

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**PERIOD ENDED 30 SEPTEMBER 2011  
(UNAUDITED)**

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011 (Unaudited)

		(Audited)	
		30 September 2011	31 December 2010
		KD 000's	KD 000's
	Notes		30 September 2010
			KD 000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>205,036</b>	238,385
Projects in progress		<b>25,195</b>	24,945
Investment properties	4	<b>217,614</b>	214,368
Intangible assets		<b>8,908</b>	9,318
Goodwill		<b>241,838</b>	245,665
Financial assets available for sale	5	<b>157,538</b>	112,240
Other non-current assets		<b>52,469</b>	44,475
<b>Total non-current assets</b>		<b>908,598</b>	889,396
<b>Current assets</b>			
Inventories		<b>14,248</b>	12,475
Trade receivables		<b>286,973</b>	289,724
Other current assets		<b>88,244</b>	99,243
Bank balances and cash	6	<b>129,088</b>	203,760
<b>Total current assets</b>		<b>518,554</b>	605,202
<b>TOTAL ASSETS</b>		<b>1,427,151</b>	1,494,598
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		<b>104,684</b>	104,684
Share premium		<b>152,650</b>	152,650
Statutory reserve		<b>52,342</b>	52,342
Treasury shares	7	<b>(41,741)</b>	(39,627)
Treasury shares reserve		<b>44,366</b>	44,366
Foreign currency translation reserve		<b>(27,236)</b>	(14,223)
Hedging reserve		<b>(16,569)</b>	(17,785)
Investment revaluation reserve		<b>5,577</b>	15
Retained earnings		<b>613,547</b>	654,523
<b>Equity attributable to equity holders of the Parent Company</b>		<b>887,620</b>	912,476
Non controlling interests		<b>6,509</b>	9,857
<b>Total equity</b>		<b>894,128</b>	921,867
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest bearing loans	8	<b>40,524</b>	59,563
Provision for employees' end of service benefits		<b>18,317</b>	19,590
Other non-current liabilities		<b>36,482</b>	35,518
<b>Total non-current liabilities</b>		<b>95,323</b>	114,671
<b>Current liabilities</b>			
Trade and other payables		<b>377,340</b>	382,168
Interest bearing loans	8	<b>52,500</b>	69,152
Dividends payable		<b>7,860</b>	6,740
<b>Total current liabilities</b>		<b>437,700</b>	458,060
<b>Total liabilities</b>		<b>533,023</b>	572,731
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,427,151</b>	1,494,598

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 30 September 2011 (Unaudited)

	<i>Notes</i>	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Revenues</b>					
Logistics and freight forwarding revenues		<b>302,403</b>	384,166	899,450	1,169,510
Rental revenues		<b>8,055</b>	7,643	23,418	23,503
Other services		<b>19,328</b>	14,061	56,007	44,061
<b>Total revenues</b>		<b>329,786</b>	405,870	978,875	1,237,074
<b>Cost of revenues</b>		<b>(238,269)</b>	(285,776)	(707,296)	(854,670)
<b>Net revenues</b>		<b>91,517</b>	120,094	271,579	382,404
<b>Operating expenses</b>					
General and administrative expenses		<b>(28,487)</b>	(37,261)	(77,250)	(113,458)
Salaries and employee benefits		<b>(51,331)</b>	(57,246)	(154,565)	(180,755)
Depreciation		<b>(7,250)</b>	(9,887)	(23,153)	(31,558)
Amortisation		<b>(137)</b>	(611)	(409)	(1,834)
<b>Total operating expenses</b>		<b>(87,205)</b>	(105,005)	(255,378)	(327,605)
<b>Profit from operations</b>		<b>4,312</b>	15,089	16,201	54,800
Interest income		<b>1,369</b>	680	3,563	5,547
Gain on disposal of investment in a subsidiary	9	<b>(311)</b>	-	8,204	-
Miscellaneous income		<b>7,449</b>	3,836	10,005	3,747
Finance costs		<b>(1,710)</b>	(2,543)	(5,588)	(8,702)
<b>Profit for the period before taxation and Directors' remuneration</b>		<b>11,109</b>	17,061	32,385	55,392
Taxation	10	<b>(1,643)</b>	(3,001)	(4,986)	(6,431)
Directors' remuneration		<b>(44)</b>	(44)	(131)	(131)
<b>PROFIT FOR THE PERIOD</b>		<b>9,422</b>	14,017	27,267	48,829
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>8,054</b>	13,895	23,584	49,576
Non controlling interests		<b>1,368</b>	122	3,683	(747)
		<b>9,422</b>	14,017	27,267	48,829
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	11	<b>8.04fils</b>	13.79 fils	<b>23.47 fils</b>	49.21 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 30 September 2011 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2011 KD 000's</i>	<i>2010 KD 000's</i>	<i>2011 KD 000's</i>	<i>2010 KD 000's</i>
<b>Profit for the period</b>	<b>9,422</b>	14,017	27,267	48,829
<b>Other comprehensive (loss) income:</b>				
Foreign currency translation adjustments	(5,657)	(6,035)	(13,364)	2,050
Net gain (loss) on hedge of net investments (Note 8)	(107)	1,491	1,215	(2,254)
Net changes in fair value of financial assets available for sale	144	-	5,562	-
Other comprehensive income (loss)	(5,620)	(4,544)	(6,587)	(204)
<b>Total comprehensive income for the period</b>	<b>3,802</b>	9,473	20,680	48,625
<b>Attributable to:</b>				
Equity holders of the Parent Company	2,505	9,449	17,348	49,506
Non controlling interests	1,296	24	3,332	(881)
	<b>3,802</b>	9,473	20,680	48,625

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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2011 (Unaudited)

		<i>Nine months ended</i> <i>30 September</i>	
	<i>Notes</i>	<b>2011</b> <b>KD 000's</b>	<b>2010</b> <b>KD 000's</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period before taxation and Directors' remuneration		32,385	55,391
Adjustments for:			
Provision for impairment of trade receivables		909	2,865
Provision for employees' end of service benefits		6,671	7,401
Foreign currency exchange (gain) loss		617	(1,287)
Depreciation		23,153	31,558
Amortisation		409	1,834
Provision for share linked compensation and incentive plans		-	2,400
Interest income		(3,563)	(5,547)
Finance costs		5,589	8,657
Gain on disposal of investment in a subsidiary	9	8,204	-
Miscellaneous income		(10,005)	(3,869)
Operating profit before changes in working capital		47,962	99,403
Inventories		(2,153)	47,882
Trade receivables		(4,628)	(2,214)
Other current assets		(4,085)	(2,600)
Trade and other payables		(4,109)	16,713
Cash from operations		32,988	159,184
Taxation paid		(2,693)	(2,073)
Payment made against share linked compensation and incentive plans		(20)	(2,525)
Directors' remuneration paid		(160)	(140)
Employees' end of service benefits paid		(5,820)	(7,191)
Net cash from operating activities		24,296	147,255
<b>INVESTING ACTIVITIES</b>			
Net movement in financial assets available for sale		(15,181)	1,173
Additions to property, plant and equipment, net of disposals		(406)	15,803
Other investments			(7,302)
Additions to projects in progress		(4,915)	(16,266)
Additions to investment properties		(456)	(74)
Deferred consideration paid in respect of prior period acquisitions		(2,239)	(5,180)
Contingent consideration paid in respect of prior period acquisitions			(2,339)
Acquisition of additional interest in subsidiaries			(113)
Disposal of subsidiaries, net of cash disposed	9	(916)	(344)
Interest income received		3,666	10,529
Net movement in deposits with original maturities exceeding three months		49,590	62,041
Net cash from investing activities		29,142	57,928
<b>FINANCING ACTIVITIES</b>			
Purchase of treasury shares		(2,126)	-
Net movement in treasury shares of a subsidiary			(352)
Net movement in interest bearing loans		(30,410)	(219,106)
Finance cost paid		(5,673)	(9,176)
Dividends paid to equity holders of the Parent Company		(38,970)	(34,617)
Dividends paid to non controlling interests		(357)	(496)
Net cash used in financing activities		(77,536)	(263,747)
Net foreign exchange differences		(983)	41
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		90,775	125,846
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	6	<b>65,694</b>	<b>67,323</b>

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 CHANGES IN EQUITY**  
For the period ended 30 September 2011 (Unaudited)

	Attributable to equity holders of the Parent Company									Non controlling interests	Total equity	
	Share capital KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Treasury shares KD 000's	Treasury shares reserve KD 000's	Foreign currency translation reserve KD 000's	Hedging reserve KD 000's	Investment revaluation reserve KD 000's	Retained earnings KD 000's	Sub total KD 000's	KD 000's	KD 000's
As at 1 January 2011	104,684	152,650	52,342	(39,627)	44,366	(14,223)	(17,785)	15	630,054	912,476	9,391	921,867
Profit for the period	-	-	-	-	-	-	-	-	23,584	23,584	3,683	27,267
Other comprehensive (loss) income	-	-	-	-	-	(13,013)	1,215	5,562	-	(6,236)	(351)	(6,587)
Total comprehensive (loss) income for the period	-	-	-	-	-	(13,013)	1,215	5,562	23,584	17,348	3,332	20,680
Dividend (Note 13)	-	-	-	-	-	-	-	-	(40,091)	(40,091)	-	(40,091)
Purchase of treasury shares	-	-	-	(2,114)	-	-	-	-	-	(2,114)	-	(2,114)
Disposal of investment in a subsidiary (Note 9)	-	-	-	-	-	-	-	-	-	-	(5,857)	(5,857)
Dividends to non controlling interests	-	-	-	-	-	-	-	-	-	-	(357)	(357)
<b>As at 30 September 2011</b>	<b>104,684</b>	<b>152,650</b>	<b>52,342</b>	<b>(41,741)</b>	<b>44,366</b>	<b>(27,236)</b>	<b>(16,569)</b>	<b>5,577</b>	<b>613,547</b>	<b>887,620</b>	<b>6,509</b>	<b>894,128</b>
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 (loss)	-	-	-	-	-	2,184	(2,254)	-	-	(70)	(134)	(204)
Total comprehensive income (loss) for the period	-	-	-	-	-	2,184	(2,254)	-	49,576	49,506	(881)	48,625
Dividend (Note 13)	-	-	-	-	-	-	-	-	(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

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

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

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 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 14 November 2011.

### 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.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 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 nine month period ended 30 September 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)].

### 5 FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale amounting to KD 13,523 thousand (31 December 2010: KD 13,013 thousand and 30 September 2010: KD 14,094 thousand) are located in Kuwait. The balance of KD 144,015 thousand (31 December 2010: KD 99,227 thousand and 30 September 2010: KD 105,129 thousand) are located outside Kuwait.

Included in financial assets available for sale is an amount of KD 107,445 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 entered into a binding agreement with the shareholders of Korek Telecom to acquire a 44% equity stake in Korek Telecom. A joint venture was formed by the Parent Company and France Telecom with equity stakes of 54% and 46% respectively to acquire the interest in Korek Telecom.



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2011 (Unaudited)

### 5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

During the current period, the Parent Company acquired shares in Gulf Warehousing Company Q.S.C. valued at 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>30 September 2011</i>	<i>(Audited) 31 December 2010</i>	<i>30 September 2010</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Cash at banks and in hand	<b>33,217</b>	44,384	53,998
Short term deposits	<b>32,477</b>	46,391	13,325
<b>Cash and cash equivalents</b>	<b>65,694</b>	90,775	67,323
Deposits with original maturities exceeding three months	<b>63,394</b>	112,985	126,286
	<b>129,088</b>	203,760	193,609

Included in bank balances and cash are balances amounting to KD 84,282 thousand (31 December 2010: KD 69,565 thousand and 30 September 2010: KD 117,457 thousand) held by banks in Kuwait whereas the balance of KD 44,806 thousand (31 December 2010: KD 134,195 thousand and 30 September 2010: KD 76,152 thousand) are held by foreign banks situated outside Kuwait.

Short term deposits (with original maturities up to three months) are placed for varying periods of one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Term deposits (deposits with original maturities exceeding three months) earn interest ranging from - 2% to 2.625% per annum (31 December 2010: 3% to 3.63% per annum and 30 September 2010: 2.75% to 3.63% per annum).

### 7 TREASURY SHARES

	<i>30 September 2011</i>	<i>(Audited) 31 December 2010</i>	<i>30 September 2010</i>
Number of treasury shares	<b>45,068,640</b>	39,358,640	39,358,640
Percentage of issued shares	<b>4.31%</b>	3.76%	3.76 %
Market value in KD 000's	<b>13,971</b>	20,466	20,466
Cost in KD 000's	<b>41,741</b>	39,627	39,627

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2011 (Unaudited)

### 8 INTEREST BEARING LOANS

	<b>30 September 2011</b>	<i>(Audited)</i> <b>31 December 2010</b>	<b>30 September 2010</b>
	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>
Committed Revolving Credit Facility of US\$ 525,000 thousand obtained from a club of foreign banks in May 2008 which was fully repaid during the period.	-	28,060	28,607
Committed Revolving Credit Facility of SGD 298,000 thousand obtained from a foreign bank in May 2008 and is repayable in October 2011.	<b>14,331</b>	14,465	14,494
Committed Term Loan of US\$ 100,000 thousand obtained from a foreign bank in April 2008 and is repayable in April 2012.	<b>16,518</b>	16,836	23,227
Uncommitted Term Loan of KD 48,000 thousand obtained from a local bank and is repayable in semi-annual instalments commencing from June 2009 which was fully repaid during the period.	-	23,190	23,643
Committed term loan of USD 81,000 thousand obtained from a local bank and is repayable in annual instalments commencing from December 2011	<b>22,299</b>	-	-
Other loans	<b>39,876</b>	46,164	48,221
	<b>93,024</b>	128,715	138,192

#### *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 85,328 thousand (31 December 2010: KD 116,251 thousand and 30 September 2010: KD 101,649 thousand) carry margin ranging from 1.69% to 2.75% per annum (31 December 2010: 1.09% to 3% per annum and 30 September 2010: 1% to 2.75% per annum) over the benchmark rates.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 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>
<b>Balance at 30 September 2011</b>	<b>52,500</b>	<b>40,524</b>	<b>93,024</b>
Balance at 31 December 2010 ( <i>Audited</i> )	69,152	59,563	128,715
Balance at 30 September 2010	78,922	59,270	138,192

Included in interest bearing loans are loans amounting to KD 11,909 thousand (31 December 2010: KD 14,546 thousand and 30 September 2010: KD 15,620 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 3,000 thousand (31 December 2010: KD 4,500 thousand and 30 September 2010: KD 5,000 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 2011 is negative KD 42,517 thousand (31 December 2010: negative KD 46,180 thousand and 30 September 2010: 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 29,573 thousand have been pledged as collateral against this loan.

#### ***Hedge of net investments in foreign operations***

Included in interest bearings loans at 30 September 2011 are loans denominated in US\$ (hedging instrument) of US\$ 141,000 thousand (31 December 2010: US\$ 242,644 thousand and 30 September 2010: US\$ 262,644 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 1,216 thousand (30 September 2010: foreign exchange loss of KD 2,254 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 13,782 thousand which comprises of cash consideration of KD 581 thousand (included in "Other current assets" as at 30 September 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 8,204 thousand. The 7,170,732 shares in GWC Qatar (received as sale consideration) are classified as financial assets available for sale (Note 5) and accounted for in accordance with International Accounting Standard 39 ("Financial Instruments: Recognition and Measurement

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 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)	<b>16,672</b>
Liabilities	<b>(5,237)</b>
Net assets relating to Agility Qatar	<b>11,435</b>
Non controlling interests	<b>(5,857)</b>
	<b>5,578</b>
Total sale consideration	<b>13,782</b>
<b>Gain on disposal of investment in Agility Qatar</b>	<b>8,204</b>

### 10 TAXATION

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<b>2011</b> <i>KD 000's</i>	<i>2010</i> <i>KD 000's</i>	<b>2011</b> <i>KD 000's</i>	<i>2010</i> <i>KD 000's</i>
National labour support tax (NLST)	<b>(211)</b>	(364)	<b>(617)</b>	(1,298)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	<b>(85)</b>	(146)	<b>(248)</b>	(519)
Zakat	<b>(85)</b>	(146)	<b>(248)</b>	(519)
Taxation on overseas subsidiaries	<b>(1,262)</b>	(2,345)	<b>(3,873)</b>	(4,095)
	<b>(1,643)</b>	(3,001)	<b>(4,986)</b>	(6,431)

### 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 30 September</i>		<i>Nine months ended 30 September</i>	
	<b>2011</b> <i>KD 000's</i>	<i>2010</i> <i>KD 000's</i>	<b>2011</b> <i>KD 000's</i>	<i>2010</i> <i>KD 000's</i>
Profit for the period attributable to equity holders of the Parent Company	<b>8,054</b>	13,895	<b>23,584</b>	49,576
	<b>Shares</b>	<i>Shares</i>	<b>Shares</b>	<i>Shares</i>
Weighted average number of paid up shares	<b>1,046,836,709</b>	1,046,836,709	<b>1,046,836,709</b>	1,046,836,709
Weighted average number of treasury shares	<b>(45,068,640)</b>	(39,358,640)	<b>(42,130,838)</b>	(39,358,640)
Weighted average number of outstanding shares	<b>1,001,768,068</b>	1,007,478,069	<b>1,004,705,871</b>	1,007,478,069
Basic and diluted earnings per share	<b>8.04 fils</b>	13.79 fils	<b>23.47 fils</b>	49.21 fils

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2011 (Unaudited)

### 12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	<i>30 September 2011</i>	<i>(Audited) 31 December 2010</i>	<i>30 September 2010</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Letters of guarantee	<b>95,323</b>	88,869	111,857
Operating lease commitments	<b>36,036</b>	41,609	41,764
Capital commitments	<b>7,355</b>	7,834	10,638
	<b><u>138,713</u></b>	<u>138,312</u>	<u>164,259</u>

Included in letters of guarantee are bank guarantees for KD 31,405 thousand (31 December 2010: KD 31,405 thousand and 30 September 2010: 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 2011 is negative KD 42,517 thousand (31 December 2010: negative KD 46,180 thousand and 30 September 2010: 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.

#### Legal claims

##### *(a) Freight forwarding business - investigation*

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

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

On 26 November 2009 the Italian competition authority (ICA) opened an investigation into the activities of some 20 freight forwarding companies, including Agility's subsidiary in Italy. The ICA issued its final decision on 15 June 2011, imposing a total fine of KD 55 thousand (Euro 139 thousand) on Agility.

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 expected in the second half of 2012.

As at 30 September 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 period ended 30 September 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.

As at 30 September 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 that, consistent with the previous ruling on similar matters by the Supreme Court and the Kuwait Court of Cessation, 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 purported violations against which a portion of the bank guarantee provided was encashed, are not in accordance with the contract, and a verdict shall be issued in favour of the Company to return the encashed portion of the guarantee plus interest of 7%. In 2009, the Company obtained a report from the expert department of Ministry of Justice on this matter which was in favour of the Company in respect of most of the issues arising from the case. Accordingly, no expense is recorded in the statement of income.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 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 DIVIDEND

On 8 June 2011, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2010 and approved a cash dividend of 40 fils per share (cash dividend of 40 fils per share in respect of the year ended 31 December 2009).

### 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>Nine month ended</i>		<i>30 September</i>		
	<i>2011</i>	<i>2010</i>			
	<i>KD 000's</i>	<i>KD 000's</i>			
<b>Interim condensed consolidated statement of income</b>					
Purchases (net of discounts)	-	31,752			
	<i>(Audited)</i>				
	<i>Major</i>	<i>Other related</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>shareholders</i>	<i>parties</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Interim condensed consolidated statement of financial position</b>					
Advance to a related party	5,000	-	<b>5,000</b>	5,000	5,000
Amounts due from related parties	20	-	<b>20</b>	66	-
Amounts due to related parties	-	23,264	<b>23,264</b>	23,710	21,739

Advance to a related party amounting to KD 5,000 thousand 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.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 September 2011 (Unaudited)

### 14 RELATED PARTY TRANSACTIONS (continued)

#### Compensation of key management personnel

	<i>Nine month ended 30 September</i>	
	<b>2011</b> <i>KD 000's</i>	<b>2010</b> <i>KD 000's</i>
Short-term benefits	<b>1,163</b>	1,905
Share-based payments	-	1,200
	<b>1,163</b>	3,105

### 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.

<b>Nine months ended 30 September 2011</b>	<i>Logistics and related services KD 000's</i>	<i>Infrastructure KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<b>Total KD 000's</b>
<b>Revenue</b>				
External customers	903,467	75,408	-	<b>978,875</b>
Inter-segment	16,346	2,970	(19,316)	-
<b>Total revenue</b>	<b>919,813</b>	<b>78,378</b>	<b>(19,316)</b>	<b>978,875</b>
<b>Results</b>				
Segment profit	8,855	29,209	(3,654)	<b>34,410</b>
Interest income				<b>3,563</b>
Finance costs				<b>(5,588)</b>
Profit before taxation and Directors' remuneration				<b>32,285</b>
Taxation and Directors' remuneration				<b>(5,118)</b>
<b>Profit for the period</b>				<b>27,267</b>

Included in the segment profit under "logistics and related services" above is an amount of KD 8,204 thousand which represents gain on disposal of investment in a subsidiary.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION

As at 30 September 2011 (Unaudited)

**15 OPERATING SEGMENT INFORMATION (continued)**

Nine months ended 30 September 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	1,155,434	81,640	-	1,237,074
Inter-segment	58,186	11,784	(69,970)	-
Total revenue	<u>1,213,620</u>	<u>93,424</u>	<u>(69,970)</u>	<u>1,237,074</u>
Results				
Segment profit	<u>48,994</u>	<u>17,207</u>	<u>(7,655)</u>	58,546
Miscellaneous income				
Interest income				5,547
Finance costs				(8,702)
Profit before taxation and Directors' remuneration				<u>55,391</u>
Taxes and Directors' remuneration				(6,562)
Profit for the period				<u>48,829</u>