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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

30 JUNE 2008 (UNAUDITED)

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

Introduction
We have reviewed the accompanying interim condensed consolidated balance sheet of The Public Warehousing Company K.S.C. (the "Parent Company") and Subsidiaries (the "Group") as at 30 June 2008 and the related interim condensed consolidated statements of income for the three month and six month periods then ended and the related statement of changes in shareholders' equity and cash flows for the six month period then ended. The Directors of the Parent Company are 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 9 (e) to the interim condensed consolidated financial information, during the year ended 31 December 2006, a performance guarantee amounting to KD 10.1 million was called by a counterparty in relation to non performance of obligations under a contract operated by a subsidiary of the Group and encashed during the year ended 31 December 2007. The amount was not expensed in the audited consolidated financial statements for the year ended 31 December 2006, which in our opinion, is not in accordance with International Financial Reporting Standards. Accordingly, other current assets and retained earnings should be decreased by KD 10.1 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 THE PUBLIC WAREHOUSING COMPANY K.S.C. (continued)

Emphasis of matter
Without further qualifying our conclusion, we draw attention to the commitments and contingencies explained in note 9 (a), (b) and (c) to the interim condensed consolidated financial information.

Report on Other Legal and Regulatory Requirements
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company have occurred during the six month period ended 30 June 2008 that might have had a material effect on the business of the Parent Company or on its financial position.

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14 August 2008

Kuwait

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2008 (Unaudited)

	Notes	***30 June 2008 KD '000s***	*(Audited) 31 December 2007 KD '000s*	*30 June 2007 KD '000s*
ASSETS				
Cash and bank balances	3	**269,197**	247,082	284,879
Trade receivables		**340,572**	346,026	312,310
Inventories		**75,567**	66,120	60,814
Investments available for sale		**109,606**	93,530	1,043
Investment properties	4	**210,309**	204,656	200,092
Projects in progress		**43,592**	30,588	21,841
Property, plant and equipment		**209,495**	209,294	200,354
Intangible assets		**16,533**	17,941	19,163
Goodwill		**207,655**	204,248	207,511
Other assets	5	**139,877**	116,537	103,089
TOTAL ASSETS		**1,622,403**	1,536,022	1,411,096
LIABILITIES AND EQUITY				
LIABILITIES				
Trade and other payables		**368,876**	346,604	335,269
Taxes payable		**8,458**	6,672	13,829
Dividends payable to shareholders		**7,715**	4,135	31,683
Interest bearing loans and borrowings	6	**425,354**	319,188	234,041
Bonds		**28,240**	28,650	29,457
Provision for employees' end of service benefits		**17,649**	15,758	13,784
Other liabilities		**30,464**	30,372	26,853
Total liabilities		**886,756**	751,379	684,916
EQUITY				
Share capital	10	**104,684**	95,167	95,167
Share premium		**152,650**	152,650	152,650
Statutory reserve		**47,584**	47,584	39,653
Treasury shares	7	**(34,774)**	(1,035)	(378)
Treasury shares reserve		**45,337**	43,534	43,534
Foreign currency translation reserve		**(33,717)**	(17,858)	(2,183)
Investment revaluation reserve		**(602)**	(599)	(595)
Retained earnings		**424,864**	437,456	371,729
Equity attributable to equity holders of the Parent Company		**706,026**	756,899	699,577
Minority interests		**29,621**	27,744	26,603
Total equity		**735,647**	784,643	726,180
TOTAL LIABILITIES AND EQUITY		**1,622,403**	1,536,022	1,411,096

Tarek Abdul Aziz Sultan
Chairman and Managing Director

The accompanying notes 1 to 12 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2008 (Unaudited)

		Three months ended 30 June		*Six months ended 30 June*	
		2008	*2007*	***2008***	*2007*
	Notes	***KD '000s***	*KD '000s*	***KD '000s***	*KD '000s*
Revenue:					
Logistics and freight forwarding revenues		**436,470**	397,986	**858,986**	764,858
Rental revenues		**6,686**	5,545	**13,167**	11,195
Other services		**18,907**	14,693	**33,043**	23,100
Total revenue		**462,063**	418,224	**905,196**	799,153
Cost of revenue		**(298,996)**	(268,410)	**(584,187)**	(514,096)
Net revenue		**163,067**	149,814	**321,009**	285,057
Operating expenses:					
General and administrative expenses		**(41,654)**	(35,964)	**(78,411)**	(70,017)
Salaries and employee benefits		**(69,904)**	(57,774)	**(140,596)**	(109,350)
Depreciation and amortisation		**(10,793)**	(12,475)	**(22,563)**	(23,719)
Total operating expenses		**(122,351)**	(106,213)	**(241,570)**	(203,086)
Profit from operations		**40,716**	43,601	**79,439**	81,971
Other income:					
Change in fair value of investment properties	4	**-**	-	**4,072**	6,725
Interest income		**4,694**	4,352	**10,594**	8,952
Miscellaneous income		**434**	1,129	**1,158**	1,975
Total other income		**5,128**	5,481	**15,824**	17,652
Finance costs		**(5,479)**	(5,047)	**(12,712)**	(9,734)
Profit for the period before income tax, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration		**40,365**	44,035	**82,551**	89,889
Income tax		**(1,144)**	(826)	**(1,500)**	(1,219)
Contribution to KFAS		**(320)**	(402)	**(713)**	(834)
NLST		**(918)**	(821)	**(1,901)**	(1,891)
Zakat		**(368)**	-	**(762)**	-
Directors' remuneration		**(38)**	(44)	**(83)**	(88)
PROFIT FOR THE PERIOD		**37,577**	41,942	**77,592**	85,857
Attributable to:					
Equity holders of the Parent Company		**35,125**	38,565	**72,661**	80,282
Minority interests		**2,452**	3,377	**4,931**	5,575
		37,577	41,942	**77,592**	85,857
BASIC AND DILUTED EARNINGS PER SHARE	8	**33.80 fils**	36.85 fils	**69.96 fils**	76.75 fils

The accompanying notes 1 to 12 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2008 (Unaudited)

	Note	*Six months ended 30 June* 2008 KD '000s	2007 KD '000s
OPERATING ACTIVITIES			
Profit for the period before income tax, KFAS, NLST, Zakat and Directors' remuneration		**82,551**	89,889
Adjustments for:			
Provision for employees' end of service benefits		**3,860**	3,060
Depreciation and amortisation		**22,563**	23,719
Provision for doubtful trade receivables		**1,897**	691
Change in fair value of investment properties		**(4,072)**	(6,725)
Interest income		**(10,593)**	(8,952)
Finance costs		**12,712**	9,734
Miscellaneous income		**(1,158)**	(561)
Operating profit before changes in operating assets and liabilities		**107,760**	110,855
Trade receivables		**4,345**	(31,823)
Inventories		**(9,447)**	(1,578)
Other assets		**(19,266)**	(38,555)
Trade and other payables		**18,895**	30,079
Cash from operations		**102,287**	68,978
Income tax paid		**(1,614)**	(1,493)
Payments in respect of KFAS and Zakat		**(1,726)**	-
Directors' remuneration paid		**(200)**	(88)
Employees' end of service benefits paid		**(1,969)**	(2,474)
Net cash from operating activities		**96,778**	64,923
INVESTING ACTIVITIES			
Net movement in investments available for sale		**(16,079)**	-
Purchase of investment properties		**(1,582)**	(4,855)
Additions to projects in progress		**(13,005)**	(5,998)
Purchase of property, plant and equipment		**(23,087)**	(30,241)
Acquisition of subsidiaries, net of cash acquired		**(1,317)**	(20,752)
Contingent consideration paid in respect of prior period acquisitions		**(592)**	-
Interest received		**8,647**	8,952
Proceeds from disposal of a subsidiary		**557**	685
Acquisition of additional interest in subsidiaries		**(4,464)**	(2,590)
Net movement in deposits with original maturities exceeding three months		**(74,132)**	17,523
Net cash used in investing activities		**(125,054)**	(37,276)
FINANCING ACTIVITIES			
Dividends paid to shareholders of the Parent Company		**(72,554)**	(42,325)
Dividends paid to minority shareholders of subsidiaries		**(5,075)**	-
Finance cost paid		**(9,803)**	(9,734)
Net movement in interest bearing loans and borrowings		**105,755**	8,974
Proceeds from sale of treasury shares		**15,338**	3,276
Purchase of treasury shares		**(47,274)**	-
Net cash used in financing activities		**(13,613)**	(39,809)
Foreign currency translation adjustments		**(10,128)**	(438)
DECREASE IN CASH AND CASH EQUIVALENTS		**(52,017)**	(12,600)
Cash and cash equivalents at 1 January		**189,889**	199,613
CASH AND CASH EQUIVALENTS AT 30 JUNE	3	**137,872**	187,013

The accompanying notes 1 to 12 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2008 (Unaudited)

	Attributable to equity holders of the Parent Company									*Minority*	
	Share capital KD '000s	*Share premium KD '000s*	*Statutory reserve KD '000s*	*Treasury shares KD '000s*	*Treasury shares reserve KD '000s*	*Foreign currency translation reserve KD '000s*	*Investment revaluation reserve KD '000s*	*Retained earnings KD '000s*	*Sub total KD '000s*	*interest KD '000s*	*Total KD '000s*
Balance at 1 January 2008	95,167	152,650	47,584	(1,035)	43,534	(17,858)	(599)	437,456	756,899	27,744	784,643
Change in fair value of investments available for sale	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Foreign currency translation adjustments	-	-	-	-	-	(15,859)	-	-	(15,859)	1,181	(14,678)
Total expense and income for the period recognised directly in equity	-	-	-	-	-	(15,859)	(3)	-	(15,862)	1,181	(14,681)
Profit for the period	-	-	-	-	-	-	-	72,661	72,661	4,931	77,592
Total expense and income for the period	-	-	-	-	-	(15,859)	(3)	72,661	56,799	6,112	62,911
Issue of bonus shares (Note 10)	9,517	-	-	-	-	-	-	(9,517)	-	-	-
Dividends paid (Note 10)	-	-	-	-	-	-	-	(76,134)	(76,134)	(5,075)	(81,209)
Sale of treasury shares	-	-	-	13,535	1,803	-	-	-	15,338	-	15,338
Purchase of treasury shares	-	-	-	(47,274)	-	-	-	-	(47,274)	-	(47,274)
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	2,248	2,248
Effect of sale of investment in subsidiaries	-	-	-	-	-	-	-	398	398	(182)	216
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	(1,226)	(1,226)
Balance at 30 June 2008	**104,684**	**152,650**	**47,584**	**(34,774)**	**45,337**	**(33,717)**	**(602)**	**424,864**	**706,026**	**29,621**	**735,647**
Balance at 1 January 2007	79,306	152,650	39,653	(3,038)	42,918	(1,745)	(309)	378,682	688,117	17,400	705,517
Change in fair value of investments available for sale	-	-	-	-	-	-	(286)	-	(286)	-	(286)
Foreign currency translation adjustments	-	-	-	-	-	(438)	-	-	(438)	646	208
Total expense and income for the period recognised directly in equity	-	-	-	-	-	(438)	(286)	-	(724)	646	(78)
Profit for the period	-	-	-	-	-	-	-	80,282	80,282	5,575	85,857
Total expense and income for the period	-	-	-	-	-	(438)	(286)	80,282	79,558	6,221	85,779
Issue of bonus shares (Note 10)	15,861	-	-	-	-	-	-	(15,861)	-	-	-
Dividends paid (Note 10)	-	-	-	-	-	-	-	(71,374)	(71,374)	(2,940)	(74,314)
Sale of treasury shares	-	-	-	2,660	616	-	-	-	3,276	-	3,276
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	8,512	8,512
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	(2,590)	(2,590)
Balance at 30 June 2007	95,167	152,650	39,653	(378)	43,534	(2,183)	(595)	371,729	699,577	26,603	726,180

The accompanying notes 1 to 12 form part of this interim condensed consolidated financial information.

1 INCORPORATION AND ACTIVITIES

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

The activities of the Parent Company and its subsidiaries (the "Group") are as follows:

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

The address of the Parent Company is Al Sulaibiya - beside Land Customs Clearing Area - P.O. Box 25418, Safat 13115, Kuwait.

The interim condensed consolidated financial information was authorised for issue by the Parent Company's Board of Directors on 14 August 2008.

2 BASIS OF PRESENTATION

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

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 2007.

The interim condensed consolidated financial information does not contain all information and disclosures as required for full financial statements that are prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six month period ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008. For more details please refer to the consolidated financial statements for the year ended 31 December 2007.

3 CASH AND BANK BALANCES

	30 June 2008 KD '000s	*(Audited) 31 December 2007 KD '000s*	*30 June 2007 KD '000s*
Cash in hand and at banks	**71,625**	71,887	60,539
Short term deposits	**66,247**	118,002	126,474
Cash and cash equivalents	**137,872**	189,889	187,013
Deposits with original maturities exceeding three months	**131,325**	57,193	97,866
	269,197	247,082	284,879

4 INVESTMENT PROPERTIES

During the six months ended 30 June 2008, the Parent Company revalued an investment property with a cost of KD 56 thousand. As at 30 June 2008, the fair value of the investment property is KD 4,128 thousand, resulting in a gain of KD 4,072 thousand recorded in the interim condensed consolidated income statement.

Included in investment properties is a property with a carrying value of KD 8,596 thousand, including revaluation gains of KD 665 thousand recorded in prior periods, that is subject to ongoing litigation arising from a claim filed by the Parent Company and counter claims against the Parent Company with respect to certain lease contracts, which have been cancelled by the counterparty during the year ended 31 December 2006 (Note 9 (c)).

5 OTHER ASSETS

Included in other assets is an amount of KD 30,734 thousand (31 December 2007: KD 30,734 thousand and 30 June 2007: Nil) which represents an advance payment made by the Group to acquire a strategic investment.

6 INTEREST BEARING LOANS AND BORROWINGS

	30 June 2008 KD '000s	*(Audited) 31 December 2007 KD '000s*	*30 June 2007 KD '000s*
Loan of US$ 525,000 thousand obtained from a club of foreign banks which carries interest at LIBOR plus 0.9% margin and is repayable in May 2011.	**139,020**	-	-
Loan of US$ 200,000 thousand obtained from a foreign bank which carries interest at LIBOR plus 0.8% margin and is repayable in November 2009.	**52,772**	-	-
Loan of US$ 100,000 thousand obtained from a foreign bank which carries interest at LIBOR plus 1.09% margin and is repayable in April 2012.	**26,480**	-	-
Total loan of US$ 550,000 thousand obtained from a foreign bank which carries interest at LIBOR plus margin ranging from 0.7% to 1%. This loan was settled during the quarter ended 30 June 2008.	-	80,807	158,433
Loan of KD 100,000 thousand borrowed from a local bank in October 2007 which carries interest at KIBOR plus 2.5% and is repayable in four quarterly instalments commencing from April 2008.	**75,000**	100,000	-
Loan of US$ 250,000 thousand borrowed from a local bank in October 2007 which carries interest at LIBOR plus 2.25% and is repayable in October 2008.	**66,200**	68,250	-
Loan of US$ 60,000 thousand borrowed from a local bank in 2003 which carries interest at LIBOR plus 0.75% and is repayable in quarterly instalments commencing from September 2005.	**10,280**	11,562	13,215

6 INTEREST BEARING LOANS AND BORROWINGS (continued)

Loan of US$ 40,000 thousand borrowed from a local bank in 2003 which carries interest at LIBOR plus 0.75% and is repayable in quarterly instalments commencing from April 2007. This loan was settled during the quarter ended 30 June 2008.	-	7,020	9,047
Others	**55,602**	51,549	53,346
	425,354	319,188	234,041

The Parent Company obtained the following loans during the months of April and May 2008:

1. Revolving credit facility of US$ 525,000 thousand (equivalent to KD 139,858 thousand) from a club of banks;
2. Bilateral revolving credit facility of US$ 200,000 thousand (equivalent to KD 53,267 thousand); and
3. Bilateral term loan of US$ 100,000 thousand (equivalent to KD 26,635 thousand).

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

	Current portion ***KD '000s***	*Non-current Portion* ***KD '000s***	*Total* ***KD '000s***
Balance at 30 June 2008	**173,481**	**251,873**	**425,354**
Balance at 31 December 2007	218,964	100,224	319,188
Balance at 30 June 2007	111,485	122,556	234,041

Included in interest bearing loans and borrowings are loans amounting to KD 27,339 thousand (31 December 2007: KD 21,387 thousand and 30 June 2007: KD 16,298 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 and borrowings is an amount of KD 9,500 thousand (31 December 2007: KD 10,500 thousand and 30 June 2007: KD 12,000 thousand) in a subsidiary - Global Clearing House Systems K.S.C. (Closed) on a non-recourse basis. The net worth of this subsidiary at 30 June 2008 is negative KD 18,981 thousand. The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand at the balance sheet date. Assets of the subsidiary amounting to KD 24,217 thousand have been pledged as collateral against this loan.

7 TREASURY SHARES

	30 June 2008	*(Audited) 31 December 2007*	*30 June 2007*
Number of treasury shares	**30,681,140**	853,991	340,200
Percentage of issued shares	**2.93%**	0.09%	0.04%
Market value in KD '000s	**36,817**	1,196	517
Cost in KD '000s	**34,774**	1,035	378

8 BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 30 June		*Six months ended 30 June*	
	2008 Shares	*2007 Shares (Restated)*	***2008 Shares***	*2007 Shares (Restated)*
Weighted average number of shares outstanding	**1,046,836,709**	1,046,836,709	**1,046,836,709**	1,046,836,709
Weighted average number of treasury shares	**(7,730,330)**	(374,220)	**(8,263,743)**	(825,696)
Weighted average number of shares outstanding, net of treasury shares	**1,039,106,379**	1,046,462,489	**1,038,572,966**	1,046,011,013
	KD '000s	*KD '000s*	***KD '000s***	*KD '000s*
Profit attributable to equity holders of the Parent Company	**35,125**	38,565	**72,661**	80,282
Basic and diluted earnings per share	**33.80 fils**	36.85 fils	**69.96 fils**	76.75 fils

Basic and diluted earnings per share for 2007 have been restated due to the issue of bonus shares following approval by the shareholders at the annual general assembly held on 13 May 2008 (Note 10).

9 COMMITMENTS AND CONTINGENCIES

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

	30 June 2008 KD '000s	*(Audited) 31 December 2007 KD '000s*	*30 June 2007 KD '000s*
Letters of guarantee	**172,629**	121,167	128,009
Operating lease commitments	**29,830**	31,590	38,075
Capital commitments	**3,349**	12,355	20,579
Documentary letters of credit	**2,340**	-	348
	208,148	165,112	187,011

9 COMMITMENTS AND CONTINGENCIES (continued)

Included in letters of guarantee are bank guarantees for KD 31,372 thousand, provided by a bank on behalf of the subsidiary, Global Clearing House Systems K.S.C. (Closed), to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group. The net book value of the subsidiary at 30 June 2008 is negative KD18,981 thousand. The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand. During the year ended 31 December 2007, the Department of Customs called a guarantee of KD 10,092 thousand. As further explained below, the subsidiary did not charge this payment to the income statement.

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

Legal claims

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

As at 30 June 2008, the Parent Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigation and, as no formal allegations have yet been made, the management has concluded that no provision is considered necessary in the accompanying interim condensed consolidated financial information.

(b) Freight forwarding business - investigation
In October 2007, certain subsidiaries in the Group received formal notifications from the competition authorities of the EU, the United States, Canada and New Zealand confirming that they are being investigated as part of an industry-wide investigation into the setting of surcharges and fees by the freight forwarders. These subsidiaries are fully cooperating with these authorities.

As at 30 June 2008, the Group's management (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigations and as no formal allegations have yet been made against these subsidiaries, the management has concluded that no provision is considered necessary in the accompanying interim condensed consolidated financial information.

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

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

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

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

9 COMMITMENTS AND CONTINGENCIES (continued)

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

The Parent Company has not recognised any revenue on the aforementioned contracts since 1 January 2007.

On 9 January 2007 the Ministry of Finance terminated the Al-Jahra Fish, Meat and Vegetables Market Project Contract with the Parent Company following the Resolution issued by the Council of Ministers No. 2/2007. The

Parent Company appealed against this resolution through Case No. 200/2007 Administrative -3. The Court of First Instance cancelled the resolution No. 2/2007 issued by the Ministry of Finance.

In January 2008, the Court of Appeal ruled in favour of the Parent Company whereby Al-Jahra Fish, Meat and Vegetables Market Project Contract is to be given back to the Parent Company. The Court of Appeal also ruled out that the Parent Company be compensated for losses and expenses that arose as a result of this case.

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

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

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

In the opinion of the Company's external legal consulting firms, the violations against which a portion of the bank guarantee provided has been encashed, are non-contractual violations, and in accordance with the law, believe that a verdict shall be issued in favour of the Company to return the encashed portion of the guarantee plus interest of 7%. The Parent Company holds a 60.6% investment in this Company. Management believes that this matter is incidental and will be resolved in the courts during 2008 and, accordingly, no expense has been recorded in the accompanying interim condensed consolidated financial information.

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

10 SHARE CAPITAL AND ANNUAL GENERAL ASSEMBLY

On 13 May 2008, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2007 and approved a cash dividend of 80 fils per share (2007: 90 fils per share) and bonus shares at 10% (equivalent to 10 shares per 100 shares held) (2007: 20 shares per 100 shares held).

10 SHARE CAPITAL AND ANNUAL GENERAL ASSEMBLY (continued)

On 25 May 2008, the shareholders at the extra ordinary general assembly meeting of the Parent Company, approved the increase in authorised share capital from 951,669,735 shares to 1,284,754,150 shares (nominal value of each share is 100 fils).

The issue of bonus shares resulted in increase in the authorised, issued and paid up share capital by 95,166,970 shares from 951,669,735 shares as at 31 December 2007 to 1,046,836,705 shares as at June 30 2008.

11 RELATED PARTY TRANSACTIONS

As per the International Accounting Standard (IAS) 24 "Related party disclosures", related parties represent shareholders, directors and key management personnel of the Group, and companies which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions and balances with related parties are as follows:

	Six months ended 30 June 2008				*(Audited)*	
	Major shareholders KD '000s	*Associates KD '000s*	*Other related parties KD '000s*	***Total KD '000s***	*Year ended 31 December 2007 KD '000s*	*Six months ended 30 June 2007 KD '000s*
Interim condensed consolidated income statement						
Purchases (net of discounts)	-	-	21,767	**21,767**	42,713	22,342
Fees for management Services	-	-	-	-	-	2
Interim condensed consolidated balance sheet						
Amounts due (from) to related parties	(1,139)	-	10,762	**9,623**	14,488	3,979

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

Compensation of key management personnel

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

	Six months ended 30 June 2008 KD '000s	*Six months ended 30 June 2007 KD '000s*
Short-term benefits	**359**	374
Employees' end of service benefits	**72**	153
Share-based payments	**1,950**	1,950
	2,381	2,477

12 SEGMENT REPORTING

The Group's efforts to re-organise and integrate its business activities were substantially completed during later part of 2007. However, internal reporting systems are not fully in place to facilitate the process of segment reporting.

Therefore, for the current period, geographic segments continue to be determined to be the primary segments for the purpose of segmental reporting.

For the year ending 31 December 2008, management expects the internal reporting systems to be in place after which the primary segments will be the business segments as follows:

- Global Integrated Logistics (GIL);

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

- Defence and Government Services (DGS); and

  The DGS segment provides logistics and freight services to clients mainly consisting of government, civilian and military agencies and other international multi-lateral organisations.

- Investments

  The investments segment provides other services which include but not limited to trade facilitation, real-estate and private equity projects.

12 SEGMENT REPORTING (continued)

The Group operates in different geographical areas. A geographical analysis based on location of assets and liabilities is as follows:

Six months ended **30 June 2008**	*Asia KD '000s*	*Europe KD '000s*	*America KD '000s*	*Africa KD '000s*	*Total before inter-group elimination KD '000s*	*Inter-group elimination KD '000s*	*Total KD '000s*
Income	589,017	270,590	117,939	15,016	992,562	(83,294)	909,268
Expenses	492,708	270,172	134,053	12,118	909,051	(83,294)	825,757
Segment results	96,309	418	(16,114)	2,898	83,511	-	83,511
Interest income							10,594
Finance costs							(12,712)
Miscellaneous income							1,158
Taxes (Income tax and NLST)							(3,401)
Unallocated corporate charges							(1,558)
Profit for the period							77,592

Six months ended 30 June 2007	*Asia KD '000s*	*Europe KD '000s*	*America KD '000s*	*Africa KD '000s*	*Total before inter-group elimination KD '000s*	*Inter-group elimination KD '000s*	*Total KD '000s*
Income	497,586	275,990	76,235	6,399	856,210	(50,332)	805,878
Expenses	394,640	276,771	89,943	6,160	767,514	(50,332)	717,182
Segment results	102,946	(781)	(13,708)	239	88,696	-	88,696
Interest income							8,952
Finance costs							(9,734)
Miscellaneous income							1,975
Taxes (Income tax and NLST)							(3,110)
Unallocated corporate charges							(922)
Profit for the period							85,857