

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2021 (UNAUDITED)



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 September 2021 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4 to the interim condensed consolidated financial information, the Group's investment in and loan to Korek Telecom ("Korek") is carried at KD 108,687 thousand (31 December 2020: KD 110,078 thousand and 30 September 2020: KD 110,390 thousand) and KD 35,015 thousand (31 December 2020: KD 35,464 thousand and 30 September 2020: KD 35,606 thousand) respectively, in the interim condensed consolidated statement of financial position as at 30 September 2021. We were unable to obtain sufficient appropriate evidence about the investment in Korek and the recoverability of the loan as at 30 September 2021 due to the nature and significant uncertainty around the investment and outcome of the arbitrations. Consequently, we were unable to determine whether any adjustments to the carrying value of the investment and loan to Korek was necessary.

Qualified Conclusion

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

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

Emphasis of Matter

We draw attention to:

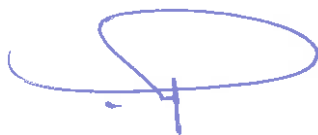
- (i) Note 10 (a) to the interim condensed consolidated financial information which describes the contingencies relating to cost reimbursable contracts with U.S. Coalition Provisional Authority (“CPA”); and
- (ii) Note 10 (b) to the interim condensed consolidated financial information which describe the contingencies and claims with the General Administration of Customs for Kuwait.

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended 30 September 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS



NAYEF M. AL-BAZIE
LICENCE NO. 91- A
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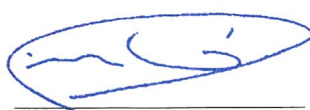
11 November 2021
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021 (Unaudited)

		(Audited)	
	30 September 2021	31 December 2020	30 September 2020
	Notes	KD 000's	KD 000's
ASSETS			
Non-current assets			
Property, plant and equipment		172,178	249,668
Projects in progress		34,340	40,766
Right-of-use assets		104,565	185,455
Investment properties		407,310	393,744
Intangible assets		11,368	19,942
Goodwill		29,765	256,431
Investment in associates and joint ventures		103,750	103,419
Financial assets at fair value through profit or loss	4	125,033	147,408
Financial assets at fair value through other comprehensive income	5	1,439,476	13,746
Other non-current assets		26,917	25,682
Loans to related parties	11	178,380	138,954
Loan to an associate	4	35,015	35,464
Total non-current assets		2,668,097	1,610,679
Current assets			
Inventories		23,821	23,390
Trade receivables		95,101	365,556
Other current assets		80,515	102,448
Bank balances, cash and deposits	6	88,609	170,041
Total current assets		288,046	661,435
TOTAL ASSETS		2,956,143	2,272,114
EQUITY AND LIABILITIES			
EQUITY			
Share capital		223,011	202,737
Share premium		152,650	152,650
Statutory reserve		89,731	89,731
Treasury shares	7	(49,239)	(49,239)
Treasury shares reserve		44,366	44,366
Foreign currency translation reserve		(47,183)	(37,727)
Hedging reserve		(13,625)	(23,171)
Investment revaluation reserve		(47,568)	(2,490)
Other reserves		34,464	5,288
Retained earnings		1,672,976	760,861
Equity attributable to equity holders of the Parent Company		2,059,583	1,143,006
Non-controlling interests		40,693	48,175
Total equity		2,100,276	1,191,181
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits		21,632	44,155
Interest bearing loans		376,384	330,936
Lease liabilities		86,336	145,809
Other non-current liabilities		4,825	12,054
Total non-current liabilities		489,177	532,954
Current liabilities			
Interest bearing loans		17,634	24,446
Lease liabilities		17,346	38,660
Trade and other payables		323,183	476,567
Dividends payable		8,527	8,306
Total current liabilities		366,690	547,979
Total liabilities		855,867	1,080,933
TOTAL EQUITY AND LIABILITIES		2,956,143	2,272,114


 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 September 2021 (Unaudited)

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
CONTINUING OPERATIONS					
Revenues					
Logistics revenues		50,060	39,808	133,426	112,892
Rental revenues		16,414	16,246	48,890	48,265
Other services		58,013	41,467	162,345	131,221
Total revenues		124,487	97,521	344,661	292,378
Cost of revenues		(58,671)	(46,970)	(158,902)	(130,962)
Net revenues		65,816	50,551	185,759	161,416
General and administrative expenses		(13,281)	(9,115)	(41,178)	(33,279)
Salaries and employee benefits		(20,238)	(16,690)	(56,984)	(55,356)
Change in fair value of investment properties		-	-	-	(443)
Share of results of associates and joint ventures		943	769	1,881	(514)
Revaluation loss on financial assets at fair value through profit or loss		(4,194)	-	(10,665)	-
Miscellaneous income		62	2,520	8,644	3,719
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		29,108	28,035	87,457	75,543
Depreciation		(8,312)	(8,372)	(24,142)	(24,104)
Amortisation		(1,185)	(1,260)	(3,607)	(4,312)
Profit before interest, taxation and Directors' remuneration (EBIT)		19,611	18,403	59,708	47,127
Interest income		102	415	310	1,394
Finance costs		(5,123)	(3,948)	(14,864)	(12,968)
Profit before taxation and Directors' remuneration		14,590	14,870	45,154	35,553
Taxation	8	(2,090)	(1,337)	(5,901)	(3,066)
Directors' remuneration		(35)	(35)	(105)	(105)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		12,465	13,498	39,148	32,382
DISCONTINUED OPERATIONS					
Profit after tax from discontinued operations	15	918,394	4,994	953,611	7,588
PROFIT FOR THE PERIOD		930,859	18,492	992,759	39,970
Attributable to:					
Equity holders of the Parent Company					
Profit for the period from continuing operations		8,479	10,822	25,281	24,742
Profit for the period from discontinued operations		918,382	4,492	952,791	6,781
		926,861	15,314	978,072	31,523
Non-controlling interests					
Profit for the period from continuing operations		3,986	2,676	13,867	7,640
Profit for the period from discontinued operations		12	502	820	807
		3,998	3,178	14,687	8,447
PROFIT FOR THE PERIOD		930,859	18,492	992,759	39,970
BASIC AND DILUTED EARNINGS PER SHARE – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)					
	9	440.34	7.27	464.67	14.97
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)					
	9	4.03	5.14	12.01	11.75

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 September 2021 (Unaudited)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</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	930,859	18,492	992,759	39,970
Other comprehensive (loss) income:				
<i>Items that are or may be reclassified to consolidated statement of income in subsequent periods:</i>				
Foreign currency translation adjustments	(23,019)	(2,504)	(38,682)	(839)
Exchange differences on disposal of discontinued operations (Note 15)	28,053	-	28,053	-
Share of other comprehensive income (loss) of associates and joint ventures	162	133	573	(985)
(Loss) gain on hedge of net investments	(2,557)	217	2,651	(1,387)
Gain (loss) on cash flow hedges	3,252	643	6,322	(3,600)
Net other comprehensive income (loss) that are or may be reclassified to consolidated statement of income in subsequent periods	5,891	(1,511)	(1,083)	(6,811)
<i>Items that will not be reclassified to the consolidated statement of income:</i>				
Changes in fair value of equity instruments at fair value through other comprehensive income	(46,839)	-	(45,078)	-
Re-measurement gain on defined benefit plans	2,517	-	2,517	-
Revaluation surplus from transfer of land	-	-	-	261
Net other comprehensive (loss) income that will not be reclassified to consolidated statement of income	(44,322)	-	(42,561)	261
Total other comprehensive loss	(38,431)	(1,511)	(43,644)	(6,550)
Total comprehensive income for the period	892,428	16,981	949,115	33,420
Attributable to:				
Equity holders of the Parent Company	889,046	13,966	935,601	24,546
Non-controlling interests	3,382	3,015	13,514	8,874
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	892,428	16,981	949,115	33,420

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 September 2021 (Unaudited)

	Notes	Nine months ended 30 September	
		2021 KD 000's	2020 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration from continuing operations		45,154	35,553
Profit before taxation and Directors' remuneration from discontinued operations		973,695	13,873
Profit before taxation and Director's remuneration		1,018,849	49,426
Adjustments for:			
Change in fair value of investment properties		-	443
Expected credit losses on trade receivables		1,008	2,357
Provision for employees' end of service benefits		8,396	9,114
Foreign currency exchange gain		(1,231)	(202)
Gain on sale of discontinued operations	15	(904,146)	-
Share of results of associates and joint ventures		(1,881)	514
Revaluation loss on financial assets at fair value through profit or loss		10,665	-
Miscellaneous income		(8,644)	(7,299)
Depreciation of property, plant and equipment and right-of-use assets		50,949	52,514
Amortisation		3,650	4,704
Interest income		(373)	(1,568)
Finance costs		17,861	17,287
Operating profit before changes in working capital		195,103	127,290
Inventories		(2,428)	4,374
Trade receivables		(78,822)	(24,176)
Other current assets		(8,136)	547
Trade and other payables		45,668	23,937
		151,385	131,972
Taxation paid		(13,115)	(8,042)
Employees' end of service benefits paid		(11,193)	(8,598)
Director's remuneration paid		(140)	(140)
Net cash flows generated from operating activities		126,937	115,192
INVESTING ACTIVITIES			
Net movement in financial assets at fair value through profit or loss		9,383	585
Net movement in financial assets at fair value through other comprehensive income		(12,797)	(2,890)
Additions to property, plant and equipment		(28,926)	(54,769)
Proceeds from disposal of property, plant and equipment		1,775	285
Loans to related parties	11	(39,314)	(26,310)
Additions to intangible assets		(5)	(15)
Additions to projects in progress		(6,343)	(2,973)
Additions to investment properties		(10,636)	(5,864)
Dividends received from an associate		1,046	2,272
Acquisition of investment in an associate		-	(4,507)
Acquisition of additional interest in a subsidiary		(117)	(713)
Acquisition of subsidiaries net of cash acquired		(565)	-
Cash outflow on disposal of discontinued operations	15	(95,128)	-
Interest income received		352	734
Net movement in other non-current assets		-	(19,865)
Net movement in deposits with original maturities exceeding three months		(10)	(1,144)
Net cash flows used in investing activities		(181,285)	(115,174)
FINANCING ACTIVITIES			
Net movement in interest bearing loans		48,574	72,607
Payment of lease obligations		(32,610)	(37,547)
Finance cost paid		(13,303)	(11,006)
Dividends paid to equity holders of the Parent Company		(18,914)	(8,001)
Dividends paid to non-controlling interests		(9,970)	(11,116)
Net cash flows (used in) generated from financing activities		(26,223)	4,937
Net foreign exchange differences		(871)	(223)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(81,442)	4,732
Cash and cash equivalents at 1 January		168,896	130,932
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	87,454	135,664

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 September 2021 (Unaudited)

	<i>Attributable to equity holders of the Parent Company</i>												
	<i>Share capital</i> <i>KD 000's</i>	<i>Share premium</i> <i>KD 000's</i>	<i>Statutory reserve</i> <i>KD 000's</i>	<i>Treasury shares</i> <i>KD 000's</i>	<i>Treasury shares reserve</i> <i>KD 000's</i>	<i>Foreign currency translation reserve</i> <i>KD 000's</i>	<i>Hedging Reserve</i> <i>KD 000's</i>	<i>Investment revaluation reserve</i> <i>KD 000's</i>	<i>Other reserves</i> <i>KD 000's</i>	<i>Retained earnings</i> <i>KD 000's</i>	<i>Sub total</i> <i>KD 000's</i>	<i>Non-controlling interests</i> <i>KD 000's</i>	<i>Total Equity</i> <i>KD 000's</i>
As at 1 January 2021	202,737	152,650	89,731	(49,239)	44,366	(37,727)	(23,171)	(2,490)	5,288	760,861	1,143,006	48,175	1,191,181
Profit for the period	-	-	-	-	-	-	-	-	-	978,072	978,072	14,687	992,759
Other comprehensive (loss) income	-	-	-	-	-	(9,456)	9,546	(45,078)	2,517	-	(42,471)	(1,173)	(43,644)
Total comprehensive (loss) income for the period	-	-	-	-	-	(9,456)	9,546	(45,078)	2,517	978,072	935,601	13,514	949,115
Dividends (Note 12)	-	-	-	-	-	-	-	-	-	(19,135)	(19,135)	-	(19,135)
Issue of bonus shares (Note 12)	20,274	-	-	-	-	-	-	-	-	(20,274)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(10,349)	(10,349)
Disposal of discontinued operations	-	-	-	-	-	-	-	-	26,548	(26,548)	-	(10,536)	(10,536)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	111	-	111	(111)	-
As at 30 September 2021	223,011	152,650	89,731	(49,239)	44,366	(47,183)	(13,625)	(47,568)	34,464	1,672,976	2,059,583	40,693	2,100,276
As at 1 January 2020	176,294	152,650	85,368	(49,239)	44,366	(39,548)	(19,842)	60	(706)	750,977	1,100,380	49,190	1,149,570
Profit for the period	-	-	-	-	-	-	-	-	-	31,523	31,523	8,447	39,970
Other comprehensive (loss) income	-	-	-	-	-	(1,266)	(5,972)	-	261	-	(6,977)	427	(6,550)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,266)	(5,972)	-	261	31,523	24,546	8,874	33,420
Dividends (Note 12)	-	-	-	-	-	-	-	-	-	(8,320)	(8,320)	-	(8,320)
Issue of bonus share (Note 12)	26,443	-	-	-	-	-	-	-	-	(26,443)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,116)	(11,116)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(55)	-	(55)	44	(11)
As at 30 September 2020	202,737	152,650	85,368	(49,239)	44,366	(40,814)	(25,814)	60	(500)	747,737	1,116,551	46,992	1,163,543

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 September 2021 (Unaudited)

1 CORPORATE INFORMATION

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

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively, the “Group”) was authorised for issue by the Board of Directors on 11 November 2021.

The main objectives of the Parent Company are as follows:

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

2 BASIS OF PREPARATION

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

The interim condensed consolidated financial information does not include all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

Certain comparative information has been represented to conform to current year presentation and reflect the adjustments made for discontinued operations of the Parent Company. These reclassifications do not affect the previously reported assets, liabilities, equity and profit for the period.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

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

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

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

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

The amendments include the following practical expedients:

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Investment in an associate - outside Kuwait (Note 11)	108,687	110,078	110,390
Quoted equity securities – outside Kuwait	13,970	34,405	-
Convertible loan – outside Kuwait	607	607	-
Unquoted equity securities - in Kuwait	21	21	54
Investment in funds - outside Kuwait	1,748	2,297	2,298
	125,033	147,408	112,742

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 September 2021, interest bearing loan provided by the Group to Korek Telecom amounted to KD 35,015 thousand (31 December 2020: KD 35,464 thousand and 30 September 2020: KD 35,606 thousand) (Note 11).

Korek Litigation

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

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

On 22 February 2021, the tribunal issued its ruling, dismissing all of the Group’s claims and awarding costs of approximately USD 5 million in favor of the respondent. 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 is expected to convene shortly.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

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

Korek Litigation (continued)

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

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

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

► *Shareholders Agreement Arbitration*

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

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

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

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

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

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

On September 24, 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. As a result of this award, IT Ltd. will now seek to enforce its debt claim of more than US 285 million against IH, as debtor, and Korek Telecom, as guarantor.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

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

Korek Litigation (continued)

► *DIFC Director Claims*

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

In February 2021, IT Ltd. became aware that one of the defendants, Abdulhameed Aqrabi, had died. IT Ltd., therefore, decided to discontinue claims against Msrs. Aqrabi and Junde and to concentrate its claims on Mr. Rahmeh.

A separate proceeding against Mr. Rahmeh was filed in respect of his personal 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.

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 Jun 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 is currently being performed. Once it has occurred, IT can seek default judgment against Mr. Rahmeh (subject to him entering an appearance).

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.

As result of the ongoing litigation relating to Korek, the Group’s management was unable to determine the fair value of this investment and the recoverability of interest-bearing loan as at 30 September 2021, 31 December 2020 and 30 September 2020. Accordingly, the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 108,687 thousand (31 December 2020: KD 110,078 thousand and 30 September 2020: KD 110,390 thousand).

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 September</i> <i>2021</i> <i>KD 000’s</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000’s</i>	<i>30 September</i> <i>2020</i> <i>KD 000’s</i>
Quoted equity securities - outside Kuwait	1,422,845	-	-
Unquoted equity securities:			
- In Kuwait	2,786	2,821	5,502
- Outside Kuwait	13,845	10,925	13,120
	<u>1,439,476</u>	<u>13,746</u>	<u>18,622</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

6 BANK BALANCES, CASH AND DEPOSITS

	30 September 2021	<i>(Audited)</i> 31 December 2020	30 September 2020
	KD 000's	KD 000's	KD 000's
Cash at banks and on hand	65,649	139,191	114,644
Short term deposits	21,805	29,705	21,020
Cash and cash equivalents	87,454	168,896	135,664
Deposits with original maturities exceeding 3 months	1,155	1,145	1,144
	88,609	170,041	136,808

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 September 2021	<i>(Audited)</i> 31 December 2020	30 September 2020
Number of treasury shares	125,213,759	113,830,690	113,830,690
Percentage of issued shares	5.61%	5.61%	5.61%
Market value in KD 000's	123,336	76,950	74,787

8 TAXATION

	<i>Three months ended</i> 30 September		<i>Nine months ended</i> 30 September	
	2021	2020	2021	2020
	KD 000's	KD 000's	KD 000's	KD 000's
National labour support tax (NLST)	766	401	2,111	825
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	216	160	844	330
Zakat	216	154	575	204
Taxation on overseas subsidiaries	892	622	2,371	1,707
	2,090	1,337	5,901	3,066

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

As at and for the period ended 30 September 2021 (Unaudited)

9 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>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2021	2020 <i>(Restated)*</i>	2021	2020 <i>(Restated)*</i>
Profit for the period from continuing operations attributable to equity holders of the Parent Company (KD 000's)	8,479	10,822	25,281	24,742
Profit for the period from discontinued operations attributable to equity holders of the Parent Company (KD 000's)	918,382	4,492	952,791	6,781
	926,861	15,314	978,072	31,523
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Number of paid up shares	2,230,107,155	2,230,107,155	2,230,107,155	2,230,107,155
Weighted average number of treasury shares	(125,213,759)	(125,213,759)	(125,213,759)	(125,213,759)
Weighted average number of outstanding shares	2,104,893,396	2,104,893,396	2,104,893,396	2,104,893,396
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils):				
Continuing operations	4.03	5.14	12.01	11.75
Discontinued operations	436.31	2.13	452.66	3.22
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils):	440.34	7.27	464.67	14.97

* Basic and diluted earnings per share for the comparative period presented have been restated to reflect the adjustment of bonus shares following the bonus issue relating to year ended 31 December 2020 (Note 12).

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

10 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	<i>30 September</i> 2021 <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD 000's</i>	<i>30 September</i> <i>2020</i> <i>KD 000's</i>
Letters of guarantee	127,814	155,576	149,155
Operating lease commitments	1,485	3,579	1,418
Capital commitments *	18,608	32,221	31,749
	147,907	191,376	182,322

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

10 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

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

* The Group (Parent Company along with its subsidiary UPAC) and a related party are part of an arrangement to construct and develop a commercial mall in UAE (“project”). The Group currently has an equity interest of 19.87% (31 December 2020: 19.87% and 30 September 2020: 19.87%) and has also extended interest bearing loan facilities to the project (Note 11). Commitments undertaken by the Group towards further investments in the project amount to Nil as on 30 September 2021 (31 December 2020: KD 15,662 thousand and 30 September 2020: KD 12,889 thousand). In addition to the above, the Parent Company has also provided corporate guarantees for the project amounting to KD 38,630 thousand (31 December 2020: KD 38,704 thousand and 30 September 2020: KD 94,254 thousand) and an undertaking for the completion of the mall within an agreed time frame.

Legal claims

(a) PCO Contract

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

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

10 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) PCO Contract (continued)

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

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

Once the matter was remanded to the Court of Federal Claims, the case was reassigned to a new judge who set a status conference for 17 December 2020. Prior to the status conference, counsel for the US Government reached out to counsel for the Parent Company to discuss a potential settlement in light of the remand from the Federal Circuit. Based on the conversation, the parties entered a joint status report requesting that the court stay the matter while the parties explore the possibility of a settlement. On 14 December 2020, the court granted the parties' request and ordered the matter be stayed until 17 May 2021. For the same reason, the parties filed a stipulation to continue the stay on May 17, 2021. The court granted the parties' request, and the matter will remain stayed until November 17, 2021. During the stay, settlement discussions have continued and the parties are now in the process of exchanging drafts of a proposed agreement. The parties will continue to negotiate final terms after which counsel for the US Government will seek the requisite approvals, a process that will take some time to complete.

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

(b) Guarantee encashment

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

10 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

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

11 RELATED PARTIES TRANSACTIONS AND BALANCES

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

Transactions and balances with related parties are as follows:

	<i>Major shareholders</i> <i>KD 000's</i>	<i>Other related parties</i> <i>KD 000's</i>	<i>Nine months ended</i> <i>30 September</i>	
			2021 Total KD 000's	2020 <i>Total</i> <i>KD 000's</i>
Interim condensed consolidated statement of income				
Revenues	-	1,514	1,514	1,986
General and administrative expenses	-	(362)	(362)	(452)
Share of results of associates and joint ventures	(1,455)	3,336	1,881	(514)
Interest income	-	-	-	948
Finance costs	-	(36)	(36)	(47)

	<i>Major shareholders</i> <i>KD 000's</i>	<i>Other related parties</i> <i>KD 000's</i>	30 September 2021 Total KD 000's	<i>(Audited)</i>	
				<i>31 December</i> <i>2020</i> <i>Total</i> <i>KD 000's</i>	<i>30 September</i> <i>2020</i> <i>Total</i> <i>KD 000's</i>
Interim condensed consolidated statement of financial position					
Investment in associates and joint ventures	26,970	76,780	103,750	103,419	102,112
Financial assets at fair value through profit or loss (Note 4)	-	108,687	108,687	110,078	110,390
Amounts due from related parties	215	1,206	1,421	2,709	3,427
Loans to related parties	-	178,380	178,380	138,954	125,081
Loan to an associate (Note 4)	-	35,015	35,015	35,464	35,606
Amounts due to related parties	352	4,259	4,611	7,071	8,221

Loans to related parties include KD 175,227 thousand (31 December 2020: KD 136,234 thousand and 30 September 2020: KD 122,844 thousand) provided to a joint venture representing amounts advanced by a subsidiary of the Group towards the construction and development of a Commercial Mall in UAE ("Project"). This amount bears compounded annual interest rates as per the loan agreement and can be converted to equity in the project on completion of construction subject to the project achieving certain operational targets and upon the discretion of the Group.

Compensation of key management personnel

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

	<i>Nine months ended</i> <i>30 September</i>	
	2021 KD 000's	2020 <i>KD 000's</i>
Short-term benefits	1,147	1,062

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

12 DIVIDEND AND BONUS SHARES

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

13 SEGMENT INFORMATION

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

Logistics and Related Services:

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

Infrastructure:

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

Nine months ended 30 September 2021	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Sub total KD 000's</i>	<i>Total KD 000's</i>
Revenues					
Continuing operations:					
External customers	-	344,661	-	344,661	344,661
Inter-segment	-	6,087	(6,087)	-	-
	-	350,748	(6,087)	344,661	344,661
Discontinued operations:					
External customers	1,050,085	-	-	-	1,050,085
	1,050,085	-	-	-	1,050,085
Total revenues	1,050,085	350,748	(6,087)	344,661	1,394,746
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA):					
Continuing operations	-	100,132	(12,675)	87,457	87,457
Discontinued operations	99,333	-	-	-	99,333
	99,333	100,132	(12,675)	87,457	186,790

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

13 SEGMENT INFORMATION (continued)

Nine months ended 30 September 2020	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Sub total KD 000's</i>	<i>Total KD 000's</i>
Revenues					
Continuing operations:					
External customers	-	292,378	-	292,378	292,378
Inter-segment	-	6,221	(6,221)	-	-
	<u>-</u>	<u>298,599</u>	<u>(6,221)</u>	<u>292,378</u>	<u>292,378</u>
Discontinued operations:					
External customers	875,654	-	-	-	875,654
	<u>875,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,654</u>
Total revenues	<u>875,654</u>	<u>298,599</u>	<u>(6,221)</u>	<u>292,378</u>	<u>1,168,032</u>
Results					
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)					
Continuing operations	-	87,580	(12,037)	75,543	75,543
Discontinued operations	46,820	-	-	-	46,820
	<u>46,820</u>	<u>87,580</u>	<u>(12,037)</u>	<u>75,543</u>	<u>122,363</u>

Inter-segment transactions and balances are eliminated upon consolidation and reflected in the "adjustments and eliminations" column. The Group's financing (including interest income and finance costs) and taxation is managed on a Group basis and are not allocated to operating segments.

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2021, 31 December 2020 and 30 September 2020.

	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Total KD 000's</i>
As at 30 September 2021				
Total assets	<u>-</u>	<u>2,910,586</u>	<u>45,557</u>	<u>2,956,143</u>
Total liabilities	<u>-</u>	<u>1,120,671</u>	<u>(264,804)</u>	<u>855,867</u>
As at 31 December 2020 (Audited)				
Total assets	<u>833,575</u>	<u>1,418,358</u>	<u>20,181</u>	<u>2,272,114</u>
Total liabilities	<u>436,808</u>	<u>1,096,591</u>	<u>(452,466)</u>	<u>1,080,933</u>
As at 30 September 2020				
Total assets	<u>788,124</u>	<u>1,431,407</u>	<u>(10,175)</u>	<u>2,209,356</u>
Total liabilities	<u>406,152</u>	<u>1,091,018</u>	<u>(451,357)</u>	<u>1,045,813</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

13 SEGMENT INFORMATION (continued)

Disaggregated revenue information

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

30 September 2021	<i>Logistics revenue KD 000's</i>	<i>Freight forwarding and project freight revenues KD 000's</i>	<i>Rental revenues KD 000's</i>	<i>Other services KD 000's</i>	Total KD 000's
<i>Timing of revenue recognition</i>					
Continuing operations:					
Services performed at a point in time	97,387	-	-	162,345	259,732
Services performed over time	36,039	-	48,890	-	84,929
	<u>133,426</u>	<u>-</u>	<u>48,890</u>	<u>162,345</u>	<u>344,661</u>
Discontinued operations:					
Services performed at a point in time	6,507	-	-	3,759	10,266
Services performed over time	47,522	990,584	1,713	-	1,039,819
	<u>54,029</u>	<u>990,584</u>	<u>1,713</u>	<u>3,759</u>	<u>1,050,085</u>
Total revenue from contracts with customers	<u>187,455</u>	<u>990,584</u>	<u>50,603</u>	<u>166,104</u>	<u>1,394,746</u>
30 September 2020	<i>Logistics revenue KD 000's</i>	<i>Freight forwarding and project freight revenues KD 000's</i>	<i>Rental revenues KD 000's</i>	<i>Other services KD 000's</i>	Total KD 000's
<i>Timing of revenue recognition</i>					
Continuing operations:					
Services performed at a point in time	85,119	-	-	131,221	216,340
Services performed over time	27,773	-	48,265	-	76,038
	<u>112,892</u>	<u>-</u>	<u>48,265</u>	<u>131,221</u>	<u>292,378</u>
Discontinued operations:					
Services performed at a point in time	4,766	33,603	-	4,209	42,578
Services performed over time	40,775	790,379	1,922	-	833,076
	<u>45,541</u>	<u>823,982</u>	<u>1,922</u>	<u>4,209</u>	<u>875,654</u>
Total revenue from contracts with customers	<u>158,433</u>	<u>823,982</u>	<u>50,187</u>	<u>135,430</u>	<u>1,168,032</u>

14 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Determination of fair value and fair value hierarchy:

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

14 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

	<i>Level 1</i> <i>KD'000</i>	<i>Level 2</i> <i>KD'000</i>	<i>Level 3</i> <i>KD'000</i>	<i>Total fair value</i> <i>KD'000</i>
30 September 2021				
<i>Financial assets measured at fair value through profit or loss</i>				
Investment in an associate	-	-	108,687	108,687
Quoted equity securities	13,970	-	-	13,970
Convertible loan	-	-	607	607
Unquoted equity securities	-	-	21	21
Investment in funds	-	1,748	-	1,748
Loans to related parties	-	-	178,380	178,380
Loan to an associate	-	-	35,015	35,015
	<u>13,970</u>	<u>1,748</u>	<u>322,710</u>	<u>338,428</u>
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted equity securities	1,422,845	-	-	1,422,845
Unquoted equity securities	-	-	16,631	16,631
	<u>1,422,845</u>	<u>-</u>	<u>16,631</u>	<u>1,439,476</u>
<i>Derivative financial assets</i>				
Forward foreign exchange contracts	-	(42)	-	(42)
Interest rate swaps	-	4,271	-	4,271
	<u>-</u>	<u>4,229</u>	<u>-</u>	<u>4,229</u>
	<u>1,436,815</u>	<u>5,977</u>	<u>339,341</u>	<u>1,782,133</u>
31 December 2020 (Audited)				
<i>Financial assets measured at fair value through profit or loss</i>				
Investment in an associate	-	-	110,078	110,078
Quoted equity securities	34,405	-	-	34,405
Convertible loan	-	-	607	607
Unquoted equity securities	-	-	21	21
Investment in funds	-	2,297	-	2,297
Loans to related parties	-	-	138,954	138,954
Loan to an associate	-	-	35,464	35,464
	<u>34,405</u>	<u>2,297</u>	<u>285,124</u>	<u>321,826</u>
<i>Financial assets measured at fair value through other comprehensive income</i>				
Unquoted equity securities	-	-	13,746	13,746
<i>Derivative financial assets</i>				
Forward foreign exchange contracts	-	11	-	11
Interest rate swaps	-	(2,011)	-	(2,011)
	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
	<u>34,405</u>	<u>297</u>	<u>298,870</u>	<u>333,572</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

14 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

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

The Group's management was unable to determine the fair value of the investment in an associate and the recoverability of interest bearing loan as at 30 September 2021, 31 December 2020 and 30 September 2020 due to certain inherent uncertainties and accordingly the investment and related loan is carried at its fair value as at 31 December 2013 (Note 4).

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

	30 September 2021 KD'000	<i>(Audited)</i> 31 December 2020 KD'000	30 September 2020 KD'000
As at 1 January	298,870	259,134	259,134
Change in fair value recognised in consolidated statement of income	-	-	(82)
Re-measurement recognised in consolidated statement of comprehensive income	(74)	4,883	-
Others including net purchases (sales), transfer and exchange difference	40,545	34,853	30,701
As at the reporting date	<u>339,341</u>	<u>298,870</u>	<u>289,753</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

15 DISCONTINUED OPERATIONS

On 27 April 2021, the board of directors of the Parent Company approved a sale transaction whereby the Parent Company will sell 100% of its equity interest in its operating segment "Global Integrated Logistics (GIL)" to DSV A/S ("DSV"). On 23 May 2021, the shareholders of the Parent Company approved the sale transaction in an extraordinary general meeting.

On 16 August 2021 the Parent Company sold its entire equity interest in GIL to DSV with effect from 31 August 2021 for a total consideration of KD 1,474,059 thousand resulting in a gain after tax of KD 897,435 thousand. The sale consideration was received in the form of allotment of 19,304,348 shares in DSV, which has been classified as financial assets at fair value through other comprehensive income.

The results of discontinued operations included in the interim condensed consolidated statement of income of the group are as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Revenues	273,880	305,461	1,050,085	875,654
Expenses	(248,791)	(298,355)	(980,536)	(861,781)
Profit before taxation	25,089	7,106	69,549	13,873
Taxation on overseas subsidiaries	(4,130)	(2,112)	(13,373)	(6,284)
Profit after taxation	20,959	4,994	56,176	7,589
Gain on sale of discontinued operations after income tax	897,435	-	897,435	-
PROFIT AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	918,394	4,994	953,611	7,589

The carrying amounts of assets and liabilities as at the date of disposal i.e. 31 August 2021 and gain on disposal are as follows:

	<i>KD 000's</i>
ASSETS	
Property, plant and equipment	76,494
Projects in progress	2,575
Right-of-use assets	81,988
Intangible assets	3,538
Goodwill	220,150
Investment in associates and joint ventures	512
Other non-current assets	4,972
Inventories	1,651
Trade receivables	341,393
Other current assets	36,310
Bank balances and cash	84,868
Total assets (A)	854,451

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

15 DISCONTINUED OPERATIONS (continued)

	<i>KD 000's</i>
LIABILITIES	
Provision for employees' end of service benefits	19,318
Interest bearing loans	7,688
Lease liabilities	81,402
Other liabilities	6,831
Trade and other payables	293,252
Total liabilities (B)	<u>408,491</u>
Consideration received	
Fair value of financial instruments at fair value through other comprehensive income	1,474,059
Total consideration (C)	<u>1,474,059</u>
Carrying amount of net assets sold (D)	
Net assets (A-B)	445,960
Non-controlling interests	(10,536)
	<u>435,424</u>
Transaction costs (E) *	<u>(106,436)</u>
Gain on sale before income tax and reclassification of foreign currency translation reserve (C-D-E)	932,199
Reclassification of foreign currency translation reserve	(28,053)
Gain on sale before income tax	904,146
Income tax expense on gain	(6,711)
Gain on sale after income tax	<u>897,435</u>
Bank balances and cash disposed off	(84,868)
Transaction costs paid	(10,260)
Cash outflow on disposal of subsidiary	<u>(95,128)</u>

* Transaction costs primarily include professional fees, staff incentives and regulatory related costs.

The net cash flows generated (used) in relation to the discontinued operations are, as follows:

	<i>Nine months ended</i>	
	<i>30 September 2021 KD 000's</i>	<i>30 September 2020 KD 000's</i>
Net cash flows from (used):		
- Operating	32,484	45,825
- Investing	(4,652)	(8,496)
- Financing	(32,474)	(26,984)
Net cash (outflow) inflow	<u>(4,642)</u>	<u>10,345</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

16 IMPACT OF COVID-19

The spread of the coronavirus (“COVID-19”) across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 30 September 2021.

(i) Credit risk management

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

The uncertainties caused by COVID-19 required the Group to consider the impact of higher volatility in the forward-looking macro-economic factors considered for the determination of expected credit losses (“ECLs”) as at 30 September 2021. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate.

(ii) Liquidity risk management

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

(iii) Fair value measurement of financial instruments

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at and for the period ended 30 September 2021 (Unaudited)

16 IMPACT OF COVID-19 (continued)

(v) *Impairment of Goodwill*

The Group has performed a reassessment for the recoverable amount of goodwill, considering the impact of COVID-19 by revisiting the assumptions and cash flows projections. As a result of the exercise, management has concluded that no impairment provision is considered necessary in the interim condensed consolidated statement of income for the period ended 30 September 2021.

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