







**H.R.H. Prince Khalifa
Bin Salman Al Khalifa**

The Prime Minister



**H.M. King Hamad
Bin Isa Al Khalifa**

The King
of The Kingdom of Bahrain



**H.R.H. Prince Salman
Bin Hamad Al Khalifa**

The Crown Prince and
Deputy Supreme Commander

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2009

Financial highlights

Particulars	(BD Millions) 2009
Gross Turnover	113,060
Profit before Finance charges & Depreciation	20.489
Net Profit	13.746
Share Capital (220 million ordinary shares of 100 fils each)	22.000
Current Assets	81.005
Current Liabilities	44.806
Current Ratio	1.81
Reserves and Surplus	29.505
Net Worth	49.908
Earnings per share in fils	64
Dividend	20%

Board of Directors



Abdulla Ahmed Nass
Chairman



Samir Abdulla Nass
Deputy Chairman and
Managing Director



Sami Abdulla Nass
Director



Adel Abdulla Nass
Director



Ghazi Abdulla Nass
Director



Fawzi Abdulla Nass
Director



Dr. Mustafa Al Sayed
Director



Jamal A. Al-Hazeem
Director



Hisham Al Saie
Director



Saleh Al Nashwan
Director



Hemant Joshi
Advisor to the Board



Arad Bay Proctectorate Area Development



Arad Bay Proctectorate Area Development



Durrat-Al-Bahrain Community Facilities



Messaieed Power Plant - Qatar

NASS CORPORATION B.S.C

Nass Corporation comprises of six divisions and four subsidiaries (two wholly-owned and two partly owned).

Nass Industrial Services (NIS)

A division of Nass Corporation B.S.C., it primarily undertakes mechanical fabrication and maintenance contracts. The company was registered in 1978.

Nass Scafform

A division of Nass Corporation B.S.C., it is one of the leading scaffolding and formwork companies in the Gulf. The division specializes in the energy and petrochemical sector, and has undertaken several projects for international and regional clients.

Nass Sand Processing Plant (NSPP)

A division of Nass Corporation B.S.C., it was formed in 1977 to supply washed building sand to Bahrain's construction industry. Currently, NSPP is the largest supplier in Bahrain with production capacity of over 2,000 tons per day.

Nass Commercial Services

A division of Nass Corporation B.S.C., it started operations in the early 1960s as a support function for the Nass Group. However in 1986, a decision was made to convert Nass Commercial Services into a separate division. Currently, the division represents over forty international manufacturers and provides sales, distribution, spare parts and service facilities to the Company and other entities outside the Company.

Nass Foods

A division of Nass Corporation B.S.C., it was established in 1982 as an independent trading division of the Nass Group. The division is an importer and wholeseller of frozen food products. It handles a whole range of products including frozen and chilled beef, lamb, poultry and fish products, which are imported from USA, New Zealand, Europe, Brazil and India.

Nass Ice Plant

A division of Nass Corporation B.S.C., owns a reverse osmosis plant with a capacity to produce over 200,000 gallons of sweet water each day and two ice plants with a production capacity of about 85 tons of ice per day, for use by industrial establishments, hotels, restaurants, cold stores and supermarkets.



Bahrain Financial Harbour Car Park



Al Andalus Pedestrian Bridge

NASS CORPORATION B.S.C

Nass Corporation comprises of six divisions and four subsidiaries (two wholly-owned and two partly owned).

The two wholly-owned subsidiaries of Nass Corporation B.S.C. are:

Nass Contracting Co. W.L.L. (NC)

Undertakes a wide range of construction projects for public and private sector. The scope of activities includes civil engineering works for commercial and residential buildings, construction of industrial plants, sewerage lines, drainage schemes & pipelines, land reclamation and off-shore work such as piling, jetty construction and dredging. The company was registered with the Ministry of Commerce, Kingdom of Bahrain in 1986, and over the years have undertaken numerous projects of national importance.

Nass Contracting Co. W.L.L.

Comprises of the following three divisions -

Nass Asphalt (ISO 9001 Company)

Nass Landscapes

Nass Plumbing

Nass Electrical Contracting Co. W.L.L. (NE)

Originally established in 1981 as a joint venture with Balfour Kilpatrick International, United Kingdom. The company undertakes a variety of electrical and instrumentation contracting with primary focus on energy and construction sectors.

The two partly-owned subsidiaries of Nass Corporation B.S.C. are:

Delmon Ready Mixed Concrete and Products Co. W.L.L. (DRMC)

Established in 1973 as a joint venture between the Nass Group and Redland Readymix International, United Kingdom. This company operates ten batching plants and is the largest concrete supplier in Bahrain. Each plant has a capacity to produce around 80 cubic meters of concrete per hour.

Delmon Precast Co. W.L.L. (DPC)

Established in 1984 as a separate company within the Nass Group. The company produces hollowcore flooring, architectural products, GRC & civil engineering elements to major private and public sectors.



King Hamad General Hospital



King Hamad General Hospital Car Park

MANAGEMENT TEAM

Ahmed A. Nass	Director Procurement Nass Corporation
Fawzy Hammad	General Manager, Purchases Nass Corporation
Faiza A. Nass	Manager, Purchases Nass Corporation
Yosuf A. Isa Nass	General Manager (Administration & Human Resources)
Jon Mottram	General Manager DRMC and DPC
David Anthony	General Manager Nass Contracting
Nabeel M. Nass	General Manager (Acting) Nass Industrial Services
Bashar Samir A. Nass	General Manager Nass Commercial
Koshy P. Mathew	General Manager Nass Food
Brian R. Fox	General Manager Nass Scafform
Weddad A. Nass	Dy.General Manager Nass Food
P.S. Mukherjee	Contracts Manager Nass Contracting
Jatinder Singh Gill	Manager Nass Electric
Gerard Hutton	Manager, Asphalt Division Nass Contracting
Mike O'Brien	Manager, Landscapes Nass Contracting
T.K. Kutty	Manager Nass Sand Processing Plant
Ahmed Al Attar	Legal Advisor Nass Corporation
Srinath Prabhu	Finance Manager Nass Corporation
Sukumar Chopra	Compliance Officer Nass Corporation



Arcapita Head Quarters



Bahrain Map Junction Interchange

BOARD OF DIRECTORS' REPORT

To,

All our esteemed shareholders,

On behalf of the Directors of Nass Corporation B.S.C., it is my pleasure and privilege to present to you the Fifth Annual Report and Audited Annual Accounts of the Company for the financial year ended 31 December 2009.

The performance of the Company for the financial year ended 31st December 2009 is summarised below:

	Bahraini Dinar 000
Gross Turnover	113,060
Profit before Finance charges & Depreciation	20,489
Less: Finance charges	308
Less: Depreciation	5,266
Less: Non-controlling Interest	1,169
Net profit	13,746
Appropriations:	
Transfer to Statutory Reserve	1,375
Proposed Dividend	4,302
Directors' Remuneration	242
Donations & Charity Reserve	50
Total	5,969
Balance carried to Retained Earnings	7,777

BOARD OF DIRECTORS' REPORT

DIVIDEND

I am pleased to inform you that your Directors have recommended for the financial year ending 31st December 2009, a dividend of 20 fils per share of 100 fils each, on its 215,076,840 Ordinary shares (out of total issued shares of 220,000,000, the Company is holding 4,923,160 shares as treasury shares). Upon approval at the ensuing Annual General Meeting, the said dividend will be paid to all those members whose names appear in the Register of members as on the day of the Annual General Meeting viz. 16th March 2010.

CONSOLIDATION OF ACCOUNTS

Nass Corporation B.S.C. has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for Accounting periods beginning on 1st January 2009.

PERFORMANCE FOR THE YEAR 2009 AND FUTURE OUTLOOK

I am pleased to report to all of you that the year 2009 has been the most profitable year for Nass Corporation, since its inception. Despite the enormous challenges posed by the depressing economic conditions, both globally and regionally, the company has come out with extraordinary results and has demonstrated its passion for perfection and excellence.

The period from 1st January 2009 to 31st December 2009 was the fifth year of operations for Nass Corporation B.S.C. During this period, the company has performed remarkably well and has surpassed every one's expectations in terms of profitability and growth. The results are a reflection of the company's position of leadership in the industry.

Your company achieved a gross turnover of BD 113.060 million (BD 121.515 million for 2008) on which it achieved a profit before interest and depreciation of BD 20.489 million (BD 19.047 million for 2008) and a Net Profit of BD 13.746 million (BD 13.031 million for 2008). The Net Profits of the company for 2009 have shown a robust improvement over those of the past year.

FUTURE OUTLOOK

Although the global recessionary trends have shown minor signs of recovery, there are still challenges to be faced by the corporate world. The ripple effects of the global financial crisis have indeed created substantial pressures and pulls for the Middle – Eastern and Gulf economies and all without exception have been impacted. While every effort was made by us to 'buck the trend', it was not possible to be completely immune to the adverse effects of the recession. This indeed affected your company's work volumes and put brakes on its growth, which could otherwise have been far better compared to what has been achieved by the company, during the year. The 'near-stabilization' of oil prices to reasonable levels since the second-half of 2009, gives hopes for coming years as regards commencement of governmental projects, especially in the fields of Oil & Gas and Petro-chemicals, in the GCC Region.

While the company does have work orders on hand to keep itself busy for a major portion of 2010, we are striving hard to secure lucrative work to maintain the level of growth which we have been achieving in the recent years. We will continue to be competitive and competent and are well-positioned to face the uncertainties which the economic environment has thrust upon every one. Our drive towards rationalization of our cost-structure across the company is continuing and we are committed to diversity and mitigate risks in every single aspect of the company's business and ensure that all the stakeholders' interests are safeguarded to the maximum possible extent.

BOARD OF DIRECTORS' REPORT

ORDER BOOK POSITION

The work-orders on hand of constituent divisions/companies (excluding Trading Divisions) as of 23 February 2010 amount to a value of BD 92 million. In addition, our portion of work pertaining to joint venture projects is BD 8 million. The above work-order position represents about a year turnover, taking 2009 turnover as the yardstick.

Your directors are conscious of the difficulties and challenges ahead of the company and are committed to carrying on the operations of the company in an effective and efficient manner.

JOINT VENTURES

Your Company is presently engaged as a Joint Venture partner in the following joint ventures:

JV Partner	Project	Contract Value (BD '000)	Status of project completion as at 31 Dec 2009
Murray Roberts Contractors Int. Ltd.	Arcapita HQ & Mosque	74,860	90%
Burhan International Construction Company. W.L.L.	Infrastructure Development, Phase 1, 2 & Mainland A to Durrat Al Bahrain Project	32,218	95%
Burhan International Construction Company. WLL	Construction of King Hamad General Hospital	44,641	88%
Bramco W.L.L.	Diyaar Al Muharraq Revetment Works	13,181	90%
Bramco W.L.L.	Durrat Marina & Golf Course Revetment Works	4,400	89%
EMCO W.L.L.	Electro Mechanical Works at King Hamad General Hospital	16,787	98%
	Total	186,087	

CORPORATE GOVERNANCE

Your Company has demonstrated its keenness in following and implementing an effective corporate governance structure.

The Audit Committee comprising of three independent directors is actively involved in the various aspects of corporate functioning. The Audit Committee meets regularly with a view to strengthen the existing Management Information Systems and Internal Control Systems and is involved in providing directions on policy issues. The decision to go ahead with ERP Implementation for the key functions is being made and it is expected to be functional before the end of 2010. The Company has a Remuneration Committee that comprises of three independent directors.

Internal Audit function has been outsourced to professional auditors in accordance with the recommendations of the Audit Committee. The Company has a "Compliance Officer" who looks after the day-to-day compliance matters as required by the regulatory authorities.

BOARD OF DIRECTORS' REPORT

AUDITORS

The Board of Directors propose to recommend re-appointment of K.P.M.G Fakhro as the Statutory Auditors of the Company for the year 2010.

EMPLOYEE RELATIONS

The relations between the Management and employees of the Company continue to remain cordial. The company firmly believes that its workforce is instrumental in its overall success and is indeed a valuable asset of the Company. On behalf of the Board of Directors, I sincerely acknowledge and appreciate the contribution of its employees at all levels.

ACKNOWLEDGEMENTS

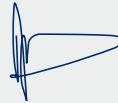
On behalf of all the shareholders and the Board of Directors, we take this opportunity to express our sincere gratitude and appreciation to His Majesty King Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain, to His Royal Highness Prince Shaikh Khalifa Bin Salman Al Khalifa, the Prime Minister, to His Royal Highness Prince Shaikh Salman Bin Hamad Al Khalifa, the Crown Prince and Deputy Supreme Commander and to all Government Ministries and institutions, especially the Ministry of Finance, Ministry of Industries and Commerce, the Central Bank of Bahrain and the Bahrain Stock Exchange for their continuing support.

We also appreciate support extended to us by our bankers, financial institutions, suppliers and business associates and our Statutory Auditors KPMG Fakhro and our Internal Auditors BDO for the year 2009.

On behalf of Board of Directors
Nass Corporation BSC



Abdulla Ahmed Nass
Chairman



Sameer Abdulla Nass
Deputy Chairman and
Managing Director

Date: 24th February 2010

CONSOLIDATED FINANCIAL STATEMENTS 2009

CONSOLIDATED
FINANCIAL
STATEMENTS
2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Nass Corporation BSC

Manama, Kingdom of Bahrain

24 February 2010

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Nass Corporation BSC ("the Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors of the Company 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 financial statements that are free from material misstatements, 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2009, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

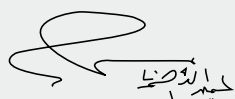
In addition, in our opinion, the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We have reviewed the accompanying Board of Directors' report and confirm that the information contained therein is consistent with the consolidated financial statements. We are not aware of any violations of the Bahrain Commercial Companies Law 2001 or the terms of the Company's memorandum and articles of association having occurred during the year that might have had a material effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

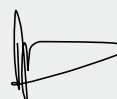
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2009

Bahraini dinars '000

	Note	2009	2008
Assets			
Property, plant and equipment	5	19,021	19,634
Investment in Associates	6	476	437
Total non-current assets		19,497	20,071
Interests in joint ventures	21	6,266	8,160
Inventories	7	6,783	7,730
Trade and other receivables	8	46,911	40,560
Due from customers	9	4,738	9,899
Due from related parties	19	7,195	9,635
Cash and cash equivalents	11	9,112	5,754
Total current assets		81,005	81,738
Total assets		100,502	101,809
Equity and liabilities			
Share capital	18	22,000	20,000
Treasury shares	18	(1,597)	(1,597)
Statutory reserve		5,010	3,635
Retained earnings and other reserves		24,495	17,101
Equity attributable to equity holders of the parent		49,908	39,139
Non-controlling interest		2,691	2,092
Total equity (page 9)		52,599	41,231
Liabilities			
Term loans	10	496	405
Employee benefits	12	2,601	2,030
Total non-current liabilities		3,097	2,435
Trade and other payables	13	18,446	27,283
Due to customers	14	5,666	4,327
Employee benefits	12	1,976	1,883
Due to related parties	19	15,090	15,706
Bills payable		1,196	2,609
Term loans	10	688	3,486
Bank overdrafts	11	1,744	2,849
Total current liabilities		44,806	58,143
Total equity and liabilities		100,502	101,809



Abdulla Ahmed Nass
Chairman



Sameer Abdulla Nass
Deputy Chairman
& Managing Director

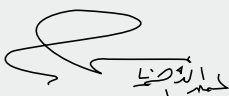
The Board of Directors approved the consolidated financial statements consisting of pages 18 to 49 on 24 February 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2009

Bahraini dinars '000

	Note	2009	2008
Revenue			
Contract income		63,851	71,992
Sales		36,545	40,680
Hire income		12,664	8,843
Total revenue		113,060	121,515
Cost of sales/ contract costs		(89,701)	(104,943)
Gross profit		23,359	16,572
Share of profit from joint ventures	21	279	8,114
Other income, net	16	3,195	673
General and administrative expenses	15	(11,610)	(11,037)
Finance costs		(308)	(543)
Profit for the year		14,915	13,779
Other Comprehensive income of the year		-	-
Total comprehensive income of the year		14,915	13,779
Attributable to:			
Equity holders of the parent		13,746	13,031
Non-controlling interest		1,169	748
Earnings per share attributable to shareholders of the parent			
Basic earnings per 100 fils share	17	64 Fils	60 Fils



Abdulla Ahmed Nass
Chairman



Sameer Abdulla Nass
Deputy Chairman
& Managing Director

The Board of Directors approved the consolidated financial statements consisting of pages 18 to 49 on 24 February 2010.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2009

Bahraini dinars '000

2009	Attributable to equity holders of the parent			Other Reserves			Non-controlling interest	Total
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations & charity reserve	Total		
At 1 January 2009	20,000	(1,597)	3,635	17,098	3	39,139	2,092	41,231
Profit for the year	-	-	-	13,746	-	13,746	1,169	14,915
Total comprehensive income for the year	-	-	-	13,746	-	13,746	1,169	14,915
Final dividend - 2008	-	-	-	(2,737)	-	(2,737)	(570)	(3,307)
Bonus shares issued - 2008	2,000	-	-	(2,000)	-	-	-	-
Directors' remuneration - 2008	-	-	-	(220)	-	(220)	-	(220)
Donations and charity reserve	-	-	-	(50)	50	-	-	-
Donations paid	-	-	-	-	(20)	(20)	-	(20)
Transfer to statutory reserve for 2009	-	-	1,375	(1,375)	-	-	-	-
At 31 December 2009	22,000	(1,597)	5,010	24,462	33	49,908	2,691	52,599
2008								
Attributable to equity holders of the parent								
			Other Reserves					
Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations & charity reserve	Non-controlling interest	Total		
20,000	(48)	2,332	10,391	2	32,677	1,784	34,461	
Profit for the year								
			13,031	-	13,031	748	13,779	
Total comprehensive income for the year								
			13,031	-	13,031	748	13,779	
Final dividend - 2007								
			(4,776)	-	(4,776)	(440)	(5,216)	
Directors' remuneration - 2007								
			(220)	-	(220)	-	(220)	
Donations and charity reserve								
			(25)	25	-	-	-	
Purchase of own shares								
			(1,549)	-	(1,549)	-	(1,549)	
Donations paid								
			-	(24)	(24)	-	(24)	
Transfer to statutory reserve for 2008								
			1,303	(1,303)	-	-	-	
At 31 December 2008	20,000	(1,597)	3,635	17,098	3	39,139	2,092	41,231

The notes on pages 22 to 49 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2009

Bahraini dinars '000

	Note	2009	2008
Operating activities			
Profit for the year before minority interest		14,915	13,779
Adjustments			
Depreciation	5	5,266	4,725
Loss/ (Gain) on disposal of plant and equipment	16	11	(29)
Employee benefits	12	571	751
Working capital changes:			
Inventories	7	947	(3,454)
Trade and other receivables	8	(6,351)	(17,306)
Due from customers	9	5,161	(5,475)
Due from related parties and interests in joint ventures	19,21	4,334	(3,392)
Accounts payable, accruals, and provisions	13	(8,954)	9,985
Due to customers	14	1,339	3,368
Due to related parties	19	(616)	11,448
Bills Payable		(1,413)	(799)
Employee benefits	12	93	691
Cash flows from operating activities		15,303	14,292
Investing activities			
Purchase of property, plant and equipment	5	(4,905)	(7,831)
Proceeds on sale of property, plant and equipment		241	83
Investment in joint associate		(39)	(437)
Cash flows utilised in investing activities		(4,703)	(8,185)
Financing activities			
Proceeds from bank loans		2,559	8,151
Repayment of bank loans		(5,306)	(6,072)
Dividends paid to equity shareholders of the parent		(2,620)	(4,535)
Dividends paid to non-controlling shareholders		(570)	(440)
Directors remuneration paid		(220)	(220)
Purchase of own shares		-	(1,549)
Donations paid		(20)	(24)
Cash flows utilised in financing activities		(6,137)	(4,689)
Net increase in cash and cash equivalents		4,463	1,418
Cash and cash equivalents at 1 January	11	2,905	1,487
Cash and cash equivalents at 31 December	11	7,368	2,905

The notes on pages 22 to 49 are an integral part of these consolidated financial statements.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

1. STATUS AND OPERATIONS

Nass Corporation B.S.C. (the "Company") is a public shareholding Company incorporated and registered in Bahrain and listed on the Bahrain Stock Exchange. The commercial registration number is 60037. A.A.Nass & Sons Co. W.L.L. is the holding company of Nass Corporation BSC with 51% shareholding

It operates through a group consisting of divisions, subsidiaries and joint ventures. The Group is mainly engaged in civil engineering, mechanical and electrical contracting, manufacture and supply of manpower to related contracting activities. It is also involved in the sale of ready mixed concrete, ice blocks, spare parts, foodstuff, and general trading and undertakes contracts relating to precast concrete and water supply.

The consolidated financial statements for the year ended 31 December 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures. The Company's operations are organised along the following divisions, subsidiaries, associates and joint ventures:

Divisions	Principal activity
1. Nass Ice Plant	Production and sale of ice blocks and sweet water
2. Nass Scafform	Supply, erection and dismantling of scaffolding
3. Nass Industrial Services	Mechanical Fabrication and maintenance contracts
4. Nass Commercial	Sales, distribution, spares parts, service facilities and authorised agents
5. Nass Foods	Import and wholesale of frozen food products
6. Nass Sand Processing Plant	Sale of processed sand produced through its sand processing plant, land reclamation and the hire of equipment

Subsidiaries, associates and joint ventures in Bahrain	Principal activity	Percentage equity shareholding and controlling interest
1. Nass Contracting Co. W.L.L.	Civil engineering	100%
- Nass Mechanical Contracting Company W.L.L. (100% owned)	Mechanical fabrication and maintenance	
- Braemar Nass W.L.L. (50% Owned)	Building and managing golf course	
2. Nass Electrical Contracting Co. W.L.L.	Electrical contracting	100%
- BK Gulf - Nass Contracting Company W.L.L. (Associate with 40% shareholding)	Electrical contracting	
3. Delmon Readymix Concrete and Products Company W.L.L.	Ready mixed concrete	80%
- Dona Marine W.L.L. (Associate with 33% shareholding)	Transportation of bulk materials by marine vessels	
4. Delmon Precast Co. W.L.L.	Precast concrete	80%

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied by the Group to all periods presented in the consolidated financial statements, and have been consistently applied by the Group entities.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of Bahrain Commercial Company Law 2001.

(b) Basis of preparation

The consolidated financial statements are presented in Bahraini Dinars ("BD"), being the principal currency of the Group's operations. The consolidated financial statements have been drawn up from the accounting records of the Group under the historical cost convention. The Group classifies its expenses by nature of expense method.

(c) Standards, amendments and interpretations effective from 1 January 2009

The following standards, amendments and interpretations, which became effective in 2009, are relevant to the Group:

(i) IAS 1 - 'Presentation of financial statements'

During the year, the Group adopted Revised IAS 1 "Presentation of Financial Statements" on its required application date of 1 January 2009. Revised IAS 1 introduces the term "total comprehensive income", which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either 1) a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or 2) in an income statement and a separate statement of comprehensive income. The Group has opted to present single statement of comprehensive income.

The adoption of revised IAS 1 impacted the type and amount of disclosures made in the consolidated financial statements, but had no impact on the reported profits or the financial position of the Group. In accordance with the transitional requirements of the standard, the Group has provided full comparative information.

(ii) IFRS 7 - 'Financial instruments - Disclosures'

The amendment to IFRS 7 requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position or the comprehensive income of the Group. These additional disclosures have been presented for the current financial reporting period and in line with the transitional provisions, comparative information has not been provided.

(iii) IFRS 8 - 'Operating segments'

IFRS 8 "Operating Segments" is applicable for periods beginning on or after 1 January 2009. This standard introduces the "management approach" to segment reporting which requires a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Group's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. The Group primarily operates through business segments and its lines of business comprise construction and allied activities and trading activities. At present the Group's results are reviewed by business segments therefore separate operating segment results and other disclosures are provided in these consolidated financial statements (note 22).

Comparative segment information has been re-presented in conformity with the transitional requirement of IFRS 8 and only impacts presentation and disclosures aspects but does not have an impact on the financial position or the comprehensive income of the Group.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

c) Standards, amendments and interpretations effective on or after 1 January 2009 (continued)

(iv) Improvements to IFRS

'Improvements to IFRS' issued in May 2008 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments effective for annual periods beginning on or after 1 January 2009 have been considered by the Group and there have been no material changes to accounting policies as a result of these amendments.

(d) Standard and interpretations issued but not yet effective

The following new / amended IFRS's and interpretations have been issued which are not yet mandatory for adoption by the Group.

(i) IFRS 9 - Financial instruments part 1 - Classification and measurement

IFRS 9 was issued in November 2009 and is applicable for reporting period beginning on or after 1 January 2013. This standard replaces those parts of IAS 39 relating to the classification and measurement of financial assets and the key features are as follows:

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortized cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (i.e. it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group is considering the implications of the standard, its impact and the timing of its adoption.

(ii) Improvements to IFRS (issued in April 2009)

The improvements to IFRS issued in April 2009 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments effective for annual periods beginning on or after 1 January 2010 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

(e) Early adoption of standards

The Group did not early adopt new or amended standards in 2009.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions and non-controlling interest

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interest. Non-controlling interests are recognised initially at their share of the identifiable assets, liabilities and contingent liabilities recognised in the purchase accounting, excluding goodwill profits or losses attributable to non-controlling interests are reported in the consolidated comprehensive income as profit or loss attributable to non-controlling interests.

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

(iii) Associates and joint ventures

Associates are those enterprises in which the Group holds, directly or indirectly, more than 20% of the voting power and exercises significant influence, but not control, over the financial and operating policies. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. All the joint ventures except Braemar Nass W.L.L. are unincorporated entities.

The Group reports its interest in associates or joint ventures using the equity method. The investments are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions with subsidiaries are eliminated in preparing the consolidated financial statements. Intra-group gains on transactions between the Group and its equity accounted associates and joint ventures are eliminated to the extent of the Group's interest in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and associates and joint ventures that are equity accounted have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(g) Financial assets and liabilities

(i) Recognition and de-recognition

Financial assets of the Group comprise cash and cash equivalents, trade and other receivables, due from customers and due from related parties. Financial liabilities of the Group comprise term loans, trade and other payables, due to customers, due to related parties, bills payable and bank overdraft. All financial assets and liabilities are recognised on the date at which they are originated.

A financial asset or liability is initially measured at fair value which is the value of the consideration given (in the case of an asset) or received (in the case of a liability).

The Group derecognises a financial asset when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership. The Group writes off certain financial assets when they are determined uncollectible. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(ii) Classification of financial assets and liabilities

The Group allocates financial assets to the IAS 39 categories loans and receivables. All of the financial liabilities of the Group are classified at amortised cost. Management determines the classification of its financial instruments at initial recognition.

(iii) Measurement principles

Financial assets and liabilities are measured at amortised cost or in certain cases carried at cost.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective profit rate.

(h) Foreign currency transactions

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional" currency). The consolidated financial statements are presented in Bahraini Dinars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated to Bahraini dinars, which is the Group's measurement currency, at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Bahraini dinars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on conversion and translation are recognised in the income statement.

(iii) Group Companies

The Group does not have any significant investment in foreign operations. Majority of the Group entities functional currencies are BHD, US dollar or currencies which are effectively pegged to the US Dollar, and hence, the translation of financial statements of the group entities do not result in exchange differences.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(i) Property, plant & equipment

(i) Owned assets

Property, plant and equipment which include capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Capital work-in-progress relating to property, plant and equipment is stated at cost less impairment losses if any.

(ii) Subsequent measurement

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred. The capital work-in-progress is transferred to respective block of property, plant and equipment once it is ready to use.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. No depreciation is charged on freehold land. The estimated useful lives are as follows:

Property, plant & equipment class	Depreciation in years
Buildings	3 - 10
Leasehold Land/Improvements	3 - 15
Plant, Machinery and Motor Vehicles	3 - 15
Vessels and Barges	10 - 15
Office Equipment, Furniture and Fixtures	1 - 5

(j) Impairment of non-current assets

The carrying amounts of the Group's non-current assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the comprehensive income statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out or weighted average basis according to the nature of specific business segments. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(l) Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances and short term deposits with original maturities of three months or less when acquired which are subject to insignificant risk of changes in fair value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(m) Due from and to customers

Due from customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus profit recognised till date less progress billings and recognised losses when incurred.

Due to customers represents the excess of progress billings over the revenue recognised (costs plus attributable profits) for the contract work performed till date.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activity based on normal operating capacity.

(n) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Operating leases

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

(p) Employee benefits

(i) Bahraini employees

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's contribution to this scheme, which represents a defined contribution scheme under IAS 19 – Employee Benefits, is expensed as incurred.

(ii) Expatriate employees

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector of 1976, based on length of service and final remuneration. Provision is made for amounts payable under the local labour law based on the employees accumulated periods of service since the previous settlement dates and latest entitlements to salaries and allowances at the statement of financial position date.

(q) Revenue:

(i) Contract revenue and expense

Contract revenue and expense are recognised in the income statement in proportion to the stage of completion of the contract as soon as the outcome of the contract can be measured reliably. Contract revenue includes the initial amount agreed in a contract plus any variations in contract work and claims to the extent that it is probable that they can be measured reliably and will be accepted by the customer.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, completion of a physical proportion of the contract work and surveys of work performed depending on the nature of the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(q) Revenue (Cont'd)

(ii) Sales

Sales represent the invoiced value of goods supplied and services performed during the year measured at the fair value of consideration received or receivable. The revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer and the recovery of the consideration is probable.

(iii) Hire income

Hire income represents the value of scaffolding and crane hire charges and related services provided and are recognised as when the services are rendered.

When the Group acts in the capacity of an agent rather than as the principal in the transaction, the revenue recognised is the net amount of commission made by the Group.

(r) Other income

Interest income is recognised on a time-apportioned basis over the period of the short-term deposit.

Commission income is recognised when earned and the related services are performed.

(s) Dividends and directors' fees

Dividends and directors' fees are recognised as a liability in the period in which they are declared.

(t) Treasury shares

Where the Company purchases its own equity share capital, the consideration paid, including any attributable transaction costs, are deducted from total equity and recorded as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any gain or loss is included in equity.

(u) Statutory reserve

In accordance with the parent company's Articles of Association and in compliance with the Bahrain Commercial Companies Law 2001, a minimum of 10% of the profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital. This reserve is not normally distributable, except in the circumstances stipulated in the Bahrain Commercial Companies Law 2001.

(v) Earnings per share

The Group presents basic earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's 'chief operating decision maker' (Board of Directors) to make decisions about resource allocation to each segment and assess its performance and for which discrete financial information is available. An operating segment is divided into business segment and geographic segments. For management purposes the Group is organised into two major business segments (refer note 22)

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amount of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of receivables

An impairment allowance for receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The receivables recoverable amount is estimated based on past experience and estimated cash flows.

(b) Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their realisable value and the difference between the carrying amount and the realisable value is provided for.

(c) Impairment of property, plant & equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

(d) Claims and expected losses on contracts in progress

Claims for additional contract compensation due to the Group are not reflected in the financial statements until the year it is probable that such claims can be measured reliably and will be accepted by the customer. Provision for expected losses on claims and contracts in progress is made in full in the period in which such losses are first determined.

(e) Estimated contract revenue and costs on a project

The revenue to be recognised on a project is based on a percentage of completion method in which the costs incurred till date are compared to the total estimated costs to be incurred on the project. The total costs to be incurred on the project are estimated by the project management. A change in estimate of contract costs or contract revenue are recognised in the period in which the change is made and in subsequent periods.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL RISK MANAGEMENT

Bahraini dinars '000

(a) Overview

Financial instruments include financial assets and financial liabilities. Financial assets of the Group include cash and cash equivalents, trade receivables, due from related parties, due from customers and certain other current assets. Financial liabilities of the Group include trade payables, due to customers, due to related parties, bills payable, term loans, bank overdrafts and certain other current liabilities.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties and cash and cash equivalents.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2009	2008
Interests in joint ventures	6,266	8,160
Trade and other receivables	46,691	39,873
Due from Customers	4,738	9,899
Due from related parties	7,195	9,635
Cash and cash equivalents	9,112	5,754
	74,002	73,321

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

4. Financial risk management (Cont'd)

Bahraini dinars '000

(b) Credit risk (Cont'd)

(ii) Trade and other receivables, interest in joint ventures and due from customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group operates mainly in the Kingdom of Bahrain.

Purchase limits are established for each customer by every division or subsidiary, which represents the maximum open amount and these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group makes an assessment of creditworthiness of the joint venture partner and the client before entering into an agreement.

The credit period established by the Group for all its receivables is 90 days after which the dues are classified as past due. All dues outstanding in excess of one year are assessed for impairment and the estimated unrecoverable amount is considered impaired and provided for.

(iii) Due from related parties

Due from related parties pertains to the receivable from the holding company and the joint ventures of the Group. Transactions with related parties are conducted in the normal course of business, at rates agreed on an arms' length basis. The credit risk on these is perceived to be minimal by the Group.

(iv) Credit risk by segment

The maximum exposure to credit risk for trade receivables and other receivables and related party dues at the reporting date by segment is:

	2009		2008	
	Trade and other receivables	Due from related parties	Trade and other receivables	Due from related parties
Construction and allied activities	44,400	5,988	37,125	8,257
Trading activities	2,291	1,207	2,748	1,378
	46,691	7,195	39,873	9,635

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

4. Financial risk management (Cont'd) (b) Credit risk (Cont'd)

Bahraini dinars '000

(v) Impairment losses

The aging of trade and other receivables at the reporting date was:

	2009	2008
Not past due	29,206	29,439
Past due 0-90 days	8,941	6,413
Past due 91-180 days	7,177	1,663
More than 180 days	3,638	6,835
	48,962	44,350
Impairment allowance for doubtful debts	(2,271)	(4,477)
At 31 December	46,691	39,873

Based on past experience, the Group believes that no impairment allowance is necessary in respect of receivables not past due.

Movements in impairment allowance for doubtful debts and claims

	2009	2008
At 1 January	4,477	2,354
Charge for the year	929	2,429
Write-back during the year	(3,020)	(272)
Write-off during the year	(115)	(34)
	2,271	4,477

(vi) Cash and cash equivalents

Group's credit risk on these is limited as these are placed with banks in Bahrain having good credit ratings.

(vii) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing geographic and industry wise concentration limits.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

4. Financial risk management (Cont'd)

Bahraini dinars '000

(c) Liquidity risk

Liquidity risk, associated with financial liabilities that are settled by delivering cash or another financial asset, is the risk that the Group will encounter difficulties in meeting its financial obligations. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The following are the contractual maturities of financial liabilities:

2009	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Term loans	1,184	1,230	499	222	364	145
Trade and other payables	18,446	18,446	18,446	-	-	-
Due to related parties	15,090	15,090	15,090	-	-	-
Bills payable	1,196	1,213	1,213	-	-	-
Bank overdraft	1,744	1,796	1,796	-	-	-
	37,660	37,775	37,044	222	364	145
Commitments and contingencies						
- Letter of credit	996	996	966	-	-	-
- Commitments	624	624	624	-	-	-
2008	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Term loans	3,891	4,056	3,059	584	413	-
Trade and other payables	27,283	27,283	27,283	-	-	-
Due to related parties	15,706	15,706	15,706	-	-	-
Bills payable	2,609	2,661	2,661	-	-	-
Bank overdraft	2,849	2,934	2,934	-	-	-
	52,338	52,640	51,643	584	413	-
Commitments and contingencies						
- Letter of credit	2,542	2,542	2,542	-	-	-
- Commitments	386	386	386	-	-	-

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

4. Financial risk management (Cont'd)

Bahraini dinars '000

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Group's interest rate risk is limited to its interest bearing short-term deposits, term loans and bank overdrafts.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2009	2008
Fixed rate instruments		
Short term deposits	3,689	1,703
	3,689	1,703
Variable rate instruments		
Term loans	1,184	3,891
Bank overdraft	1,744	2,849
	2,928	6,740

The effective interest on these financial instruments is as follows:

Financial Instruments	2009 Effective interest rate % p.a.	2008 Effective interest rate % p.a.
Short term deposits	1.75 – 4.00	4.20 – 4.65
Term loans	3.00 – 4.00	4.75 – 5.10
Bank overdraft	3.50 – 8.75	5.00 – 7.00

Changes in market interest rates are not expected to have a significant impact on the carrying value of these financial instruments.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

4. Financial risk management (continued)

(d) Market risk (Cont'd)

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the Group's earning will be affected as a result of fluctuations in currency exchange rates. The Group has exposure to foreign exchange risk on its purchases invoiced in foreign currency. The Group's exposure to significant foreign currency risk at the reporting date was only to EURO total exposure as at 31 December 2009 was Euro 91 thousand (2008: 129 thousand).

The Group does not perceive that fluctuations in foreign exchange rates will have any significant impact on the income or equity because the exposure to currencies other than US dollar and currencies which are pegged to US dollar, are not significant.

(iii) Equity price risk

The Group is not exposed to any equity price risk as it does not have any investments in equity securities.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group manages operational risk through appropriate monitoring controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity excluding non-controlling interest, and the level of dividends to shareholders.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the Board.

There were no significant changes in the Group's approach to capital management during the year. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

Bahraini dinars '000

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture and fixtures	Capital work in progress	2009 Total	2008 Total
Cost							
At 1 January	2,823	469	29,010	1,337	1,122	34,761	27,043
Additions	121	-	3,799	67	918	4,905	7,831
Transfer from Capital Work In Progress	-	104	172	-	(276)	-	-
Disposals	(10)	-	(209)	(194)	-	(413)	(113)
At 31 December	2,934	573	32,772	1,210	1,764	39,253	34,761
Depreciation							
At 1 January	661	109	13,569	788	-	15,127	10,461
Charge for the year	268	33	4,770	195	-	5,266	4,725
Relating to disposals	(10)	-	(119)	(32)	-	(161)	(59)
At 31 December	919	142	18,220	951	-	20,232	15,127
Net book value							
At 31 December 2009	2,015	431	14,552	259	1,764	19,021	-
At 31 December 2008	2,162	360	15,441	549	1,122	19,634	19,634

The depreciation charge has been allocated to cost of sales or operating costs - BD 4,626(2008 - BD 4,204) and general administrative expenses - BD 640 (2008 - BD 521).

Fully depreciated assets in use as at 31 December 2009 amounted to BD 8,007 (2008: BD 2,854).

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

Bahraini dinars '000

5. Property, plant and equipment (continued)

PROPERTIES OF THE GROUP:

Sr. No	Address	Description	Existing use	Tenure	Average age of the property	Net book value
1	Building No. 912. East Al Ekar	Office/ Factory/Garage/Stores Building	Business	Leasehold renewable on an annual basis	10-15 years	217
2	Building No. 1295, Road 239, Salmabad 702	Land and Building	Business	Freehold	14 years	696
3	Plot No 4 (01-00-9078), Hidd Industrial Area	Office/Workshop/Stores Building	Business	10 years renewable leasehold	4 years	1,101

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

6. INVESTMENT IN ASSOCIATE

Bahraini dinars '000

Investment in associate represents a 33.33% interest in Dona Marine WLL, a limited liability company registered in the Kingdom of Bahrain and 40% interest in BK Gulf – Nass Contracting Company WLL.

Summary financial information for the equity accounted investment in associates not adjusted for the percentage held by the Group:

Revenue	3,882
Expenses	(4,066)
Loss for the year ended 31 December 2009	(184)
Current assets	2,514
Non-current assets	3,669
Total assets as at 31 December 2009	6,183
Current Liabilities	2,525
Non-current liabilities	2,232
Total liabilities as at 31 December 2009	4,757

The Group's investment in associates is recorded in the financial statements as follows:

	2009	2008
Investment in associate	33	33
Long-term loan to associate	504	404
Less: share of loss of associate	(61)	-
At 31 December	476	437

7. INVENTORIES

	2009	2008
Raw materials	3,935	3,925
Stores, spares, fuels and lubricants	2,570	2,631
Food products	1,067	680
Finished goods	253	521
Goods in transit	199	365
	8,024	8,122
Impairment allowance for slow moving and obsolete inventories	(1,241)	(392)
	6,783	7,730

	2009	2008
Movement in impairment allowance for slow moving and absolute inventories		
At 1 January	392	326
Charge during the year	857	121
Write-back during the year	(8)	(55)
	1,241	392

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

Bahraini dinars '000

	2009	2008
Trade accounts receivable	41,180	36,453
Claims receivable	-	1,000
Retentions receivable	6,818	5,653
Advances to suppliers and sub-contractors	649	903
Prepaid expenses	219	687
Other receivables	159	172
Staff receivables	157	169
	49,182	45,037
Impairment allowance for doubtful debts and claims	(2,271)	(4,477)
	46,911	40,560

Movements in Impairment allowance for doubtful debts

	2009	2008
At 1 January	4,477	2,354
Charge during the year	929	2,429
Write-back during the year	(3,020)	(272)
Write-off during the year	(115)	(34)
	2,271	4,477

9. DUE FROM CUSTOMERS

	2009	2008
Cost incurred plus recognised profits on contracts-in-progress	39,933	44,728
Progress billings made towards contract-in-progress	(35,195)	(34,829)
	4,738	9,899

10. TERM LOANS

	2009	2008
Non-current portion		
Bank loan	496	405
Current portion		
Bank loan	688	3,486

The effective interest rate on term loans was 3.00% - 4.00% (2008: 4.75% – 5.10% p.a.).

11. CASH AND CASH EQUIVALENTS

	2009	2008
Cash and bank balances	5,423	4,051
Short term deposits	3,689	1,703
Cash and cash equivalents	9,112	5,754
Bank overdrafts	(1,744)	(2,849)
Cash and cash equivalents	7,368	2,905

The security for the bank overdrafts is assignment of proceeds to the banks for projects financed.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

12. EMPLOYEE BENEFITS

Bahraini dinars '000

	2009	2008
At 1 January	3,913	2,471
Charge for the year	4,664	4,236
Paid during the year	(4,000)	(2,794)
	4,577	3,913
Analysed as		
Current liabilities	1,976	1,883
Non current liabilities	2,601	2,030
	4,577	3,913

13. TRADE AND OTHER PAYABLES

	2009	2008
Trade payable	6,910	13,130
Accrued expenses	7,052	6,600
Advances against contracts	2,586	5,606
Retentions payable	1,005	1,144
Unclaimed dividends	720	603
Other payables	173	200
	18,446	27,283

14. DUE TO CUSTOMERS

	2009	2008
Progress billings received and receivable	54,155	25,261
Costs incurred plus recognised profits on contracts-in-progress	(48,489)	(20,934)
	5,666	4,327

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2009	2008
Salaries of administration staff	4,963	4,000
Management consultancy fees	1,560	1,560
Impairment allowance for doubtful debts and claims	929	2,429
Impairment allowance for inventory	857	121
Depreciation	640	521
Commission paid	462	272
Rent, Electricity & Water	433	398
Vehicle expenses	411	334
Other office expenses	384	305
Communication	210	197
Legal and consulting	154	211
Travel	146	163
Business promotion	119	121
Repairs and maintenance	109	161
Printing and stationery	91	92
Listing & meeting expenses	87	73
Insurance	55	79
	11,610	11,037

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

16. OTHER OPERATING INCOME

Bahraini dinars '000

	2009	2008
Gain on disposal of property, plant and equipment	(11)	29
Write back of provisions for doubtful debts	3,020	272
Commission income	34	41
Miscellaneous income	152	331
	3,195	673

17. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year excluding the average number of ordinary shares purchased by the Company and held as treasury shares, as follows:

	2009	2008
Profit attributable to equity shareholders of the parent	13,746	13,031
Weighted average no. of shares at 31 December (000's)	215,077	217,202
Basic earnings per share	64 Fils	60 Fils

Diluted earnings per share have not been presented as the Company has no instruments convertible into shares that would dilute earnings per share.

18. SHARE CAPITAL

	2009	2008
Authorised share capital		
500,000,000 (2008: 500,000,000) shares of 100 fils each	50,000	50,000
Issued and fully paid		
At 31 December 220,000,000 (2008: 200,000,000) shares of 100 fils each	22,000	20,000
Treasury shares: 4,923,160 (2008: 4,475,600)	1,597	1597

At the Annual General Meeting held on 16th March 2009, the shareholders of the Company approved bonus shares of 10% on shares outstanding as at 31 December 2008.

The Board of Directors has proposed a cash dividend 20 fils per share of 100 fils nominal value, a 20% dividend (2008: 14 fils per share of 100 fils nominal value, a dividend of 14%) and a bonus issue of Nil (2008: 1:10). Directors remuneration of BD 242 (2008: BD 220) is also proposed. Proposed appropriations are in accordance with the Company's Articles of association and are subject to approval by the shareholders at the Annual General Meeting.

	2009	2008
Proposed dividend	4,302	2,737
Directors' remuneration	242	220
Donations and charity reserve	50	50
Bonus issue	-	2,000
	4,594	5,007

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

18. Shared capital (continued)

Bahraini dinars '000

The major shareholders are:

Name of Shareholder	Number of shares held	Percentage of Ownership	Nationality
1. Mr. Abdulla Ahmed Nass*	22,440,000	10.20%	Bahraini
2. Mr. Sameer Abdulla Nass*	14,960,000	6.80%	Bahraini
3. Mr. Sami Abdulla Nass*	14,960,000	6.80%	Bahraini
4. Mr. Adel Abdulla Nass*	14,960,000	6.80%	Bahraini
5. Mr. Ghazi Abdulla Nass*	14,960,000	6.80%	Bahraini
6. Mr. Fawzi Abdulla Nass*	14,960,000	6.80%	Bahraini
7. Mr. Ahmed Abdulla Nass*	14,960,000	6.80%	Bahraini
8. Abdul Rahman Saleh Al Rajhi & Partners Company Limited	16,603,776	7.54%	Kingdom of Saudi Arabia
9. Amwal Al Khaleej Commercial Investment Co.	11,795,258	5.36%	Kingdom of Saudi Arabia
Total	140,599,034	63.90%	

* The share of A.A.Nass and Sons Co. W.L.L. are held by the directors on its behalf

The distribution schedule of Shareholders as at end of the year is as follows:

Categories	Number of shares		Number of Shareholders		Percentage of total outstanding shares	
	2009	2008	2009	2008	2009	2008
Less than 1%**	51,511,336	33,941,149	8,501	8,501	23.41%	16.97%
1% up to less than 5%	27,889,630	38,241,547	7	11	12.68%	19.12%
5% up to less than 10%	118,159,034	107,417,304	8	8	53.71%	53.71%
10% up to less than 20%	22,440,000	20,400,000	1	1	10.20%	10.20%
Total	220,000,000	200,000,000	8,526	8,521	100.00%	100.00%

** Includes 4,923,160 (2008: 4,475,600) treasury shares.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS AND BALANCES

Bahraini dinars '000

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Transactions with related parties are conducted in the normal course of business.

Related party	Sales/Revenues		Purchases and operating expenses		Amounts due from		Amounts due to	
	2009	2008	2009	2008	2009	2008	2009	2008
A.A. Nass & Sons and its related companies	1,620	2,029	14,938	15,298	3,497	3,065	4,660	5,506
Joint ventures	10,554	17,916	6,497	8,710	3,698	6,570	10,430	10,200
Total	12,174	19,945	21,435	24,008	7,195	9,635	15,090	15,706

During the year the parent company has provided guarantees of BD 113,696 (2008: BD 92,975) to various banks for banking facilities or other financial accommodation to its subsidiaries.

Technical and managerial consultancy fee paid to A.A.Nass & Sons Co. WLL by the Group amounts to BD 1,560 (2008: BD 1,560)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel comprise members of the Board of Directors, the Divisional Managers, the General Managers and their compensation is as follows:

	2009	2008
Short term benefits	1,287	1,198
Termination benefits	24	28
	1,311	1,226

The short term compensation includes directors fees of BD 242 (2008: BD 220) subject to approval by the shareholders at the Annual General Meeting and board committee attendance fees BD 28 (2008: BD 33).

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

20. ACCOUNTING CLASSIFICATION AND FAIR VALUES

Bahraini dinars '000

The Group's financial statements are compiled under the historical cost method. Fair values represent the amount at which an asset could be exchanged or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

The table below sets out the classification of each class of financial assets and liabilities, and their fair values.

2009	Loans and receivables	Amortised cost	Total carrying value
Interests in joint ventures	6,266	-	6,266
Trade and other receivables	46,691	-	46,691
Due from related parties	7,195	-	7,195
Due from customers	4,738	-	4,738
Cash and cash equivalents	9,112	-	9,112
	74,002	-	74,002
Trade and other payables	-	18,446	18,446
Term loans	-	1,184	1,184
Due to related parties	-	15,090	15,090
Bills payable	-	1,196	1,196
Bank overdrafts	-	1,744	1,744
	-	37,660	37,660
2008	Loans and receivables	Amortised cost	Total carrying value
Interests in joint ventures	8,160	-	8,160
Trade and other receivables	39,873	-	39,873
Due from related parties	9,635	-	9,635
Due from customers	9,899	-	9,899
Cash and cash equivalents	5,754	-	5,754
	73,321	-	73,321
Trade and other payables	-	27,283	27,283
Term loans	-	3,891	3,891
Due to related parties	-	15,706	15,706
Bills payable	-	2,609	2,609
Bank overdrafts	-	2,849	2,849
	-	52,338	52,338

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

Bahraini dinars '000

21. INTEREST IN JOINT VENTURES

The Group is presently engaged as a joint venture partner in the following joint ventures:

Joint Venture	Subsidiary involved	Interest %	Undistributed profits at the end of the year	
			2009	2008
Nass Murray Roberts Joint Venture	Nass Contracting Company W.L.L.	50%	4,762	5,091
Nass Bramco Joint Venture	Nass Contracting Company W.L.L.	50%	628	814
Nass Braemar Joint Venture	Nass Contracting Company W.L.L.	50%	610	540
Nass Emco Joint Venture	Nass Electrical Contracting Company W.L.L.	50%	-	420
Nass Burhan Joint Venture	Nass Contracting Company W.L.L.	50%	262	1,238
Nass Contrack Joint Venture	Nass Contracting Company W.L.L.	50%	4	57
Breamer NASS WLL	Nass Contracting Company W.L.L.	50%	-	-
	TOTAL		6,266	8,160

The movement in the joint venture interest is as follows:

	2009	2008
At 1 January	8,160	4,361
Capital introduced during the year	50	-
Share of profits for the year	279	8,114
Distribution of profits during the year	(2,223)	(4,315)
	6,266	8,160

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

Bahraini dinars '000

21. Interest in joint ventures (continued)

Summary financial information of the equity accounted Joint Ventures adjusted to the percentage ownership held by the Group

Joint venture	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Expense	Profit
2009							
Nass Contrack Joint Venture	4	-	-	-	-	-	-
Nass Bramco Joint Venture	2,193	278	1,843	-	3,573	3,278	295
Nass Murray Roberts Joint Venture	16,543	209	11,990	-	24,331	24,660	(329)
Nass Burhan Joint Venture	4,992	54	4,784	-	5,279	4,966	313
Nass Emco Joint Venture	1,168	-	1,168	-	1,835	1,875	(40)
Nass Braemar Joint Venture	1,070	20	480	-	747	707	40
Breamer NASS WLL	-	-	-	-	-	-	-
Total	25,970	561	20,265	-	35,765	35,486	279
2008							
Nass Contrack Joint Venture	57	-	-	-	-	19	(19)
Nass Bramco Joint Venture	2,416	534	2,136	-	3,991	3,598	393
Nass Murray Roberts Joint Venture	35,787	343	31,039	-	41,968	38,828	3,140
Nass Burhan Joint Venture	8,625	205	7,592	-	15,538	11,897	3,641
Nass Emco Joint Venture	2,209	-	1,789	-	3,048	2,848	200
Nass Braemar Joint Venture	1,513	49	1,022	-	3,009	2,250	759
Breamer NASS WLL	-	-	-	-	-	-	-
Total	50,607	1,131	43,578	-	67,554	59,440	8,114

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT ANALYSIS

Bahraini dinars '000

The Group is organised into two operating divisions - Construction and Allied Activities and Trading Activities.

Construction and Allied Activities: Civil Engineering Works, Mechanical Fabrication and Maintenance Contracts, Scaffolding and Formwork, Readymix Concrete, Precast, Floor and Roof Slabs, Electrical and Instrumentation Contracting.

The Trading Activities are Supply of Washed Sand, Sweet Water, Import and Wholesaler of frozen Foods, Agents for Equipment and Material Manufacturers.

	Construction and Allied Activities		Trading Activities		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue								
External sales	103,236	110,367	9,824	11,148	-	-	113,060	121,515
Inter-segment sales	13,245	8,195	2,041	2,576	(15,286)	(10,771)	-	-
Total revenue	116,481	118,562	11,865	13,724	(15,286)	(10,771)	113,060	121,515
Segment result	11,524	4,992	1,188	1,464	-	-	12,712	6,456
Share of profit from joint ventures	279	8,114	-	-	-	-	279	8,114
Other gains and losses	3,142	352	53	49	-	-	3,195	401
Unallocated corporate expenses	-	-	-	-	-	-	(1,271)	(1,192)
Profit for the year	14,945	13,458	1,241	1,513	-	-	14,915	13,779

	Construction and Allied Activities		Trading Activities		Consolidated	
	2009	2008	2009	2008	2009	2008
Other Information						
Depreciation	5,025	4,534	241	191	5,266	4,725
Capital expenditure	3,966	6,648	939	1,183	4,905	7,831
Total assets	91,249	93,434	9,253	8,375	100,502	101,809
Total liabilities	44,681	56,563	3,222	4,015	47,903	60,578
Total net assets	46,568	36,871	6,031	4,360	52,599	41,231

NOTES TO THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

23. COMMITMENTS AND CONTINGENCIES

Bahraini dinars '000

	2009	2008
Guarantees	40,452	62,454
Letters of credit	996	2,542
Capital commitments	624	386

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 40,452 (2008: 62,454) for the various divisions and subsidiaries of the parent company out of which BD 20,221 (2008: BD 40,901) have been issued for the joint venture activities.

The above commitments and contingencies include commitments and contingencies relating to Group's interest in joint ventures and contingent liabilities of the venture itself, which are as below:

	2009	2008
Letter of credit	114	734
Guarantees issued in relation to the joint ventures	44,328	87,233
Counter guaranteed by the joint venture partner	(24,107)	(46,332)
Guarantees (net)	20,221	40,901

24. OPERATING LEASE RENTALS

	2009	2008
Minimum lease payment recognised as an expense during the year	2,215	1,560
Future minimum lease payments:		
- not later than one year	1,411	1,318
- later than one year and not later than five years	330	397
Aggregate rental lease expenditure contracted at statement of financial position date	1,741	1,715

The operating lease is cancellable/ renewable by mutual consent of the lessee and the lessor.

25. COMPARATIVES

Certain prior period amounts have been regrouped to conform to the current year's presentation. Such reclassifications do not affect previously reported profit or equity.

Arad Bay Protectorate Area Development



تطوير محمية خليج عراد

