LDD 14-05-12 0949

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2012
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM
CONSOLIDATED FINANCIAL INFORMATION

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2012
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM
CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

	Pages
Report on review of interim consolidated financial information	
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of income (unaudited)	3
Interim condensed consolidated statement of comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim consolidated financial information (unaudited)	7 – 10

Abdul Rahman Al Qaoud & Partners

Member of msi International

Public Accountants

P.O. Box 26111 Safat
13122 – State of Kuwait
Tel.: 22467851/2 – 2434083/4
Fax: 22467853

e-mail : al_qaoud@hotmail.com

RSM Albazie & Co.

Public Accountants

Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait
T + 965 22410010
T + 965 22961000
F + 965 22412761
www.albazie.com

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 March 31, 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 March 31, 2012 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 Mubarak Al-Qaoud
Licence No. 25-A
Abdul Rahman Al-Qaoud & Partners
Public Accountants

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

State of Kuwait
May 2, 2012

ACICO INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2012
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	March 31, 2012	December 31, 2011 (Audited)	March 31, 2011
Cash and cash equivalents		**2,425,721**	2,337,111	2,716,662
Accounts receivable and other debit balances		**9,233,985**	9,462,124	7,763,636
Gross amount due from customers for contract work		**62,157**	55,127	132,921
Due from related parties	3	**5,690,255**	4,978,406	5,736,069
Inventories		**4,989,366**	4,611,238	5,451,268
Investments available for sale		**2,007,996**	2,007,996	2,551,862
Investment in associates		**12,172,768**	12,172,768	12,985,245
Investment properties		**172,545,079**	172,523,309	170,054,549
Right of utilization of leasehold		**516,999**	531,363	574,455
Fixed assets		**32,022,681**	31,887,875	31,520,756
Goodwill		**1,000,000**	1,000,000	1,500,000
Total assets		**242,667,007**	241,567,317	240,987,423
LIABILITIES AND EQUITY				
Liabilities:				
Due to banks		**6,897,972**	7,494,726	6,394,498
Accounts payable and other credit balances		**11,696,054**	13,483,521	11,487,956
Gross amount due to customers for contract work		**709,417**	709,652	1,235,207
Due to related parties	3	**3,152,413**	3,161,166	4,107,133
Loans	4	**130,639,324**	128,522,930	132,535,027
Murabaha payable		**2,998,531**	3,073,508	-
Dividends payable to shareholders		**2,087,558**	2,088,128	1,327,015
Provision for end of service indemnity		**1,142,858**	1,097,331	1,029,112
Total liabilities		**159,324,127**	159,630,962	158,115,948
Equity:				
Share capital		**23,694,122**	23,694,122	22,565,831
Share premium		**24,426,446**	24,426,446	24,426,446
Statutory reserve		**8,666,415**	8,666,415	8,468,516
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)
Foreign currency translation adjustments		**(767,854)**	(628,678)	(566,923)
Effect of change in equity of an associate		**(286,932)**	(286,932)	(289,530)
Retained earnings		**21,046,218**	19,603,236	21,980,433
Total equity attributable to parent company's shareholders		**78,935,516**	77,631,710	78,670,731
Non controlling interests		**4,407,364**	4,304,645	4,200,744
Total equity		**83,342,880**	81,936,355	82,871,475
Total liabilities and equity		**242,667,007**	241,567,317	240,987,423

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 THREE MONTHS ENDED MARCH 31, 2012
(All amounts are in Kuwaiti Dinars)

	Note	For three months ended March 31	
		2012	2011
Operating income	9	**9,225,273**	8,870,191
Operating costs		**(6,521,280)**	(6,249,967)
Real estates income		**1,646,460**	921,189
Gross profit from operations	9	**4,350,453**	3,541,413
General and administrative expenses		**(820,059)**	(824,200)
Selling expenses		**(128,808)**	(288,956)
Depreciation and amortization		**(69,821)**	(76,558)
Income from operations		**3,331,765**	2,351,699
Investments income		**82,991**	4,378
Group's share of result from associates		**-**	(54,184)
Finance charges		**(1,850,484)**	(2,018,314)
Provision for doubtful debts		**(3,000)**	(5,298)
Gain from foreign exchange		**1,947**	482,738
Other income		**48,508**	41,596
Profit for the period before contribution to Kuwait Foundation for the Advancement of Science and National Labor Support Tax and contribution to Zakat		**1,611,727**	802,615
Contribution to Kuwait Foundation for the Advancement of Sciences		**(7,912)**	(1,088)
National Labor Support Tax		**(38,696)**	(19,494)
Contribution to Zakat		**(9,729)**	(2,019)
Net profit for the period		**1,555,390**	780,014
Attributable to:			
Parent company's shareholders		**1,442,982**	713,028
Non controlling interests		**112,408**	66,986
Net profit for the period		**1,555,390**	780,014
		Fils	Fils
Earnings per share attributable to Parent Company's shareholders	6	**6.11**	3.02

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 THREE MONTHS ENDED MARCH 31, 2012
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2012	2011
Net profit for the period	**1,555,390**	780,014
Other comprehensive loss:		
Foreign currency translation adjustments	**(148,865)**	(104,526)
Other Comprehensive loss for the period	**(148,865)**	(104,526)
Total comprehensive income for the period	**1,406,525**	675,488
Attributable to:		
Parent Company shareholders	**1,303,806**	650,320
Non-controlling interests	**102,719**	25,168
Total comprehensive income for the period	**1,406,525**	675,488

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 THREE MONTHS ENDED MARCH 31, 2012
(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 equity of an associate	Retained earnings	Total equity	Non-controlling interests	Total equity
Balance as at December 31, 2011	23,694,122	24,426,446	8,666,415	(432,774)	2,589,875	-	(628,678)	(286,932)	19,603,236	77,631,710	4,304,645	81,936,355
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(139,176)	-	1,442,982	1,303,806	102,719	1,406,525
Balance as at March 31, 2012	**23,694,122**	**24,426,446**	**8,666,415**	**(432,774)**	**2,589,875**	**-**	**(767,854)**	**(286,932)**	**21,046,218**	**78,935,516**	**4,407,364**	**83,342,880**
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
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(62,708)	-	713,028	650,320	25,168	675,488
Balance as at March 31, 2011	22,565,831	24,426,446	8,468,516	(432,774)	2,589,875	(71,143)	(566,923)	(289,530)	21,980,433	78,670,731	4,200,744	82,871,475

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 CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2012
(All amounts are in Kuwaiti Dinars)

	For the three months ended March 31,	
	2012	2011
Cash flows from operating activities		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat	1,611,727	802,615
Adjustments:		
Depreciation	488,409	415,310
Amortization	14,364	14,364
Share of results from associates	-	54,184
Finance charges	1,850,484	2,018,314
Gain on sale of fixed assets	(9,000)	(17,867)
Provision for end of service indemnity	56,637	51,775
Provision for doubtful debts	3,000	5,298
Foreign currency translation adjustments	(123,391)	(104,526)
	3,892,230	3,239,467
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	225,139	822,809
Gross amount due from customers for contract work	(7,030)	(98,943)
Due from related parties	(711,849)	(1,171,408)
Inventories	(378,128)	542,072
Accounts payable and other credit balances	(1,843,804)	(255,127)
Gross amount due to customers for contract work	(235)	(390,240)
Due to related parties	(8,753)	(1,714,979)
End of service indemnity paid	(11,110)	(12,939)
Net cash generated from operating activities	1,156,460	960,712
Cash flows from investing activities		
Proceeds from sale of fixed assets	9,000	72,072
Paid for investment properties	(21,770)	(140,301)
Paid for purchase of fixed assets	(648,689)	(208,641)
Net cash used in investing activities	(661,459)	(276,870)
Cash flows from financing activities		
Net movement on due to banks	(596,754)	(1,409,126)
Net movement on loans	2,116,394	3,034,466
Net movement on murabaha payable	(74,977)	-
Finance charges paid	(1,850,484)	(2,018,314)
Cash dividend paid	(570)	(11,845)
Net cash used in financing activities	(406,391)	(404,819)
Net increase in cash and cash equivalents	88,610	279,023
Cash and cash equivalents at beginning of the period	2,337,111	2,437,639
Cash and cash equivalents at end of the period	2,425,721	2,716,662

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 June 23, 1990 and registered on Commercial register under Ref. No. 41903 dated July 17, 1991.

The main objectives of the 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 Company is considered the sole agent in the Middle East for manufacturing 'Hebil' international products. The Company's objectives also include owning, buying and selling real estate, land and land for development for the benefit of the Company either inside or outside Kuwait, dealing in industrial companies' shares and bonds relating to the main objective of the Company either inside or outside Kuwait, preparing and submitting the studies and consultancy and also organizing the industrial exhibition for the 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 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 May 2 , 2012.

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, 2011.

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 March 31, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2011.

3. Related party transactions

Related parties represent the Group's major shareholders, associates, 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 financial position	Major shareholders	Associates	Other related parties	**March 31, 2012**	December 31, 2011 (Audited)	March 31, 2011
Due from related parties	507,274	3,361,431	1,821,550	**5,690,255**	4,978,406	5,736,069
Due to related parties	822,080	809,705	1,520,628	**3,152,413**	3,161,166	4,107,133
Accounts payable and other credit balances	-	1,730,097	-	**1,730,097**	2,937,401	-

Interim condensed consolidated statement of income				For the three months ended March 31,	
				2012	2011
Operating income	-	11,739	-	**11,739**	7,875
Operating cost	-	9,978	-	**9,978**	6,694

Compensation to key management personnel:	For the three months ended March 31,	
	2012	2011
Short term benefits	**57,025**	57,025
Termination benefits	**1,125**	1,000
	58,150	58,025

4. Loans

During the period ended March 31, 2012 the parent company obtained new loans from local banks for an amount of KD 6,696,924 guaranteed by promissory notes, investment properties, fixed assets, investments in associates and investments available for sale carrying an interest rate ranging from 2.25% to 3% 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 4,580,530.

5. Treasury shares

	March 31, 2012	December 31, 2011 (Audited)	March 31, 2011
Number of shares	**923,176**	923,176	879,216
Percentage of issued shares	**0.39%**	0.39%	0.39%
Market value (KD)	**195,713**	206,791	290,141
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 March 31	
	2012	2011
Net profit for the period attributable to parent company's shareholders	**1,442,982**	713,028
Number of shares outstanding		
	Shares	Shares
Weighted average number of issued shares	**236,941,224**	236,941,224
Weighted average number of treasury shares	**(923,176)**	(923,176)
Weighted average number of shares outstanding	**236,018,048**	236,018,048
	Fils	Fils
Earnings per share attributable to parent company's shareholders	**6.11**	3.02

Earnings per share attributable to parent company's shareholders for the three months ended March 31, 2011 was 3.17 before retroactive adjustment relating to the issue of bonus shares (Note 7).

7. General assembly

The shareholders' General Assembly for the year ended December 31, 2011 had not been held until the date of preparation of these interim consolidated financial information. Accordingly, the consolidated financial statements for the year ended December 31, 2011 have not been approved. The interim consolidated financial information for the period ended March 31, 2012 do not include any adjustment which might have been required had the General Assembly approved the consolidated financial statements for the year ended December 31, 2011.

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.

8. Contingent liabilities

	March 31, 2012	December 31, 2011 (Audited)	March 31, 2011
Letters of guarantee	**601,078**	7,397,706	7,397,706
Letters of credit	**4,803,006**	1,060,300	1,565,392
	5,404,084	8,458,006	8,963,098

9. Segment reporting

	March 31, 2012					
	Industry	Real estates and hotels	Contracting	Total	Inter segment transactions	Total
Operating income	13,686,912	1,646,460	1,081,393	16,414,765	(5,543,032)	10,871,733
Segment gross profit	2,696,807	1,646,460	238,010	4,581,277	(230,824)	4,350,453
Total assets	72,197,384	185,135,890	2,123,627	259,456,901	(16,789,894)	242,667,007
Total liabilities	21,159,700	140,612,885	5,061,582	166,834,167	(7,510,040)	159,324,127

	March 31, 2011					
	Industry	Real estates and hotels	Contracting	Total	Inter segment transactions	Total
Operating income	13,952,977	921,189	1,591,284	16,465,450	(6,674,070)	9,791,380
Segment gross profit	2,477,578	921,189	142,646	3,541,413	-	3,541,413
Total assets	51,796,728	189,296,770	2,200,652	243,294,150	(2,306,727)	240,987,423
Total liabilities	38,038,289	108,904,885	5,197,328	152,140,502	5,975,446	158,115,948