 as attorney fees; Second: accepting the second appeal in form, and in substance, cancelling the appealed judgment with regard to what was included in its judgment under requests one to four, and oblige the appellee to set up the project development fund, subject of the Bidding Contract No. A/S.M./1/2004/2005, subject of the litigation, and pay the appealing administration an amount of KD 12,443 thousand, and rejecting the appeal and upholding the appealed judgment with respect to other requests.

GCS appealed this judgment before the court of cassation in appeal No. 3995 for the year 2022 Cassation, Administrative/1 and requested to cancel the ruling and reject the case. The appeal also included a request for a stay of execution until the appeal is resolved. GAC also appealed this judgement in appeal No. 4023 for the year 2022 and requested to increase the value of the compensation. During the hearing scheduled for 12 April 2023, the Court of Cassation considered the request to stay the enforcement, and resolved to stay the enforcement of the judgment until the appeal is resolved. The Parent Company and GCS (after consulting the external counsel) have resolved not to record any provision in the interim condensed consolidated financial information pending final ruling by the court of cassation.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

11 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(d) *Legal cases with GAC - Appeals no. 1927 and 1933 for the year 2018 (continued)*

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 legal counsel of the Group 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 condensed consolidated financial information.

12 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, associates and joint ventures, 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:

| | Major shareholders KD 000's | Other related parties KD 000's | Six months ended 30 June | | |
|---|--------------------------------|-----------------------------------|--------------------------------------|--|--------------------------------------|
| | | | 2023 Total KD 000's | 2022 Total KD 000's | |
| Interim condensed consolidated statement of income | | | | | |
| Revenues | - | 5,876 | 5,876 | 236 | |
| Cost of revenues | - | (29,424) | (29,424) | - | |
| General and administrative expenses | - | (9) | (9) | (61) | |
| Share of results of associates and joint ventures | (523) | 4,776 | 4,253 | (2,975) | |
| Interest income | - | 105 | 105 | - | |
| Finance costs | - | (250) | (250) | (20) | |
| <i>(Audited)</i> | | | | | |
| | Major shareholders KD 000's | Other related parties KD 000's | 30 June 2023 Total KD 000's | 31 December 2022 Total KD 000's | 30 June 2022 Total KD 000's |
| Interim condensed consolidated statement of financial position | | | | | |
| Investment in associates and joint ventures | 20,961 | 128,980 | 149,941 | 142,926 | 103,586 |
| Financial assets at fair value through profit or loss | - | 113,005 | 113,005 | 111,263 | 111,173 |
| Financial assets at fair value through other comprehensive income | - | 10,545 | 10,545 | 9,892 | - |
| Trade receivables | - | 6,400 | 6,400 | 6,311 | - |
| Amounts due from related parties | 38 | 3,001 | 3,039 | 8,237 | 1,526 |
| Loans to related parties | - | 205,075 | 205,075 | 182,969 | 165,529 |
| Loan to an associate (Note 4) | - | 35,715 | 35,715 | 35,591 | 35,647 |
| Amounts due to related parties | 35 | 15,788 | 15,823 | 19,904 | 4,789 |

Loans to related parties include KD 201,264 thousand (31 December 2022: KD 181,485 thousand and 30 June 2022: KD 165,379 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 and can be converted to equity in the project on completion of construction subject to the project achieving certain operational targets and upon the discretion of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

12 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

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

| | <i>Three months ended</i> | | <i>Six months ended</i> | |
|--|---------------------------|-----------------|-------------------------|-----------------|
| | <i>30 June</i> | | <i>30 June</i> | |
| | <i>2023</i> | <i>2022</i> | <i>2023</i> | <i>2022</i> |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| Short-term benefits (key management) | 151 | 153 | 302 | 306 |
| Accrual for committees services (board of directors) | 88 | 88 | 176 | 176 |
| Accrual for remuneration to board of directors | 88 | 88 | 176 | 176 |
| | 327 | 329 | 654 | 658 |

13 DIVIDEND, BONUS SHARES AND DIRECTORS' REMUNERATION

The shareholders at the Annual General Meeting ("AGM") held on 30 May 2023 approved the consolidated financial statement for the year ended 31 December 2022 and the distribution of cash dividends of Nil (2021 : 20 fills per share), bonus share of Nil (2021 : 20%) and directors' remuneration of Nil (2021 : KD 350,000 thousands) for the year ended 31 December 2022.

14 SEGMENT INFORMATION

The Group determined the following as its major operating segments:

Controlled entities:

This segment comprises of business units that are controlled by the group and hence consolidated in its financial statements. The entities that are part of this segment provides services that include real estate, fuel logistics, airplane ground handling and cleaning services, cargo and lounge management, customs operations and management, construction and remote site services, customs consulting and waste recycling.

Investments:

The segment comprise of business units that holds the Group's non-controlling interests in various sectors. These investments comprises of both listed and unlisted equity securities and convertible loans.

| Six months ended 30 June 2023 | <i>Controlled entities</i> | <i>Investments</i> | <i>Total</i> |
|--|----------------------------|--------------------|-----------------|
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| Revenues | 648,378 | - | 648,378 |
| Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA) | 118,035 | 2,841 | 120,876 |
| Depreciation | (40,279) | - | (40,279) |
| Amortisation | (4,306) | - | (4,306) |
| Profit before interest, taxation and directors' remuneration (EBIT) | 73,450 | 2,841 | 76,291 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

14 SEGMENT INFORMATION (continued)

Key components of controlled entities:

| Six months ended 30 June 2023 | <i>Aviation services KD 000's</i> | <i>Fuel logistics KD 000's</i> | <i>Others KD 000's</i> | <i>Total KD 000's</i> |
|--|---------------------------------------|---|---------------------------------|---------------------------|
| Revenues | 316,577 | 169,813 | 161,988 | 648,378 |
| Results | | | | |
| Profit before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA) | 42,144 | 29,626 | 46,265 | 118,035 |
| Six months ended 30 June 2022 | | <i>Controlled entities KD 000's</i> | <i>Investments KD 000's</i> | <i>Total KD 000's</i> |
| Revenues | | 270,535 | - | 270,535 |
| Profit (loss) before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA) | | 76,395 | (5,473) | 70,922 |
| Depreciation | | (16,290) | - | (16,290) |
| Amortisation | | (2,335) | - | (2,335) |
| Profit (loss) before interest, taxation and Directors' remuneration (EBIT) | | 57,770 | (5,473) | 52,297 |

Key components of controlled entities:

| Six months ended 30 June 2022 | <i>Aviation services KD 000's</i> | <i>Fuel logistics KD 000's</i> | <i>Others KD 000's</i> | <i>Total KD 000's</i> |
|---|---------------------------------------|------------------------------------|----------------------------|---------------------------|
| Revenues | 33,708 | 93,984 | 142,843 | 270,535 |
| Results | | | | |
| Profit before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA) | 9,989 | 22,529 | 43,877 | 76,395 |

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.

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

As at and for the period ended 30 June 2023 (Unaudited)

14 SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2023, 31 December 2022 and 30 June 2022.

| | <i>Controlled entities KD 000's</i> | <i>Investments KD 000's</i> | <i>Adjustments and eliminations KD 000's</i> | <i>Total KD 000's</i> |
|---------------------------|---|---------------------------------|--|---------------------------|
| <i>As at 30 June 2023</i> | | | | |
| Total assets | 2,703,486 | 1,782,431 | (754,097) | 3,731,820 |
| Total liabilities | 1,393,957 | 1,067,593 | (740,743) | 1,720,807 |
| Other disclosures: | | | | |
| Goodwill | 293,757 | - | - | 293,757 |
| Intangible assets | 66,479 | - | - | 66,479 |
| Capital expenditure | (28,875) | - | - | (28,875) |

Key components of controlled entities:

| <i>As at 30 June 2023</i> | <i>Aviation services KD 000's</i> | <i>Fuel logistics KD 000's</i> | <i>Others KD 000's</i> | <i>Total KD 000's</i> |
|---------------------------|---|------------------------------------|----------------------------|---------------------------|
| Total assets | 698,881 | 490,106 | 1,514,499 | 2,703,486 |
| Total liabilities | 648,768 | 273,652 | 471,537 | 1,393,957 |
| Other disclosures: | | | | |
| Goodwill | 237,126 | 33,029 | 23,602 | 293,757 |
| Intangible assets | 65,605 | - | 874 | 66,479 |
| Capital expenditure | (13,169) | (5,987) | (9,719) | (28,875) |

| | <i>Controlled entities KD 000's</i> | <i>Investments KD 000's</i> | <i>Adjustments and eliminations KD 000's</i> | <i>Total KD 000's</i> |
|--|---|---------------------------------|--|---------------------------|
| <i>As at 31 December 2022 (Audited)</i> | | | | |
| Total assets | 2,638,591 | 1,412,523 | (710,265) | 3,340,849 |
| Total liabilities | 1,626,864 | 700,354 | (707,015) | 1,620,203 |
| Other disclosures: | | | | |
| Goodwill | 292,392 | - | - | 292,392 |
| Intangible assets | 70,270 | - | - | 70,270 |
| Capital expenditure | (45,905) | - | - | (45,905) |
| Change in fair value of investment properties | 22,533 | - | - | 22,533 |

Key components of controlled entities:

| <i>As at 31 December 2022 (Audited)</i> | <i>Aviation services KD 000's</i> | <i>Fuel logistics KD 000's</i> | <i>Others KD 000's</i> | <i>Total KD 000's</i> |
|---|---|------------------------------------|----------------------------|---------------------------|
| Total assets | 677,668 | 495,478 | 1,465,445 | 2,638,591 |
| Total liabilities | 620,774 | 282,429 | 723,661 | 1,626,864 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

14 SEGMENT INFORMATION (continued)

| | | | | |
|---|----------------------------|--------------------|-------------------------------------|-----------------|
| Other disclosures: | | | | |
| Goodwill | 235,829 | 33,132 | 23,431 | 292,392 |
| Intangible assets | 67,500 | - | 2,770 | 70,270 |
| Capital expenditure | (13,398) | (5,984) | (26,523) | (45,905) |
| Change in fair value of investment properties | - | - | 22,533 | 22,533 |
| | <i>Controlled entities</i> | <i>Investments</i> | <i>Adjustments and eliminations</i> | <i>Total</i> |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| <i>As at 30 June 2022</i> | | | | |
| Total assets | 1,863,051 | 1,348,897 | (739,690) | 2,472,258 |
| Total liabilities | 987,228 | 701,505 | (736,439) | 952,294 |
| Other disclosures: | | | | |
| Goodwill | 35,873 | - | - | 35,873 |
| Intangible assets | 8,694 | - | - | 8,694 |
| Capital expenditure | (19,203) | - | - | (19,203) |

Key components of controlled entities:

| | | | | |
|---------------------------|--------------------------|-----------------------|-----------------|-----------------|
| <i>As at 30 June 2022</i> | <i>Aviation services</i> | <i>Fuel logistics</i> | <i>Others</i> | <i>Total</i> |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| <i>Total assets</i> | 158,145 | 321,145 | 1,383,761 | 1,863,051 |
| <i>Total liabilities</i> | 88,394 | 182,496 | 716,338 | 987,228 |
| Other disclosures: | | | | |
| Goodwill | 11,352 | 1,636 | 22,885 | 35,873 |
| Intangible assets | 4,253 | - | 4,441 | 8,694 |
| Capital expenditure | (579) | (5,129) | (13,495) | (19,203) |

Capital expenditure consists of additions to property, plant and equipment, projects in progress and investment properties.

Other geographic information

The following presents information regarding the Group's non-current assets based on its geographical segments:

| | | | |
|---------------------------|---------------------|-------------------------|---------------------|
| | | <i>(Audited)</i> | |
| | <i>30 June 2023</i> | <i>31 December 2022</i> | <i>30 June 2022</i> |
| | <i>KD 000's</i> | <i>KD 000's</i> | <i>KD 000's</i> |
| Non-current assets | | | |
| Middle east | 1,109,257 | 1,053,831 | 918,290 |
| Asia | 81,100 | 81,204 | 17,085 |
| Europe | 94,892 | 116,178 | 2,693 |
| America | 233,485 | 208,754 | 3,555 |
| Africa | 153,425 | 152,026 | 69,377 |
| | 1,672,159 | 1,611,993 | 1,011,000 |

Non-current assets for this purpose consists of property, plant and equipment, projects in progress, right-of-use assets, investment properties, intangible assets, goodwill, other non-current assets, loan to related parties and loan to associate.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 June 2023 (Unaudited)

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Determination of fair value and fair value hierarchy:

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

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

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

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

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

| | <i>Level 1</i> <i>KD'000</i> | <i>Level 2</i> <i>KD'000</i> | <i>Level 3</i> <i>KD'000</i> | <i>Total fair value</i> <i>KD'000</i> |
|--|---------------------------------|---------------------------------|---------------------------------|--|
| 30 June 2023 | | | | |
| <i>Financial assets measured at fair value through profit or loss</i> | | | | |
| Investment in an associate | - | - | 111,650 | 111,650 |
| Quoted equity securities | 2,794 | - | - | 2,794 |
| Unquoted equity securities | - | - | 21 | 21 |
| Investment in funds | - | 1,912 | - | 1,912 |
| Loans to related parties | - | - | 201,264 | 201,264 |
| Loan to an associate | - | - | 35,715 | 35,715 |
| | <u>2,794</u> | <u>1,912</u> | <u>348,650</u> | <u>353,356</u> |
| <i>Financial assets measured at fair value through other comprehensive income</i> | | | | |
| Quoted equity securities | 1,248,478 | - | - | 1,248,478 |
| Unquoted equity securities | - | - | 54,851 | 54,851 |
| | <u>1,248,478</u> | <u>-</u> | <u>54,851</u> | <u>1,303,329</u> |
| <i>Derivative financial assets (liabilities)</i> | | | | |
| Forward foreign exchange contracts | - | 425 | - | 425 |
| Collars | - | (40,371) | - | (40,371) |
| Interest rate swaps | - | 25,684 | - | 25,684 |
| | <u>-</u> | <u>(14,262)</u> | <u>-</u> | <u>(14,262)</u> |
| | <u>1,251,272</u> | <u>(12,350)</u> | <u>403,501</u> | <u>1,642,423</u> |

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15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

| | Level 1 KD'000 | Level 2 KD'000 | Level 3 KD'000 | Total fair value KD'000 |
|---|-------------------|-------------------|-------------------|----------------------------|
| 31 December 2022 (Audited) | | | | |
| <i>Financial assets measured at fair value through profit or loss</i> | | | | |
| Investment in an associate | - | - | 111,263 | 111,263 |
| Quoted equity securities | 3,886 | - | - | 3,886 |
| Unquoted equity securities | - | - | 21 | 21 |
| Investment in funds | - | 1,643 | - | 1,643 |
| Loans to related parties | - | - | 182,969 | 182,969 |
| Loan to an associate | - | - | 35,591 | 35,591 |
| | <u>3,886</u> | <u>1,643</u> | <u>329,844</u> | <u>335,373</u> |
| <i>Financial assets measured at fair value through other comprehensive income</i> | | | | |
| Quoted equity securities | 928,432 | - | - | 928,432 |
| Unquoted equity securities | - | - | 47,980 | 47,980 |
| | <u>928,432</u> | <u>-</u> | <u>47,980</u> | <u>976,412</u> |
| <i>Derivative financial assets</i> | | | | |
| Forward foreign exchange contracts | - | 37 | - | 37 |
| Interest rate swaps | - | 26,610 | - | 26,610 |
| | <u>-</u> | <u>26,647</u> | <u>-</u> | <u>26,647</u> |
| | <u>932,318</u> | <u>28,290</u> | <u>377,824</u> | <u>1,338,432</u> |
| | Level 1 KD'000 | Level 2 KD'000 | Level 3 KD'000 | Total fair value KD'000 |
| 30 June 2022 | | | | |
| <i>Financial assets measured at fair value through profit or loss</i> | | | | |
| Investment in an associate | - | - | 111,173 | 111,173 |
| Quoted equity securities | 5,341 | - | - | 5,341 |
| Unquoted equity securities | - | - | 21 | 21 |
| Investment in funds | - | 790 | - | 790 |
| Loans to related parties | - | - | 165,529 | 165,529 |
| Loan to an associate | - | - | 35,647 | 35,647 |
| | <u>5,341</u> | <u>790</u> | <u>312,370</u> | <u>318,501</u> |
| <i>Financial assets measured at fair value through other comprehensive income</i> | | | | |
| Quoted equity securities | 887,517 | - | - | 887,517 |
| Unquoted equity securities | - | - | 41,734 | 41,734 |
| | <u>887,517</u> | <u>-</u> | <u>41,734</u> | <u>929,251</u> |
| <i>Derivative financial assets (liabilities)</i> | | | | |
| Forward foreign exchange contracts | - | (186) | - | (186) |
| Interest rate swaps | - | 20,542 | - | 20,542 |
| | <u>-</u> | <u>20,356</u> | <u>-</u> | <u>20,356</u> |
| | <u>892,858</u> | <u>21,146</u> | <u>354,104</u> | <u>1,268,108</u> |

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15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

The Group's management was unable to determine the fair value of the investment in an associate and the recoverability of interest bearing loan as at 30 June 2023, 31 December 2022 and 30 June 2022 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 unquoted equity securities classified as fair value through other comprehensive income are determined using valuation techniques that are not based on observable market prices or rates.

The fair value of the collars has been determined based on the Black Scholes model for which key inputs include risk free rate, strike price for the put and call options, spot price of the equity security and volatility of the put and call options.

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

| | 30 June 2023 KD'000 | <i>(Audited)</i> 31 December 2022 KD'000 | 30 June 2022 KD'000 |
|---|------------------------------------|--|------------------------------------|
| As at 1 January | 377,824 | 331,777 | 331,777 |
| Re-measurement recognised in consolidated statement of comprehensive income | - | (1,119) | - |
| Others including net purchases (sales), transfer and exchange difference | 25,677 | 47,166 | 22,327 |
| As at the reporting date | 403,501 | 377,824 | 354,104 |

16 BUSINESS COMBINATION

Acquisitions during the year 2022:

(a) Acquisition of John Menzies limited

On 4 August 2022, the Group acquired 100% equity interest in John Menzies PLC (Menzies). Menzies is a limited liability company registered and incorporated in Scotland (United Kingdom) and is engaged in providing ground and air cargo services, into-plane fuelling, fuel farm management and cargo forwarding services in several countries.

The acquisition of Menzies has been accounted based on provisional fair values of the identifiable assets and liabilities on the acquisition date and the management is in the process of determining the fair values of the assets and liabilities acquired. The consideration paid, provisional fair values of the assets and liabilities recognised at the date of acquisition, are summarised as follows:

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As at and for the period ended 30 June 2023 (Unaudited)

16 BUSINESS COMBINATION (continued)

(a) *Acquisition of John Menzies limited (continued)*

| | <i>KD'000</i> |
|--|-----------------------|
| Assets | |
| Property, plant and equipment | 53,060 |
| Right-of-use assets | 58,552 |
| Intangible assets | 65,616 |
| Investment in associates and joint ventures | 6,284 |
| Other non-current assets | 10,686 |
| Inventories | 2,147 |
| Trade receivables | 81,700 |
| Other current assets | 26,814 |
| Bank balances, cash and deposits | 27,987 |
| | <u>332,846</u> |
| Liabilities | |
| Interest bearing loans | 123,466 |
| Lease liabilities | 61,594 |
| Other non-current liabilities | 39,241 |
| Trade and other payables | 116,720 |
| | <u>341,021</u> |
| Total identifiable net liabilities at provisional fair values | <u><u>(8,175)</u></u> |
| | |
| Purchase consideration | 209,664 |
| Add: carrying value on non-controlling interest | 5,790 |
| Add: net liabilities acquired by the Group | 8,175 |
| | <u>223,629</u> |
| Provisional goodwill on acquisition | <u><u>223,629</u></u> |
| | |
| Consideration settled in cash | 170,054 |
| Cash and cash equivalents in subsidiary acquired | (27,987) |
| | <u>142,067</u> |
| Net cash outflow on acquisition | <u><u>142,067</u></u> |

The provisional goodwill includes the fair value of expected synergies arising from acquisition.

(b) *Acquisition of HG Storage International Limited*

On 28 August 2022, the Parent Company, through one of its subsidiaries, acquired 51% equity interest in HG Storage International Limited (HG Storage). HG Storage is a limited liability company registered and incorporated in Jersey and is engaged in providing oil pipeline and storage services in the several countries.

The acquisition of HG Storage has been accounted based on provisional fair values of the identifiable assets and liabilities on the acquisition date and the management is in the process of determining the fair values of the assets and liabilities acquired. The consideration paid, provisional fair values of the assets and liabilities recognised at the date of acquisition, are summarised as follows:

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As at and for the period ended 30 June 2023 (Unaudited)

16 BUSINESS COMBINATION (continued)

(b) *Acquisition of HG Storage International Limited*

| | KD'000 |
|---|----------------|
| Assets | |
| Property, plant and equipment | 63,387 |
| Investment in associates and joint ventures | 37,305 |
| Other non-current assets | 5,840 |
| Inventories | 5,994 |
| Trade receivables | 14,146 |
| Other current assets | 2,551 |
| Bank balances, cash and deposits | 13,215 |
| | <u>142,438</u> |
| Liabilities | |
| Interest bearing loans | 21,136 |
| Other non-current liabilities | 19,411 |
| Trade and other payables | 13,085 |
| | <u>53,632</u> |
| Total identifiable net assets at provisional fair values | <u>88,806</u> |
| Purchase consideration | 61,098 |
| Add: carrying value on non-controlling interest | 59,313 |
| Less: net assets acquired by the Group | (88,806) |
| Provisional goodwill on acquisition | <u>31,605</u> |
| Consideration settled in cash | 65,201 |
| Cash and cash equivalents in subsidiary acquired | (13,215) |
| Net cash outflow on acquisition | <u>51,986</u> |

The provisional goodwill includes the fair value of expected synergies arising from acquisition.