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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PERIOD ENDED 30 JUNE 2012 (UNAUDITED)

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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.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 June 2012 and the related interim condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended and the 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 12(c) 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 Parent Company and encashed during the year ended 31 December 2007. The amount was not expensed in the consolidated financial statements in respect of the year ended 31 December 2006, which in our opinion, is not in accordance with International Financial Reporting Standards. We have qualified our audit opinions and review conclusions in this regard on the consolidated financial statements since 31 December 2006. In 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

Based on our review, 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.

Ernst & Young

RSM Albazie & Co.
Public Accountants

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

Emphasis of Matter
We draw attention to:

(i) Note 2 to the interim condensed consolidated financial information which describes that 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 Department of Justice is claiming substantial damages for alleged violations in both the criminal and civil proceedings. The Group Companies (including the Parent Company) are suspended from bidding for new contracts with the US Government pending the outcome of the cases. The Group is also engaged in settlement discussions with the US Department of Justice. The ultimate outcome of these matters cannot presently be determined, and therefore no provision has been made in the interim condensed consolidated financial information; and

(ii) Notes 12(a) and 12(b) to the interim condensed consolidated financial information which describe the contingencies relating to the investigation into the freight forwarding business and termination of lease agreements.

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 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 Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company during the six month period ended 30 June 2012 that might have had a material effect on the business of the Parent Company or on its financial position.

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LICENCE NO. 68 A
OF ERNST & YOUNG

NAYEF M. AL-BAZIE
LICENCE NO. 91 A
RSM Albazie & Co.

13 August 2012

Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012 (Unaudited)

	Notes	*30 June 2012 KD 000's*	*(Audited) 31 December 2011 KD 000's*	*30 June 2011 KD 000's*
ASSETS				
Non-current assets				
Property, plant and equipment		**193,201**	202,031	214,926
Projects in progress		**22,309**	21,098	27,183
Investment properties	4	**218,329**	218,114	214,654
Intangible assets		**32,151**	8,820	9,045
Goodwill		**249,118**	241,833	245,699
Financial assets at fair value through profit or loss	5	**103,712**	100,701	210
Financial assets available for sale		**37,835**	31,995	130,635
Other non-current assets		**44,182**	43,879	45,001
Loan to an associate	5	**28,060**	27,837	-
Total non-current assets		**928,897**	896,308	887,353
Current assets				
Inventories		**11,689**	10,661	15,701
Trade receivables		**286,194**	279,284	292,131
Other current assets		**99,822**	94,027	99,931
Bank balances and cash	6	**102,759**	119,695	139,565
Total current assets		**500,464**	503,667	547,328
TOTAL ASSETS		**1,429,361**	1,399,975	1,434,681
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	**(45,038)**	(41,741)	(41,741)
Treasury shares reserve		**44,366**	44,366	44,366
Foreign currency translation reserve		**(22,254)**	(20,623)	(21,651)
Hedging reserve		**(17,010)**	(16,926)	(16,463)
Investment revaluation reserve		**33**	15	5,433
Retained earnings		**602,089**	617,006	605,494
Equity attributable to equity holders of the Parent Company		**871,862**	891,773	885,114
Non controlling interests		**26,307**	7,319	5,540
Total equity		**898,169**	899,092	890,654
LIABILITIES				
Non-current liabilities				
Interest bearing loans	8	**24,046**	24,484	28,060
Provision for employees' end of service benefits		**18,551**	18,074	18,964
Other non-current liabilities		**31,079**	35,078	36,240
Total non-current liabilities		**73,676**	77,636	83,264
Current liabilities				
Trade and other payables		**386,836**	377,379	385,106
Interest bearing loans	8	**57,208**	38,339	65,949
Dividends payable		**13,472**	7,529	9,708
Total current liabilities		**457,516**	423,247	460,763
Total liabilities		**531,192**	500,883	544,027
TOTAL EQUITY AND LIABILITIES		**1,429,361**	1,399,975	1,434,681

Tarek Abdul Aziz Sultan
Chairman and Managing Director

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2012 (Unaudited)

	Notes	*Three months ended 30 June* 2012 KD 000's	*Three months ended 30 June* 2011 KD 000's	*Six months ended 30 June* 2012 KD 000's	*Six months ended 30 June* 2011 KD 000's
Revenues					
Logistics and freight forwarding revenues		**319,232**	303,519	**616,462**	597,047
Rental revenues		**8,203**	7,627	**15,293**	15,363
Other services		**21,379**	19,433	**38,879**	36,679
Total revenues		**348,814**	330,579	**670,634**	649,089
Cost of revenues		**(256,349)**	(239,372)	**(491,144)**	(469,028)
Net revenues		**92,465**	91,207	**179,490**	180,061
General and administrative expenses		**(30,284)**	(21,377)	**(60,380)**	(48,762)
Salaries and employee benefits		**(45,984)**	(51,539)	**(92,944)**	(103,234)
Unrealised gain on financial assets at fair value through profit or loss		**2,069**	-	**2,369**	-
Gain on disposal of a subsidiary		-	601	-	8,515
Miscellaneous income		**617**	422	**6,399**	2,556
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		**18,883**	19,314	**34,934**	39,136
Depreciation		**(7,031)**	(7,973)	**(14,000)**	(15,903)
Amortisation		**(449)**	(136)	**(573)**	(273)
Profit before interest, taxation and Directors' remuneration (EBIT)		**11,403**	11,205	**20,361**	22,960
Interest income		**1,438**	851	**2,756**	2,194
Finance costs		**(1,527)**	(1,712)	**(2,581)**	(3,878)
Profit before taxation and Directors' remuneration		**11,314**	10,344	**20,536**	21,276
Taxation	9	**(1,916)**	(1,613)	**(2,883)**	(3,342)
Directors' remuneration		**(32)**	(43)	**(63)**	(88)
PROFIT FOR THE PERIOD		**9,366**	8,688	**17,590**	17,846
Attributable to:					
Equity holders of the Parent Company		**7,816**	7,828	**14,900**	15,531
Non controlling interests		**1,550**	860	**2,690**	2,315
		9,366	8,688	**17,590**	17,846
BASIC AND DILUTED EARNINGS PER SHARE– attributable to equity holders of the Parent Company	10	**7.85 fils**	7.79 fils	**14.92 fils**	15.44 fils

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2012 (Unaudited)

	Three months ended 30 June		*Six months ended 30 June*	
	2012 KD 000's	*2011 KD 000's*	***2012 KD 000's***	*2011 KD 000's*
Profit for the period	**9,366**	8,688	**17,590**	17,846
Other comprehensive (loss) income:				
Foreign currency translation adjustments	**(3,964)**	(1,654)	**(2,337)**	(7,707)
Net (loss) gain on hedge of net investments (Note 8)	**(141)**	463	**(84)**	1,322
Net changes in fair value of financial assets available for sale	**18**	2,080	**18**	5,418
Other comprehensive (loss) income	**(4,087)**	889	**(2,403)**	(967)
Total comprehensive income for the period	**5,279**	9,577	**15,187**	16,879
Attributable to:				
Equity holders of the Parent Company	**4,486**	8,434	**13,203**	14,843
Non controlling interests	**793**	1,143	**1,984**	2,036
	5,279	9,577	**15,187**	16,879

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2012 (Unaudited)

	Notes	*Six months ended 30 June* 2012 KD 000's	2011 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration		**20,536**	21,276
Adjustments for:			
Provision for impairment of trade receivables		**957**	361
Provision for employees' end of service benefits		**4,213**	4,271
Foreign currency exchange gain		**(175)**	(113)
Depreciation		**14,000**	15,903
Amortisation		**573**	273
Interest income		**(2,756)**	(2,194)
Finance costs		**2,581**	3,878
Gain on disposal of investment in a subsidiary		**-**	(8,515)
Unrealised gain on financial assets at fair value through profit or loss		**(2,369)**	-
Miscellaneous income		**(6,399)**	(2,556)
Operating profit before changes in working capital		**31,161**	32,584
Inventories		**(832)**	(3,739)
Trade receivables		**(8,475)**	(1,925)
Other current assets		**(748)**	(5,369)
Trade and other payables		**2,868**	(2,430)
Cash from operations		**23,974**	19,121
Taxation paid		**(4,805)**	(1,318)
Directors' remuneration paid		**(160)**	(120)
Employees' end of service benefits paid		**(1,413)**	(3,052)
Net cash from operating activities		**17,596**	14,631
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		**(45)**	(1,004)
Additions to property, plant and equipment		**(3,908)**	(203)
Proceeds from disposal of property, plant and equipment		**792**	-
Additions to projects in progress		**(7,025)**	(2,908)
Additions to investment properties		**(162)**	(287)
Acquisition of a subsidiary, net of cash acquired	11	**(14,308)**	-
Deferred consideration paid in respect of prior period acquisitions		**(953)**	(1,340)
Disposal of a subsidiary, net of cash disposed		**-**	(916)
Interest income received		**2,968**	2,580
Dividends received		**1,379**	-
Net movement in deposits with original maturities exceeding three months		**10,392**	82,600
Net cash (used in) from investing activities		**(10,870)**	78,522
FINANCING ACTIVITIES			
Purchase of treasury shares		**(3,297)**	(2,114)
Net movement in treasury shares of a subsidiary		**-**	(22)
Net movement in interest bearing loans		**16,939**	(30,106)
Finance cost paid		**(2,719)**	(4,013)
Dividends paid to equity holders of the Parent Company		**(23,875)**	(37,122)
Dividends paid to non controlling interests		**-**	(30)
Net cash used in financing activities		**(12,952)**	(73,407)
Net foreign exchange differences		**(318)**	(1,341)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(6,544)**	18,405
Cash and cash equivalents at 1 January		**77,071**	90,775
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	**70,527**	109,180

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2012 (Unaudited)

	Attributable to equity holders of the Parent Company										*Non controlling interests*	*Total equity*
	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*	*KD 000's*	*KD 000's*
As at 1 January 2012	104,684	152,650	52,342	(41,741)	44,366	(20,623)	(16,926)	15	617,006	891,773	7,319	899,092
Profit for the period	-	-	-	-	-	-	-	-	14,900	14,900	2,690	17,590
Other comprehensive (loss) income	-	-	-	-	-	(1,631)	(84)	18	-	(1,697)	(706)	(2,403)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,631)	(84)	18	14,900	13,203	1,984	15,187
Dividends (Note 13)	-	-	-	-	-	-	-	-	(29,817)	(29,817)	-	(29,817)
Purchase of treasury shares	-	-	-	(3,297)	-	-	-	-	-	(3,297)	-	(3,297)
Acquisition of a subsidiary (Note 11)	-	-	-	-	-	-	-	-	-	-	14,116	14,116
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	2,888	2,888
As at 30 June 2012	**104,684**	**152,650**	**52,342**	**(45,038)**	**44,366**	**(22,254)**	**(17,010)**	**33**	**602,089**	**871,862**	**26,307**	**898,169**
As at 1 January 2011	104,684	152,650	52,342	(39,627)	44,366	(14,223)	(17,785)	15	630,054	912,476	9,391	921,867
Profit for the period	-	-	-	-	-	-	-	-	15,531	15,531	2,315	17,846
Other comprehensive (loss) income	-	-	-	-	-	(7,428)	1,322	5,418	-	(688)	(279)	(967)
Total comprehensive (loss) income for the period	-	-	-	-	-	(7,428)	1,322	5,418	15,531	14,843	2,036	16,879
Dividends (Note 13)	-	-	-	-	-	-	-	-	(40,091)	(40,091)	-	(40,091)
Purchase of treasury shares	-	-	-	(2,114)	-	-	-	-	-	(2,114)	-	(2,114)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(5,857)	(5,857)
Dividends to non controlling interests	-	-	-	-	-	-	-	-	-	-	(30)	(30)
As at 30 June 2011	104,684	152,650	52,342	(41,741)	44,366	(21,651)	(16,463)	5,433	605,494	885,114	5,540	890,654

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

1 CORPORATE INFORMATION

Agility 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.

The interim condensed consolidated financial information was authorised for issue by the Parent Company's Board of Directors on 13 August 2012.

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.

In 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. The Parent Company pled not guilty to the indictment. In October 2011, a status conference was held before the judge of the District Court for the Northern District of Georgia where the parties appraised in the court on the status of the case and discovery. In February 2012, the Parent Company filed various motions, including motions to dismiss the indictment on various grounds and a motion to transfer venue to another judicial district. Since then, both the parties have filed various motions and opposition briefs which are pending before the court for ruling.

As a result of this indictment, the Group companies (including the Parent Company) are suspended from bidding for new contracts with the US Government pending the outcome of the cases. However, the suspension did not affect continued performance of the existing contracts. The SPV Contract expired in December 2010.

While the Parent Company is rigorously defending its case, it 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.

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. Furthermore, in relation to one of such contracts, the Parent Company is appealing before the "Armed Services Board of Contract, Appeals (ASBCA)" a decision made by the contracting officer demanding repayment of approximately KD 23 million from the Parent Company. During 2011, the US Government collected KD 4.7 million out of the above claim by offsetting payments due on the Group's other US Government contracts. The Parent Company, on 19 April 2011, also filed an affirmative claim for approximately KD 13 million owed by the US Government under the contract which was denied by the Contracting Officer on 15 December 2011.

The Parent Company filed an appeal before the ASBCA and decision on this appeal is currently pending. 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.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
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 ("IFRS"). 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 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012. For more details please refer to the consolidated financial statements for the year ended 31 December 2011.

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.

Changes in accounting policy and disclosures
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 2011, except for the adoption of the following amended International Accounting Standards Board ("IASB") Standards during the period:

IAS 12: Income Taxes – Recovery of Underlying Assets (Amendment) (effective 1 January 2012)
The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40: Investment Property should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16: Property, Plant and Equipment always be measured on a sale basis of the asset.

IFRS 3: Business Combinations (Amendment) (effective 1 July 2011)
The measurement options available for non-controlling interest have been amended. Only components of non controlling interest that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7: Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements (Amendment) (effective 1 July 2011)
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's consolidated financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

The adoption of the above mentioned amendments did not have any material impact on the financial position or performance of the Group.

The Group has not early adopted any IASB standards, International Financial Reporting Interpretations Committee ("IFRIC") interpretations or amendments that have been issued but not yet effective.

4 INVESTMENT PROPERTIES

Investment properties are stated at fair value, which has been determined based on valuations performed by accredited independent appraisers, at the end of each financial year. The discounted future cash flow method or property market value method were used considering the nature and usage of the property.

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 8,823 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 12 (b)].

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2012 KD 000's	*(Audited) 31 December 2011 KD 000's*	*30 June 2011 KD 000's*
Investment in an associate – outside Kuwait	**81,184**	80,542	-
Quoted equity securities:			
- In Kuwait	**209**	209	210
- Outside Kuwait	**22,319**	19,950	-
	103,712	100,701	210

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 Group contributed US$ 286 million by converting its convertible debt and a portion of accrued interest on this convertible debt in Korek Telecom to equity.

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 consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 "Investment in Associates" which requires investments held by Venture Capital Organisations to be excluded from its scope where those investments are designated, upon initial recognition, at fair value through profit and loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the consolidated statement of income in the period of change.

As at 30 June 2012, interest bearing shareholders' loan provided by the Group to Korek Telecom amounts to KD - 28,060 thousand (31 December 2011: KD 27,837 thousand and 30 June 2011: KD Nil) (Note 14).

6 BANK BALANCES AND CASH

	30 June 2012 KD 000's	*(Audited) 31 December 2011 KD 000's*	*30 June 2011 KD 000's*
Cash at banks and in hand	**35,406**	45,207	43,326
Short term deposits	**35,121**	31,864	65,854
Cash and cash equivalents	**70,527**	77,071	109,180
Deposits with original maturities exceeding three months	**32,232**	42,624	30,385
	102,759	119,695	139,565

Included in bank balances and cash are balances amounting to KD 50,091 thousand (31 December 2011: KD 65,641 thousand and 30 June 2011: KD 93,765 thousand) held by banks in Kuwait whereas the balance of KD 52,668 thousand (31 December 2011: KD 54,054 thousand and 30 June 2011: KD 45,800 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 2% to 2.5% per annum (31 December 2011: 2% to 2.6% per annum and 30 June 2011: 2.25% to 3.125% per annum).

7 TREASURY SHARES

	30 June 2012	*(Audited) 31 December 2011*	*30 June 2011*
Number of treasury shares	**52,938,640**	45,068,640	45,068,640
Percentage of issued shares	**5.06%**	4.31%	4.31%
Market value in KD 000's	**19,852**	16,450	14,422

8 INTEREST BEARING LOANS

	30 June 2012 KD 000's	*(Audited) 31 December 2011 KD 000's*	*30 June 2011 KD 000's*
Committed Term Loan obtained from a foreign bank in April 2008 which was fully repaid during the period.	-	11,130	16,471
Committed Term Loan obtained from a local bank and is repayable in annual instalments commencing from December 2011.	**15,152**	15,026	-
Uncommitted revolving facility obtained from local bank in June 2012.	**27,000**	-	-
Interest bearing loans which were fully repaid during the year ended 31 December 2011.	-	-	37,525
Other loans	**39,102**	36,667	40,013
	81,254	62,823	94,009

Committed facility

A committed borrowing facility is one in which the lender is legally obliged to provide the funds subject to the Group complying with the terms of the loan facility agreement. A commitment fee will be usually charged to the Group 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 the facility is therefore repayable on demand.

Floating interest rate loans amounting to KD 66,854 thousand (31 December 2011: KD 48,539 thousand and 30 June 2011: KD 85,810 thousand) carry margin ranging from 1% to 3% per annum (31 December 2011: 1% to 3% per annum and 30 June 2011: 1.09% to 3% per annum) over the benchmark rates.

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

	Current portion KD 000's	*Non-current portion KD 000's*	*Total KD 000's*
Balance at 30 June 2012	**57,208**	**24,046**	**81,254**
Balance at 31 December 2011 *(Audited)*	38,339	24,484	62,823
Balance at 30 June 2011	65,949	28,060	94,009

Included in interest bearing loans are loans amounting to KD 12,997 thousand (31 December 2011: KD 11,131 thousand and 30 June 2011: KD 13,218 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.

8 INTEREST BEARING LOANS (continued)

Included in interest bearing loans is an amount of KD 1,500 thousand (31 December 2011: KD 2,500 thousand and 30 June 2011: KD 3,500 thousand) in a subsidiary, Global Clearing House Systems K.S.C. (Closed) on a non-recourse basis. 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 32,806 thousand (31 December 2011: KD 30,706 thousand and 30 June 2011: KD 28,438 thousand) have been pledged as collateral against this loan.

Hedge of net investments in foreign operations
Included in interest bearing loans at 30 June 2012 are loans denominated in US$ (hedging instrument) of US$ 54,000 thousand (31 December 2011: US$ 94,000 thousand and 30 June 2011: US$ 142,645 thousand), 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 bearing 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 84 thousand (30 June 2011: foreign exchange gain of KD 1,322 thousand) were taken directly to other comprehensive income (Hedging reserve).

9 TAXATION

	Three months ended 30 June		*Six months ended 30 June*	
	2012	*2011*	***2012***	*2011*
	KD 000's	*KD 000's*	***KD 000's***	*KD 000's*
National labour support tax (NLST)	**205**	200	**390**	406
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	**82**	80	**156**	163
Zakat	**82**	80	**156**	163
Taxation on overseas subsidiaries	**1,547**	1,253	**2,181**	2,610
	1,916	1,613	**2,883**	3,342

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:

	Three months ended 30 June		*Six months ended 30 June*	
	2012 KD 000's	*2011 KD 000's*	***2012 KD 000's***	*2011 KD 000's*
Profit for the period attributable to equity holders of the Parent Company	**7,816**	7,828	**14,900**	15,531
	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	**(50,920,179)**	(42,051,321)	**(47,994,409)**	(40,637,590)
Weighted average number of outstanding shares	**995,916,530**	1,004,785,388	**998,842,300**	1,006,199,119
Basic and diluted earnings per share – attributable to equity holders of the Parent Company	**7.85 fils**	7.79 fils	**14.92 fils**	15.44 fils

11 BUSINESS COMBINATION

During the period, the Group acquired a 65% effective equity interest in United Projects Company for Aviation Services K.S.C. (Closed) ("UPAC"). Following the acquisition of this equity interest, UPAC became a subsidiary of the Group and has been consolidated from the date of exercise of control.

UPAC is incorporated in the State of Kuwait. Its principal activities include providing airplane ground and cleaning services and supply of water and other airplane supplies, leasing out airplanes, tourism, travel and cargo shipment services.

The consideration paid and the provisional values of assets acquired and liabilities assumed (equivalent to their acquisition date carrying values), as well as the non-controlling interests measured at the proportionate share of the acquirees' identifiable net assets, are summarised as follows:

11 BUSINESS COMBINATION (continued)

	KD 000's
Assets	
Property, plant and equipment	551
Intangible assets	23,905
Financial assets available for sale	4,882
Other assets	1,686
Bank balances and cash	11,780
	42,804
Liabilities	
Interest bearing loans	1,550
Trade and other payables	6,280
	7,830
Non controlling interests in acquiree	2,776
	10,606
Net assets acquired	**32,198**
Consideration paid	26,088
Non controlling interests in acquiree	11,340
	37,428
Provisional goodwill	**5,230**
Consideration paid	(26,088)
Cash and cash equivalents in subsidiary acquired	11,780
Cash outflow on acquisition	**(14,308)**

The abovementioned subsidiary has been consolidated based on the provisional values assigned to the identifiable assets and liabilities as on the acquisition date, since the management is in the process of determining the fair values of assets acquired and liabilities assumed.

From the date of acquisition, UPAC contributed KD 302 thousand to the profit of the Group.

12 LIABILITIES AND CAPITAL COMMITMENTS

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

	30 June 2012 KD 000's	*(Audited) 31 December 2011 KD 000's*	*30 June 2011 KD 000's*
Letters of guarantee	**89,876**	108,132	94,817
Operating lease commitments	**34,047**	36,317	39,383
Capital commitments	**5,349**	6,568	6,644
	129,272	151,017	140,844

Included in letters of guarantee are bank guarantees for KD 31,405 thousand (31 December 2011: KD 31,405 thousand and 30 June 2011: 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 Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand.

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.

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 including Agility's subsidiary in Italy. The ICA issued its final decision on 15 June 2011, imposing a total fine of KD 55 thousand (Euro 139 thousand) on Agility. This decision is being appealed by other third parties before the court which is yet to pronounce its decision.

The Swiss Competition Authority's investigation into freight forwarding activities on certain Agility's subsidiaries commenced in July 2008. On 29 March 2012, Agility signed a settlement agreement in respect of some charges involving air freight forwarding. However, this settlement agreement is subject to the formal approval of the Swiss Competition Authority and the final decision over the level of the fine to be imposed upon these subsidiaries has not yet been taken by the Swiss Competition Authority.

In December 2011, the Competition Commission Singapore (CCS) opened an investigation in to the activities of the freight forwarding industry which included two of Agility's subsidiaries. No formal charges have been brought against the subsidiaries at this time.

As at 30 June 2012, 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 additional potential liabilities in this regard, no provision is recorded in the accompanying interim condensed consolidated financial information.

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) Freight forwarding business - investigation (continued)

In February 2010, the European Commission issued a Statement of Objections ("SO") to the Parent Company and two of its subsidiaries. The SO alleged that certain infringements of EU competition law were committed by the subsidiaries. On 28 March 2012, the European Commission issued its final decision imposing a fine of KD 828 thousand (EUR 2,296 thousand) on Agility's UK subsidiary and a fine of KD 960 thousand (EUR 2,662 thousand) on Agility's Hong Kong subsidiary. These amounts have been paid subsequent to the period end.

(b) Lease agreements

On 27 November 2006, based on the recommendation by the Ministers' Council, the Minister of Commerce & Industry issued the Resolution No. 30/2006 to terminate three contracts between the Parent Company and the Public Authority of Industry (PAI) for leasing of land in 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 of first instance pronounced its ruling to repeal the aforesaid Resolution of the Minister of Commerce & Industry and its resultant impacts, which was also subsequently confirmed by the Court of appeal. 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 favour of the Parent Company.

However, the Government of Kuwait requested the Board of PAI to hold a meeting chaired by the Minister of Commerce & Industry, which issued another resolution No. 1/2007 to terminate the same contracts which were the subject of the previous resolution. The Parent Company again protested against the above resolution through case No. 36/2007 at the Court of First Instance which ruled in favour of the parent company cancelling the aforesaid resolution of the PAI.

The PAI appealed against the above ruling at the Court of Appeal which pronounced its judgement in its favour on 20 February 2012 cancelling the ruling of Court of First Instance and confirming the termination of the three contracts. The Parent Company is currently appealing the above judgement in the Supreme Court. The Parent Company suspended recognising revenue on the aforementioned contracts since the inception of the case.

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. As a result of the ruling the Parent Company resumed operations in the contract. 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 at the Supreme Court which issued its ruling on 4 April 2012 in favour of the Parent Company.

(c) Guarantee encashment

A Resolution was issued by the General Administration of Customs for Kuwait ("GAC") to cash a portion, amounting to KD 10,092 thousand of the bank guarantee submitted by Global Clearing House Systems K.S.C. (Closed) (the "Company"), a subsidiary of the Parent Company, in favour of GAC. Pursuant to this resolution, GAC called the above guarantee during the year ended 31 December 2007. This Resolution is being appealed through case No. 224/2007 "Administrative - 7".

The Parent company (after consulting the external counsel) is of the opinion that the purported violations against which a portion of the bank guarantee provided was encashed, are not in accordance with the contract, and 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. Accordingly, no expense is recorded in the statement of income.

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

13 DIVIDEND

On 31 May 2012, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2011 and approved a cash dividend of 30 fils per share (cash dividend of 40 fils per share in respect of the year ended 31 December 2010).

14 RELATED PARTY TRANSACTIONS

As per the International Accounting Standard (IAS) 24: Related Party Disclosures, 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:

			Six month ended 30 June	
	Major shareholders KD 000's	*Other related parties KD 000's*	***2012 Total KD 000's***	*2011 Total KD 000's*
Interim condensed consolidated statement of income				
Revenues	-	609	**609**	-
General and administrative expenses	(36)	(45)	**(81)**	-
Interest income	-	1,610	**1,610**	-
Finance costs	-	(396)	**(396)**	-

	Major shareholders KD 000's	*Other related parties KD 000's*	***30 June 2012 Total KD 000's***	*(Audited) 31 December 2011 Total KD 000's*	*30 June 2011 Total KD 000's*
Interim condensed consolidated statement of financial position					
Advance to a related party	-	5,000	**5,000**	5,000	5,000
Amounts due from related parties	-	130	**130**	440	42
Loan to an associate (Note 5)	-	28,060	**28,060**	27,837	-
Amounts due to related parties	36	20,352	**20,388**	23,057	23,451

Advance to a related party amounting to KD 5,000 thousand (31 December 2011: KD 5,000 thousand and 30 June 2011: KD 5,000 thousand) represents amount paid to acquire an investment.

Amounts due from related parties have arisen as a result of transactions made in the ordinary course of the business and are interest fee.

A portion of the amounts due to related parties carry an interest of 6.5% per annum (31 December 2011: 6.5% per annum and 30 June 2011: 6.5% per annum).

Compensation of key management personnel

	Six month ended 30 June	
	2012 KD 000's	*2011 KD 000's*
Short-term benefits	**736**	814

15 OPERATING SEGMENT INFORMATION

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

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

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

Six months ended 30 June 2012	*Logistics and related services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	***Total KD 000's***
Revenues				
External customers	589,760	80,874	-	**670,634**
Inter-segment	7,729	1,030	(8,759)	-
Total revenues	597,489	81,904	(8,759)	**670,634**
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	16,612	18,404	(82)	**34,934**
Depreciation				**(14,000)**
Amortisation				**(573)**
Profit before interest, taxation and Directors' remuneration (EBIT)				**20,361**
Interest income				**2,756**
Finance costs				**(2,581)**
Profit before taxation and Directors' remuneration				**20,536**
Taxation and Directors' remuneration				**(2,946)**
Profit for the period				**17,590**

15 OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2011	*Logistics and related services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenue				
External customers	558,334	90,755	-	649,089
Inter-segment	10,040	2,742	(12,782)	-
Total revenue	568,374	93,497	(12,782)	649,089
Results				
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	26,183	14,992	(2,039)	39,136
Depreciation				(15,903)
Amortisation				(273)
Profit before interest, taxation and Directors' remuneration (EBIT)				22,960
Interest income				2,194
Finance costs				(3,878)
Profit before taxation and Directors' remuneration				21,276
Taxes and Directors' remuneration				(3,430)
Profit for the period				17,846

Included in the segment profit under "logistics and related services" above is an amount of KD Nil (30 June 2011: KD 8,515 thousand) which represents gain on disposal of a subsidiary.