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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2012
(UNAUDITED)
WITH
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 June 30, 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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 June 30, 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
August 8, 2012

ACICO INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2012
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Cash and cash equivalents		**6,795,732**	2,337,111	1,064,093
Accounts receivable and other debit balances		**10,649,409**	9,462,124	9,053,370
Gross amount due from customers for contract work		**221,868**	55,127	86,144
Due from related parties	3	**5,712,842**	4,978,406	5,076,921
Inventories		**5,252,842**	4,611,238	4,271,202
Investments available for sale		**2,007,996**	2,007,996	2,551,862
Investment in associates		**12,291,156**	12,172,768	12,990,826
Investment properties		**172,534,237**	172,523,309	171,191,946
Right of utilization of leasehold		**502,635**	531,363	560,091
Fixed assets		**31,994,511**	31,887,875	31,552,559
Goodwill		**1,000,000**	1,000,000	1,500,000
Total assets		**248,963,228**	241,567,317	239,899,014
LIABILITIES AND EQUITY				
Liabilities:				
Due to banks		**5,885,917**	7,494,726	-
Accounts payable and other credit balances		**11,537,903**	13,483,521	11,652,826
Gross amount due to customers for contract work		**781,640**	709,652	1,466,465
Due to related parties	3	**2,428,118**	3,161,166	3,918,488
Loans	4	**138,952,114**	128,522,930	138,230,313
Murabaha payable		**2,309,331**	3,073,508	-
Dividend payable to shareholders		**2,277,326**	2,088,128	2,219,896
Provision for end of service indemnity		**1,218,283**	1,097,331	1,041,982
Total liabilities		**165,390,632**	159,630,962	158,529,970
Equity:				
Share capital		**24,878,829**	23,694,122	23,694,122
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		**(424,955)**	(628,678)	(694,555)
Effect of change of other comprehensive income of associates		**(182,171)**	(286,932)	(289,530)
Retained earnings		**19,546,319**	19,603,236	19,368,842
Total equity attributable to parent company's shareholders		**79,067,984**	77,631,710	77,059,799
Non- controlling interests		**4,504,612**	4,304,645	4,309,245
Total equity		**83,572,596**	81,936,355	81,369,044
Total liabilities and equity		**248,963,228**	241,567,317	239,899,014

The accompanying notes (1) to (10) 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 SIX MONTHS ENDED JUNE 30, 2012
(All amounts are in Kuwaiti Dinars)

	Note	For the three months ended June 30		For Six months ended June 30	
		2012	2011	2012	2011
Operating income	10	9,639,769	10,900,117	18,865,042	19,513,528
Operating costs		(6,843,175)	(8,061,284)	(13,189,455)	(14,666,251)
Real estates income		968,790	681,538	2,615,250	1,795,257
Gross profit from operations	10	3,765,384	3,520,371	8,290,837	6,642,534
General and administrative expenses		(698,654)	(580,461)	(1,518,713)	(1,153,592)
Selling expenses		(305,013)	(136,171)	(608,821)	(263,941)
Depreciation and amortization		(31,465)	(69,563)	(101,286)	(139,126)
Income from operations		2,730,252	2,734,176	6,062,017	5,085,875
Net investment income	6	117,377	-	200,368	4,378
Group's share of result from associates		13,627	-	13,627	(54,184)
Finance charges		(1,921,408)	(1,982,009)	(3,771,892)	(4,000,323)
Provision for doubtful debts		(25,050)	-	(28,050)	-
Gain (loss) from foreign exchange		3,865	(2,720)	5,812	480,018
Other income		54,641	192,504	103,149	228,802
Profit for the period before contribution to Kuwait Foundation for the Advancement of Science and National Labor Support Tax and contribution to Zakat		973,304	941,951	2,585,031	1,744,566
Contribution to Kuwait Foundation for the Advancement of Sciences		(3,926)	(216)	(11,838)	(1,304)
National Labor Support Tax		(24,632)	(20,000)	(63,328)	(39,494)
Contribution to Zakat		(5,344)	(940)	(15,073)	(2,959)
Net profit for the period		939,402	920,795	2,494,792	1,700,809
Attributable to:					
Parent company's shareholders		864,520	763,491	2,307,502	1,476,519
Non controlling interests		74,882	157,304	187,290	224,290
Net profit for the period		939,402	920,795	2,494,792	1,700,809
		Fils	Fils	Fils	Fils
Earnings per share attributable to Parent Company's shareholders	7	3.49	3.08	9.31	5.96

The accompanying notes (1) to (10) 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 SIX MONTHS ENDED JUNE 30, 2012
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	**2012**	2011
Net profit for the period	**939,402**	920,795	**2,494,792**	1,700,809
Other comprehensive income (loss):				
Foreign currency translation adjustments	**365,265**	(176,435)	**216,400**	(280,961)
Share of other comprehensive income of an associate	**104,761**	-	**104,761**	-
Other Comprehensive income (loss) for the period	**470,026**	(176,435)	**321,161**	(280,961)
Total comprehensive income for the period	**1,409,428**	744,360	**2,815,953**	1,419,848
Attributable to:				
Parent Company shareholders	**1,312,180**	635,859	**2,615,986**	1,286,179
Non-controlling interests	**97,248**	108,501	**199,967**	133,669
Total comprehensive income for the period	**1,409,428**	744,360	**2,815,953**	1,419,848

The accompanying notes from (1) to (10) 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 SIX MONTHS ENDED JUNE 30, 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 of other comprehensive income of associates	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
Bonus shares - 5% (Note 8)	1,184,707	-	-	-	-	-	-	-	(1,184,707)	-	-	-
Cash dividends – 5% (Note 8)	-	-	-	-	-	-	-	-	(1,179,712)	(1,179,712)	-	(1,179,712)
Total comprehensive income for the period	-	-	-	-	-	-	203,723	104,761	2,307,502	2,615,986	199,967	2,815,953
Balance as at June 30, 2012	**24,878,829**	**24,426,446**	**8,666,415**	**(432,774)**	**2,589,875**	**-**	**(424,955)**	**(182,171)**	**19,546,319**	**79,067,984**	**4,504,612**	**83,572,596**
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 8)	1,128,291	-	-	-	-	-	-	-	(1,128,291)	-	-	-
Cash dividends – 10% (Note 8)	-	-	-	-	-	-	-	-	(2,246,791)	(2,246,791)	-	(2,246,791)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(190,340)	-	1,476,519	1,286,179	133,669	1,419,848
Balance as at June 30, 2011	23,694,122	24,426,446	8,468,516	(432,774)	2,589,875	(71,143)	(694,555)	(289,530)	19,368,842	77,059,799	4,309,245	81,369,044

The accompanying notes (1) to (10) form an integral part of the interim consolidated financial information

	For the Six months ended June 30,	
	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	2,585,031	1,744,566
Adjustments:		
Depreciation and amortization	1,101,428	939,865
(Loss) gain from sale of fixed assets	400	(47,534)
Share of results from associates	(13,627)	54,184
Finance charges	3,771,892	4,000,323
Provision for end of service indemnity	143,318	118,865
Provision for doubtful debts	28,050	-
Foreign currency translation adjustments	215,600	(280,961)
	7,832,092	6,529,308
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(1,215,335)	(461,627)
Gross amount due from customers for contract work	(166,741)	(52,166)
Due from related parties	(734,436)	(512,260)
Inventories	(641,604)	1,722,138
Accounts payable and other credit balances	(2,035,857)	(111,413)
Gross amount due to customers for contract work	71,988	(158,982)
Due to related parties	(733,048)	(1,903,624)
End of service indemnity paid	(22,366)	(67,159)
Net cash generated from operating activities	2,354,693	4,984,215
Cash flows from investing activities		
Paid for investment in associates	-	(5,581)
Proceeds from sale of fixed assets	684	75,546
Paid for investment properties	(10,928)	(1,277,698)
Paid for purchase of fixed assets	(1,179,620)	(710,078)
Net cash used in investing activities	(1,189,864)	(1,917,811)
Cash flows from financing activities		
Net movement on due to banks	(1,608,809)	926,128
Net movement on loans	10,429,184	-
Net movement on murabaha payable	(764,177)	-
Finance charges paid	(3,771,892)	(4,000,323)
Cash dividend paid	(990,514)	(1,365,755)
Net cash generated from (used in) financing activities	3,293,792	(4,439,950)
Net increase (decrease) in cash and cash equivalents	4,458,621	(1,373,546)
Cash and cash equivalents at beginning of the period	2,337,111	2,437,639
Cash and cash equivalents at end of the period	6,795,732	1,064,093

The accompanying notes (1) to (10) 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 August 8, 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 June 30, 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	**June 30, 2012**	December 31, 2011 (Audited)	June 30, 2011
Due from related parties	507,274	3,694,629	1,510,939	**5,712,842**	4,978,406	5,076,921
Due to related parties	66,058	552,304	1,809,756	**2,428,118**	3,161,166	3,918,488
Accounts payable and other credit balances	-	2,047,805	-	**2,047,805**	2,937,401	-

Interim condensed consolidated statement of income	Major shareholders	Associates	Other related parties	For the Six months ended June 30, **2012**	2011
Operating income	-	31,226	-	**31,226**	7,875
Operating cost	-	26,542	-	**26,542**	-
Group's share of results from associates	-	13,627	-	**13,627**	(54,184)

Compensation to key management personnel:	For the Six months ended June 30, **2012**	2011
Short term benefits	**114,050**	114,050
Termination benefits	**2,250**	2,000
	116,300	116,050

4. Loans

During the period ended June 30, 2012 the parent company obtained new loans from local banks for an amount of KD 34,405,931 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 23,976,747.

5. Treasury shares

	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Number of shares	**969,335**	923,177	923,177
Percentage of issued shares	**0.39%**	0.39%	0.39%
Market value (KD)	**221,008**	206,791	259,576
Cost (KD)	**432,774**	432,774	432,774

6. Net investment income

	For the three months ended June 30		For the Six months ended June 30	
	2012	2011	**2012**	2011
Income from Tawaroq	**117,377**	-	**200,368**	-
Others	**-**	-	**-**	4,378
	117,377	-	**200,368**	4,378

7. 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 June 30		For the Six months ended June 30	
	2012	2011	**2012**	2011
Net profit for the period attributable to parent company's shareholders	**864,520**	763,491	**2,307,502**	1,476,519
Number of shares outstanding				
	Shares	Shares	**Shares**	Shares
Weighted average number of issued shares	**236,941,220**	236,941,220	**236,941,220**	236,941,220
Bonus shares	**11,847,070**	11,847,070	**11,847,070**	11,847,070
Weighted average number of treasury shares	**(969,335)**	(969,335)	**(969,335)**	(969,335)
Weighted average number of shares outstanding	**247,818,955**	247,818,955	**247,818,955**	247,818,955
	Fils	Fils	**Fils**	Fils
Earnings per share attributable to parent company's shareholders	**3.49**	3.08	**9.31**	5.96

Earnings per share attributable to parent company's shareholders for the Six months ended June 30, 2011 was 6.26 before retroactive adjustment relating to the issue of bonus shares (Note 8).

8. General assembly

The shareholders' general assembly meeting held on May 17, 2012 approved the following :

- Distribution of cash dividend of 5 fils per share and 5 bonus shares for every 100 shares held (5%) for the year ended December 31, 2011.
- Delisting from Dubai Financial Market.

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.

9. Contingent liabilities

	June 30, 2012	December 31, 2011 (Audited)	June 30, 2011
Letters of guarantee	**1,339,753**	7,397,706	7,397,706
Letters of credit	**849,489**	1,060,300	1,565,392
	2,189,242	8,458,006	8,963,098

10. Segment reporting

	June 30, 2012					
	Industry	Real estates and hotels	Contracting	Total	Inter segment transactions	Total
Operating income	27,064,688	2,615,250	2,597,173	32,277,111	(10,796,819)	21,480,292
Segment gross profit	5,513,870	2,615,250	480,967	8,610,087	(319,250)	8,290,837
Total assets	78,831,735	184,906,800	1,950,217	265,688,752	(16,725,524)	248,963,228
Total liabilities	26,812,746	142,244,549	4,907,039	173,964,334	(8,573,702)	165,390,632

	June 30, 2011					
	Industry	Real estates and hotels	Contracting	Total	Inter segment transactions	Total
Operating income	28,783,560	1,795,257	3,745,767	34,324,584	(13,015,799)	21,308,785
Segment gross profit	4,524,879	1,795,257	322,398	6,642,534	-	6,642,534
Total assets	98,256,718	147,210,260	2,024,157	247,491,135	(7,592,121)	239,899,014
Total liabilities	5,756,349	146,920,870	5,098,760	157,775,979	753,991	158,529,970