

# **Nass Corporation BSC**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**30 June 2014**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2014**

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**GENERAL INFORMATION**

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Commercial registration	60037
Head office	P.O. Box 669 Manama Kingdom of Bahrain
Chairman	Mr. Samir Abdulla Nass
Deputy Chairman & Managing Director	Mr. Sami Abdulla Nass
Director	Mr. Adel Abdulla Nass
Director	Mr. Ghazi Abdulla Nass
Director	Mr. Fawzi Abdulla Nass
Director	Mr. Bashar Samir Nass
Director	Dr. Mustafa Al Sayed
Director	Mr. Jamal A Al Hazeem
Director	Mr. Hisham Al Saie
Director	Mr. Saleh Al Nashwan
Bankers	HSBC Bank Middle East Standard Chartered Bank BNP Paribas BBK Ahli United Bank Bahrain Islamic Bank BMI Bank State Bank of India
Auditors	KPMG Fakhro

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## **INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

The Board of Directors  
Nass Corporation BSC  
P.O. Box 669  
Manama  
Kingdom of Bahrain

6 August 2014

### **Introduction**

We have reviewed the accompanying 30 June 2014 condensed consolidated interim financial information of Nass Corporation BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2014;
- the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2014;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2014;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2014; and
- notes to the condensed consolidated interim financial information.

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

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2014**

Bahraini Dinars '000

	30 June 2014 (reviewed)	31 December 2013 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	19,964	21,043
Investment property	1,500	1,500
Investment in associates	473	428
<b>Total non-current assets</b>	<b>21,937</b>	<b>22,971</b>
<b>Current assets</b>		
Interests in joint ventures	1,193	2,191
Inventories	5,514	4,984
Trade and other receivables	38,526	35,971
Due from contract customers	4,078	3,086
Due from related parties	4,889	5,142
Term deposits with banks	10,932	9,476
Cash and cash equivalents	12,996	15,153
<b>Total current assets</b>	<b>78,128</b>	<b>76,003</b>
<b>Total assets</b>	<b>100,065</b>	<b>98,974</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	22,000	22,000
Treasury shares	(1,597)	(1,597)
Statutory reserve	7,007	7,007
Retained earnings	27,844	28,134
Donations and charity reserve	36	30
<b>Total equity attributable to equity holders of the parent</b>	<b>55,290</b>	<b>55,574</b>
Non-controlling interest	1,902	1,872
<b>Total equity (page 5)</b>	<b>57,192</b>	<b>57,446</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	822	1,536
Employee benefits	4,247	4,046
Trade and other payables	177	224
<b>Total non-current liabilities</b>	<b>5,246</b>	<b>5,806</b>
<b>Current liabilities</b>		
Trade and other payables	16,553	15,575
Due to contract customers	4,518	6,354
Employee benefits	2,446	2,291
Due to related parties	5,729	4,748
Bills payable	1,491	333
Loans and borrowings	1,922	2,357
Bank overdrafts	4,968	4,064
<b>Total current liabilities</b>	<b>37,627</b>	<b>35,722</b>
<b>Total liabilities</b>	<b>42,873</b>	<b>41,528</b>
<b>Total equity and liabilities</b>	<b>100,065</b>	<b>98,974</b>

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 6 August 2014 and signed on its behalf by:

Samir Abdulla Nass  
 Chairman

Sami Abdulla Nass  
 Deputy Chairman & Managing Director

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

for the six months ended 30 June 2014

Bahraini Dinars'000

	Six months ended		Three months ended	
	30 June 2014 (reviewed)	30 June 2013 (reviewed)	30 June 2014 (reviewed)	30 June 2013 (reviewed)
<b>REVENUE</b>				
Contract income	18,877	21,220	9,617	10,096
Sales	13,981	13,711	7,496	6,388
Hire income	6,444	5,985	3,085	2,876
<b>Total revenue</b>	<b>39,302</b>	<b>40,916</b>	<b>20,198</b>	<b>19,360</b>
Cost of sales / contract costs	(31,333)	(33,712)	(15,650)	(16,140)
<b>Gross profit</b>	<b>7,969</b>	<b>7,204</b>	<b>4,548</b>	<b>3,220</b>
Other operating income, net	1,180	586	111	195
General and administrative expenses	(5,705)	(5,562)	(2,880)	(2,934)
Finance income	226	159	115	65
Finance costs	(192)	(170)	(99)	(88)
Share of loss from joint ventures, net	(421)	(52)	(455)	(87)
Share of profit from associate	45	91	32	51
<b>Profit for the period</b>	<b>3,102</b>	<b>2,256</b>	<b>1,372</b>	<b>422</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>3,102</b>	<b>2,256</b>	<b>1,372</b>	<b>422</b>
<i>Profit attributable to</i>				
Equity holders of the Company	2,946	2,143	1,276	378
Non-controlling interest	156	113	96	44
	<b>3,102</b>	<b>2,256</b>	<b>1,372</b>	<b>422</b>
<b>Basic earnings per 100 fils share (fils)</b>	<b>13.70</b>	<b>9.96</b>	<b>5.94</b>	<b>1.75</b>

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 6 August 2014 and signed on its behalf by

  
Samir Abdulla Nass  
Chairman

  
Samir Abdulla Nass  
Deputy Chairman & Managing Director

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2014

Bahraini Dinars '000

2014 (reviewed)

	Attributable to equity holders of the parent						Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
Balance at 1 January 2014	22,000	(1,597)	7,007	28,134	30	55,574	1,872	57,446
2013 Appropriations:	-	-	-	(3,226)	-	(3,226)	(126)	(3,352)
- Final dividend (15 %) - 2013	-	-	-	(10)	10	-	-	-
- Donations and charity reserve	-	-	-	-	-	-	-	-
<b>Balance after 2013 Appropriations</b>	<b>22,000</b>	<b>(1,597)</b>	<b>7,007</b>	<b>24,898</b>	<b>40</b>	<b>52,348</b>	<b>1,746</b>	<b>54,094</b>
Profit for the period	-	-	-	2,946	-	2,946	156	3,102
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,946</b>	<b>-</b>	<b>2,946</b>	<b>156</b>	<b>3,102</b>
Utilization of donation and charity reserve	-	-	-	-	(4)	(4)	-	(4)
<b>Balance at 30 June 2014</b>	<b>22,000</b>	<b>(1,597)</b>	<b>7,007</b>	<b>27,844</b>	<b>36</b>	<b>55,290</b>	<b>1,902</b>	<b>57,192</b>

The condensed consolidated interim financial information consists of pages 3 to 16.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2014

Bahraini Dinars '000

2013 (reviewed)

	Attributable to equity holders of the parent							Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total	Total equity		
Balance at 1 January 2013	22,000	(1,597)	6,595	27,658	39	54,695	1,958	56,653	
2012 Appropriations:	-	-	-	(3,226)	-	(3,226)	(231)	(3,457)	
- Final dividend (15 %) - 2012	-	-	-	(10)	10	-	-	-	
- Donations and charity reserve	-	-	-	-	-	-	-	-	
Balance after 2012 Appropriations	22,000	(1,597)	6,595	24,422	49	51,469	1,727	53,196	
Profit for the period	-	-	-	2,143	-	2,143	113	2,256	
Total comprehensive income for the period	-	-	-	2,143	-	2,143	113	2,256	
Utilization of donation and charity reserve	-	-	-	-	(11)	(11)	-	(11)	
Balance at 30 June 2013	22,000	(1,597)	6,595	26,565	38	53,601	1,840	55,441	

The condensed consolidated interim financial information consists of pages 3 to 16.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2014**

Bahraini Dinars '000

	<b>Six months ended 30 June</b>	
	<b>2014 (reviewed)</b>	<b>2013 (reviewed)</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period before non-controlling interest	3,102	2,256
<i>Adjustments</i>		
Depreciation	2,328	2,583
Impairment of trade receivables	143	564
Gain on disposal of property, plant and equipment	(36)	(39)
Share of loss from joint ventures, net	421	52
Share of profit from associate	(45)	(91)
Employee benefits	201	101
<i>Working capital changes</i>		
Inventories	(530)	248
Trade and other receivables	(2,698)	4,470
Due from contract customers	(992)	5,225
Due from related parties	253	1,838
Trade and other payables	449	(8,284)
Due to contract customers	(1,836)	(1,854)
Due to related parties	981	(2,385)
Employee benefits	155	237
Bills payable	1,158	(651)
<b>Cash flows from operating activities</b>	<b>3,054</b>	<b>4,270</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,267)	(6,913)
Proceeds from sale of property, plant and equipment	54	76
Receipt of share of profits from joint ventures	577	700
Repayment of loan from associate	-	403
(Paid for) / maturity of term deposits with banks	(1,456)	3,182
<b>Cash flows used in investing activities</b>	<b>(2,092)</b>	<b>(2,552)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	490	1,849
Repayment of loans and borrowings	(1,639)	(1,698)
Dividends paid to equity shareholders of the parent	(2,806)	(2,939)
Dividends paid to non-controlling shareholders	(64)	(135)
Utilization of donation and charity reserve	(4)	(11)
<b>Cash flows used in financing activities</b>	<b>(4,023)</b>	<b>(2,934)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,061)</b>	<b>(1,216)</b>
Cash and cash equivalents at 1 January	11,089	8,221
<b>Cash and cash equivalents at 30 June</b>	<b>8,028</b>	<b>7,005</b>
<i>Represented by</i>		
Cash and bank balances	12,795	7,978
Short term deposits	201	2,963
Bank overdrafts	(4,968)	(3,936)
	<b>8,028</b>	<b>7,005</b>

The condensed consolidated interim financial information consists of pages 3 to 16.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2014**

Bahraini Dinars '000

**1 REPORTING ENTITY**

Nass Corporation BSC (the "Company") is a public shareholding Company incorporated and registered in Bahrain and operates under commercial registration number 60037 obtained on 9 March 2006. The Company is listed on the Bahrain Bourse with an authorised share capital of 500 million ordinary shares of 100 fils each, out of which issued and fully paid up share capital is 220 million ordinary shares of 100 fils each.

The condensed consolidated interim financial information ("interim financial information") as at and for the six month period ended 30 June 2014 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures. It does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

It operates through a group consisting of divisions, subsidiaries and joint ventures. The Group is mainly engaged in civil engineering, mechanical and electrical contracting, manufacture and supply of manpower to related contracting activities. It is also involved in the sale of ready mixed concrete, ice blocks, spare parts, foodstuff, and general trading and undertakes contracts relating to precast concrete and water supply.

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

The interim financial information have been prepared in accordance with IAS 34 - '*Interim Financial Reporting*'. These do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

**b) Judgments and estimates**

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

In preparing the interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2013.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2014**

Bahraini Dinars '000

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and risk management framework applied by the Group in the preparation of the interim financial information are consistent with those applied in the preparation of the consolidated financial statements as at and for the year ended 31 December 2013, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning on or after 1 January 2014. The adoption of these new standards / amendments did not have a significant impact on the interim financial information.

The interim financial information are not audited but have been reviewed by KPMG Fakhro. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2013 and comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the reviewed interim financial information for the six months period ended 30 June 2013.

**4 FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2013.

**5 SEASONALITY OF OPERATIONS**

Due to the effect of seasonal variations, the results reported in the condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

**6 APPROPRIATIONS**

Appropriations for the current year will be made at the year end. At the Annual General Meeting (AGM) for the year 2013 held on 31 March 2014, the following appropriations were approved which have been effected during the period:

- a final dividend of BD 3,226 - 15 % (2012: BD 3,226 - 15 %); and
- transfer to donation and charity reserve of BD 10 (2012: BD 10).

The directors' remuneration of BD 48 (2012: BD 242) was charged to profit or loss and approved by the shareholders at AGM held on 31 March 2014.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2014****Bahraini Dinars '000****7 RELATED PARTY TRANSACTIONS****a) Transactions and balances with subsidiaries and other related parties**

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

Related party	Sales / revenues		Purchases and operating expenses		Amounts due from		Amounts due to	
	Six months ended				30 June 2014 (reviewed)	31 Dec 2013 (audited)	30 June 2014 (reviewed)	31 Dec 2013 (audited)
	30 June 2014 (reviewed)	30 June 2013 (reviewed)	30 June 2014 (reviewed)	30 June 2013 (reviewed)				
A.A. Nass & Sons WLL and its related parties	839	6,017	3,459	3,959	3,284	3,534	3,068	2,697
Joint ventures	1,031	1,368	426	1,105	1,605	1,608	2,661	2,051
<b>Total</b>	<b>1,870</b>	<b>7,385</b>	<b>3,885</b>	<b>5,064</b>	<b>4,889</b>	<b>5,142</b>	<b>5,729</b>	<b>4,748</b>

Interest in joint ventures of BD 1,193 (31 December 2013: BD 2,191) represents the accumulated capital, share of profits less distribution received from the joint venture projects.

**b) Key management personnel compensation**

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:

	30 June 2014 (reviewed)	30 June 2013 (reviewed)
Short-term benefits	640	576
Termination benefits	45	35
	<b>685</b>	<b>611</b>

The short-term compensation includes provision for directors' fees of BD 81 (2013: BD 121) charged to profit or loss subject to approval by the shareholders at the Annual General Meeting and board committee attendance fees BD 74 (2013: BD 13).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2014**

Bahraini Dinars '000

**7 RELATED PARTY TRANSACTIONS (continued)**

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

	<b>30 June 2014 (reviewed)</b>	<b>31 Dec 2013 (audited)</b>
Total number of shares held by Directors*	<b>86,496,969</b>	<b>97,386,369</b>
As a percentage of the total number of shares outstanding	<b>39</b>	<b>44</b>

\* The shares held by Directors are in their individual capacity. The shares as of 31 December 2013, includes the shares of the late Abdulla Ahmed Nass of 22,440,000 shares.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2014**

Bahraini Dinars '000

**8 OPERATING SEGMENTS**

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

The *Construction and Allied Activities* are civil engineering works, mechanical fabrication and maintenance contracts, scaffolding and formwork, readymix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

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

	Construction & Allied Activities		Trading Activities		Eliminations		Consolidated	
	30 June 2014 (reviewed)	30 June 2013 (reviewed)	30 June 2014 (reviewed)	30 June 2013 (reviewed)	30 June 2014 (reviewed)	30 June 2013 (reviewed)	30 June 2014 (reviewed)	30 June 2013 (reviewed)
<b>REVENUE</b>								
External sales	33,573	35,305	5,729	5,611	-	-	39,302	40,916
Inter-segment sales	2,821	3,073	1,012	1,021	(3,833)	(4,094)	-	-
<b>Total revenue</b>	<b>36,394</b>	<b>38,378</b>	<b>6,741</b>	<b>6,632</b>	<b>(3,833)</b>	<b>(4,094)</b>	<b>39,302</b>	<b>40,916</b>
Segment result	2,549	1,907	516	456	-	-	3,065	2,363
Share of loss from joint ventures	(421)	(52)	-	-	-	-	(421)	(52)
Other gains and losses	1,408	764	43	72	-	-	1,451	836
Unallocated corporate expenses	-	-	-	-	-	-	(983)	(891)
<b>Profit for the period</b>							<b>3,102</b>	<b>2,256</b>
Depreciation							<b>2,328</b>	<b>2,583</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2014**

Bahraini Dinars '000

**8 OPERATING SEGMENTS (continued)**

Other Information	Construction & Allied Activities		Trading Activities		Consolidated	
	30 June 2014 (reviewed)	31 Dec 2013 (audited)	30 June 2014 (reviewed)	31 Dec 2013 (audited)	30 June 2014 (reviewed)	31 Dec 2013 (audited)
Total assets	89,981	89,941	10,084	9,033	100,065	98,974
Total liabilities	39,605	39,535	3,268	1,993	42,873	41,528
<b>Total net assets</b>	<b>50,376</b>	<b>50,406</b>	<b>6,816</b>	<b>7,040</b>	<b>57,192</b>	<b>57,446</b>
Capital expenditure	1,092	7,456	175	276	1,267	7,732

**9 FAIR VALUE**

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.

When there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

*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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2014****Bahraini Dinars '000****9 FAIR VALUE (continued)**

- **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. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

**30 June 2014 (reviewed)**

	<b>Loans and receivables</b>	<b>At amortised cost</b>	<b>Total carrying value</b>
<b>Financial assets</b>			
Trade and other receivables	38,147	-	38,147
Due from related parties	4,889	-	4,889
Term deposits with banks	10,932	-	10,932
Cash and cash equivalents	12,841	-	12,841
	<b>66,809</b>	<b>-</b>	<b>66,809</b>
<b>Financial liabilities</b>			
Loans and borrowings	-	2,744	2,744
Trade and other payables	-	10,323	10,323
Due to related parties	-	5,729	5,729
Bills payable	-	1,491	1,491
Bank overdrafts	-	4,968	4,968
	<b>-</b>	<b>25,255</b>	<b>25,255</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2014****Bahraini Dinars '000****9 FAIR VALUE (continued)**

31 December 2013 (audited)

	Loans and receivables	At amortised cost	Total carrying value
<b>Financial assets</b>			
Trade and other receivables	35,809	-	35,809
Due from related parties	5,142	-	5,142
Term deposits with banks	9,476	-	9,476
Cash and cash equivalents	14,956	-	14,956
	<b>65,383</b>	<b>-</b>	<b>65,383</b>
<b>Financial liabilities</b>			
Loans and borrowings	-	3,893	3,893
Trade and other payables	-	10,208	10,208
Due to related parties	-	4,748	4,748
Bills payable	-	333	333
Bank overdrafts	-	4,064	4,064
	<b>-</b>	<b>23,246</b>	<b>23,246</b>

The table below analyses financial instrument at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized:

30 June 2014 (reviewed)

**Financial liabilities not measured at fair value**

Other loans and borrowings

Fair value			
Level 1	Level 2	Level 3	Total fair value
-	2,744	-	2,744
<b>-</b>	<b>2,744</b>	<b>-</b>	<b>2,744</b>

31 December 2013 (audited)

**Financial liabilities not measured at fair value**

Other loans and borrowings

Fair value			
Level 1	Level 2	Level 3	Total fair value
-	3,893	-	3,893
<b>-</b>	<b>3,893</b>	<b>-</b>	<b>3,893</b>

There were no transfers between any of the categories during the period. Other loans and borrowings are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The Group has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2014**

Bahraini Dinars '000

**10 COMMITMENTS AND CONTINGENCIES**

	<b>30 June 2014 (reviewed)</b>	<b>31 December 2013 (audited)</b>
Guarantees	27,742	28,404
Letters of credit	1,719	1,116
Capital commitments	37	597

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 27,742 (31 December 2013: BD 28,404) for the various divisions and subsidiaries of the Company out of which BD 7,047 (31 December 2013: BD 11,505) have been issued for the joint venture activities.

**11 COMPARATIVES**

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