

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

PERIOD ENDED 31 MARCH 2011 (UNAUDITED)



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

Report on the Interim Condensed Consolidated Financial Information

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C. (the "Parent Company") and Subsidiaries (together the "Group") as at 31 March 2011 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three 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 audited 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

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. (continued)*Emphasis of Matter*

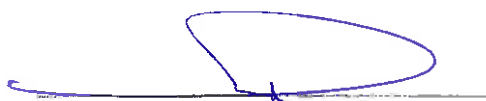
We draw attention to:

- (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 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 generated a substantial portion of its business from the US Government contracts. Prolonged suspension will 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.
- (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 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 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 31 March 2011 that might have had a material effect on the business of the Parent Company or on its financial position.


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Albazie & Co.
Member of RSM International

15 May 2011

Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011 (Unaudited)

		31 March 2011 KD 000's	(Audited) 31 December 2010 KD 000's	31 March 2010 KD 000's
ASSETS	<i>Notes</i>			
Non-current assets				
Property, plant and equipment		217,883	238,385	261,241
Projects in progress		31,307	24,945	44,054
Investment properties	4	214,423	214,368	214,216
Intangible assets		9,181	9,318	12,437
Goodwill		244,555	245,665	268,731
Financial assets available for sale	5	128,171	112,240	120,520
Other non-current assets		42,918	44,475	45,970
Total non-current assets		888,438	889,396	967,169
Current assets				
Inventories		14,142	12,475	50,994
Trade receivables		283,616	289,724	330,436
Other current assets		99,761	99,243	101,475
Bank balances and cash	6	198,800	203,760	363,087
Total current assets		596,319	605,202	845,992
TOTAL ASSETS		1,484,757	1,494,598	1,813,161
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)	(39,627)
Treasury shares reserve		44,366	44,366	44,366
Foreign currency translation reserve		(19,715)	(14,223)	2,630
Hedging reserve		(16,926)	(17,785)	(18,531)
Investment revaluation reserve		3,353	15	(583)
Retained earnings		637,758	630,054	662,834
Equity attributable to equity holders of the Parent Company		918,885	912,476	960,765
Non controlling interests		5,028	9,391	10,615
Total equity		923,913	921,867	971,380
LIABILITIES				
Non-current liabilities				
Interest bearing loans	8	29,052	59,563	260,916
Provision for employees' end of service benefits		18,796	19,590	20,218
Other non-current liabilities		35,213	35,518	47,439
Total non-current liabilities		83,061	114,671	328,573
Current liabilities				
Trade and other payables		390,526	382,168	412,587
Interest bearing loans	8	80,849	69,152	95,189
Dividends payable		6,408	6,740	5,432
Total current liabilities		477,783	458,060	513,208
Total liabilities		560,844	572,731	841,781
TOTAL EQUITY AND LIABILITIES		1,484,757	1,494,598	1,813,161


Tarek Abdul Aziz Sultan
Chairman and Managing Director

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 INCOME

For the period ended 31 March 2011 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2011 KD 000's</i>	<i>2010 KD 000's</i>
Revenues			
Logistics and freight forwarding revenues		293,528	380,454
Rental revenues		7,736	7,678
Other services		17,246	14,994
Total revenues		318,510	403,126
Cost of revenues		(229,656)	(273,367)
Net revenues		88,854	129,759
Operating expenses			
General and administrative expenses		(27,418)	(37,110)
Salaries and employee benefits		(51,695)	(62,317)
Depreciation		(7,930)	(10,770)
Amortisation		(136)	(611)
Total operating expenses		(87,179)	(110,808)
Profit from operations		1,675	18,951
Interest income		1,343	2,871
Gain on disposal of investment in a subsidiary	9	7,914	-
Miscellaneous income (expense)		2,134	(499)
Finance costs		(2,134)	(3,060)
Profit for the period before taxation and Directors' remuneration		10,932	18,263
Taxation	10	(1,729)	(1,366)
Directors' remuneration		(44)	(42)
PROFIT FOR THE PERIOD		9,159	16,855
Attributable to:			
Equity holders of the Parent Company		7,704	17,588
Non controlling interests		1,455	(733)
		9,159	16,855
BASIC AND DILUTED EARNINGS PER SHARE	11	7.65 fils	17.46 fils

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 COMPREHENSIVE INCOME

For the period ended 31 March 2011 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2011 KD 000's</i>	<i>2010 KD 000's</i>
Profit for the period	9,159	16,855
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(6,054)	3,672
Net gain (loss) on hedge of net investments (Note 8)	859	(1,584)
Net changes in fair value of financial assets available for sale	3,338	1
Other comprehensive (loss) income	(1,857)	2,089
Total comprehensive income for the period	7,302	18,944
Attributable to:		
Equity holders of the Parent Company	6,409	19,801
Non controlling interests	893	(857)
	7,302	18,944

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 31 March 2011 (Unaudited)

		Three months ended 31 March	
	Note	2011 KD 000's	2010 KD 000's
OPERATING ACTIVITIES			
Profit for the period before taxation and Directors' remuneration		10,932	18,263
Adjustments for:			
Provision for (release of) impairment of trade receivables		594	(193)
Provision for employees' end of service benefits		2,146	2,524
Foreign currency exchange loss (gain)		304	(1,025)
Depreciation		7,930	10,770
Amortisation		136	611
Provision for share linked compensation and incentive plans		-	1,200
Interest income		(1,343)	(2,871)
Finance costs		2,134	3,060
Gain on disposal of investment in a subsidiary		(7,914)	-
Miscellaneous (income) expense		(2,134)	499
Operating profit before changes in working capital		12,785	32,838
Inventories		(2,197)	15,389
Trade receivables		487	5,166
Other current assets		(3,489)	110
Trade and other payables		8,185	11,459
Cash from operations		15,771	64,962
Taxation paid		(352)	(658)
Payment made against share linked compensation and incentive plans		-	(31)
Employees' end of service benefits paid		(939)	(2,272)
Net cash from operating activities		14,480	62,001
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		(350)	365
Additions to property, plant and equipment, net of disposals		1,292	(7,548)
Additions to projects in progress		(2,508)	(2,393)
Addition to investment properties		(55)	(67)
Deferred consideration paid in respect of prior period acquisitions		(282)	(4,522)
Disposal of subsidiaries, net of cash disposed		(916)	(345)
Interest income received		1,261	3,636
Net movement in deposits with original maturities exceeding three months		(9,481)	(49,852)
Net cash used in investing activities		(11,039)	(60,726)
FINANCING ACTIVITIES			
Net movement in interest bearing loans		(16,083)	219
Finance cost paid		(2,081)	(2,530)
Dividends paid to equity holders of the Parent Company		(332)	(40)
Net cash used in financing activities		(18,496)	(2,351)
Net foreign exchange differences		614	138
NET DECREASE IN CASH AND CASH EQUIVALENTS		(14,441)	(938)
Cash and cash equivalents at 1 January		90,775	125,846
CASH AND CASH EQUIVALENTS AT 31 MARCH	6	76,334	124,908

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

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

	<i>Attributable to equity holders of the Parent Company</i>								<i>Non controlling interests</i>	<i>Total equity</i>
	<i>Foreign</i>									
	<i>Share capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Treasury currency translation reserve KD 000's</i>	<i>Hedging reserve KD 000's</i>	<i>Investment revaluation reserve KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Sub total KD 000's</i>	<i>KD 000's</i>
As at 1 January 2011	104,684	152,650	52,342	(39,627)	(14,223)	(17,785)	15	630,054	912,476	921,867
Profit for the period	-	-	-	-	-	-	-	7,704	7,704	9,159
Other comprehensive (loss) income	-	-	-	-	(5,492)	859	3,338	-	(1,295)	(562)
Total comprehensive (loss) income for the period	-	-	-	-	(5,492)	859	3,338	7,704	6,409	893
Disposal of a subsidiary (Note 9)	-	-	-	-	-	-	-	-	-	(5,256)
As at 31 March 2011	104,684	152,650	52,342	(39,627)	(19,715)	(16,926)	3,353	637,758	918,885	923,913
As at 1 January 2010	104,684	152,650	52,342	(39,627)	(1,166)	(16,947)	(584)	645,246	940,964	952,936
Profit for the period	-	-	-	-	-	-	-	17,588	17,588	16,855
Other comprehensive income (loss)	-	-	-	-	3,796	(1,584)	1	-	2,213	2,089
Total comprehensive income (loss) for the period	-	-	-	-	3,796	(1,584)	1	17,588	19,801	(857)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(500)
At 31 March 2010	104,684	152,650	52,342	(39,627)	2,630	(18,531)	(583)	662,834	960,765	971,380

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2011 (Unaudited)

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 15 May 2011.

The annual general assembly of the shareholders of the Parent Company for the year ended 31 December 2010 has not been held until the date of preparation of these interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2010 have not yet been approved by the shareholders. The interim condensed consolidated financial information for the period ended 31 March 2011 do not include any adjustments, which might have been required, had the annual general assembly of the shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 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 did not affect continued performance of the existing contracts. The SPV Contract expired 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. Furthermore, in relation to one of such contracts, the Parent Company is appealing before the "Armed Services Board of Contract, Appeals" a decision made by the contracting officer demanding repayment of approximately KD 23 million from the Parent Company. 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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 31 March 2011 (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 ("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 three month period ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For more details please refer to the consolidated financial statements for the year ended 31 December 2010.

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 2010, except for the adoption of the following revised IFRSs effective for annual periods beginning on or after 1 January 2011:

IAS 24 Related party disclosures (Revised)

The amended Standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities.

IAS 34 Interim Financial Reporting (Revised)

Improvement to IAS 34 introduces the concept of "Significant events and transactions" and has brought in additional disclosures for changes in business and economic circumstances, transfers between levels of the fair value hierarchy used and changes in the classification of financial assets resulting from change in the purpose or use of those assets.

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 12 (b)].

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2011 (Unaudited)

5 FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale amounting to KD 12,781 thousand (31 December 2010: KD 13,013 thousand and 31 March 2010: KD 14,219 thousand) are located in Kuwait. The balance of KD 115,390 thousand (31 December 2010: KD 99,227 thousand and 31 March 2010: KD 106,301 thousand) are located outside Kuwait.

Included in financial assets available for sale is an amount of KD 69,461 thousand (31 December 2010: KD 70,321 thousand and 31 March 2010: KD 72,394 thousand) relating to investment in Korek Telecom L.L.C. ("Korek Telecom"), a limited liability company incorporated in Iraq. During the current period, the Parent Company jointly with France Telecom-Orange ("France Telecom") entered into binding agreement with the shareholders of Korek Telecom to acquire a 44% equity stake in Korek Telecom. A joint venture will be formed by the Parent Company and France Telecom with equity state of 54% and 46% respectively to acquire the stake in Korek Telecom. As at 31 March 2011, this deal is not yet finalised as it is pending approval from the Iraqi Communications and Media Commission.

During the current period, the Parent Company acquired shares in Gulf Warehousing Company Q.S.C. amounting to KD 13,201 thousand (Note 9). This investment has been treated as financial assets available for sale and accounted for in accordance with International Accounting Standard 39 ("Financial Instruments: Recognition and Measurement").

6 BANK BALANCES AND CASH

	<i>31 March 2011 KD 000's</i>	<i>(Audited) 31 December 2010 KD 000's</i>	<i>31 March 2010 KD 000's</i>
Cash at banks and in hand	47,154	44,384	66,184
Short term deposits	29,180	46,391	58,724
Cash and cash equivalents	76,334	90,775	124,908
Deposits with original maturities exceeding three months	122,466	112,985	238,179
	198,800	203,760	363,087

Included in bank balances and cash are balances amounting to KD 75,641 thousand (31 December 2010: KD 69,565 thousand and 31 March 2010: KD 187,681 thousand) held by banks in Kuwait whereas the balance of KD 123,159 thousand (31 December 2010: KD 134,195 thousand and 31 March 2010: KD 175,406 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 2.25% to 2.5% per annum (31 December 2010: 3% to 3.63% per annum and 31 March 2010: 2% to 6.2% per annum).

7 TREASURY SHARES

	<i>31 March 2011</i>	<i>(Audited) 31 December 2010</i>	<i>31 March 2010</i>
Number of treasury shares	39,358,640	39,358,640	39,358,640
Percentage of issued shares	3.76 %	3.76%	3.76%
Market value in KD 000's	14,759	20,466	23,222
Cost in KD 000's	39,627	39,627	39,627

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2011 (Unaudited)

8 INTEREST BEARING LOANS

	31 March 2011 KD 000's	(Audited) 31 December 2010 KD 000's	31 March 2010 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 USD 38,000 thousand was repaid out of the above.	17,185	28,060	151,657
Committed Revolving Credit Facility of SGD 298,000 thousand obtained from a foreign bank in May 2008 and is repayable in October 2011.	14,666	14,465	58,166
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.	16,630	16,836	23,110
Uncommitted Term Loan of KD 48,000 thousand obtained from a local bank and is repayable in semi-annual instalments commencing from June 2009.	22,907	23,190	31,726
Uncommitted Revolving Credit Facility of KD 20,000 thousand obtained from a local bank which was fully repaid during the year ended 31 December 2010	-	-	20,000
Uncommitted Revolving Credit Facility of US\$ 15,000 thousand obtained from a foreign bank which was fully repaid during the year ended 31 December 2010.	-	-	4,333
Committed Revolving Credit Facility of US\$ 75,000 thousand obtained from a foreign bank which was fully repaid during the year ended 31 December 2010.	-	-	21,665
Other loans	38,513	46,164	45,448
	<u>109,901</u>	<u>128,715</u>	<u>356,105</u>

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 103,671 thousand (31 December 2010: KD 116,251 thousand and 31 March 2010: KD 346,589 thousand) carry margin ranging from 1% to 3% per annum (31 December 2010: 1.09% to 3% per annum and 31 March 2010: 0.9% to 2.75% per annum) over LIBOR.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2011 (Unaudited)

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 31 March 2011	80,849	29,052	109,901
Balance at 31 December 2010 (<i>Audited</i>)	69,152	59,563	128,715
Balance at 31 March 2010	95,189	260,916	356,105

Included in interest bearing loans are loans amounting to KD 12,458 thousand (31 December 2010: KD 14,546 thousand and 31 March 2010: KD 13,311 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 4,000 thousand (31 December 2010: KD 4,500 thousand and 31 March 2010: KD 6,000 thousand) in a subsidiary, Global Clearing House Systems K.S.C. (Closed) on a non-recourse basis. The net worth of this subsidiary at 31 March 2011 is negative KD 45,546 thousand (31 December 2010: negative KD 46,180 thousand and 31 March 2010: negative KD 38,806 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 27,734 thousand have been pledged as collateral against this loan.

Hedge of net investments in foreign operations

Included in interest bearings loans at 31 March 2011 are loans denominated in US\$ (hedging instrument) of US\$ 204,644 thousand (31 December 2010: US\$ 242,644 thousand and 31 March 2010: US\$ 785,000 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 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 gain arising on translation of the hedging instruments amounting KD 859 thousand (31 March 2010: foreign exchange loss of KD 1,584 thousand) were taken directly to other comprehensive income (Hedging reserve).

9 DISPOSAL OF INVESTMENT IN A SUBSIDIARY

Effective 1 January 2011, the Parent Company sold its entire equity interest of 49% in Agility W.L.L. ("Agility Qatar"), an entity incorporated in Qatar, to Gulf Warehousing Company Q.S.C. ("GWC Qatar") in exchange for a total sale consideration of KD 14,093 thousand which comprises of cash consideration of KD 892 thousand (included in "Other current assets" as at 31 March 2011) and shares in GWC Qatar (a company listed on Qatar Stock Exchange) amounting to KD 13,201 thousand (7,170,732 shares valued at Qatari Riyal 24 per share). As a result of the above, the Parent Company realised a gain of KD 7,914 thousand. The 7,170,732 shares in GWC Qatar (received as sale consideration) has been treated as financial assets available for sale (Note 5) and accounted for in accordance with International Accounting Standard 39 ("Financial Instruments: Recognition and Measurement").

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 31 March 2011 (Unaudited)

9 DISPOSAL OF INVESTMENT IN A SUBSIDIARY (continued)

	<i>KD 000's</i>
Assets (including cash and cash equivalents of KD 916 thousand)	16,672
Liabilities	(5,237)
Net assets relating to Agility Qatar	11,435
Non controlling interests	(5,256)
	6,179
Total sale consideration	14,093
Gain on disposal of investment in Agility Qatar	7,914

10 TAXATION

	<i>Three months ended 31 March</i>	
	<i>2011 KD 000's</i>	<i>2010 KD 000's</i>
National labour support tax (NLST)	206	460
Kuwait Foundation for the Advancement of Sciences (KFAS)	83	184
Zakat	83	184
Taxation on overseas subsidiaries	1,357	538
	1,729	1,366

11 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 31 March</i>	
	<i>2011 KD 000's</i>	<i>2010 KD 000's</i>
Profit for the period attributable to equity holders of the Parent Company	7,704	17,588
	<i>Shares</i>	<i>Shares</i>
Weighted average number of paid up shares	1,046,836,709	1,046,836,709
Weighted average number of treasury shares	(39,358,640)	(39,358,640)
Weighted average number of outstanding shares	1,007,478,069	1,007,478,069
Basic and diluted earnings per share	7.65 fils	17.46 fils

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2011 (Unaudited)

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	31 March 2011 KD 000's	(Audited) 31 December 2010 KD 000's	31 March 2010 KD 000's
Letters of guarantee	97,111	88,869	85,027
Operating lease commitments	41,712	41,609	45,988
Capital commitments	7,521	7,834	10,169
	<u>146,344</u>	<u>138,312</u>	<u>141,184</u>

Included in letters of guarantee are bank guarantees for KD 31,405 thousand (31 December 2010: KD 31,405 thousand and 31 March 2010: KD 31,372 thousand), provided by a bank on behalf of the subsidiary, Global Clearing House Systems K.S.C. (Closed), to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group. The net worth of the subsidiary at 31 March 2011 is negative KD 45,546 thousand (31 December 2010: negative KD 46,180 thousand and 31 March 2010: negative KD 38,806 thousand). 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. In March 2011, ICA issued a Statement of Objections against the same group of companies and held an oral hearing on the case on 3 May 2011. The decision of the ICA is expected within 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 the second half of 2011.

As at 31 March 2011, 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.

During the year ended 31 December 2010, a subsidiary of the Parent Company reached a settlement agreement with the New Zealand Commerce Commission (which was approved by the New Zealand High Court), in connection with the Surcharge Investigation, to pay a civil fine of KD 525 thousand (NZ Dollars 2,500 thousand). This amount was paid during the three month period ended 31 March 2011.

Furthermore, a subsidiary of the Parent Company executed a plea agreement with the US Government in connection with the Surcharge Investigation whereby the subsidiary agreed to pay a civil fine of KD 193 thousand (US Dollars 688 thousand) to close the investigation. The settlement agreement is subject to approval of the Court.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 31 March 2011 (Unaudited)

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(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 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 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, which issued another resolution No. 1/2007 to terminate the same contracts being the subject of the previous resolution.

The Parent Company again protested against the above resolution through case No. 36/2007 and stated, 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 rulings, that the resolution is void, because it was 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 resolution issued by the Public Authority of Industry, because it was based on wrong objects and that 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.

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

(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 violations against which a portion of the bank guarantee provided was encashed, are non-contractual violations, and in accordance with the law, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2011 (Unaudited)

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

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

13 PROPOSED DIVIDEND

On 31 March 2011, the Board of Directors of the Parent Company recommended a cash dividend of 40 fils per share in respect of the year ended 31 December 2010. This proposal is subject to approval by the shareholders at the annual general assembly of the Parent Company (Note 1).

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:

	<i>Three month ended 31 March</i>				
	<i>2011 KD 000's</i>	<i>2010 KD 000's</i>			
Interim condensed consolidated income statement					
Purchases (net of discounts)	-	10,428			
	<i>Major shareholders KD 000's</i>	<i>Other related parties KD 000's</i>	<i>31 March 2011 KD 000's</i>	<i>(Audited) 31 December 2010 KD 000's</i>	<i>31 March 2010 KD 000's</i>
Interim condensed consolidated statement of financial position					
Advance to a related party	5,000	-	5,000	5,000	-
Amounts due from related parties	47	-	47	66	-
Amounts due to related parties	-	23,115	23,115	23,710	27,435

Advance to a related party amounting to KD 5,000 thousand (31 December 2010: KD 5,000 and 31 March 2010: KD Nil) represents amount paid to acquire an investment which is in the process of being formalised as at the reporting date.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 31 March 2011 (Unaudited)

14 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

	<i>Three month ended 31 March</i>	
	<i>2011 KD 000's</i>	<i>2010 KD 000's</i>
Short-term benefits	411	650
Share-based payments	-	600
	<u>411</u>	<u>1,250</u>

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.

Three months ended 31 March 2011	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Total KD 000's</i>
Revenue				
External customers	294,056	24,454	-	318,510
Inter-segment	5,155	1,196	(6,351)	-
Total revenue	<u>299,211</u>	<u>25,650</u>	<u>(6,351)</u>	<u>318,510</u>
Results				
Segment profit	<u>6,155</u>	<u>7,516</u>	<u>(1,948)</u>	<u>11,723</u>
Interest income				1,343
Finance costs				(2,134)
Profit before taxation and Directors' remuneration				10,932
Taxation and Directors' remuneration				(1,773)
Profit for the period				<u>9,159</u>

Included in the segment profit under "logistics and related services" above is an amount of KD 7,914 thousand which represents gain on disposal of investment in a subsidiary.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

As at 31 March 2011 (Unaudited)

15 OPERATING SEGMENT INFORMATION (continued)

Three months ended 31 March 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>Total KD 000's</i>
Revenue				
External customers	385,747	17,379	-	403,126
Inter-segment	25,394	3,860	(29,254)	-
Total revenue	<u>411,141</u>	<u>21,239</u>	<u>(29,254)</u>	<u>403,126</u>
Results				
Segment profit	<u>16,741</u>	<u>4,785</u>	<u>(3,074)</u>	<u>18,452</u>
Interest income				2,871
Finance costs				<u>(3,060)</u>
Profit before taxation and Directors' remuneration				18,263
Taxes and Directors' remuneration				<u>(1,408)</u>
Profit for the period				<u>16,855</u>