Agility
A New Logistics Leader

Annual Report 2010


Agility

Contents


Agility

Board of Directors

Tarek Abdul Aziz Sultan Al-Essa
Chairman & Managing Director

Adel Mohammed Bader Al-Bader
Vice Chairman

Jameel Sultan Al-Essa
Board Member

Ayman Bader Sultan Al-Essa
Board Member

Naser Mohammed Fahed Al-Rashed
Board Member

Essam Khalil Mohammed Al-Rifae
Board Member

Henadi Anwar Essa Al-Saleh
Board Member

Chairman's Message

To Our Shareholders,

Agility entered 2010 recognizing that it would be a year of change and transition.

On the commercial side, we confronted the lingering effects of the global economic downturn and industry-wide pressure on margins. In our government business, we faced the expiration of our largest government contracts and an ongoing legal dispute with the U.S. Department of Justice.

In response, we moved aggressively to cut overhead and improve efficiency. We pushed forward with initiatives that will ultimately transform our commercial logistics business by standardizing processes and enhancing productivity. We took steps to ensure that our commercial business is more disciplined about costs and more focused on customers. Lastly, we strengthened our balance sheet by paying down debt and building our cash position.

In order to make these adjustments we incurred costs, as you will see in this report. There is additional work to be done, but those expenses are now largely behind us. The result today is an Agility that is leaner operationally and stronger financially, more disciplined about cost and more sharply focused on its core commercial business.

Financial Highlights

Agility reported a net profit of KD 25.11 million or 24.92 fils per share for 2010. Those figures represented an 84% decline from 2009 and included a net non-operating adjustment of KD 20.33 million, primarily for costs associated with workforce reduction and the winding down of U.S. government contracts. Net profit before those charges stood at KD 45.44 million for 2010.

Revenue remained relatively stable in 2010. Group revenue was KD 1,605.70 million, a 5.85% decline from 2009.

The results were in-line with our expectations. They make 2010 a revised base year for Agility. We're confident that the improvements we made to our cost structure, financial position and business processes will serve as a springboard to renewed growth and profitability.

We have continued to focus on the health of our balance sheet. By managing debt and cash prudently, we finished the year with a sufficient cash to operate our business without bank debt.

The Board of Directors proposed a cash dividend distribution of 40 fils per share for the fiscal year 2010.

Agility Business Groups

Agility's core commercial business, Global Integrated Logistics (GIL), is headquartered in Switzerland and provides supply chain solutions to customers of all sizes. Most of our focus in 2010 was on the productivity, growth and financial discipline of GIL.

Our Defense & Government Services (DGS) group, which provides logistics services to governments, relief agencies and international institutions worldwide, is now part of our Agility's Portfolio of Companies. The Agility Portfolio of Companies includes companies that offer infrastructure support in the areas of industrial real estate, customs optimization and ground handling services.

Global Integrated Logistics (GIL)

GIL accounted for 75% of Agility revenue in 2010. GIL revenue grew 17% year-on-year as a result of higher volumes, new customer wins and an increase in global economic activity. At the same time, GIL experienced an 8% decline in net revenue as margins throughout the logistics industry came under pressure from increased priced competition.

In 2010, we opened a state-of-the-art warehouse near Seoul, South Korea to meet growing demand for logistics services in the fairs and exhibitions sector. GIL also opened or expanded operations in Cambodia, Vietnam, New Zealand and the Australian state of Tasmania.

Business wins were significant. New clients included the leading global security specialist Gunnebo and Groupe Auchan. We expanded our business with existing customers, such as Chevron and Nokia, and formed a partnership with Linfox Logistics to offer services to major oil, gas and mining projects in remote areas of Australia. Our Project Logistics unit won a contract to transport 435 miles of line pipe for the Queensland Curtis LNG project, one of the largest coal seam gas projects ever in Australia. Fairs & Events was appointed preferred provider for the Adelaide Convention Center and managed the 2010 Commonwealth Games in Dehli, India, a massive event in which 8,000 athletes from 72 countries competed over 12 days. We celebrated the opening of a state-of-the-art chemical logistics hub in Shanghai to managed operations and distribution for Borouge in the Asian market.

Defense & Government Services (DGS)

Our Defense & Government Services (DGS) group, which accounted for 25%-35% of annual revenue in past years, shrank because of the U.S. troop drawdown in Iraq, the expiration of U.S. government contracts and

Chairman's Message (Contd.)

the constraints it faced as a result of the legal dispute with the U.S. Department of Justice. DGS revenue fell 45% year on year.

DGS focused on the orderly wind down and transition of expiring U.S. government contracts, collection of outstanding claims for work that it has performed, the reduction of its workforce, and the pursuit of non-U.S. government business. DGS is fulfilling its obligations under its remaining U.S. government contracts.

Agility Portfolio Group

Agility's Portfolio companies excluding DGS, formerly known as the Infrastructure companies, increased revenue by 11% in 2010. Real Estate remained the primary contributor to the group.

In addition to the Real Estate Company, the Portfolio group includes Global Clearinghouse Systems (GCS), a joint venture with the Kuwait General Administration for Customers (KGAC), is working to modernize and support Kuwait customs operations.

Gulf Catering Co. (GCC) provides life support services to remote locations. Its primary customers are military, government contractors, energy companies and mining interests.

National Aviation Services (NAS), an airline ground-handling company, provides ground support, passenger handling, cargo management, engineering and lounge services. NAS operates in Kuwait, Jordan and India and serves customers that include several global carriers.

The Metal and Recycling Co. (MRC) is one of the Middle East's leading providers of waste management, scrap trading and recycling solutions to industrial, commercial and government customers.

Corporate Citizenship

In a little more than a decade, Agility has grown from a local warehousing company to a global logistics provider. With a global presence has come a greater set of obligations. Agility has worked hard to better its communities, protect its workers and act as a responsible steward for the environment.
Agility's efforts in the area of corporate citizenship are captured in our first-ever corporate social responsibility report, ***Our Journey: Steps Taken and the Road Ahead***

The report summarizes the work we have done to:

- Support community investment and volunteer efforts that have touched 500,000 people.
- Take part in 22 emergency-response operations from Pakistan to Haiti.
- Work to help customers reduce their impact on the environment.

Our employees understand that our commitment to our communities, our people and the environment starts with them. Agility can't be a model corporate citizen if we don't live our values, address the needs of our communities, and find innovative ways to lighten our environmental footprint.

The Outlook

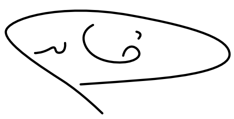
The changes we made to our business in 2010 put us in a position to better serve our commercial customers, achieve a higher return on the investments we've made in infrastructure, and capitalize on our unique competitive advantages, particularly in high-growth emerging markets.

We intend to look for additional ways to make productivity gains. GIL will continue to press ahead with vital business transformation initiatives and IT standardization that should increase efficiency across its network.

Our efforts to aggressively manage cost and free up cash have helped to boost cash flow from operations and free cash flow, important indicators of our financial health and signals that we are headed in the right direction.

Despite the difficulties we faced in 2010, Agility enters 2011 a stronger, more viable company.

I would like to thank you again for your support and trust during good and tough times. We remain committed to maximizing value for our stakeholders.



Tarek Abdul Aziz Sultan
Chairman & Managing Director

Auditors Report

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

RSM Albazie & Co.
Public Accountants
RSM Albazie & Co.
Kuwait Airways Building, 7th floor, Shuhada Street
P. O. Box 2115, Safat - 13022 State of Kuwait
T +965 22961000 F +965 22412761
mail@albazie.com www. albazie.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.
(FORMERLY THE PUBLIC WAREHOUSING COMPANY K.S.C.)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Agility Public Warehousing Company K.S.C. [formerly The Public Warehousing Company K.S.C.] (the "Parent Company") and Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as of 31 December 2010, and the consolidated income statement, consolidated statements of comprehensive income and changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The management of the Parent Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As further discussed in Note 29 (d) to the consolidated financial statements, during the year ended 31 December 2006, a performance guarantee amounting to KD 10.1 million was called by a counterparty in relation to non performance of obligations under a contract operated by a subsidiary of the Parent Company and encashed during the year ended 31 December 2007. The amount was not expensed in the consolidated financial statements in respect of the year ended 31 December 2006, which in our opinion, is not in accordance with International Financial Reporting Standards. We have qualified our audit opinions in this regard on the consolidated financial statements since 31 December 2006. In 2009, the expert department of the Ministry of Justice issued a report on this matter which stated that the verdict should be issued in favour of the subsidiary in respect of most of the issues arising from the case. Pending final court ruling on this matter, in our opinion, other current assets should be decreased by KD 10.1 million and retained earnings attributable to the equity holders of the Parent Company should be decreased by KD 6.1 million and non-controlling interests should be decreased by KD 4.0 million.

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

RSM Albazie & Co.
Public Accountants

RSM Albazie & Co.
Kuwait Airways Building, 7th floor, Shuhada Street
P. O. Box 2115, Safat - 13022 State of Kuwait
T +965 22961000 F +965 22412761
mail@albazie.com www. albazie.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C. (FORMERLY THE PUBLIC WAREHOUSING COMPANY K.S.C.) (Continued)

Report on the Consolidated Financial Statements (Continued)

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to:

(i) Note 2 to the consolidated financial statements which describes that the Parent Company was indicted by a federal grand jury in the United States of America ("US") on multiple counts of False Claims Act Violations. Furthermore, the United States Department of Justice also joined a civil qui tam lawsuit against the Parent Company under the False Claims Act. The indictment also includes certain subsidiaries of the Parent Company which were included in the indictment by the United States Department of Justice. The Department of Justice is claiming substantial damages for alleged violations in both the criminal and civil proceedings. Certain Group Companies (including the Parent Company) are suspended from bidding for new contracts or renewing the existing contracts with the US Government pending the outcome of the lawsuit. The Group generated a substantial portion of its business from the US Government contracts. Prolonged suspension will have a material impact on the Group's government related business. The Group is engaged in settlement discussions with the US Department of Justice. The ultimate outcome of the matters set out above cannot presently be determined, and therefore no provision has been made in the consolidated financial statements; and

(ii) Notes 29(a) and 29(b) to the consolidated financial statements which describe the contingencies relating to the investigation into the freight forwarding business and termination of lease agreements.

Our opinion is not qualified in respect of the matters set out above.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the Parent Company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the Parent Company's articles of association have occurred during the year ended 31 December 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 RSM Albazie & Co.

31 March 2010
Kuwait

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

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2

	Notes	2010 KD 000's	2009 KD 000's
ASSETS			
Non-current assets			
Property, plant and equipment	4	238,385	256,818
Projects in progress	5	24,945	44,446
Investment properties	6	214,368	214,149
Intangible assets	7	9,318	13,046
Goodwill	8,9	245,665	267,097
Financial assets available for sale	10	112,240	120,052
Other non-current assets		44,475	48,767
Total non-current assets		889,396	964,375
Current assets			
Inventories	11	12,475	66,345
Trade receivables	12	289,724	340,456
Other current assets	13	99,243	98,824
Bank balances and cash	14	203,760	314,173
Total current assets		605,202	819,798
TOTAL ASSETS		1,494,598	1,784,173
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	104,684	104,684
Share premium	15	152,650	152,650
Statutory reserve	15	52,342	52,342
Treasury shares	16	(39,627)	(39,627)
Treasury shares reserve		44,366	44,366
Foreign currency translation reserve		(14,223)	(1,166)
Hedging reserve		(17,785)	(16,947)
Investment revaluation reserve		15	(584)
Retained earnings		630,054	645,246
Equity attributable to equity holders of the Parent Company		912,476	940,964
Non-controlling interests		9,391	11,972
Total equity		921,867	952,936
LIABILITIES			
Non-current liabilities			
Interest bearing loans	17	59,563	258,596
Provision for employees' end of service benefits	18	19,590	20,623
Other non-current liabilities	19	35,518	45,977
Total non-current liabilities		114,671	325,196
Current liabilities			
Trade and other payables	20	382,168	406,212
Interest bearing loans	17	69,152	94,357
Dividends payable		6,740	5,472
Total current liabilities		458,060	506,041
Total liabilities		572,731	831,237
TOTAL EQUITY AND LIABILITIES		1,494,598	1,784,173

Tarek Abdul Aziz Sultan
Chairman and Managing Director

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Notes	2010 KD 000's	2009 KD 000's
Revenues			
Logistics and freight forwarding revenues	21	1,510,681	1,612,394
Rental revenues		31,220	30,452
Other services		63,801	62,596
Total revenues		1,605,702	1,705,442
Cost of revenues		(1,117,752)	(1,078,268)
Net revenues		487,950	627,174
Operating expenses			
General and administrative expenses	22	(165,802)	(156,676)
Salaries and employee benefits	23	(210,434)	(255,043)
Depreciation	4	(41,578)	(44,203)
Amortisation	7	(2,445)	(2,445)
Total operating expenses		(420,259)	(458,367)
Profit from operations		67,691	168,807
Change in fair value of investment properties	6	(177)	(441)
Interest income		6,784	14,722
Miscellaneous income (net)		4,095	1,265
Finance costs		(11,225)	(17,995)
Impairment losses	24	(35,450)	-
Profit for the year before taxation and Directors' remuneration		31,718	166,358
Taxation	25	(6,974)	(10,457)
Directors' remuneration		(176)	(140)
PROFIT FOR THE YEAR		24,568	155,761
Attributable to:			
Equity holders of the Parent Company		25,108	156,427
Non-controlling interests		(540)	(666)
		24,568	155,761
BASIC AND DILUTED EARNINGS PER SHARE	26	24.92 fils	155.90 fils

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	2010 KD 000's	2009 KD 000's
Profit for the year	24,568	155,761
Other comprehensive income:		
Foreign currency translation adjustments	(13,841)	27,508
Net loss on hedge of net investments (Note 17)	(838)	(7,993)
Net changes in fair value of financial assets available for sale	599	34
Other comprehensive (loss) income	(14,080)	19,549
Total comprehensive income for the year	10,488	175,310
Attributable to:		
Equity holders of the Parent Company	11,812	175,672
Non-controlling interests	(1,324)	(362)
	10,488	175,310

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 201

	Notes	2010 KD 000's	2009 KD 000's
OPERATING ACTIVITIES			
Profit for the year before taxation and Directors' remuneration		31,718	166,358
Adjustments for:			
Provision for impairment of trade receivables	12	26,155	4,799
Provision for employees' end of service benefits	18	9,690	8,460
Foreign currency exchange (gain) loss		(341)	2,706
Depreciation	4	41,578	44,203
Amortisation	7	2,445	2,445
Impairment losses	24	35,450	-
Provision for share linked compensation and incentive plans	30	-	4,800
Provisions no longer required written back	22, 23	(27,152)	-
Change in fair value of investment properties	6	177	441
Interest income		(6,784)	(14,722)
Finance costs		11,225	17,995
Miscellaneous income		(4,095)	(1,265)
		120,066	236,220
Working capital adjustments:			
Inventories		53,369	9,277
Trade receivables		16,316	(6,020)
Other current assets		(7,565)	(846)
Trade and other payables		4,676	15,525
		186,862	254,156
Taxation paid		(4,983)	(7,878)
Directors' remuneration paid		(140)	-
Payment made against share linked compensation and incentive plans	31	(2,651)	(4,318)
Employees' end of service benefits paid	18	(9,709)	(6,734)
Net cash flows from operating activities		169,379	235,226
INVESTING ACTIVITIES			
Net movement in financial assets available for sale		1,824	(1,992)
Additions to property, plant and equipment	4	(36,006)	(22,121)
Proceeds from disposal of property, plant and equipment		32,783	2,473
Additions to projects in progress	5	(4,177)	(39,953)
Additions to investment properties	6	(293)	(584)
Acquisition of subsidiaries, net of cash acquired		-	(17,844)
Disposal of subsidiaries, net of cash disposed		(1,402)	-
Contingent consideration paid in respect of prior period acquisitions		(2,417)	(3,093)
Deferred consideration paid in respect of prior period acquisitions		(5,282)	(675)
Acquisition of additional interest in subsidiaries		-	(12,444)
Interest income received		11,955	8,987
Net movement in deposits with original maturities exceeding three months		75,343	(89,476)
Net cash flows from (used in) investing activities		72,328	(176,722)
FINANCING ACTIVITIES			
Receipt from minority shareholders as a result of additional share capital issued by the subsidiaries		-	294
Purchase of treasury shares		-	(6,243)
Proceeds from sale of treasury shares		-	16,057
Net movement in interest bearing loans		(225,545)	(45,875)
Repayment of bonds		-	(28,795)
Finance costs paid		(11,522)	(22,631)
Dividends paid to equity holders of Parent Company		(39,116)	(250)
Dividends paid to non-controlling interests		(496)	(734)
Net cash flows used in financing activities		(276,679)	(88,177)
Net foreign exchange differences		(99)	945
NET DECREASE IN CASH AND CASH EQUIVALENTS		(35,071)	(28,728)
Cash and cash equivalents at 1 January		125,846	154,574
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	90,775	125,846

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	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 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 year	-	-	-	-	-	-	-	-	25,108	25,108	(540)	24,568
Other comprehensive income	-	-	-	-	-	(13,057)	(838)	599	-	(13,296)	(784)	(14,080)
Total comprehensive income	-	-	-	-	-	(13,057)	(838)	599	25,108	11,812	(1,324)	10,488
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(761)	(761)
Dividends (Note 27)	-	-	-	-	-	-	-	-	(40,300)	(40,300)	(496)	(40,796)
As at 31 December 2010	104,684	152,650	52,342	(39,627)	44,366	(14,223)	(17,785)	15	630,054	912,476	9,391	921,867

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Contd.)
For the year ended 31 December 2010

	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 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 year	-	-	-	-	-	-	-	-	156,427	156,427	(666)	155,761
Other comprehensive income	-	-	-	-	-	27,204	(7,993)	34	-	19,245	304	19,549
Total comprehensive income	-	-	-	-	-	27,204	(7,993)	34	156,427	175,672	(362)	175,310
Sale of treasury shares	-	-	-	15,047	1,010	-	-	-	-	16,057	-	16,057
Purchase of treasury shares	-	-	-	(6,243)	-	-	-	-	-	(6,243)	-	(6,243)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,833)	(16,833)
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	294	294
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,048)	(2,048)
As at 31 December 2009	104,684	152,650	52,342	(39,627)	44,366	(1,166)	(16,947)	(584)	645,246	940,964	11,972	952,936

The attached notes 1 to 36 form part of these consolidated financial statements.

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 principal activities of the subsidiaries are explained in Note 3.1.

The consolidated financial statements of the Parent Company and its subsidiaries (the "Group") for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 31 March 2011, and are issued subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The Annual General Assembly of the Shareholders has the power to amend these consolidated financial statements after issuance.

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 is also in the process of filing an affirmative claim of 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 consolidated financial statements. The Parent Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the cases.

3.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Ministerial Order No. 18 of 1990.

Basis of measurement

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investment properties, financial assets available for sale and derivative financial instruments.

Functional and presentation currency

The consolidated financial statements are presented in Kuwaiti Dinars which is the Parent Company's functional currency. The figures in the consolidated financial statements are rounded to the nearest thousand (KD '000) except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power directly or indirectly to govern the financial and operating policies of entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not attributable directly, or indirectly, to the equity holders of the Parent Company. Equity, net profit and total comprehensive income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in consolidated income statement
- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to consolidated income statement or retained earnings, as appropriate.

The results of the subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non controlling interests until the balance was reduced to nil. Any further excess losses were attributed to the shareholders of the Parent Company, unless the non controlling interests had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non controlling interests and the Parent Company shareholders.

Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying values of such investments at 1 January 2010 have not been restated.

3.1 BASIS OF PREPARATION (Contd.)

The principal subsidiaries of the Group are as follows:

Name of company	Effective equity interest as at 31 December 2010	2009	Country of incorporation
Global Express Transport Co. W.L.L.	100.00%	100.00%	State of Kuwait
PWC Transport Company W.L.L.	100.00%	100.00%	State of Kuwait
Agility DGS Logistics Services K.S.C.C.	100.00%	100.00%	State of Kuwait
Gulf Catering Company for General Trading and Contracting W.L.L.	100.00%	100.00%	State of Kuwait
Metal Recycling Company K.S.C.C.	52.43%	52.43%	State of Kuwait
Global Clearing House Systems K.S.C.C.	60.60%	60.60%	State of Kuwait
National Aviation Services Company W.L.L.	95.00%	95.00%	State of Kuwait
Tristar Transport L.L.C. – Dubai	80.00%	80.00%	United Arab Emirates
Agility Logistics L.L.C.	100.00%	100.00%	United Arab Emirates
Agility Logistics Corp.	100.00%	100.00%	United States of America
Agility Project Logistics Inc.	100.00%	100.00%	United States of America
Agility Company L.L.C.	50.25%	50.25%	Saudi Arabia
Agility Logistics Private Limited	100.00%	100.00%	India
Agility Logistics GmbH	100.00%	100.00%	Germany
Agility Logistics Limited	100.00%	100.00%	Hong Kong
Agility Logistics International B.V	100.00%	100.00%	Netherland
Agility International Logistics Pte Ltd.	100.00%	100.00%	Singapore
Agility Logistics Holdings Pte Ltd.	100.00%	100.00%	Singapore
Agility Logistics Corp.	100.00%	100.00%	United States of America
Agility Logistics Limited	100.00%	100.00%	United Kingdom

The principal activities of the subsidiaries as set out above are logistics and related services.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year except for the adoption of the following new and amended IASB Standards and International Financial Reporting Interpretations Committee (IFRIC) Interpretations during the year:

- IFRS 3R Business Combinations (effective for the period beginning on or after 1 July 2009)
- IAS 27R Consolidated and Separate Financial Statements (effective from the period beginning on or after 1 July 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective from the period beginning on or after 1 July 2009)
- IFRIC 9: Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement (effective from the period beginning on or after 1 July 2009)
- IFRIC 17: Distributions of Non-cash Assets to Owners (effective from the period beginning on or after 1 July 2009)
- IFRIC Interpretation 18: Transfers of Assets from Customers (effective from the period beginning on or after 1 July 2009)

The major changes related to the Group are:

IFRS 3R Business Combinations

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

IAS 27R Consolidated and separate financial statements

IAS 27 (Amended) 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 no longer give rise to goodwill, nor it gives rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The change in accounting policy was applied prospectively affecting acquisitions or loss of control of subsidiaries and transactions with non controlling interests after 1 January 2010.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Contd.)

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

These amendments to the IAS 39 were issued in August 2009 and become effective for financial year beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situation. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Group has concluded that the amendment has no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement

This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property, plant and equipment comprises their purchase price and any directly attributable costs of bringing an item of property, plant and equipment to its working condition and location. Expenditure incurred after the property, plant and equipment has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statement in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

• Buildings and improvements	15 to 30 years
• Tools, machinery and equipment	2 to 10 years
• Vehicles and ships	2 to 10 years
• Furniture and office equipment	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair values less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period the asset is derecognised. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Projects in progress

These are carried at cost less impairment, if any. Costs are those expenses incurred by the Group that are directly attributable to the construction of assets. Once completed, the assets are transferred to either investment properties or to property, plant and equipment, depending on the management's intended use of the asset.

Investment properties

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment properties are initially recorded at cost being the fair value of the consideration given and including acquisition charges associated with the investment property. After initial recognition, the properties are re-measured to fair value on an individual basis with any gain or loss arising from a change in fair value being included in the consolidated income statement in the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated income statement in the period of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The Group has classified certain assets held under long term operating leases as investment properties.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if events or change in circumstances indicate the carrying value may be impaired, either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Customer contracts

Customer contracts are amortised over the period of the respective expected future sales generated from the related contracts in the range of 5 to 10 years.

Customer lists

Customer lists are amortised over a period of 15 years, which is determined to be the expected period of benefit from holding these lists.

Brand

The brand is assumed to have an indefinite useful life and is subject to impairment testing on at least an annual basis.

Goodwill

Accounting policy relating to goodwill is documented in the accounting policy “Business combinations and goodwill”.

Financial assets and liabilities

The Group’s financial assets includes “financial assets available for sale”, “trade receivables”, “cash and cash equivalents” and “derivative financial instruments” whereas the Group’s financial liabilities includes “interest bearing loans”, “trade and other payables” and “dividends payable”.

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. A regular way purchase of financial assets is recognised using the trade date accounting. Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract.

Financial assets and liabilities are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not carried at fair value through profit or loss, directly attributable transaction costs. Transaction costs on financial assets carried at fair value through profit or loss are expensed immediately, while on other debt instruments they are amortised.

Financial assets

Financial assets available for sale

Financial assets available for sale are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables or held for trading. After initial measurement, financial assets available for sale are measured at fair value with unrealised gains or losses being recognised in other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss recorded in other comprehensive income is recognised in the consolidated income statement, or determined to be impaired, at which time the cumulative loss previously recorded in other comprehensive income is recognised in the consolidated income statement. Financial assets available for sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Trade receivables

Trade receivables are stated at original invoice amount less provision for any doubtful accounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when incurred.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Financial liabilities

Interest bearing loans

Interest bearing loans are carried on the consolidated statement of financial position at their principal amounts. Instalments due within one year are shown as current liabilities. Interest is charged as an expense as it accrues, with unpaid amounts included in accrued expenses under 'trade and other payables'.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Fair value

The fair value of financial instruments traded in recognised financial markets is their quoted market price, based on the current bid price. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated income statement.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward rate agreements to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the consolidated income statement.

The fair value of forward currency contracts is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the consolidated income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the consolidated income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the consolidated income statement over the remaining term to maturity. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in the consolidated income statement. Amounts taken to other comprehensive income are transferred to consolidated income statement when the hedged transaction affects the consolidated income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to consolidated income statement.

The Group uses interest bearing loans to hedge its exposure to foreign exchange risk on its investments in overseas subsidiaries. Refer to Note 17 for more details.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on the weighted average basis. Net realisable value is based on estimated selling price in the ordinary course of the business, less any further costs expected to be incurred on completion and disposal.

Impairment

Financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) may have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults. If such evidence exists, an impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

- for assets carried at fair value, impairment loss is the difference between carrying value and fair value,
- for assets carried at amortised cost, impairment is based on estimated future cash flows discounted at the original effective interest rate, and
- for assets carried at cost, impairment is the difference between the cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

In addition, an allowance is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

Impairment losses on equity investments classified as available for sale are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised directly in other comprehensive income In the case of debt instruments classified as available for sale, if the fair value of a debt instrument increases in a subsequent year and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than, investment property and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's segment information reporting format determined in accordance with IFRS 8: Operating Segment.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the cost of the shares acquired is charged to treasury shares account in equity. When the treasury shares are reissued, gains are credited to a separate account in equity, the treasury shares reserve, which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any provisional recorded losses in order of reserves, retained earnings and treasury share reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevailing at reporting date. All differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings accounted for as a hedge of a net investment in foreign operations.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Assets (including goodwill) and liabilities, both monetary and non-monetary, of foreign operations are translated at the Parent Company's presentation currency KD at the exchange rates prevailing at the reporting date. Operating results of such operations are translated at average rates of exchange for the foreign operation's period of operations. The resulting exchange differences are accumulated in a separate section of equity (foreign currency translation reserve) until the disposal of the foreign operation. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

Provisions

A provision is recognised when, and only when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Employees' end of service benefits

Kuwaiti employees

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme under International Accounting Standard (IAS) 19 – Employee Benefits are charged to the consolidated income statement in the year to which they relate.

Expatriate employees in Kuwait

Expatriate employees are entitled to an end of service indemnity payable under the Kuwait Labor Law and the Group's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. Provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard (IAS) 19 – Employee Benefits, has been made by calculating the notional liability had all employees left at the reporting date.

International

The Group has a number of defined benefit pension plans that cover a substantial number of employees. Retirement benefits are provided based on compensation as defined by local labour laws or employee contracts. The Group's policy is to fund these plans in accordance with local practice and contributions are made in accordance with independent actuarial valuations. Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised gain or loss exceeds 10% of the higher of the defined benefit obligation and the fair value of the plan assets.

These gains and losses are amortised over the expected average remaining working lives of the employees. The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately. The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan, net actuarial losses of the current period and past service cost of the current period are recognised immediately in the consolidated income statement to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognised in the consolidated income statement immediately.

Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately if the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognised immediately.

Share based payment transactions

Certain employees of the Group receive remuneration in the form of share based payment transactions whereby employees render services in exchange for share options. Share options may be settled at the discretion of the Parent Company by paying cash equivalent to the theoretical value of the option at the date of exercise. The cost of services received from employees is recorded over the period in which service conditions are fulfilled under the intrinsic method of valuation.

Under this method, cost is determined by comparing the market value of the Parent Company's shares at each reporting date to the exercise price with any change in intrinsic value recognised in the consolidated income statement.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Group as a lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

A property interest that is held by the Group under an operating lease may be classified and accounted for as an investment property when the property otherwise meets the definition of an investment property, evaluated property by property, and based on management's intention. The initial cost of a property interest held under a lease and classified as an investment property is determined at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Logistics revenue

Logistics revenue primarily comprises inventory management, order fulfilment and transportation services. Logistics revenue is measured at the fair value of consideration received or receivable for goods and services and is recognised upon completion of the services.

Freight forwarding and project forwarding revenues

The Group generates freight forwarding revenues by purchasing transportation capacity from independent air, ocean and overland transportation providers and reselling that capacity to customers. Revenues are recognised upon completion of services.

Rental revenue

Rental income arising on investment properties is accounted for on a straight line basis over the lease term.

Interest income

Interest income is recognised as interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Taxation

National Labour Support Tax (NLST)

The Parent Company calculates NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at the rate of 2.5% of taxable profit for the year. As per the law, income from associates, subsidiaries and cash dividends from companies listed in Kuwait Stock Exchange which are subjected to NLST have been deducted from the profit for the year.

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Parent Company calculates the contribution to Kuwait Foundation for the Advancement of Sciences in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Zakat

Contribution to Zakat is calculated at 1% of the taxable profit for the year in accordance with the Ministry of Finance resolution No. 58/2007. As per law, income from associates and subsidiaries, cash dividends received from companies listed in Kuwait Stock Exchange which are subjected to Zakat have been deducted from the profit for the year.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Taxation on overseas subsidiaries

Certain of the Parent Company's subsidiaries are subject to taxes on income in various foreign jurisdictions. Taxes payable are provided on taxable profits at the current rate in accordance with the fiscal regulations in the country where the subsidiary is located.

3.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial assets

Management decides upon acquisition of an investment whether it should be classified as financial assets available for sale or financial assets carried at fair value through profit or loss.

Classification of financial assets at fair value through profit or loss depends on how management monitors the performance of those financial assets. When financial assets have readily available and reliable fair values and the changes in fair values are reported as part of the consolidated income statement in the management accounts, they are classified at fair value through profit or loss. All other financial assets are classified as financial assets available for sale.

Operating Lease Commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Fair values of assets and liabilities acquired

The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

Contingencies

Contingent assets and liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of inflow or outflow respectively of resources embodying economic benefits is remote.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill and intangible assets (with indefinite life)

The Group determines whether goodwill and indefinite life intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the respective asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and intangible assets with indefinite lives at 31 December 2010 were KD 245,665 thousand and KD 4,721 thousand respectively, (2009: KD 267,097 thousand and KD 4,721 thousand, respectively). More details are given in Notes 7, 8 and 9.

Valuation of investment properties

The Group carries its investment properties at fair value, with change in fair values being recognised in the consolidated income statement. Two methods were used to determine the fair value of the investment properties:

3.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.)

(a) Formula based discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

(b) Comparative analysis is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, and based on the knowledge and experience of the real estate appraiser.

Valuation of unquoted financial assets

Valuation of unquoted financial assets is normally based on one of the following:
- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

Pension and other post employment benefits

The cost of defined benefit pension plans and other post employment medical benefits is determined using independent actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability at 31 December 2010 is KD 19,590 thousand (2009: KD 20,623 thousand). Further details are given in Note 18.

Impairment of trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

Valuation of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

3.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or amended IASB Standards and IFRIC Interpretations have been issued but not yet mandatory, and have not been adopted by the Group:
- IFRS 9: Financial instruments: classification and measurement (effective 1 January 2011)
- IAS 24: Related party (Revised) (effective 1 January 2011)
- IAS 32: Financial instruments: presentation – classification of rights issues (Amendment) (effective 1 February 2010)
- IFRIC Interpretation 14: Prepayments of a minimum funding requirement (Amendment) (effective 1 January 2011)
- IFRIC Interpretation 19: Extinguishing financial liabilities with equity instruments (effective 1 July 2010)

The major changes include:

IFRS 9: Financial instruments: classification and measurement (effective 1 January 2013)

IFRS 9 as issued reflects the first phase of the IASB work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

3.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Contd.)

IAS 24: Related parties (Revised) (effective 1 January 2011)

The amendments 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. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32: Financial instruments: presentation – classification of rights issues (Amendment) (effective 1 February 2010)

The amendment has revised the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment will have no impact on the Group after initial application.

Additional disclosures will be made in the consolidated financial statements when the above-mentioned IASB Standards and IFRIC Interpretations become effective.

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings and improvements KD 000's	Tools, machinery and equipment KD 000's	Vehicles and ships KD 000's	Furniture and office equipment KD 000's	Total KD 000's
Cost:					
1 January 2010	162,334	71,989	177,854	82,753	494,930
Additions	18,119	8,969	1,669	7,249	36,006
Transfer from projects in progress (Note 5)	12,050	2,357	2,829	3,376	20,612
Disposals	(22,420)	(8,486)	(51,667)	(4,596)	(87,169)
Exchange differences	(1,517)	(574)	(1,334)	(479)	(3,904)
31 December 2010	168,566	74,255	129,351	88,303	460,475
Depreciation and impairment:					
1 January 2010	(46,555)	(38,318)	(90,592)	(62,647)	(238,112)
Charge for the year	(8,156)	(4,660)	(16,067)	(12,695)	(41,578)
Impairment (Note 24)	(1,164)	-	-	(4,156)	(5,320)
Disposals	19,291	7,669	28,478	4,063	59,501
Exchange differences	1,188	315	1,072	844	3,419
31 December 2010	(35,396)	(34,994)	(77,109)	(74,591)	(222,090)
Net book value:					
31 December 2010	133,170	39,261	52,242	13,712	238,385
31 December 2009	115,779	33,671	87,262	20,106	256,818

The Parent Company's buildings with a carrying value of KD 6,869 thousand (2009: KD 7,932 thousand) are erected on land leased from the Government of Kuwait for renewable periods ranging from five to twenty years.

During the year, the Group sold certain property, plant and equipment with a net book value of KD 27,668 thousand (2009: KD 1,830 thousand) for KD 32,783 thousand (2009: KD 2,473 thousand) resulting in a gain of KD 5,115 thousand (2009: KD 643 thousand). This gain on disposal of property, plant equipment is included in 'Miscellaneous income' in the consolidated income statement.

5 PROJECTS IN PROGRESS

Projects in progress comprise the cost of assets acquired and under construction that are not available for use at the reporting date. These assets, once completed, will be used for providing logistics services and for generating rental and transportation revenue

	2010 KD 000's	2009 KD 000's
At 1 January	44,446	55,815
Additions	4,177	39,953
Transfer to property, plant and equipment (Note 4)	(20,612)	(51,669)
Transfer to investment properties (Note 6)	(103)	(1,094)
Impairment (Note 24)	(1,673)	-
Exchange differences	(1,290)	1,441
At 31 December	24,945	44,446

6 INVESTMENT PROPERTIES

	2010 KD 000's	2009 KD 000's
At 1 January	214,149	212,912
Additions	293	584
Transfer from projects in progress (Note 5)	103	1,094
Changes in fair value	(177)	(441)
At 31 December	214,368	214,149

Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer, as at 31 December 2010 and 31 December 2009.

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 29 (b)].

7 INTANGIBLE ASSETS

	Customer contracts KD 000's	Customer lists KD 000's	Brand KD 000's	Total KD 000's
Cost:				
At 1 January and 31 December 2010	9,894	7,271	4,721	21,886
Accumulated amortisation and impairment:				
At 1 January 2010	(6,664)	(2,176)	-	(8,840)
Charge for the year	(1,947)	(498)	-	(2,445)
Impairment (Notes 9 and 24)	(1,283)	-	-	(1,283)
31 December 2010	(9,894)	(2,674)	-	(12,568)
Net book value:				
31 December 2010	-	4,597	4,721	9,318
31 December 2009	3,230	5,095	4,721	13,046

Customer contracts, customer lists and brand represent intangible assets acquired through business combinations in previous years. The brand is assumed to have an indefinite useful life. The brand was acquired in August 2006 and is subject to impairment testing on an annual basis (Note 9).

8 GOODWILL

	2010 KD 000's	2009 KD 000's
Cost:		
At 1 January	272,375	240,506
Additions	702	18,333
Exchange differences	(194)	13,536
At 31 December	272,883	272,375
Impairment:		
At 1 January	(5,278)	(5,278)
Charge for the year (Notes 9 and 24)	(21,940)	-
At 31 December	(27,218)	(5,278)
Net carrying value	245,665	267,097

During the current year, the management finalised the purchase price allocation of the subsidiaries acquired during 2009, and as a result of which, the provisional goodwill of KD 18,333 thousand arising in 2009 is increased by KD 702 thousand.

9 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIFE

The Group has identified the following business activities as cash generating units:

- Global Integrated Logistics
- Defence and Government Services
- Infrastructure

The Group has also determined that the above constitute the cash-generating units for testing the impairment of goodwill and intangible asset with indefinite life.

Accordingly, the goodwill acquired through business combinations has been allocated to the cash generating units as follows:

Cash generating units	Carrying amount of goodwill	
	2010 KD 000's	2009 KD 000's
Global Integrated Logistics	225,498	225,529
Defence and Government Services	-	16,940
Infrastructure	20,167	24,628
Total	245,665	267,097

The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the management for 2011 and assuming an average annual growth rate of 7% for the four year period thereafter, which is in the range of the current short term growth rate for the logistics industry. The pre-tax discount rate applied to cash flow projections is 10% and cash flows beyond the 5 year period are extrapolated using 3% growth rate on a conservative basis.

As a result of this exercise, management has recorded an impairment loss of KD 21,940 thousand and KD 1,283 thousand against goodwill (Note 8) and intangible assets (Note 7), respectively.

Key assumptions used in value in use calculations

The calculation of value in use is sensitive to the following assumptions:

- Revenue;
- Earning Before Interest, Tax, Depreciation and Amortisation ("EBITDA");
- Discount rates; and
- Growth rate used to extrapolate cash flows beyond the budget period.

9 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIFE (Contd.)

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the cash generating units, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Intangible asset with indefinite life

Intangible asset with indefinite life of KD 4,721 thousand (2009: KD 4,721 thousand) represents the brand which has been tested for impairment at the reporting date. In the opinion of the management, no impairment is considered necessary (Note 7).

10 FINANCIAL ASSETS AVAILABLE FOR SALE

	2010 KD 000's	2009 KD 000's
Unquoted equity securities	41,919	48,165
Unquoted debt securities	70,321	71,887
	112,240	120,052

The management has performed a review of unquoted equity securities to assess whether impairment has occurred in the value of these investments. Based on specific information and in light of the current market conditions, management has recorded impairment loss of KD 5,234 thousand (2009: KD Nil) in the consolidated income statement for the year in respect of financial assets available for sale (Note 24).

At 31 December 2010, financial assets available for sale are carried at cost due to the non availability of reliable measures of their fair values. The management is not aware of any circumstances that would indicate impairment in the value of these financial assets as at 31 December 2010.

Financial assets available for sale amounting to KD 13,013 thousand (2009: KD 14,100 thousand) are located in Kuwait. The balance of KD 99,227 thousand (2009: KD 105,952 thousand) are located outside Kuwait.

11 INVENTORIES

	2010 KD 000's	2009 KD 000's
Goods for resale	15,638	45,893
Goods in transit	-	21,595
	15,638	67,488
Provision for obsolete and slow moving inventories	(3,163)	(1,143)
Total inventories at the lower of cost and net realisable value	12,475	66,345

Inventories of goods for resale and goods in transit mainly include items held in stock for delivery to logistics clients as part of logistics supply contracts.

The amount of write down of inventories recognised as an expense is KD 2,020 thousand (2009: KD 406 thousand) which is recognised in the cost of revenues.

12 TRADE RECEIVABLES

	2010 KD 000's	2009 KD 000's
Gross trade receivables	362,315	391,302
Provision for impairment of trade receivables	(72,591)	(50,846)
	289,724	340,456

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. As at 31 December 2010, trade receivables at initial value of KD 72,591 thousand (2009: KD 50,846 thousand) were considered impaired and fully provided for.

Movement in the provision for impairment of trade receivables were as follows:

	2010 KD 000's	2009 KD 000's
At 1 January	50,846	47,019
Charge for the year (Note 22)	26,155	4,799
Amounts written off	(3,999)	(1,740)
Others (including exchange differences)	(411)	768
At 31 December	72,591	50,846

As at 31 December, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired	Past due but not impaired					Total
	KD 000's	< 30 days KD 000's	30 to 60 days KD 000's	60 to 90 days KD 000's	90 to 120 days KD 000's	> 120 days KD 000's	KD 000's
2010	177,546	54,219	22,138	10,365	8,565	16,891	289,724
2009	221,531	51,821	20,137	9,311	7,954	29,702	340,456

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Trade receivables include amounts denominated in the following major foreign currencies:

	2010 KD 000's	2009 KD 000's
US Dollars	118,498	184,880
Euros	48,159	56,777
British Pounds	24,495	13,969
UAE Dirhams	8,169	9,933
	199,321	265,559

13 OTHER CURRENT ASSETS

	2010 KD 000's	2009 KD 000's
Advances to suppliers	20,845	24,860
Prepaid expenses and deposits	39,334	35,134
Staff receivables	1,614	1,685
Accrued income	8,498	14,422
Claims in dispute [Note 29 (d)]	10,092	10,092
Advance to a related party (Note 31)	5,000	-
Other assets	13,860	12,631
	99,243	98,824

14 BANK BALANCES AND CASH

	2010 KD 000's	2009 KD 000's
Cash at banks and on hand	44,384	61,071
Short term deposits	46,391	64,775
Cash and cash equivalents	90,775	125,846
Deposits with original maturities exceeding three months	112,985	188,327
	203,760	314,173

Included in bank balances and cash are balances amounting to KD 69,565 thousand (2009: KD 76,439 thousand) held by banks in Kuwait whereas the balance of KD 134,195 thousand (2009: KD 237,734 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 3% to 3.625% per annum (2009: 3.7% to 6.3% per annum).

Included in bank balances and cash are balances denominated in foreign currencies amounting to KD 50,393 thousand (2009: KD 231,997 thousand), mainly in US Dollars, United Arab Emirates Dirhams and Qatar Riyals.

15 SHARE CAPITAL AND RESERVES

a) Share capital

Authorised, issued and paid-up capital consists of 1,046,836,709 shares (2009: 1,046,836,709 shares) of 100 fils per share (2009: 100 fils per share).

b) Share premium

The share premium is not available for distribution.

c) Statutory reserve

In accordance with the Kuwait Commercial Companies Law and the Parent Company's Articles of Association, the Parent Company has resolved to discontinue the annual transfer of 10% of net profit for the year since the statutory reserve equals 50% of paid up share capital.

Distribution of the statutory reserve up to the amount equivalent to 50% of paid up share capital is limited to the amount required to enable the payment of a dividend of up to 5% of paid up share capital in years when accumulated profits are not sufficient for the payment of such dividend.

16 TREASURY SHARES

	2010	2009
Number of treasury shares	39,358,640	39,358,640
Percentage of issued shares	3.76%	3.76%
Market value in KD 000's	20,466	22,434
Cost in KD 000's	39,627	39,627

17 INTEREST BEARING LOANS

	2010 KD 000's	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 year, US$ 425,000 thousand was prepaid out of the above.	28,060	150,596
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 year, SGD 103,000 thousand was prepaid out of the above.	14,465	57,716
Committed Term Loan of US$ 100,000 thousand obtained from a foreign bank in April 2008 and is repayable in instalments commencing from October 2009.	16,836	22,948
Uncommitted Term Loan of KD 48,000 thousand obtained from a local bank and is repayable in semi-annual instalments commencing from June 2009.	23,190	31,364
Uncommitted Revolving Credit Facility of KD 20,000 thousand obtained from a local bank which was fully repaid during the year.	-	20,000
Uncommitted Revolving Credit Facility of US$ 15,000 thousand obtained from a foreign bank which was fully was repaid during the year.	-	4,303
Committed Revolving Credit Facility of US$ 75,000 thousand obtained from a foreign bank which was fully repaid during the year.	-	21,513
Other loans	46,164	44,513
	128,715	352,953

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 116,251 thousand (2009: KD 341,616 thousand) carry margin ranging from 1.09% to 3% per annum (2009: 0.65% to 2.75%) over LIBOR.

During the year, 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).

17 INTEREST BEARING LOANS (Contd.)

The following table shows the current and non-current portions (analysed by currency) of the Group's loan obligations:

	Current portion KD 000's	Non-current portion KD 000's	Total KD 000's
US Dollars	49,132	18,954	68,086
Singapore Dollars (SGD)	457	14,574	15,031
Indian Rupee	8,548	-	8,548
Hong Kong Dollar	5,944	-	5,944
Kuwaiti Dinars	3,050	2,500	5,550
UAE Dirham	219	5,066	5,285
Bahrain Dinar	238	3,594	3,832
Others	1,564	14,875	16,439
Balance at 31 December 2010	69,152	59,563	128,715
Balance at 31 December 2009	94,357	258,596	352,953

Included in interest bearing loans are loans amounting to KD 14,546 thousand (2009: KD 12,846 thousand) which are held by subsidiaries in the Group. Trade receivables and certain other assets of the respective subsidiaries are pledged as collateral against these loans.

Included in interest bearing loans is an amount of KD 4,500 thousand (2009: KD 6,500 thousand) in a subsidiary, Global Clearing House Systems K.S.C. (Closed) on a non-recourse basis. The net worth of this subsidiary at 31 December 2010 is negative KD 46,180 thousand (2009: negative KD 36,210 thousand). The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand at the reporting date. Certain assets of the subsidiary amounting to KD 27,807 thousand have been pledged as collateral against this loan.

Hedge of net investments in foreign operations

Included in interest bearing loans at 31 December 2010 are loans denominated in US$ (hedging instrument) of US$ 242,644 thousand, which has 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 retranslation 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 838 thousand (2009: KD 7,993 thousand) were taken to other comprehensive income (Hedging reserve).

18 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2010 KD 000's	2009 KD 000's
Movement in the provision recognised in the consolidated statement of financial position is as follows:		
As at 1 January	20,623	18,124
Provided during the year	9,690	8,460
Employees' end of service benefits paid	(9,709)	(6,734)
Exchange differences	(1,014)	773
As at 31 December	19,590	20,623

As a result of previous acquisitions, the Group assumed responsibility for defined benefit plans for the employees of subsidiaries acquired. As at 31 December the status of the plan was as follows:

	2010 KD 000's	2009 KD 000's
Defined benefit obligation	(97,548)	(93,467)
Fair value of plan assets	77,415	74,657
Funded status of the plan	(20,133)	(18,810)
Unrecognised net actuarial loss	12,037	9,287
Unrecognized net transition obligation	90	127
Benefit liability	(8,006)	(9,396)

18 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (Contd.)

The principal actuarial assumptions used for the plan referred to above, which forms the most significant component of the liability for employees' end of service benefits, are as follows:

	2010	2009
Discount rate at 31 December	4.02 %	5.20 %
Expected rate of increase of employee remuneration	2.98 %	2.60 %
Average length of employee service	5 years	5 years
Expected return on plan assets	4.23 %	5.68 %

The following tables summarise the components of net benefit expense recognised in the consolidated income statement and the funded status and amounts recognised in the consolidated statement of financial position for the respective plans:

Net benefit expense (recognised in salaries and employee benefits)

	2010 KD 000's	2009 KD 000's
Current service cost	1,602	978
Interest cost on benefit obligation	3,799	3,775
Expected return on plan assets	(3,783)	(3,100)
Net actuarial loss (gain) recognised in the year	346	(91)
Variation of asset ceiling	-	(1)
Amortization of net obligation at transition	57	41
Net benefit expense	2,021	1,602

Changes in the present value of the defined benefit obligation are as follows:

	2010 KD 000's	2009 KD 000's
As at 1 January	93,467	80,687
Interest cost	3,799	3,775
Current service cost	1,602	978
Participant's contributions	490	593
Benefits paid	(4,277)	(4,224)
Actuarial losses on obligation	3,189	6,934
Benefits paid by employer	(4)	(4)
Exchange differences	(718)	4,728
As at 31 December	97,548	93,467

Changes in the fair value of plan assets are as follows:

	2010 KD 000's	2009 KD 000's
As at 1 January	74,657	69,728
Expected return	3,435	3,100
Contributions by employer	2,222	1,744
Benefits paid	(3,745)	(3,671)
Actuarial gains	330	4,357
Exchange differences	516	(601)
As at 31 December	77,415	74,657

19 OTHER NON-CURRENT LIABILITIES

	2010 KD 000's	2009 KD 000's
Lease obligations	5,409	5,324
Amounts due to related parties (Note 31)	23,011	22,451
Other liabilities	7,098	18,202
	35,518	45,977

20 TRADE AND OTHER PAYABLE

	2010 KD 000's	2009 KD 000's
Trade payables	193,726	202,077
Amounts due to related parties (Note 31)	699	4,469
Accrued expenses	97,773	94,747
Accrued employee related expenses	40,699	55,449
Lease obligations	1,654	2,423
Taxation on overseas subsidiaries	1,043	576
KFAS payable	4,867	4,555
NLST payable	9,866	9,207
Zakat payable	3,620	3,485
Directors' remuneration	176	140
Retentions and other liabilities	28,045	29,084
	382,168	406,212

Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

21 LOGISTICS AND FREIGHT FORWARDING REVENUES

Revenues from logistics services and freight forwarding primarily represent revenues earned from providing goods and services to governmental institutions and other enterprises for their operations in various regions. Whilst the sales value of goods provided and services rendered during the year form the basis for calculating the billable amount of logistics services relating to inventory management and order fulfilment services, no profit margin is realised on these goods in accordance with the terms of the contract to which the provision of these goods relates.

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2010 KD 000's	2009 KD 000's
Repairs and maintenance	32,003	37,168
Rent	30,645	28,771
Professional fees	29,439	24,961
Provision for impairment of trade receivables (Note 12)	26,155	4,799
Customs fees	13,605	12,468
Restructuring expenses	7,789	7,302
Travel	10,939	10,274
Communication	9,993	9,568
Insurance	5,661	5,879
Advertising Expenses	2,094	2,689
Other expenses	14,279	12,797
Provisions no longer required	(16,800)	-
	165,802	156,676

23 SALARIES AND EMPLOYEE BENEFITS

	2010 KD 000's	2009 KD 000's
Salaries	203,024	222,386
Employee benefits	17,762	32,657
Accruals no longer required (see below)	(10,352)	-
	210,434	255,043

During the year, the management performed an assessment of the obligation in respect of share linked compensation and incentive plans. As a result of this assessment, accruals relating to share linked compensation and long term incentive plans amounting to KD 6,864 thousand and KD 3,488 thousand respectively are no longer considered payable and therefore have been reversed during 2010 (Note 30).

24 IMPAIRMENT LOSSES

	2010 KD 000's	2009 KD 000's
Impairment of property, plant and equipment (Note 4)	5,320	-
Impairment of projects in progress (Note 5)	1,673	-
Impairment of intangible assets (Note 7)	1,283	-
Impairment of goodwill (Note 8)	21,940	-
Impairment of financial assets available for sale (Note 10)	5,234	-
	35,450	-

In accordance with IAS 36 "Impairment of Assets", the management has recorded an impairment loss of KD 30,216 thousand following impairment testing performed triggered mainly due to loss of US Government contracts.

25 TAXATION

	2010 KD 000's	2009 KD 000's
National labour support tax (NLST)	657	4,095
Kuwait Foundation for the Advancement of Sciences (KFAS)	263	1,639
Zakat	263	1,639
Taxation on overseas subsidiaries	5,791	3,084
	6,974	10,457

Deferred tax arising on overseas locations is not material to the consolidated financial statements.

26 BASIC AND DILUTED EARNINGS PER SHARE

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

	2010 KD 000's	2009 KD 000's
Profit for the year attributable to equity holders of the Parent Company	25,108	156,427
	Shares	Shares
Weighted average number of paid up shares	1,046,836,709	1,046,836,709
Weighted average number of treasury shares	(39,358,640)	(43,424,668)
Weighted average number of outstanding shares	1,007,478,069	1,003,412,041
Basic and diluted earnings per share	24.92 fils	155.90 fils

27 DIVIDENDS

On 31 March 2011, the Board of Directors of the Parent Company recommended a cash dividend of 40 fils per share (2009: 40 fils per share) in respect of the year ended 31 December 2010. This proposal is subject to approval by the shareholders at the annual general assembly of the Parent Company.

Dividends for 2009 were approved at the Annual General Assembly of the shareholders held on 10 June 2010.

28 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are financial instruments that derive their value with reference to the underlying interest rate, foreign exchange rate or other indices. Notional principal amounts merely represent amounts to which a rate or price is applied to determine the amounts of cash flows to be exchanged and do not represent the potential gain or loss associated with the market or credit risk of such instruments.

Derivatives held as cash flow hedges

Derivatives used to hedge the change in cash flow of its financial assets and liabilities and which qualify as effective hedging instruments are classified as derivatives held as cash flow hedges.

Forward rate agreements

Forward rate agreement (FRA) is a forward contract, an over-the-counter contract between parties that determines the rate of interest, or the currency exchange rate, to be paid or received on an obligation beginning at a future start date. The contract will determine the rates to be used along with the termination date and notional value.

Derivatives held for trading

Derivatives used for hedging purpose but which do not meet the qualifying criteria for hedge accounting are classified as 'Derivatives held for trading'. The Group deals in the following derivative instruments to manage the interest rate risk and foreign exchange positions:

Interest rate swaps

Interest rate swaps are contractual agreements between two counter-parties to exchange interest payments on a defined principal amount for a fixed period of time in order to manage the interest rate risk on the interest bearing assets and liabilities.

Forward foreign exchange

Forward foreign exchange contracts are agreements to buy or sell currencies at a specified rate and at a future date to manage the foreign currency positions.

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts analysed by the terms of maturity. The notional amount, recorded gross, is the amount of a derivative's underlying amount and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

28 DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

	Positive fair value KD 000's	Negative fair value KD 000's	Notional amount KD 000's	Notional amounts by term to maturity: Within one year KD 000's	Notional amounts by term to maturity: 1 - 5 years KD 000's
2010					
Derivatives held for trading:					
Forward foreign currency contracts	119	40	36,298	36,298	-

	Positive fair value KD 000's	Negative fair value KD 000's	Notional amount KD 000's	Notional amounts by term to maturity: Within one year KD 000's	Notional amounts by term to maturity: 1 - 5 years KD 000's
2009					
Derivatives held for trading:					
Interest rate swaps	-	469	16,883	16,883	-
Foreign currency swaps	-	56	80,084	80,084	-
Forward foreign currency contracts	100	-	245,514	245,514	-
	100	525	342,481	342,481	-

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2010 KD 000's	2009 KD 000's
Letters of guarantee	88,869	87,348
Operating lease commitments	41,609	44,462
Capital commitments	7,834	12,177
	138,312	143,987

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2010 KD 000's	2009 KD 000's
Within one year	8,689	10,259
After one year but not more than five years	26,400	24,136
More than five years	6,520	10,067
	41,609	44,462

Included in letters of guarantee are bank guarantees of 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 31 December 2010 is negative KD 46,180 thousand (2009: negative KD 36,210 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.

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.

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (Contd.)

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 Agility. Those allegations will need to be formally confirmed by the ICA in due course in a statement of objections.

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.

As at 31 December 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 potential liabilities in this regard, no provision is recorded in the accompanying consolidated financial statements.

During the year, 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 subsequent to the year end.

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.

(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 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 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.

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (Contd.)

(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".

The Parent company (after consulting the external counsel) is of the opinion that the violations against which a portion of the bank guarantee provided was encashed, are non-contractual violations, and in accordance with the law, a verdict shall be issued in favour of the Company to return the encashed portion of the guarantee plus interest of 7%. In 2009, the Company obtained a report from the expert department of Ministry of Justice on this matter which was in favour of the Company in respect of most of the issues arising from the case. 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 is recorded in the statement of income.

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 they will not have a material adverse effect on the accompanying consolidated financial statement.

30 SHARE LINKED COMPENSATION AND INCENTIVE PLANS

Certain employees are eligible to participate in the share linked compensation and incentive plan. The exercise price of the units in the plan is equal to the market price of the shares on the date of grant. The units vest if the employee remains in service for periods up to a maximum seven years. At the exercise date, employees will receive the equivalent theoretical value of the units in cash at the Parent Company's discretion. For each grant, the underlying number of units and the associated exercise price are subsequently adjusted to immunise the value of such units from changes in the capital structure that result from share dividends, cash dividends, or other changes. The fair value of these units cannot be established reliably. Accordingly, the intrinsic valuation method has been used.

The Group launched long term incentive plans starting from 2006 onwards for certain senior management employees under which the eligible employees are granted units, the value of which is determined by the performance of the Group, and in particular the Group's net income over a rolling three year performance cycle commencing from the year 2006 and ending in the year 2011. The vesting of the benefits under the incentive plans are based on certain conditions including but not limited to the achievement of performance targets, continuation of employment, etc. On vesting the employee will receive the payouts in cash or in form of phantom shares of the Parent Company's stock as laid out under the incentive plan.

During the year, the management performed an assessment of the outstanding obligations in respect of share linked compensation and incentive plans. As a result of this assessment, accruals relating to share linked compensation and long term incentive plans amounting to KD 6,864 thousand and KD 3,488 thousand respectively are no longer considered payable and therefore have been reversed during 2010 (Note 23). Accordingly, no expense was recognized during the year ended 31 December 2010 in respect of share linked compensation and incentive plans (2009: KD 3,000 thousand and KD 1,800 thousand respectively).

31 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

2010	Major shareholders KD 000's	Other related parties KD 000's	Total KD 000's
Consolidated income statement			
Purchases (net of discounts)	-	37,879	37,879
Consolidated statement of financial position			
Advance to a related party	5,000	-	5,000
Amounts due from related parties	66	-	66
Amounts due to related parties	-	23,710	23,710

2009	Major shareholders KD 000's	Other related parties KD 000's	Total KD 000's
Consolidated income statement			
Purchases (net of discounts)	-	46,742	46,742
Consolidated statement of financial position			
Amounts due to related parties	80	26,840	26,920

Advance to a related party amounting to KD 5,000 thousand (2009: KD Nil) represents amount paid to acquire an investment which is in the process of being formalised as at the reporting date (Note 13).

Amounts due to related parties are disclosed in Notes 19 and 20. These balances have arisen as a result of transactions made in the ordinary course of the business.

Compensation of key management personnel

The remuneration of directors (executives) and other members of key management during the year were as follows:

	2010 KD 000's	2009 KD 000's
Short-term benefits	4,866	6,906
Share-based payments	-	2,400
	4,866	9,306

Short term benefits include discretionary bonus amounting to KD 3,253 thousand (2009: KD 4,307 thousand) awarded to key management personnel.

Board of Directors' remuneration of KD 176 thousand (2009: KD 140 thousand) is subject to approval by the ordinary general assembly of the equity holders' of the Parent Company.

The terms of the share linked compensation and incentive plans are disclosed in Note 30. During the year KD 2,651 thousand (2009: KD 4,318 thousand) has been paid under this scheme.

Related party transactions are subject to approval of the shareholders during the forthcoming general assembly.

32 OPERATING SEGMENT INFORMATION

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

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 but not limited to trade facilitation, real-estate, customs consulting and private equity projects.

Year ended 31 December 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*	1,529,707	75,818	-	1,605,525
Inter-segment	72,925	6,450	(79,375)	-
Total revenue	1,602,632	82,268	(79,375)	1,605,525
Result				
Segment profit	49,914	9,423	8,177	67,514
Other income				4,095
Interest income				6,784
Finance costs				(11,225)
Impairment losses				(35,450)
Profit before taxation and directors' remuneration				31,718
Taxation and directors' remuneration				(7,150)
Profit for the year				24,568
Total assets	1,282,795	547,545	(335,742)	1,494,598
Total liabilities	1,229,506	429,652	(1,086,427)	572,731
Other disclosures				
Capital expenditure	37,435	1,895	1,146	40,476
Depreciation	36,118	3,115	2,345	41,578
Amortisation	2,445	-	-	2,445
Change in fair value of investment properties	-	(177)	-	(177)

32 OPERATING SEGMENT INFORMATION (Contd.)

Year ended 31 December 2009	Logistics and related services KD 000's	Infrastructure KD 000's	Adjustments and eliminations KD 000's	Consolidated KD 000's
Revenue				
External customers*	1,640,328	64,673	-	1,705,001
Inter-segment	111,471	7,456	(118,927)	-
Total revenue	1,751,799	72,129	(118,927)	1,705,001
Result				
Segment profit	165,989	7,994	(5,617)	168,366
Other income				1,265
Interest income				14,722
Finance costs				(17,995)
Profit before taxation and directors' remuneration				166,358
Taxation and directors' remuneration				(10,597)
Profit for the year				155,761
Total assets	1,404,189	560,758	(180,774)	1,784,173
Total liabilities	1,194,789	411,131	(774,683)	831,237
Other disclosures				
Capital expenditure	52,482	4,496	5,680	62,658
Depreciation	38,862	3,431	1,910	44,203
Amortisation	2,445	-	-	2,445
Change in fair value of investment properties	-	(441)	-	(441)

* Includes change in fair value of investment properties.

Capital expenditure consists of additions to property, plant and equipment, projects in progress and investment properties.

Included in logistics and related services is an amount of KD 1,209,392 thousand (2009: KD 1,036,335 thousand) and KD 393,240 thousand (2009: KD 715,464 thousand) generated by the Group from providing logistics services to commercial and government institutions, respectively.

Geographic information

The following tables present information regarding the Group's geographical segments:

Revenue from external customers	2010 KD 000's	2009 KD 000's
Middle-east	546,200	829,407
Europe	414,129	373,804
Asia	378,819	273,049
America	256,612	225,891
Africa	9,765	2,850
	1,605,525	1,705,001

The revenue information above is based on the location of the subsidiaries.

32 OPERATING SEGMENT INFORMATION (Contd.)

Non-current assets	2010 KD 000's	2009 KD 000's
Middle-east	441,265	504,150
Europe	53,362	58,783
Asia	184,653	179,805
America	43,997	55,650
Africa	20,831	22,852
Unallocated	33,048	23,083
	777,156	844,323

Non-current assets for this purpose consist of property, plant and equipment, projects in progress, investment properties, intangible assets, goodwill and other non-current assets.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group has exposure to risks from its use of financial instruments and these risks are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability. The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group's financial assets comprise trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds financial assets available for sale, and enters into derivative transactions.

The Board of Directors of the Parent Company reviews and agrees policies for managing risks. The Group's senior management provides assurance to the Group's Board of Directors of the Parent Company that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The major risks to which the Group is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in building shareholder value are outlined below.

Risk mitigation

As part of its overall risk management, the Group uses as considered appropriate, derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations and the risk arising there from, the Group monitors them on an ongoing basis. Identified concentrations of credit risks are controlled and managed accordingly. There are no significant concentrations of credit risk identified.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables are regularly monitored and followed up.

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2010 and 2009 is the carrying amounts at the reporting date.

Gross maximum exposure to credit risk

The table below shows the gross maximum exposure to credit risk across financial assets before credit risk mitigation:

	2010 KD 000's	2009 KD 000's
Bank balances	200,154	307,747
Trade receivables	289,724	340,456
Other receivables	35,270	37,778
	525,148	685,981

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a periodic basis.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations:

Financial liabilities	Less than 1 month KD 000's	1 to 3 months KD 000's	3 to 12 months KD 000's	1 to 5 years KD 000's	Total KD 000's
2010					
Interest bearing loans	7,265	1,488	62,248	62,189	133,190
Trade and other payables	102,903	78,103	201,162	-	382,168
Total financial liabilities	110,168	79,591	263,410	62,189	515,358
2009					
Interest bearing loans	3,570	2,289	109,052	246,479	361,390
Trade and other payables	47,448	74,561	284,203	-	406,212
Total financial liabilities	51,018	76,850	393,255	246,479	767,602

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets available for sale, and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31 December 2010 and 2009.

The Group manages market risk on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group also manages its interest rate risk by entering into interest rate swaps and forward rate agreements in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of liabilities bearing interest. With all other variables held constant, the Group's profit before taxation and Directors' remuneration is affected through the impact on floating rate borrowings as follows:

	50 basis points movement Effect on consolidated income statement	
	2010 KD 000's	2009 KD 000's
Liabilities bearing interest at floating rates (US Dollars)	581	1,502

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a currency other than Kuwaiti Dinar) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by use of derivative financial instruments and ensures that the net exposure is kept to an acceptable level.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the Kuwaiti Dinar exchange rate, with all other variables held constant, of the Group's profit before taxation and Directors' remuneration (due to changes in the fair value of monetary assets and liabilities including non designated foreign currency derivatives) and the Group's equity (due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges). The Group's exposure to foreign currency for all other currencies is not material.

	Change in currency rate by 1 %			
	Effect on other comprehensive income		Effect on consolidated income statement	
	2010 KD 000's	2009 KD 000's	2010 KD 000's	2009 KD 000's
US Dollars	1,845	330	449	3,488

Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The Group is not exposed to equity price risk as all its equity investments are carried at cost as explained in Note 10.

34 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group includes within net debt, interest bearing loans less bank balances and cash. Capital includes equity attributable to the equity holders of the Parent Company less the investment revaluation reserve.

34 CAPITAL MANAGEMENT (Contd.)

	2010 KD 000's	2009 KD 000's
Interest bearing loans	128,715	352,953
Bank balances and cash	(203,760)	(314,173)
Net (cash) debt	(75,045)	38,780
Equity attributable to the equity holders of the Parent Company	912,476	940,964
Investment revaluation reserve	(15)	584
Equity	912,461	941,548
Gearing ratio	-	4%

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost (Note 10), are not materially different from their carrying values.

36 EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting date, the Parent Company jointly with France Telecom-Orange ("France Telecom") entered into binding agreement with the shareholders of Korek Telecom L.L.C. ("Korek Telecom"), a limited liability company incorporated in Iraq, to acquire a 44% equity stake in Korek Telecom. A joint venture will be formed by the Parent Company and France Telecom with equity state of 54% and 46% respectively to acquire the stake in Korek Telecom.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Earthquake relief in Haiti

Along with its Logistics Emergency Teams (LETs) partners, Agility, joined international efforts to assist humanitarian agencies to quickly deliver much needed supplies to Haiti following the 7.0 magnitude earthquake in January 2010.

Floods relief in Pakistan

Following the devastating floods in Pakistan in 2010, Agility employees worldwide raised funds for emergency relief operations in the country. As chair of the LETs, Agility took the lead in coordinating logistics support to the World Food Program. In addition, Agility worked with its humanitarian partner organization, the International Medical Corps, to deliver relief supplies to the affected areas.

Supporting education in Pakistan

In Pakistan, Agility partnered with The Citizens Foundation, a non-profit organization with 660 schools across the country. Agility sponsored the TCF primary school in Khuda Bakhsh Goth, Bin Qasim Town, Karachi that provides education to 200 children and employment of 11 teachers.

Earth Day in Kuwait

More than 1,000 employees in Kuwait participate in environmental activities to commemorate Earth Day.

Fundraiser in Lebanon

Agility Lebanon organized a fundraising event during the football World Cup for the Children's Cancer Center Lebanon.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Hospital visits in Turkey

Agility Turkey organized weekend visits to two children's cancer hospitals in Istanbul and Mersin. Employees spent the weekend with the children singing songs, distributing coloring books, crayons, and stuffed animals.

Collection drive for Sierra Leone

A regional collection drive was organized in the Middle East for the All As One Orphanage in Sierra Leone. With the funds raised, the orphanage procured food and medicine.

RunQ8 for Vision 2020 in Kuwait

Over 500 participants joined RunQ8, Kuwait's first 10km run. Organized by Agility and Fawzia Sultan Rehabilitation Institute, the charity run raised funds for Vision 2020, Kuwait University's Community Eye Health Care initiative.

"Think Green, Act Green" globally

Raising environmental awareness is an important step in Agility's ongoing journey to increase green practices across the company. Agility launched its global "Think Green, Act Green" campaign in 2010 to promote environmental practices.

Tree Planting in Italy

To mark Earth Day 2010, Agility employees in Italy, in partnership with the Commune of Pantigliate, donated and planted 9 trees at a local school.

2010 AWARDS

Green & CSR Award 2010
(Vietnam Supply Chain)

Global 3PL of the Year
(Supply Chain Asia Logistics Awards 2010)

The Logistics Award 2010
(Lloyds List Asia Awards)

Special CSR Award
(Arabian Business Awards 2010)

In Addition to the Following Awards

- **Golden Supply Chain Award for Best Cold Chain Service Provider in China 2010**
(China Federation of Logistics and Procurement)
- **Supply Chain Innovation Award** (Supply Chain Asia Logistics Awards 2010)
- **Regional Yearly Transportation Solution Award 2010**
(Transport Council of Skåne and Blekinge, Sweden)
- **Quest for Quality Award 2010** (Logistics Management Magazine)
- **Best Green Service Provider, Logistics Operator**
(Asian Freight and Supply Chain Awards 2010)
- **Supply Chain Management Award** (European Outsourcing Awards 2010)


Our Vision
Logistics Leader meeting the
trade.

Investor Relations

Telephone:	+965 1 809 222
Email:	investor@agilitylogistics.com
Website:	www.agilitylogistics.com

Headquarter

State of Kuwait
Sulaibiya, 6th Ring Road
T: +965 1809 222
Email: kuwaithq@agilitylogistics.com

Regional Headquarters

Americas
Ervin, California, USA
T: +1 714 617 6300
Email: americas@agilitylogistics.com

Asia Pacific
Singapore
T: +65 6463 9868
Email: asia@agilitylogistics.com

Europe and Southern Africa
Basel, Switzerland
T: +41 61 316 5555
Email: europe@agilitylogistics.com

Middle East and North & East Africa
Dubai, United Arab Emirates
Tel: +971 4 813 1222
Email: middleeast@agilitylogistics.com