

**THE PUBLIC WAREHOUSING COMPANY K.S.C.
AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

**FOR THE SIX MONTHS ENDED 30 JUNE 2009
(UNAUDITED)**



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74 Safat
13001 Safat, Kuwait
Baitak Tower, 18-21st Floor
Safat Square
Ahmed Al Jaber Street
Tel: 2245 2880
Fax: 2245 6419
Email: kuwait@kw.ey.com

Albazie & Co.

Member of **RSM** International

Public Accountants

Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait
T + 965 22410010
F + 965 22412761
www.albazie.com

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Public Warehousing Company K.S.C. (the “Parent Company”) and Subsidiaries (the “Group”) as at 30 June 2009 and the related interim condensed consolidated statements of income, comprehensive income for the three month and six month periods then ended and the related interim condensed consolidated statements of cash flows and changes in shareholders’ equity for the six month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim 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 further discussed in note 10(e) to the interim condensed consolidated financial information, during the year ended 31 December 2006, a performance guarantee amounting to KD 10.1 million was called by a counterparty in relation to non performance of obligations under a contract operated by a subsidiary of the Group and encashed during the year ended 31 December 2007. The amount was not expensed in the audited consolidated financial statements for the year ended 31 December 2006, which in our opinion, is not in accordance with International Financial Reporting Standards. We qualified our opinion in this regard on the consolidated financial statements for the years ended 31 December 2006, 2007 and 2008. Subsequent to 31 December 2008, the expert department of the Ministry of Justice issued a report on this matter which was in favour of the subsidiary in respect of most of the issues arising from the case. Pending final court ruling on this matter, in our opinion, other current assets should be decreased by KD 10.1 million and retained earnings attributable to the equity holders of the Parent Company should be decreased by KD 6.1 million and non-controlling interests should be decreased by KD 4.0 million.

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

Qualified conclusion

Except for the effect of the matter described in the preceding 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.

Emphasis of matter

Without further qualifying our conclusion, we draw attention to the commitments and contingencies explained in note 10 (a), (b) and (c) to the interim condensed consolidated financial information.

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 the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company have occurred during the six month period ended 30 June 2009 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
OF ERNST & YOUNG
NAYEF M. AL-BAZIE
LICENCE NO. 91 A
Albazie & Co.
Member of RSM International

5 August 2009

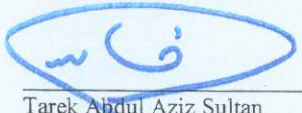
Kuwait

The Public Warehousing Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2009

		30 June 2009 KD 000's	(Audited) 31 December 2008 KD 000's	30 June 2008 KD 000's
ASSETS	<i>Notes</i>			
Non-current assets				
Property, plant and equipment		242,108	222,106	209,495
Projects in progress		46,653	55,815	43,592
Investment properties	3	213,477	212,912	210,309
Intangible assets		14,273	15,496	16,533
Goodwill		248,672	235,228	207,655
Available for sale investments	4	118,339	113,720	109,606
Other non-current assets		49,989	46,528	52,218
Total non-current assets		933,511	901,805	849,408
Current assets				
Inventories		65,373	73,218	75,567
Trade receivables		302,931	321,619	340,572
Other current assets		105,132	91,748	87,659
Bank balances and cash	5	329,321	253,425	269,197
Total current assets		802,757	740,010	772,995
TOTAL ASSETS		1,736,268	1,641,815	1,622,403
EQUITY AND LIABILITIES				
EQUITY				
Share capital		104,684	104,684	104,684
Share premium		152,650	152,650	152,650
Statutory reserve		52,342	52,342	47,584
Treasury shares	7	(44,586)	(48,431)	(34,774)
Treasury shares reserve		43,068	43,356	45,337
Foreign currency translation reserve		(4,044)	(28,370)	(33,717)
Hedging reserve		(17,543)	(8,954)	-
Investment revaluation reserve		(585)	(618)	(602)
Retained earnings		563,814	488,819	424,864
Equity attributable to equity holders of the Parent Company		849,800	755,478	706,026
Non-controlling interests		17,314	30,921	29,621
Total equity		867,114	786,399	735,647
LIABILITIES				
Non-current liabilities				
Interest bearing loans	8	215,963	219,435	251,873
Bonds		-	-	28,240
Provision for employees' end of service benefits		19,457	18,124	17,649
Other non-current liabilities		40,012	32,660	30,464
Total non-current liabilities		275,432	270,219	328,226
Current liabilities				
Trade and other payables		381,415	374,672	368,876
Interest bearing loans	8	167,556	165,627	173,481
Bonds		27,757	28,795	-
Taxes payable		11,502	10,383	8,458
Dividends payable to shareholders		5,492	5,720	7,715
Total current liabilities		593,722	585,197	558,530
Total liabilities		869,154	855,416	886,756
TOTAL EQUITY AND LIABILITIES		1,736,268	1,641,815	1,622,403


Tarek Abdul Aziz Sultan
Chairman and Managing Director

The accompanying notes 1 to 13 form part of this interim condensed consolidated financial information.

The Public Warehousing Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2009

	Note	Three months ended 30 June		Six months ended 30 June	
		2009 KD 000's	2008 KD 000's	2009 KD 000's	2008 KD 000's
Revenue:					
Logistics and freight forwarding revenue		389,626	436,470	773,871	858,986
Rental revenue		7,639	6,686	15,176	13,167
Other service		16,372	18,907	31,988	33,043
Total revenue		413,637	462,063	821,035	905,196
Cost of revenue		(257,151)	(306,379)	(510,128)	(600,269)
Net revenues		156,486	155,684	310,907	304,927
Operating expenses					
General and administrative expenses		(40,825)	(38,625)	(77,074)	(72,607)
Salaries and employee benefits		(62,107)	(65,520)	(126,967)	(130,294)
Depreciation		(11,046)	(10,188)	(22,333)	(21,340)
Amortisation		(612)	(612)	(1,223)	(1,223)
Total operating expenses		(114,590)	(114,945)	(227,597)	(225,464)
Profit from operations		41,896	40,739	83,310	79,463
Other income					
Change in fair value of investment properties		-	-	-	4,072
Interest income		3,376	4,694	7,589	10,594
Miscellaneous income		984	404	850	1,134
Total other income		4,360	5,098	8,439	15,800
Finance costs		(4,674)	(5,472)	(9,732)	(12,712)
Profit for the period before income tax, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration		41,582	40,365	82,017	82,551
Income tax		(685)	(1,144)	(1,064)	(1,500)
Contribution to KFAS		(437)	(320)	(785)	(713)
NLST		(997)	(918)	(1,963)	(1,901)
Zakat		(398)	(368)	(785)	(762)
Directors' remuneration		(44)	(38)	(88)	(83)
PROFIT FOR THE PERIOD		39,021	37,577	77,332	77,592
Attributable to:					
Equity holders of the Parent Company		38,043	35,125	74,995	72,661
Non-controlling interests		978	2,452	2,337	4,931
		39,021	37,577	77,332	77,592
BASIC AND DILUTED EARNINGS PER SHARE	9	38.04 Fils	33.80 Fils	74.99 Fils	69.96 Fils

The accompanying notes 1 to 13 form part of this interim condensed consolidated financial information.

The Public Warehousing Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2009

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2009	2008	2009	2008
	KD 000's	KD 000's	KD 000's	KD 000's
Profit for the period	39,021	37,577	77,332	77,592
Other comprehensive income (expense):				
Foreign currency translation adjustments	(3,263)	(3,036)	24,731	(14,678)
Net gain (loss) on hedge of net investments (Note 8)	3,599	-	(8,851)	-
Net change in fair value of cash flow hedge	132	-	262	-
Net changes in fair value of available for sale investments	36	(1)	33	(3)
Other comprehensive income (expense) for the period	504	(3,037)	16,175	(14,681)
Total comprehensive income for the period	39,525	34,540	93,507	62,911
Attributable to:				
Equity holders of the Parent Company	38,574	31,096	90,765	56,799
Non-controlling interests	951	3,444	2,742	6,112
	39,525	34,540	93,507	62,911

The accompanying notes 1 to 13 form part of this interim condensed consolidated financial information.

The Public Warehousing Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2009

		Six months ended 30 June	
	Note	2009 KD 000's	2008 KD 000's
OPERATING ACTIVITIES			
Profit for the period before income tax, KFAS, NLST, Zakat and Directors' remuneration		82,017	82,551
Adjustments for:			
Provision for impairment of trade receivables		2,642	1,897
Provision for employees' end of service benefits		4,061	3,860
Foreign currency exchange loss (gain)		1,952	(5,074)
Depreciation		22,333	21,340
Amortisation		1,223	1,223
Change in fair value of investment properties		-	(4,072)
Interest income		(7,589)	(10,594)
Finance costs		9,732	12,712
Miscellaneous income		(1,647)	(1,158)
Operating profit before changes in working capital		114,724	102,685
Inventories		7,957	(9,447)
Trade receivables		28,093	4,345
Other current assets		(8,409)	(19,265)
Trade and other payables		(6,533)	18,895
Cash from operations		135,832	97,213
Income tax paid		(2,011)	(1,614)
KFAS paid		(98)	-
Zakat paid		-	(1,726)
Directors' remuneration paid		-	(200)
Employees' end of service benefits paid		(3,144)	(1,969)
Net cash from operating activities		130,579	91,704
INVESTING ACTIVITIES			
Net movement in available for sale investments		31	(16,079)
Additions to property, plant and equipment (net of disposals)		(2,521)	(23,087)
Additions to projects in progress (net of disposals)		(23,179)	(13,005)
Additions to investment properties		(564)	(1,582)
Acquisition of subsidiaries, net of cash acquired		(2,717)	(1,317)
Deferred consideration paid in respect of prior period acquisition		(263)	-
Contingent consideration paid in respect of prior period acquisitions		(2,076)	(592)
Interest received		3,911	8,647
Proceeds from disposal of a subsidiary		-	557
Acquisition of additional interest in subsidiaries		(5,746)	(4,464)
Net movement in deposits with original maturities exceeding three months		(134,950)	(74,132)
Net cash used in investing activities		(168,074)	(125,054)
FINANCING ACTIVITIES			
Receipts from non-controlling shareholders as a result of additional share capital issued by the subsidiaries		294	-
Purchase of treasury shares		(5,041)	(47,274)
Proceeds from sale of treasury shares		8,598	15,338
Net movement in interest bearing loans		(18,205)	110,829
Finance cost paid		(9,175)	(9,803)
Dividends paid to shareholders of the Parent Company		(229)	(72,554)
Dividends paid to non-controlling shareholders of subsidiaries		(23)	(5,075)
Net cash used in financing activities		(23,781)	(8,539)
Foreign currency translation adjustments		2,222	(10,128)
(DECREASE) IN CASH AND CASH EQUIVALENTS		(59,054)	(52,017)
Cash and cash equivalents at 1 January		154,574	189,889
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	95,520	137,872

The accompanying notes 1 to 13 form part of this interim condensed consolidated financial information.

The Public Warehousing Company K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the period ended 30 June 2009

Attributable to equity holders of the Parent Company

	Share capital KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Treasury Shares KD 000's	Treasury shares reserve KD 000's	Foreign currency translation reserve KD 000's	Hedging reserve KD 000's	Investment revaluation reserve KD 000's	Retained earnings KD 000's	Sub total KD 000's	Non-controlling interests KD 000's	Total KD 000's
Balance at 1 January 2009	104,684	152,650	52,342	(48,431)	43,356	(28,370)	(8,954)	(618)	488,819	755,478	30,921	786,399
Profit for the period	-	-	-	-	-	-	-	-	74,995	74,995	2,337	77,332
Other comprehensive income (expense) for the period included directly in equity	-	-	-	-	-	24,326	(8,589)	33	-	15,770	405	16,175
Total comprehensive income (expense) for the period	-	-	-	-	-	24,326	(8,589)	33	74,995	90,765	2,742	93,507
Purchase of treasury shares	-	-	-	(5,041)	-	-	-	-	-	(5,041)	-	(5,041)
Sale of treasury shares	-	-	-	8,886	(288)	-	-	-	-	8,598	-	8,598
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,643)	(16,643)
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	294	294
Balance at 30 June 2009	104,684	152,650	52,342	(44,586)	43,068	(4,044)	(17,543)	(585)	563,814	849,800	17,314	867,114
Balance at 1 January 2008	95,167	152,650	47,584	(1,035)	43,534	(17,858)	-	(599)	437,456	756,899	27,744	784,643
Profit for the period	-	-	-	-	-	-	-	-	72,661	72,661	4,931	77,592
Other comprehensive expense for the period included directly in equity	-	-	-	-	-	(15,859)	-	(3)	-	(15,862)	1,181	(14,681)
Total comprehensive (expense) income for the period	-	-	-	-	-	(15,859)	-	(3)	72,661	56,799	6,112	62,911
Issue of bonus shares (Note 11)	9,517	-	-	-	-	-	-	-	(9,517)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(76,134)	(76,134)	(5,075)	(81,209)
Purchase of treasury shares	-	-	-	(47,274)	-	-	-	-	-	(47,274)	-	(47,274)
Sale of treasury shares	-	-	-	13,535	1,803	-	-	-	-	15,338	-	15,338
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,226)	(1,226)
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	2,248	2,248
Effect of sale of investment in subsidiaries	-	-	-	-	-	-	-	-	398	398	(182)	216
Balance at 30 June 2008	104,684	152,650	47,584	(34,774)	45,337	(33,717)	-	(602)	424,864	706,026	29,621	735,647

The accompanying notes 1 to 13 form part of this interim condensed consolidated financial information.

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

1 INCORPORATION AND ACTIVITIES

The Public Warehousing Company K.S.C. (the "Parent Company") is a Kuwaiti shareholding company, incorporated in 1979.

The address of the Parent Company Head office is Sulaibia, beside Land Customs Clearing Area, P.O. Box 25418, Safat 13115, Kuwait. The Group operates under the trade name of "Agility".

The main objectives of the Parent Company are as follows:

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

The interim condensed consolidated financial information of Public Warehousing Company K.S.C. (the "Parent Company") and its subsidiaries (the "Group") was authorised for issue by the Parent Company's Board of Directors on 5 August 2009.

2 BASIS OF PREPARATION

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

The interim condensed consolidated financial information does not contain all information and disclosures as required for full financial statements that are prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six month period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009. For more details please refer to the consolidated financial statements for the year ended 31 December 2008.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2008, except as noted below:

During the period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard requires only owner changes in equity to be presented in the statement of changes in equity. All non owner changes in equity (i.e. comprehensive income) are required to be presented separately from owner changes in equity in a performance statement (interim condensed consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

IFRS 8 'Operating segments':

The new standard which replaced IAS 14 'Segment reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified. Additional disclosures about each of these segments are shown in Note 13, including revised comparative information.

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

3 INVESTMENT PROPERTIES

Investment properties are held at fair value, which has been determined based on valuations performed by an accredited independent valuer, at the end of each financial year.

Included in investment properties is a property with a carrying value of KD 8,596 thousand, including revaluation gains of KD 665 thousand recorded in prior periods, that is subject to ongoing litigation arising from a claim filed by the Parent Company and counter claims against the Parent Company with respect to certain lease contracts, which have been cancelled by the counterparty during the year ended 31 December 2006 (Note 10(c)).

Lease periods range from five to twenty years and are renewable. All investment properties are located in Kuwait.

4 AVAILABLE FOR SALE INVESTMENTS

	<i>30 June 2009 KD 000's</i>	<i>(Audited) 31 December 2008 KD 000's</i>	<i>30 June 2008 KD 000's</i>
Unquoted equity securities	46,377	44,589	43,406
Unquoted debt securities	71,962	69,131	66,200
	<u>118,339</u>	<u>113,720</u>	<u>109,606</u>

Available for sale investments amounting to KD 14,114 thousand (31 December 2008: KD 13,635 thousand and 30 June 2008: KD 996 thousand) are located in Kuwait. The balance of KD 104,225 thousand (31 December 2008: KD 100,085 thousand and 30 June 2008: KD 108,610 thousand) are located outside Kuwait.

For available for sale investments, the Group assess at each statement of financial position date whether there is objective evidence that an investment or group of investments is impaired. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgment.

Based on these criteria, the Group has not identified any impairment losses to be recorded in the interim condensed consolidated statement of income.

5 BANK BALANCES AND CASH

	<i>30 June 2009 KD 000's</i>	<i>(Audited) 31 December 2008 KD 000's</i>	<i>30 June 2008 KD 000's</i>
Cash in hand and at bank	83,090	89,593	71,625
Short term deposits	12,430	64,981	66,247
Cash and cash equivalents	95,520	154,574	137,872
Deposits with original maturities exceeding three months	233,801	98,851	131,325
	<u>329,321</u>	<u>253,425</u>	<u>269,197</u>

Included in bank balances and cash are balances amounting to KD 48,353 thousand (31 December 2008: KD 90,414 thousand and 30 June 2008: KD 208,275 thousand) held by banks in Kuwait whereas the balance of KD 280,968 thousand (31 December 2008: KD 163,011 thousand and 30 June 2008: KD 60,922 thousand) are held by foreign banks situated outside Kuwait.

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

5 BANK BALANCES AND CASH (continued)

Short term deposits (with original maturities up to three months) are placed for varying periods of one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Term deposits earn interest ranging from 4.5% to 7.7% per annum.

6 ACQUISITION OF NON-CONTROLLING INTERESTS

On 23 June 2009, one of the subsidiaries of the Parent Company acquired the remaining 49% equity interest in Gulf Catering Company for General Trade and Contracting W.L.L. ("GCC"), a Company registered in Kuwait, for total consideration of KD 15,219 thousand. Following the acquisition of the non-controlling interest, the Group owns 100% equity interest in GCC. As a result of this transaction, an amount of KD 1,338 thousand has been recorded in the interim condensed consolidated statement of income.

7 TREASURY SHARES

	30 June 2009	(Audited) 31 December 2008	30 June 2008
Number of treasury shares	44,496,140	47,443,640	30,681,140
Percentage of issued shares	4.25%	4.53%	2.93%
Market value in KD 000's	47,166	29,415	36,817
Cost in KD 000's	44,586	48,431	34,774

8 INTEREST BEARING LOANS

	30 June 2009 KD 000's	(Audited) 31 December 2008 KD 000's	30 June 2008 KD 000's
Loan of US\$ 525,000 thousand obtained from a club of foreign banks in May 2008 and is repayable in May 2011.	150,754	144,848	139,020
Loan of SGD 298,000 thousand obtained from a foreign bank in May 2008 and is repayable in November 2009.	57,177	51,925	52,772
Loan of US\$ 100,000 thousand obtained from a foreign bank in April 2008 and is repayable in April 2012.	28,715	27,590	26,480
Loan of KD 100,000 thousand borrowed from a local bank in October 2007 and is repayable in four instalments commencing from April 2008.	25,000	25,000	75,000
Loan of US\$ 234,160 thousand borrowed from a local bank in October 2007 and is repayable in semi-annual instalments commencing from June 2009.	59,329	68,975	66,200
Loan of US\$ 60,000 thousand borrowed from a foreign bank in 2003 and is repayable in quarterly instalments commencing from September 2005.	4,814	9,738	10,280
Loan of US\$ 75,000 thousand obtained from a foreign bank in October 2008 and is repayable in October 2009.	21,536	20,689	-
Other loans	36,194	36,297	55,602
	<u>383,519</u>	<u>385,062</u>	<u>425,354</u>

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

8 INTEREST BEARING LOANS (continued)

Floating interest rate loans amounting to KD 383,519 thousand (31 December 2008: KD 385,062 thousand and 30 June 2008: KD 425,354 thousand) carry interest margin ranging from 0.65% to 2.75% per annum over LIBOR.

Included in interest bearing loans are loans amounting to KD 9,828 thousand (31 December 2008: KD 11,465 thousand and 30 June 2008: KD 27,339 thousand) which are held by subsidiaries in the Group. Trade receivables and certain other assets of the respective subsidiaries are pledged as collateral against these loans.

Included in interest bearing loans is an amount of KD 7,500 thousand (31 December 2008: KD 8,500 thousand and 30 June 2008: KD 9,500 thousand) relating to a subsidiary, Global Clearing House Systems K.S.C. (Closed) on a non-recourse basis. The net worth of this subsidiary at 30 June 2009 is negative KD 30,021 thousand. The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand at the balance sheet date. Certain assets of the subsidiary amounting to KD 27,914 thousand have been pledged as collateral against this loan.

Hedge of net investments in foreign operations

Included in interest bearings loans at 30 June 2009 were certain loans denominated in US\$ (hedging instrument) of US\$ 785,000 thousand, which has been designated as a hedge of the net investments in the overseas subsidiaries (with functional currency US dollars) and are being used to hedge the Group's exposure to foreign exchange risk on these investments. Gains or losses on the retranslation of interest bearings loans are transferred to equity to offset any gains or losses on translation of the net investments in these subsidiaries. Foreign exchange loss arising on translation of the hedging instruments amounting KD 8,851 thousand (31 December 2008: KD 8,318 thousand and 30 June 2008: Nil) were taken directly to equity (Hedging reserve).

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 ordinary shares outstanding less weighted average number of treasury shares during the period as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2009 KD 000's	2008 KD 000's	2009 KD 000's	2008 KD 000's
Earnings:				
Profit for the period attributable to equity holders of the Parent Company	38,043	35,125	74,995	72,661
	Shares	Shares	Shares	Shares
Number of shares issued	1,046,836,709	1,046,836,709	1,046,836,709	1,046,836,709
Weighted average number of treasury shares	(46,620,646)	(7,730,330)	(46,797,825)	(8,263,743)
Weighted average number of shares outstanding	1,000,216,063	1,039,106,379	1,000,038,884	1,038,572,966
Basic and diluted earnings per share	38.04 fils	33.80 fils	74.99 fils	69.96 fils

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

10 COMMITMENTS AND CONTINGENCIES

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

	30 June 2009	<i>(Audited)</i> 31 December 2008	30 June 2008
	KD 000's	KD 000's	KD 000's
Letters of guarantee and documentary letters of credit	83,712	52,216	174,969
Operating lease commitments	33,114	24,470	29,830
Capital commitments	12,389	9,652	3,349
	<u>129,215</u>	<u>86,338</u>	<u>208,148</u>

Capital commitments relate to the construction of warehouses and for the purchase of vehicles to be used in the Group's logistics operations.

Included in letters of guarantee are bank guarantees for KD 31,372 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 net worth of the subsidiary at 30 June 2009 is negative KD 30,021 thousand. The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand. During the year ended 31 December 2007, the Department of Customs called a guarantee of KD 10,092 thousand. As further explained below, the subsidiary did not charge this payment to the statement of income.

Legal claims

(a) Subsistence Prime Vendor Contract – US investigation

During the year ended 31 December 2007, the Parent Company was served with an administrative subpoena and, subsequently in March 2008 with a grand jury subpoena, by the US Government in connection with an investigation into certain aspects of the Subsistence Prime Vendor Contract ("SPV"). In addition, some employees of the Group were served with civil investigative demands. The Parent Company is cooperating with this investigation and has produced numerous records in response to this request.

As at 30 June 2009, the US Government has not made any claims or brought any charges against the Parent Company. The Parent Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigation and, as no formal allegations have yet been made, the management has concluded that no provision is considered necessary in the accompanying interim condensed consolidated financial information.

(b) Freight forwarding business - investigation

In October 2007, certain subsidiaries (involved in the freight forwarding business) in the Group along with other major players in the freight forwarding industry received requests for information from the competition authorities of the EU, the United States, and other jurisdictions in connection with an industry-wide investigation into the setting of surcharges and fees. These subsidiaries are fully cooperating with the respective authorities.

As at 30 June 2009, the Group's management (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigations and as no formal allegations have yet been made against these subsidiaries, the management has concluded that no provision is considered necessary in the accompanying interim condensed consolidated financial information.

(c) Lease agreements

On 27 November 2006, and based on the recommendation by the Ministers' Council, the Minister of Commerce & Industry issued the Resolution No. 30/2006 to terminate three contracts of those concluded between the Parent Company and the Public Authority of Industry for Mina Abdulla Zone, Kuwait.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 June 2009

10 COMMITMENTS AND CONTINGENCIES (continued)

The Parent Company protested against this order through case No. 940/2006 "Administrative". In the Hearing held on 25 December 2006, the court pronounced its ruling to repeal the aforesaid Resolution of the Minister of Commerce & Industry and its resultant impacts.

However, the Government requested the Board of Public Authority of Industry to hold a meeting chaired by the Minister of Commerce & Industry, who issued a new resolution No. 1/2007 to terminate the same contract being the subject of the previous Resolution.

The Parent Company again protested against the new resolution through case No. 36/2007 and assured, in its statement of defence, which is in agreement with the provisions of the law, as confirmed by the Supreme Court including the Kuwait Court of Cessation, that the new Resolution is void, because it has been made on the same subject of the previous resolution. In the opinion of external legal counsel, the court shall pronounce its judgment to revoke the new Resolution issued by the Public Authority of Industry, because it has been based on wrong objects. The Resolutions issued by the governmental authorities are merely of financial concerns that shall be resolved by the courts to establish the Parent Company's rights in such contracts.

The Parent Company is in the process of performing an assessment of the final losses arising from the aforementioned Resolutions, so that a claim can be filed with the Government of Kuwait for recovery of these amounts.

The Parent Company has not recognised any revenue on the aforementioned contracts for the six months ended 30 June 2009.

On 9 January 2007 the Ministry of Finance terminated the Al-Jahra Fish, Meat and Vegetables Market Project Contract with the Parent Company following the Resolution issued by the Council of Ministers No. 2/2007. The Parent Company appealed against this resolution through Case No. 200/2007 Administrative -3. The Court of First Instance cancelled the resolution No. 2/2007 issued by the Ministry of Finance.

In January 2008, the Court of Appeal ruled in favour of the Parent Company whereby Al-Jahra Fish, Meat and Vegetables Market Project Contract is to be given back to the Parent Company. The Court of Appeal also ruled out that the Parent Company be compensated for losses and expenses that arose as a result of this case. The Ministry of Finance filed an appeal against this ruling in the Supreme Court, which is yet to give its decision. In the opinion of the legal counsel, the Supreme Court will pronounce the decision in favor of the parent company and accordingly the parent company has resumed recognition of rent in respect of the above contract.

(d) Prime Vendor Services Contract – legal dispute

A dispute had arisen between the Parent Company and Kamal Mustaffa Al-Sultan Company (the "third party") with respect to a partnership agreement dated 30 July 2002 for the purpose of bidding for the provision of services to the U.S. Government (the Prime Vendor Services Contract). The partnership agreement provided for the preparation of all infrastructure and assets required for that purpose. The Parent Company had submitted all evidences to the Execution Department in proof of the partnership not having any funds, assets or properties and the eventual non-existence of the partnership, as a consequence of the partners not providing any capital contributions to the partnership.

On 7 January 2008, the Supreme Court of Kuwait ruled in favour of the Parent Company confirming that the partnership agreement between the Parent Company and the third party was not legally enforceable and is void.

(e) Guarantee encashment

A Resolution has been issued by the General Administration of Customs for Kuwait ("GAC") to cash a portion, amounting to KD 10,092 thousand of the bank guarantee submitted by Global Clearing House Systems K.S.C. (Closed) (the "Company"), a subsidiary of the Parent Company, in favour of GAC against execution. This Resolution is being appealed through case No. 224/2007 "Administrative - 7".

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

10 COMMITMENTS AND CONTINGENCIES (continued)

In the opinion of the Parent Company's external legal consulting firms the violations against which a portion of the bank guarantee provided has been encashed, are non-contractual violations, and in accordance with the law, believe that a verdict shall be issued in favour of the Company to return the encashed portion of the guarantee plus interest of 7%. The Company, during the current period, obtained a report from the expert department of Ministry of Justice on this matter which was in favour of the Company in respect of most of the issues arising from the case. The management is of the opinion that this matter is incidental and will be resolved in the courts during 2009 and, accordingly, no expense should be recorded in the accompanying interim condensed consolidated financial information.

In addition to the above, the Group is involved in various claims and legal proceedings including employee compensation and contractor disputes. The in-house legal counsel of the Group believes that such claims are baseless and will not have a material adverse effect on the accompanying interim condensed consolidated financial information.

11 DIVIDENDS

On 20 May 2009, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2008 and approved that neither cash dividend (2007: cash dividend of 80 fils per share) nor bonus shares (2007: bonus shares at 10% equivalent to 10 shares per 100 shares held) should be paid for the year ended 31 December 2008.

12 RELATED PARTY TRANSACTIONS

As per the International Accounting Standard (IAS) 24 "Related party disclosures", related parties represent shareholders, directors and key management personnel of the Group, and companies 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 2009 KD 000's	(Audited) Year ended 31 December 2008 KD 000's	Six months ended 30 June 2008 KD 000's
Interim condensed consolidated statement of income					
Purchases (net of discounts)	-	21,301	21,301	44,501	21,767
Interim condensed consolidated statement of financial position					
Amounts due to related parties	132	24,876	25,008	16,610	9,623

Amounts due to related parties are non-interest bearing and have arisen as a result of transactions made in the ordinary course of the business.

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2009

12 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	<i>Six month ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2009</i>	<i>2008</i>
	<i>KD 000's</i>	<i>KD 000's</i>
Short-term benefits	1,246	1,021
Employees' end of service benefits	90	76
Share-based payments	1,200	1,950
	<u>2,536</u>	<u>3,047</u>

13 SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided.

The primary business segments based on the internal reporting systems are 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 but not limited to trade facilitation, real-estate and private equity projects.

Business segments

The following tables present revenue and profit information regarding the Group's business segments:

Six months ended 30 June 2009	<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>
Revenue				
Revenue from external customers	788,582	32,453	-	821,035
Inter-segmental revenue	55,597	4,341	(59,938)	-
Total revenue	<u>844,179</u>	<u>36,794</u>	<u>(59,938)</u>	<u>821,035</u>
Results				
Segment results	<u>82,726</u>	<u>3,666</u>	<u>(3,082)</u>	83,310
Other income				850
Interest income				7,589
Finance costs				(9,732)
Profit before tax				82,017
Taxes (including income tax, KFAS, NLST, Zakat and directors' remuneration)				(4,685)
Profit for the period				<u>77,332</u>

The Public Warehousing Company K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 June 2009

13 SEGMENT INFORMATION (continued)

Six months ended 30 June 2008	<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>
Revenue				
Revenue from external customers	869,732	39,536	-	909,268
Inter-segmental revenue	52,427	3,404	(55,831)	-
Total revenue	<u>922,159</u>	<u>42,940</u>	<u>(55,831)</u>	<u>909,268</u>
Results				
Segment results	<u>70,395</u>	<u>9,112</u>	<u>4,028</u>	<u>83,535</u>
Other income				1,134
Interest income				10,594
Finance costs				(12,712)
Profit before tax				<u>82,551</u>
Taxes (including income tax, KFAS, NLST, Zakat and directors' remuneration)				(4,959)
Profit for the period				<u><u>77,592</u></u>

Included in logistics and related revenue is an amount of KD 492,842 thousand (Six months ended 30 June 2008: KD 585,328 thousand) and KD 351,337 thousand (Six months ended 30 June 2008: KD 336,831 thousand) generated by the Group from providing logistics services to commercial and government institutions respectively.