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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

ERNST & YOUNG

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

Albazie & Co.
Member of RSM International
Public Accountants
Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait
T + 965 22410010
F + 965 22412761
www.albazie.com

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C. [formerly The Public Warehousing Company K.S.C.] (the "Parent Company") and Subsidiaries (the "Group") as at 30 September 2010 and the related interim condensed consolidated statements of income and comprehensive income for the three month and nine month periods then ended, and the related interim condensed consolidated statements of cash flows and changes in equity for the nine month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As further discussed in note 11(d) to the interim condensed consolidated financial information, during the year ended 31 December 2006, a performance guarantee amounting to KD 10.1 million was called by a counterparty in relation to non performance of obligations under a contract operated by a subsidiary of the Group and encashed during the year ended 31 December 2007. The amount was not expensed in the audited consolidated financial statements for the year ended 31 December 2006, which in our opinion, is not in accordance with International Financial Reporting Standards. We qualified our opinion in this regard on the consolidated financial statements for the years ended 31 December 2006, 2007, 2008 and 2009. During the year ended 31 December 2009, the expert department of the Ministry of Justice issued a report on this matter which stated that the verdict should be issued in favour of the subsidiary in respect of most of the issues arising from the case. Pending final court ruling on this matter, in our opinion, other current assets should be decreased by KD 10.1 million and retained earnings attributable to the equity holders of the Parent Company should be decreased by KD 6.1 million and non-controlling interests should be decreased by KD 4.0 million.

Qualified conclusion

Except for the effect of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Albazie & Co.
Member of RSM International

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

Emphasis of matter

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

Furthermore, we draw attention to the contingencies relating to investigation into the freight forwarding business and termination of lease agreements, as fully explained in Note 11 (a) and (b) respectively, to the interim condensed consolidated financial information.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Parent Company during the period ended 30 September 2010 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
OF ERNST & YOUNG

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

11 November 2010

Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2010 (Unaudited)

	Notes	***30 September 2010 KD 000's***	*(Audited) 31 December 2009 KD 000's*	*30 September 2009 KD 000's*
ASSETS				
Non-current assets				
Property, plant and equipment		**251,322**	256,818	231,849
Projects in progress		**25,983**	44,446	59,616
Investment properties	4	**214,223**	214,149	214,577
Intangible assets		**11,214**	13,051	13,661
Goodwill		**270,592**	267,097	251,552
Financial assets available for sale	5	**119,223**	120,052	118,281
Other non-current assets		**49,872**	48,762	47,155
Total non-current assets		**942,429**	964,375	936,691
Current assets				
Inventories		**18,438**	66,345	70,718
Trade receivables		**337,249**	340,456	308,758
Other current assets		**103,362**	98,824	109,790
Bank balances and cash	6	**193,609**	314,173	348,230
Total current assets		**652,658**	819,798	837,496
TOTAL ASSETS		**1,595,087**	1,784,173	1,774,187
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)	(38,426)
Treasury shares reserve		**44,366**	44,366	44,366
Foreign currency translation reserve		**1,018**	(1,166)	(2,150)
Hedging reserve		**(19,201)**	(16,947)	(16,702)
Investment revaluation reserve		**(584)**	(584)	(585)
Retained earnings		**654,523**	645,246	604,370
Equity attributable to equity holders of the Parent Company		**950,171**	940,964	900,549
Non controlling interests		**9,857**	11,972	16,395
Total equity		**960,028**	952,936	916,944
LIABILITIES				
Non-current liabilities				
Interest bearing loans	8	**59,270**	258,596	214,356
Provision for employees' end of service benefits		**20,284**	20,623	20,611
Other non-current liabilities		**42,270**	45,977	41,454
Total non-current liabilities		**121,824**	325,196	276,421
Current liabilities				
Trade and other payables		**423,074**	406,212	402,869
Interest bearing loans	8	**78,922**	94,357	172,591
Dividends payable		**11,239**	5,472	5,362
Total current liabilities		**513,235**	506,041	580,822
Total liabilities		**635,059**	831,237	857,243
TOTAL EQUITY AND LIABILITIES		**1,595,087**	1,784,173	1,774,187

Tarek Abdul Aziz Sultan
Chairman and Managing Director

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2010 (Unaudited)

		Three months ended 30 September		*Nine months ended 30 September*	
	Notes	***2010 KD 000's***	*2009 KD 000's*	***2010 KD 000's***	*2009 KD 000's*
Revenues					
Logistics and freight forwarding revenues		**384,166**	389,758	**1,169,510**	1,163,629
Rental revenues		**7,643**	7,646	**23,503**	22,822
Other services		**14,061**	16,145	**44,061**	48,133
Total revenues		**405,870**	413,549	**1,237,074**	1,234,584
Cost of revenues		**(285,776)**	(257,291)	**(854,670)**	(767,096)
Net revenues		**120,094**	156,258	**382,404**	467,488
Operating expenses					
General and administrative expenses		**(37,282)**	(38,864)	**(113,503)**	(115,938)
Salaries and employee benefits		**(57,246)**	(62,807)	**(180,755)**	(190,098)
Depreciation		**(9,887)**	(10,935)	**(31,558)**	(33,268)
Amortisation		**(611)**	(611)	**(1,834)**	(1,833)
Total operating expenses		**(105,026)**	(113,217)	**(327,650)**	(341,137)
Profit from operations		**15,068**	43,041	**54,754**	126,351
Other income					
Interest income		**680**	3,666	**5,547**	11,255
Miscellaneous income		**3,836**	276	**3,747**	1,126
Total other income		**4,516**	3,942	**9,294**	12,381
Finance costs		**(2,523)**	(4,287)	**(8,657)**	(14,019)
Profit for the period before taxation and Directors' remuneration		**17,061**	42,696	**55,391**	124,713
Taxation	9	**(3,001)**	(2,640)	**(6,431)**	(7,237)
Directors' remuneration		**(43)**	(43)	**(131)**	(131)
PROFIT FOR THE PERIOD		**14,017**	40,013	**48,829**	117,345
Attributable to:					
Equity holders of the Parent Company		**13,895**	40,556	**49,576**	115,551
Non controlling interests		**122**	(543)	**(747)**	1,794
		14,017	40,013	**48,829**	117,345
BASIC AND DILUTED EARNINGS PER SHARE	10	**13.79 fils**	40.33 fils	**49.21 fils**	115.33 fils

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2010 (Unaudited)

	Three months ended 30 September		*Nine months ended 30 September*	
	2010	*2009*	***2010***	*2009*
	KD 000's	*KD 000's*	***KD 000's***	*KD 000's*
Profit for the period	**14,017**	40,013	**48,829**	117,345
Other comprehensive income:				
Foreign currency translation adjustments	**(6,035)**	1,731	**2,050**	26,462
Net gain (loss) on hedge of net investments (Note 8)	**1,491**	468	**(2,254)**	(8,383)
Net change in fair value of cash flow hedge	**-**	373	**-**	635
Net changes in fair value of financial assets available for sale	**-**	-	**-**	33
Other comprehensive income	**(4,544)**	2,572	**(204)**	18,747
Total comprehensive income for the period	**9,473**	42,585	**48,625**	136,092
Attributable to:				
Equity holders of the Parent Company	**9,449**	43,291	**49,506**	134,056
Non controlling interests	**24**	(706)	**(881)**	2,036
	9,473	42,585	**48,625**	136,092

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the period ended 30 September 2010 (Unaudited)

	Note	*Nine months ended 30 September* **2010** **KD 000's**	*2009* *KD 000's*
OPERATING ACTIVITIES			
Profit for the period before taxation and Directors' remuneration		**55,391**	124,713
Adjustments for:			
Provision for impairment of trade receivables		**2,865**	3,863
Provision for employees' end of service benefits		**7,401**	6,203
Foreign currency exchange (gain) loss		**(1,287)**	2,563
Depreciation		**31,558**	33,268
Amortisation		**1,834**	1,833
Provision for share linked compensation and incentive plans		**2,400**	3,600
Interest income		**(5,547)**	(11,255)
Finance costs		**8,657**	14,019
Miscellaneous income (net)		**(3,869)**	(1,765)
Operating profit before changes in working capital		**99,403**	177,042
Inventories		**47,882**	2,244
Trade receivables		**(2,214)**	24,479
Other current assets		**(2,600)**	(9,186)
Trade and other payables		**16,713**	9,829
Cash from operations		**159,184**	204,408
Taxation paid		**(2,073)**	(5,689)
Payment made against share linked compensation and incentive plans		**(2,525)**	(5,560)
Directors' remuneration paid		**(140)**	-
Employees' end of service benefits paid		**(7,191)**	(4,678)
Net cash from operating activities		**147,255**	188,481
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		**1,173**	(161)
Additions to property, plant and equipment, net of disposals		**15,803**	(8,815)
Other investments		**(7,302)**	-
Additions to projects in progress		**(16,266)**	(30,008)
Addition of investment properties		**(74)**	(1,664)
Acquisition of subsidiaries, net of cash acquired		**-**	(2,290)
Deferred consideration paid in respect of prior period acquisitions		**(5,180)**	(263)
Contingent consideration paid in respect of prior period acquisitions		**(2,339)**	(3,093)
Proceeds from disposal of a subsidiary		**(344)**	-
Acquisition of additional interest in subsidiaries		**(113)**	(11,878)
Interest income received		**10,529**	6,258
Net movement in deposits with original maturities exceeding three months		**62,041**	(118,211)
Net cash from (used in) investing activities		**57,928**	(170,125)
FINANCING ACTIVITIES			
Receipt from minority shareholders as a result of additional share capital issued by the subsidiaries		**-**	294
Purchase of treasury shares		**-**	(5,042)
Proceeds from sale of treasury shares		**-**	16,057
Net movement in treasury shares of subsidiary		**(352)**	-
Net movement in interest bearing loans		**(219,106)**	(43,754)
Finance cost paid		**(9,176)**	(13,109)
Dividends paid to equity holders of the Parent Company		**(34,617)**	(359)
Dividends paid to non-controlling interests		**(496)**	(23)
Net cash used in financing activities		**(263,747)**	(45,936)
Net foreign exchange differences		**41**	4,174
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(58,523)**	(23,406)
Cash and cash equivalents at 1 January		**125,846**	154,574
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	**67,323**	131,168

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010 (Unaudited)

	Attributable to equity holders of the Parent Company											
	Share capital KD 000's	*Share premium KD 000's*	*Statutory reserve KD 000's*	*Treasury shares KD 000's*	*Treasury shares reserve KD 000's*	*Foreign currency translation reserve KD 000's*	*Hedging reserve KD 000's*	*Investment revaluation reserve KD 000's*	*Retained earnings KD 000's*	*Sub total KD 000's*	*Non controlling interests KD 000's*	*Total equity KD 000's*
As at 1 January 2010	104,684	152,650	52,342	(39,627)	44,366	(1,166)	(16,947)	(584)	645,246	940,964	11,972	952,936
Profit for the period	-	-	-	-	-	-	-	-	49,576	49,576	(747)	48,829
Other comprehensive income	-	-	-	-	-	2,184	(2,254)	-	-	(70)	(134)	(204)
Total comprehensive income for the period	-	-	-	-	-	2,184	(2,254)	-	49,576	49,506	(881)	48,625
Dividends (Note 12)	-	-	-	-	-	-	-	-	(40,299)	(40,299)	(496)	(40,795)
Disposal of investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	(738)	(738)
At 30 September 2010	**104,684**	**152,650**	**52,342**	**(39,627)**	**44,366**	**1,018**	**(19,201)**	**(584)**	**654,523**	**950,171**	**9,857**	**960,028**
As at 1 January 2009	104,684	152,650	52,342	(48,431)	43,356	(28,370)	(8,954)	(618)	488,819	755,478	30,921	786,399
Profit for the period	-	-	-	-	-	-	-	-	115,551	115,551	1,794	117,345
Other comprehensive income	-	-	-	-	-	26,220	(7,748)	33	-	18,505	242	18,747
Total comprehensive income for the period	-	-	-	-	-	26,220	(7,748)	33	115,551	134,056	2,036	136,092
Sale of treasury shares	-	-	-	15,047	1,010	-	-	-	-	16,057	-	16,057
Purchase of treasury shares	-	-	-	(5,042)	-	-	-	-	-	(5,042)	-	(5,042)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,856)	(16,856)
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	294	294
At 30 September 2009	**104,684**	**152,650**	**52,342**	**(38,426)**	**44,366**	**(2,150)**	**(16,702)**	**(585)**	**604,370**	**900,549**	**16,395**	**916,944**

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

1 CORPORATE INFORMATION

Agility Public Warehousing Company K.S.C. [formerly Public Warehousing Company K.S.C.] (the "Parent Company") is a Kuwaiti shareholding company incorporated in 1979, and listed on Kuwait Stock Exchange and Dubai Stock Exchange. The address of the Parent Company's Head office is Sulaibia, beside Land Customs Clearing Area, P.O. Box 25418, Safat 13115, Kuwait. The Group operates under the brand name of "Agility".

The main objectives of the Parent Company are as follows:

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

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

The interim condensed consolidated financial information was authorised for issue by the Parent Company's Board of Directors on 11 November 2010.

2 SUBSISTENCE PRIME VENDOR AND OTHER CONTRACTS - US INVESTIGATION

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

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

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

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

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

Due to inherent uncertainty surrounding these cases, no provision is recorded by the management in the interim condensed consolidated financial information. The Parent Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the cases.

3 BASIS OF PREPARATION

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

The interim condensed consolidated financial information does not contain all information and disclosures as required for full consolidated financial statements that are prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine month period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010. For more details please refer to the consolidated financial statements for the year ended 31 December 2009.

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

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2009, except for the adoption of the following new standards effective from 1 January 2010:

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

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

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

4 INVESTMENT PROPERTIES

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

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

Included in investment properties is a property with a carrying value of KD 8,596 thousand (including revaluation gains of KD 665 thousand recorded in previous periods). This property is subject to ongoing litigation arising from a claim filed by and against the Parent Company with respect to certain lease contracts, which have been cancelled by the counterparty during the year ended 31 December 2006 (Note 11 (b)).

5 FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale amounting to KD 14,094 thousand (31 December 2009: KD 14,100 thousand and 30 September 2009: KD 14,086 thousand) are located in Kuwait. The balance of KD 105,129 thousand (31 December 2009: KD 105,952 thousand and 30 September 2009: KD 104,195 thousand) are located outside Kuwait.

6 BANK BALANCES AND CASH

	30 September 2010 KD 000's	*(Audited) 31 December 2009 KD 000's*	*30 September 2009 KD 000's*
Cash at banks and in hand	**53,998**	61,071	62,822
Short term deposits	**13,325**	64,775	68,346
Cash and cash equivalents	**67,323**	125,846	131,168
Deposits with original maturities exceeding three months	**126,286**	188,327	217,062
	193,609	314,173	348,230

Included in bank balances and cash are balances amounting to KD 117,457 thousand (31 December 2009: KD 76,439 thousand and 30 September 2009: KD 84,873 thousand) held by banks in Kuwait whereas the balance of KD 76,152 thousand (31 December 2009: KD 237,734 thousand and 30 September 2009: KD 263,357 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 2.75% to 3.63% per annum (31 December 2009: 3.7 % to 6.3 % per annum and 30 September 2009: 4.5% to 7.7% per annum).

7 TREASURY SHARES

	30 September 2010	*(Audited) 31 December 2009*	*30 September 2009*
Number of treasury shares	**39,358,640**	39,358,640	38,358,640
Percentage of issued shares	**3.76 %**	3.76%	3.66%
Market value in KD 000's	**20,466**	22,434	48,332
Cost in KD 000's	**39,627**	39,627	38,426

8 INTEREST BEARING LOANS

	30 September 2010 KD 000's	(Audited) 31 December 2009 KD 000's	30 September 2009 KD 000's
Committed Revolving Credit Facility of US$ 525,000 thousand obtained from a club of foreign banks in May 2008 and is repayable in May 2011. During the period, an amount of US$ 425,000 thousand was prepaid out of the above.	**28,607**	150,596	150,434
Committed Revolving Credit Facility of SGD 298,000 thousand obtained from a foreign bank in May 2008 and is repayable in October 2011. During the period an amount of SGD 103,000 thousand was prepaid out of the above.	**14,494**	57,716	61,141
Committed Term Loan of US$ 100,000 thousand obtained from a foreign bank in April 2008 and is repayable in instalments commencing from October 2009.	**23,227**	22,948	28,668
Uncommitted Loan of KD 100,000 thousand obtained from a local bank in October 2007 which was repaid in 2009.	-	-	25,000
Uncommitted Term Loan of KD 48,000 thousand obtained from a local bank and is repayable in semi-annual instalments commencing from June 2009.	**23,643**	31,364	39,203
Uncommitted Revolving Credit Facility of KD 20,000 thousand obtained from a local bank and the entire amount was repaid during the period .	-	20,000	20,000
Uncommitted Revolving Credit Facility of US$ 15,000 thousand obtained from a foreign bank. The entire amount was repaid during the period.	-	4,303	4,298
Committed Revolving Credit Facility of US$ 75,000 thousand obtained from a foreign bank. The entire amount was repaid during the period.	-	21,513	23,119
Other loans	**48,221**	44,513	35,084
	138,192	352,953	386,947

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 101,649 thousand (31 December 2009: KD 341,616 thousand and 30 September 2009: KD 386,947 thousand) carry margin ranging from 1% to 2.75% per annum (31 December 2009: 0.65% to 2.75% and 30 September 2009: 0.65% to 2.75%) over LIBOR.

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

8 INTEREST BEARING LOANS (continued)

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 September 2010	**78,922**	**59,270**	**138,192**
Balance at 31 December 2009 *(Audited)*	94,357	258,596	352,953
Balance at 30 September 2009	172,591	214,356	386,947

Included in interest bearing loans are loans amounting to KD 15,620 thousand (31 December 2009: KD 12,846 thousand and 30 September 2009: KD 15,638 thousand) which are held by subsidiaries in the Group. Trade receivables and certain other assets of the respective subsidiaries are pledged as collateral against these loans.

Included in interest bearing loans is an amount of KD 5,000 thousand (31 December 2009: KD 6,500 thousand and 30 September 2009: KD 7,000 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 September 2010 is negative KD 43,554 thousand. The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand at the reporting date. Certain assets of the subsidiary amounting to KD 26,901 thousand have been pledged as collateral against this loan.

Hedge of net investments in foreign operations

Included in interest bearings loans at 30 September 2010 are loans denominated in US$ (hedging instrument) of US$ 262,644 thousand (31 December 2009: USD 785,000 thousand and 30 September 2009: USD 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 loss arising on translation of the hedging instruments amounting KD 2,254 thousand (30 September 2009: KD 8,383 thousand) were taken directly to other comprehensive income (Hedging reserve).

9 TAXATION

	Three months ended 30 September		*Nine months ended 30 September*	
	2010 KD 000's	*2009 KD 000's*	***2010 KD 000's***	*2009 KD 000's*
National labour support tax (NLST)	**(364)**	(1,062)	**(1,298)**	(3,025)
Kuwait Foundation for the Advancement of Sciences (KFAS)	**(146)**	(425)	**(519)**	(1,210)
Zakat	**(146)**	(425)	**(519)**	(1,210)
Taxation on overseas subsidiaries	**(2,345)**	(728)	**(4,095)**	(1,792)
	(3,001)	(2,640)	**(6,431)**	(7,237)

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 September		*Nine months ended 30 September*	
	2010	*2009*	***2010***	*2009*
	KD 000's	*KD 000's*	***KD 000's***	*KD 000's*
Profit for the period attributable to equity holders of the Parent Company	**13,895**	40,556	**49,576**	115,551
	Shares	*Shares*	***Shares***	*Shares*
Weighted average number of paid up shares	**1,046,836,709**	1,046,836,709	**1,046,836,709**	1,046,836,709
Weighted average number of treasury shares	**(39,358,640)**	(41,147,852)	**(39,358,640)**	(44,893,805)
Weighted average number of outstanding shares	**1,007,478,069**	1,005,688,857	**1,007,478,069**	1,001,942,904
Basic and diluted earnings per share	**13.79 fils**	40.33 fils	**49.21 fils**	115.33 fils

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	30 September 2010	*(Audited) 31 December 2009*	*30 September 2009*
	KD 000's	*KD 000's*	*KD 000's*
Letters of guarantee	**111,857**	87,348	72,730
Operating lease commitments	**41,764**	44,462	32,714
Capital commitments	**10,638**	12,177	13,838
	164,259	143,987	119,282

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

Included in letters of guarantee are bank guarantees for KD 31,405 thousand, provided by a bank on behalf of the subsidiary, Global Clearing House Systems K.S.C. (Closed), to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group. The net worth of the subsidiary at 30 September 2010 is negative KD 43,553 thousand. The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand. During the year ended 31 December 2007, the Department of Customs called a guarantee of KD 10,092 thousand. As further explained below, the subsidiary did not charge this payment to the statement of income.

Legal claims

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

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

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

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

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

In June 2010, the New Zealand Commerce Commission issued a draft statement of Claim against the Parent Company in connection with the Surcharge Investigation. In August 2010, a subsidiary reached a settlement agreement with the commission under which, the subsidiary agreed to a civil fine of NZD 2,500,000. The settlement agreement requires the approval of the Court to be final.

In September 2010, a subsidiary executed a Plea agreement with the US Government with respect to the Surcharge Investigation under which, the subsidiary agreed to a fine of USD 687,960 to resolve the matter. The settlement agreement requires the approval of the Court to be final..

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

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

The Parent Company protested against this order through case No. 940/2006 "Administrative". In the Hearing held on 25 December 2006, the Court of first instance pronounced its ruling to repeal the aforesaid Resolution of the Minister of Commerce & Industry and its resultant impacts, this 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, who issued a new resolution No. 1/2007 to terminate the same contracts being the subject of the previous Resolution.

11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

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

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

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

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

In January 2008, the Court of Appeal ruled in favour of the Parent Company whereby Al-Jahra Fish, Meat and Vegetables Market Contract is to be given back to the Parent Company. The Court of Appeal also ruled out that the Parent Company be compensated for losses and expenses that arose as a result of this case. The Ministry of Finance filed an appeal against this rule which is pending resolution. As a result of the ruling the Parent Company resumed operation in the contract.

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

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

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

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

11 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 matters. The in-house legal counsel of the Group believes that such will not have a material adverse effect on the accompanying interim condensed consolidated financial information.

12 DIVIDEND

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

13 RELATED PARTY TRANSACTIONS

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

Transactions and balances with related parties are as follows:

	Major shareholders KD 000's	*Other related parties KD 000's*	***Nine months ended 30 September 2010 KD 000's***	*(Audited) Year ended 31 December 2009 KD 000's*	*Nine months ended 30 September 2009 KD 000's*
Interim condensed consolidated income statement					
Purchases (net of discounts)	-	**31,752**	**31,752**	46,742	34,889
Interim condensed consolidated statement of financial position					
Amounts due (from) / to related parties	**(4,886)**	**26,625**	**21,739**	26,920	30,866

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

Compensation of key management personnel

	Nine month ended 30 September ***2010 KD 000's***	*2009 KD 000's*
Short-term benefits	**1,905**	1,971
Share-based payments	**1,200**	1,800
	3,105	3,771

14 OPERATING SEGMENT INFORMATION

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

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

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

Nine months ended 30 September 2010	*Logistics and related services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	***Consolidated KD 000's***
Revenue				
External customers	1,184,888	52,186	-	**1,237,074**
Inter-segment	60,456	9,514	(69,970)	-
Total revenue	1,245,344	61,700	(69,970)	**1,237,074**
Results				
Segment profit	51,134	10,671	(7,051)	**54,754**
Miscellaneous Income				**3,747**
Interest income				**5,547**
Finance costs				**(8,657)**
Profit before taxation and Directors' Remuneration				**55,391**
Taxation and Directors' remuneration				**(6,562)**
Profit for the period				**48,829**

Nine months ended 30 September 2009	*Logistics and related services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenue				
External customers	1,854,472	94,112	-	1,234,584
Inter-segment	84,600	6,484	(91,084)	-
Total revenue	1,270,072	55,596	(91,084)	1,234,584
Results				
Segment profit	122,157	7,259	(3,065)	126,351
Miscellaneous income				1,126
Interest income				11,255
Finance costs				(14,019)
Profit before taxes and directors' remuneration				124,713
Taxes and directors' remuneration				(7,368)
Profit for the period				117,345

Included in logistics and related revenue is an amount of KD 927,370 thousand (Nine months ended 30 September 2009: KD 530,549 thousand) and KD 317,974 thousand (Nine months ended 30 September 2009: KD 484,849 thousand) generated by the Group from providing logistics services to commercial and government institutions, respectively.