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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, 2011 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.

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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, 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, 2011, 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, 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 Mubarak Al-Qaoud
Licence No. 25-A
Abdul Rahman Al-Qaoud & Partners
Public Accountants

Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Al-Bazie & Co.

State of Kuwait
March 29, 2012

ACICO FOR INDUSTRIES CO. - K.S.C. (CLOSED) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2011	2010
Cash and cash equivalents	3	**2,337,111**	2,437,639
Accounts receivable and other debit balances	4	**9,462,124**	8,591,743
Gross amount due from customers for contract work	5	**55,127**	33,978
Due from related parties	6	**4,978,406**	4,564,661
Inventories	7	**4,611,238**	5,993,340
Investments available for sale	8	**2,007,996**	2,551,862
Investment in associates	9	**12,172,768**	13,039,429
Investment properties	10	**172,523,309**	169,914,248
Right of utilization of leasehold	11	**531,363**	588,819
Fixed assets	12	**31,887,875**	31,781,630
Goodwill	13	**1,000,000**	1,500,000
Total assets		**241,567,317**	240,997,349
LIABILITIES AND EQUITY			
Due to banks	14	**7,494,726**	7,803,624
Accounts payable and other credit balances	15	**13,483,521**	11,720,482
Gross amount due to customers for contract work	5	**709,652**	1,625,447
Due to related parties	6	**3,161,166**	5,822,112
Loans	16	**128,522,930**	127,186,886
Murabaha payable	17	**3,073,508**	2,313,675
Dividend payable to shareholders		**2,088,128**	1,338,860
Provision for end of service indemnity	18	**1,097,331**	990,276
Total liabilities		**159,630,962**	158,801,362
Equity:			
Share capital	19	**23,694,122**	22,565,831
Share premium	20	**24,426,446**	24,426,446
Statutory reserve	21	**8,666,415**	8,468,516
Treasury shares	22	**(432,774)**	(432,774)
Treasury shares reserve		**2,589,875**	2,589,875
Cumulative changes in fair value		**-**	(71,143)
Effect of change of other comprehensive income of associates		**(286,932)**	(289,530)
Foreign currency translation adjustments		**(628,678)**	(504,215)
Retained earnings		**19,603,236**	21,267,405
Equity attributable to equity holders of the parent company		**77,631,710**	78,020,411
Non-controlling interests		**4,304,645**	4,175,576
Total equity		**81,936,355**	82,195,987
Total liabilities and equity		**241,567,317**	240,997,349

The accompanying notes (1) to (36) form an integral part of the consolidated financial statements.

Ghassan Ahmed Saoud Al - Khaled
Vice Chairman