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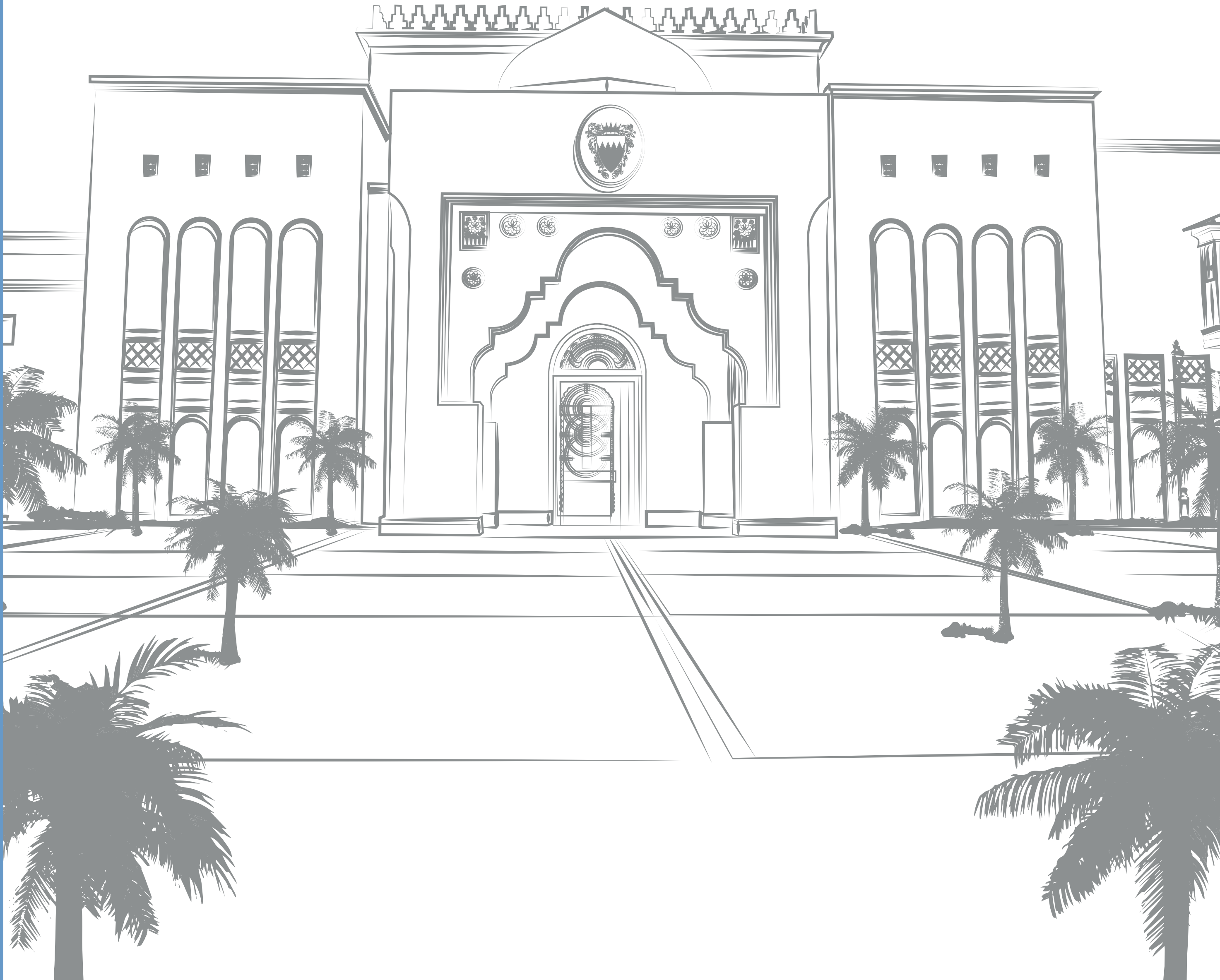
NASS
CORPORATION
المؤسسة

ANNUAL REPORT 2023



INNOVATING, INSPIRING AND EMPOWERING

His Majesty King Hamad bin Isa Al Khalifa

The King of the Kingdom of Bahrain

His Royal Highness
Prince Salman bin Hamad Al Khalifa

The Crown Prince, Deputy Supreme Commander
and Prime Minister of the Kingdom of Bahrain

BANKERS
HSBC Bank Middle East
Ahli United Bank
Bank of Bahrain and Kuwait
Standard Chartered Bank
BNP Paribas
Bahrain Islamic Bank
Arab Bank
Kuwait Finance House
Al Salam Bank
State Bank of India

CHIEF EXECUTIVE OFFICER
Mr. Shawqi Mohamed Al Hashimi

CHIEF FINANCIAL OFFICER
Mr. Bassam Sami Awdi

COMPANY SECRETARY
Mr. Srinath Prabhu

AUDITORS
KPMG Fakhro

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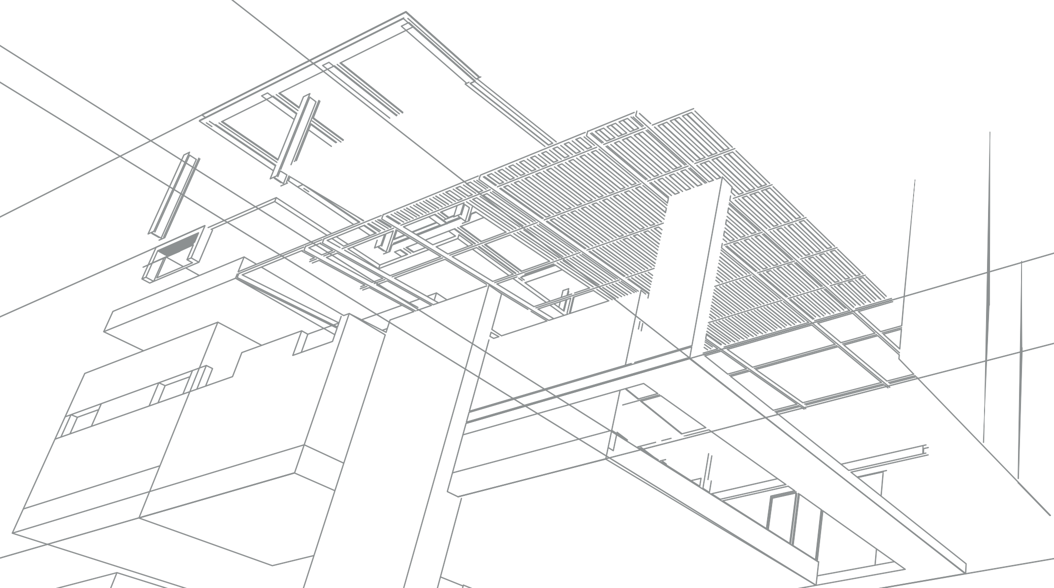
Revolutionizing Infrastructure: Today's Triumphs, Tomorrow's Legacy

Nass Corporation B.S.C. is a Bahraini Public Joint Stock Company established and listed in the Bahrain Stock Exchange in 2005 with a paid-up capital worth BHD 20 million, which currently is BHD 22 million.

Since its initiation, the Corporation has steadily risen as a leading, comprehensive Construction Solutions Provider with operations in the Kingdom of Bahrain, Kingdom of Saudi Arabia, and the United Arab Emirates. Nass Corporation has created a strong imprint as a unique provider of complete turnkey solutions and the single source provider of multiple services.



Our Vision, Mission & Values

Vision

It is the vision of Nass Corporation to be a major regional player in the industry and to provide innovative, turnkey construction and industrial solutions.

Mission

At Nass Corporation, we are committed to adding value to our stakeholders: We nurture the personal and professional growth of our employees through training and development, and build solid, mutually beneficial relationships with our partners and suppliers. We endeavor to continually exceed our clients' expectations through the consistent delivery of product and service excellence as we strive to support the growth and development of the local and regional construction industry and to provide innovative, turnkey construction and industrial solutions.

Values

- Honesty
- Integrity
- Excellence
- Transparency
- Customer Orientation

Board of Directors

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

Adel Abdulla Nass
Executive Director

Ghazi Abdulla Nass
Executive Director

Fawzi Abdulla Nass
Executive Director

Bashar Sameer Nass
Executive Director

Hemant Joshi
Executive Director

Jamal A. Al-Hazeem
Independent Director

Hisham S. Al-Saie
Independent Director

Abdulla Nooruddin Abdulla Nooruddin
Independent Director

Shawqi Mohamed Al Hashimi
Chief Executive Officer

Chairman's Message

To

All our esteemed shareholders,

The year 2023 witnessed a significant challenges for Nass Corporation, mirroring the difficulties faced by the wider construction sector. Emerging from the COVID-19 pandemic, we navigated a landscape marked by a substantial decline in construction activity, intense competition and material price volatility.

Despite these headwinds, I am proud to report that Nass Corporation has displayed remarkable resilience. We maintained a strong market share, allowing us to weather the storm and even secure new projects, albeit with their own complexities, such as price competitiveness.

Our success can be attributed to several key factors. Firstly, our family-owned structure provided valuable stability and continuity, allowing for agile decision-making and a focus on long-term sustainability. Secondly, we undertook a major organizational restructuring, enhancing efficiency and adaptability. Finally, our commitment to corporate governance ensured transparency and accountability, fostering trust with stakeholders.

The year 2023 saw successful delivering of several major projects, exceeding client expectations and demonstrating our unwavering commitment to quality and timely completion. The Al Fateh Road development stands as a testament to our capabilities, completed three months ahead of schedule. The Avenues project is nearing its final stages, and the Hawar Hotel development are progressing well. Notably, the VVIP Royal Terminal was constructed and delivered in a record-breaking six months, a feat we are immensely proud of.

However, we are not complacent. We recognize that operating costs will remain a significant challenge in 2024. We will prioritize maintaining a strong order book and implementing cost-control measures to ensure continued momentum. Additionally, we must address the impact of unpredictable material costs and indirect labour cost increases.

While we were unable to distribute dividends in 2023 due to the challenging market conditions, I remain optimistic about our prospects for 2024. We have a strong order book with several projects expected to be awarded soon, and we have embarked on the Marina project, a significant investment with a phase-1 value of 76 million dinars.

I want to assure our shareholders that we are keenly aware of your concerns and are committed to delivering value. We are confident that by leveraging our strengths, adapting to market dynamics, and maintaining a focus on operational excellence, Nass Corporation will continue to thrive in the years to come.

Thank you for your confidence and continued support.

Sameer Abdulla Nass
Chairman

Divisional Highlights

Nass Contracting

Nass Contracting is a renowned and trusted industry leader in the Kingdom of Bahrain. Since its establishment in 1963, Nass Corporation's flagship company has successfully undertaken projects in virtually every sector of the country's economy, and has played a key role in the overall growth and development of the Kingdom of Bahrain's commercial and industrial infrastructure.

Nass Contracting brings to the table decades of industry experience, and local know how. We have a proven track record of expertise in the building and civil engineering industry and a diverse portfolio that consists of industrial structures, infrastructure development, pipelines and road construction, as well as luxury villas, office blocks, warehouses and other commercial buildings. Our offshore works portfolio includes bridges, jetties and quay wall construction & dredging, land reclamation and shore protection works.

Nass Contracting offers end-to-end solutions for our clientele through our dedicated team of engineers, technicians, and skilled & unskilled workers who utilise the latest industry innovations in construction methods, mechanisms and machinery to ensure optimal project outcomes.

Nass Industrial Services (NIS) / Nass Mechanical Contracting Co. W.L.L

Nass Industrial Services (also known as Nass Mechanical Contracting Co. W.L.L.) commenced operations in the year 1972, and is progressively emerging to become one of the major Mechanical, and Engineering and Manufacturer Contractor in the region.

The Company is engaged in Shutdown and Maintenance Projects, EPC of Packaged Unit, General Plant Construction, Heavy Engineering and Process Equipment Manufacturing, as well as, Refractory and Insulation, and Industrial Painting Projects in the Kingdom of Bahrain, as well as the GCC countries.

Nass Industrial Services has an immaculate reputation for delivering on time and for adhering to the best industry practices in terms of technicalities, quality, and customer service. The Company has a proven track record of excellence in construction quality, health and safety, and performance in all facets of mechanical construction and heavy engineering products for a wide variety of industries and clientele.

Our Major Manufacturing Products in 2023 and 2024

- Supply & Installation of Structural Steel and Standing seam roofing works for the Construction of Avenues Phase 2B Project, Bahrain.
- Supply, Fabrication, Assembly of Structural Steel Pedestrian Bridge & Pile Casing work for Four Season Residency Bahrain Bay Project.
- Engineering, Supply & Installation of Structural Steel works and Standing seam roofing works for Bahrain Marina Development - Phase 1 Project.
- Engineering, Supply & Installation of Structural Steel work for Sitra Housing Project at Bahrain.
- Supply, Fabrication of Heat Exchangers components, Tube Bundles, re-tubing work and Term contract Miscellaneous Mechanical Works for M/s BAPCO Refining, Bahrain.
- Supply, Fabrication & Delivery of 14 Nos. self-supported 17 m high Flare Stacks require for project Low pressure remote gas dehydration units for M/s Tatweer Petroleum, Bahrain by Zohn Zink.

Nass Electrical Contracting Co. W.L.L. (MEP Contractor)

Nass Electrical is a Grade 1 Electrical Contractor, registered with Bahrain's Electricity and Water Authority and has built a reputation as a leader in the Supply, Installation and Commissioning of a wide variety of electrical and instrumentation projects with a primary focus in the infrastructure and construction sectors for the development of the Kingdom of Bahrain. Nass Electrical also have achieved ISO 14001, ISO 9001 and ISO 45001 accreditations.

Projects Awarded in 2023 and 2024

- Hawar Hotel Development Phase 2 (MEP Works)
- EDD MTC Works

Ongoing Projects:

- East Sitra Housing Project
- AlFateh Highway
- Hawar Hotel Development Phase 1
- Hawar Hotel Development Phase 2 (MEP Works)
- Four Seasons Residential Tower
- P964 Shore to Ship (US NAVY)
- 66kV Janoob Madinat Hamad

Nass Landscapes

Established in 1996, Nass Landscapes offers the highest standard of complete professional services, in the field of Design and construction of Landscape, Irrigation, Water Features, Hardscape and External Lighting, Maintenance and Horticulture. The Company has a proven track record, delivering a wide scope of work handling everything from large prestigious developments, to private villas and public road landscaping with many discerning clients to its credit.

Projects Awarded in 2023
- Rashid Equestrian Horse Racing Club
- Avenues Phase-2B
- Bahrain Marina Development
- Royal Terminal Airport
- Dr. Mahar Villa
- Hawar Beach Sand Supply and Levelling
- SAFGC – Safriya Palace Irrigation Water Tank

New Major Maintenance Contracts for
- GPIC Japanese Garden
- Sofitel Four Villa Project
- Jumeirah Nursery Project

Ongoing Projects
- Avenues Phase-2B
- Hawar Phase-1

- Bahrain Marina Development
- Royal Terminal Airport
- Dr. Mahar Villa
- Four Seasons Residence – Soft Landscaping and Irrigation Works.
- P123 & P124 Al Rawdha Villa Landscaping
- Rashid Equestrian Horse Racing Club
- East Sitra Housing Project
- SAFGC – Safriya Palace Irrigation Water Tank
- Safriya Golf Course Upgrade
- BRHH villa

Major Maintenance Projects
- Four Seasons Hotel
- GPIC
- Ritz Carlton Hotel
- Novotel Al Dana Hotel
- Movenpick Hotel
- Diplomat Radisson Hotel (National Hotels Company)
- Sofitel Hotel
- American School
- RCSI
- The Avenues
- World Trade Center (Golden Horizon Real Estate)
- American University (AUBH)
- Hilton Hotel
- Jumerieh Hotel
- Villa projects
- Durrat villas
- Tatweer Hunaniyah project
- Bahrain international circuit VIP Tower
- Royal Saray Resort

Nass Asphalt

Paving the Way for Bahrain's Infrastructure.

Established in 2001, Nass Asphalt has emerged as a leading provider of comprehensive road construction and asphalt/aggregate solutions in Bahrain. With a multi-faceted capability and a commitment to quality, we have successfully completed a wide range of projects, from car parks and tennis courts to major highways, airfields, and industrial infrastructures.

Our expertise extends beyond road construction to encompass asphalt and aggregate production, logistics, transport, barge offloading, jetty management, civil works, construction, Road marking, and recycling. We are proud to operate and manage the National Quarry of Bahrain, a testament to our commitment to sustainable practices.

At Nass Asphalt, we are driven by a passion for excellence and a commitment to customer satisfaction. Our highly trained team, coupled with our state-of-the-art facilities, enables us to deliver exceptional results on every project.

We invite you to partner with Nass Asphalt and experience the difference that our commitment to quality, innovation, and sustainability can make.

Projects Awarded in 2023
- Asphalting works at SDPJ0143 Malkiya
- Two Warehouses at Sitra Industrial Park
- Road Works in Tatweer Jabel Field
- Main runway remarking Isa Air Base
- Civil And Asphalting Works at Royal Terminal Facility Project
- Civil and Asphalting Works at the Avenues Bahrain Phase02
- Rehabilitation of King Faisal Highway (From R2819 to Sh.Salman Highway Both Sides)
- Temporary parking in the exhibition Centre
- Term Contract for Asphalt Works to Special Projects 2023
- Preventive Maintenance for un paved road in new areas Term Contract (2023-2024)
- Term Contract for Civil Works (2023-2025)

Ongoing Projects:
- Civil And Asphalting Works at Royal Terminal Facility Project
- Civil and Asphalting Works at the Avenues Bahrain Phase02
- Rehabilitation of King Faisal Highway (From R2819 to Sh. Salman Highway Both Sides)
- Term Contract for Asphalt Works to Special Projects 2023
- Preventive maintenance for unpaved road in new areas term contract (2023-2024)
- Bapco Modernisation Project
- Term Contract for Asphalt Resurfacing 2021-2022
- Blasting Operation and Administration of National Quarry of Bahrain
- East Sitra Housing development – Road works
- Al Fateh – Road works package

Delmon Ready Mixed Concrete and Products Co. W.L.L.

The Company was originally established by Abdulla Ahmed Nass as Bahrain's first producer of concrete. As the leading Readymix Company in Bahrain (established in 1973), Delmon has played a major part in the construction of modern Bahrain, with well over 12 million cubic metres of top quality concrete produced to date. The Company constantly strives to improve its position not just in terms of size but in product quality, service and safety.

Operating from sites at Salmabad, Hidd and North Alba the total achievable output of the Company's nine concrete plants is 800 cubic metres of concrete per hour.

Delmon Readymix prides itself on the quality of its products and the safety of its operation. The Company holds ISO 9001:2015 certification for quality, ISO 14001:2015 certification in Environmental Management and Health and Safety Certification to ISO 45001:2018.

In 2019 the Company became the first concrete manufacturer in the Gulf to achieve ISO 17025:2017 for their concrete testing laboratory and is currently the only readymix plant laboratory with ministry accreditation certified to provide independent testing of concrete. This demonstrates the company's commitment to technical competence and total quality control.

News for 2023

Despite the challenges faced by a continued recession in the construction market, the Company was successful in improving performance and increasing market share. Significant volumes were supplied to the Avenues Phase 2 project, along with the Al Fateh Highway interchanges. The Company remains optimistic going into 2024 with a reasonable order book in hand.

In 2023, Delmon Readymix continued to operate a mobile concrete plant on Hawar Island to supply concrete for the construction of the new Hawar Mantis Resort.

Delmon Precast W.L.L.

Delmon Precast W.L.L. was established in 1985 as a separate entity and is one of Bahrain's foremost precast companies.

Since its establishment, Delmon Precast has developed a professional and reliable reputation as a major manufacturer of high-quality custom made precast concrete products for civil engineering and general building applications. Having developed the business by offering cost effective precast concrete alternatives to in-situ concrete, and identifying the specific needs of consultant engineer, contractor, and client, Delmon Precast has gained a reputation for sound engineered designs, product quality, innovation, and reliability. Delmon Precast currently holds ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 accreditation.

The company has worked hard to develop an extensive precast product range that includes:

Architectural Precast: Coloured, pigmented and surface textured concrete solutions for Precast boundary walls, full building cladding panel units and bespoke precast monument elements. Decorative

precast concrete and GRC elements cast as coloured or plain grey.

Structural Precast Elements: Foundations, retaining and shear walls, beams columns, and parapets. Prestressed Hollowcore flooring system and prestressed bridge beams. Complete Precast framed buildings including offices, car parks, housing, and labour accommodation.

Infrastructure: Concrete pipes, culverts, precast trough units and trench cover slabs, manholes, septic tanks, pipe rack supports, protection slabs, cable tiles, marker domes, telecommunication boxes.

Street Furniture: Extensive range including kerbs, edgings, paving slabs, bollards, benches, contemporary seating units, litter bins, shades, bus shelters, light & flagpole bases.

News for 2023

In 2023, the Company was impacted by the construction recession along with a delay in commencement of new projects, leading to the greatest intensity of work being concentrated in the final quarter, ensuring a very positive end to the year. The main works undertaken by Delmon Precast included the supply of precast structures for the VIP Terminal Building at Bahrain International Airport, GRC cladding panels for the Al Fateh Highway underpass, Precast elements for the Hammad Falcon project at Sheikh Isa Air base, along with numerous precast substations and boundary walls. Delmon Precast has also been involved in the supply of high-quality paving and landscaping products for parks and residential developments across Bahrain.

Nass Commercial

Nass Commercial initially started operation as a support department in the early 1960s, the company became independent in 1986 and took over responsibility for the mercantile division and other trading activities. Today, Nass Commercial is a Trading and Service Support arm of Nass Corporation, progressing stronger in the industry over the past 3 decades. The company represents over thirty international manufacturers and provides comprehensive sales, distribution, genuine spare parts and after-sales service facilities. Having associations with various reputed manufacturers of equipment/ products from different parts of the world, most of the products are well-

acknowledged by customers and have a larger market share on the island. To achieve and sustain market acceptance, the company employs dedicated personnel according to the segment that they handle with specialization. The company has also invested in total customer satisfaction by way of making available the Services and Products at the client's doorstep.

Nass Scafform Contracting

Established in 1990 & Specialising in energy and petrochemical & Construction sectors. Leading provider of scaffolding and formwork services to regional and international companies throughout the GCC.

Nass Scafform footprint currently covers Bahrain, Saudi Arabia & the UAE with a current workforce at circa 1200 over the three locations. Owning an equipment inventory of scaffolding materials in excess of US$23 million.
Highly trained, qualified and motivated workforce CISRS and CITB certified in all operations.

The company employs full time NEBOSH qualified Safety Officers. Offers Technical / Design service for its clients for more complex scaffolding requirements. One of the

few Scaffolding companies in the GCC to have received such international recognition for its commitment to quality – ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

Nass Scafform Contracting services include

- Contract Scaffolding
- Manpower Supply
- Material Hire
- Design and Engineering

- Multiple Discipline Services including insulation and cladding

Nass Scafform Contracting is Certified to
- ISO 9001:2008
- ISO 14001:2004
- ISO 45001:2018

Projects Awarded 2023
- Scaffolding International Company – L01 Al Yamamah Project – Riyadh
- ALEC Saudi Arabia Engg. & Cont. –P175 Qiddiya Water Theme Park (QWTP)
- Olayan Descon – T2 & T5 SAMREF Project – Yanbu
- Olayan Descon – OPD2 & ULSD SASREF – Jubail
- Sim Leisure Gulf Contracting LCC – 1139 – Six Flags Qiddiya - Riyadh

Nass Foods

Nass Foods, established in 1982 as an independent trading division of Nass The Group, is a trusted leader in the distribution of specialized food products to Bahrain's top hotels, airlines, caterers, bakeries, supermarkets, hypermarkets, and different customer segments spread across the island. Nass Foods operates as an Importer, Wholesaler and Retailer of Frozen, Chilled and Dry Food products, by distributing them through its diversified channels including Horeca, Retail, Cash-n-Carry Van Sales, Wholesale Shops, Butcheries, Kamp Shops, E-commerce platforms & Catering services.

The company's main facility in Mameer has a combined warehousing capacity of 5,000 metric tons for Frozen food, 500 metric tons for Chilled products, 730 metric tons for Ambient food storage in over 6,200 pallet positions. Nass Foods boasts upscale butchery services, providing the finest HALAL meats sourced from the USA, New Zealand, Australia, India, and Europe, meeting GSO standards.

Nass Foods' catering business redefines food preparation with precision, passion, and perfection. The company's chefs are committed to exemplary planning, flawless execution, constant reinvention, and tailor-made culinary experiences that set this business apart and leave a lasting impression on customers.

The division holds prestigious international certifications, including ISO 22000:2018, HACCP, ISO 45001:2018, and ISO 14001:2015. These certifications recognize the company's commitment to the highest levels of food safety and quality, occupational health and safety, and environmental management.

Nass Ice Factory

The Nass Ice factory in Bahrain is a leading establishment in the ice production industry. It is renowned for being the primary provider of fresh water and ice blocks in the Kingdom. With (RO) reverse osmosis water desalination plant, the factory is capable of producing an impressive 400,000 US gallons of sweet water every day.

Additionally, the ice plant has a daily production capacity of approximately 4500 ice blocks. The Nass Ice Factory caters to a diverse range of clients, including hotels, restaurants, cold storage facilities, supermarkets, industrial establishments, and the construction sector.

Notably, the factory has been recognized for its commitment to occupational health and safety, earning the prestigious OHSAS 18001:2007 certification for their management system.

Nass Sand Processing Plant

Nass Sand processing plant, established in 1977 in the Kingdom of Bahrain, is renowned as the premier and largest supplier of washed sand. We take immense pride in serving as the leading supplier of high-quality washed sand to the construction industry. Located in Hidd, our state-of-the-art sand processing facility has the capacity to produce up to 2,000 metric tonnes of sand per day, making it a significant contributor to the industry.

We are committed to delivering the finest sand to our customers, and this dedication to quality has earned us recognition and certifications. Nass Sand Processing Plant has recently been certified with ISO 9001:2015 for its Quality Management System, ISO 14001:2015 for its Environment Management System, and ISO 45001:2018 for its Health and Safety Management System. These certifications, acknowledged and certified by the Ministry Of Works, highlight our commitment to quality, environmental management, and health and safety.

Management Team

Shawqi Mohamed Al Hashimi
Chief Executive Officer
Nass Corporation B.S.C.

Bassam Sami Awdi
Chief Finance Officer
Nass Corporation B.S.C.

Yousif Ahmed Isa Nass
General Manager
(Administration & Human Resources)
Nass Corporation B.S.C.

Nigel Hector
General Manager
Nass Contracting Co. W.L.L.

Jamal Moh'd Nass
General Manager
Central Garage
Nass Ice Factory
& Nass Sand Processing plant

John Mottram
Managing Director
DRMC and DPC

Maged Tolba Saeed
Manager
Nass Electrical Contracting Co. W.L.L.

Sunil Nair
General Manager
Nass Foods

Matthew Howes
Regional General Manager
Nass Scafform

Gian Franco Stefanoni
General Manager
Nass Industrial Services
Nass Mechanical Contracting Co. W.L.L.

Ahmed Saber
General Manager
Nass Commercial

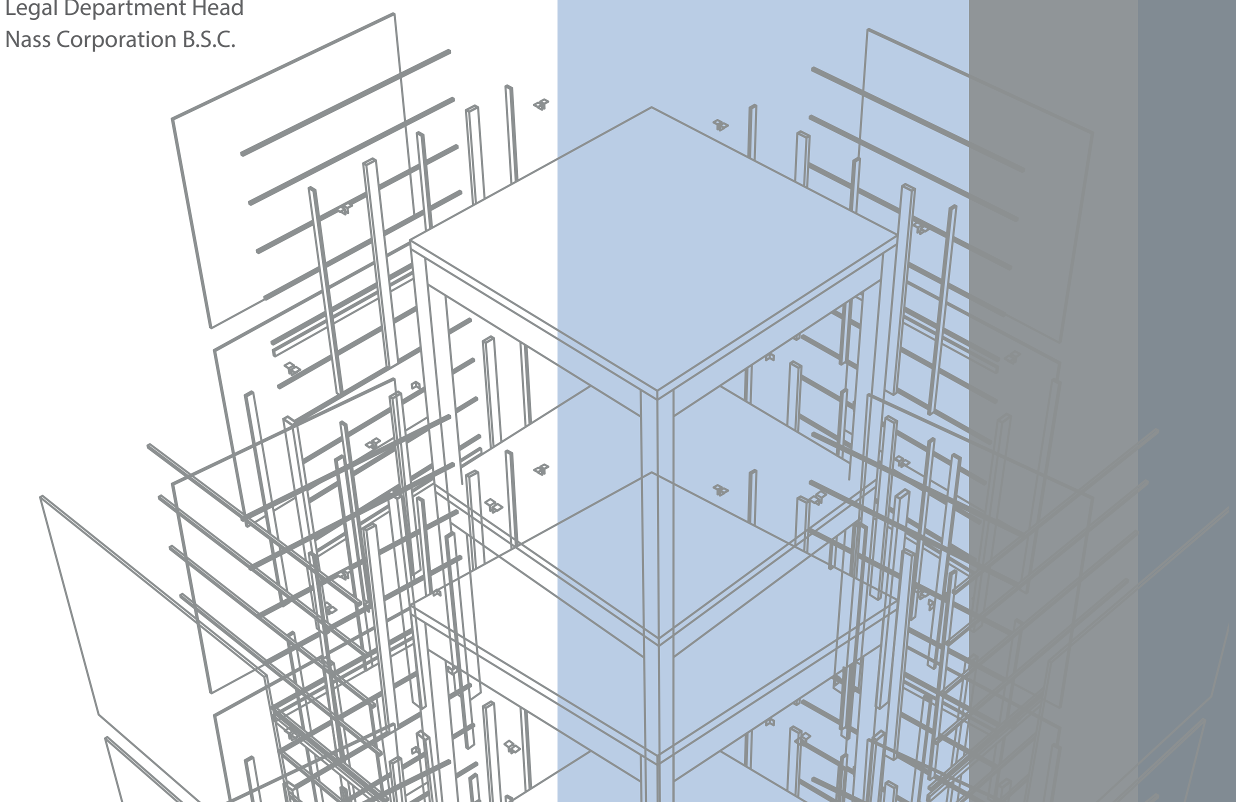
Abdulrahman Taqi
Executive Manager
Nass General Services

Srinath Prabhu
Company Secretary
Nass Corporation B.S.C.

Ramesh Panigrahi
Manager Audit & Compliance
Nass Corporation B.S.C.

Avinash Hujband
Manager Taxation
Nass Corporation B.S.C.

Yasser Al Attar
Legal Department Head
Nass Corporation B.S.C.



Corporate Governance Report 2023

1. CORPORATE GOVERNANCE POLICY

Good Corporate Governance practices are significant in creating and sustaining shareholder value and ensuring appropriate disclosure and transparency. Nass Corporation B.S.C.'s ('the Company') Corporate Governance Policy provides the framework for the principles of effective Corporate Governance standards across the Company.

The Board of Directors (the Board) is committed to implementing robust Corporate Governance practices and continuous review and adherence to strong corporate governance practices to help enhance compliance levels according to international standards and best practice.

Nass Corporation B.S.C. shall continue its endeavor to enhance shareholders value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, employees and public at large.

The management is committed to implement procedures and processes to reflect and support the Board approved Corporate Governance framework to ensure the highest standards of Corporate Governance throughout the Company.

2. CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR

All directors of the Company were elected by the shareholders of the Company in the AGM held on March 30, 2021. During the year 2023 no director position became vacant and thus no new directors were elected or stood for re-election.

3. SHAREHOLDER INFORMATION

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. As on December 31, 2023, the Company had issued 220,000,000 ordinary shares, each with a nominal value of BD 0.100 per share. All the shares are fully paid.

Shareholders are invited by the Chairman to attend the AGM. The Chairman and other Directors attend the AGM and are available to answer any questions.

The Annual General Ordinary Meeting is scheduled on March 28, 2024 subject to CBB and MOIC approval.

CORPORATE GOVERNANCE REPORT

Nass Corporation BSC
Manama – Kingdom of Bahrain

3.1 Major shareholders of the Company (Names of the shareholders holding 5% or more) as on December 31, 2023 are as follows:-

S. No.	Name of Shareholder	Number of Shares	% of Holdings	Name of the natural person, the final beneficiary
1	Mr. Sameer Abdulla Nass	27,627,699	12.56	Mr. Sameer Abdulla Nass
2	Mr. Sami Abdulla Nass	18,810,000	8.55	Mr. Sami Abdulla Nass
3	Mr. Adel Abdulla Nass	18,810,000	8.55	Mr. Adel Abdulla Nass
4	Mr. Ghazi Abdulla Nass	18,810,000	8.55	Mr. Ghazi Abdulla Nass
5	Mr. Fawzi Abdulla Nass	18,810,000	8.55	Mr. Fawzi Abdulla Nass
6	Abdul Rahman Saleh Al Rajhi & Partners Co Ltd	15,969,864	7.26	Abdul Rahman Saleh Al Rajhi Family members
7	Mr. Nabeel Nooruddin Abdulla Nooruddin	11,294,247	5.13	Mr. Nabeel Nooruddin Abdulla Nooruddin

3.2 Statement of shareholders' equity as of 31/12/2023 by Nationality to be classified as follows:

S. No.	Shareholder Classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	75.43%	7.77%	0.02%	83.22%
2	Arab	8.38%	7.82%	-	16.20%
3	Foreign	0.57%	0.01%	-	0.58%
	Total	84.38%	15.60%	0.02%	100.00%

3.3 Description of how shareholders are distributed according to their respective shareholding as at 31/12/2023 as follows:

S. No.	Shareholding (share)	Number of Shareholders	Number of shares held	Shareholding %
1	<50,000	7,693	13,031,267	5.92%
2	50,000 to 500,000	115	20,700,263	9.41%
3	500,000 to 5,000,000	28	56,136,660	25.52%
4	>5,000,000	7	130,131,810	59.15%
	TOTAL	7,843	220,000,000	100.00%

4. COMPANY'S BOARD, DIRECTORS AND MANAGEMENT

4.1 Board Procedure

The Board procedure is defined in the Charter of the Board. The Company has a practice of circulation of agenda and other supporting documents well in advance to enable the directors to deliberate and decide on all matters listed in the agenda to constantly enhance the performance of the Company.

4.2 Board and Directors' Responsibilities

The specific responsibilities of the Board include:

a. Adopting the commercial and financial policies associated with the company's business performance and achievement of its objectives.
b. Drawing, overseeing and periodically reviewing the company's plans, policies, strategies and key objectives.
c. Setting and generally supervising the regulations and systems of the company's internal control.
d. Determining the company's optimal capital structure, strategies and financial objectives and approving annual budgets.
e. Monitoring the company's major capital expenditures, and possessing and disposing assets.
f. Approving the company's quarterly and annual financial statements and presenting them to the general assembly.
g. Monitoring the executive management's activities, and ensuring that the operations run smoothly to achieve the company's objectives and that they do not conflict with the applicable Laws and Regulations.
h. Forming specialized committees emerging from the Board of Directors as required by the nature of the company's activity as provided in the regulatory requirements, and issuing the regulations of these committees.
i. Determining the types of remunerations for senior executives and directors, subject to the approval of the shareholders' general assembly, taking into consideration the provision of Article (188) of the Commercial Companies Law.
j. Setting a mechanism to regulate transactions with related parties in order to minimize conflicts of interest.
k. Setting standards and values governing the company's business.
l. Ensuring the application of an appropriate control and risk management systems by setting framework of the risks that the company might face, creating an environment that is aware of risk management knowledge at the company level, and transparently presenting it to company's related parties and stakeholders.
m. Assuring equitable treatment of shareholders, including the minority shareholders.
n. Setting internal regulations which determine the Board's duties and responsibilities, including the obligations and responsibilities of the directors.

4.3 Material Transactions that require the Board approval

The following material transactions require the Board of Directors review, evaluation and approval:

1. The Company strategy;
2. The annual budget, capital expenditure budget, major contracts, diversification plans/divestment;
3. The financial statements;
4. Major resource allocations and capital investments; and
5. Management responsibilities and training, development and succession plan for Senior Management.

4.4 Director's profiles (Directorships of other Boards)

The following members of the Board of Directors are also the member of other listed companies in the Kingdom of Bahrain:

S. No.	Name of Director	Designation	Name of the Company
1	Mr. Hisham S Al Saie	Non-Executive & Independent Director	Al Salam Bank - Bahrain BSC

4.5 Status of Directorships and Board Composition

Name of Director	Type (executive, non-executive or independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment	Positions in any other key regulatory, government organisations
Mr. Sameer Abdulla Nass	Executive	44	Bachelor of Science	06-12-2005	Chairman of Bahrain Chamber of Commerce & Industry
Mr. Sami Abdulla Nass	Executive	40	Bachelor of Science in Business Administration	06-12-2005	None
Mr. Adel Abdulla Nass	Executive	35	Master of Business Administration	06-12-2005	None
Mr. Ghazi Abdulla Nass	Executive	32	BSc – Civil Engineering	06-12-2005	None
Mr. Fawzi Abdulla Nass	Executive	29	Diploma In Mechanical Engineering	06-12-2005	None
Mr. Bashar Sameer Nass	Executive	16	Bachelor of Science in Construction Management	23-09-2013	None
Mr. Hemant Joshi	Executive	42	B.com, MBA, FCMA, AICMA, FCA & LLB	19-03-2015	None
Mr. Jamal A Al -Hazeem	Non-Executive & Independent	36	Certified Public Accountant - USA	06-12-2005	None
Mr. Hisham S Al Saie	Non-Executive & Independent	26	Master of Business Administration	06-12-2005	None
Mr. Abdulla Nooruddin Abdulla Nooruddin	Non-Executive & Independent	18	Master of Business Administration	30-03-2021	None

4.6 Board Composition Statistics

Female and male composition of the board is as follows:-

Female	0%
Male	100%

4.7. Appointment & Termination / Resignation of Directors

Directors are elected for 3-year term. Elections take place in accordance with the Memorandum and Articles of Association of the Company and the Bahrain Commercial Companies Law. There is no maximum age limit at which a Director must retire from the Board. Each Director's term of appointment expires, pursuant to the terms of his Letter of Appointment and/or the provisions of the law. The shareholders appointed the current board of directors of the Company on March 30, 2021.

4.8. Induction and Training of Directors

The Company has a formal induction program in place, which is designed for each new Director. The induction program includes i) an introductory pack containing, amongst other things, the Company Overview, Organisation Chart, Terms of Reference of the Board and Board Committees and key policies; ii) presentations on significant financial, strategic and risk issues; and iii) orientation meetings with key management as may be required. All continuing Directors are invited to attend orientation meetings.

4.9. Directors Ownership of Company's shares

S. No.	Name of Director	Type of Shares	Number of Shares	% of shares held
1	Mr. Sameer Abdulla Nass	Equity Shares	27,627,699	12.56
2	Mr. Sami Abdulla Nass	Equity Shares	18,810,000	8.55
3	Mr. Adel Abdulla Nass	Equity Shares	18,810,000	8.55
4	Mr. Ghazi Abdulla Nass	Equity Shares	18,810,000	8.55
5	Mr. Fawzi Abdulla Nass	Equity Shares	18,810,000	8.55
6	Mr. Bashar Sameer Nass	Equity Shares	2,217,160	1.01
7	Mr. Abdulla Nooruddin Abdulla Nooruddin	Equity Shares	1,050,000	0.48

4.10 Director's Trading of Shares during the year

During the year 2023 the following Board Members purchased shares of the Company:-

1	Mr. Sameer Abdulla Nass	6,917,699 Shares
2	Mr. Bashar Sameer Nass	2,117,160 Shares
3	Mr. Abdulla Nooruddin Abdulla Nooruddin	971,733 Shares

During the year 2023 none of the Board Members sold any shares of the Company.

4.11 Board Meetings

The Company should hold a minimum of four Board meetings during each year. During the year 2023 Six Board meetings were held. The following table summarizes the information about member's attendance in the Board of Directors meetings held in 2023:

Name of Director	Business Title	04-01-2023	27-02-2023	10-05-2023	13-08-2023	13-11-2023	07-12-2023 & 10-12-2023	% Attended
Mr. Sameer Abdulla Nass	Chairman	×	√	√	√	√	√	83.33%
Mr. Sami Abdulla Nass	Deputy Chairman	√	√	√	√	√	√	100%
Mr. Adel Abdulla Nass	Director - Finance	√	√	√	√	√	√	100%
Mr. Ghazi Abdulla Nass	Director	√	√	√	√	√	√	100%
Mr. Fawzi Abdulla Nass	Director	√	√	√	√	√	×	83.33%
Mr. Bashar Samir Nass	Director	√	√	√	√	√	√	100%
Mr. Hemant Joshi	Director	√	√	√	√	√	√	100%
Mr. Jamal A Al-Hazeem	Non-Executive Independent Director	√	√	√	√	√	√	100%
Mr. Hisham S Al-Saie	Non-Executive Independent Director	√	√	√	√	√	√	100%
Mr. Abdulla Nooruddin Abdulla Nooruddin	Non-Executive Independent Director	√	√	√	√	√	√	100%

4.12 Remuneration for Board of Directors

Article 188 of the Commercial Companies Law No.21 of 2001 explains the method of payment of remuneration to the directors. The remuneration policy is based on sitting fees and basic fees paid to the members of the Board of Directors.

For the (last) year 2022 sitting fees (including sitting fees for attending committee meetings) of BD. 202,750/- was paid and there was no remuneration paid to the directors as there was no dividend distribution during the year.

For the year 2023 sitting fees (including sitting fees for attending committee meetings) of BD. 219,500/- was paid and there is no proposed remuneration to be paid to the directors.

4.13 Management

The following table summarises information about the profession, designation/business title, experience in years and qualifications of Senior Management:-

S. No.	Name of members of senior management	Designation	Experience in years	Qualification
1	Mr. Shawqi Mohamed Al Hashimi	Chief Executive Officer	40	B. Eng. (Hons) Instrumentation & Control Engineering
2	Mr. Bassam Sami Awdi	Chief Financial Officer	24	B.Sc. (Accounting Science), CPA & CIA
3	Mr. Yusuf Ahmed Nass	General Manager – HR & Administration	38	B.Sc. Civil Engineering
4	Mr. Nigel Barrie Hector	General Manager – Core Contracting	42	Higher National Diploma in Civil Engineering
5	Mr. Jamal Mohammad Nass	General Manager – Plant & Transport Department, Nass Ice Factory & Nass Sand Processing Plant	36	Bachelor in Computer Engineering
6	Mr. Jonathan Charles Mottram	Managing Director – DRMC & DPC	22	B.Eng. Mining (Hons)
7	Mr. Ahmed Saber El Fawal	General Manager – Nass Commercial	19	Bachelor of Science in Mechanical Power Engineering & Master of Business Administration
8	Mr. Matthew Howes	Regional General Manager – Nass Scafform	30	Scaffolding Certificate
9	Mr. Sunil Nair	General Manager – Nass Foods	27	Master of International Business
10	Mr. Gian Franco Stefanoni	General Manager – Nass Industrial Services	30	Diploma-Civil Eng. Bachelors' Degree Second Level in Mech. Eng.
11	Mr. Maged Tolba Saed	Manager – Nass Electrical	22	B.Sc. Electrical Engineering

The remuneration paid to Senior Management during the year 2023 was as follows:

Senior Management - Cost	Amount (BD) '000
Salaries, allowances, inclusive of all costs	1,227
Employees' end of service benefits	45

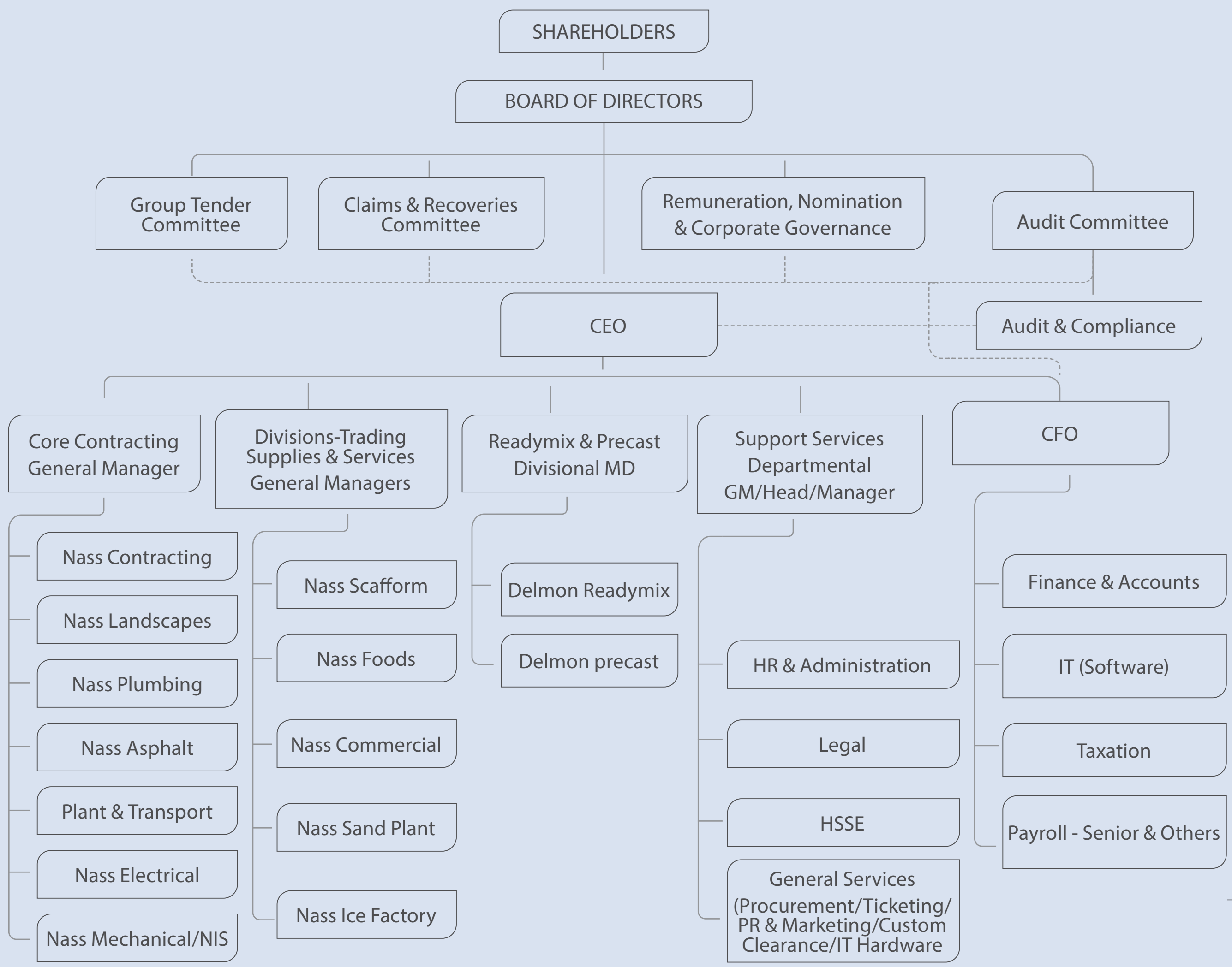
The Senior Management does not hold any Shares of the Company.

4.14 Code of Conduct/ Code of Ethics

The Company has adopted the Code of Conduct / Code of Ethics policy describing the standards expected from each and every employee of the Company.

- Act with an honesty, integrity and in good faith, with due diligence and care, in the best interests of the Company and its Shareholders.
- Respecting the confidentiality of information obtained during the course of business.
- Integrity in dealing with the Company's assets.

5. COMPANY ORGANISATIONAL STRUCTURE



6. COMMITTEES

The Committees are constituted by the Board for the good corporate governance. Scope of roles and responsibilities are clearly defined in the Charters of respective Committee. Committees put forward suggestions and recommendation to the Board as and when deemed necessary. Minutes of the Committee meetings are circulated to members of the Board periodically. The Board constantly evaluates the composition of the committees to comply with the requirements of Law and for the successful functioning of the Company.

The following table summarises the information about the Board Committees, their members and objectives:-

6.1 AUDIT COMMITTEE

S. No.	Members	Independent/ Non-independent
1	Mr. Jamal A Al-Hazeem	Non-Executive Independent Director
2	Mr. Hisham S Al-Saie	Non-Executive Independent Director
3	Mr. Hemant Joshi	Executive Director

Mr. Jamal A Al-Hazeem is the Chairman of the Audit Committee. The Audit Committee comprises of Three directors. The Charter of the Audit Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Audit Committee Members:

1 Review the company's accounting and financial practices.
2 Review the credibility of the company's financial control, internal control and financial statements.
3 Review and present the company's financial statements to the Board and recommend to approve.
4 Discuss the significant accounting and financial policies and reporting issues for the financial year.
5 Review the company's compliance with legal requirements.
6 Consider and recommend to the Board the appointment, resignation or dismissal of an external auditor, determine the audit fees and compensations and oversee the auditor's work.
7 Discuss the significant observations of external and internal Auditors and the response from the management.
8 Review the company's risk management and internal audit functions.
9 Ensure existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.
10 Deal with any concerns arising from the 'whistleblower' program adopted by the Board to allow for concerns to be raised confidentially.
11 Review the details of all proposed deals and transactions to be made between the company and the related parties and make appropriate recommendations thereon to the Board of Directors.
12 Examine the independence of the external auditor at least once a year.

The Company should hold minimum of four Audit Committee meetings during each year. During the year, eight meetings of the Audit Committee were held.

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The following table summarises the information about the members attendance in the Audit Committee meetings:

Members	26-02-2023	27-02-2023	09-05-2023	10-05-2023	09-08-2023	13-08-2023	09-11-2023	13-11-2023	% Attended
Mr. Jamal A Al-Hazeem	√	√	√	√	√	√	√	√	100%
Mr. Hisham S Al-Saie	√	√	√	√	√	√	√	√	100%
Mr. Hemant Joshi	√	√	√	√	√	√	√	√	100%

During the year, total fees paid to the members of the Audit Committee was BD 18,000/-.

6.2 Remuneration, Nomination & Corporate Governance Committee:

S. No.	Members	Independent/ Non-independent
1	Mr. Hisham S Al-Saie	Non-Executive Independent Director
2	Mr. Adel Abdulla Nass	Executive Director
3	Mr. Jamal A Al-Hazeem	Non-Executive Independent Director
4	Mr. Abdulla Nooruddin Abdulla Nooruddin	Non-Executive Independent Director

Mr. Hisham S Al-Saie is the Chairman of the Remuneration, Nomination & Corporate Governance Committee. The Remuneration, Nomination & Corporate Governance Committee comprises of four directors. The Charter of the Remuneration, Nomination & Corporate Governance Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Remuneration, Nomination & Corporate Governance Committee Members:

1 Consider and make specific recommendations to the Board on both the remuneration policy and the remuneration package for the chief executive officer and other senior officers.
2 Review the remuneration & sitting fees of the directors and making recommendations to the Board about their decision.
3 Ensure the Company's practices conform to its corporate governance policy and is aligned to good governance practices.
4 Review and ensure adequacy and integrity of the Company's internal control and management information systems, including systems for compliance with all applicable laws and regulations.
5 Ensure the Company adheres to the highest standards of ethics and corporate behavior.
6 Ensure appropriate financial planning, operating and reporting framework as well as a risk management framework is established.
7 Monitor the adequacy and implementation of the Company's Corporate Governance Framework.
8 Providing the Board with reports and recommendations based on its findings in the performance of its duties.

9 Review the structure of the Board, periodically evaluate the directors' performance and make recommendations to the Board on the necessary changes that should be made to address weaknesses to achieve the company's interests.

10 Make recommendations to the Board from time to time on changes that the committee believes to be desirable in the management structure or in the job descriptions.

11 Ensure that adequate policies and procedures are in place for the evaluation of the performance of executive management.

12 Develop succession plans of senior management before the plans is presented to the Board for approval.

The Company should hold minimum of two meetings of Remuneration, Nomination & Corporate Governance Committee during each year. During the year, there was two meeting of Remuneration, Nomination & Corporate Governance Committee were held.

The following table summarises the information about the members attendance in the Remuneration, Nomination & Corporate Governance Committee meetings:

S. No.	Members	16-03-2023	03-12-2023	% Attended
1	Mr. Hisham S Al-Saie	√	√	100%
2	Mr. Adel Abdulla Nass	√	√	100%
3	Mr. Jamal A Al-Hazeem	√	√	100%
4	Mr. Abdulla Nooruddin Abdulla Nooruddin	√	√	100%

During the year, total fees paid to the members of the Remuneration, Nomination & Corporate Governance Committee was BD 6,000/-.

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6.3 Group Tender Committee

S. No.	Members	Independent/ Non-independent
1	Mr. Jamal A Al-Hazeem	Non-Executive Independent Director
2	Mr. Hisham S Al-Saie	Non-Executive Independent Director
3	Mr. Ghazi Abdulla Nass	Executive Director
4	Mr. Bashar Sameer Nass	Executive Director
5	Mr. Hemant Joshi	Executive Director

Mr. Jamal A Al-Hazeem is the Chairman of the Group Tender Committee. The Group Tender Committee comprises of five directors. The Charter of the Group Tender Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Group Tender Committee Members:

1 Establishing Intra-group pricing framework covering:
- Bilateral pricing between two Group entities for regular business dealings;
- Bid for special Tenders / contracts (below the threshold limit set by the Board);
- Bid for special Tenders / contracts (above the threshold limit set by the Board).

2 Review and recommend the threshold limit to the Board for bidding process by any Group Entity;

3 Set the ground rules for engaging any other third party other than the Group Company;

4 Participate in the pricing process for tenders or bids of over the threshold limit set by the Board.

5 The Committee shall periodically review with the management of group entities, internal auditor regarding the intra-group pricing policy matters and take corrective action if required.

During the year there was one meeting of the Group Tender Committee were held. The following table summarises the information about the members attendance in the Group Tender Committee meetings:

S. No.	Members	13-04-2023	% Attended
1	Mr. Jamal A Al-Hazeem	√	100%
2	Mr. Hisham S Al-Saie	×	-
3	Mr. Ghazi Abdulla Nass	√	100%
4	Mr. Bashar Sameer Nass	√	100%
5	Mr. Hemant Joshi	√	100%

During the year, total fees paid to the members of the Group Tender Committee was BD. 2,000/-.

6.4 Claims and Recoveries Committee

S. No.	Members	Independent/ Non-independent
1	Mr. Sami Abdulla Nass	Executive Director
2	Mr. Ghazi Abdulla Nass	Executive Director
3	Mr. Jamal Al-Hazeem	Non-Executive Independent Director
4	Mr. Abdulla Nooruddin Abdulla Nooruddin	Non-Executive Independent Director

Mr. Sami Abdulla Nass is the Chairman of the Claims and Recoveries Committee. The Claims and Recoveries Committee comprises of 4 directors. The Charter of the Claims and Recoveries Committee specifies the roles and responsibilities assigned to the Committee.

Competences of Claims and Recoveries Committee Members:

1. To periodically review with the management of group entities receivables and claims.
2. To monitor and expedite the recovery process of overdue receivables and claims.

During the year there was no meeting of the Claims and Recoveries Committee were held.
During the year, no fees paid to the members of the Claims and Recoveries Committee.

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7. CORPORATE GOVERNANCE

Corporate Governance Code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behavior. The Company has established the Code which provides an ethical and legal framework for all employees in the conduct of its business. The Code also defines how the Company relates to its employees, shareholders and the community in which the Company operates.

The Board of Directors has adopted the Code and a Whistleblower Policy to monitor compliance with the ethical requirements of the Code. The Code provides clear directions on conducting business internationally, interacting with the Government entities, communities, business partners and general workplace behavior having regard to the best practice of corporate governance models and ethics. The Code also sets out a behavioral framework for all employees in the context of a wide range of ethical and legal issues.

Compliances with the corporate governance code

Management and Board of Directors ensure compliance with corporate governance framework and guidelines to ensure compliance with the Corporate Governance Code and that it did not take note of any non-compliance during the year ended 2023.

8. CORPORATE GOVERNANCE OFFICER

As per MOIC requirement the Company had appointed Corporate Governance Officer during 2018. The details of Corporate Governance Officer is as follows:

Name	Qualification	Date of Appointment	Contact Details
Ramesh Panigrahi	B.A. (Hons) Economics, AICMA, CMA and CPA from The American Institute of Certified Public Accountants, USA.	02-08-2018	Telephone No. 1772 5560 Mobile No. 3999 2301 Email id: ramesh@aanass.net compliance@nasscorporation.com

9. IRREGULARITIES COMMITTED DURING THE FINANCIAL YEAR

There was no irregularity committed during the year.

10. EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2023, in addition to a description of the auditor's years of service as the Company's external auditor is as follows:

Name of the audit firm	KPMG Fakhro
Years of service as the Company's external auditor	19 years
Name of the partner in charge of the Company's audit	Mr. Salman Manjlai
The partner's years of service as the partner in charge of the Company's audit	1 year
Total fees for audit and quarterly reviews (in BD)	BD 72,975/-
Total fees for audit related services (in BD)	BD 2,500/-
Total fees for non-audit services for the year 2023 (in BD).	BD 11,450/-

The Board of Directors propose to recommend re-appointment of M/S KPMG Fakhro as the Statutory Auditors of the Group for the year 2024.

11. CONFLICT OF INTEREST

The company has a Conflict of Interest Policy in place which describes the procedures followed for any conflict of interest transactions. During the year 2023, necessary processes was followed as per Conflict of Interest Policy and proper due diligence was conducted for conflict of interest transaction.

12. RELATED PARTY TRANSACTIONS

All related party transactions are carried out at arm's length basis and approved by the management of the Company. No employee or director or member of executive management can trade in the shares with the material information which is not made public.

Below are the details of the related party transactions:

Related Party Transactions (Income) for the year 2023

S. No.	Name of Related Parties	Nature of Transaction	Figures in BD'000
1	Nass Contrack JV	Manpower, equipment hire and other services to Joint venture	1,039
2	Bahrain Building Chemical	Supply of goods and other services	1,237
3	Gulf City Cleaning	Sale of equipment, spares, consumables and services	216
4	Allied Car Rental W.L.L.	Sale of spares and consumables, etc.	44
5	Nass Marine Services Co. WLL	Civil works and services etc.	402
6	Abdulla Nass & Partners KSA	Sale/ hire of equipment	228
7	Nass Directors & Nass Family	Civil Works and supply of goods and services	159
8	Sarens Nass Middle East WLL	Supply of goods, hire of manpower and other services	29
9	Bahrain Bulk Trade	Supply of goods	22
10	Other Related Parties	Supply of goods, other services, hire of equipment etc.	110
		Total	**3,486**

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Related Party Transactions (Purchases) for the year 2023

S. No.	Name of Related Parties	Nature of Transaction	Figures in BD'000
1	Apollo Travel	Purchase of Air Tickets	317
2	Bahrain Building Chemicals WLL	Purchase of construction chemicals, fly ash and micro silica	1,075
3	Dona Marine Co. WLL	Hire of tug and barge for transportation of materials	1,692
4	Abdulla Ahmed Nass & Sons Co. WLL	Hire of land, labour camp, staff accommodation, and other services	1,024
5	Abdulla Ahmed Nass & Sons	Executive management contract services	1,560
6	Sarens Nass Middle East WLL	Hire of cranes and equipment	148
7	Allied Car Rental SPC	Hire of vehicles & buses	547
8	Nass Corporation Directors	Hire of land, camp, staff accommodation	822
9	Gulf City Cleaning Co. WLL	Cleaning, waste removal services and supply of manure	55
10	Abdulla Nass Partners Co. - KSA	Hire of manpower, equipment and agency services	518
11	Nature Organic Products	Supply of Fertilizers, etc.	130
12	Bahrain Bulk Trade	Supply of Aggregates	701
13	Nass Marine Services	Supply of Services	238
14	Other Related Parties	Supply of goods, other services, hire of equipment etc.	41
		Total	**8,868**

13. MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to provide relevant and timely information to its shareholders, investors and regulators in accordance with its continuous disclosure obligations defined in the Code. Information is communicated to shareholders and regulators through the distribution of the Company's Annual Report and other information releases about the significant matters through the Company's website in a timely manner. The Board Secretary / Corporate Governance Officer is responsible for communications with the shareholders and regulators ensuring that the Company meets its continuous disclosures obligations as defined in the Code.

14. EVALUATION OF BOARD PERFORMANCE

The shareholders evaluate the performance of the Board of Directors and absolve them from liability in the Annual General Meeting.

The Board has introduced annual performance evaluations of Board, committees, individual directors and executive management in accordance with their respective terms of reference and appointment agreements with the aim of improving the effectiveness and contributions towards the Company.

The evaluation is designed to determine whether the Board, its committees, individual directors and executive management continues to be capable of providing the high level judgment required and are informed and up to date with the business and its goals and understand the context within which it operates.

15. CONTRIBUTIONS TOWARDS COMMUNITY DEVELOPMENT AND ENVIRONMENT PRESERVATION

Nass Corporation's corporate social responsibility initiatives cover a wide range of activities in charity, sports, environment and culture.

We actively encourage young Bahrainis to aspire to sporting excellence and encourage athletes to participate in sporting events.

Our contributions for 2023 are as follows:-

S. No.	Particulars	Amount in BHD
1.	Royal Humanitarian Foundation	20,000
2.	Rashid Equestrian & Horseracing Club	4,000
3.	Super Talent Championship 2023	3,900
4.	Bahrain Bowling Association	2,000
5.	Bahrain Golf Association	1,950
6.	Capital Governorate	1,950
7.	Others	950
	TOTAL	**34,750**

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16. COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.		√		As per CG Code Chairman of the Board shall be an Independent Director. However, the position of Chairman is held by the Founder member, whose experience, vision and continuous guidance has enhanced the company's stature and his contribution and support to management and shareholders benefit is extremely necessary.
Principle 2: The directors and executive management shall have full loyalty to the company.			√	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.		√		a) The Chairman of the Audit Committee is also a member in other Committees.
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.			√	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.			√	

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, roles and responsibilities.			√	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			√	
Principle 8: The Company shall disclose its corporate governance.			√	
Principle 9: Adherence to Islamic Shari'a Inquire if the Shari'a Supervisory Board ("SSB") consists of at least 3 Shari'a scholars.				Not applicable
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			√	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			√	

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

Board of Directors' Report

To,

All our esteemed shareholders,

On behalf of the Board of Directors, it is our pleasure and privilege to present to you the 19th Annual Report and Audited Annual Accounts of Nass Corporation BSC (the "Company") for the financial year ended 31 December 2023. The annual report includes the consolidated financial results of Nass Corporation BSC and subsidiaries (together the "Group").

The performance of the Group for the financial year ended 31 December 2023 is summarized below:

Bahraini dinars '000

FINANCIAL HIGHLIGHTS	2023	2022
Revenue	165,804	124,356
Profit before finance charges, depreciation and amortisation	8,952	7,218
Net profit attributable to owners of the Company	3,205	589
Total assets	144,042	136,706
Total equity	40,958	38,259

APPROPRIATIONS	2023	2022
Transfer to statutory reserve	320	59
Proposed dividend	-	-
Donations and charity reserve	-	-

RESULTS OF THE GROUP

The year 2023 was the 19th year of operations for Nass Corporation BSC. The Group achieved a gross turnover of BD 165.804 million (BD 124.356 million for 2022) on which it achieved a profit before finance charges, depreciation and amortisation of BD 8.952 million (achieved profit before finance charges, depreciation and amortisation of BD 7.218 million for 2022) and a net profit attributable to owners of the Company of BD 3.205 million (net profit of BD 0.589 million for 2022).

Construction industry globally has undergone multiple challenges in the last few years, following the advent of a global pandemic followed by inflationary conditions and geopolitical events that made contractors more vulnerable to risks amidst the changing market conditions. Year 2023 witnessed an increase in new project awards in the region with the stabilization of the oil price, but persistent inflationary risks in commodities and project financing built pressure on the project margins. The Group, being predominantly in the construction sector, was subject to these severe conditions, compelling the need for a relook at the contractual terms with the clients in order to ensure an even play for the stakeholders in the construction industry. Conscious efforts involving Board members and the senior management team were initiated, with representations at various levels, both in the public and private sectors. The resolution process could involve some time but our goal is to secure an alignment with the standard contractual terms that upholds the contractors' interest.

Despite multiple challenges, as explained above, the Group improved its financial performance in year 2023 compared to year 2022. The management is striving hard to improve the Group's liquidity by improving the works certifications and reaching agreements with clients on completed projects such that the entitlements are timely collected. Rightly so, the senior management team accelerated its efforts towards collections and prioritised strengthening of collection efforts. With major projects such as Avenues, Four Seasons, Bapco and Hawar Hotel Development scheduled for completion in year 2024, it is important to consolidate the Group's liquidity position in order to meet the business requirements. The Board has decided not to recommend dividend to the shareholders for the year 2023.

We are pleased to inform that the Group's major achievements during the year 2023 were successful completion and handover of projects, namely Al Fateh Highway Upgrade, East Sitra Housing Project Infrastructure Works and Al Raffa Land Development Grading Works, securing major project awards namely Bahrain Marina Development Phase 1, Hawar Hotel Development Phase 2 and Bahrain Airport Terminal projects and achieving amicable settlement agreements on our entitlements with clients.

The construction sector in GCC is expected to outperform in year 2024 as the market outlook portrays a picture of resilience and potential growth steering through global challenges and regional complexities. The Group presently has a healthy work order in hand which is expected to further improve during the year and simultaneously position itself to explore opportunities from planned strategic projects in coming years such as GCC Funded projects, Bahrain Metro and new King Hamad Causeway connecting Bahrain to KSA.

ORDER BOOK POSITION

The work-orders on hand of constituent divisions/companies (excluding Trading Divisions) at beginning of year 2024 amounts to a value of BD 158 million.

CORPORATE GOVERNANCE

Nass Corporation desire to achieve highest standards of ethical conduct with proactive Corporate Governance Plan, abiding to best practices and is making satisfactory progress in that direction. The guidelines stipulated by the regulatory agencies are being followed pro-actively. A detailed report on the Corporate Governance compliance forms part of the documentation being provided to the shareholders at the ensuing Annual General Meeting on 28th March 2024.

With global focus on ESG (Environmental, Social and Governance), ESG management committee was created with representations from Group constituents for developing ESG road map in order to set targets for achieving sustainable development ambitions and simultaneously building knowledge base and the reporting infrastructure for the ESG reporting which is mandated by the regulators for listed companies from financial year 2024.

The Audit Committee is actively involved in the various aspects of corporate functioning with a view to strengthen the existing Management Information Systems and Internal Control Systems and is involved in providing directions on policy issues.

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 Manager' who looks after the day-to-day compliance matters as required by the regulatory authorities is pro-actively following the regulatory guidelines.

DISCLOSURE OF REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The table below shows the remuneration of members of the Board of Directors and the Executive Management for the year ended 31 December 2023.

First: Remuneration of the Board of directors:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses allowance
	Remunerations of the Chairman and BOD	Total allowance for attending Board and committee	Salaries	Others	Total	Remunerations of the Chairman and BOD	Bonus	Incentive plans	Others	Total			
Independent Directors:													
1- Mr. Jamal A Al Hazeem	-	27,500	-	-	27,500	-	-	-	-	-	-	27,500	-
2- Mr. Hisham Al Saie	-	27,500	-	-	27,500	-	-	-	-	-	-	27,500	-
3- Mr. Abdulla Nooruddin	-	21,000	-	-	21,000	-	-	-	-	-	-	21,000	-

Executive Directors													
1- Mr. Sameer Abdulla Nass	-	18,750	150,000	-	168,750	-	-	-	-	-	-	168,750	-
2- Mr. Sami Abdulla Nass	-	19,500	120,000	-	139,500	-	-	-	-	-	-	139,500	-
3- Mr. Adel Abdulla Nass	-	21,000	100,000	-	121,000	-	-	-	-	-	-	121,000	-
4- Mr. Ghazi Abdulla Nass	-	20,000	100,000	-	120,000	-	-	-	-	-	-	120,000	-
5- Mr. Fawzi Abdulla Nass	-	18,750	100,000	-	118,750	-	-	-	-	-	-	118,750	-
6- Mr. Bashar Sameer Nass	-	19,500	45,000	-	64,500	-	-	-	-	-	-	64,500	-
7- Mr. Hemant Joshi	-	26,000	45,000	-	71,000	-	-	-	-	-	-	71,000	-
Total	**-**	**219,500**	**660,000**	**-**	**879,500**	**-**	**-**	**-**	**-**	**-**	**-**	**879,500**	**-**

Notes:
1. All amounts are stated in Bahraini Dinars.

Second: Executive management remuneration details:

EXECUTIVE MANAGEMENT	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Remunerations of top 6 executives (including CEO and Chief Financial Officer).	595,029	114,068	-	709,107

Notes: 1. All amounts are stated in Bahraini Dinars.

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 2024.

EMPLOYEE RELATIONS

The relations between the Management and employees of the Group continue to remain cordial. On behalf of the Board of Directors, we sincerely acknowledge and appreciate the contribution and commitment of employees at all levels amidst the challenging circumstances. The Group is also promoting employee wellbeing initiatives for achieving better employee engagement and higher efficiency.

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 Salman Bin Hamad Al Khalifa, the Crown Prince and Prime Minister, and to all Government Ministries and Institutions, especially the Ministry of Finance, Ministry of Industry and Commerce, the Central Bank of Bahrain, and the Bahrain Bourse for their continuing support.

We also appreciate support extended to us by our shareholders, bankers, financial institutions, suppliers, and business associates, share registrar, our Statutory Auditors M/S KPMG Fakhro and our Internal Auditors BDO for the year 2023.

On behalf of Board of Directors
Nass Corporation BSC

Date: 26 February 2024

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

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CR No. 6220 - 2

To the Shareholders of

Nass Corporation BSC
P.O. Box 669, Manama
Kingdom of Bahrain

Opinion
We have audited the 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 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Contract accounting and revenue recognition
Refer to material accounting policy in note 3 (k) and disclosure in note 19 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Determination of revenue to be recognized on construction contracts is a key audit matter because of the judgment involved in identifying the separate performance obligations within a contract and determining when control over goods and services transfers to the customer. Revenue is recognized based on contract costs to date as percentage of total forecast costs.	Our procedures included: • evaluating the Group's process for identifying the separate performance obligations within a contract and for determining the contract price; • reviewing all significant contracts and discussing with management to obtain an understanding of the specific terms and risk, which informed our consideration of whether revenue was appropriately recognised; • evaluating the design and testing the operating effectiveness of internal controls over the accuracy and timing of revenue recognised in the consolidated financial statements, including controls over detailed contract reviews performed by management that includes estimating total cost and stage at which control is transferred to the customer;

INDEPENDENT AUDITORS' REPORT
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The key audit matter (continued)	How the matter was addressed in our audit (continued)
An error in the contract forecast could results in a material variance in the amount of profit or loss recognized to date and therefore also in the current period. The forecast profits on contracts include key judgments over the expected recovery of costs arising from variations and claims. The inclusion of these amounts in the contract forecast where they are not recoverable could result in a material error in the level of profit or loss recognized by the Group.	• evaluating the financial assessment of the contract progress over time through discussion with project managers and commercial managers and comparing the outcome of our discussion with the underlying records; • assessing a sample of forecast costs to complete for reasonableness by evaluating the basis of the calculation based on the monthly contract review summary prepared by project managers and considering the performance of those contracts and costs post- year end; • evaluating the accuracy of management forecasting by comparing the historical financial performance of ongoing and completed contracts with original budgets and forecast margins for those contracts; • assessing significant exposure to contract variations, claims and liquidated damages for late delivery of work by evaluating management estimates included in the monthly contract review summary, which tracks the nature, quantum and status of such exposures. We also assessed other underlying records, if any, such as legal and third party expert reports commissioned by the Group over contentious positions; and • evaluating the adequacy of the Group's disclosures in relation to contract accounting and revenue recognition by reference to the requirements of the relevant accounting standards.

The adequacy of expected credit loss provision on trade receivables and contract assets
Refer to material accounting policy in note 3 b (iv) and disclosure relating to credit risk in note 25 (b).

The key audit matter	How the matter was addressed in our audit
We focused on this area because: • of the significance of the Group's trade receivables and contract assets representing 58% of total assets (by value); • significant management judgment is involved over both timing and recognition of impairment; and • use of inherently judgmental complex models and methodologies for determination of expected credit losses.	Our audit procedures included: • we involved our information technology and credit risk specialists to assist us with: » evaluating the appropriateness of the Group's excepted credit loss model under IFRS 9; » evaluating the design and testing operating effectiveness of the relevant controls over the completeness and accuracy of the key inputs and assumptions used in the Expected Credit Loss (ECL) model; » testing relevant controls over the transfer of data between underlying source systems and the impairment models; » evaluating the reasonableness of assumptions and key inputs used in the model; » evaluating and testing relevant controls over the governance and assessment of the output of the ECL model, authorisation and review of post model adjustments and management overlays; and » testing the accuracy of ageing of receivables. • evaluating the adequacy of the Group's disclosures related to ECL for trade receivables and contract assets by reference to the requirements of the relevant accounting standards.

INDEPENDENT AUDITORS' REPORT

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Other information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the board of directors' report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting 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.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if

INDEPENDENT AUDITORS' REPORT

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such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Regulatory Requirements

1) As required by the Commercial Companies Law, we report that:

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

2) As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:

a) a corporate governance officer; and
b) a Board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditors' report is Salman Manjlai.

KPMG

KPMG Fakhro
Partner Registration Number 213
26 February 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

Bahraini dinars '000

	Note	2023	2022
ASSETS			
Property, plant and equipment	5	23,580	23,163
Right-of-use assets	6	4,139	4,577
Equity accounted investees	7	1,080	942
Total non-current assets		**28,799**	28,682
Inventories	8	8,222	7,236
Trade receivables and other assets	9	68,886	54,731
Contract assets	10	26,478	28,345
Due from related parties	11	2,263	2,666
Deposits with banks		1,822	352
Cash and cash equivalents	12	7,572	14,694
Total current assets		**115,243**	108,024
Total assets		**144,042**	136,706
EQUITY			
Share capital	13	22,000	22,000
Treasury shares	13	(1,597)	(1,597)
Statutory reserve	14	9,146	8,826
Retained earnings		10,152	7,267
Donations and charity reserve		35	42
Equity attributable to owners of the Company		**39,736**	36,538
Non-controlling interest		1,222	1,721
Total equity		**40,958**	38,259
Liabilities			
Lease liabilities	6	3,204	3,638
Bank loans	15	2,089	3,794
Employee benefits	16	7,757	7,460
Total non-current liabilities		**13,050**	14,892
Trade payables and other liabilities	17	44,386	29,592
Lease liabilities	6	1,316	1,192
Contract liabilities	18	12,161	20,286
Employee benefits	16	4,269	3,453
Due to related parties	11	8,639	7,590
Bills payable		5,148	5,359
Bank loans	15	1,607	2,522
Bank overdrafts	12	12,508	13,561
Total current liabilities		**90,034**	83,555
Total liabilities		**103,084**	98,447
Total equity and liabilities		**144,042**	136,706

The consolidated financial statements were approved by the Board of Directors on 26 February 2024 and signed on its behalf by:

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

Bahraini dinars '000

	Note	2023	2022
Revenue	19	**165,804**	124,356
Cost of sales		(152,740)	(114,024)
Gross profit		**13,064**	**10,332**
Other income	20	1,164	1,485
General and administrative expenses	21	(10,954)	(9,667)
Impairment reversal/ (charge) on financial assets, net	22	547	(421)
Finance income		146	101
Finance cost		(1,376)	(1,258)
Share of profit from equity accounted investees, net	7	138	-
Profit for the year		**2,729**	572
Other comprehensive income		-	-
Total comprehensive income for the year		**2,729**	572
Profit / (loss) and total comprehensive income for the year attributable to:			
Owners of the Company		3,205	589
Non-controlling interest		(476)	(17)
		2,729	572
Earnings per share			
Basic and diluted earnings per share (Fils)	23	**14.90**	2.74

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

Bahraini dinars '000

2023	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations & charity reserve	Total	Non-controlling interest	Total Equity
	Attributable to owners of the Company							
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 year	-	-	-	3,205	-	3,205	(476)	2,729
Transfer to statutory reserve	-	-	320	(320)	-	-	-	-
Dividend declared for 2022	-	-	-	-	-	-	(23)	(23)
Utilization of donation and charity reserve	-	-	-	-	(7)	(7)	-	(7)
At 31 December 2023	**22,000**	**(1,597)**	**9,146**	**10,152**	**35**	**39,736**	**1,222**	**40,958**

2022	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations & charity reserve	Total	Non-controlling interest	Total Equity
	Attributable to owners of the Company							
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 year	-	-	-	589	-	589	(17)	572
Transfer to statutory reserve	-	-	59	(59)	-	-	-	-
Dividend declared for 2021	-	-	-	-	-	-	(105)	(105)
Utilization of donation and charity reserve	-	-	-	-	(6)	(6)	-	(6)
At 31 December 2022	22,000	(1,597)	8,826	7,267	42	36,538	1,721	38,259

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

Bahraini dinars '000

	Note	2023	2022
Cash flows from operating activities			
Profit for the year		**2,729**	572
Adjustments for:			
Depreciation of property, plant and equipment	5	3,328	3,770
Amortisation on right of use assets	6	1,519	1,618
Gain on sale of a subsidiary		-	(120)
Impairment (reversal)/ charge on trade receivables and other assets, (net)	9	(693)	435
Impairment charge/ (reversal) on contract assets	10	98	(29)
Impairment allowance on due from related parties	22	50	18
Reversal of impairment allowance on bank balances	22	(2)	(3)
Other impairment provision	21	262	-
Gain on disposal of property, plant and equipment	20	(169)	(481)
Liabilities written back	20	(199)	(267)
Share of profit from equity accounted investees	7	(138)	-
Employee benefits	16	3,239	2,934
Changes in:			
Inventories		(986)	333
Trade receivables and other assets		(13,743)	(3,938)
Contract assets		1,769	(5,624)
Due from related parties		353	(1,483)
Trade payables and other liabilities		14,767	(4,178)
Contract liabilities		(8,125)	7,562
Employee benefits paid	16	(2,126)	(2,699)
Due to related parties		1,049	(560)
Bills payable		(211)	3,318
Net cash generated from operating activities		**2,771**	1,178
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(3,775)	(2,290)
Proceeds on sale of property, plant and equipment		199	633
Proceeds from sale of a subsidiary		-	1,000
Dividend from equity accounted investees	7	-	75
Movement on deposits with banks		(1,189)	718
Net cash (used in)/ generated from investing activities		**(4,765)**	136
Cash flows from financing activities			
Proceeds from bank loans	15	-	936
Repayment of bank loans	15	(2,620)	(3,347)
Payment of lease liabilities		(1,427)	(1,276)
Dividends paid to non-controlling interests		(23)	(105)
Donations paid		(7)	(6)
Net cash used in financing activities		**(4,077)**	(3,798)
Net decrease in cash and cash equivalents		**(6,071)**	(2,484)
Cash and cash equivalents at 1 January		1,142	3,626
Cash and cash equivalents at 31 December (*)	12	**(4,929)**	1,142

(*) Cash and cash equivalent is gross of impairment of BD 7 (2022: BD 9)

The accompanying from 1 to 28 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

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 Company operates through its branches under commercial registration number 60037-2 to 60037-13.

The consolidated financial statements for the year ended 31 December 2023 comprise the results of the Company and its subsidiaries and the Group's interest in associates and joint ventures. Unless otherwise stated, the subsidiaries, joint ventures and associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group.

The Group's material subsidiaries, interest in joint ventures and associates are as below:

Subsidiaries

Name of the entity	Country of incorporation	Proportion of ownership and voting power held by the Group	Principal activities
Nass Contracting Company W.L.L	Bahrain	100%	Civil engineering
Nass Mechanical Contracting Company W.L.L	Bahrain	100%	Mechanical fabrication and maintenance
Nass Electrical Contracting Co. W.L.L	Bahrain	100%	Electrical contracting
Delmon Readymix Concrete and Products Company W.L.L	Bahrain	80%	Ready mixed concrete
Delmon Precast W.L.L	Bahrain	80%	Precast concrete
Nass Contracting Co. Huta Hegerfeld Saudia JV W.L.L	Bahrain	75%	Construction of roads, utility projects and other civil engineering projects.
Nass & Nassir Hazza Al Subaie for Contracting W.L.L	Bahrain	51%	Construction of roads, utility projects and other civil engineering projects.

Joint ventures

Name of the entity	Country of incorporation	Proportion of ownership and voting power held by the Group	Principal activities
Nass Contrack Joint Venture	Bahrain	50%	General contracting
Nass Burhan Joint Venture	Bahrain	50%	General contracting
Nass Contrack Watts Joint Venture	Bahrain	50%	General contracting

Associates

Name of the entity	Country of incorporation	Proportion of ownership and voting power held by the Group	Principal activities
Dona Marine Co. W.L.L	Bahrain	33.33%	Transportation of bulk materials by marine vessels.

The subsidiaries, associates and joint ventures have the same financial year end as the Company. All joint ventures are unincorporated and located in Bahrain.

NASS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in conformity with the requirements of the Commercial Company Law 2001 (as amended).

Going concern basis of accounting

The board of directors continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate (refer note 4 (a) and note 25 (c)).

b) Basis of measurement

The consolidated financial statements have been drawn up from the accounting records of the Group under the historical cost convention.

c) New standards and amendments to standards effective from 1 January 2023

The following amendments which became effective as of 1 January 2023 are relevant to the Group and is adopted during the year.

(i) Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

(ii) Definition of accounting estimates

The Group adopted Definition of Accounting Estimates (Amendments to IAS 8) from 1 January 2023. Adoption of this amendment had no significant impact on the consolidated financial statements of the Group.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

d) New standards and amendments to standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however; the Group has not early applied the following new standards or amendments to standards in preparing these consolidated financial statements.

(i) Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional 'right to defer' settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. This assessment may require management to exercise interpretive judgement.

2. BASIS OF PREPARATION (CONTINUED)

Further , 'a right to defer' exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. This new requirement may change how companies classify rollover facilities, with some becoming non-current.

The amendments state that settlement of a liability includes transferring a company's own equity instruments to the counterparty. When classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments – e.g. convertible debt.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. Adoption of this amendment is not expected to have a significant impact on the consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICIES

The material accounting polices applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied by the Group and are consistent with those applied in prior years except for those changes arising from those new standards and amendments to standards applied during the year.

a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control effectively ceases.

(ii) Transactions and non-controlling interest
Interests in the equity of subsidiaries not attributable to the Company 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 statement of profit or loss and other 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) Interests in equity-accounted investees
Equity accounted investees comprise associates and joint ventures. Associates are those enterprises in which the Group holds, between 20% and 50% of the voting power and exercises significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

The Group reports its interest in associates and joint ventures using the equity method. They are initially recognised at cost which includes transaction costs; and subsequently the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence or joint control ceases 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.

b) Financial instruments
Financial assets of the Group comprise trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents. Financial liabilities of the Group comprise lease liabilities, bank loans, trade payables and other liabilities, due to related parties, bills payable and bank overdrafts.

(i) Recognition and initial measurement
Trade receivables and other assets are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVTOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated profit or loss. Any gain or loss on de-recognition is recognised in consolidated profit or loss.

(iii) De-recognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated profit or loss.

(iv) Impairment of financial assets
The Group recognises loss allowances for Expected Credit Losses (ECL) on financial assets measured at amortised cost and contract assets.

The Group measures loss allowances for trade receivables and other assets and contract assets based on simplified approach at an amount equal to lifetime ECLs. For bank balances, measurement of loss allowances is based on 12-month ECL.

When determining whether the credit risk of a financial asset at amortised cost has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due for private customers, and 360 days past due for government entities.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Measurement of ECLs
Trade receivables and other assets and contract assets - (Simplified approach)
The Group uses allowance matrix to measure the ECLs of trade receivables and other assets and contract assets.

Loss rates are calculated using a 'roll rate (net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures in different segments based on the customer's common credit risk characteristics. Loss rates are based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and group view of economic conditions over the expected lives of the receivables. The forward looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

Cash and cash equivalents – (General approach)
Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are impaired. A financial asset at amortised cost is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset and contract asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due for all receivables and contract assets other than receivables from government where 360 days past due is considered as default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

c) 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, and are presented in thousands, except specifically stated otherwise.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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 consolidated 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 consolidated 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 and USD, and hence, the translation of financial statements of the group entities do not result in significant exchange differences.

d) Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments, if necessary, to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in the consolidated statement of financial position.

Short term leases and lease of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension options
Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

e) Property, plant and 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, the costs of dismantling and removing the items and restoring the site on which they are located, capitalised borrowing costs, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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. Any gain or loss on disposal of an item of property, plant and equipment is recognised in consolidated profit or loss.

(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 consolidated 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 consolidated 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:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment class	Estimated useful life in years
Buildings	3 – 15
Improvements on leasehold land	3 – 15
Plant, machinery and motor vehicles	3 – 15
Vessels and barges	10 – 15
Office equipment, furniture and fixtures	1 – 5

f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, (other than inventories), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in consolidated profit or loss. Impairment losses of other assets are recognised in prior periods and assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of food inventory is determined on the First In First Out (FIFO) basis. The cost of all other inventory is determined on a 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 (NRV) is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

h) Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances and short-term bank 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.

i) Contract assets and contract liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities primary relate to the advance consideration received from customers for which revenue is recognised over time.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Provisions

A provision is recognised in the consolidated 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.

k) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

(i) Contract revenue

The Group has determined that for construction contracts, the customer controls all of the work in progress as the work is being performed. This is because these are made to a customer's specification and generally at the client's premises. If a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms. Un-invoiced amounts are presented as contract assets net of any expected credit losses.

Revenue against variations are recognized based on the estimate of the most likely amount only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If variations are for distinct services from original contract, the variations are accounted for as a separate contract else it is accounted for as a modification of the original contract. Contracts which are negotiated with a same commercial objective and relate to a single performance obligation with the same customer are combined and accounted for as a single contract.

Revenue is recognised over time based on contract costs incurred to date as a percentage of total forecast cost. The related costs are recognised in consolidated profit or loss when they are incurred. Advances received are included in "contract liabilities".

(ii) Sale of goods

Customers obtains control when the goods are delivered to and have been accepted at their premises or on delivery to the customer's agents. Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.

l) Employee benefits

(i) Bahraini employees

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

(ii) Expatriate employees

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector effective in 2012, 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 consolidated statement of financial position date.

m) Finance income and expense

Finance income and expense is recognised using the effective interest method.

n) 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

o) Statutory reserve
In accordance with the Commercial Companies Law, a minimum of 10 % of the profit for the year is appropriated to a statutory reserve, until it reaches 50 % of the paid-up share capital. This reserve is not normally distributable, except in the circumstances stipulated in the Commercial Companies Law.

p) Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners 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.

q) 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 segments. For management purposes, the Group is organised into two major business segments.

r) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

s) Trade payables
Trade payables and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

t) Government grants
Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in consolidated profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in consolidated profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case. the grant is recognised when it becomes receivable.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes accounting estimates and judgements that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. 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. Actual results may differ from these estimates.

a) Judgment

- Note 3 (k) - revenue recognition: whether revenue from contract is recognised over time or at a point in time. Determining when control transfers to the customer requires significant judgement.

- Going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.

Bahraini dinars '000

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 December 2023, the Group achieved a net profit of BD 2,729 (2022: BD 572).
The Group's current assets as at 31 December 2023 were BD 115,243 (31 December 2022: BD 108,024) compared to current liabilities of BD 90,034 (31 December 2022: BD 83,555).

The Group has BD 9,394 (31 December 2022: BD 15,046) of resources comprising cash and cash equivalents and deposits with banks. It also has sufficient unused credit facilities available at the date of authorisation of these consolidated financial statements.

The appropriateness of the going concern basis of accounting is dependent on the ability of the Group to having access to sufficient external resources and continued availability of borrowings by compliance with loan covenants.

The Group has utilized bank overdrafts of BD 12,508 (31 December 2022: BD 13,561) and bank loans of BD 3,696 (31 December 2022: BD 6,316) from local banks requiring compliance with financial covenants. As at the date of authorisation of the consolidated financial statements, the Group has sufficient headroom on its facilities.

Based on these factors, the board of directors has a reasonable expectation that the Group has adequate resources and sufficient credit facilities available to support any cash shortfall and provide sufficient resources to continue with the business as a going concern for at least 12 months from the date of these consolidated financial statements.

b) Estimates and assumptions

- Note 3 (k) - revenue recognition: estimate of future cost to completion
- Note 3 (b) (iv) - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.
- Note 3 (f) - impairment testing of property plant and equipment: key assumptions underlying the recoverable amounts.
- Note 3 (g) - impairment testing of inventory: key assumptions underlying NRV.

Bahraini dinars '000

5. PROPERTY, PLANT AND EQUIPMENT

2023	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2023	18,614	5,573	53,371	1,345	901	79,804
Additions	-	-	2,653	49	1,073	3,775
Transfer from capital work in progress	103	817	922	1	(1,843)	-
Disposals	-	(254)	(1,297)	(49)	-	(1,600)
At 31 December 2023	**18,717**	**6,136**	**55,649**	**1,346**	**131**	**81,979**
Depreciation						
At 1 January 2023	5,869	3,528	46,163	1,081	-	56,641
Depreciation	266	308	2,626	128	-	3,328
Disposals	-	(254)	(1,268)	(48)	-	(1,570)
At 31 December 2023	**6,135**	**3,582**	**47,521**	**1,161**	**-**	**58,399**
Net book value At 31 December 2023	**12,582**	**2,554**	**8,128**	**185**	**131**	**23,580**

The depreciation charge has been allocated to cost of sales BD 2,688 (2022: BD 3,137) and general and administrative expenses BD 640 (2022: BD 633).

2022	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2022	18,389	6,096	56,455	1,275	563	82,778
Additions	-	4	1,104	31	1,151	2,290
Transfer from capital work in progress	225	92	376	110	(803)	-
Disposals	-	(619)	(4,564)	(71)	(10)	(5,264)
At 31 December 2022	**18,614**	**5,573**	**53,371**	**1,345**	**901**	**79,804**
Depreciation						
At 1 January 2022	5,510	3,798	46,747	1,048	-	57,103
Depreciation	359	331	2,976	104	-	3,770
Disposals	-	(601)	(3,560)	(71)	-	(4,232)
At 31 December 2022	**5,869**	**3,528**	**46,163**	**1,081**	**-**	**56,641**
Net book value At 31 December 2022	**12,745**	**2,045**	**7,208**	**264**	**901**	**23,163**

Bahraini dinars '000

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties of the Group

No	Address	Description	Existing use	Type and Tenure	Average age of the property	Net book value
1	Plot No. 7019248 & 7019250 Salmabad	Land	Business	Freehold	31 -34 years	328
2	Plot No. 07019249, Building No. 1295, Road 239	Building	Business		25 years	10
	Salmabad 702	Land		Mortgaged	4 years	3,885
3	Plot No. HD-4 (31010168) Salman Industrial City	Office/Workshop/Stores Building	Business	Leasehold for 10 years renewable	17 years	260
4	Plot No. 07019247 Salmabad	Land	Business	Freehold	12 years	1,753
5	Plot No. 1359, Ras Zuwaid	Land and Building	Business	Freehold	11 years	202
6	Plot no. 12001760, Ras Zuwaid	Land and Building	Business	Freehold	11 years	1,461
7	Plot No. 12010988, Lhassay	Land and Building	Business	Freehold	4-7 years	947
8	Plot No. 12010989, Lhassay	Land and Building	Business	Freehold	7 years	1,863
9	Plot No. 12009273, Lhassay	Land and Building	Business	Freehold	4-7 years	2,021

6. LEASES

The Group has recognised a right of use asset related to land and buildings.

a) Right- of- Use Assets

	2023	2022
Balance at 1 January	4,577	5,301
Additions	1,081	894
Amortisation	(1,519)	(1,618)
Balance at 31 December	**4,139**	4,577

The amortisation charge has been allocated to cost of sales BD 1,422 (2022: BD 1,520) and general and administrative expenses BD 97 (2022: BD 98).

b) Lease Liabilities

	31 December 2023	31 December 2022
Current	1,316	1,192
Non-current	3,204	3,638
	4,520	4,830

Bahraini dinars '000

6. LEASES (CONTINUED)

	2023	2022
Amounts recognised in consolidated profit or loss		
Interest on lease liabilities	**279**	300

	31 December 2023	31 December 2022
Maturity analysis – contractual undiscounted cash flow		
Less than one year	1,542	1,428
One to five years	2,109	2,490
More than five years	2,231	2,380
Total undiscounted lease liabilities	**5,882**	6,298

7. EQUITY ACCOUNTED INVESTEES

2023	Joint Ventures	Associate	Total
Balance at 1 January 2023	578	364	942
Share of profit for the year	132	6	138
Balance at 31 December 2023	**710**	**370**	**1,080**

2022	Joint Ventures	Associate	Total
Balance at 1 January 2022	554	463	1,017
Share of profit/ (loss) for the year	99	(99)	-
Dividend received	(75)	-	(75)
Balance at 31 December 2022	578	364	942

The following table summarizes the financial position of the associates and joint ventures as included in its own financial statements unadjusted for the Group's share.

	31 December 2023	31 December 2022
Total current assets	4,676	3,501
Total non-current assets	1,088	1,309
Total current liabilities	(3,226)	(2,362)
Total non-current liabilities	(8)	(200)
Net assets (100%)	**2,530**	2,248
Carrying amount of equity accounted investees	**1,080**	942

	2023	2022
Revenue	5,455	3,414
Profit for the year	283	-
Total comprehensive income	**283**	-
Group's share of total comprehensive income	138	-
Dividend received by the Group	-	75

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8. INVENTORIES

	31 December 2023	31 December 2022
Machineries, spares, fuels and lubricants	4,023	3,645
Raw materials	3,282	3,213
Food products	2,121	2,342
Finished goods	290	257
Goods in transit	614	116
	10,330	9,573
Impairment allowance for slow moving and obsolete inventories	(2,108)	(2,337)
	8,222	7,236

Movements on impairment allowance for slow moving and obsolete inventories:	2023	2022
At 1 January	2,337	2,213
Charge for the year	28	329
Reversal during the year	(257)	(171)
Write-off during the year	-	(34)
At 31 December	**2,108**	2,337

9. TRADE RECEIVABLES AND OTHER ASSETS

	31 December 2023	31 December 2022
Trade receivables	42,905	33,592
Retentions receivable	23,375	23,369
Advances to suppliers and sub-contractors	9,933	6,142
Prepaid expenses	167	204
Other receivables	1,817	1,985
	78,197	65,292
Allowance for impairment losses	(9,311)	(10,561)
	68,886	54,731

Movements on allowance for impairment losses:	2023	2022
At 1 January	10,561	11,126
(Reversal)/ charge for the year	(693)	435
Write off	(557)	(1,000)
At 31 December	**9,311**	10,561

Information about the Group's exposure to credit risk and impairment losses for trade receivables and other assets is included in note 25 (b).

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10. CONTRACT ASSETS

	31 December 2023	31 December 2022
Cost incurred plus attributable profits on contracts-in-progress	317,145	316,744
Progress billings made towards contracts-in-progress	(290,351)	(287,578)
	26,794	29,166
Allowance for impairment losses	(316)	(821)
	26,478	28,345

Movements on allowance for impairment losses:	2023	2022
At 1 January	821	850
Charge/ (reversal) for the year	98	(29)
Write off	(603)	-
At 31 December	**316**	821

Information about the Group's exposure to credit risk, and impairment losses for due from contract customers is included in note 25 (b).

11. 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		Due from related parties		Due to related parties	
	2023	2022	2023	2022	2023	2022	2023	2022
A.A. Nass & Sons W.L.L. and its related companies (*)	2,447	2,269	8,868	8,226	1,648	2,206	8,447	7,327
Joint ventures	1,039	783	-	-	615	460	192	263
Total	**3,486**	3,052	**8,868**	8,226	**2,263**	2,666	**8,639**	7,590

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11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(*) Amount due from A.A. Nass & Sons W.L.L. and its related companies is net of impairment of BD 2,623 (31 December 2022: BD 2,573).

During the year, the Company has provided guarantees of BD 199,144 (2022: BD 190,157) to various banks for banking facilities or other financial accommodation to its subsidiaries.

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:

	2023	2022
Short-term benefits	3,202	2,980
Post-employment benefits	52	49
	3,254	3,029

Short-term benefits include management fees of BD 1,560 (2022: BD 1,560) charged by A.A. Nass & Sons Co. WLL by the Group and board committee attendance fees of BD 220 (2022: BD 203). No provision for directors' remuneration has been charged to consolidated profit or loss for the year ended 31 December 2023 (2022: nil).

12. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash and bank balances	6,878	8,458
Short-term bank deposits	701	6,245
Allowance for impairment losses	(7)	(9)
Cash and cash equivalents in consolidated statement of financial position	**7,572**	14,694
Bank overdrafts	(12,508)	(13,561)
Cash and cash equivalents in consolidated statement of cash flows	**(4,936)**	1,133

13. SHARE CAPITAL

	31 December 2023	31 December 2022
a) Authorised share capital 500,000,000 (2022: 500,000,000) shares of 100 fils each	**50,000**	50,000
b) Issued and fully paid 220,000,000 (2022: 220,000,000) shares of 100 fils each	**22,000**	22,000
Treasury shares: 4,923,160 (2022: 4,923,160)	**(1,597)**	(1,597)

Holders of ordinary shares are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Group's shares held by the Company are suspended until those shares are re-issued.

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c) Dividends
No dividend is being proposed by the board of directors for the year ended 31 December 2023 (2022: nil).

The major shareholders are:

S. No.	Name of Shareholder	Number of shares held		Percentage of ownership		Nationality
		2023	2022	**2023**	2022	
1	Mr. Sameer Abdulla Nass*	27,627,699	20,710,000	12.56	9.41	Bahraini
2	Mr. Sami Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
3	Mr. Adel Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
4	Mr. Ghazi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
5	Mr. Fawzi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
6	Abdul Rahman Saleh Al Rajhi and Partners Company Limited	15,969,864	15,969,864	7.26	7.26	Kingdom of Saudi Arabia
7	Nabeel Nooruddin Abdulla Nooruddin	11,294,247	3,898,212	5.13	1.77	Bahraini
	Total	**130,131,810**	115,818,076	**59.15**	52.64	

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

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	
	2023	2022	**2023**	2022	**2023**	2022
Less than 1%	57,443,485	71,453,790	7,827	7,900	26.11	32.48
1% up to less than 5%**	32,424,705	36,626,346	9	10	14.74	16.65
5% up to less than 10%	102,504,111	111,919,864	6	6	46.59	50.87
10% up to less than 20%	27,627,699	-	1	-	12.56	-
Total	**220,000,000**	220,000,000	**7,843**	7,916	**100.00**	100.00

** Includes 4,923,160 (2022: 4,923,160) treasury shares.

14. STATUTORY RESERVE

In accordance with the requirements of the Commercial Companies Law (the "Law") a minimum of 10% of the net profit is appropriated to a statutory reserve, until such reserve reaches 50% of the paid-up share capital. This reserve is not normally distributable, except in the circumstances stipulated in the Law.

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15. BANK LOANS

	31 December 2023	31 December 2022
Current	1,607	2,522
Non-current	2,089	3,794
	3,696	6,316

Movement during the year as follows:	**2023**	2022
At 1 January	6,316	8,727
Loans availed during the year	-	936
Loans repaid during the year	(2,620)	(3,347)
At 31 December	**3,696**	6,316

The average effective interest rate on loans and borrowings was 8.11% - 9.34% p.a. (2022: 5.00% - 6.34% p.a.).

16. EMPLOYEE BENEFITS

	2023	2022
At 1 January	10,913	10,678
Charge for the year	3,239	2,934
Paid during the year	(2,126)	(2,699)
At 31 December	**12,026**	10,913

	31 December 2023	31 December 2022
Current liabilities	4,269	3,453
Non-current liabilities	7,757	7,460
	12,026	10,913

17. TRADE PAYABLES AND OTHER LIABILITIES

	31 December 2023	31 December 2022
Trade accounts payable	15,857	11,623
Accrued expenses	19,853	10,970
Retentions payable	6,205	5,416
Other liabilities	2,471	1,583
	44,386	29,592

18. CONTRACT LIABILITIES

	31 December 2023	31 December 2022
Progress billings received and receivable	43,646	29,635
Costs incurred plus recognised profits on contracts-in-progress	(31,485)	(9,349)
	12,161	20,286

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19. REVENUE

A. Revenue streams

	2023	2022
Revenue from contracts with customers		
Contract income	121,364	81,161
Sales of goods	30,625	33,788
Hire income	13,815	9,407
	165,804	124,356

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, type of customers, major products and service lines and timing of revenue recognition.

	Contract income, Manufacturing, Service		Trading		Elimination		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Primary Geographical markets								
Bahrain	156,450	111,927	20,854	20,574	(19,994)	(13,620)	157,310	118,881
Outside Bahrain	8,502	5,475	-	-	(8)	-	8,494	5,475
	164,952	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356
Type of customers								
Government	37,224	26,617	1,026	994	-	-	38,250	27,611
Non-government	127,728	90,785	19,828	19,580	(20,002)	(13,620)	127,554	96,745
	164,952	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356
Timing of revenue recognition								
Products transferred at a point in time	34,382	29,677	20,854	20,574	(13,201)	(10,238)	42,035	40,013
Products transferred over time	130,570	87,725	-	-	(6,801)	(3,382)	123,769	84,343
	164,952	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356

C. Contract Balances

BD 13,710 (2022: BD 5,782) recognised in contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 December 2023.

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20. OTHER INCOME

	2023	2022
Gain on disposal of property, plant and equipment	169	481
Liabilities written back	199	267
Gain on sale of a subsidiary	-	120
Insurance claim	-	39
Miscellaneous income	796	578
	1,164	1,485

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Salaries of administrative staff	5,928	5,535
Management fees	1,560	1,560
Depreciation and amortisation (note 5 and 6)	737	731
Professional fee	737	472
Vehicle expenses	344	408
Commission	283	137
Other impairment provision	262	-
Directors' sitting fees (note 11)	220	203
IT expenses	180	149
Rent, electricity, and water	146	117
Communication	120	133
Printing and stationery	76	69
Staff recruitment and training	75	29
Other expenses	286	124
	10,954	9,667

22. IMPAIRMENT ON FINANCIAL ASSETS, NET

	2023	2022
(Reversal)/ charge for impairment on trade receivables and other assets (note 9)	(693)	435
Charge/ (reversal) of impairment on contract assets (note 10)	98	(29)
Impairment on due from related parties (note 11)	50	18
Reversal of impairment on bank balances	(2)	(3)
	(547)	421

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23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners 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:

	2023	2022
Profit attributable to owners of the Company	**3,205**	589
Weighted average number of shares at 31 December (000's)	**215,077**	215,077
Basic earnings per share	**14.90**	2.74

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

24. ACCOUNTING CLASSIFICATION AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

• *Level 1*: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

• *Level 2*: Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

• *Level 3*: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

None of the Group's financial assets and liabilities is measured at fair value. The fair value of the Group's material financial assets and liabilities approximate the carrying amount due to their short-term nature.

(iii) Classification of financial assets and financial liabilities, together with the carrying amounts as disclosed in the consolidated statement of financial position.

The Group's financial assets and liabilities are classified and measured at amortised cost as at 31 December 2023 and 31 December 2022.

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25. FINANCIAL RISK MANAGEMENT

a) **Overview**

Financial instruments include financial assets and financial liabilities. Financial assets of the Group include trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents. Financial liabilities of the Group include lease liabilities, bank loans, trade payables and other liabilities, due to related parties, bills payable and bank overdrafts.

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

- credit risk;
- liquidity risk; and
- 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 trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents.

(i) Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	31 December 2023	31 December 2022
Trade receivables and other assets	68,719	54,527
Contract assets	26,478	28,345
Due from related parties	2,263	2,666
Deposits with banks	1,822	352
Cash and cash equivalents	7,422	14,552
	106,704	100,442

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Trade receivables and other assets

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

Credit limits are established for each customer, which 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's credit risk, customers are grouped according to their credit characteristics, including whether they are government and semi-government and corporates, industry, aging profile, and existence of previous financial difficulties. The Group operates mainly in the Kingdom of Bahrain.

The credit period established by the Group for all its receivables is 90 days after which the dues are classified as past due.

The Group does not require collateral in respect of trade receivables and other assets. The Group does not have trade receivables and other assets and contract assets for which no loss allowance is recognised because of collateral.

(iii) Contract assets

This primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The contract assets during the year was not significantly impacted by an impairment charge.

(iv) Due from related parties

Due from related parties pertains to the receivable from the A.A. Nass & Sons W.L.L. and its related companies and joint ventures. Transactions with related parties are conducted in the normal course of business, at rates agreed between the parties. The credit risk on these is perceived to be limited.

(v) Cash and cash equivalents and deposits with banks

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

(vi) Credit risk by segment

The maximum exposure to credit risk for trade receivables and other assets, contract assets, due from related parties, deposit with banks and cash and cash equivalents at the reporting date by segment is:

	31 December 2023		31 December 2022	
	Construction and allied activities	**Trading activities**	Construction and allied activities	Trading activities
Trade receivables and other assets	64,478	4,241	50,220	4,307
Contract assets	26,478	-	28,345	-
Due from related parties	1,468	795	1,195	1,471
Deposit with banks	1,822	-	352	-
Cash and cash equivalents	6,705	717	14,038	514
	100,951	**5,753**	94,150	6,292

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other assets, contract assets and due from related parties as at 31 December:

31 December 2023	**Gross carrying amount**	**Impairment loss allowance**	**Weighted-average loss rate**	**Credit-impaired**
Current (not past due)	80,466	369	1%	No
1–30 days past due	2,401	99	4%	No
31–60 days past due	1,131	181	16%	No
61–90 days past due	642	143	22%	No
More than 90 days past due	12,705	11,458	90%	Yes
	97,345	**12,250**	**13%**	

31 December 2022	**Gross carrying amount**	**Impairment loss allowance**	**Weighted-average loss rate**	**Credit-impaired**
Current (not past due)	71,812	363	1%	No
1–30 days past due	1,863	173	9%	No
31–60 days past due	1,391	128	9%	No
61–90 days past due	1,393	196	14%	No
More than 90 days past due	14,447	13,095	91%	Yes
	90,906	13,955	15%	

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

As at 31 December 2023, the available cash and cash equivalents, expected cash flows from trade receivables and other assets and contract assets will be sufficient to meet its obligations when they fall due.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial labilities.

The Group also monitors the level of expected cash inflows on trade receivables and other assets tighter with expected cash outflows on trade payables and other liabilities.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2023

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Bank Loans	3,696	4,418	1,161	701	757	1,799
Trade payables and other liabilities	24,533	24,533	6,101	7,498	5,807	5,127
Lease liabilities	4,520	5,882	830	712	936	3,404
Due to related parties	8,639	8,639	2,592	3,023	2,160	864
Bills payable	5,148	5,254	5,254	-	-	-
Bank overdrafts	12,508	14,751	1,188	1,770	2,315	9,478
	59,044	**63,477**	**17,126**	**13,704**	**11,975**	**20,672**
Commitments and contingencies						
- Letter of credit	**2,506**	**2,506**	**2,506**	-	-	-
- Commitments	**276**	**276**	**276**	-	-	-

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2022

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Bank Loans	6,316	7,404	1,557	1,380	1,947	2,520
Trade payables and other liabilities	18,622	18,622	4,052	7,474	4,296	2,800
Lease liabilities	4,830	6,298	757	671	1,087	3,783
Due to related parties	7,590	7,590	2,277	2,277	3,036	-
Bills payable	5,359	5,441	5,441	-	-	-
Bank overdrafts	13,561	15,702	1,254	1,920	3,217	9,311
	56,278	61,057	15,338	13,722	13,583	18,414
Commitments and contingencies						
- Letter of credit	3,343	3,343	3,343	-	-	-
- Commitments	377	377	377	-	-	-

d) **Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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, loans and borrowings, and bank overdrafts.

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

	31 December 2023	31 December 2022
Fixed rate instruments		
Term deposits with maturity of more than 3 months	1,822	352
Term deposits with maturity of 3 months or less	701	6,245
	2,523	6,597
Variable rate instruments		
Bills payable	5,148	5,359
Bank loans	3,696	6,316
Bank overdrafts	12,508	13,561
	21,352	25,236

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

The effective interest on these financial instruments is as follows:

Financial instruments	2023 Effective interest rate % p.a.	2022 Effective interest rate % p.a.
Term deposits with maturity of more than 3 months	1.00-6.25	1.00-1.50
Term deposits with maturity of 3 months or less	6.10	4.80-5.00
Bank loans	8.11-9.34	5.00-6.34
Bank overdraft	7.99-9.31	4.69-5.95

An increase of 100 basis points in interest rates at the reporting date would have decreased consolidated profit or loss by BD 188 (2022: BD 186) and a decrease of 100 basis points in interest rates at the reporting date would have increased consolidated profit or loss by BD 188 (2022: BD 186).

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

(i) 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 net payable exposure as at 31 December 2023 was Euro 325 thousand (31 December 2022: net payable Euro 199 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 Euro are not significant.

(ii) 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 of 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.

The Group has complied with local statutory capital requirements. The Group has also complied with covenants related to its bank borrowings. The Group does not have any other externally imposed capital requirements. There were no changes in the Group's approach to capital management during the year.

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26. SEGMENT ANALYSIS

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, ready-mix 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	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenue								
External sales	148,785	107,208	17,019	17,148	-	-	165,804	124,356
Inter-segment sales	16,167	10,194	3,835	3,426	(20,002)	(13,620)	-	-
Total revenue	**164,952**	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356
Segment result	3,423	787	587	393	(140)	(89)	3,870	1,091
Share of profit from joint ventures	132	99	-	-	-	-	132	99
Other gains and losses	1,223	1,345	93	142	-	-	1,316	1,487
Unallocated corporate expenses	-	-	-	-	-	-	(2,589)	(2,105)
Profit for the year							**2,729**	572

	Construction and Allied Activities		Trading Activities		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022
Other Information						
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	4,160	4,669	687	719	4,847	5,388
Capital expenditure	3,303	1,297	472	993	3,775	2,290
Total assets	129,137	121,869	14,905	14,837	144,042	136,706
Total liabilities	97,422	92,141	5,662	6,306	103,084	98,447
Net assets	**31,715**	29,728	**9,243**	8,531	**40,958**	38,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Bahraini dinars '000

27. COMMITMENTS AND CONTINGENCIES

	31 December 2023	31 December 2022
Guarantees	80,235	75,394
Letters of credit	2,506	3,343
Capital commitments	276	377

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 80,235 (31 December 2022: BD 75,394) for the various divisions and subsidiaries of the Company.

28. COMPARATIVES

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