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Agility

Going Above

And Beyond

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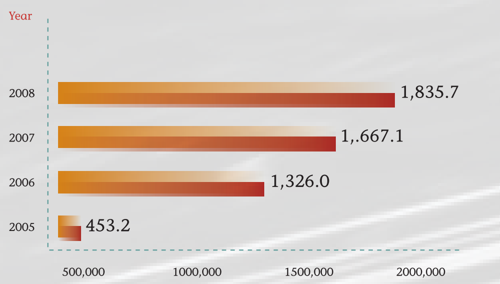
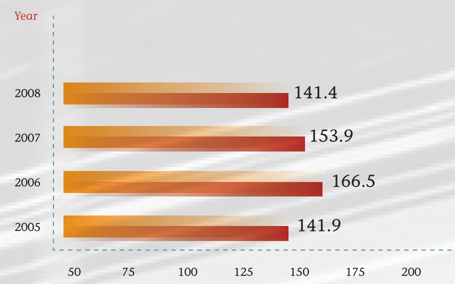
Agility

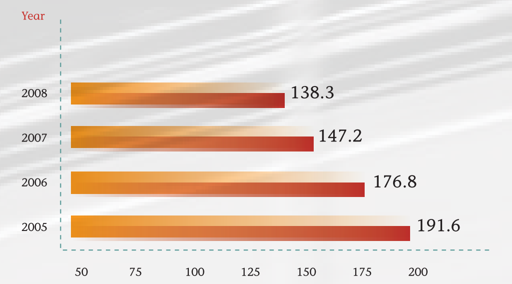
Financial Highlights



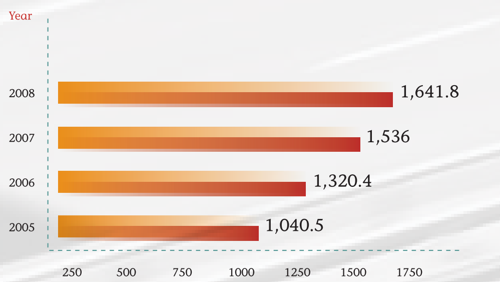
Revenues
KD (Million)



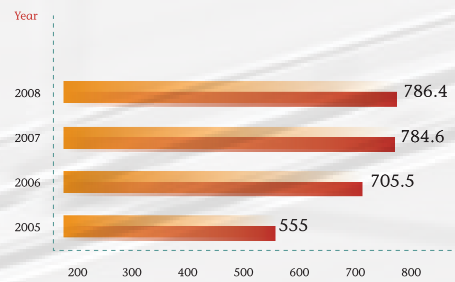
Net Income
KD (Million)



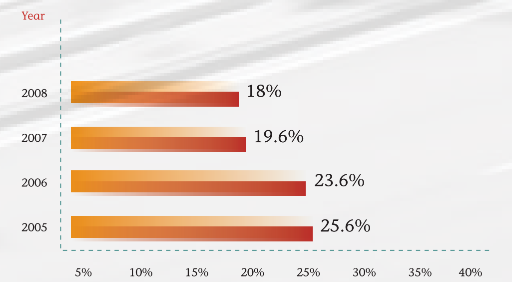
Earnings Per Share
(Fils)



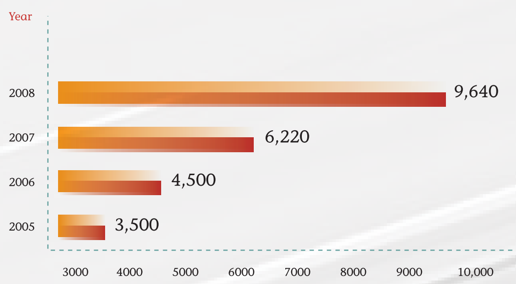
Total Assets
KD (Million)



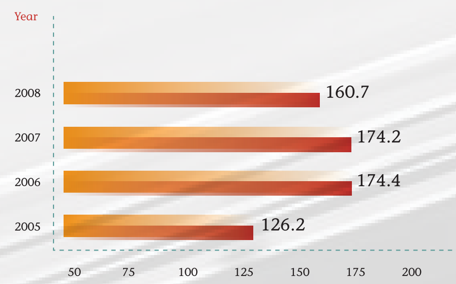
Shareholders Equity
KD (Million)



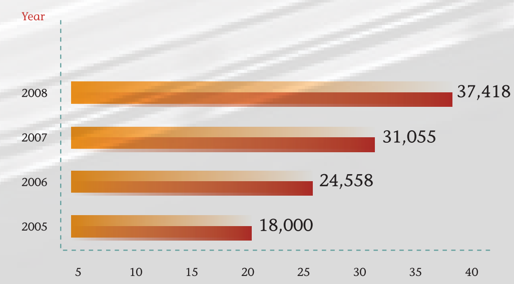
Return On Equity*
(*) Return On Equity: Net Income/Equity at the beginning of the year



Number of Transportation Vehicles



Operating Income
KD (Million)



Number of Employees
(Thousands)

Board of Directors

Tarek Abdul Aziz Sultan Al-Essa
Chairman & Managing Director

Hussain Ali Al-Khorafi
Vice Chairman

Bashar Saleem Al-Hunaidi
Board Member

Adel Mohammed Al-Bader
Board Member

Jameel Sultan Al-Essa
Board Member

Ayman Bader Sultan Al-Essa
Board Member

Naser Mohammed Fahed Al-Rashed
Board Member

Chairman's Message

Dear Shareholders,

Thank you for your support of Agility as we continue to grow as a company. 2008 was an exciting year for us – one in which we reported healthy financial results despite the beginning of a global economic downturn, continued to diversify our business and expand into new geographies, and took important internal steps to drive even stronger performance.

We know the year ahead will present challenges: a financial crisis that we already see affecting our commercial business, the troop drawdown that will change the face of our government contracting business, and the ongoing costs of responding to US and freight forwarding investigations. However, with a healthy balance sheet and a focused strategy in place to aggressively manage costs, cash and capital, expand into emerging markets that are still growing despite the financial crisis, and continue to diversify our business, we feel confident that we can use current economic turmoil as an opportunity to emerge from these tough times even stronger than before.

Financial Performance

We are proud of our financial results in 2008, especially given the impact of the global economic crisis in our commercial business in the fourth quarter of 2008 as world trade volumes slowed. Revenue rose 10 % to KD 1.84 billion, compared with KD 1.67 billion in 2007. We also reported a robust net profit KD 141 million, or 138 fils per share, with operating profits of KD 161 million :

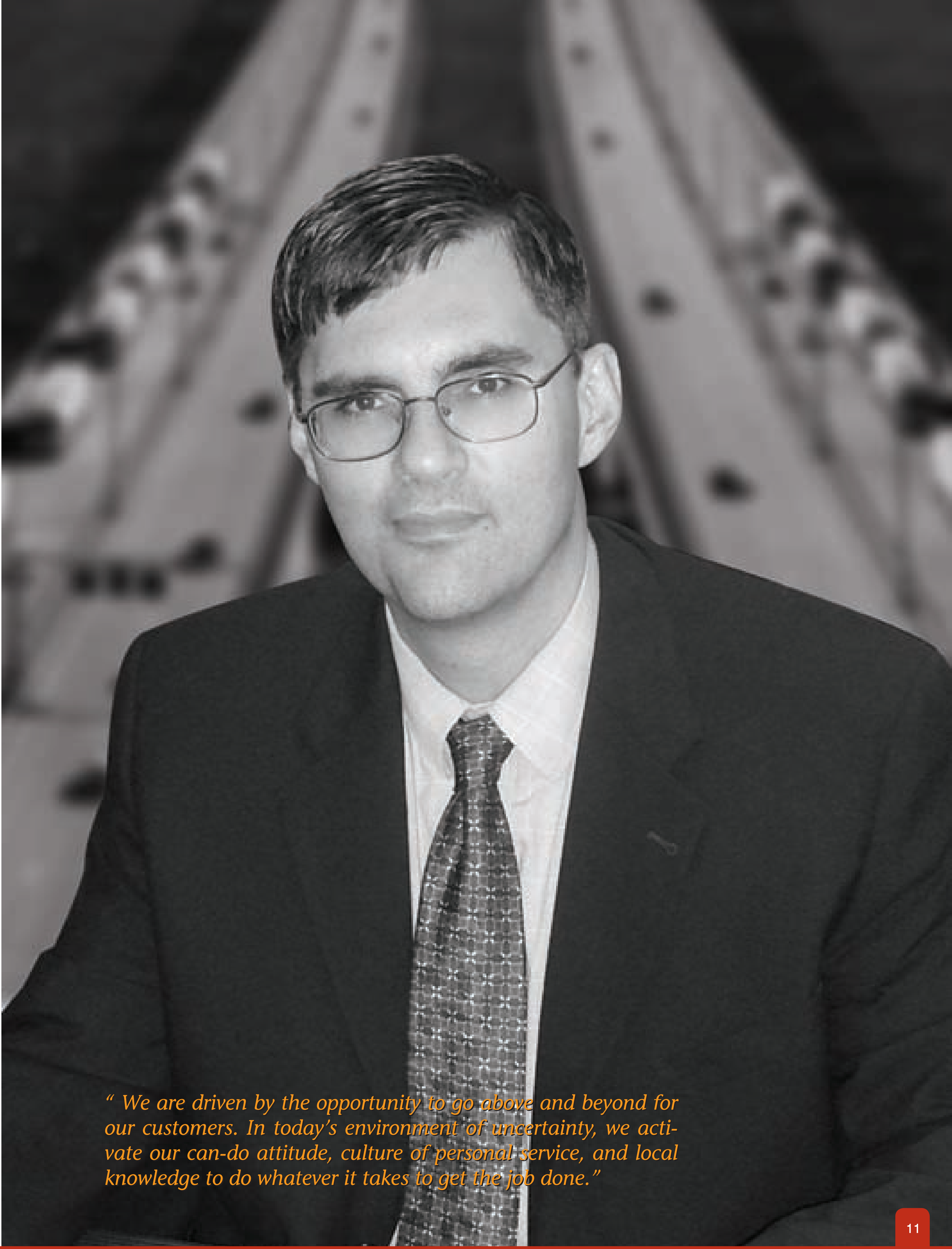
In this time of global credit constraints, we are also proud to report a healthy balance sheet. Agility's asset base grew 7 % in 2008 to KD 1.64 billion. The company borrowed approximately KD 220 million from international and regional banks, using the funds to pay down short-term debt and extend the maturity of remaining debt. As a result, over 60% of Agility's debt is due after 2010, a strong position in the current credit environment.

We are not going to stop there though. We are actively managing our cash position to offset our outstanding debt balance, in order to achieve a goal of zero net debt by the end of 2009. As of year-end 2008; we have a healthy cash flow from core operations and a cash balance estimated at KD 253 million. Our plan is to continue to aggressively manage cost, cash, and capital so that we can maintain an enviable level of financial flexibility during these times of turmoil.

As many of you know, the Board of Directors recommended to shareholders that no dividends be paid for the fiscal year 2008. While this may seem at first contradictory, given the strong financial performance we are reporting, we are confident that our shareholders will understand that the global financial crisis requires a mindset that is not "business as usual." In this changed global marketplace, preserving cash is critical. Cash enables us to stay flexible in the face of ongoing change, and to take advantage of unique opportunities created by the financial crisis. We believe that there will be the opportunity to acquire new assets and forge new partnerships at previously unobtainable terms – and we want to be ready to make these "game-changing" decisions. After all, it is precisely that opportunistic strategy that allowed us to become a global player within the space of just five short years.

Our Business Groups

Now let us turn to our business group performance. As you know, last year we restructured Agility into three businesses: Global Integrated Logistics (GIL) is headquartered in Switzerland and provides supply chain solutions to commercial customers large and small. Agility Defense & Government Services (DGS), based in Washington, offers logistics services to governments, relief agencies and international institutions worldwide. Agility Infrastructure group companies provide infrastructure support in the areas of industrial real estate, customs optimization, and airline services. As you will see, this strategy is paying off in terms of clearer accountabilities and better focus.



" We are driven by the opportunity to go above and beyond for our customers. In today's environment of uncertainty, we activate our can-do attitude, culture of personal service, and local knowledge to do whatever it takes to get the job done."

Global Integrated Logistics (GIL)

GIL accounted for 59 % of Agility's revenue in 2008. Its revenue rose 11 % year on year. Revenue from continuing operations rose 12%; the remaining increase came from new acquisitions. GIL focused on growing its network, acquiring new customers, optimizing costs and putting business-transformation initiatives in place.

GIL expanded its European network through acquisitions, establishing offices in Austria, Slovenia, Poland, Hungary, Denmark and Finland. Through GIL, Agility invested in Algeria, Libya, Morocco and the Kurdish region of Iraq, and continued to develop its third-party logistics (3PL) capabilities throughout the Middle East and Africa. The company sought to expand its presence and capabilities in China and acquired Shenzhen-based ocean freight forwarder COSA Freight and purchased Shanghai-based logistics provider Baisui Logistics in order to serve the growing Chinese domestic market.

GIL won important new business from Nokia, Siemens, Cadbury, Emerson, Flextronics and others. It continued to demonstrate strength in the segment serving mid-size customers. The company's work was singled out for industry recognition on several occasions:

- Best Logistics Company - Lloyd's List Asia
- Best European 3PL for Pharma, Chemicals, HazMat Transportation – eyefortransport
- Supply Chain Innovation Award – Supply Chain Asia
- GIL's Fairs & Events USA unit was voted "Best On-Site Agent" by - International Exhibition Logistics Associates (IELA). IELA voted Fairs & Events UK "Best Export Agent."

Defense & Government Services (DGS)

DGS contributed 37% of Agility's overall revenue. DGS revenue grew about 7% from the previous year. DGS focused on diversifying its customer base, regional reach and lines of business. It achieved an estimated 20% growth in business from new customers, including the United Nations, U.S. Department of State, U.S. Marine Corps, U.S. Defense Energy Support Center and U.S. Defense Supply Center Columbus.

DGS experienced record growth in its Commodities Services business and positioned itself for further growth by winning:

- A KD 60 million Industrial Prime Vendor contract to supply and deliver repair parts for communications and electronics equipment at the Tobyhanna Army Depot in Pennsylvania.
- Contracts to manage bulk fuel supplies at U.S. Air Force installations in Portugal, Germany, Turkey, Japan, South Korea and Guam.
- A KD 38 million contract to manage and distribute personal gear at all 19 U.S. Marines Corps bases worldwide.

DGS's aggressive efforts to capture new customers, move into new regions and diversify its business are intended to ensure continued growth despite the drawdown of U.S. forces in Iraq. Through its Defense Reutilization and Marketing Service (DRMS) contract, DGS is poised to deliver reverse logistics services for the U.S. military as it removes, repositions and disposes of equipment and materiel.

In 2008, DGS delivered operational excellence and customer service that prompted existing customers to exercise options on all key contracts: the Subsistence Prime Vendor food contract for Iraq and Kuwait; the Defense Distribution Depot Kuwait, Southwest Asia (DDKS); and the Heavy Lift VI contract to move supplies and equipment in and out of Iraq.

Customers singled out DGS for industry recognition:

- The Army Air Force Exchange Service presented DGS with the Logistics Exceptional Service Award.
- National Industries for the Blind selected DGS for its Partner in Excellence Award.
- The National Defense Transportation Association gave DGS its Distinguished Service Award.

Infrastructure

Agility Investments was renamed Agility Infrastructure to reflect a development of our strategy and financing constraints that affected our private equity group, Alcazar, and private equity worldwide.

Our Infrastructure Group companies are primarily focused on emerging market opportunities in the Middle East, Africa and South Asia. One of the core strengths of our Infrastructure group is our Real Estate (RE) platform, which manages industrial real estate assets worth more than USD1 billion. Rental revenue grew 11 %, to KD 25.9 million in 2008, as a result of efforts to develop and renovate more properties, offer value-added services and increased occupancy. RE focus in 2009 will be to continue to acquire customers and increase its market share.

Agility's Infrastructure Group also includes:

- The Metal and Recycling Company (MRC) which serves industrial, commercial and governmental clients in the Middle East with waste management, scrap trading, and recycling solutions;
- Global Clearinghouse Systems (GCS) which is a joint venture with the Kuwait General Administration for Customs (KGAC), to modernize, optimize and support Kuwait customs operations for a period of twenty-five years;
- National Aviation Services (NAS), an airline ground handling company providing ground support, passenger handling, cargo management, engineering, and lounge services. NAS currently operates in Kuwait, Jordan, and India. In Kuwait NAS won new client contracts, including Delta Airlines, Bahrain Air and Royal Jordanian. NAS India has also won the MIAL tender, to provide ground handling services at Mumbai International, an airport with 27 million passengers annually.

Giving Back to our Communities and Planet

Any review of our performance in 2008 would be incomplete without a discussion of our ongoing efforts to make a difference in our communities and our world. In the last two years, Agility has invested in 170 community projects in 45 countries, reaching 383,583 people on the ground with some form of service activity.

In 2008, notable projects included moving medical supplies for 10,000 people to Baghdad hospitals on behalf of the International Medical Corps, conducting an education drive for 200 underprivileged children in the United States, and supporting orphanages in Sierra Leone, Angola, Rwanda, and Uganda. In Kuwait, our employees mentored over 200 students through Injaz (Junior Achievement). We also continued assisting the humanitarian community in emergency response. Agility deployed a Logistics Emergency Team in response to Cyclone Nargis in Myanmar where along with our public and private partners; we helped manage humanitarian freight movements that were distributed amongst 1.5 million beneficiaries.

Agility is also playing a role in the global dialogue on environmental action. In 2008, Agility worked with the World Economic Forum to identify best practices in reducing carbon in the supply chain, and became the first logistics company to go carbon neutral in New Zealand. In Kuwait, Agility reduced energy consumption by 30% - taking over 9,000 tons of carbon out of the air (or the equivalent of the electricity use from 823 homes for an entire year). Agility also worked with a leading customer to reduce packaging waste, eliminating 2.5 million plastic bottles from ending up in a Kuwaiti landfill each year.

Outlook: Going Above and Beyond

What does the future hold for Agility given the current economic situation and a troop drawdown in the Middle East? These are the questions that our shareholders will be asking themselves today, and they are the same questions that Agility's management address every day.

When it comes to the financial crisis, we have taken strong steps to protect Agility during this recessionary cycle. However, no industry, no geography has been spared, and no one can predict how long or deep it will be. Given the economic realities, we will continue to focus on aggressively managing cost, cash, and capital expenditures in 2009. We have set targets for reducing discretionary spending, put into place procurement strategies to reduce our cost of doing business, are streamlining the organization to make it leaner and more competitive, and are continuing to drive internal performance.

When it comes to the troop drawdown, this is a reality that we have been preparing for. Our government contracting has diversified by geography, service, and customer base already, and we will continue to build on these efforts in 2009. We will be attuned for reserve logistics opportunities from Iraq, and also expand in areas that may see a troop surge, like Afghanistan. We will also continue to cooperate with authorities on ongoing investigations, and be mindful about managing the costs associated with our response.

Overall, we intend to remain bold, outward-looking and willing to make game-changing investments in strategic areas. We are going to keep investing in emerging markets and sectors that continue to show growth. Our expertise in emerging markets remains a key differentiator and has helped cushion us somewhat from the sharp declines in economic activity in developed markets. All of our major products have performed well in emerging markets: air freight, ocean freight, contract logistics, ground transportation and government services. We expect to build on that strength going forward.

We are focused on ensuring that we emerge from these tough times an even stronger player. We will proceed with an abundance of caution, but our goal for 2009 is to go above and beyond.

Tarek Sultan
Chairman and Managing Director, Agility


ilitylogistics.co

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE PUBLIC WAREHOUSING COMPANY K.S.C.

We have audited the accompanying consolidated financial statements of The Public Warehousing Company K.S.C. (the "Parent Company") and Subsidiaries (the "Group"), which comprise the consolidated balance sheet as of 31 December 2008, the related consolidated income statement, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 auditor considers 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the company's 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.

Albazie & Co.
Member of RSM International

ERNST & YOUNG

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

Basis of Qualified Opinion

As further discussed in Note 29 (e) 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 qualified our opinion in this regard on the consolidated financial statements for the years ended 31 December 2006 and 2007. Subsequent to 31 December 2008, 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 minority interests should be decreased by KD 4.0 million.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the contingencies explained in Note 29 (a), (b) and (c) to the consolidated financial statements.

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 2008 that might have had a material effect on the business of the Parent Company or on its financial position.

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

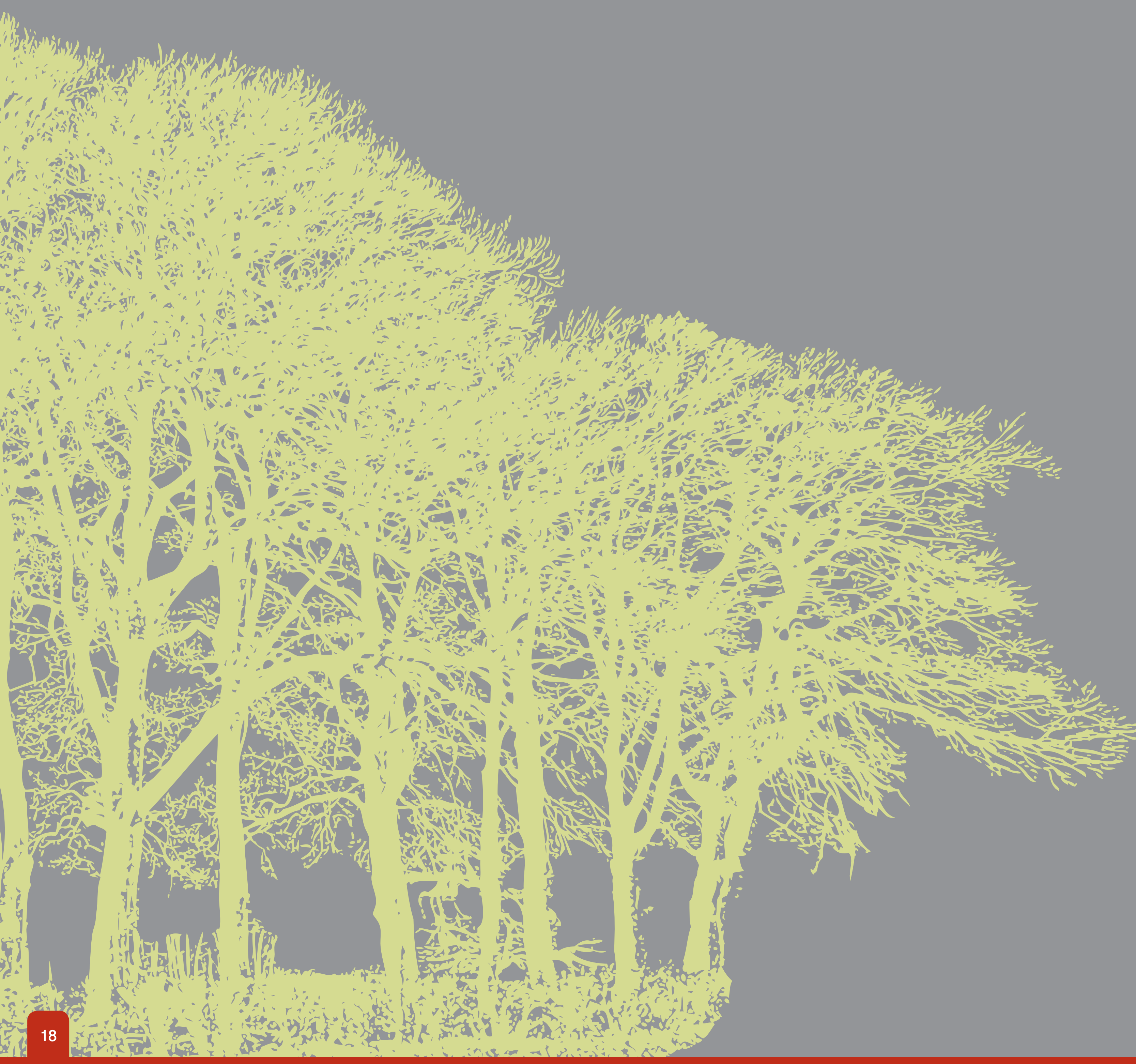
NAYEF M. AL-BAZIE
LICENCE NO. 91 A
Albazie & Co.
Member of RSM International

23 March 2009

Kuwait

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008



CONSOLIDATED BALANCE SHEET
as at 31 December 2008

	Notes	2008 KD 000's	2007 KD 000's
ASSETS			
Non-current assets			
Property, plant and equipment	3	222,106	209,294
Projects in progress	4	55,815	30,588
Investment properties	5	212,912	204,656
Intangible assets	6	15,496	17,941
Goodwill	7,8	235,228	204,248
Available for sale investments	9	113,720	93,000
Other non-current assets		46,528	45,414
Total non-current assets		901,805	805,141
Current assets			
Inventories	10	73,218	66,120
Trade receivables	11	321,619	346,026
Other current assets	12	91,748	71,653
Bank balances and cash	13	253,425	247,082
Total current assets		740,010	730,881
TOTAL ASSETS		1,641,815	1,536,022
EQUITY AND IABILITIES			
EQUITY			
Share capital	14	104,684	95,167
Share premium		152,650	152,650
Statutory reserve	15	52,342	47,584
Treasury shares	16	(48,431)	(1,035)
Treasury shares reserve		43,356	43,534
Foreign currency translation reserve		(28,370)	(17,858)
Hedging reserve		(8,954)	-
Investment revaluation reserve		(618)	(599)
Retained earnings		488,819	437,456
Equity attributable to equity holders of the Parent Company		755,478	756,899
Minority interests		30,921	27,744
Total equity		786,399	784,643
LIABILITIES			
Non-current liabilities			
Interest bearing loans	17	219,435	100,224
Bonds	18	-	28,650
Provision for employees' end of service benefits	19	18,124	15,758
Other non-current liabilities	20	32,660	30,372
Total non-current liabilities		270,219	175,004
Current liabilities			
Trade and other payables	21	374,672	347,234
Interest bearing loans	17	165,627	218,334
Bonds	18	28,795	-
Taxes payable	22	10,383	6,672
Dividends payable to shareholders		5,720	4,135
Total current liabilities		585,197	576,375
Total liabilities		855,416	751,379
TOTAL EQUITY AND LIABILITIES		1,641,815	1,536,022

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 2008

	Notes	2008 KD 000's	2007 KD 000's
Revenues			
Logistics and freight forwarding revenues	23	1,744,584	1,591,982
Rental revenue		25,878	23,363
Other services		65,224	51,745
Total revenues		1,835,686	1,667,090
Cost of revenues		(1,182,744)	(1,060,853)
Net revenues		652,942	606,237
Operating expenses			
General and administrative expenses	24	(159,300)	(138,135)
Salaries and employee benefits	25	(287,646)	(246,207)
Depreciation	3	(42,898)	(45,214)
Amortisation	6	(2,445)	(2,445)
Total operating expenses		(492,289)	(432,001)
Profit from operations		160,653	174,236
Other income			
Change in fair value of investment properties	5	4,259	6,776
Interest income		19,301	14,768
Miscellaneous income		213	1,583
Total other income		23,773	23,127
Finance costs		(26,008)	(24,231)
Profit for the year before income tax, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration		158,418	173,132
Income tax		(3,686)	(3,894)
Contribution to KFAS		(1,433)	(1,516)
NLST		(3,702)	(3,989)
Zakat		(1,570)	(97)
Directors' remuneration		-	(200)
PROFIT FOR THE YEAR		148,027	163,436
Attributable to:			
Equity holders of the Parent Company		141,373	153,941
Minority interests		6,654	9,495
		148,027	163,436
BASIC AND DILUTED EARNINGS PER SHARE	26	138.34 fils	147.15 fils

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2008

	Notes	2008 KD 000's	2007 KD 000's
OPERATING ACTIVITIES			
Profit for the year before income tax, KFAS, NLST, Zakat and Directors' remuneration		158,418	173,132
Adjustments for:			
Provision for impairment of trade receivables	11	7,723	2,301
Provision for employees' end of service benefits	19	8,488	7,114
Unrealised foreign currency exchange gain		(3,406)	(7,561)
Depreciation	3	42,898	45,214
Amortisation	6	2,445	2,445
Change in fair value of investment properties	5	(4,259)	(6,776)
Interest income		(19,301)	(14,768)
Finance costs		26,008	24,190
Miscellaneous income		(213)	(682)
Operating profit before changes in working capital		218,801	224,609
Inventories		(6,910)	(6,885)
Trade receivables		20,739	(66,344)
Other assets		(6,343)	(18,959)
Trade and other payables		10,037	49,739
Cash from operations		236,324	182,160
NLST paid		(38)	(7,452)
Income tax paid		(3,638)	(6,171)
KFAS paid		(1,739)	-
Directors' remuneration paid		(165)	(165)
Employees' end of service benefits paid	19	(5,826)	(4,554)
Net cash from operating activities		224,918	163,818
INVESTING ACTIVITIES			
Net movement in investments available for sale		(17,737)	(92,000)
Additions to property, plant and equipment (net of disposals)		(44,799)	(42,569)
Additions to projects in progress (net of disposals)	4	(39,686)	(29,834)
Additions to investment properties	5	(3,997)	(5,469)
Contingent consideration paid in respect of prior period acquisitions		(592)	(18,738)
Acquisition of subsidiaries (net of cash acquired)		(21,838)	(24,902)
Interest income received		15,527	14,552
Advance payment to acquire an investment		-	(30,734)
Amount received on disposal of a subsidiary		557	-
Acquisition of additional interest in subsidiaries		(5,898)	(2,591)
Refund of purchase consideration paid towards acquisition of subsidiaries in prior period		303	686
Net movement in deposits with original maturities exceeding three months		(41,658)	58,196
Net cash used in investing activities		(159,818)	(173,403)
FINANCING ACTIVITIES			
Receipts from minority shareholders as a result of additional share capital issued by the subsidiaries		3,714	9,684
Purchase of treasury shares		(69,834)	(657)
Proceeds from sale of treasury shares		22,260	3,276
Net movement in interest bearing loans		55,516	97,458
Finance costs paid		(24,355)	(21,383)
Dividends paid to shareholders of Parent Company		(74,548)	(69,874)
Dividends paid to minority shareholders of subsidiaries		(9,966)	(6,489)
Net cash (used in)/from financing activities		(97,213)	12,015
Foreign currency translation adjustments		(3,202)	(12,154)
DECREASE IN CASH AND CASH EQUIVALENTS		(35,315)	(9,724)
Cash and cash equivalents at 1 January		189,889	199,613
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	154,574	189,889

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2008

	Attributable to equity holders of the Parent Company										Minority Interests	Total
	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*
Balance at 1 January 2008	95,167	152,650	47,584	(1,035)	43,534	(17,858)	-	(599)	437,456	756,899	27,744	784,643
Changes in fair value of available for sale investments	-	-	-	-	-	-	-	(19)	-	(19)	-	(19)
Foreign currency translation adjustments	-	-	-	-	-	(10,512)	-	-	-	(10,512)	696	(9,816)
Net loss on hedge of net investments (Note 17)	-	-	-	-	-	-	(8,318)	-	-	(8,318)	-	(8,318)
Change in fair value of cash flow hedge (Note 28)	-	-	-	-	-	-	(636)	-	-	(636)	-	(636)
Total (expense) income for the year recognised directly in equity	-	-	-	-	-	(10,512)	(8,954)	(19)	-	(19,485)	696	(18,789)
Profit for the year	-	-	-	-	-	-	-	-	141,373	141,373	6,654	148,027
Total (expense) income for the year	-	-	-	-	-	(10,512)	(8,954)	(19)	141,373	121,888	7,350	129,238
Dividends (Note 27)	-	-	-	-	-	-	-	-	(76,133)	(76,133)	(9,966)	(86,099)
Issue of bonus shares (Note 14)	9,517	-	-	-	-	-	-	-	(9,517)	-	-	-
Sale of treasury shares	-	-	-	22,438	(178)	-	-	-	-	22,260	-	22,260
Purchase of treasury shares	-	-	-	(69,834)	-	-	-	-	-	(69,834)	-	(69,834)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,226)	(1,226)
Issue of share capital by subsidiaries	-	-	-	-	-	-	-	-	-	-	7,007	7,007
Acquisition of investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	195	195
Disposal of investment in subsidiaries	-	-	-	-	-	-	-	-	398	398	(183)	215
Transfer to statutory reserve	-	-	4,758	-	-	-	-	-	(4,758)	-	-	-
Balance at 31 December 2008	104,684	152,650	52,342	(48,431)	43,356	(28,370)	(8,954)	(618)	488,819	755,478	30,921	786,399

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 2008

	Attributable to equity holders of the Parent Company									Minority interests	Total
	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*	*Investment revaluation reserve KD 000's*	*Retained earnings KD 000's*	*Sub total KD 000's*	*KD 000's*	*KD 000's*
Balance at 1 January 2007	79,306	152,650	39,653	(3,038)	42,918	(1,745)	(309)	378,682	688,117	17,400	705,517
Changes in fair value of available for sale investments	-	-	-	-	-	-	(290)	-	(290)	-	(290)
Foreign currency translation adjustments	-	-	-	-	-	(16,113)	-	-	(16,113)	(1,765)	(17,878)
Total expense for the year recognised directly in equity	-	-	-	-	-	(16,113)	(290)	-	(16,403)	(1,765)	(18,168)
Profit for the year	-	-	-	-	-	-	-	153,941	153,941	9,495	163,436
Total (expense) income for the year	-	-	-	-	-	(16,113)	(290)	153,941	137,538	7,730	145,268
Dividends (Note 27)	-	-	-	-	-	-	-	(71,375)	(71,375)	(6,489)	(77,864)
Issue of bonus shares (Note 14)	15,861	-	-	-	-	-	-	(15,861)	-	-	-
Sale of treasury shares	-	-	-	2,660	616	-	-	-	3,276	-	3,276
Purchase of treasury shares	-	-	-	(657)	-	-	-	-	(657)	-	(657)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	(581)	(581)
Issue of additional share capital by subsidiaries	-	-	-	-	-	-	-	-	-	9,684	9,684
Transfer to statutory reserve	-	-	7,931	-	-	-	-	(7,931)	-	-	-
Balance at 31 December 2007	95,167	152,650	47,584	(1,035)	43,534	(17,858)	(599)	437,456	756,899	27,744	784,643

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

1 CORPORATE INFORMATION

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

The address of the Parent Company Head office is Sulaibia, beside Land Customs Clearing Area, P.O. Box 25418, Safat 13115, Kuwait. The Group operates under the trade name of "Agility".

The main objectives of the Parent Company are as follows:

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

The consolidated financial statements were authorised for issue by the Parent Company's Board of Directors on 23 March 2009. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

The Group's total number of employees as at 31 December 2008 is 37,418 employees (2007: 31,055).

2.1 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, available for sale investments 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
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (the "Group") as at 31 December. The financial statements of the subsidiaries are prepared for the same reporting period 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.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from Parent Company's shareholders' equity. Acquisitions of minority interests are 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 is recognised as goodwill.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
The principal subsidiaries of the Group are as follows:

Name of company	*Effective equity interest as at 31 December 2008*	*Effective equity interest as at 31 December 2007*	*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
PWC Logistics Services Co. K.S.C.C.	100.00%	100.00%	State of Kuwait
Gulf Catering Company for General Trading and Contracting W.L.L	51.00%	51.00%	State of Kuwait
Metal Recycling Company K.S.C.C.	53.29%	53.00%	State of Kuwait
Tristar Transport LLC – Dubai	80.00%	80.00%	United Arab Emirates
Agility Holdings Inc.	100.00%	100.00%	United States of America
Trans Oceanic Shipping Co. Inc.	100.00%	100.00%	United States of America
Agility Logistics Corp.	100.00%	100.00%	United States of America
Agility Logistics Limited	100.00%	100.00%	United Kingdom
Agility Logistics AG	100.00%	100.00%	Switzerland
Agility Spain SA	100.00%	100.00%	Spain
Agility Company L.L.C	50.25%	50.00%	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

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

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

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 directly in equity 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 directly in equity is transferred to profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the consolidated income statement. Amounts taken to equity 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 equity 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 equity 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 equity remain in equity until the forecast transaction or firm commitment occurs.

2.2 CHANGES IN ACCOUNTING POLICIES (continued)

The Group has adopted the following new applicable and amended International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations during the year.

Amendments to IAS 39: Financial Instruments: Recognition and Measurement and to IFRS 7: Financial Instruments: Disclosures
On 13 October 2008, the International Accounting Standards Board (IASB) approved and published amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures to allow reclassifications of certain financial instruments held for trading to either the held to maturity, loans and receivables or available for sale categories with effect from 1 July 2008.

- IFRIC 11 IFRS 2 Group and Treasury Share Transactions; and
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Based on the Group's current business model and accounting policies, management does not expect material impact on the Group's consolidated financial statements in the period of initial applications of the above amendments to IAS 39 and interpretations.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value at the date of acquisition.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the assets acquired, liabilities assumed and contingent liabilities. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, those adjustments that are probable and can be measured reliably are included in the cost of the combination at the acquisition date. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
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 year 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 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 year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to subsequent lease.

For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent accounting is its fair vale at the date of change in use. If the property occupied by the Group as an 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. When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated income statement.

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

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

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.

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 balance sheet 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 a foreign operation, which are accounted for as described in Note 2.2 above

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 and liabilities, both monetary and non-monetary, of foreign operations are translated at the exchange rates prevailing at the balance sheet 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.

Financial assets and liabilities

The Group's financial assets includes "available for sale investments", "trade receivables", "cash and cash equivalents" and "derivative financial instruments" whereas the Group's financial liabilities includes "interest bearing loans", "bonds" and "trade payables".

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)
Financial assets
Available for sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as "loans and receivables". After initial measurement, available-for-sale investments are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognised in the consolidated income statement, or determined to be impaired, at which time the cumulative loss previously recorded in equity is recognised in the consolidated income statement.

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 includes cash at banks and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less, and that are subject to an insignificant risk of change in value.

Financial liabilities
Interest bearing loans
Interest bearing loans are carried on the consolidated balance sheet at their principal amounts. Installments due within one year are shown as current liabilities. Interest is charged as an expense as it accrues, with unpaid amounts included in 'accounts payable and accruals'.

Bonds
Bonds are carried at their principal amount in the consolidated financial statements, net of directly related cost of issuing the bonds to the extent that such cost has not been amortised.

These costs are amortised through the consolidated income statement over the life of the bonds using the effective interest rate method, interest is charged as expense as it accrues with unpaid amount included in other liabilities.

Trade 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 assets and liabilities traded in recognised financial markets is their quoted market price, based on the current bid price. For all other financial assets or liabilities where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current fair value of another instrument that is substantially the same or recent arm's length market transactions or 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 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. 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Derecognition of financial assets and liabilities (continued)

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 liabilities are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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 financial 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Fair value hedge (continued)

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.

Accounting policies relating to cash flow hedges and hedges of net investment are explained in note 2.2 above.

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 on a specific identification basis 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 balance sheet 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, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

Reversal of impairment losses is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or has decreased. The reversal of impairment losses are recognised in the consolidated income statement except for available for sale investments (other than debt instruments) which are recognised directly in equity.

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").

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Non-financial assets (continued)

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.

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 primary or secondary reporting format determined in accordance with IAS 14: Segment Reporting.

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 the cost method, the weighted average cost of the shares reacquired is charged to equity. When treasury shares are re-issued, 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 in that account. Gains realised subsequently on the sale of treasury shares are used to offset any previously recorded losses in the treasury shares reserve. No cash dividends are paid on these shares. The issuance 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.

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 balance sheet 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.

Employees' end of service benefits

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 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits (continued)
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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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

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. Revenues from transportation services are recognised by reference to the stage of completion. Stage of completion is measured by reference to the total transportation days completed to date as a percentage of total transportation days for each contract. Other logistics services are 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.

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.

Income taxes
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.

National Labour Support Tax (NLST)
The Parent Company calculated the 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 listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat
Effective 10 December 2007, the Group has provided for Zakat in accordance with the requirements of law No. 46 of 2006. The Zakat charge calculated in accordance with these requirements is charged to the consolidated income statement.

Kuwait Foundation for the Advancement of Sciences (KFAS)
The Parent Company calculated 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 income from associates and subsidiaries, Board of Directors’ remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Segment information
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2.4 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 investments
Management decides upon acquisition of an investment whether it should be classified as investments available for sale or investments carried at fair value through consolidated income statement.

Classification of investments at fair value through profit or loss depends on how management monitors the performance of those investments. When investments 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 consolidated income statement. All other investments are classified as available for sale investments.

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 balance sheet 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 an indefinite life at 31 December 2008 were KD 235,228 thousand and KD 4,721 thousand, respectively, (2007: KD 204,248 thousand and KD 4,721, respectively). More details are given in Notes 6, 7 and 8.

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:

(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.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Valuation of unquoted investments

Valuation of unquoted investments 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, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability at 31 December 2008 is KD 18,124 thousand (2007: KD 15,758 thousand). Further details are given in Note 19.

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.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 2 (Revised) Share Based Payment (effective for annual periods beginning on or after 1 January 2009) IFRS 2 Share Based Payment, the amended standard, deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The application of the revised standard is not expected to have a material impact on the consolidated financial statements in the period of initial application.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give 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. Other consequential amendments were made to IAS 7 Statement of Cash flows, IAS 12 Income Taxes, IAS 21 the Effects of Changes in Foreign Exchange Rate, IAS 28 Investment in Associates and IAS 31 Interest in Joint Ventures.

The above revisions will affect future acquisitions or loss of control and transactions with minority shareholders.

IFRS 8 ***Operating Segments*** was issued by the IASB in November 2006 and will be effective for annual periods beginning on or after 1 January 2009. Under the requirements of the standard, the Group would be required to disclose information used by management internally for the purpose of evaluating the performance of operating segments and allocating resources to those segments.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IAS 1 Revised Presentation of Financial Statements

The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standards separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as single line. In addition, the Standard introduces the statement of comprehensive income; it present all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is evaluating whether it will have one or two statements.

IAS 23 Borrowing cost

The revised standard was issued in May 2008 and become effective for financial years beginning on or after 1 January 2009. The amendment requires capitalisation of borrowing cost that are directly attributable to the acquisition, construction or production of qualifying assets. The application of the revised standard is not expected to have a material impact on the consolidated financial statements in the period of initial application.

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

These amendments to the IAS 39 were issued in August 2008 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 will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 was issued in July 2008 and becomes effective for financial years beginning on or after 1 October 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The application of the interpretation is not expected to have a material impact on the consolidated financial statements in the period of initial application.

3 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 2008	105,227	48,038	155,619	55,649	364,533
Additions	19,372	8,945	10,916	13,493	52,726
Transfer from projects in progress (Note 4)	7,679	1,292	2,134	3,354	14,459
Disposals	(4,293)	(2,654)	(1,782)	(4,952)	(13,681)
Arising on acquisition of subsidiaries	154	1,444	92	216	1,906
Exchange differences	(5,926)	(19)	1,579	(1,606)	(5,972)
31 December 2008	122,213	57,046	168,558	66,154	413,971
Accumulated depreciation:					
1 January 2008	(36,495)	(28,803)	(52,458)	(37,483)	(155,239)
Charge for the year	(6,910)	(4,915)	(17,159)	(13,914)	(42,898)
Relating to disposals	2,152	1,641	700	1,299	5,792
Exchange differences	(135)	146	(1,471)	1,940	480
31 December 2008	(41,388)	(31,931)	(70,388)	(48,158)	(191,865)
Net book value:					
31 December 2008	80,825	25,115	98,170	17,996	222,106
31 December 2007	68,732	19,235	103,161	18,166	209,294

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Parent Company's buildings with a carrying value of KD 9,512 thousand (2007: KD 8,821 thousand) are erected on land leased from the local Government for periods ranging from five to twenty years and are renewable.

4 PROJECTS IN PROGRESS

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

	2008 ***KD 000's***	*2007* *KD 000's*
At 1 January	30,588	18,752
Additions	39,686	29,834
Transfer to property, plant and equipment (Note 3)	(14,459)	(13,099)
Transfer to investment properties (Note 5)	-	(4,899)
At 31 December	55,815	30,588

5 INVESTMENT PROPERTIES

	2008 ***KD 000's***	*2007* *KD 000's*
At 1 January	204,656	188,228
Additions	3,997	5,469
Transfers from projects in progress (Note 4)	-	4,899
Transferred to property, plant and equipment	-	(716)
Changes in fair value	4,259	6,776
At 31 December	212,912	204,656

Investment properties are held at fair value, which has been determined based on valuations performed by an accredited independent valuer, as at 31 December 2008 and 31 December 2007.

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 (c)).

6 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 2008	9,894	7,271	4,721	21,886
Accumulated amortisation:				
At 1 January 2008	(2,765)	(1,180)	-	(3,945)
Charge for the year	(1,947)	(498)	-	(2,445)
31 December 2008	(4,712)	(1,678)	-	(6,390)
Net book value:				
31 December 2008	5,182	5,593	4,721	15,496
31 December 2007	7,129	6,091	4,721	17,941

6 INTANGIBLE ASSETS (continued)

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.

The purchase price allocation was performed by senior management of the Group who have the knowledge and experience of the industry in which the acquired subsidiaries operate. The senior management, while performing this exercise considered the valuation and due diligence exercises conducted by external consulting firms prior to acquisition.

7 GOODWILL

The goodwill arising on acquisition of subsidiaries is summarised as follows:

	2008 *KD 000's*	*2007* *KD 000's*
Cost:		
At 1 January	209,526	193,440
Additions	31,313	22,627
Exchange differences	(333)	(6,541)
At 31 December	240,506	209,526
Impairment:		
At 1 January and 31 December	5,278	5,278
Net carrying value	235,228	204,248

On 31 March 2008, one of the subsidiaries of the Parent Company acquired the remaining 49% equity interest in Agility Thailand Limited, a company registered in Thailand, for a total cash consideration of KD 4,267 thousand. Goodwill arising on acquisition amounted to KD 4,471 thousand. Following the acquisition of the minority interests, the Group owns 100% equity interest in Agility Thailand, Limited.

On 7 April 2008, one of the subsidiaries of the Parent Company acquired 100% of the share capital of Medgroup, a company registered in France, for a cash consideration of KD 1,574 thousand. Goodwill arising on acquisition amounted to KD 856 thousand, based on the tentative estimates of the fair value of the net assets acquired.

On 24 June 2008, one of the subsidiaries of the Parent Company acquired 71% of the share capital of CF Geologistics A/S, a company registered in Denmark, for a cash consideration of KD 504 thousand. Goodwill arising on acquisition amounted to KD 243 thousand, based on the tentative estimates of the fair value of the net assets acquired. From the date of acquisition, CF Geologistics A/S contributed KD 43 thousand to the profit of the Group. Following the acquisition, the Group owns 100% equity interest in CF Geologistics A/S.

On 25 June 2008, one of the subsidiaries of the Parent Company acquired 80% of the share capital of Starfreight Limited, a company registered in Kenya, for a cash consideration of KD 395 thousand. Goodwill arising on acquisition amounted to KD 191 thousand, based on the tentative estimates of the fair value of the net assets acquired. From the date of acquisition, Starfreight Limited contributed KD 22 thousand to the profit of the Group.

On 25 July 2008, one of the subsidiaries of the Parent Company acquired 100% of the share capital of COSA Freight Limited, a company registered in Shanghai - China, for a cash consideration of KD 6,121 thousand. Goodwill arising on acquisition amounted to KD 4,218 thousand, based on the tentative estimates of the fair value of the net assets acquired. From the date of acquisition, COSA Freight Limited contributed KD 48 thousand to the profit of the Group.

On 31 July 2008, one of the subsidiaries of the Parent Company acquired 70% of the share capital of United Engineering Services Co W.L.L., a company registered in Kuwait, for a cash consideration of KD 890 thousand. Goodwill arising on acquisition amounted to KD 353 thousand, based on the tentative estimates of the fair value of the net assets acquired. From the date of acquisition, United Engineering Services Co W.L.L. contributed KD 242 thousand to the profit of the Group.

7 GOODWILL (continued)

On 28 August 2008, one of the subsidiaries of the Parent Company acquired 100% of the share capital of Geopetrol International Limited, a company registered in Canada, for a cash consideration of KD 2,338 thousand. Goodwill arising on acquisition amounted to KD 1,644 thousand, based on the tentative estimates of the fair value of the net assets acquired. From the date of acquisition, GeoPetrol International Limited contributed KD 84 thousand to the profit of the Group.

On 10 October 2008, one of the subsidiaries of the Parent Company acquired 100% of the share capital of China Baisui Logistics Pte. Limited, a company registered in Shanghai – China, for a cash consideration of KD 12,732 thousand, and a contingent consideration with an estimated value of KD 8,019 thousand. Goodwill arising on acquisition amounted to KD 17,578 thousand, based on the tentative estimates of the fair value of the net assets acquired. From the date of acquisition, Baisui Logistics Pte. Limited, contributed KD 340 thousand to the profit of the Group. The fair values of the identifiable assets and liabilities as on the date of acquisition were as follows:

	KD 000's
Total assets	8,271
Total liabilities	(5,098)
Fair value of net assets acquired	3,173
Goodwill arising on acquisition	17,578
Purchase consideration	20,751
Less: cash and cash equivalents	(854)
Cash outflow on acquisition, net of cash acquired	19,897

The tentative estimate of fair values of the identifiable assets and liabilities acquired, are equivalent to their carrying values as on the date of acquisition.

The estimates referred to above, and the resultant goodwill, are subject to revision within twelve months of the acquisition date of the respective companies.

During 2008, the Group's management finalised the valuation of net assets acquired in respect of the acquisition of subsidiaries during the year ended 31 December 2007, and did not identify any additional intangible assets. Accordingly, the provisional goodwill of KD 18,557 thousand arising in 2007 is considered as final.

8 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.

8 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIFE (continued)

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

Cash generating units	***Carrying amount of goodwill 2008 KD 000's***	*Carrying amount of goodwill 2007 KD 000's*
Global Integrated Logistics	195,955	165,933
Defence and Government Services	27,455	26,851
Infrastructure	11,818	11,464
Total	235,228	204,248

The recoverable amount 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 senior management for 2009 and assuming an average annual growth rate of 10% 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, which is below the long-term average growth rate for the logistics industry, on a conservative basis.

Key assumptions used in value in use calculations
The calculation of value in use is most 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.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, 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 (2007: 4,721 thousand) represents the brand which has been tested for impairment at the balance sheet date. In the opinion of the management, no impairment is considered necessary.

9 AVAILABLE FOR SALE INVESTMENTS

	2008 KD 000's	*2007 KD 000's*
Unquoted equity securities	44,589	24,590
Unquoted debt securities	69,131	68,410
	113,720	93,000

Available for sale investments amounting to KD 13,635 thousand (2007: KD 999 thousand) are located in Kuwait. The balance of KD 100,085 thousand (2007: KD 92,001 thousand) are located outside Kuwait.

Available for sale investments are carried at cost due to the non availability of reliable measures of their fair values. Management has performed a review of its available for sale investments to assess whether impairment has occurred in the value of these investments due to the impact of the global financial crisis. Based on specific information, management is of the view that no impairment provision is required as at 31 December 2008 in respect of these investments.

10 INVENTORIES

	2008 KD 000's	*2007 KD 000's*
Goods for resale	47,311	37,391
Goods in transit	26,700	29,072
	74,011	66,463
Provision for obsolete and slow moving inventories	(793)	(343)
	73,218	66,120

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 450 thousand (2007: KD 216 thousand) which is recognised in the cost of revenues.

11 TRADE RECEIVABLES

	2008 KD 000's	*2007 KD 000's*
Gross trade receivables	368,638	388,383
Provision for impairment of trade receivables	(47,019)	(42,357)
	321,619	346,026

Trade receivables are non-interest bearing and are generally on 30 to 70 days terms. As at 31 December 2008, trade receivables at initial value of KD 47,019 thousand (2007: KD 42,357 thousand) were impaired and fully provided for.

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

	2008 KD 000's	*2007 KD 000's*
At 1 January	42,357	40,592
Charge for the year (Note 24)	7,723	2,301
Amounts written off	(2,984)	(772)
Others (including exchange differences)	(77)	236
At 31 December	47,019	42,357

As at 31 December, the analysis of trade receivables that were not impaired is as follows:

		Past due but not impaired					
	Neither past due nor impaired 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*	*Total KD 000's*
2008	180,245	66,629	21,601	14,908	7,309	30,927	321,619
2007	211,752	68,949	30,828	9,983	17,182	7,332	346,026

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.

11 TRADE RECEIVABLES (continued)

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

	2008 KD 000's	2007 KD 000's
US Dollars	171,974	202,352
Euros	62,944	59,466
British Pounds	12,758	12,512
UAE Dirhams	13,165	13,780
	260,841	288,110

12 OTHER CURRENT ASSETS

	2008 KD 000's	2007 KD 000's
Advances to suppliers	22,720	20,250
Prepaid expenses and deposits	32,117	24,133
Staff receivables	2,409	1,999
Accrued income	15,179	7,286
Other assets	19,323	17,985
	91,748	71,653

13 BANK BALANCES AND CASH

Bank balances and cash include the following amounts:

	2008 KD 000's	2007 KD 000's
Cash at banks and on hand	89,593	71,887
Short term deposits	64,981	118,002
Cash and cash equivalents	154,574	189,889
Deposits with original maturities exceeding three months	98,851	57,193
	253,425	247,082

Included in bank balances and cash are balances amounting to KD 90,414 thousand (2007: KD 185,044 thousand) held by banks in Kuwait whereas the balance of KD 163,011 thousand (2007: 62,018 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 earn interest ranging from 4.5% to 7.7% per annum (2007: 6% to 7% per annum).

Included in bank balances and cash are balances denominated in foreign currencies amounting to KD 135,709 thousand (2007: KD 65,508 thousand), mainly in US Dollars and United Arab Emirates Dirhams.

14 SHARE CAPITAL

	Authorised		*Issued and fully paid*	
	2008	*2007*	***2008***	*2007*
	KD 000's	*KD 000's*	***KD 000's***	*KD 000's*
Shares of KD 0.100 each	104,684	95,167	104,684	95,167

On 13 May 2008, the shareholders at the annual general assembly of the Parent Company, approved the consolidated financial statements for the year ended 31 December 2007 and approved a cash dividend of 80 fils per share (2007: 90 fils per share) and bonus shares at 10% (equivalent to 10 shares per 100 shares held) (2007: 20% equivalent to 20 shares per 100 shares held). The issue of bonus shares resulted in increase in the authorised, issued and paid up share capital by 95,166,974 shares from 951,669,735 shares as at 31 December 2007 to 1,046,836,709 shares as at 31 December 2008.

On 25 May 2008, the shareholders at the extraordinary general assembly meeting of the Parent Company approved the increase in authorised share capital to 1,284,754,150 shares (nominal value of each share is 100 fils). The legal formalities to increase the authorized share capital to 1,284,754,150 are still in progress.

15 STATUTORY RESERVE

In accordance with the Kuwait Commercial Companies Law and the Parent Company's Articles of Association, 10% of net profit for the year is required to be transferred to statutory reserve. However, the Parent Company has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly the transfer to statutory reserve, which is less than 10% of the profit for the year, is that amount required to raise the reserve to 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

	2008	*2007*
Number of treasury shares	47,443,640	853,991
Percentage of issued shares	4.53%	0.09%
Market value in KD 000's	29,415	1,179
Cost in KD 000's	48,431	1,035

17 INTEREST BEARING LOANS

	2008 *KD 000's*	*2007* *KD 000's*
Loan of US$ 525,000 thousand obtained from a club of foreign banks in May 2008 and is repayable in May 2011.	144,848	-
Loan of SGD 272,000 thousand obtained from a foreign bank in May 2008 and is repayable in November 2009.	51,925	-
Loan of US$ 100,000 thousand obtained from a foreign bank in April 2008 and is repayable in April 2012.	27,590	-
Loan of US$ 550,000 thousand obtained from a foreign bank. This loan was repaid in May 2008.	-	80,807
Loan of KD 100,000 thousand borrowed from a local bank in October 2007 and is repayable in four instalments commencing from April 2008.	25,000	100,000
Loan of US$ 250,000 thousand borrowed from a local bank in October 2007 and is repayable in semi-annual instalments commencing from June 2009.	68,975	68,250
Loan of US$ 60,000 thousand borrowed from a local bank in 2003 and is repayable in quarterly instalments commencing from September 2005.	9,738	11,562
Loan of US$ 40,000 thousand borrowed from a local bank in 2003. This loan was repaid in June 2008.	-	7,020
Loan of US$ 75,000 thousand obtained from a foreign bank in Oct 2008 and is repayable in Oct 2009.	20,689	-
Other loans	36,297	50,919
	385,062	318,558

The terms of the loan agreements require the Parent Company to meet certain financial covenants. At 31 December 2008, these covenants have been met. Floating interest rate loans amounting to KD 385,062 thousand (2007: 318,558 thousand) carry interest rates ranging from 0.65% to 2.75% per annum over LIBOR.

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***
Kuwaiti Dinars	29,296	6,850	36,146
US Dollars	72,326	199,895	272,221
Euros	1,449	830	2,279
Singapore Dollars (SGD)	51,929	449	52,378
Others	10,627	11,411	22,038
Balance at 31 December 2008	165,627	219,435	385,062
Balance at 31 December 2007	218,334	100,224	318,558

Included in interest bearing loans are loans amounting to KD 11,465 thousand (2007: KD 21,387 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.

17 INTEREST BEARING LOANS (continued)

Included in interest bearing loans is an amount of KD 8,500 thousand (2007: KD 10,500 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 2008 is negative KD 23,215 thousand. The Parent Company is only liable for losses equal to the contributed share capital of the subsidiary amounting to KD 3,030 thousand at the balance sheet date. Certain assets of the subsidiary amounting to KD 25,378 thousand have been pledged as collateral against this loan.

Hedge of net investments in foreign operations

Included in interest bearings loans at 31 December 2008 were loans denominated in US$ (hedging instrument) of US$ 785,000 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 equity 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 8,318 thousand (2007: Nil) were taken directly to equity (Hedging reserve).

18 BONDS

	2008 ***KD 000's***	*2007* *KD 000's*
Unsecured US Dollar fixed rate bonds issued on 30 September 2003 (Principal amount: US$ 50,000 thousand) in four semi-annual tranches from the date of issue. The bonds bear fixed interest at the annual rate of 4% and are maturing on 30 September 2009.	13,795	13,650
Unsecured Kuwaiti Dinar fixed rate bonds issued on 30 September 2003 (Principal amount: KD 15,000 thousand) in four semi-annual tranches from the date of issue. The bonds bear fixed interest at the annual rate of 5% and are maturing on 30 September 2009.	15,000	15,000
	28,795	28,650

The fixed interest in respect of the US Dollar bonds and the Kuwaiti Dinar bonds accrues from the date of issue of each tranche. The interest is payable semi-annually in arrears commencing six months from the date of issue of each tranche. At the sole discretion of the Parent Company, the bonds may be redeemed at par, in whole or in part, at each coupon payment date after the second anniversary of the issuance of the first tranche.

19 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

State of Kuwait

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

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 balance sheet date.

19 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

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.

	2008 KD 000's	*2007 KD 000's*
Movements in the provision recognised in the consolidated balance sheet are as follows:		
Provision at 1 January	15,758	13,198
Provided during the year	8,488	7,114
Employees' end of service benefits paid	(5,826)	(4,554)
Exchange differences	(296)	-
Provision at 31 December	18,124	15,758

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

	2008 KD 000's	*2007 KD 000's*
Defined benefit obligation	(80,687)	(92,096)
Fair value of plan assets	69,728	77,840
Funded status of the plan	(10,959)	(14,256)
Unrecognised net actuarial loss	1,913	4,695
Assets not available to the Group	(192)	(176)
Unrecognized net transition obligation	159	212
Accrued benefit cost, net	(9,079)	(9,525)

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:

	2008	*2007*
Discount rate at 31 December	5.89%	4%
Expected rate of increase of employee remuneration	2.70%	3%
Average length of employee service	5 years	5 years
Expected return on plan assets	5.81%	4%

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 balance sheet for the respective plans:

Net benefit expense (recognised in operating expense)

	2008 KD 000's	*2007 KD 000's*
Current service cost	946	862
Interest cost on benefit obligation	4,006	3,924
Expected return on plan assets	(3,888)	(4,078)
Net actuarial loss recognised in the year	722	2,054
Variation of asset ceiling	(185)	(1,730)
Losses on curtailments and settlements	-	(3)
Amortization of net (assets) / obligation at transition	38	40
Past service cost	-	387
Net benefit expense	1,639	1,456

19 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

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

	2008 KD 000's	2007 KD 000's
Defined benefit obligation at 1 January	92,096	93,963
Interest cost	4,006	3,924
Current service cost	946	862
Participant's contributions	-	411
Amendments	-	387
Benefits paid	(2,142)	(4,745)
Actuarial gains on obligation	(8,807)	(973)
Benefits paid by employer	-	(130)
Exchange differences on foreign plans	(5,412)	(1,603)
Defined benefit obligation at 31 December	80,687	92,096

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

	2008 KD 000's	2007 KD 000's
Fair value of plan assets at 1 January	77,840	79,620
Expected return	3,888	4,078
Contributions by employer	1,817	2,183
Benefits paid	(1,585)	(4,314)
Actuarial losses	(7,380)	(1,940)
Exchange differences on foreign plans	(4,852)	(1,787)
Fair value of plan assets at 31 December	69,728	77,840

20 OTHER NON-CURRENT LIABILITIES

	2008 KD 000's	2007 KD 000's
Lease obligations	5,725	7,032
Amounts due to related parties (Note 31)	7,862	8,551
Other liabilities	19,073	14,789
	32,660	30,372

21 TRADE AND OTHER PAYABLES

	2008 KD 000's	2007 KD 000's
Trade payables	185,885	193,613
Amounts due to related parties (Note 31)	8,748	5,508
Accrued expenses	84,697	75,816
Accrued employee related expenses	53,229	42,749
Lease obligations	3,151	630
Retentions	397	609
KFAS payable	2,936	3,241
Zakat payable	1,667	97
Directors' remuneration	-	200
Other liabilities	33,962	24,771
	374,672	347,234

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

22 TAXES PAYABLE

This represents tax due on certain companies in the Group as at 31 December, the details of which are as follows:

	2008 KD 000's	*2007 KD 000's*
Income tax payable – overseas subsidiaries	2,859	2,812
Kuwait National Labour Support Tax		
Public Warehousing Company K.S.C.	7,524	3,822
Metal & Recycling Company K.S.C.	-	38
	7,524	3,860
	10,383	6,672

NLST is calculated in accordance with the applicable provisions of Kuwait Law currently in force.

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

23 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.

24 GENERAL AND ADMINISTRATIVE EXPENSES

	2008 KD 000's	*2007 KD 000's*
Repairs and maintenance	41,172	35,110
Professional fees	31,936	29,915
Rent	26,338	21,487
Travel and marketing	16,856	18,065
Customs fees	12,462	12,689
Communication expenses	9,643	8,499
Insurance	4,856	4,523
Provision for impairment of trade receivables (Note 11)	7,723	2,301
Other expenses	8,314	5,546
	159,300	138,135

25 SALARIES AND EMPLOYEE BENEFITS

	2008 KD 000's	*2007 KD 000's*
Salaries	255,494	213,138
Employee benefits	11,857	11,974
Bonus	20,295	21,095
	287,646	246,207

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 ordinary shares outstanding during the year as follows:

	2008 *KD 000's*	*2007* *KD 000's* *Restated*
Earnings:		
Profit for the year attributable to equity holders of the Parent Company	141,373	153,941
Shares issued	1,046,836,709	1,046,836,709
Weighted average number of treasury shares	(24,935,946)	(653,151)
Weighted average number of shares outstanding	1,021,900,763	1,046,183,558
Basic and diluted earnings per share	138.34 fils	147.15 fils

Basic and diluted earnings per share for 2007 have been restated due to the issue of bonus shares following approval by the shareholders at the annual general assembly held on 13 May 2008 (Note 14).

27 DIVIDENDS

During the board meeting held on 23 March 2009, the Board of Directors of the Parent Company has recommended no cash dividend or bonus shares for the year ended 31 December 2008. This proposal is subject to approval by the shareholders' annual general meeting.

On 13 May 2008, the shareholders at the annual general assembly of the Parent Company, approved cash dividends of 80 fils per share amounting to KD 76,133 thousand (2007: 90 fils per share amounting to KD 71,375 thousand) and bonus shares at 10% (equivalent to 10 shares per 100 shares held) (2007: 20% equivalent to 20 shares per 100 shares held).

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 agreements are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future.

Derivatives held for trading
Derivatives used for hedging purpose but which do not meet the qualifying criteria for hedge accounting is 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.

28 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The following table shows the derivatives held by the Parent Company at 31 December:

				Notional amounts by term to maturity	
	Positive fair value KD 000's	*Negative fair value KD 000's*	*Notional amount Total KD 000's*	*Within one year KD 000's*	*1 - 5 years KD 000's*
2008					
Derivatives held for trading:					
Interest rate swaps	-	610	25,358	9,750	15,608
Foreign currency swaps	-	1,780	29,044	29,044	-
Derivatives held as cash flow hedges:					
Forward rate agreements	-	636	282,797	282,797	-
	-	3,026	337,199	321,591	15,608

				Notional amounts by term to maturity	
	Positive fair value KD 000's	*Negative fair value KD 000's*	*Notional amount Total KD 000's*	*Within one year KD 000's*	*1 - 5 years KD 000's*
2007					
Derivatives held for trading:					
Interest rate swaps	-	444	51,870	-	51,870
Foreign currency swaps	2,262	-	200,006	200,006	-
	2,262	444	251,876	200,006	51,870

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

	2008 KD 000's	*2007 KD 000's*
Letters of guarantee	52,216	39,267
Operating lease commitments	24,470	31,590
Capital commitments	9,652	12,355
	86,338	83,212

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

	2008 KD 000's	*2007 KD 000's*
Within one year	6,364	7,414
After one year but not more than five years	13,343	15,833
More than five years	4,763	8,343
	24,470	31,590

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

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

Included in letters of guarantee are bank guarantees for KD 31,372 thousand, provided by a bank on behalf of the subsidiary, Global Clearing House Systems K.S.C. (Closed), to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group. The net worth of the subsidiary at 31 December 2008 is negative KD 23,215 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) Subsistence Prime Vendor Contract – 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 Contract ("SPV"). In addition, some employees of the Group were served with civil investigative demands. The Parent Company is cooperating with this investigation and has produced numerous records in response to this request.

As at 31 December 2008, the US Government has not made any claims or brought any charges against the Parent Company. The Parent Company (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigation and, as no formal allegations have yet been made, the management has concluded that no provision is considered necessary in the accompanying consolidated financial statements.

(b) 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.

As at 31 December 2008, the Group's management (after consulting the external legal counsel) is not able to comment on the likely outcome of the investigations and as no formal allegations have yet been made against these subsidiaries, the management has concluded that no provision is considered necessary in the accompanying consolidated financial statements.

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

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

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

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

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (continued)

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

The Parent Company has not recognised any revenue on the aforementioned contracts during the year.

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

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

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

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

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

In the opinion of the Parent Company’s external legal consulting firms the violations against which a portion of the bank guarantee provided has been encashed, are non-contractual violations, and in accordance with the law, believe that a verdict shall be issued in favour of the Company to return the encashed portion of the guarantee plus interest of 7%. The Company, after the year ended 31 December 2008, obtained a report from the expert department of Ministry of Justice on this matter which stated that the verdict should be issued 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 during 2009 and, accordingly, no expense should be recorded in the consolidated financial statements.

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

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 expense recognised relating to the share linked compensation and incentive plan for employee services received during the year ended 31 December 2008 is KD 6,000 thousand (2007: KD 6,000 thousand). The estimated liability in relation to units outstanding at the end of the year is KD 12,642 thousand (2007: KD 8,137 thousand).

30 SHARE LINKED COMPENSATION AND INCENTIVE PLANS (continued)

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. The expense recognised relating to the long term incentive plan for employee services received during the year ended 31 December 2008 is KD 1,800 thousand (2007: KD 1,800 thousand). The estimated liability in relation to units outstanding at the end of the year is KD 5,400 thousand (2007: KD 3,600 thousand).

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:

2008	*Major shareholder KD 000's*	*Other related parties KD 000's*	***Total KD 000's***
Consolidated income statement			
Purchases (net of discounts)	-	44,501	44,501
Consolidated balance sheet			
Amounts due to related parties	560	16,050	16,610

2007	*Major shareholders KD 000's*	*Other related parties KD 000's*	*Total KD 000's*
Consolidated income statement			
Purchases (net of discounts)	-	46,843	46,843
Consolidated balance sheet			
Amounts due to related parties	610	13,449	14,059

Amounts due to related parties are disclosed in Notes 20 and 21. 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 and other members of key management during the year were as follows:

	2008 KD 000's	*2007 KD 000's*
Short-term benefits	4,396	3,819
Employees' end of service benefits	136	225
Share-based payments	3,900	3,900
	8,432	7,944

31 RELATED PARTY TRANSACTIONS (continued)

Short term benefits include discretionary bonus amounting to KD 3,732 thousand (2007: KD 3,086 thousand) awarded to key management personnel.

The terms of the share linked compensation and incentive plans are disclosed in Note 30. During the year KD 1,683 thousand (2007: KD 2,740 thousand) has been paid under this scheme.

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

32 SEGMENT REPORTING

The Group's efforts to re-organise and integrate its business activities were substantially completed during later part of 2007. Therefore, for the year ended 31 December 2008, the primary segments are the business segments based on the internal reporting systems. The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically.

The primary business segments based on the internal reporting systems are 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 and private equity projects.

32 SEGMENT REPORTING (continued)

Business segments

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segments:

Year ended 31 December 2008	*Logistics and related Services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenue				
Sales to external customers	1,767,296	72,649	-	1,839,945
Inter-segmental sales	114,496	7,010	(121,506)	-
Total revenue	1,881,792	79,659	(121,506)	1,839,945
Results				
Segment results	169,099	9,679	(13,866)	164,912
Other income				213
Interest income				19,301
Finance costs				(26,008)
Profit before tax				158,418
Taxes (including KFAS, NLST, Zakat and directors' Remuneration)				(10,391)
Profit for the year				148,027
As at 31 December 2008				
Assets and liabilities				
Segment assets	1,232,424	392,937	(97,266)	1,528,095
Available for sale investments	-	113,720	-	113,720
Total assets				1,641,815
Segment liabilities	975,394	376,559	(910,394)	441,559
Interest bearing liabilities	-	-	-	413,857
Total liabilities				855,416
Other segmental information				
Capital expenditure:				
Property, plant and equipment	39,037	2,450	3,350	44,837
Projects in progress	33,349	6,337	-	39,686
Investment properties	-	3,997	-	3,997
Depreciation	38,309	3,929	660	42,898
Amortisation	-	-	2,445	2,445
Fair value gain on investment properties	-	4,259	-	4,259

Included in logistics and related services is an amount of KD 1,193,224 thousand and KD 688,568 thousand generated by the Group from providing logistics services to commercial and government institutions respectively.

32 SEGMENT REPORTING (continued)

Business segments (continued)

Year ended 31 December 2007	*Logistics and Related Services KD 000's*	*Infrastructure KD 000's*	*Adjustments and eliminations KD 000's*	***Total KD 000's***
Revenue				
Sales to external customers	1,612,106	61,760	-	1,673,866
Inter-segmental sales	85,673	4,633	(90,306)	-
Total revenue (note below)	1,697,779	66,393	(90,306)	1,673,866
Results				
Segment results	180,008	13,196	(12,192)	181,012
Other income				1,583
Interest income				14,768
Finance costs				(24,231)
Profit before tax				173,132
Taxes (including KFAS, NLST, Zakat and directors' remuneration)				(9,696)
Net profit for the year				163,436
As at 31 December 2007				
Assets and liabilities				
Segment assets	1,340,735	332,962	(230,675)	1,443,022
Available for sale investments	-	93,000	-	93,000
Total assets				1,536,022
Segment liabilities	683,957	305,651	(585,437)	404,171
Interest bearing liabilities	-	-	-	347,208
Total liabilities				751,379
Other segmental information				
Capital expenditure:				
Property, plant and equipment	40,134	2,632	2,248	45,014
Projects in progress	25,070	4,764	-	29,834
Investment properties	-	5,469	-	5,469
Depreciation	41,608	3,606	-	45,214
Amortisation	-	-	2,445	2,445
Fair value gain on investment properties	-	6,776	-	6,776

Included in logistics and related services is an amount of KD 1,054,464 thousand and KD 643,315 thousand generated by the Group from providing logistics services to commercial and government institutions respectively.

32 SEGMENT REPORTING (continued)

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

Year ended 31 December 2008	*Asia (including middle east) KD 000's*	*Europe KD 000's*	*America KD 000's*	*Africa KD 000's*	*Adjustments and eliminations KD 000's*	***Total KD 000's***
Revenue						
Sales to external customers	1,109,245	475,347	225,606	29,747	-	1,839,945
Inter-segmental sales	56,951	53,112	28,989	3,225	(142,277)	-
Segment revenue	1,166,196	528,459	254,595	32,972	(142,277)	1,839,945
Other segmental information						
Segment assets	1,366,227	178,409	616,453	45,620	(678,614)	1,528,095
Available for sale investments	89,534	-	-	24,186	-	113,720
Total assets						1,641,815
Capital expenditure:						
Tangible fixed assets	33,084	1,476	2,522	7,755	-	44,837

Year ended 31 December 2007	*Asia (including middle east) KD 000's*	*Europe KD 000's*	*America KD 000's*	*Africa KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenue						
Sales to external customers	1,030,999	440,500	184,620	17,747	-	1,673,866
Inter-segmental sales	82,115	43,153	24,340	75	(149,683)	-
Segment revenue	1,113,114	483,653	208,960	17,822	(149,683)	1,673,866
Other segmental information						
Segment assets	1,149,237	184,887	514,661	28,596	(434,359)	1,443,022
Available for sale investments	70,243	-	-	22,757	-	93,000
Total assets						1,536,022
Capital expenditure:						
Tangible fixed assets	27,587	8,246	1,129	8,052	-	45,014

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 available-for-sale investments, and enters into derivative transactions.

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 Board of Directors reviews and agrees policies for managing each of these risks which are summarised below. 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.

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

Risk management structure

The board of directors of the Parent Company are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

Risk mitigation

As part of its overall risk management, the Group uses or may choose to use 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.

11 % (2007: 16%) of accounts receivable represents amounts outstanding from a governmental institution of high repute, accordingly, this is not considered to represent significant credit risk. There are no other significant concentrations of credit risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Gross maximum exposure to credit risk
The table below shows the gross maximum exposure to credit risk across financial assets before credit risk mitigation:

	2008 ***KD 000's***	*2007* *KD 000's*
Bank balances	246,113	244,735
Trade receivables	321,619	346,026
Other receivables	16,005	23,024
	583,737	613,785

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*	*Over 5 years KD 000's*	***Total KD 000's***
31 December 2008						
Interest bearing loans	342	5,892	195,845	207,220	-	409,299
Trade and other payables	31,160	62,320	281,192	-	-	374,672
Bonds	-	651	29,446	-	-	30,097
Total financial liabilities	31,502	68,863	506,483	207,220	-	814,068
31 December 2007						
Interest bearing loans	3,882	82,551	145,786	104,538	1,075	337,832
Trade and other payables	28,884	57,767	260,583	-	-	347,234
Bonds	-	324	972	29,622	-	30,918
Total financial liabilities	32,766	140,642	407,341	134,160	1,075	715,984

Market risk
Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed 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
Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. Interest rate risk is managed by the finance department of the Parent Company. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, loans and bonds) as a result of mismatches of interest rate re-pricing of assets and liabilities. It is the Group's policy to manage its interest cost using a mix of fixed and variable rate debts.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)
Interest rate risk (continued)
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.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit before KFAS, NLST, Zakat and directors' remuneration, based on floating interest rate bearing financial assets and financial liabilities held at 31 December 2008 and 2007. There is no impact on equity.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant:

	50 basis points movement Effect on consolidated income statement	
	2008 KD 000's	*2007 KD 000's*
Liabilities bearing interest at floating rates (US Dollars)	1,736	1,252

Foreign currency risk
Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in the foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments and ensures that the net exposure is kept to an acceptable level.

	Change in currency rate by 1 %			
	Effect on equity		*Effect on consolidated income statement*	
	2008 KD 000's	*2007 KD 000's*	***2008 KD 000's***	*2007 KD 000's*
US Dollars	1,144	2,888	2,526	718

Equity price risk
Equity price risk arises from changes in the fair values of equity investments. Equity price risk is managed by the finance department of the Parent Company. The unquoted equity price risk exposure arises from the Group's investment portfolio. The Group manages this through constant monitoring of the fair values of the investments and managing the exposures accordingly.

	Change in equity price by 5%	
	Effect on equity	
	2008 KD 000's	*2007 KD 000's*
Unquoted securities	2,307	1,256

Other risks
Other risks are substantially represented in business risks that are associated with the Group's various business activities in Iraq. The unpredictable climate and political instability in Iraq expose the Group to the risk of possible loss of assets and continuity of substantial logistics' business. In this regard, the Group takes appropriate security and insurance measures and ensures that its investment in supplies and other resources is commensurate with its short term business requirements.

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 2008 and 31 December 2007.

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

	2008	*2007*
	KD 000's	*KD 000's*
Interest bearing loans	385,062	318,558
Bonds	28,795	28,650
Bank balances and cash	(253,425)	(247,082)
Net debt	160,432	100,126
Equity attributable to the equity holders of the Parent Company	755,478	756,899
Investment revaluation reserve	(618)	(599)
Equity	754,860	756,300
Gearing ratio	21%	13%

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial instruments, with the exception of certain available for sale investments carried at cost (see note 9), are not materially different from their carrying values.

36 COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications were made in order to more appropriately present the items of consolidated balance sheet and consolidated income statement. Such reclassifications do not affect previously reported total assets, total equity, total liabilities and profit reported in the prior year.

Paving the Path to Emerging Markets

Agility Dubai and Agility China are working with specialty group, Agility Chemicals, to build a distribution center for Borouge plastics products in China. Polymer plastics granules manufactured by Borouge in Abu Dhabi will be loaded from silos into 25-ton containers and shipped by sea to the Agility-operated hub in Shanghai. The hub will receive 600,000 tons per year.


BB

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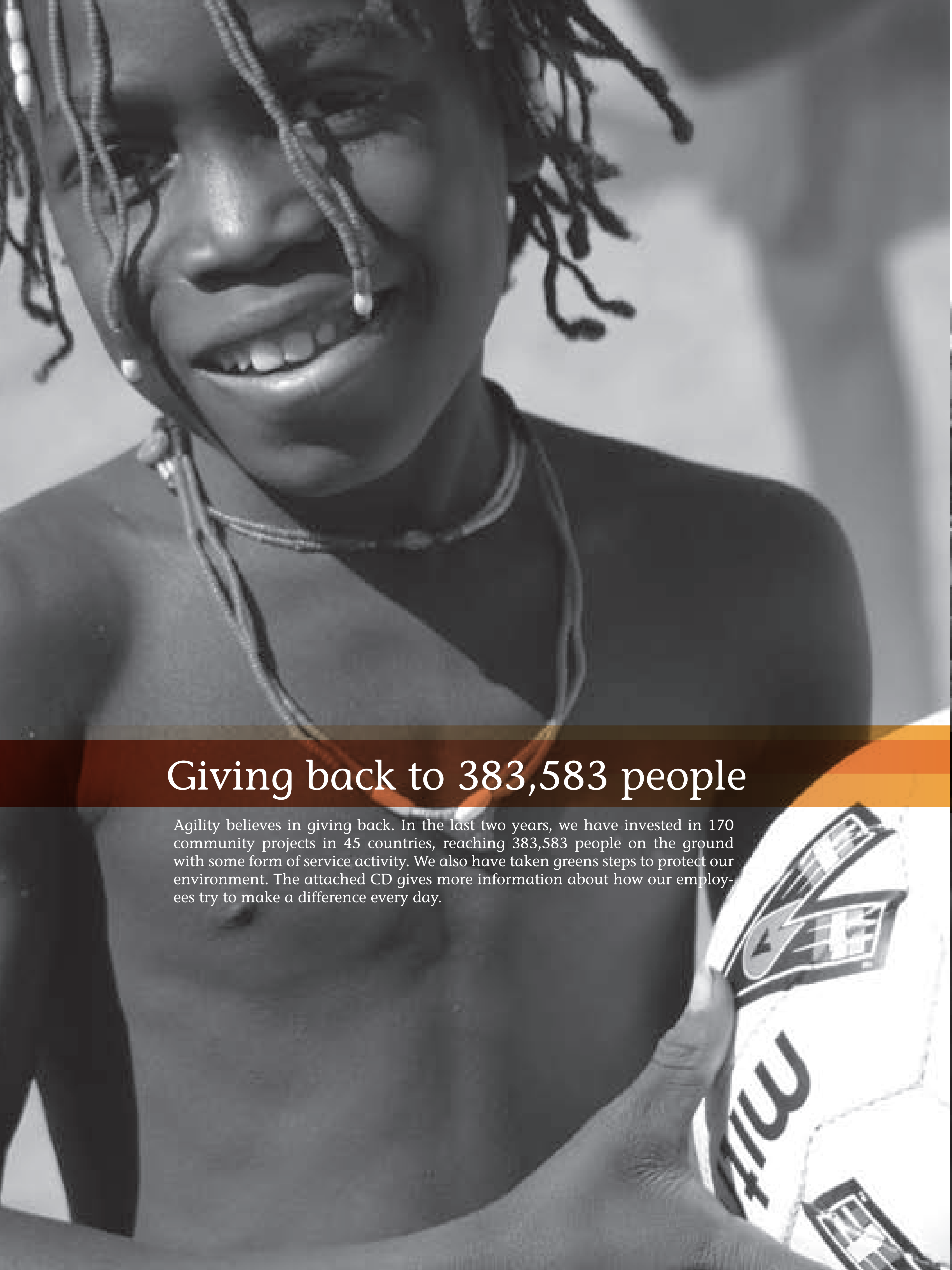

Giving back to 383,583 people

Agility believes in giving back. In the last two years, we have invested in 170 community projects in 45 countries, reaching 383,583 people on the ground with some form of service activity. We also have taken greens steps to protect our environment. The attached CD gives more information about how our employees try to make a difference every day.

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