ACICO INDUSTRIES CO. – K.S.C. (CLOSED)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

ACICO INDUSTRIES CO. – K.S.C. (CLOSED)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

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FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UNAUDITED)
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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
ACICO Industries Co. - K.S.C. (Closed)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of ACICO Industries Co. - K.S.C. (Closed) (the parent company) and subsidiaries (the group) as of September 30, 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the books of account of the Parent Company and to the best of our knowledge and belief, there were no contraventions during the period ended September 30, 2011 of either the Commercial Companies Law or the parent Company's Articles of Association, which might have materially affected the Group's financial position or results of its operations.

Abdul Rahman Al-Qaoud & Partners
Public Accountants
Licence No. 25-A
Member of MSI Global Alliance

Dr. Shuaib A. Shuaib
RSM Albazie & Co.
Licence No. 33-A

State of Kuwait
November 10, 2011

ACICO INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF SEPTEMBER 30, 2011
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	**September 30, 2011**	December 31, 2010 (Audited)	September 30, 2010
Cash and cash equivalents		**1,649,149**	2,437,639	4,037,171
Accounts receivable and other debit balances		**7,763,421**	8,591,743	6,514,083
Gross amount due from customers for contract work		**37,158**	33,978	24,728
Due from related parties	3	**5,278,278**	4,564,661	6,591,881
Inventories		**4,575,350**	5,993,340	6,231,689
Investments available for sale		**2,551,862**	2,551,862	2,882,674
Investment in associates		**12,882,669**	13,039,429	13,361,150
Investment properties		**171,779,261**	169,914,248	159,986,680
Right of utilization of leasehold		**622,517**	588,819	649,256
Fixed assets		**31,136,300**	31,781,630	34,482,465
Goodwill		**1,500,000**	1,500,000	2,000,000
Total assets		**239,775,965**	240,997,349	236,761,777
LIABILITIES AND EQUITY				
Liabilities:				
Loans and due to banks	4	**138,375,146**	137,304,185	133,357,554
Accounts payable and other credit balances		**11,551,881**	11,720,482	9,002,896
Gross amount due to customers for contract work		**1,299,424**	1,625,447	1,406,345
Due to related parties	3	**3,728,010**	5,822,112	6,449,439
Dividends payable to shareholders		**2,114,518**	1,338,860	1,339,052
Provision for end of service indemnity		**1,050,369**	990,276	1,032,971
Total liabilities		**158,119,348**	158,801,362	152,588,257
Equity:				
Share capital		**23,694,122**	22,565,831	22,565,831
Share premium		**24,426,446**	24,426,446	24,426,446
Statutory reserve		**8,468,516**	8,468,516	8,076,099
Treasury shares	5	**(432,774)**	(432,774)	(432,774)
Treasury shares reserve		**2,589,875**	2,589,875	2,589,875
Cumulative changes in fair value		**(71,143)**	(71,143)	(71,143)
Foreign currency translation adjustments		**(613,658)**	(504,215)	(140,846)
Effect of change in other comprehensive income of an associate		**(289,530)**	(289,530)	(400,953)
Retained earnings		**19,433,309**	21,267,405	23,374,691
Total equity attributable to parent company's shareholders		**77,205,163**	78,020,411	79,987,226
Non-controlling interests		**4,451,454**	4,175,576	4,186,294
Total equity		**81,656,617**	82,195,987	84,173,520
Total liabilities and equity		**239,775,965**	240,997,349	236,761,777

The accompanying notes (1) to (9) form an integral part of the interim consolidated financial information

Ghassan Al – Khaled
Vice Chairman

ACICO INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011
(All amounts are in Kuwaiti Dinars)

	Note	For the three months ended September 30		For the Nine months ended September 30	
		2011	2010	**2011**	2010
Operating income		**6,697,626**	8,183,546	**26,316,907**	30,255,412
Operating costs		**(4,731,490)**	(6,384,989)	**(18,028,773)**	(22,785,738)
Gross profit from operations		**1,966,136**	1,798,557	**8,288,134**	7,469,674
Rental income		**1,484,137**	733,691	**3,498,381**	2,685,702
General and administrative expenses		**(1,018,993)**	(802,537)	**(3,261,813)**	(2,985,420)
Selling expenses		**(263,999)**	(331,231)	**(962,420)**	(589,325)
Depreciation and amortization		**(155,467)**	(76,567)	**(464,593)**	(397,966)
Income from operations		**2,011,814**	1,321,913	**7,097,689**	6,182,665
Gain from sale of land under development		**-**	-	**-**	51,580
Group's share of result from associates		**(108,157)**	(6,253)	**(162,341)**	(15,974)
Finance charges		**(1,887,536)**	(505,595)	**(5,887,859)**	(1,170,510)
Provision no longer required		**-**	-	**-**	150,000
Provision for doubtful debts		**(14,906)**	(15,000)	**(14,906)**	(45,000)
Foreign currency exchange gain		**2,360**	-	**482,378**	-
Other income		**166,023**	234,665	**399,203**	603,139
Profit for the period before contribution to Kuwait Foundation for the Advancement of Science and National Labor Support Tax and contribution to Zakat		**169,598**	1,029,730	**1,914,164**	5,755,900
Contribution to Kuwait Foundation for the Advancement of Sciences		**1,304**	(5,134)	**-**	(35,982)
National Labor Support Tax		**(1,942)**	(27,135)	**(41,436)**	(140,917)
Contribution to Zakat		**2,959**	(6,184)	**-**	(40,109)
Net profit for the period		**171,919**	991,277	**1,872,728**	5,538,892
Attributable to:					
Parent company's shareholders		**64,467**	1,021,152	**1,540,986**	5,499,017
Non-controlling interests		**107,452**	(29,875)	**331,742**	39,875
Net profit for the period		**171,919**	991,277	**1,872,728**	5,538,892
		Fils	Fils	**Fils**	Fils
Earnings per share attributable to parent company's shareholders	6	**0.27**	4.33	**6.53**	23.30

The accompanying notes (1) to (9) form an integral part of the interim consolidated financial information

ACICO INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011
(All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	**2011**	2010
Net profit for the period	**171,919**	991,277	**1,872,728**	5,538,892
Other comprehensive income (loss):				
Foreign currency translation adjustments	**115,654**	(52,753)	**(165,307)**	146,602
Share of other comprehensive loss from associates	**-**	(22,933)	**-**	(2,156)
Other comprehensive income (loss) for the period	**115,654**	(75,686)	**(165,307)**	144,446
Total comprehensive income for the period	**287,573**	915,591	**1,707,421**	5,683,338
Attributable to:				
Shareholders of the parent company	**145,364**	839,899	**1,431,543**	5,461,366
Non-controlling interests	**142,209**	75,692	**275,878**	221,972
Total comprehensive income for the period	**287,573**	915,591	**1,707,421**	5,683,338

The accompanying notes from (1) to (9) form an integral part of the interim consolidated financial information.

ACICO INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011
(All amounts are in Kuwaiti Dinars)

	Equity attributable to parent company's shareholders											
	Share capital	Share premium	Statutory reserve	Treasury shares	Treasury shares reserve	Cumulative changes in fair value	Foreign currency translation adjustments	Effect of change in other comprehensive income of an associate	Retained earnings	Total	Non-controlling Interests	Total equity
Balance as at December 31, 2010	22,565,831	24,426,446	8,468,516	(432,774)	2,589,875	(71,143)	(504,215)	(289,530)	21,267,405	78,020,411	4,175,576	82,195,987
Bonus shares - 5% (Note 7)	1,128,291	-	-	-	-	-	-	-	(1,128,291)	-	-	-
Cash dividends – 10% (Note 7)	-	-	-	-	-	-	-	-	(2,246,791)	(2,246,791)	-	(2,246,791)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(109,443)	-	1,540,986	1,431,543	275,878	1,707,421
Balance as at September 30, 2011	**23,694,122**	**24,426,446**	**8,468,516**	**(432,774)**	**2,589,875**	**(71,143)**	**(613,658)**	**(289,530)**	**19,433,309**	**77,205,163**	**4,451,454**	**81,656,617**
Balance as at December 31, 2009	21,491,268	24,426,446	8,076,099	(432,774)	2,589,875	(71,143)	(105,351)	(398,797)	21,090,037	76,665,660	4,280,359	80,946,019
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(35,495)	(2,156)	5,499,017	5,461,366	221,972	5,683,338
Movement in non controlling interest	-	-	-	-	-	-	-	-	-	-	(316,037)	(316,037)
Bonus shares – 5% (Note 7)	1,074,563	-	-	-	-	-	-	-	(1,074,563)	-	-	-
Cash dividends – 10% (Note 7)	-	-	-	-	-	-	-	-	(2,139,800)	(2,139,800)	-	(2,139,800)
Balance as at September 30, 2010	22,565,831	24,426,446	8,076,099	(432,774)	2,589,875	(71,143)	(140,846)	(400,953)	23,374,691	79,987,226	4,186,294	84,173,520

The accompanying notes (1) to (9) form an integral part of the interim consolidated financial information

	For the Nine months ended September 30,	
	2011	2010
Cash flows from operating activities		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Science and National Labor Support Tax and contribution to Zakat	**1,914,164**	5,755,900
Adjustments:		
Depreciation and Amortization	**1,408,790**	1,419,068
Gain from sale of lands under development	**-**	(51,580)
Gain on sale of fixed assets	**(47,534)**	(150,000)
Share of results from associates	**162,341**	15,974
Finance charges	**5,887,859**	1,170,510
Provision for doubtful debts	**14,906**	45,000
Provision for staff indemnity	**152,973**	161,380
Rental income	**(3,498,381)**	(2,685,702)
Provisions no longer required	**-**	(150,000)
Interest income	**-**	(22,668)
Foreign currency translation adjustments	**(242,097)**	146,602
	5,753,021	5,654,484
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	**813,416**	293,439
Gross amount due from customers for contract work	**(3,180)**	132,773
Due from related parties	**(713,617)**	(408,738)
Inventories	**1,417,990**	(825,145)
Accounts payable and other credit balances	**(210,037)**	(2,868,478)
Gross amount due to customers for contract work	**(326,023)**	1,080,137
Due to related parties	**(2,094,102)**	2,421,410
Payment for staff indemnity	**(92,880)**	(135,721)
Net cash generated from operating activities	**4,544,588**	5,344,161
Cash flows from investing activities		
Interest income received	**-**	22,668
Rental income received	**3,498,381**	2,685,702
Proceeds from sale of lands under development	**-**	216,000
Paid for investments available for sale	**-**	(40,000)
Paid for investment in associates	**(5,581)**	(12,683)
Paid for investment properties	**(1,865,013)**	(17,446,885)
Purchase of fixed assets	**(748,380)**	(3,799,748)
Proceeds from sale of fixed assets	**75,546**	151,500
Net cash generated from (used in) investing activities	**954,953**	(18,223,446)

	For the Nine months ended September 30,	
	2011	2010
Cash flows from financing activities		
Net proceeds from loans and due to banks	**1,070,961**	16,241,556
Finance charges paid	**(5,887,859)**	(1,170,510)
Cash dividends paid	**(1,471,133)**	(1,924,141)
Net cash (used in) generated from financing activities	**(6,288,031)**	13,146,905
Net (decrease) increase in cash and cash equivalents	**(788,490)**	267,620
Cash and cash equivalents at beginning of the period	**2,437,639**	3,769,551
Cash and cash equivalents at end of the period	**1,649,149**	4,037,171

The accompanying notes (1) to (9) form an integral part of the interim consolidated financial information.

1. Incorporation and activities

ACICO Industries Co. - K.S.C. (Closed) was incorporated and authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 16540 on September 23, 1990 and registered on Commercial register under Ref. No. 41903 dated July 17, 1991.

The main objectives of the Parent Company include the establishment of a factory for the production of all types and sizes of aerated concrete and non-concrete and all its construction requirements, import and export of all building materials. The Parent Company is considered the sole agent in the Middle East for manufacturing 'Hebil' international products. The Parent Company's objectives also include owning, buying and selling real estate, land and land for development for the benefit of the Parent Company either inside or outside State of Kuwait, dealing in industrial companies' shares and bonds relating to the main objective of the Parent Company either inside or outside State of Kuwait, preparing and submitting the studies and consultancy and also organizing the industrial exhibition for the Parent Company's projects.

The Company may have interests or participate in any aspect in other firms conducting similar activities or which may assist the Company in achieving its objectives in State of Kuwait or abroad. The Company may also acquire such firms or participate in their equity.

The address of the Parent Company is Sharq – Ahmed Al-Jaber Street – Raed Center, 5th floor, P.O. Box 24079, Safat, 13101 - State of Kuwait.

The interim consolidated financial information was authorized for issue by the Board of Directors on November 10, 2011.

2. Basis of presentation:

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2010 .

The interim consolidated financial information do not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2010.

3. Related party transactions

Related parties represent the Group's major shareholders, associates, subsidiaries, unconsolidated subsidiaries, members of the Board of Directors, parties related to them and senior management. There were certain transactions conducted with related parties and were included in the interim consolidated financial information as follows:

Interim condensed consolidated statement of financial position	Major shareholders	Associates	Other related parties	**September 30, 2011**	December 31, 2010 (Audited)	September 30, 2010
Due from related parties	-	3,151,866	2,126,412	**5,278,278**	4,564,661	6,591,881
Due to related parties	889,609	2,184,666	653,735	**3,728,010**	5,822,112	6,449,439

		For the Nine months ended	
Interim condensed consolidated statement of income	Associates	**September 30, 2011**	September 30, 2010
Operating income	20,728	**20,728**	-
Operating cost	(17,679)	**(17,679)**	-
Group's share of results from associates	(162,341)	**(162,341)**	(15,974)
Gain from sale of lands under development	-	**-**	51,580
Provision no longer required	-	**-**	150,000

	For the Nine months ended September 30,	
Compensation to key management personnel:	**2011**	2010
Short term benefits	**171,075**	97,164
Termination benefits	**55,000**	50,000
	226,075	147,164

4. Loans and due to banks

During the period ended September 30, 2011 the parent company obtained new loans from local banks for an amount of KD 37,650,000 guaranteed by promissory notes, investment properties, fixed assets, investments in associates and investments available for sale carrying an interest rate ranging from 1% to 3.25% per annum over the Central Bank of Kuwait discount rate, and Dubai Inter Bank Rate (DIBOR). The Parent Company also settled loans for an amount of KD 36,083,803.

5. Treasury shares

	September 30, 2011	December 31, 2010 (Audited)	September 30, 2010
Number of shares	**923,177**	879,216	879,216
Percentage of issued shares	**0.39%**	0.39%	0.39%
Market value (KD)	**240,026**	316,518	322,379
Cost (KD)	**432,774**	432,774	432,774

6. Earnings per share attributable to parent company's shareholders

There are no potential dilutive ordinary shares. The information necessary to calculate earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	For the three months ended September 30		For the Nine months ended September 30	
	2011	2010	**2011**	2010
Net profit for the period attributable to parent company's shareholders	**64,467**	1,021,152	**1,540,986**	5,499,017
Number of shares outstanding				
	Shares	Shares	**Shares**	Shares
Weighted average number of issued shares	**225,658,310**	225,658,310	**225,658,310**	225,658,310
Bonus shares	**11,282,915**	11,282,915	**11,282,915**	11,282,915
Weighted average number of treasury shares	**(923,177)**	(923,177)	**(923,177)**	(923,177)
Weighted average number of shares outstanding	**236,018,048**	236,018,048	**236,018,048**	236,018,048
	Fils	Fils	**Fils**	Fils
Earnings per share attributable to parent company's shareholders	**0.27**	4.33	**6.53**	23.30

Earnings per share attributable to parent company's shareholders for the nine months ended September 30, 2010 was 24.46 before retroactive adjustment relating to the issue of bonus shares (Note 7).

7. General assembly

The shareholders' general assembly meeting held on May 12, 2011 approved the distribution of cash dividend of 10 fils per share and 5 bonus shares for every 100 shares held (5%) for the year ended December 31, 2010.

The shareholders' general assembly meeting held on June 2, 2010 approved the distribution of cash dividend of 10 fils per share and 5 bonus shares for every 100 shares held (5%) for the year ended December 31, 2009.

8. Contingent liabilities

	September 30, 2011	December 31, 2010 (Audited)	September 30, 2010
Letters of guarantee	**7,397,706**	7,397,706	10,355,655
Letters of credit	**1,565,392**	1,565,392	2,875,190
	8,963,098	8,963,098	13,230,845

9. Segment information

	September 30, 2011					
	Industry	**Real estates and hotels**	**Contracting**	**Total**	**Inter segment transactions**	**Total**
Operating income	**40,276,449**	**-**	**5,160,960**	**45,437,409**	**(19,120,502)**	**26,316,907**
Segment gross profit	**7,688,508**	**-**	**599,626**	**8,288,134**	**-**	**8,288,134**
Rental income	**-**	**3,498,381**	**-**	**3,498,381**	**-**	**3,498,381**
Total assets	**60,802,143**	**189,208,420**	**1,874,759**	**251,885,322**	**(12,109,357)**	**239,775,965**
Total liabilities	**9,056,626**	**147,832,125**	**5,006,919**	**161,895,670**	**(3,776,322)**	**158,119,348**

	September 30, 2010					
	Industry	Real estates and hotels	Contracting	Total	Inter segment transactions	Total
Operating income	27,534,425	1,714,859	2,861,786	32,111,070	(1,855,658)	30,255,412
Segment gross profit	7,637,130	1,705,859	(167,456)	9,175,533	(1,705,859)	7,469,674
Rental income	-	2,685,702	-	2,685,702	-	2,685,702
Total assets	158,089,075	81,013,722	2,582,142	241,684,939	(4,923,162)	236,761,777
Total liabilities	66,915,905	79,068,020	4,933,805	150,917,730	1,670,527	152,588,257