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LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
ZAMIL INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Scope of limited review:

We have reviewed the accompanying interim consolidated balance sheet of Zamil Industrial Investment Company (A Saudi Joint Stock Company) as at 31 December 2010, the related interim consolidated statements of income for the three and twelve months period ended on 31 December 2010 and the interim consolidated statements of cash flows for the twelve months period ended on 31 December 2010. These interim consolidated financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our review was limited and was conducted in accordance with Saudi Organisation of Certified Public Accountants (SOCPA) standard on interim financial information. The limited review consists principally of analytical procedures applied to financial data and inquiries of the Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion on limited review:

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for these to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young

Abdulaziz Saud Alshubaibi
Certified Public Accountant
Registration No.339

14 Safar 1432H
18 January 2011

Al-Khobar

Zamilindustrial

INCOME STATEMENT (Un audited)

All Figures in SAR '000

Particulars	2009 Oct-Dec	2010 Oct-Dec	2009 Jan-Dec	2010 Jan-Dec
Net Sales	970,001	1,047,749	4,204,412	4,016,532
Cost of Sales	718,927	766,330	3,265,287	3,058,756
Gross Profit	251,074	281,419	939,125	957,776
Less Expenses				
Selling & Distribution Exp.	90,863	103,568	313,158	344,807
Administration & Engineering Exp.	63,973	102,287	269,300	333,477
Net Profit from main operations	96,238	75,564	356,667	279,492
Other Income	14,647	14,755	26,838	39,392
Company's share of profits in associates, net	(8,510)	(2,497)	(8,510)	883
Financial charges	(12,745)	(14,124)	(91,735)	(56,814)
Minority Interest + Tax	(5,911)	(6,222)	(21,941)	(26,858)
Net Profit before Zakat	83,719	67,476	261,319	236,095
Zakat	19,709	6,143	31,169	24,961
Net Profit	64,010	61,333	230,150	211,134
Earnings Per Share	1.07	1.02	3.84	3.52
EPS from Main Operations	1.60	1.26	5.94	4.66

BALANCE SHEET (Un audited)

Particulars	as at 31.12.2009	as at 31.12.2010
Current Assets		
Inventories	1,510,354	1,650,994
Notes, accounts receivable and prepayments	1,272,683	1,326,533
Amounts due from related parties & affiliates	144,286	150,649
Cash and Cash Equivalents	353,878	287,230
	3,281,201	3,415,406
Current Liabilities		
Notes & Accounts payable and accruals	839,342	844,839
Morabaha and Tawarruq finances	975,881	1,337,613
Amounts due to related parties & affiliates	16,015	13,891
Advances from customers	321,111	213,026
Current portion of term loans	240,068	241,960
Short Term Loans	40,978	49,780
Total Current Liabilities	2,433,395	2,701,109
Net Current assets	847,806	714,297
Long Term Assets		
Property, plant and equipment	1,086,151	1,091,539
Investments	245,624	309,726
Goodwill	27,730	27,730
Deferred Charges	22,360	17,735
Total Long Term Asset	1,381,865	1,446,730
Total Net Assets	2,229,671	2,161,027
Long Term Liabilities		
End of Service Benefits	159,437	212,207
S I D F Loans	88,803	74,579
Other Long Term Loans	692,944	466,201
Total Long term Liabilities	941,184	752,987
Share Holder's Equity		
Capital (Note:1)	450,000	600,000
Statutory Reserve	147,923	169,036
Translation Loss on consolidation	(8,855)	(9,246)
Retained Earnings	388,903	488,924
Proposed Dividend	67,500	45,000
Proposed Stock Dividend	150,000	-
Unrealized Gain on Investments	-	1,368
Total Share Holder's Equity	1,195,471	1,295,082
Minority Interest	93,016	112,958
Total Equity, Minority Interest & Long Term Liabilities	2,229,671	2,161,027

CASH FLOW (Un audited)

Particulars	period ended 31.12.2009	period ended 31.12.2010
From Operations		
Profit after Zakat	230,150	211,134
Depreciation	106,282	115,975
Zakat Provision	31,169	24,961
(Gain)Loss on Disposal of Property, plant and equipment	(397)	2
Gain on Sale of investments	-	(791)
Company's share of profits in associates, net	8,510	(883)
Minority Interest	17,618	18,922
Amortisation of Deferred Charges	4,713	4,533
Inventories	830,833	(140,640)
Receivables	112,010	(60,213)
Payables & Accruals	(96,885)	(109,590)
End of Service Benefits, net	16,161	52,770
Zakat & Taxes Paid	(8,596)	(21,958)
Net cash from operating activities	1,251,568	94,222
INVESTING ACTIVITIES		
Purchase of Property, Plant and equipment	(180,198)	(120,416)
Proceeds from sale of property, plant and equipment	2,716	384
Investments	(15,428)	(75,737)
Proceeds from sale of investments	-	14,677
Deferred Charges	(9,942)	-
Net cash used in investing activities	(202,852)	(181,092)
FINANCING ACTIVITIES		
Changes in Short Term loans, Morabaha & Tawarruq finances	(764,630)	370,534
Changes in Term Loans	(67,648)	(237,200)
Dividends Paid	(67,500)	(112,500)
Changes in Minority Interest	2,162	1,020
Net cash (used in)/ from financing activities	(897,616)	21,854
Net Increase/(Decrease) in bank balances and cash	151,100	(65,016)
Cash and Cash Equivalents at January 1	201,393	353,878
Movement in translation, net	1,385	(1,632)
Cash and Cash Equivalents at December 31	353,878	287,230

Chief Executive Officer

Chief Financial Officer

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
31 December 2010

1. STATUS AND ACTIVITIES

Zamil Industrial Investment Company was established as a Saudi Joint Stock Company in accordance with Ministerial Resolution 407 dated 14.3.1419H (corresponding to 8 July 1998). The share capital of the Company, amounting to SR 600 million, is divided into 60 million shares of SR 10 each. The company is engaged in the manufacture, marketing and maintenance of air conditioners, steel industry and glass industry. The Company has main branches in Dammam: Zamil Air Conditioners, Zamil Steel Industries and Zamil Glass Industries and owns other companies in Egypt, Vietnam, Austria, Italy, India, China and United Arab Emirates.

On 31 March 2010, the extraordinary general meeting for shareholders agreed on board of directors' proposal to increase the share capital of the company from SR 450 million to SR 600 million resulting to increase number of shares from 45 million shares to 60 million shares through issuing one free share for each three outstanding shares at the date of agreement. The share capital was increased by transferring SR 150 million from retained earnings. According to the related Accounting Standards, earning per share was calculated retroactively based on the number of shares outstanding after the increase.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements are prepared under the historical cost convention and accrual basis modified to include the measurement at fair value of available for sale investments. The company adopts the following accounting policies:

Use of estimate
The preparation of consolidated interim financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are made with the best information available for the management about current matters and procedures, the actual and final results may differ from these estimates.

Sales
Net sales represent the invoiced value of goods supplied (air conditions, steel buildings, glass and fibreglass) which are delivered to customers during the period. Contract revenue is recognized based on percentage of work executed.

Basis of consolidation
Operating entities controlled by the company are classified as subsidiaries and consolidated regardless of the country of their registration. Significant inter-company accounts and transactions are eliminated upon consolidation. Subsidiaries under formation are accounted for at cost.

Inventories
Inventories are stated at the lower of cost and market value. Cost is determined as follows:

Raw materials	-	Purchase cost on weighted average basis.
Work in process and finished goods	-	Cost of direct materials and labour plus attributable overheads based on normal level of activity.

Deferred charges
Expenses which have a long term future benefit are treated as deferred charges and are amortised over the estimated periods of benefit not exceeding five years.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Expenses
Selling and distribution expenses are those that specifically relate to salesmen, warehousing, delivery vehicles as well as provision for doubtful debts. All other expenses other than financial charges are classified as general and administration expenses.

Property, plant and equipment/depreciation
All property, plant and equipment are recorded at cost net of accumulated depreciation. The cost of property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets. Major maintenance costs which have a future benefit more than one year are amortised over the periods of benefit based on the management's technical views of the company.

Employees' terminal benefits
Provision for employees' terminal benefits is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service.

Foreign currencies
Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated interim balance sheet date. All differences are taken to the consolidated interim statement of income, except for translation differences which are recorded as a separate component of consolidated stockholders' equity at the consolidated interim balance sheet date.

Investments
Marketable equity securities other than trading and held to maturity are stated at fair value and disclosed as available for sale under non current assets, and unrealized gains and losses thereon are included in stockholders' equity. Permanent decline in the fair value is charged to consolidated interim statement of income.

Investment in companies where the company owns less than 20% is recorded at cost. Investment in such companies is reduced by the other than temporary decline in their values. Revenue is recognised when dividends are declared.

An associate is an enterprise over which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. The results of associates are incorporated in these interim financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognize any impairment in the value of the individual investments.

Subsidiaries and associates which are dormant or under development stage or where the information is not available are stated at cost.

Goodwill
Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Segmental reporting

- *Business segment:*

  Operating components which have common economical characteristics and has similar products, production methods, customers' segments or system environment, from the management prospective, are combined as one segment for the purpose of disclosure of, as per business segment, revenue and profit analysis and net assets in the consolidated interim financial statements.

- *Geographical segment:*

  Operating components in the main geographical areas are combined as one segment for the purpose of disclosure of revenue and profit analysis in the consolidated interim financial statements.

Earnings per share

Basic earnings per share from net income is calculated by dividing the net income for the period by the weighted average number of shares outstanding at the end of the period. Basic earnings per share from main operations is calculated by dividing income from main operations for the period by the weighted average of number of shares outstanding during the period.

Impairment in financial assets

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In case the recoverable amount of an asset (or the cash-generating unit) is less than book value of the asset, book value of the asset (or the cash-generating unit) is reduced to the recoverable amount. Impairment loss is recognized as an expense as and when incurred.

In case of reversing impairment losses in subsequent period, the asset book value is increased to the estimated recoverable value of the asset (or the cash-generating unit) assuming that no impairment loss had been recognised for the asset (or the cash-generating unit) in prior years. Impairment losses reversed are recognized as an income when incurred.

3. SEGMENTAL ANALYSIS

(a) Analysis of sales, operating income/(loss) and net assets by activities:

	Sales SR 000		Operating Income/ (loss) SR 000		Net assets SR 000	
	2010	2009	**2010**	2009	**2010**	2009
Air conditioner industry	**1,642,411**	1,576,504	**150,084**	102,225	**297,648**	246,776
Steel industry	**2,200,803**	2,451,339	**111,680**	246,804	**763,857**	781,513
Glass & fibreglass	**173,318**	176,569	**30,235**	33,223	**117,407**	102,980
Head office	**-**	-	**(12,507)**	(25,585)	**116,170**	64,202
	4,016,532	4,204,412	**279,492**	356,667	**1,295,082**	1,195,471

(b) Analysis of sales, and operating income/(loss) by geographical location:

	Sales SR 000		Operating income (loss) SR 000	
	2010	2009	**2010**	2009
Saudi Arabia:				
Local sales	**2,449,297**	2,669,700	**201,001**	203,033
Export sales	**698,444**	843,009	**52,373**	71,517
Other Asian countries	**493,018**	277,723	**(85)**	(7,470)
Africa	**304,721**	359,224	**23,414**	89,565
Europe	**71,052**	54,756	**2,789**	22
	4,016,532	4,204,412	**279,492**	356,667

4. CONTINGENT LIABILITIES

At 31 December 2010, the company has outstanding letters of credit and bank guarantees amounting to SR 930 million (31 December 2009: SR 656 million) issued during the normal course of the business.

5. COMPARATIVE FIGURES

Certain figures for 2009 have been reclassified to conform with the presentation in the current year.