

Interim condensed consolidated financial information and review report
Specialties Group Holding Company – KSC (Closed)
and Subsidiaries

Kuwait

30 September 2009 (Unaudited)

Contents

	Page
Review report	1
Interim condensed consolidated statement of income	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial information	7 to 14



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Review report

To the board of directors of
Specialties Group Holding Company – KSC (Closed)
Kuwait

Report on review of interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Specialties Group Holding Company (A Kuwaiti Closed Shareholding Company) (the parent company) and its subsidiaries (the group) as of 30 September 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. The parent company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, or of the articles of association of the parent company, as amended, have occurred during the nine month period ended 30 September 2009 that might have had a material effect on the business of the group or on its financial position.

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Kuwait

11 November 2009

Interim condensed consolidated statement of income

	Notes	Three months ended		Nine months ended	
		30 Sept. 2009 (Unaudited) KD	(Restated) 30 Sept. 2008 (Unaudited) KD	30 Sept. 2009 (Unaudited) KD	(Restated) 30 Sept. 2008 (Unaudited) KD
Income					
Revenue from sales and services		1,333,285	5,276,371	5,543,539	18,890,621
Cost of sales and services		(828,546)	(4,322,140)	(4,091,062)	(15,782,027)
Gross profit	5	504,739	954,231	1,452,477	3,108,594
Profit from sale of trading properties	4	-	-	-	317,524
Realized gain from investments at fair value through statement of income		-	-	26,034	-
Unrealized (loss)/gain from investments at fair value through statement of income		(64,000)	8,058	(102,400)	8,058
Gain/(loss) on foreign exchange		2,188	(28,097)	3,735	(28,097)
Other income		14,300	8,954	28,928	56,074
		457,227	943,146	1,408,774	3,462,153
Expenses					
Selling and distribution expenses		(5,233)	(8,849)	(15,553)	(29,784)
General, administrative and other expenses		(446,339)	(414,621)	(1,393,195)	(1,156,819)
Finance costs		(151,416)	(174,254)	(510,168)	(472,423)
(Loss)/profit before contribution to KFAS, NLST and Zakat		(145,761)	345,422	(510,142)	1,803,127
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		-	(4,811)	-	(13,727)
National Labour Support Tax (NLST)		-	(7,674)	-	(38,132)
Contribution to Zakat		-	(5,346)	-	(15,253)
(Loss)/profit for the period		(145,761)	327,591	(510,142)	1,736,015
Attributable to :					
Owners of the parent		(48,952)	289,125	(312,861)	1,458,144
Non-controlling interests		(96,809)	38,466	(197,281)	277,871
(Loss)/profit for the period		(145,761)	327,591	(510,142)	1,736,015
(Loss)/earnings per share attributable to owners of the parent	6	(0.33) Fils	1.97 Fils	(2.09) Fils	17.68 Fils

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited) KD	(Restated) 30 Sept. 2008 (Unaudited) KD	30 Sept. 2009 (Unaudited) KD	(Restated) 30 Sept. 2008 (Unaudited) KD
(Loss)/profit for the period	(145,761)	327,591	(510,142)	1,736,015
Other comprehensive income:				
Available for sale investments:				
- Net loss arising during the period	(616,855)	(53,039)	(285,655)	(53,039)
Exchange differences arising on translation of foreign operations	15,795	-	79,881	-
Total other comprehensive income	(601,060)	(53,039)	(205,774)	(53,039)
Total comprehensive income for the period	(746,821)	274,552	(715,916)	1,682,976
Total comprehensive income attributable to:				
Owners of the parent	(552,593)	236,086	(540,231)	1,405,105
Non-controlling interests	(194,228)	38,466	(175,685)	277,871
	(746,821)	274,552	(715,916)	1,682,976

The notes set out on pages 7 to 14 form an integral part of this interim consolidated financial information.

Interim condensed consolidated statement of financial
position

	Notes	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	(Restated) 30 Sept. 2008 (Unaudited) KD
Assets				
Non-current assets				
Investment in associate	7	1,500,000	-	-
Available for sale investments		1,525,439	1,799,559	1,072,446
Property, plant and equipment		971,703	636,810	666,408
Intangible assets	8	3,302,047	1,464,620	1,473,420
		7,299,189	3,900,989	3,212,274
Current assets				
Inventories		1,288,103	1,597,516	1,572,065
Accounts receivable and other assets	9	3,198,013	4,647,140	4,666,879
Due from contracting customers		218,490	481,395	495,747
Due from related parties		1,428,681	1,413,106	1,426,482
Trading properties	10	13,026,008	10,814,758	10,795,460
Investments at fair value through statement of income		97,600	279,200	330,400
Cash and bank balances	12	17,393,565	23,716,642	25,140,447
		36,650,460	42,949,757	44,427,480
Total assets		43,949,649	46,850,746	47,639,754
Equity and liabilities				
Equity				
Share capital		15,000,000	15,000,000	15,000,000
Share premium		17,500,000	17,500,000	17,500,000
Statutory reserve		528,882	528,882	521,828
Voluntary reserve		557,490	557,490	550,436
Revaluation reserve		412,993	508,299	508,299
Treasury shares	14	(56,113)	-	-
Fair value reserve		(285,655)	-	(53,039)
Foreign exchange translation reserve		58,285	-	-
Retained earnings		236,178	1,953,733	3,363,135
Total equity attributable to the owners of the parent		33,952,060	36,048,404	37,390,659
Non-controlling interests		721,006	1,146,691	584,710
Total equity		34,673,066	37,195,095	37,975,369
Non-current liabilities				
Murabaha payables		-	3,500,000	7,000,000
Provision for end of service indemnity		404,687	345,455	296,992
		404,687	3,845,455	7,296,992
Current liabilities				
Murabaha payables		7,000,000	3,500,000	25,722
Accounts payable and other liabilities	11	1,871,896	2,309,835	2,340,371
Due to banks		-	361	1,300
		8,871,896	5,810,196	2,367,393
Total liabilities		9,276,583	9,655,651	9,664,385
Total equity and liabilities		43,949,649	46,850,746	47,639,754

Dr. Abdul Aziz Al-Saqer
Chairman and Managing Director

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the parent					Non-controlling interests		Total
	Share capital KD	Share premium KD	Treasury shares KD	Reserves KD	Retained earnings KD	Total KD	KD	
Balance as at 1 January 2009	15,000,000	17,500,000	-	1,594,671	1,953,733	36,048,404	1,146,691	37,195,095
Loss for the period	-	-	-	-	(312,861)	(312,861)	(197,281)	(510,142)
Other comprehensive income:								
Net loss arising on available for sale investments	-	-	-	(285,655)	-	(285,655)	-	(285,655)
Exchange differences arising on translation of foreign operations	-	-	-	58,285	-	58,285	21,596	79,881
Transfer related to depreciation charge on revaluation surplus	-	-	-	(95,306)	95,306	-	-	-
Total comprehensive income for the period	-	-	-	(322,676)	(217,555)	(540,231)	(175,685)	(715,916)
Purchase of treasury shares	-	-	(56,113)	-	-	(56,113)	-	(56,113)
Dividends paid (Note 13)	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(250,000)	(250,000)
Balance as at 30 September 2009	15,000,000	17,500,000	(56,113)	1,271,995	236,178	33,952,060	721,006	34,673,066
Balance as at 1 January 2008	4,000,000	-	-	1,580,563	2,904,991	8,485,554	306,839	8,792,393
Profit for the period (Restated)	-	-	-	-	1,458,144	1,458,144	277,871	1,736,015
Net loss arising on available for sale investments	-	-	-	(53,039)	-	(53,039)	-	(53,039)
Total comprehensive income for the period	-	-	-	(53,039)	1,458,144	1,405,105	277,871	1,682,976
Issue of bonus shares	1,000,000	-	-	-	(1,000,000)	-	-	-
Share capital increase	10,000,000	17,500,000	-	-	-	27,500,000	-	27,500,000
Balance as at 30 September 2008 (Restated)	15,000,000	17,500,000	-	1,527,524	3,363,135	37,390,659	584,710	37,975,369

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2009 (Unaudited) KD	(Restated) Nine months ended 30 Sept. 2008 (Unaudited) KD
OPERATING ACTIVITIES			
(Loss)/profit for the period		(510,142)	1,736,015
Adjustments for:			
Depreciation and amortisation		214,843	149,068
Loss on disposal of property, plant and equipment		386	-
Finance costs		510,168	472,423
Provision for end of service indemnity		66,536	63,968
		281,791	2,421,474
Changes in operating assets and liabilities:			
Inventories		309,413	(157,349)
Accounts receivable and other assets		1,449,127	867,247
Due from contracting customers		262,905	227,614
Due from related parties		(15,575)	(740,652)
Trading properties		(2,211,250)	(6,098,771)
Investments at fair value through statement of income		181,600	(8,058)
Accounts payable and other liabilities		(437,939)	(1,782,342)
Indemnity paid		(7,304)	(14,639)
Net cash used in operating activities		(187,232)	(5,285,476)
INVESTING ACTIVITIES			
Increase in blocked balances		-	(2,363,077)
Purchase of intangible assets		(1,946,575)	-
Purchase of property, plant and equipment		(445,838)	(94,578)
Proceeds from disposal of property, plant and equipment		4,864	-
Proceeds from redemption of available for sale investments		-	199
Acquisition of investment in associate		(1,500,000)	-
Purchase of available for sale investments		(11,535)	(1,106,319)
Purchase of investment at fair value through statement of income		-	(322,342)
Net cash used in investing activities		(3,899,084)	(3,886,117)
FINANCING ACTIVITIES			
Share capital increase		-	27,500,000
Movement in murabaha payables		-	2,457,127
Dividends paid		(1,500,000)	-
Dividends paid to non-controlling interests		(250,000)	-
Purchase of treasury shares		(56,113)	-
Finance costs paid		(510,168)	(472,423)
Repayment of term loans		-	(30,000)
Net cash (used in)/from financing activities		(2,316,281)	29,454,704
Net (decrease)/increase in cash and cash equivalents		(6,402,597)	20,283,111
Foreign currency translation		79,881	-
Cash and cash equivalents at beginning of the period	12	23,716,281	2,492,959
Cash and cash equivalents at end of the period	12	17,393,565	22,776,070

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information 30 September 2009 (Unaudited)

1 Incorporation and activities

Specialties Group Holding Company – KSC (Closed) "the parent company" was initially incorporated as a Kuwaiti limited liability company on 1 October 1988 in accordance with the Commercial Companies Law in Kuwait. During the year 2006 the parent company changed its legal form from a Kuwaiti limited liability company to a Kuwaiti closed shareholding company and its objectives are as follows;

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trade marks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available with the company by investing them in investment portfolios managed by specialised companies.

The group comprises the parent company and its subsidiaries.

The address of the parent company's registered office is PO Box 23595, Safat 13096, State of Kuwait.

The board of directors of the parent company approved this interim condensed consolidated financial information for issuance on 11 November 2009.

2 Significant accounting policies

Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements the year ended 31 December 2008 except for adoption of new and revised standards and interpretations discussed below as well as new policies for accounting for investment in associate and treasury shares.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the nine months ended 30 September 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2008.

2 Significant accounting policies (continued)

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars (KD) which is the functional currency of the parent company.

Investment in associate

An associate is an entity over which the group exerts significant influence. Investments in associates are accounted for under the equity method of accounting. Where an associate is acquired and held exclusively for resale, it is accounted for as a non-current asset held for resale under IFRS 5.

Under the equity method, the investment in associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of the associate's equity. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The group recognises in the statement of income its share of the total recognised profit or loss of the associate from the date that influence effectively commenced until the date that it effectively ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the group's share in the associate arising from changes in the associate's equity. The group's share of those changes is recognised directly in equity.

Unrealised gains on transactions with associate are eliminated to the extent of the group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

An assessment of investment in an associate is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist. Whenever impairment requirements of IAS 36 indicate that investment in an associate may be impaired, the entire carrying amount of investment is tested by comparing its recoverable amount with its carrying value. Goodwill is included in the carrying amount of an investment in associate and, therefore, is not separately tested for impairment.

The reporting dates of the associates and the group are identical and in case of different reporting date of an associate, which are not more than three months from that of the group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the group's financial statements. The associate's accounting policies conform to those used by the group for like transactions and events in similar circumstances.

Treasury shares

Treasury shares are stated at cost as a deduction within equity and they are not entitled to cash dividends. The issue of bonus shares increase the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Gains or losses resulting from the sale of treasury shares are recognised directly in equity under "Treasury shares reserve". Should the reserve fall short of any losses from the sale of treasury shares, the difference is charged to retained earnings then reserves, subsequent to this, should profits arise from sale of treasury shares an amount is transferred to reserves then retained earnings equal to the loss previously charged to these accounts.

Adoption of revised and new standards and interpretations

Following new and revised standards and interpretations have been adopted by the group in the current period:

- IAS 1 *Presentation of Financial Statements* (Revised 2007)
- IFRS 8 *Operating Segments*
- IAS 23 *Borrowing Costs* (Revised 2007)
- IFRIC 13 *Customer Loyalty Programmes*
- Improvements to IFRSs issued in May 2008

2 Significant accounting policies (continued)

Adoption of revised and new standards and interpretations (continued)

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

The adoption of IFRS 8 has not resulted in a redesignation of the group's reportable segments and has had no impact on the reported results or financial position of the group. Reported segment results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

IAS 23 Borrowing Costs (Revised 2007) requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. The adoption of the revised standard did not have any effect on the measurement and recognition of the group's assets, liabilities, income and expenses.

IFRIC 13 Customer Loyalty Programmes is not relevant to the operations of the group.

Improvements to IFRSs issued in May 2008

The Improvements include 35 amendments across 20 different Standards that largely clarify the required accounting treatment where previous practice had varied, and have not resulted in any significant changes in the group's accounting policies.

Following revised standards have been issued but not yet effective and have not been adopted by the group in the current period:

- IFRS 3 Business combinations (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for annual periods beginning 1 July 2009)
- IAS 28 Investments in Associates (Revised 2008) (effective for annual periods beginning 1 July 2009)

3 Proposed merger

During the period, the parent company announced a plan of merger of the parent company with Equipment Holding Company – KSC (Closed), a company listed on stock exchange. Management of the two companies are currently studying the plan and will take necessary actions and approach after a detailed report is completed.

4 Restatement of comparative information

During March 2008, the group sold various plots of land in UAE for KD2,389,763 recognising a profit of KD741,452 which was reported in the interim condensed consolidated financial information for the period ended 31 March 2008. However, later in the year, the buyer was unable to pay the above sale consideration. Therefore, management cancelled the sales contract and reversed the sales transactions which was reflected in the annual consolidated financial statements of the group for the year ended 31 December 2008. Consequently, same reversal has been made in this interim condensed consolidated financial information resulting into restatement of amounts for comparative information as at 30 September 2008 and for the period then ended. Following reflects the restatement of key amounts and balances at 30 September 2008.

4 Restatement of comparative information (continued)

	Nine months ended	
	30 Sept. 2008 As previously reported KD	30 Sept. 2008 As restated KD
Profit from sale of trading properties	1,058,976	317,524
Profit attributable to the owners of the parent	1,989,765	1,458,144
Profit attributable to non-controlling interests	463,234	277,871
Profit for the period	2,452,999	1,736,015
Earnings per share attributable to the owners of the parent	24.12 Fils	17.68 Fils
Accounts receivable and other assets	7,056,642	4,666,879
Trading properties	9,147,149	10,795,460
Accounts payable and other liabilities	2,364,839	2,340,371
Retained earnings	3,894,756	3,363,135
Non-controlling interests	770,073	584,710

5 Gross profit

	Revenue from sales and services		Cost of sales and services		Gross profit	
	Three months ended 30 Sept. 2009 (Unaudited) KD	Three months ended 30 Sept. 2008 (Unaudited) KD	Three months ended 30 Sept. 2009 (Unaudited) KD	Three months ended 30 Sept. 2008 (Unaudited) KD	Three months ended 30 Sept. 2009 (Unaudited) KD	Three months ended 30 Sept. 2008 (Unaudited) KD
General trading	765,546	1,279,196	493,242	883,303	272,304	395,893
Contracting division	107,380	312,346	82,830	225,084	24,550	87,262
Construction division	311,646	179,094	60,778	90,610	250,868	88,484
Oil activities	148,713	3,505,735	191,696	3,123,143	(42,983)	382,592
	1,333,285	5,276,371	828,546	4,322,140	504,739	954,231

	Revenue from sales and services		Cost of sales and services		Gross profit	
	Nine months ended 30 Sept. 2009 (Unaudited) KD	(Restated) Nine months ended 30 Sept. 2008 (Unaudited) KD	Nine months ended 30 Sept. 2009 (Unaudited) KD	(Restated) Nine months ended 30 Sept. 2008 (Unaudited) KD	Nine months ended 30 Sept. 2009 (Unaudited) KD	(Restated) Nine months ended 30 Sept. 2008 (Unaudited) KD
General trading	2,610,483	3,817,510	1,754,636	2,523,503	855,847	1,294,007
Contracting division	644,165	704,635	479,440	523,026	164,725	181,609
Construction division	578,675	837,237	265,847	543,536	312,828	293,701
Oil activities	1,710,216	13,531,239	1,591,139	12,191,962	119,077	1,339,277
	5,543,539	18,890,621	4,091,062	15,782,027	1,452,477	3,108,594

6 (Loss)/earnings per share

(Loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to the owners of the parent by the weighted average number of shares outstanding (excluding treasury shares) during the period as follows:

	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited)	(Restated) 30 Sept. 2008 (Unaudited)	30 Sept. 2009 (Unaudited)	(Restated) 30 Sept. 2008 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent (KD)	(48,952)	289,125	(312,861)	1,458,144
Weighted average number of shares outstanding during the period (excluding treasury shares)	149,740,000	146,739,130	149,890,403	82,481,752
(Loss)/earnings per share	(0.33) Fils	1.97 Fils	(2.09) Fils	17.68 Fils

The weighted average number of shares for 30 September 2008 for the purpose of calculating earnings per share has been adjusted to reflect the bonus element of capital increase during July 2008 as well as effect of restatements (Note 4).

7 Investment in associate

During the period, the group acquired 25% interest in Kuwait International Advanced Industries Co. – KSCC for a total amount of KD1,500,000.

8 Intangible assets

During the period the group acquired right of use of land for KD1,946,575 and is being amortised in accordance with the group's accounting policies.

9 Accounts receivable and other assets

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	(Restated) 30 Sept. 2008 (Unaudited) KD
Financial assets			
Trade receivables	1,395,433	2,068,827	2,218,473
Retentions	1,137,134	1,673,469	1,709,738
Provision for doubtful debts	(256,651)	(256,651)	(256,651)
Staff receivables	2,275,916	3,485,645	3,671,560
	10,895	11,832	12,042
	2,286,811	3,497,477	3,683,602
Non-financial assets			
Advance to suppliers	240,320	275,921	527,705
Advance for trading properties	80,393	-	-
Prepaid expenses and other assets	590,489	873,742	455,572
	3,198,013	4,647,140	4,666,879

10 Trading properties

During the period the group acquired two properties amounting to KD2,211,250 located in Salmiya, Kuwait.

11 Accounts payable and other liabilities

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	(Restated) 30 Sept. 2008 (Unaudited) KD
Financial liabilities			
Trade payables	268,376	577,258	549,654
Retention – Due to subcontractors	85,319	102,840	114,372
Notes payable	35,997	181,884	164,605
Due on purchase of leased hold land	-	700,000	700,000
Advances received from commercial customers	9,633	-	101,349
Advances received from contracting customers	43,162	30,680	8,869
	442,487	1,592,662	1,638,849
Non - Financial liabilities			
Provisions and other payables	1,429,409	717,173	701,522
	1,871,896	2,309,835	2,340,371

12 Cash and cash equivalents

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD
Bank savings account	15,185,032	20,571,222	21,978,251
Current accounts and cash in hand	2,208,533	3,145,420	3,162,196
Cash and bank balances	17,393,565	23,716,642	25,140,447
Less: Due to banks	-	(361)	(1,300)
	17,393,565	23,716,281	25,139,147
Less: Blocked balances	-	-	(2,363,077)
	17,393,565	23,716,281	22,776,070

13 General assembly

The annual general assembly held on 27 April 2009 approved cash dividend of 10 Fils per share amounting to KD1,500,000 for the year ended 31 December 2008.

14 Treasury shares

	30 Sept. 2009 (Unaudited)	31 Dec. 2008 (Audited)	30 Sept. 2008 (Unaudited)
Number of treasury shares	260,000	-	-
Percentage holding	0.17%	-	-
Carrying cost (KD)	56,113	-	-
Market value (KD)	58,760	-	-

15 Segment information

The group operates in four principal business segments. These segments are the basis on which the group reports its primary segment information.

Segment information for the period ended 30 September 2009 and 30 September 2008 are set out below:

	General trading KD	Contracting and construction KD	Oil activities KD	Real estate KD	Total KD
Three months ended 30 September 2009 (Unaudited)					
Segment operating revenues	765,546	419,026	148,713	-	1,333,285
Segment results	108,829	183,077	(139,144)	(220,265)	(67,503)
Unallocated expenses					(78,258)
Loss for the period					(145,761)
Three months ended 30 September 2008 (Unaudited)					
Segment operating revenues	1,279,196	491,440	3,505,735	-	5,276,371
Segment results	280,150	56,920	352,831	(269,533)	420,368
Unallocated expenses					(92,777)
Profit for the period					327,591
Nine months ended 30 September 2009 (Unaudited)					
Segment operating revenues	2,610,483	1,222,840	1,710,216	-	5,543,539
Segment results	318,521	119,870	(69,965)	(705,167)	(336,741)
Unallocated income					27,649
Unallocated expenses					(201,050)
Loss for the period					(510,142)
Nine months ended 30 September 2008 (Unaudited) (Restated)					
Segment operating revenues	3,817,510	1,541,872	13,531,239	2,341,724	21,232,345
Segment results	977,686	216,777	1,247,953	(386,061)	2,056,355
Unallocated income					8,058
Unallocated expenses					(328,398)
Profit for the period					1,736,015

16 Related party transactions

Related parties represent, major shareholders, directors and key management personnel of the group, and companies of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the group's management.

Details of significant related party transactions and balances are as follows:

	30 Sept. 2009 (Unaudited) KD	31 Dec. 2008 (Audited) KD	30 Sept. 2008 (Unaudited) KD	
Interim condensed consolidated statement of financial position				
Due from related parties	1,428,681	1,413,106	1,426,482	
	Three months ended		Nine months ended	
	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)	30 Sept. 2009 (Unaudited)	30 Sept. 2008 (Unaudited)
Key management compensation:				
Salaries and other short term benefits	27,600	18,600	109,800	55,800

17 Contingent liabilities

At the period end date the group had contingent liabilities in respect of outstanding bank guarantees amounting to KD6,909,999 (31 December 2008 : KD7,992,263 and 30 September 2008: KD9,999,917).

18 Comparative amounts

Certain comparative amounts have been reclassified to conform to current period presentation (Note 5).