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INDEPENDENT AUDITORS' REPORT

The Shareholders
ACICO for Industries Co. - K.S.C. (Closed)
State of Kuwait

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of ACICO for Industries Co. - K.S.C. (Closed) (the Parent Company) and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at December 31, 2009 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

We did not audit the financial statements of the subsidiary, Ghassan Ahmed Sauod Al-Khaled & Co. – W.L.L., whose total assets and revenues constitute 1.56% and 25.11% of the respective consolidated totals. The financial statements of the above mentioned subsidiary for the year ended December 31, 2009 were audited by other auditor whose report expressed unqualified opinion and our opinion in so far as it relates to the amounts included in the consolidated financial statements related to this subsidiary, is based solely on the report of other auditor.

Management's responsibility for the consolidated financial statements

Management 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 of 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' judgment, 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 in 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained and the report of other auditor are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and based on the report of other auditor, the consolidated financial statements present fairly ,in all material respects, the financial position of ACICO for Industries Co. - K.S.C. (Closed) as of December 31, 2009, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements

Also in our opinion, the consolidated financial statements include the disclosures required by the Commercial Companies Law and the Parent Company's Articles of Association, and we obtained the information we required to perform our audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to us, there were no contraventions during the year ended December 31, 2009 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.

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State of Kuwait

March 30, 2010

ACICO FOR INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2009	2008
Current assets:			
Cash and cash equivalents	3	3,769,551	469,610
Accounts receivable and other debit balances	4	6,752,522	9,695,243
Gross amount due from customers for contract work	5	157,501	4,439,530
Due from related parties	6	6,183,143	4,071,551
Inventories	7	5,356,544	6,758,793
Lands under development	8	164,420	164,420
Total current assets		22,383,681	25,599,147
Investments available for sale	9	2,842,674	3,035,520
Investment in associates	10	13,366,597	13,283,638
Investment properties	11	142,539,795	116,268,714
Right of utilization of leasehold	12	723,065	780,520
Fixed assets	13	32,029,476	32,340,386
Goodwill	14	2,000,000	2,250,506
Assets related to discontinued operations	2	-	9,250,439
Total assets		215,885,288	202,808,870
LIABILITIES AND EQUITY			
Current liabilities:			
Due to banks	15	5,352,492	10,462,094
Accounts payable and other credit balances	16	11,654,366	13,489,725
Gross amount due to customers for contract work	5	326,208	-
Due to related parties	6	4,028,029	6,157,060
Loans current portion	17	18,439,700	61,289,990
Dividends payable to shareholders		807,356	489,372
Total current liabilities		40,608,151	91,888,241
Loans non-current portion	17	93,323,806	28,118,646
Provision for employees' end of service indemnity	18	1,007,312	878,169
Liabilities related to discontinued operations	2	-	7,180,187
Equity:			
Share capital	19	21,491,268	20,467,874
Share premium	20	24,426,446	24,426,446
Statutory reserve	21	8,076,099	7,683,349
Treasury shares	22	(432,774)	(731,539)
Treasury shares reserve		2,589,875	2,583,763
Cumulative changes in fair value		(71,143)	(71,143)
Effect of change in equity of an associate		(398,797)	(259,149)
Foreign currency translation adjustments		(105,351)	(2,648,533)
Retained earnings		21,090,037	19,767,020
Total equity attributable to parent company's shareholders		76,665,660	71,218,088
Non-controlling interests		4,280,359	3,525,539
Total equity		80,946,019	74,743,627
Total liabilities and equity		215,885,288	202,808,870

The accompanying notes (1) to (37) form an integral part of the consolidated financial statements.

Ghassan Al - Khaled
Vice Chairman