

**AGILITY PUBLIC WAREHOUSING COMPANY
K.S.C. (FORMERLY PUBLIC WAREHOUSING
COMPANY K.S.C.) AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C. [formerly Public Warehousing Company K.S.C.] (the “Parent Company”) and Subsidiaries (the “Group”) as at 30 June 2010 and the related interim condensed consolidated statements of income and 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 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 11(d) 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, 2008 and 2009. During the year ended 31 December 2009, the expert department of the Ministry of Justice issued a report on this matter which stated that the verdict should be issued 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.

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.

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

Emphasis of matter

Without further qualifying our conclusion, as more fully explained in Note 2 to the interim condensed consolidated financial information, the Parent Company was indicted by a federal grand jury in the United States of America ("US") on multiple counts of False Claims Act Violations. Furthermore, the United States Department of Justice also joined a civil qui tam lawsuit against the Parent Company under the False Claims Act. The indictment also includes certain subsidiaries of the Parent Company which were included in the indictment by the United States Department of Justice. The Department of Justice is claiming substantial damages for alleged violations in both the criminal and civil proceedings. Certain Group Companies (including the Parent Company) are suspended from bidding for new contracts or renewing the existing contracts with the US Government pending the outcome of the lawsuit. The Group generates a substantial portion of its business from the US Government contracts. Prolonged suspension could have a material impact on the Group's government related business. The Group is engaged in settlement discussions with the US Department of Justice. The ultimate outcome of the matters set out above cannot presently be determined, and therefore no provision has been made in the interim condensed consolidated financial information.

Furthermore, we draw attention to the contingencies relating to investigation into the freight forwarding business and termination of lease agreements, as fully explained in Note 11 (a) and (b) respectively, 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, we have not become aware of any material violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company during the period ended 30 June 2010 that might have had a material effect on the business of the Parent Company or on its financial position.



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12 August 2010

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Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010 (Unaudited)

		30 June 2010 KD 000's	(Audited) 31 December 2009 KD 000's	30 June 2009 KD 000's
ASSETS	<i>Notes</i>			
Non-current assets				
Property, plant and equipment		276,399	256,818	242,108
Projects in progress		25,412	44,446	46,653
Investment properties	4	214,194	214,149	213,477
Intangible assets		11,825	13,051	14,273
Goodwill		270,192	267,097	248,672
Financial assets available for sale	5	121,713	120,052	118,339
Other non-current assets		47,720	48,762	49,989
Total non-current assets		967,455	964,375	933,511
Current assets				
Inventories		36,917	66,345	65,373
Trade receivables		337,370	340,456	302,931
Other current assets		98,350	98,824	105,132
Bank balances and cash	6	151,868	314,173	329,321
Total current assets		624,505	819,798	802,757
TOTAL ASSETS		1,591,960	1,784,173	1,736,268
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	52,342
Treasury shares	7	(39,627)	(39,627)	(44,586)
Treasury shares reserve		44,366	44,366	43,068
Foreign currency translation reserve		6,956	(1,166)	(4,044)
Hedging reserve		(20,692)	(16,947)	(17,543)
Investment revaluation reserve		(584)	(584)	(585)
Retained earnings		640,627	645,246	563,814
Equity attributable to equity holders of the Parent Company		940,722	940,964	849,800
Non controlling interests		10,567	11,972	17,314
Total equity		951,289	952,936	867,114
LIABILITIES				
Non-current liabilities				
Interest bearing loans	8	59,493	258,596	215,963
Provision for employees' end of service benefits		19,808	20,623	19,457
Other non-current liabilities		45,518	45,977	40,012
Total non-current liabilities		124,819	325,196	275,432
Current liabilities				
Trade and other payables		412,220	406,212	392,917
Interest bearing loans	8	88,842	94,357	167,556
Bonds		-	-	27,757
Dividends payable		14,790	5,472	5,492
Total current liabilities		515,852	506,041	593,722
Total liabilities		640,671	831,237	869,154
TOTAL EQUITY AND LIABILITIES		1,591,960	1,784,173	1,736,268

Tarek Abdul Aziz Sultan
Chairman and Managing Director

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2010 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2010 KD 000's</i>	<i>2009 KD 000's</i>	<i>2010 KD 000's</i>	<i>2009 KD 000's</i>
Revenues					
Logistics and freight forwarding revenues		404,890	389,626	785,344	773,871
Rental revenues		8,182	7,639	15,860	15,176
Other services		15,006	16,372	30,000	31,988
Total revenues		428,078	413,637	831,204	821,035
Cost of revenues		(295,448)	(257,151)	(568,813)	(510,128)
Net revenues		132,630	156,486	262,391	310,907
Operating expenses					
General and administrative expenses		(39,190)	(40,825)	(76,302)	(77,074)
Salaries and employee benefits		(61,192)	(62,107)	(123,509)	(126,967)
Depreciation		(10,901)	(11,046)	(21,671)	(22,333)
Amortisation		(612)	(612)	(1,223)	(1,223)
Total operating expenses		(111,895)	(114,590)	(222,705)	(227,597)
Profit from operations		20,735	41,896	39,686	83,310
Other income					
Interest income		1,997	3,376	4,868	7,589
Miscellaneous income (expenses)		410	984	(89)	850
Total other income		2,407	4,360	4,779	8,439
Finance costs		(3,074)	(4,674)	(6,134)	(9,732)
Profit for the period before taxation and Directors' remuneration		20,068	41,582	38,331	82,017
Taxation	9	(2,066)	(2,517)	(3,432)	(4,597)
Directors' remuneration		(45)	(44)	(87)	(88)
PROFIT FOR THE PERIOD		17,957	39,021	34,812	77,332
Attributable to:					
Equity holders of the Parent Company		18,092	38,043	35,680	74,995
Non controlling interests		(135)	978	(868)	2,337
		17,957	39,021	34,812	77,332
BASIC AND DILUTED EARNINGS PER SHARE	10	17.96 fils	38.04 fils	35.42 fils	74.99 fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2010 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2010	2009	2010	2009
	KD 000's	KD 000's	KD 000's	KD 000's
Profit for the period	17,957	39,021	34,812	77,332
Other comprehensive income:				
Foreign currency translation adjustments	4,413	(3,263)	8,085	24,731
Net (loss) gain on hedge of net investments (Note 8)	(2,161)	3,599	(3,745)	(8,851)
Net change in fair value of cash flow hedge	-	132	-	262
Net changes in fair value of financial assets available for sale	(1)	36	-	33
Other comprehensive income	2,251	504	4,340	16,175
Total comprehensive income for the period	20,208	39,525	39,152	93,507
Attributable to:				
Equity holders of the Parent Company	20,256	38,574	40,057	90,765
Non controlling interests	(48)	951	(905)	2,742
	20,208	39,525	39,152	93,507

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2010 (Unaudited)

Note	Six months ended 30 June	
	2010 KD 000's	2009 KD 000's
OPERATING ACTIVITIES		
Profit for the period before taxation and Directors' remuneration	38,331	82,017
Adjustments for:		
Provision for impairment of trade receivables	1,986	2,642
Provision for employees' end of service benefits	4,980	4,061
Foreign currency exchange (gain) loss	(2,089)	1,952
Depreciation	21,671	22,333
Amortisation	1,223	1,223
Provision for share linked compensation and incentive plans	2,400	2,400
Interest income	(4,868)	(7,589)
Finance costs	6,134	9,732
Miscellaneous income (net)	(171)	(1,647)
Operating profit before changes in working capital	69,597	117,124
Inventories	29,615	7,957
Trade receivables	(6,066)	28,093
Other current assets	(2,062)	(8,401)
Trade and other payables	12,809	(4,727)
Cash from operations	103,893	140,046
Taxation paid	(990)	(2,109)
Payment made against share linked compensation and incentive plans	(2,213)	(4,206)
Directors' remuneration paid	(141)	-
Employees' end of service benefits paid	(4,550)	(3,144)
Net cash from operating activities	95,999	130,587
INVESTING ACTIVITIES		
Net movement in financial assets available for sale	1,521	31
Additions to property, plant and equipment, net of disposals	(1,864)	(2,521)
Additions to projects in progress	(14,761)	(23,179)
Disposal of investment properties	(45)	(564)
Acquisition of subsidiaries, net of cash acquired	(113)	(2,717)
Deferred consideration paid in respect of prior period acquisitions	(5,180)	(263)
Contingent consideration paid in respect of prior period acquisitions	(352)	(2,076)
Proceeds from disposal of a subsidiary	(344)	-
Acquisition of additional interest in subsidiaries	-	(5,746)
Interest income received	9,332	3,911
Net movement in deposits with original maturities exceeding three months	180,942	(134,950)
Net cash from (used in) investing activities	169,136	(168,074)
FINANCING ACTIVITIES		
Receipt from minority shareholders as a result of additional share capital issued by the subsidiaries	-	294
Purchase of treasury shares	-	(5,041)
Proceeds from sale of treasury shares	-	8,598
Net movement in treasury shares of subsidiary	(352)	(8)
Net movement in interest bearing loans	(209,995)	(18,205)
Finance cost paid	(6,456)	(9,175)
Dividends paid to equity holders of the Parent Company	(30,981)	(229)
Dividends paid to non-controlling interests shareholders	(85)	(23)
Net cash used in financing activities	(247,869)	(23,789)
Net foreign exchange differences	1,020	2,222
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,638	(59,054)
Cash and cash equivalents at 1 January	125,846	154,574
CASH AND CASH EQUIVALENTS AT 30 JUNE	144,484	95,520

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2010 (Unaudited)

	Attributable to equity holders of the Parent Company											
	Share capital KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Foreign					Retained earnings KD 000's	Sub total KD 000's	Non controlling interests KD 000's	Total equity KD 000's
Treasury shares KD 000's				Treasury shares KD 000's	Treasury shares reserve KD 000's	Hedging reserve KD 000's	Investment revaluation reserve KD 000's					
As at 1 January 2010	104,684	152,650	52,342	(39,627)	44,366	(1,166)	(16,947)	(584)	645,246	940,964	11,972	952,936
Profit for the period	-	-	-	-	-	-	-	-	35,680	35,680	(868)	34,812
Other comprehensive income	-	-	-	-	-	8,122	(3,745)	-	-	4,377	(37)	4,340
Total comprehensive income for the period	-	-	-	-	-	8,122	(3,745)	-	35,680	40,057	(905)	39,152
Dividends (Note 12)	-	-	-	-	-	-	-	-	(40,299)	(40,299)	-	(40,299)
Disposal of investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	(500)	(500)
At 30 June 2010	104,684	152,650	52,342	(39,627)	44,366	6,956	(20,692)	(584)	640,627	940,722	10,567	951,289
As 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	-	-	-	-	-	24,326	(8,589)	33	-	15,770	405	16,175
Total comprehensive income for the period	-	-	-	-	-	24,326	(8,589)	33	74,995	90,765	2,742	93,507
Sale of treasury shares	-	-	-	8,886	(288)	-	-	-	-	8,598	-	8,598
Purchase of treasury shares	-	-	-	(5,041)	-	-	-	-	-	(5,041)	-	(5,041)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,643)	(16,643)
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	294	294
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

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 June 2010 (Unaudited)

1 CORPORATE INFORMATION

The Agility Public Warehousing Company K.S.C. [formerly Public Warehousing Company K.S.C.] (the "Parent Company") is a Kuwaiti shareholding company incorporated in 1979, and listed on Kuwait Stock Exchange 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 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.

On 25 May 2008, the shareholders of the Parent Company at Extra Ordinary General Assembly Meeting approved the change in the name of the Parent Company from Public Warehousing Company K.S.C to Agility Public Warehousing Company K.S.C. and in accordance with the Ministerial Resolution No: 230 of the year 2009, the Article (2) of Memorandum of Association and Article (1) of the Articles of Association were amended and registered in the Commercial Register.

The interim condensed consolidated financial information was authorised for issue by the Parent Company's Board of Directors on 2010.

2 SUBSISTENCE PRIME VENDOR AND OTHER CONTRACTS - 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 ("SPV") Contract. In addition, some employees of the Group were served with civil investigative demands. The Parent Company cooperated with this investigation and produced numerous records in response to this request.

On 16 November 2009, the Parent Company was indicted by a federal grand jury in United States on multiple counts of False Claims Act violations. Furthermore, The United States Department of Justice also joined the civil qui tam lawsuit against the Parent Company under the US False Claims Act. The Department of Justice is claiming substantial damages for alleged violations in both the criminal and civil proceedings.

As a result of this indictment, certain Group companies (including the Parent Company) are suspended from bidding for new contracts or renewing the existing contracts with the US Government pending the outcome of the cases. However, the suspension does not affect continued performance of the existing contracts. Prolonged suspension could have a material impact on the Group's government related business and may result in the associated assets being impaired. The existing SPV Contract will expire in December 2010.

The Parent Company is pursuing discussions with the US Government with a view to reaching a fair and reasonable settlement of the current legal cases with the US Department of Justice. However, there is no guarantee that the parties can reach a mutually agreeable settlement. The Parent Company is prepared to litigate its legal case vigorously if no reasonable settlement is possible.

In addition, the US Department of Justice is currently conducting an informal investigation regarding two cost reimbursable US Government contracts in order to ascertain whether reimbursement requests for certain costs incurred by the Parent Company were proper.

Due to 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.

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 June 2010 (Unaudited)

3 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 consolidated 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 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010. For more details please refer to the consolidated financial statements for the year ended 31 December 2009.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") and all values are rounded to the nearest KD thousand except when otherwise indicated.

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 2009, except for the adoption of the following new standards effective from 1 January 2010:

IFRS 3: Business Combinations (Revised) (IFRS 3R)

IFRS 3R introduces significant changes in the accounting for business combinations occurring after the effective date. Changes affect the valuation of non controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27: Consolidated and separate financial statements (Revised) (IAS 27R)

IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Application of the above standards did not have any impact on the interim condensed consolidated financial information of the Group.

4 INVESTMENT PROPERTIES

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

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

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 previous periods). This property is subject to ongoing litigation arising from a claim filed by and 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 11 (b)).

5 FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale amounting to KD 14,352 thousand (31 December 2009: KD 14,100 thousand and 30 June 2009: KD 14,114 thousand) are located in Kuwait. The balance of KD 107,361 thousand (31 December 2009: KD 105,952 thousand and 30 June 2009: KD 104,225 thousand) are located outside Kuwait.

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 June 2010 (Unaudited)

6 BANK BALANCES AND CASH

	<i>30 June 2010 KD 000's</i>	<i>(Audited) 31 December 2009 KD 000's</i>	<i>30 June 2009 KD 000's</i>
Cash at banks and in hand	86,122	61,071	83,090
Short term deposits	58,362	64,775	12,430
Cash and cash equivalents	144,484	125,846	95,520
Deposits with original maturities exceeding three months	7,384	188,327	233,801
	151,868	314,173	329,321

Included in bank balances and cash are balances amounting to KD 71,513 thousand (31 December 2009: KD 76,439 thousand and 30 June 2009: KD 48,353 thousand) held by banks in Kuwait whereas the balance of KD 80,355 thousand (31 December 2009: KD 237,734 thousand and 30 June 2009: KD 280,968 thousand) are held by foreign banks situated outside Kuwait.

Short term deposits (with original maturities up to three months) are placed for varying periods of one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Term deposits (deposits with original maturities exceeding three months) earn interest ranging from 1.1% to 5.8% per annum (31 December 2009: 3.7 % to 6.3 % per annum and 30 June 2009: 4.5% to 7.7% per annum).

7 TREASURY SHARES

	<i>30 June 2010</i>	<i>(Audited) 31 December 2009</i>	<i>30 June 2009</i>
Number of treasury shares	39,358,640	39,358,640	44,496,140
Percentage of issued shares	3.76%	3.76%	4.25%
Market value in KD 000's	12,398	22,434	47,166
Cost in KD 000's	39,627	39,627	44,586

Agility Public Warehousing Company K.S.C. (formerly Public Warehousing Company K.S.C.) and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 June 2010 (Unaudited)

8 INTEREST BEARING LOANS

	30 June 2010 KD 000's	(Audited) 31 December 2009 KD 000's	30 June 2009 KD 000's
Committed Revolving Credit Facility of US\$ 525,000 thousand obtained from a club of foreign banks in May 2008 and is repayable in May 2011. During the period, an amount of US\$ 425,000 thousand was prepaid out of the above.	29,175	150,596	150,754
Committed Revolving Credit Facility of SGD 298,000 thousand obtained from a foreign bank in May 2008 and is repayable in October 2011. During the period an amount of SGD 103,000 thousand was prepaid out of the above.	14,029	57,716	57,177
Committed Term Loan of US\$ 100,000 thousand obtained from a foreign bank in April 2008 and is repayable in instalments commencing from October 2009.	23,340	22,948	28,715
Uncommitted Loan of KD 100,000 thousand obtained from a local bank in October 2007 which was repaid in 2009.	-	-	25,000
Uncommitted Term Loan of KD 48,000 thousand obtained from a local bank and is repayable in semi-annual instalments commencing from June 2009.	24,112	31,364	39,329
Uncommitted Revolving Credit Facility of KD 20,000 thousand obtained from a local bank and the entire amount was repaid during the period .	-	20,000	20,000
Uncommitted Revolving Credit Facility of US\$ 15,000 thousand obtained from a foreign bank in 2009 and the final amount is repayable in September 2010.	4,376	4,303	4,307
Committed Revolving Credit Facility of US\$ 75,000 thousand obtained from a foreign bank in October 2008 and is repayable in September 2010. During the period an amount of US\$ 60,000 thousand was prepaid out of the above.	4,376	21,513	21,536
Other loans	48,927	44,513	36,701
	<u>148,335</u>	<u>352,953</u>	<u>383,519</u>

Committed facility

A committed borrowing facility is one in which the lender is legally obliged to provide the funds subject to the borrower complying with the terms of the loan facility agreement. A commitment fee will be usually charged to the borrower on any undrawn part of the facility.

Uncommitted facility

An uncommitted borrowing facility is one in which the lender is not legally obliged to provide the funds and hence the facility is therefore repayable on demand.

Floating interest rate loans amounting to KD 125,944 thousand (31 December 2009: KD 341,616 thousand and 30 June 2009: KD 383,519 thousand) carry margin ranging from 0.9% to 2.75% per annum (31 December 2009: 0.65% to 2.75% and 30 June 2009: 0.65% to 2.75%) over LIBOR.

During the period, certain revolving credit facilities were prepaid reducing the gross cash/gross debt position. These facilities remain available to the Group until the initial maturity dates (subject to meeting the terms and conditions).

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8 INTEREST BEARING LOANS (continued)

The following table shows the current and non-current portions of the Group's loan obligations:

	<i>Current portion KD 000's</i>	<i>Non-current portion KD 000's</i>	<i>Total KD 000's</i>
Balance at 30 June 2010	88,842	59,493	148,335
Balance at 31 December 2009 (<i>Audited</i>)	94,357	258,596	352,953
Balance at 30 June 2009	167,556	215,963	383,519

Included in interest bearing loans are loans amounting to KD 19,411 thousand (31 December 2009: KD 12,846 thousand and 30 June 2009: KD 9,828 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 5,500 thousand (31 December 2009: KD 6,500 thousand and 30 June 2009: KD 7,500 thousand) in a subsidiary, Global Clearing House Systems K.S.C. (Closed) on a non-recourse basis. The net worth of this subsidiary at 30 June 2010 is negative KD 41,223 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 reporting date. Certain assets of the subsidiary amounting to KD 26,905 thousand have been pledged as collateral against this loan.

Hedge of net investments in foreign operations

Included in interest bearings loans at 30 June 2010 are loans denominated in US\$ (hedging instrument) of US\$ 332,452 thousand (31 December 2009: USD 785,000 thousand and 30 June 2009: USD 785,000), which have 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 translation of interest bearings loans are transferred to other comprehensive income 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 3,745 thousand (30 June 2009: KD 8,851 thousand) were taken directly to other comprehensive income (Hedging reserve).

9 TAXATION

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2010 KD 000's</i>	<i>2009 KD 000's</i>	<i>2010 KD 000's</i>	<i>2009 KD 000's</i>
National labour support tax (NLST)	(474)	(997)	(934)	(1,963)
Kuwait Foundation for the Advancement of Sciences (KFAS)	(189)	(437)	(374)	(785)
Zakat	(189)	(398)	(374)	(785)
Taxation on overseas subsidiaries	(1,214)	(685)	(1,750)	(1,064)
	(2,066)	(2,517)	(3,432)	(4,597)

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10 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2010	2009	2010	2009
	KD 000's	KD 000's	KD 000's	KD 000's
Profit for the period attributable to equity holders of the Parent Company	18,092	38,043	35,680	74,995
	Shares	Shares	Shares	Shares
Weighted average number of paid up shares	1,046,836,709	1,046,836,709	1,046,836,709	1,046,836,709
Weighted average number of treasury shares	(39,358,641)	(46,620,646)	(39,358,641)	(46,797,825)
Weighted average number of outstanding shares	1,007,478,068	1,000,216,063	1,007,478,068	1,000,038,884
Basic and diluted earnings per share	17.96 fils	38.04 fils	35.42 fils	74.99 fils

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	30 June 2010	<i>(Audited)</i> 31 December 2009	30 June 2009
	KD 000's	KD 000's	KD 000's
Letters of guarantee	89,362	87,348	83,712
Operating lease commitments	45,979	44,462	33,114
Capital commitments	10,726	12,177	12,389
	146,067	143,987	129,215

Capital commitments mainly relate to the construction of warehouses to be used in the Group's logistics operations.

Included in letters of guarantee are bank guarantees for KD 31,405 thousand, provided by a bank on behalf of the subsidiary, Global Clearing House Systems K.S.C. (Closed), to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group. The net worth of the subsidiary at 30 June 2010 is negative KD 41,223 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) 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 June 2010 (Unaudited)

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) Freight forwarding business – investigation (continued)

In July 2009, a subsidiary was named as a defendant in a class action lawsuit filed in the Eastern District of New York, along with a number of other freight forwarding companies, regarding surcharges and fees for services. In November 2009, the defendants filed motions to dismiss the claims that are currently pending before the court. The ultimate outcome of this litigation is uncertain at this time.

On 26 November 2009 the Italian competition authority (ICA) opened an investigation into the activities of some 20 freight forwarding companies. The existence of the Italian investigation is recorded in a decision by the ICA opening formal proceedings and naming Agility. Those allegations will need to be formally confirmed by the ICA in due course in a statement of objections which is expected by the end of this year.

In February 2010, the European Commission issued a Statement of Objections (“SO”) to the Parent Company and two of its subsidiaries. The SO alleges that certain infringements of EU competition law were committed by the subsidiaries. The Commission’s final decision is not expected until late 2010 or 2011.

In June 2010, the New Zealand Commerce Commission issued a draft statement of Claim against the Parent Company. The Commission indicated that it plans to issue an official statement of claims against the Parent Company and is not expected until late 2010.

As at 30 June 2010, due to inherent uncertainty surrounding these investigations, the Group’s management (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigations and in view of the difficulty in quantifying any potential liabilities in this regard, no provision is recorded in the accompanying interim condensed consolidated financial information.

(b) Lease agreements

On 27 November 2006, based on the recommendation by the Ministers' Council, the Ministry 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.

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. The Ministry filed an appeal at the Supreme Court on which the Supreme Court issued a ruling on 4 May 2010, rejecting the Ministry’s appeal and confirming the previous ruling in favor of the Parent Company.

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 contracts 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 suspended recognising revenue on the aforementioned contracts since the inception of the case.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 June 2010 (Unaudited)

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(b) Lease agreements (continued)

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 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 rule which is pending resolution. As a result of the ruling the Parent Company resumed operation in the contract.

(c) Prime Vendor Services Contract – legal dispute

A dispute arose 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 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.

The Supreme Court of Kuwait through its rulings on 7 January 2008, and 20 April 2010 pronounced its judgments in favour of the Parent Company confirming that the third party is not entitled to any rights or profits from Prime Vendor Contract and that the partnership agreement between the Parent Company and the third party is not legally enforceable and is void.

(d) Guarantee encashment

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

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%. In 2009, the Company 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 in the near future and, accordingly, no expense should be recorded in the statement of income.

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

12 DIVIDEND

On 10 June 2010, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2009 and approved a cash dividend of 40 fils per share.

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At 30 June 2010 (Unaudited)

13 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 entities which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions and balances with related parties are as follows:

	<i>Major shareholders KD 000's</i>	<i>Other related parties KD 000's</i>	<i>Six months ended 30 June 2010 KD 000's</i>	<i>(Audited) Year ended 31 December 2009 KD 000's</i>	<i>Six months ended 30 June 2009 KD 000's</i>
Interim condensed consolidated income statement					
Purchases (net of discounts)	-	21,725	21,725	46,742	21,301
Interim condensed consolidated statement of financial position					
Amounts due to related parties	78	27,404	27,482	26,920	25,008

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.

Compensation of key management personnel

	<i>Six month ended 30 June</i>	
	<i>2010 KD 000's</i>	<i>2009 KD 000's</i>
Short-term benefits	1,265	1,246
Share-based payments	1,200	1,200
	<u>2,465</u>	<u>2,446</u>

14 OPERATING SEGMENT INFORMATION

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

Logistics and Related Services:

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

At 30 June 2010 (Unaudited)

14 OPERATING SEGMENT INFORMATION (continued)

Infrastructure:

The Infrastructure segment provides other services which include industrial real-estate, ground handling services, customs consulting and waste recycling.

Six months ended 30 June 2010	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Consolidated KD 000's</i>
Revenue				
External customers	795,750	35,454	-	831,204
Inter-segment	46,492	5,820	(52,312)	-
Total revenue	<u>842,242</u>	<u>41,274</u>	<u>(52,312)</u>	<u>831,204</u>
Results				
Segment profit	<u>37,695</u>	<u>8,804</u>	<u>(6,813)</u>	<u>39,686</u>
Miscellaneous expenses				(89)
Interest income				4,868
Finance costs				<u>(6,134)</u>
Profit before taxation and Directors' remuneration				38,331
Taxation and Directors' remuneration				<u>(3,519)</u>
Profit for the period				<u><u>34,812</u></u>
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>Consolidated KD 000's</i>
Revenue				
External customers	788,582	32,453	-	821,035
Inter-segment	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 profit	<u>82,726</u>	<u>3,666</u>	<u>(3,082)</u>	83,310
Miscellaneous income				850
Interest income				7,589
Finance costs				<u>(9,732)</u>
Profit before taxation and Directors' remuneration				82,017
Taxation and Directors' remuneration				<u>(4,685)</u>
Profit for the period				<u><u>77,332</u></u>

Included in logistics and related revenue is an amount of KD 584,947 thousand (Six months ended 30 June 2009: KD 492,842 thousand) and KD 257,295 thousand (Six months ended 30 June 2009: KD 351,337 thousand) generated by the Group from providing logistics services to commercial and government institutions, respectively.