



Steady, Secure, Striving...

ANNUAL REPORT 2010





**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

CONTENTS

Financial Highlights	1
Board of Directors' report	11 - 14
Independent auditors' report to the shareholders	15
Consolidated financial statements	
Consolidated statement of financial position	18
Consolidated statement of comprehensive income	19
Consolidated statement of changes in equity	20 - 21
Consolidated statement of cash flows	22
Notes to the consolidated financial statements	23 - 45

Nass Corporation B.S.C.
Building 453, Road 4308, Block 343
Mina Salman Industrial Area
P.O. Box 669, manama, Kingdom of Bahrain
Tel.: +973 17 725 522
Fax: +973 17728 184
www.nassgroup.com

2010 FINANCIAL HIGHLIGHTS

Particulars	BD Millions
Gross Turnover	107.576
Profit before Finance charges & Depreciation & Directors' remuneration	13.688
Net Profit	7.322
Share Capital (220 million ordinary shares of 100 fils each)	22.000
Current Assets	83.804
Current Liability	43.674
Current Ratio	1.92
Reserves and Surplus	32.267
Net Worth	52.670
Earnings per share in fils	34
Dividend	15%

BOARD OF DIRECTORS



Abdulla Ahmed Nass
Chairman



Samir Abdulla Nass
Deputy Chairman and
Managing Directors



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



**Qatar Aluminium
Power Plant Project**



**Grand Stand For Summer Fest 2010
At Bahrain International Exhibition Centre**



**Diyaar Al Muharraq Reclamation
And Shore Protection Project**



**Infrastructure Development At
Durrat Al Bahrain**

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

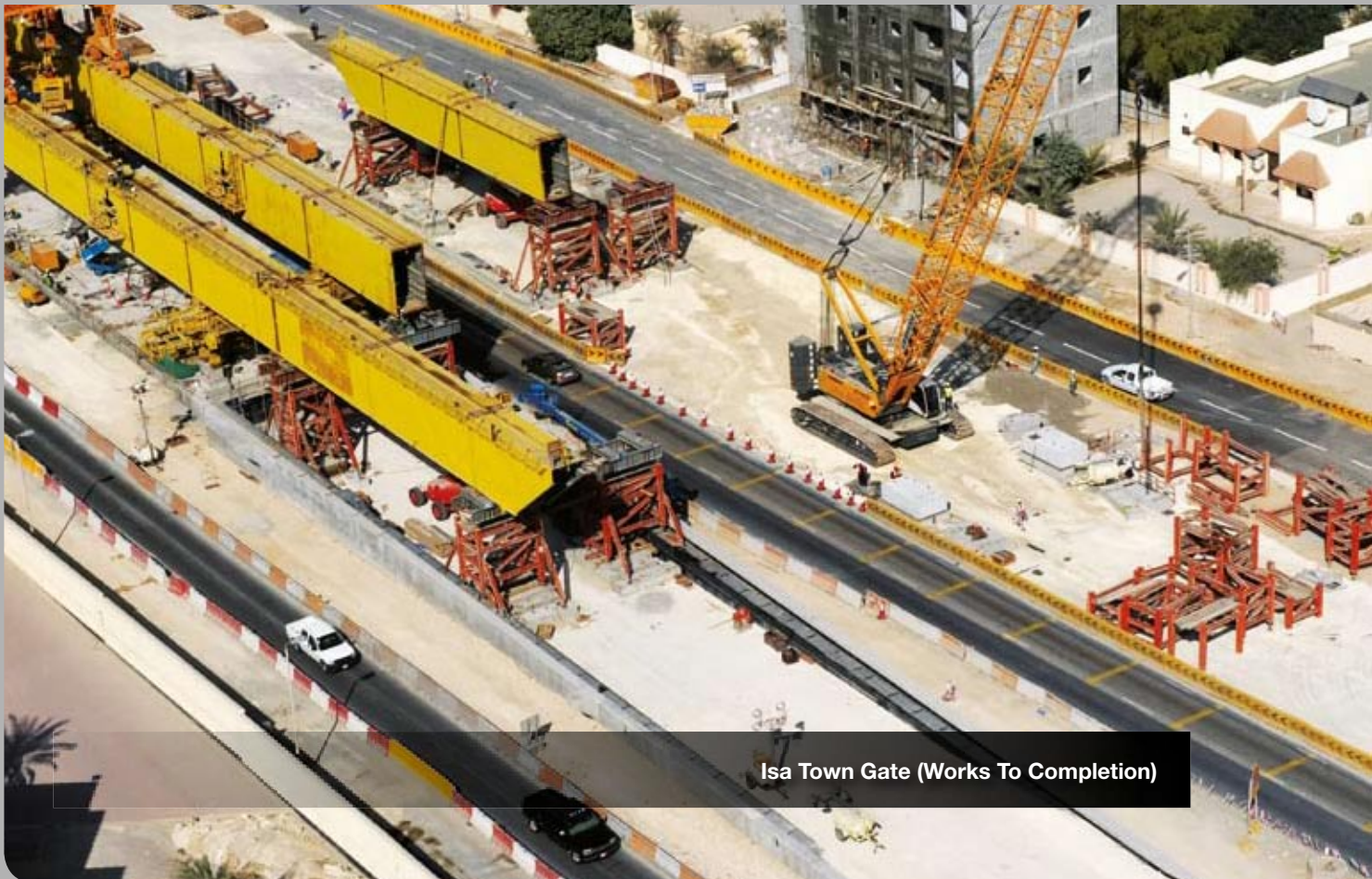
A division of Nass Corporation B.S.C., it was established in 1982 as an independent trading division of the Nass Group. The division is an importer and wholeseller of frozen food products. It handles a whole range of products including frozen and chilled beef, lamb, poultry and fish products, which are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



Isa Town Gate (Works To Completion)



Isa Town Gate (Works To Completion)

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.



Asry Basin Quay Wall Project



Asry Basin Quay Wall Project

MANAGEMENT TEAM

Ahmed A. Nass	Director Procurement 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 & Purchases
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 Electrical Contracting
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



Readymix Selfcompacting Concrete Pour

BOARD OF DIRECTORS' REPORT

To,

All our esteemed shareholders,

On behalf of the Board of Directors, it is my pleasure and privilege to present to you the Sixth Annual Report and Audited Annual Accounts of Nass Corporation B.S.C. for the financial year ended 31 December 2010. The annual report includes the consolidated financial results of Nass Corporation B.S.C. and subsidiaries (the "Group").

The performance of the Group for the financial year ending 31st December 2010 is summarised below:

Financial highlights	Amount
Gross Turnover	107,576
Profit before Finance charges, Depreciation & Directors' remuneration	13,688
Less Finance charges	304
Less Depreciation	4,873
Less Directors' remuneration (subject to approval by the shareholders at the AGM)	242
Less Non-controlling interest	947
Net profit	7,322
Appropriations:	
Transfer to Statutory Reserve	732
Proposed Dividend	3,226
Donations & Charity Reserve	25
Total	3,983
Balance carried to Retained Earnings	3,339

DIVIDEND

I am pleased to inform you that your Directors have recommended for the financial year ended 31st December 2010, a dividend of 15 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. 28th March 2011.

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 2010.

PERFORMANCE FOR THE YEAR 2010 AND FUTURE OUTLOOK

I am pleased to report to all of you that despite extremely difficult economic and market conditions and notwithstanding the formidable task of overcoming adverse economic market conditions, the Group has been able to earn a reasonable operating profit for the year 2010.

The year 2010 was a very difficult period for the Group as it had to grapple with multiple adverse conditions. The global and regional economic scenarios presented negligible signs of recovery over the year 2010. The corporate world was struggling to avoid losses and cope up with the inevitable. Even as we have embarked upon the new financial year, the challenges seem formidable and the road to recovery appear to be laden with difficulties. Most of the major infra-structural projects in the region were either rescheduled, shelved or shrunk in scope. The clients have been facing liquidity crunch and the same has affected the constituents in the chain downwards. The collections from clients have slowed down. All these factors cumulatively have resulted in eroding the bottom-line and dented any possibilities of a quick recovery.

During the year, the Group had to suffer substantial losses on one of its joint-venture projects. Furthermore, one of the constituent companies which has its major activities in Qatar suffered the most in terms of turnover and profits. The work order position for the Group has suffered because of the overall economic weaknesses in the region and specifically in Bahrain.

Notwithstanding the above, the Group, due to its robust fundamentals, has earned during the year, a decent return for its shareholders. The Group has performed its obligations to the satisfaction of its clients, sub-contractors, suppliers and all the external agencies and is confident of carrying on its operations in an economically feasible manner in the period to follow.

The period from 1st January 2010 to 31st December 2010 was the sixth year of operations for Nass Corporation B.S.C. The results although not as good as those of the previous year, are still a reflection of the Group's ability to weather rough and adverse market trends and earn reasonable profits even in dampened and severely challenged market conditions. Your Company achieved a gross turnover of BD 107.576 million (BD 113.060 million for 2009) on which it achieved a profit before interest and depreciation of BD 13.446 million (BD 20.489 million for 2009) and a Net Profit of BD 7.322 million (BD 13.746 million for 2009).

FUTURE OUTLOOK

The global recessionary trends are far from satisfactory and it is expected that the adverse conditions will continue to put pressure on the profit line for most of the companies in the industries in which the Group operates. The domino effect of the global financial crisis will unfortunately be carried into the next year and being aware of the realities, your directors are determined to consolidate the Group's position and tread with caution. In view of the inter-dependence of economies and the markets, it is impossible to isolate oneself from the macro-level events and conditions as we all exist as a part of the whole and not in isolation. As such, it is not possible to be completely immune to the adverse effects of the recessionary trends seen around.

Having stated the above, we shall endeavour to be competitive and competent and provide value for shareholders' money. Our drive towards rationalization of our cost-structure across the Group is continuing and we are committed to diversify and mitigate risks in every single aspect of the Group's business and ensure that all the stakeholders' interests are safeguarded to the maximum possible extent.

ORDER BOOK POSITION

The work-orders on hand of constituent divisions/companies (excluding Trading Divisions) as of 28 February 2011 amount to a value of BD 69 million. In addition, our portion of work pertaining to joint venture projects is BD 8 million.

JOINT VENTURES

Your Company is presently engaged as a joint venture partner in the following joint ventures.

JV partner	Project	Contract value	Percentage of revenue recognised at 31 December 2010
Murray Roberts Contractors Int. Ltd	Arcapita HQ & Mosque	77,680	99 %
Burhan International Construction Company W.L.L.	Infrastructure Development Phase 1, 2 & Mainland A to Durrat Al Bahrain Project	32,406	96 %
Burhan International Construction Company W.L.L.	Construction of King Hamad General Hospital	47,804	98 %
Contract International	Waterfront Development	14,078	15 %
Bramco W.L.L.	Diyar Al Muharraq Revetment Works	13,384	10 %
EMCO W.L.L.	Electro Mechanical Works at King Hamad General Hospital	19,388	96 %

CORPORATE GOVERNANCE

Your Company is committed to a pro-active Corporate Governance Plan and is making satisfactory progress in that direction. The Group has engaged services of specialists who are presently in the process of preparing a Gap Analysis and a plan to fill in the gaps in a manner that the deadlines stipulated by the Central Bank of Bahrain in this regard are adhered to.

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. ERP Implementation for the key functions is going on smoothly and it is expected to be functional soon. The Group has a Remuneration Committee that comprises of three independent directors.

Internal Audit function that has been outsourced to professional auditors is being carried out satisfactorily with special emphasis on risk management and corporate governance issues. The Group's Compliance Officer' who looks after the day-to-day compliance matters as required by the regulatory authorities is pro-actively following the regulatory guidelines.

AUDITORS

The Board of Directors propose to recommend re-appointment of M/S KPMG Fakhro as the Statutory Auditors of the Group for the year 2011.

EMPLOYEE RELATIONS

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

ACKNOWLEDGEMENTS

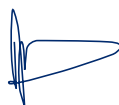
On behalf of all the shareholders and the Board of Directors, we take this opportunity to express our sincere gratitude and appreciation to His Majesty King Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain, to His Royal Highness Prince Shaikh Khalifa Bin Salman Al Khalifa, the Prime Minister, 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 M/S KPMG Fakhro and our Internal Auditors BDO for the year 2010.

On behalf of Board of Directors
Nass Corporation BSC



Abdulla Ahmed Nass
Chairman



Samir Abdulla Nass
Deputy Chairman and Managing Director

Date: 27th February 2011



KPMG Fakhro
Audit
5th Floor
Chamber of Commerce Building
PO Box 710, Manama
Kingdom of Bahrain

CR No. 6220
Telephone +973 17 224807
Fax +973 17 227443
Internet www.kpmg.com.bh

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Nass Corporation BSC, Manama, Kingdom of Bahrain

27 February 2011

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 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

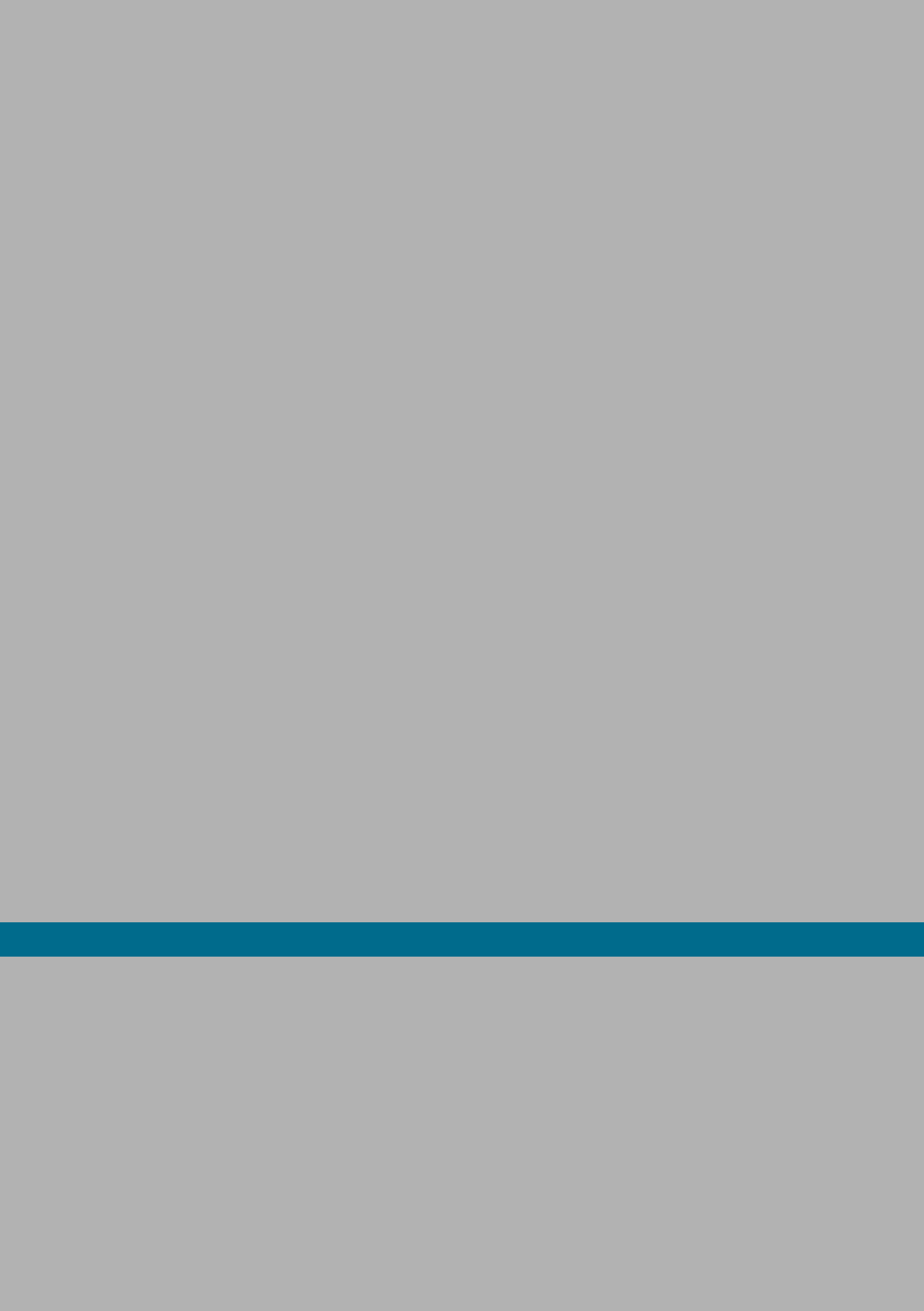
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2010, 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 regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith; the financial information contained in the directors' report is consistent with the consolidated financial statements; we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association having occurred during the year that might have had a material adverse effect on the business of the Company or on its financial position; and satisfactory explanations and information have been provided to us by the management in response to all our requests.

KPMG Fakhro, a registered partnership under Bahrain law, is a member of KPMG International, a Swiss cooperative.





CONSOLIDATED
FINANCIAL
STATEMENTS 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

Bahraini dinars '000

ASSETS	Note	2010	2009
Property, plant and equipment	5	18,286	19,021
Investment in associates	6	283	476
Total non-current assets		18,569	19,497
Interests in joint ventures	21	8,873	6,266
Inventories	7	6,768	6,783
Trade and other receivables	8	39,248	46,911
Due from customers	9	10,508	4,738
Due from related parties	19	7,091	7,195
Term deposits with banks		1,702	-
Cash and cash equivalents	11	9,614	9,112
Total current assets		83,804	81,005
Total assets		102,373	100,502
EQUITY AND LIABILITIES			
Share capital	18	22,000	22,000
Treasury shares	18	(1,597)	(1,597)
Statutory reserve	18	5,742	5,010
Retained earnings and other reserves	18	26,525	24,495
Equity attributable to equity holders of the parent		52,670	49,908
Non-controlling interest		2,638	2,691
Total equity (page 8)		55,308	52,599
LIABILITIES			
Term loans	10	270	496
Employee benefits	12	3,121	2,601
Total non-current liabilities		3,391	3,097
Trade and other payables	13	20,284	18,446
Due to customers	14	5,653	5,666
Employee benefits	12	1,722	1,976
Due to related parties	19	10,902	15,090
Bills payable		1,121	1,196
Term loans	10	649	688
Bank overdrafts	11	3,343	1,744
Total current liabilities		43,674	44,806
Total equity and liabilities		102,373	100,502



Abdulla Ahmed Nass
Chairman



Samir Abdulla Nass
Deputy Chairman & Managing Director

The Board of Directors approved the consolidated financial statements consisting of pages 6 to 38 on 27 February 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

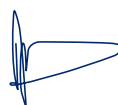
for the year ended 31 December 2010

Bahraini dinars '000

	Note	2010	2009
REVENUE			
Contract income		74,106	63,851
Sales		25,529	36,545
Hire income		7,941	12,664
Total revenue		107,576	113,060
Cost of sales/contract costs		(89,766)	(89,701)
Gross profit		17,810	23,359
Share of (loss) / profit from joint ventures, net	21	(426)	279
Other operating income, net	16	1,285	3,195
General and administrative expenses	15	(10,096)	(11,610)
Finance costs		(304)	(308)
Profit for the year		8,269	14,915
Other comprehensive income for the year		-	-
Total comprehensive income for the year		8,269	14,915
Attributable to:			
Equity holders of the parent		7,322	13,746
Non-controlling interest		947	1,169
Earnings per share attributable to shareholders of the parent			
Basic earnings per 100 fils share	17	34 Fils	64 Fils



Abdulla Ahmed Nass
Chairman



Samir Abdulla Nass
Deputy Chairman & Managing Director

The Board of Directors approved the consolidated financial statements consisting of pages 6 to 38 on 27 February 2011.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2010

Bahraini dinars '000

2010	Attributable to equity holders of the parent							Non- controlling interest	Total Equity
	Share capital	Treasury shares	Statutory reserve	Other reserves		Total			
				Retained earnings	Donations & charity reserve				
At 1 January 2010	22,000	(1,597)	5,010	24,462	33	49,908	2,691	52,599	
Profit for the year	-	-	-	7,322	-	7,322	947	8,269	
Total comprehensive income for the year	-	-	-	7,322	-	7,322	947	8,269	
2009 Appropriations and directors' remuneration	-	-	-	(4,302)	-	(4,302)	(1,000)	(5,302)	
Final dividend (20 %) - 2009	-	-	-	(242)	-	(242)	-	(242)	
Directors' remuneration - 2009	-	-	-	(50)	50	-	-	-	
Donations and charity reserve	-	-	-	-	(16)	(16)	-	(16)	
Donations paid	-	-	-	-	-	-	-	-	
Transfer to statutory reserve for 2010	-	-	732	(732)	-	-	-	-	
At 31 December 2010	22,000	(1,597)	5,742	26,458	67	52,670	2,638	55,308	

The notes on pages 11 to 38 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the year ended 31 December 2010

Bahraini dinars '000

2009	Attributable to equity holders of the parent						Non-controlling interest	Total Equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations & charity reserve	Total		
At 1 January 2009	22,000	(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
2008 Appropriations and directors' remuneration	-	-	-	(2,737)	-	(2,737)	(570)	(3,307)
Final dividend (14 %) - 2008	-	-	-	(2,000)	-	-	-	-
Bonus shares issued - 2008	2,000	-	-	(220)	-	(220)	-	(220)
Director's remuneration - 2008	-	-	-	(50)	50	-	-	-
Donations and charity reserve	-	-	-	-	(20)	(20)	-	(20)
Donations paid	-	-	-	-	-	-	-	-
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

The notes on pages 11 to 38 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2010

Bahraini dinars '000

	Note	2010	2009
OPERATING ACTIVITIES			
Profit for the year before non-controlling interest		8,269	14,915
Adjustments			
Depreciation	5	4,873	5,266
(Gain) / loss on disposal of property, plant and equipment	16	(50)	11
Loss from associate	6, 16	193	61
Employee benefits	12	520	571
Working Capital Changes			
Inventories	7	15	947
Trade and other receivables	8	7,663	(6,351)
Due from customers	9	(5,770)	5,161
Due from related parties and interests in joint ventures	19, 21	(2,503)	4,334
Trade and other payables	13	1,651	(8,954)
Due to customers	14	(13)	1,339
Due to related parties	19	(4,188)	(616)
Bills payable		(75)	(1,413)
Employee benefits	12	(254)	93
Cash flows from operating activities		10,331	15,364
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(4,239)	(4,905)
Proceeds on sale of property, plant and equipment		151	241
Investment in joint associate		-	(100)
Term deposits with banks		(1,702)	-
Cash flows utilised in investing activities		(5,790)	(4,764)
FINANCING ACTIVITIES			
Proceeds from bank loans		2,548	2,599
Repayment of bank loans		(2,813)	(5,306)
Dividends paid to equity shareholders of the parent		(4,115)	(2,620)
Dividends paid to non-controlling shareholders		(1,000)	(570)
Directors remuneration paid		(242)	(220)
Donations paid		(16)	(20)
Cash flows utilised in financing activities		(5,638)	(6,137)
Net (decrease) / increase in cash and cash equivalents		(1,097)	4,463
Cash and cash equivalents at 1 January	11	7,368	2,905
Cash and cash equivalents at 31 December	11	6,271	7,368

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2010

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 2010 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 Scaffold	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 & 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 Co. W.L.L. (Associate with 33 % shareholding)	Transportation of bulk materials by marine vessels.	
4. Delmon Precast Company W.L.L.	Precast concrete	80 %

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 2010

The following standards, amendments and interpretations, which became effective in 2010, are relevant to the Group:

Improvements to IFRS

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.

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) IAS 24 - Related Party Disclosures

Issued in November 2009 the revised standard is mandatory for periods beginning on or after 1 January 2011. The standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

Significant Accounting Policies (Continued)**(iii). Improvements to IFRSs**

Improvements to IFRS issued in 2010 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 are effective for the Company's 2011 annual financial statements 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 2010.

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.

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

Significant Accounting Policies (Continued)

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.

(i). 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 profit or loss.

(iii). Group companies

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

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.

Significant Accounting Policies (Continued)

(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 profit or loss 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 profit or loss 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 profit or loss.

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.

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.

Significant Accounting Policies (Continued)

o). Operating leases

Payments made under operating leases are recognised in profit or loss 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 IAS19 - 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 profit or loss 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 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 profit or loss.

(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 equipment 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

Dividends 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%

Significant Accounting Policies (Continued)

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 (note 22)

x). Term deposits with banks

Term deposits with banks are short-term deposits which do not fall under the definition of cash equivalents with original maturities of more than three months when acquired which are subject to insignificant risk of changes in fair value.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS 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 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.

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 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.

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, term deposits with banks, 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, term deposits with banks 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:

	2010	2009
Interests in joint ventures	8,873	6,266
Trade and other receivables	38,879	46,692
Due from customers	10,508	4,738
Due from related parties	7,091	7,195
Term deposits in banks	1,702	-
Cash and cash equivalents	9,614	9,112
	76,667	74,003

(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:

	2010		2009	
	Trade and other receivables	Due from related parties	Trade and other receivables	Due from related parties
Construction and allied activities	36,649	5,838	44,401	5,988
Trading activities	2,230	1,253	2,291	1,207
	38,879	7,091	46,692	7,195

(v). Impairment losses

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

	2010	2009
Not past due	28,745	29,206
Past due 0 - 90 days	2,527	8,942
Past due 91 - 180 days	990	7,177
More than 180 days	8,951	3,638
Allowance for impairment losses	41,213	48,963
	(2,334)	(2,271)
At 31 December	38,879	46,692

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

	2010	2009
At 1 January	2,271	4,477
Charge for the year	871	929
Write-back during the year	(583)	(3,020)
Write-off during the year	(225)	(115)
	2,334	2,271

(vi) Cash and cash equivalents and term deposits with banks

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.

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:

2010	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Term loans	919	945	339	333	273	-
Trade and other payables	20,284	20,284	20,284	-	-	-
Due to related parties	10,902	10,902	10,902	-	-	-
Bills payable	1,121	1,130	1,130	-	-	-
Bank overdraft	3,343	3,443	3,443	-	-	-
	36,569	36,704	36,098	333	273	-
Commitments and contingencies						
Letter of credit	2,636	2,636	2,636	-	-	-
Commitments	250	250	250	-	-	-
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	996	-	-	-
Commitments	624	624	624	-	-	-

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:

	2010	2009
Fixed rate instruments		
Term deposits with maturity of more than 3 months	1,702	-
Term deposits with maturity of 3 months or less	2,222	3,689
	3,924	3,689
Variable rate instruments		
Term loans	919	1,184
Bank overdraft	3,343	1,744
	4,262	2,928

The effective interest on these financial instruments is as follows:

Financial instruments	2010 Effective interest rate % p.a.	2009 Effective interest rate % p.a.
Term deposits with maturity of more than 3 months	1.06 - 3.50	-
Term deposits with maturity of 3 months or less	1.70 - 3.00	1.75 - 4.00
Term loans	3.40 - 4.00	3.00 - 4.00
Bank overdraft	3.40 - 8.75	3.50 - 8.75

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

(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 2010 was Euro 251 thousand (2009: Euro 91 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 \$ and currencies which are pegged to US \$, 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.

Bahraini dinars '000

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Land & buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels & barges	Office equipment, furniture & fixtures	Capital work in progress	2010 Total	2009 Total
At 1 January	2,984	573	32,772	1,210	1,764	39,253	34,761
Additions	143	-	3,111	35	950	4,239	4,905
Transfer from Capital work in progress	-	1,206	597	205	(2,008)	-	-
Disposals	-	-	(600)	(32)	-	(632)	(413)
At 31 December	3,077	1,779	35,880	1,418	706	42,860	39,253
Depreciation							
At 1 January	919	142	18,220	951	-	20,232	15,127
Charge for the year	228	63	4,428	154	-	4,873	5,266
Relating to disposals	-	-	(499)	(32)	-	(531)	(161)
At 31 December	1,147	205	22,149	1,073	-	24,574	20,232
Net book value	1,930	1,574	13,731	345	706	18,286	-
At 31 December 2009	2,015	431	14,552	259	1,764	-	19,021

The depreciation charge has been allocated to cost of sales or operating costs - BD 4,262 (2009: - BD 4,626) and general administrative expenses - BD 611 (2009 - BD 640).

Fully depreciated assets in use as at 31 December 2010 amounted to BD 10,157 (2009: BD 8,007).

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 - 16 years	187
2	Building No. 1295, Road 239, Salmabad 702	Land and Building	Business	Freehold	15 years	753
3	Plot No. 4 (01-00-9078), Hidd Industrial Area	Office/ Workshop/ Stores Building	Business	10 years renewable leasehold	5 years	990

6. INVESTMENT IN ASSOCIATE

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:

	2010	2009
Revenue	1,116	3,882
Expenses	(1,696)	(4,066)
Loss for the year ended 31 December	(580)	(184)
Current assets	1,670	2,514
Non-current assets	3,455	3,669
Total assets as at 31 December	5,125	6,183
Current Liabilities	3,028	2,525
Non-current liabilities	1,249	2,232
Total liabilities as at 31 December	4,277	4,757

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

	2010	2009
Investment in associate	33	33
Long-term loan to associate	504	504
Less Share of loss of associate	(254)	(61)
At 31 December	283	476

7. INVENTORIES

Bahraini dinars '000

	2010	2009
Raw materials	3,330	3,935
Stores, spares, fuels and lubricants	2,418	2,570
Food products	1,380	1,067
Finished goods	203	253
Goods in transit	329	199
	7,660	8,024
Impairment allowance for slow moving and obsolete inventories	(892)	(1,241)
	6,768	6,783
Movements in impairment allowance for slow moving and obsolete inventories	2010	2009
At 1 January	1,241	392
Charge during the year	52	857
Write-off during the year	(23)	-
Write-back during the year	(378)	(8)
	892	1,241

8. TRADE AND OTHER RECEIVABLES

	2010	2009
Trade accounts receivable	31,742	41,180
Retentions receivable	8,255	6,818
Advances to suppliers and sub-contractors	959	649
Prepaid expenses	369	219
Other receivables	179	159
Staff receivables	78	157
Allowance for impairment losses	41,582	49,182
	(2,334)	(2,271)
	39,248	46,911
Movements in allowance for impairment losses	2010	2009
At 1 January	2,271	4,477
Charge during the year	871	929
Write-back during the year	(583)	(3,020)
Write-off during the year	(225)	(115)
	2,334	2,271

9. DUE FROM CUSTOMERS

	2010	2009
Cost incurred plus recognised profits on contracts-in-progress	58,470	39,933
Progress billings made towards contracts-in-progress	(47,962)	(35,195)
	10,508	4,738

10. TERM LOANS

Bahraini dinars '000

	2010	2009
Non-current portion		
Bank loan	270	496
Current portion		
Bank loan	649	688

The effective interest rate on term loans was 3.40 % - 4.00 % p.a. (2009: 3.00 % - 4.00 % p.a.).

11. CASH AND CASH EQUIVALENTS

	2010	2009
Cash and bank balances	7,392	5,423
Short-term deposits	2,222	3,689
Cash and cash equivalents	9,614	9,112
Bank overdrafts	(3,343)	(1,744)
Cash and cash equivalents	6,271	7,368

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

12. EMPLOYEE BENEFITS

	2010	2009
At 1 January	4,577	3,913
Charge for the year	4,858	4,664
Paid during the year	(4,592)	(4,000)
	4,843	4,577
Analysed as		
Current liabilities	1,722	1,976
Non-current liabilities	3,121	2,601
	4,843	4,577

13. TRADE AND OTHER PAYABLES

	2010	2009
Trade payable	7,966	6,910
Accrued expenses	7,171	7,052
Advances against contracts	2,575	2,586
Retentions payable	1,297	1,005
Unclaimed dividends	922	720
Other payables	353	173
	20,284	18,446

14. DUE TO CUSTOMERS

	2010	2009
Progress billings received and receivable	84,429	54,155
Costs incurred plus recognised profits on contracts-in-progress	(78,776)	(48,489)
	5,653	5,666

15. GENERAL AND ADMINISTRATIVE EXPENSES

Bahraini dinars '000

	2010	2009
Salaries of administration staff	4,640	4,963
Management consultancy fees	1,560	1,560
Impairment losses on receivables	871	929
Depreciation	611	640
Commission paid	339	462
Rent, electricity & water	330	433
Vehicle expenses	304	411
Directors' remuneration *	242	-
Communication	186	210
Other office expenses	172	284
Business promotion	134	119
Professional fees	123	154
Repairs and maintenance	121	109
Travel	113	146
Printing and stationery	104	91
Insurance	85	55
Listing & meeting expenses	61	87
Impairment losses for slow moving and obsolete inventories	52	857
Tendering fees and expenses	48	100
	10,096	11,610

* Directors' remuneration for 2009 of BD 242 is accounted as appropriation in equity in 2010.

16. OTHER OPERATING INCOME

	2010	2009
Gain / (loss) on disposal of property, plant and equipment	50	(11)
Write-back of provision for doubtful debts	583	3,020
Write-back of provision for inventory	378	8
Share of loss from associate	(193)	(61)
Commission income	-	34
Miscellaneous income	467	205
	1,285	3,195

17. BASIC 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:

	2010	2009
Profit attributable to equity shareholders of the parent	7,322	13,746
Weighted average number of shares at 31 December (000's)	215,077	215,077
Basic earnings per share	34 Fils	64 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

Bahraini dinars '000

	2010	2009
<i>Authorised share capital</i>		
500,000,000 (2009: 500,000,000) shares of 100 fils each	50,000	50,000
<i>Issued and fully paid</i>		
At 31 December: 220,000,000 (2009: 220,000,000) shares of 100 fils each	22,000	22,000
Treasury shares: 4,923,160 (2009: 4,923,160)	1,597	1,597

The Board of Directors has proposed a cash dividend 15 fils per share of 100 fils nominal value, a 15 % dividend (2009: 20 fils per share of 100 fils nominal value, a dividend of 20 %). 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.

	2010	2009
Proposed dividend	3,226	4,302
Directors' remuneration	-	242
Donations and charity reserve	25	50
	3,251	4,594

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. Samir 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
Total	128,803,776	58.54	

* The shares of A.A.Nass and Sons Co. WLL 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	
	2010	2009	2010	2009	2010	2009
Less than 1 %**	56,412,677	51,511,336	8,321	8,510	25.64	23.41
1 % up to less than 5 %	34,783,547	27,889,630	8	7	15.81	12.68
5 % up to less than 10 %	106,363,776	118,159,034	7	8	48.35	53.71
10 % up to less than 20 %	22,440,000	22,440,000	1	1	10.20	10.20
Total	220,000,000	220,000,000	8,337	8,526	100.00	100.00

** Includes 4,923,160 (2009: 4,923,160) treasury shares.

19. RELATED PARTY TRANSACTIONS AND BALANCES

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	
	2010	2009	2010	2009	2010	2009	2010	2009
A.A. Nass & Sons and its related companies	4,166	1,620	9,909	14,938	3,484	3,497	2,703	4,660
Joint ventures	3,151	10,554	2,231	6,497	3,607	3,698	8,199	10,430
Total	7,317	12,174	12,140	21,435	7,091	7,195	10,902	15,090

During the year the parent company has provided guarantees of BD 64,834 (2009: BD 113,696) 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 (2009: 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:

	2010	2009
Short-term benefits	1,136	1,287
Termination benefits	33	24
	1,169	1,311

The short-term compensation includes provision for directors' fees of BD 242 charged to profit or loss in 2010 subject to approval by the shareholders at the Annual General Meeting and board committee attendance fees BD 30 (2009: BD 28). The directors' fees for 2009 of BD 242 were accounted as appropriation in equity in 2010.

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.

2010	Loans and receivables	Amortised cost	Total carrying value
Interests in joint ventures	8,873	-	8,873
Trade and other receivables	38,879	-	38,879
Due from related parties	7,091	-	7,091
Due from customers	10,508	-	10,508
Term deposits with banks	1,702	-	1,702
Cash and cash equivalents	9,614	-	9,614
	76,667	-	76,667
Trade and other payables	-	20,284	20,284
Term loans	-	919	919
Due to related parties	-	10,902	10,902
Bills payable	-	1,121	1,121
Bank overdrafts	-	3,343	3,343
	-	36,569	36,569

2009	Loans and receivables	Amortised cost	Total carrying value
Interests in joint ventures	6,266	-	6,266
Trade and other receivables	46,692	-	46,692
Due from related parties	7,195	-	7,195
Due from customers	4,738	-	4,738
Cash and cash equivalents	9,112	-	9,112
	74,003	-	74,003
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

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

21. INTEREST IN JOINT VENTURES

Bahraini dinars '000

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

Joint Venture	Subsidiary involved	Interest %	Undistributed capital and profits at the end of the year	
			2010	2009
Nass Murray Roberts Joint Venture	Nass Contracting Company WLL	50	7,799	4,762
Nass Bramco Joint Venture	Nass Contracting Company WLL	50	105	628
Nass Braemar Joint Venture	Nass Contracting Company WLL	50	527	560
Nass Emco Joint Venture	Nass Electrical Contracting Company WLL	50	211	-
Nass Burhan Joint Venture	Nass Contracting Company WLL	50	-	262
Nass Contrack Joint Venture	Nass Contracting Company WLL	50	181	4
Breamer NASS WLL	Nass Contracting Company WLL	50	50	50
		Total	8,873	6,266

The movement in the joint venture interest is as follows:

	2010	2009
At 1 January	6,266	8,160
Advances during the year	3,614	50
Share of (loss) profits for the year	(426)	279
Distribution of profits during the year	(581)	(2,223)
	8,873	6,266

Interest In Joint Ventures (Continued)

Bahraini dinars '000

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
2010							
Nass Contrack Joint Venture	920	193	932	-	1,051	946	105
Nass Bramco Joint Venture	1,422	130	1,447	-	1,288	1,588	(300)
Nass Murray Roberts Joint Venture	12,872	72	5,145	-	5,612	5,384	228
Nass Burhan Joint Venture	6,092	7	6,099	-	4,022	4,324	(302)
Nass Emco Joint Venture	1,510	-	1,299	-	1,127	1,366	(239)
Nass Braemar Joint Venture	968	-	441	-	116	34	82
Braemar NASS WLL	50	-	-	-	-	-	-
Total	23,834	402	15,363	-	13,216	13,642	(426)
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	1,020	20	480	-	747	707	40
Braemar NASS WLL	50	-	-	-	-	-	-
Total	25,970	561	20,265	-	35,765	35,486	279

23. COMMITMENTS AND CONTINGENCIES

Bahraini dinars '000

	2010	2009
Guarantees	31,364	40,452
Letters of credit	2,636	996
Capital commitments	250	624

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 31,364 (2009: BD 40,452) for the various divisions and subsidiaries of the parent company out of which BD10,001 (2009: BD 20,221) 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:

	2010	2009
Letter of credit	36	114
Guarantees issued in relation to the joint ventures	23,949	44,328
Counter guaranteed by the bank of joint venture partner	(13,948)	(24,107)
Guarantees (net)	10,001	20,221

24. OPERATING LEASE RENTALS

	2010	2009
Minimum lease payment recognised as an expense during the year	2,248	2,215
Future minimum lease payments:		
not later than one year	1,658	1,411
later than one year and not later than five years	345	330
Aggregate rental lease expenditure contracted at statement of financial position date	2,003	1,741

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.



King Hamad General Hospital