

Nass Corporation BSC
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
31 March 2023

Nass Corporation BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 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 31 March 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 31 March 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 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 31 March 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

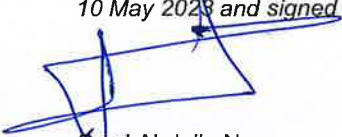
10 May 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2023


Bahraini Dinars '000

	Note	31 March 2023 (reviewed)	31 December 2022 (audited)
ASSETS			
Property, plant and equipment		23,089	23,163
Right-of-use assets		4,423	4,577
Equity accounted investees		966	942
Total non-current assets		28,478	28,682
Inventories		7,155	7,236
Trade receivables and other assets	7	53,646	54,731
Contract assets	8	30,360	28,345
Due from related parties	9	2,925	2,666
Deposits with banks		333	352
Cash and bank balances		12,204	14,694
Total current assets		106,623	108,024
Total assets		135,101	136,706
EQUITY			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		8,826	8,826
Retained earnings		8,035	7,267
Donations and charity reserve		42	42
Equity attributable to owners of the Company		37,306	36,538
Non-controlling interest		1,408	1,721
Total equity		38,714	38,259
Liabilities			
Lease liabilities		3,498	3,638
Bank loans		3,240	3,794
Employee benefits		7,478	7,460
Total non-current liabilities		14,216	14,892
Trade payables and other liabilities	10	31,610	29,592
Lease liabilities		1,230	1,192
Contract liabilities		16,598	20,286
Employee benefits		3,770	3,453
Due to related parties	9	7,991	7,590
Bills payable		4,696	5,359
Bank loans		2,413	2,522
Bank overdrafts		13,863	13,561
Total current liabilities		82,171	83,555
Total liabilities		96,387	98,447
Total equity and liabilities		135,101	136,706

The condensed consolidated interim financial information was approved by the Board of Directors on 10 May 2023 and signed on its behalf by:



Sami Abdulla Nass
Deputy Chairman



Adel Abdulla Nass
Director

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 three months ended 31 March 2023

Bahraini Dinars'000

	Note	Three months ended 31 March 2023 (reviewed)	Three months ended 31 March 2022 (reviewed)
Revenue	11	33,766	31,253
Cost of sales		(31,065)	(28,346)
Gross profit		2,701	2,907
Other operating income, net		172	256
General and administrative expenses	12	(2,654)	(2,530)
Impairment reversal on financial assets, net		540	105
Finance income		33	22
Finance costs		(338)	(270)
Share of profit /(loss) of equity-accounted investees, net		24	(26)
Profit for the period		478	464
Other comprehensive income		-	-
Total comprehensive income for the period		478	464
Attributable to:			
Owners of the Company		768	468
Non-controlling interest		(290)	(4)
		478	464
Earnings per share			
Basic earnings per share (Fils)		3.57	2.18

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 three months ended 31 March 2023

Bahraini Dinars '000

	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	-	-	-	768	-	768	(290)	478
Dividend declared for 2022	-	-	-	-	-	-	(23)	(23)
At 31 March 2023	22,000	(1,597)	8,826	8,035	42	37,306	1,408	38,714
	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 2022	22,000	(1,597)	8,767	6,737	48	35,955	1,843	37,798
Profit/ (loss) and total comprehensive income for the period	-	-	-	468	-	468	(4)	464
Dividend declared for 2021	-	-	-	-	-	-	(105)	(105)
Utilization of donation and charity reserve	-	-	-	-	(2)	(2)	-	(2)
At 31 March 2022	22,000	(1,597)	8,767	7,205	46	36,421	1,734	38,155

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2023

Bahraini Dinars '000

	Three months ended 31 March 2023 (reviewed)	Three months ended 31 March 2022 (reviewed)
Cash flows from operating activities		
Profit for the period	478	464
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	812	1,070
Depreciation on right-of-use assets	380	419
Reversal of impairment on trade receivables and other assets, net	(526)	(52)
Reversal of impairment on contract assets	(10)	(49)
Reversal of impairment on bank balances	(4)	(2)
Reversal of impairment on related parties	-	(2)
Gain on disposal of property, plant and equipment	(14)	(172)
Share of profit/ (loss) from equity accounted investments, net	(24)	26
Employee benefits	819	721
<i>Changes in:</i>		
Inventories	81	248
Trade receivables and other assets	1,611	1,311
Contract assets	(2,005)	959
Due from related parties	(259)	(217)
Trade payables and other liabilities	2,030	(666)
Contract liabilities	(3,688)	(1,519)
Employee benefits paid	(484)	(924)
Due to related parties	401	(660)
Bills payable	(663)	203
Net cash (used in)/ generated from operating activities	(1,065)	1,158
Cash flows from investing activities		
Purchase of property, plant and equipment	(740)	(307)
Proceeds from sale of property, plant and equipment	16	185
Movement on deposits with banks	19	(71)
Net cash used in investing activities	(705)	(193)
Cash flows from financing activities		
Proceeds from bank loans	-	420
Repayment of bank loans	(663)	(695)
Payment of lease liabilities	(363)	(279)
Donations paid	-	(2)
Net cash used in financing activities	(1,026)	(556)
Net (decrease)/ increase in cash and cash equivalents	(2,796)	409
Cash and cash equivalents at 1 January	1,142	3,626
Cash and cash equivalents at 31 March	(1,654)	4,035
<i>Cash and cash equivalents comprise of:</i>		
Cash and bank balances (*)	12,209	15,543
Bank overdrafts	(13,863)	(11,508)
	(1,654)	4,035

(*) Cash and bank balances including short-term bank deposits maturing within 90 days is gross of impairment of BD 5 (2022: BD 10).

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 three months ended 31 March 2023**

Bahraini Dinars '000

1. REPORTING ENTITY

Nass Corporation B.S.C. (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 three-month period ended 31 March 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 31 March 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 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 three months ended 31 March 2023

Bahraini Dinars '000

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

	31 March 2023 (reviewed)	31 December 2022 (audited)
Trade receivables	29,363	33,592
Retention receivables	24,722	23,369
Advances to suppliers and sub-contractors	6,507	6,142
Prepaid expenses	298	204
Other receivables	2,675	1,985
	63,565	65,292
Allowance for impairment losses	(9,919)	(10,561)
	53,646	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	(526)	435
Write off during the period	(116)	(1,000)
At end of the period	9,919	10,561

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2023

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8. CONTRACT ASSETS

	31 March 2023 (reviewed)	31 December 2022 (audited)
Cost incurred plus attributable profits on contracts-in-progress	323,257	316,744
Progress billings made towards contracts-in-progress	(292,086)	(287,578)
	31,171	29,166
Allowance for impairment losses	(811)	(821)
	30,360	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	(10)	(29)
At end of the period	811	821

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2023

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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		Amount due from		Amount due to	
	Three months ended		Three months ended		31 March 2023	31 December 2022	31 March 2023	31 December 2022
	31 March 2023 (reviewed)	31 March 2022 (reviewed)	31 March 2023 (reviewed)	31 March 2022 (reviewed)	(reviewed)	(audited)	(reviewed)	(audited)
A.A. Nass & Sons WLL and its related parties Joint ventures	398	305	2,177	1,814	2,372	2,206	7,727	7,327
	257	154	-	-	553	460	264	263
Total	655	459	2,177	1,814	2,925	2,666	7,991	7,590

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

Short-term benefits
Termination benefits

Three months ended 31 March	
2023 (reviewed)	2022 (reviewed)
830	791
13	12
843	803

The short-term compensation includes management fee of BD 390 (2022: BD 390) due to A. A. Nass & Sons Co. W.L.L. by the Group, board committee attendance fees of BD 59 (2022: BD 50) and provision for directors' remuneration of BD 23 (2022: BD 23).

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

31 March 2023 (reviewed)		31 December 2022 (audited)	
96,678,267	96,128,267	44.95	44.69

Total number of shares held by Directors*

As a percentage of the total number of shares outstanding

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2023

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10. TRADE PAYABLES AND OTHER LIABILITIES

	31 March 2023 (reviewed)	31 December 2022 (audited)
Trade accounts payables	11,433	11,623
Accrued expenses	13,336	10,970
Retention payables	5,162	5,416
Other payables	1,679	1,583
	31,610	29,592

11. REVENUE

	Three months ended 31 March	
	2023 (reviewed)	2022 (reviewed)
Contract income	23,702	19,813
Sales of goods	7,228	8,789
Hire income	2,836	2,651
	33,766	31,253

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2023 (reviewed)	2022 (reviewed)
Salaries of administrative staff	1,563	1,427
Management fees	390	390
Depreciation and amortisation	184	178
Vehicle expenses	87	96
Professional fees	84	101
Directors' sitting fee and remuneration	82	73
Commission paid	46	53
Communication	29	35
Rent, electricity and water	27	27
Other expenses	162	150
	2,654	2,530

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2023

Bahraini Dinars '000

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	
	Three months ended 31 March							
	2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)
Revenue								
External sales	29,793	27,314	3,973	3,939	-	-	33,766	31,253
Inter-segment sales	3,909	2,666	872	727	(4,781)	(3,393)	-	-
Total revenue	33,702	29,980	4,845	4,666	(4,781)	(3,393)	33,766	31,253
Segment result	910	645	(5)	98	(34)	-	871	743
Other gains and losses	195	241	34	11	-	-	229	252
Unallocated corporate expenses	-	-	-	-	-	-	(622)	(531)
Profit for the period							478	464

Other information

	Construction & allied activities		Trading activities		Consolidated	
	31 March 2023 (reviewed)	31 December 2022 (audited)	31 March 2023 (reviewed)	31 December 2022 (audited)	31 March 2023 (reviewed)	31 December 2022 (audited)
Capital expenditure	613	1,297	127	993	740	2,290
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	1,026	4,669	166	719	1,192	5,388
Total assets	120,253	121,869	14,848	14,837	135,101	136,706
Total liabilities	90,095	92,141	6,292	6,306	96,387	98,447
Total net assets	30,158	29,728	8,556	8,531	38,714	38,259

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2023 Bahraini Dinars '000

14. COMMITMENTS AND CONTINGENCIES

	31 March 2023 (reviewed)	31 December 2022 (audited)
Guarantees	74,037	75,394
Letters of credit	3,726	3,343
Capital commitments	402	377

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 74,037 (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 profit and total comprehensive income for the period or total equity.