

Nass Corporation BSC

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 September 2023

Nass Corporation BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

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GENERAL INFORMATION

Commercial registration	60037
Head office	P.O. Box 669, Manama Kingdom of Bahrain
Chairman	Mr. Sameer Abdulla Nass
Deputy Chairman	Mr. Sami Abdulla Nass
Director	Mr. Adel Abdulla Nass
Director	Mr. Ghazi Abdulla Nass
Director	Mr. Fawzi Abdulla Nass
Director	Mr. Bashar Sameer Nass
Director	Mr. Jamal A Al Hazeem
Director	Mr. Hisham Al Saie
Director	Mr. Hemant Joshi
Director	Mr. Abdulla Nooruddin
Bankers	HSBC Bank Middle East Bank of Bahrain and Kuwait Ahli United Bank Standard Chartered Bank BNP Paribas Bahrain Islamic Bank State Bank of India Arab Bank Kuwait Finance House Al Salam Bank
Chief Executive Officer	Mr. Shawqi Al Hashimi
Chief Financial Officer	Mr. Bassam Awdi
Company Secretary	Mr. Srinath Prabhu
Corporate Governance Officer	Mr. Ramesh Panigrahi
Auditors	KPMG Fakhro



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Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors

*Nass Corporation BSC
Manama, Kingdom of Bahrain*

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial information of Nass Corporation BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor 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 30 September 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

13 November 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2023

Bahraini Dinars '000

	Note	30 September 2023 (reviewed)	31 December 2022 (audited)
ASSETS			
Property, plant and equipment		23,213	23,163
Right-of-use assets		4,256	4,577
Equity accounted investees		1,040	942
Total non-current assets		28,509	28,682
Inventories		7,637	7,236
Trade receivables and other assets	7	65,076	54,731
Contract assets	8	28,012	28,345
Due from related parties	9	3,108	2,666
Deposits with banks		1,807	352
Cash and bank balances		8,241	14,694
Total current assets		113,881	108,024
Total assets		142,390	136,706
EQUITY			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		8,826	8,826
Retained earnings		8,652	7,267
Donations and charity reserve		38	42
Equity attributable to owners of the Company		37,919	36,538
Non-controlling interest		1,249	1,721
Total equity		39,168	38,259
Liabilities			
Lease liabilities		3,332	3,638
Bank loans		2,352	3,794
Employee benefits		7,603	7,460
Total non-current liabilities		13,287	14,892
Trade payables and other liabilities	10	36,299	29,592
Lease liabilities		1,291	1,192
Contract liabilities		17,868	20,286
Employee benefits		3,847	3,453
Due to related parties	9	7,907	7,590
Bills payable		4,526	5,359
Bank loans		1,917	2,522
Bank overdrafts		16,280	13,561
Total current liabilities		89,935	83,555
Total liabilities		103,222	98,447
Total equity and liabilities		142,390	136,706

The condensed consolidated interim financial information was approved by the Board of Directors on 13 November 2023 and signed on its behalf by:

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the nine months ended 30 September 2023

Bahraini Dinars'000

	Note	Nine months ended 30 September		Three months ended 30 September	
		2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)
Revenue	11	109,915	89,935	39,755	27,891
Cost of sales		(101,165)	(82,891)	(36,619)	(26,541)
Gross profit		8,750	7,044	3,136	1,350
Other operating income, net		582	1,056	174	631
General and administrative expenses	12	(8,107)	(7,201)	(2,775)	(2,310)
Impairment reversal/ (allowance) on trade and other receivables and contract assets, net		533	(362)	(161)	(214)
Finance income		110	67	38	26
Finance costs		(1,030)	(897)	(338)	(351)
Share of profit/ (loss) of equity - accounted investees, net		98	(34)	56	11
Profit/ (loss) for the period		936	(327)	130	(857)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		936	(327)	130	(857)
Attributable to:					
Owners of the Company		1,385	(221)	271	(777)
Non-controlling interest		(449)	(106)	(141)	(80)
		936	(327)	130	(857)
Earnings per share					
Basic earnings per share (Fils)		6.44	(1.03)	1.26	(3.61)

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2023

Bahraini Dinars '000

2023 (reviewed)

	Attributable to owners of the Company					Non-controlling interest	Total equity	
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve			Total
At 1 January 2023	22,000	(1,597)	8,826	7,267	42	36,538	1,721	38,259
Profit/ (loss) and total comprehensive income for the period	-	-	-	1,385	-	1,385	(449)	936
Dividend declared for 2022	-	-	-	-	-	-	(23)	(23)
Utilization of donation and charity reserve	-	-	-	-	(4)	(4)	-	(4)
At 30 September 2023	22,000	(1,597)	8,826	8,652	38	37,919	1,249	39,168

2022 (reviewed)

	Attributable to shareholders of the Company					Non-controlling interest	Total equity	
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve			Total
At 1 January 2022	22,000	(1,597)	8,767	6,737	48	35,955	1,843	37,798
Loss and total comprehensive income for the period	-	-	-	(221)	-	(221)	(106)	(327)
Dividend declared for 2021	-	-	-	-	-	-	(105)	(105)
Utilization of donation and charity reserve	-	-	-	-	(6)	(6)	-	(6)
At 30 September 2022	22,000	(1,597)	8,767	6,516	42	35,728	1,632	37,360

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2023

Bahraini Dinars '000

	Nine months ended 30 September 2023 (reviewed)	Nine months ended 30 September 2022 (reviewed)
Cash flows from operating activities		
Profit/ (loss) for the period	936	(327)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	2,454	2,936
Depreciation on right-of-use assets	1,139	1,229
Impairment (reversal)/ allowance on trade receivables and other assets, net	(582)	397
Reversal of impairment on contract assets	-	(33)
Impairment allowance/ (reversal) on bank balances	3	(4)
Impairment allowance on related parties	46	2
Gain on disposal of property, plant and equipment	(143)	(473)
Share of (profit)/ loss from equity accounted investees, net	(98)	34
Employee benefits	2,074	2,098
<i>Changes in:</i>		
Inventories	(401)	(961)
Trade receivables and other assets	(5,101)	(1,201)
Contract assets	333	(1,063)
Due from related parties	(488)	(1,094)
Trade payables and other liabilities	6,817	(4,356)
Contract liabilities	(7,361)	(59)
Employee benefits paid	(1,537)	(2,174)
Due to related parties	317	(476)
Bills payable	(833)	3,533
Net cash used in operating activities	(2,425)	(1,992)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,529)	(1,775)
Proceeds from sale of property, plant and equipment	168	625
Movement on deposits with banks	(1,174)	718
Net cash used in investing activities	(3,535)	(432)
Cash flows from financing activities		
Proceeds from bank loans	-	620
Repayment of bank loans	(2,047)	(2,204)
Payment of lease liabilities	(1,135)	(985)
Dividends paid to non-controlling shareholders	(23)	(79)
Donations paid	(4)	(6)
Net cash used in financing activities	(3,209)	(2,654)
Net decrease in cash and cash equivalents	(9,169)	(5,078)
Cash and cash equivalents at 1 January	1,142	3,626
Cash and cash equivalents at 30 September	(8,027)	(1,452)
<i>Cash and cash equivalents comprise of:</i>		
Cash and bank balances (*)	8,253	12,589
Bank overdrafts	(16,280)	(14,041)
	(8,027)	(1,452)

(*) Cash and bank balances including short-term bank deposits maturing within 90 days is gross of impairment of BD 12 (2022: BD 8).

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023**

Bahraini Dinars '000

1. REPORTING ENTITY

Nass Corporation BSC (the "Company") is a public shareholding Company listed on the Bahrain Bourse incorporated and registered in Bahrain on 9 March 2006 under commercial registration number 60037.

The Company and its subsidiaries (together the "Group") are 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 condensed consolidated interim financial information ("interim financial information") as at and for the nine-month period ended 30 September 2023 includes the results of the Company and its subsidiaries (together referred to as the "Group").

2. BASIS OF PREPARATION**a) Statement of compliance**

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 – '*Interim Financial Reporting*', which allows the condensed consolidated interim financial information to be prepared in condensed form. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

Comparative information

The condensed consolidated interim financial information is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2022 and the corresponding figures for the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the Group's 30 September 2022 reviewed condensed consolidated interim financial information.

b) Judgments and estimates

The preparation of condensed consolidated interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group as at and for the year ended 31 December 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation for accounting estimates applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the last audited consolidated financial statements of the Group for the year ended 31 December 2022, except for the adoption of relevant new standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards or amendments did not have a significant impact on the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

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4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2022.

5. SEASONALITY OF OPERATIONS

Due to the nature of the Group's operations, the results reported in the condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

6. APPROPRIATIONS

Appropriations for the current year if any, will be made at the year end. At the Annual General Meeting (AGM) for the year 2022 held on 29 March 2023, no appropriations were made.

7. TRADE RECEIVABLES AND OTHER ASSETS

	30 September 2023 (reviewed)	31 December 2022 (audited)
Trade receivables	41,047	33,592
Retention receivables	20,669	23,369
Advances to suppliers and sub-contractors	10,062	6,142
Prepaid expenses	304	204
Other receivables	2,604	1,985
	74,686	65,292
Allowance for impairment losses	(9,610)	(10,561)
	65,076	54,731

Movement on impairment allowance is as follows:

	2023 (reviewed)	2022 (audited)
At beginning of the period	10,561	11,126
(Reversal)/ charge for the period, net	(582)	435
Write off during the period	(369)	(1,000)
At the end of the period	9,610	10,561

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for the nine months ended 30 September 2023 Bahraini Dinars '000

8. CONTRACT ASSETS

	30 September 2023 (reviewed)	31 December 2022 (audited)
Cost incurred plus attributable profits on contracts-in-progress	353,168	316,744
Progress billings made towards contracts-in-progress	(324,938)	(287,578)
	28,230	29,166
Allowance for impairment losses	(218)	(821)
	28,012	28,345

Movement on impairment allowance is as follows:

	2023 (reviewed)	2022 (audited)
At beginning of the period	821	850
Reversal for the period, net	-	(29)
Write off during the period	(603)	-
At end of the period	218	821

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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9. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Group and other related parties are disclosed below.

Related party	Sales/ revenues		Purchase and operating expenses		Due from related parties		Due to related parties	
	Nine months ended				30 September 2023 (reviewed)	31 December 2022 (audited)	30 September 2023 (reviewed)	31 December 2022 (audited)
	30 September 2023 (reviewed)	30 September 2022 (reviewed)	30 September 2023 (reviewed)	30 September 2022 (reviewed)				
A.A. Nass & Sons WLL and its related parties	945	1,295	6,099	5,838	2,494	2,206	7,715	7,327
Joint ventures	789	556	-	-	614	460	192	263
Total	1,734	1,851	6,099	5,838	3,108	2,666	7,907	7,590

*Amount due from A.A. Nass & Sons WLL and its related parties is net of impairment of BD 2,619 (31 December 2022: BD 2,573).

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:

	Nine months ended 30 September	
	2023 (reviewed)	2022 (reviewed)
Short-term benefits	2,439	2,198
Termination benefits	39	36
	2,478	2,234

The short-term compensation includes management fee of BD 1,170 (2022: BD 1,170) due to A. A. Nass & Sons Co. W.L.L. by the Group (note 12), board committee attendance fees of BD 160 (2022: BD 151) and provision for directors' remuneration of BD 69 (2022: nil).

Directors' interest in the shares of the Company was as follows:

	30 September 2023 (reviewed)	31 December 2022 (audited)
Total number of shares held by Directors*	104,249,630	96,128,267
As a percentage of the total number of shares outstanding	48.47	44.69

* The shares held by Directors are in their individual capacity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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10. TRADE PAYABLES AND OTHER LIABILITIES

	30 September 2023 (reviewed)	31 December 2022 (audited)
Trade accounts payables	13,807	11,623
Accrued expenses	15,504	10,970
Retention payables	5,364	5,416
Other payables	1,624	1,583
	36,299	29,592

11. REVENUE

	Nine months ended 30 September	
	2023 (reviewed)	2022 (reviewed)
Contract income	78,271	57,507
Sales of goods	22,507	25,373
Hire income	9,137	7,055
	109,915	89,935

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended 30 September	
	2023 (reviewed)	2022 (reviewed)
Salaries of administrative staff	4,553	4,037
Management fees (note 9)	1,170	1,170
Depreciation and amortisation	546	545
Vehicle expenses	250	305
Professional fees	553	407
Directors' sitting fee and remuneration	229	151
Commission paid	186	119
Communication	85	100
Rent, electricity and water	105	85
Other expenses	430	282
	8,107	7,201

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

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13. OPERATING SEGMENTS

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

The construction and allied activities are civil engineering works, mechanical fabrication and maintenance contracts, scaffolding and formwork, readymix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

The trading activities are supply of washed sand, sweet water, import and wholesaler of frozen foods, agents for equipment and material manufacturers.

	Construction and allied activities		Trading activities		Eliminations		Consolidated	
	2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)
	Nine months ended 30 September							
Revenue								
External sales	97,290	77,608	12,625	12,327	-	-	109,915	89,935
Inter-segment sales	11,710	6,613	2,495	2,312	(14,205)	(8,925)	-	-
Total revenue	109,000	84,221	15,120	14,639	(14,205)	(8,925)	109,915	89,935
Segment result	1,716	7	305	184	(61)	(55)	1,960	136
Other gains and losses	732	1,006	58	83	-	-	790	1,089
Unallocated corporate expenses	-	-	-	-	-	-	(1,814)	(1,552)
Profit/ (loss) for the period							936	(327)

Other information

	Construction & allied activities		Trading activities		Consolidated	
	30 September 2023 (reviewed)	31 December 2022 (audited)	30 September 2023 (reviewed)	31 December 2022 (audited)	30 September 2023 (reviewed)	31 December 2022 (audited)
Capital expenditure	2,225	1,297	304	993	2,529	2,290
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	3,089	4,669	504	719	3,593	5,388
Total assets	127,254	121,869	15,136	14,837	142,390	136,706
Total liabilities	97,332	92,141	5,890	6,306	103,222	98,447
Total net assets	29,922	29,728	9,246	8,531	39,168	38,259

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

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14. COMMITMENTS AND CONTINGENCIES

	30 September 2023 (reviewed)	31 December 2022 (audited)
Guarantees	83,992	75,394
Letters of credit	2,024	3,343
Capital commitments	555	377

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 83,992 (31 December 2022: BD 75,394) for the various divisions and subsidiaries of the Group.

15. COMPARATIVES

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported loss and total comprehensive income for the period or total equity.