

# **Nass Corporation BSC**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**31 MARCH 2015**

**Nass Corporation BSC**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2015**

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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. Sameer 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. Hemant Joshi
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

## **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

12 May 2015

### **Introduction**

We have reviewed the accompanying 31 March 2015 condensed consolidated interim financial information of Nass Corporation BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2015;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2015;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2015;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2015; and
- notes to the condensed consolidated interim financial information.

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

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2015 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 31 March 2015**

Bahraini Dinars '000

	Note	31 March 2015 (reviewed)	31 December 2014 (audited)
<b>ASSETS</b>			
Property, plant and equipment		17,501	18,335
Investment property		1,500	1,500
Investment in associates		413	380
Interests in joint ventures		606	611
<b>Non-current assets</b>		<b>20,020</b>	<b>20,826</b>
Inventories		5,112	5,545
Trade and other receivables		48,724	44,008
Due from contract customers		3,802	4,753
Due from related parties	7	4,321	4,226
Term deposits with banks		6,379	11,589
Cash and cash equivalents		11,346	9,112
<b>Current assets</b>		<b>79,684</b>	<b>79,233</b>
<b>Total assets</b>		<b>99,704</b>	<b>100,059</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		7,417	7,417
Retained earnings		25,945	28,588
Donations and charity reserve		39	29
<b>Equity attributable to equity holders of the parent</b>		<b>53,804</b>	<b>56,437</b>
Non-controlling interest		1,839	1,993
<b>Total equity</b>		<b>55,643</b>	<b>58,430</b>
<b>Liabilities</b>			
Loans and borrowings		233	302
Employee benefits		4,719	4,570
Trade and other payables		105	129
<b>Non-current liabilities</b>		<b>5,057</b>	<b>5,001</b>
Trade and other payables		23,056	17,983
Due to contract customers		3,282	5,034
Employee benefits		1,969	1,850
Due to related parties	7	5,021	5,151
Bills payable		616	1,236
Loans and borrowings		1,253	1,264
Bank overdrafts		3,807	4,110
<b>Current liabilities</b>		<b>39,004</b>	<b>36,628</b>
<b>Total liabilities</b>		<b>44,061</b>	<b>41,629</b>
<b>Total equity and liabilities</b>		<b>99,704</b>	<b>100,059</b>

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 12 May 2015 and signed on its behalf by:

  
 Sameer Abdulla Nass  
 Chairman

  
 Sami Abdulla Nass  
 Deputy Chairman & Managing Director

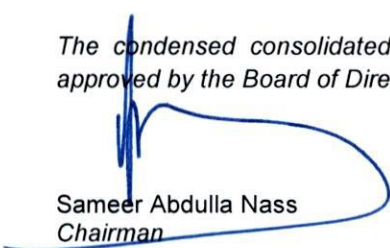
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the three months ended 31 March 2015

Bahraini Dinars'000

	Note	Three months ended 31 March	
		2015 (reviewed)	2014 (reviewed)
<b>REVENUE</b>			
Contract income		13,976	9,260
Sales		5,611	6,485
Hire income		1,854	3,359
<b>Total revenue</b>		<b>21,441</b>	19,104
Cost of sales		(17,747)	(15,683)
<b>Gross profit</b>		<b>3,694</b>	3,421
Other operating income, net		120	103
General and administrative expenses	8	(3,167)	(1,859)
Finance income		49	111
Finance costs		(56)	(93)
Share of (loss) / profit from joint ventures, net		(5)	34
Share of profit from associate		33	13
<b>Profit</b>		<b>668</b>	1,730
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<b>668</b>	1,730
<i>Attributable to</i>			
Equity holders of the parent		593	1,670
Non-controlling interest		75	60
		<b>668</b>	1,730
<b>Earnings per share</b>			
Basic earnings per share (Fils)		<b>2.76</b>	7.76

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 12 May 2015 and signed on its behalf by:

  
Sameer Abdulla Nass  
Chairman

  
Sami Abdulla Nass  
Deputy Chairman & Managing Director

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended 31 March 2015

Bahraini Dinars '000

2015 (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		
At 1 January 2015	22,000	(1,597)	7,417	28,588	29	56,437	1,993	58,430	
2014 Appropriations:	-	-	-	(3,226)	-	(3,226)	(229)	(3,455)	
- Final dividend (15%) - 2014	-	-	-	(10)	10	-	-	-	
- Donations and charity reserve	-	-	-	-	-	-	-	-	
<b>Balance after 2014 Appropriations</b>	<b>22,000</b>	<b>(1,597)</b>	<b>7,417</b>	<b>25,352</b>	<b>39</b>	<b>53,211</b>	<b>1,764</b>	<b>54,975</b>	
Profit for the period	-	-	-	593	-	593	75	668	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>593</b>	<b>-</b>	<b>593</b>	<b>75</b>	<b>668</b>	
Utilization of donation and charity reserve	-	-	-	-	-	-	-	-	
<b>Balance at 31 March 2015</b>	<b>22,000</b>	<b>(1,597)</b>	<b>7,417</b>	<b>25,945</b>	<b>39</b>	<b>53,804</b>	<b>1,839</b>	<b>55,643</b>	

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended 31 March 2015

Bahraini Dinars '000

2014 (reviewed)

	Attributable to equity holders of the parent							Total equity
	Share capital	Treasury Shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total	Non-controlling interest	
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	-	-	-	-	-	-	-	-
Balance after 2013 Appropriations	22,000	(1,597)	7,007	24,898	40	52,348	1,746	54,094
Profit for the period	-	-	-	1,670	-	1,670	60	1,730
Total comprehensive income	-	-	-	1,670	-	1,670	60	1,730
Utilization of donation and charity reserve	-	-	-	-	(3)	(3)	-	(3)
Balance at 31 March 2014	22,000	(1,597)	7,007	26,568	37	54,015	1,806	55,821

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2015**

Bahraini Dinars '000

	<b>Three months ended 31 March</b>	
	<b>2015 (reviewed)</b>	<b>2014 (reviewed)</b>
<b>Cash flows from operating activities</b>		
Profit for the period before non-controlling interest	668	1,730
<i>Adjustments for:</i>		
Depreciation	1,030	1,244
Impairment / (recovery) of trade receivables	369	(92)
Gain on disposal of property, plant and equipment	(57)	(30)
Share of loss / (profit) from joint ventures, net	5	(34)
Share of profit from associate	(33)	(13)
Employee benefits	149	149
<i>Changes in:</i>		
Inventories	433	(616)
Trade and other receivables	(5,085)	92
Due from contract customers	951	(1,118)
Due from related parties	(95)	288
Trade and other payables	1,809	(373)
Due to contract customers	(1,752)	(95)
Due to related parties	(130)	704
Employee benefits	119	(88)
Bills payable	(620)	878
<b>Net cash (used in) / from operating activities</b>	<b>(2,239)</b>	<b>2,626</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(230)	(567)
Proceeds from sale of property, plant and equipment	91	37
Interests in joint ventures	-	200
Maturity of / (paid for) term deposits with banks	5,210	(1,797)
<b>Net cash from / (used in) investing activities</b>	<b>5,071</b>	<b>(2,127)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	399	187
Repayment of loans and borrowings	(479)	(845)
Dividends paid to equity shareholders of the parent	(110)	(17)
Dividends paid to non-controlling shareholders	(105)	(64)
Utilization of donation and charity reserve	-	(3)
<b>Net cash used in financing activities</b>	<b>(295)</b>	<b>(742)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,537</b>	<b>(243)</b>
Cash and cash equivalents at 1 January	5,002	11,089
<b>Cash and cash equivalents at 31 March</b>	<b>7,539</b>	<b>10,846</b>
<i>Represented by</i>		
Cash and bank balances	11,143	14,623
Short term deposits	203	1,006
Bank overdrafts	(3,807)	(4,783)
	<b>7,539</b>	<b>10,846</b>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2015**

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 Stock Exchange 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 three month period ended 31 March 2015 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 2014.

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 2014.

**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 2014.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2015**

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 2014, 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 2015. 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 2014 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 three months period ended 31 March 2014.

**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 2014.

**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 2014 held on 19 March 2015, the following appropriations were approved which have been effected during the period:

- a final dividend of BD 3,226 - 15 % (2013: BD 3,226 - 15 %); and
- transfer to donation and charity reserve of BD 10 (2013: BD 10).

The directors' remuneration of BD 46 (2013: BD 48) was charged to profit or loss and approved by the shareholders at AGM held on 19 March 2015.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2015**

Bahraini Dinars '000

**7 RELATED PARTY TRANSACTIONS**

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

Related party	Sales / revenues		Purchases and operating expenses		Amounts due from		Amounts due to	
	Three months ended				31 March 2015 (reviewed)	31 Dec 2014 (audited)	31 March 2015 (reviewed)	31 Dec 2014 (audited)
	31 March 2015 (reviewed)	31 March 2014 (reviewed)	31 March 2015 (reviewed)	31 March 2014 (reviewed)				
A.A. Nass & Sons WLL and its related parties	243	303	1,618	426	2,698	2,607	2,892	2,982
Joint ventures	85	646	-	1,850	1,623	1,619	2,129	2,169
<b>Total</b>	<b>328</b>	<b>949</b>	<b>1,618</b>	<b>2,276</b>	<b>4,321</b>	<b>4,226</b>	<b>5,021</b>	<b>5,151</b>

Interest in joint ventures of BD 606 (31 December 2014: BD 611) represents the accumulated capital, share of profits less distribution received from the joint venture projects.

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:

	31 March 2015 (reviewed)	31 March 2014 (reviewed)
Short-term benefits	286	318
Termination benefits	38	38
	<b>324</b>	<b>356</b>

The short-term compensation includes provision for directors' fees of BD 12 (2014: BD 60) charged to profit or loss subject to approval by the shareholders at the Annual General Meeting and board committee attendance fees BD 47 (2014: BD 8).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2015**

Bahraini Dinars '000

**7 RELATED PARTY TRANSACTIONS (continued)**

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

	<b>31 March 2015 (reviewed)</b>	<b>31 Dec 2014 (audited)</b>
Total number of shares held by Directors*	<b>94,286,430</b>	94,296,969
As a percentage of the total number of shares outstanding	<b>43.84</b>	43.84

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

**8 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 March 2015 (reviewed)</b>	<b>31 March 2014 (reviewed)</b>
Salaries of administration staff	1,720	1,548
Management consultancy fees	390	390
Impairment losses / (recovery) on receivables	369	(92)
Depreciation	158	179
Commission paid	119	131
Vehicle expenses	86	102
Rent, electricity & water	73	70
Communication	54	59
Directors' remuneration	12	61
Reversal of excess provisions	(66)	(780)
Other expenses	252	191
	<b>3,167</b>	<b>1,859</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the three months ended 31 March 2015

Bahraini Dinars '000

**9 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.

**REVENUE**

External sales  
Inter-segment sales

**Total revenue**

Segment result  
Share of (loss) / profit from joint ventures  
Other gains and losses  
Unallocated corporate expenses

**Profit for the period**

Depreciation

	Construction & Allied Activities		Trading Activities		Eliminations		Consolidated	
	31 March 2015 (reviewed)	31 March 2014 (reviewed)	31 March 2015 (reviewed)	31 March 2014 (reviewed)	31 March 2015 (reviewed)	31 March 2014 (reviewed)	31 March 2015 (reviewed)	31 March 2014 (reviewed)
External sales	18,516	16,349	2,925	2,755	-	-	21,441	19,104
Inter-segment sales	2,618	1,430	492	372	(3,110)	(1,802)	-	-
<b>Total revenue</b>	<b>21,134</b>	<b>17,779</b>	<b>3,417</b>	<b>3,127</b>	<b>(3,110)</b>	<b>(1,802)</b>	<b>21,441</b>	<b>19,104</b>
Segment result	732	1,757	297	247	-	-	1,029	2,004
Share of (loss) / profit from joint ventures	(5)	34	-	-	-	-	(5)	34
Other gains and losses	202	202	-	25	-	-	202	227
Unallocated corporate expenses	-	-	-	-	-	-	(558)	(535)
<b>Profit for the period</b>							<b>668</b>	<b>1,730</b>
Depreciation							<b>1,030</b>	<b>1,244</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2015**

Bahraini Dinars '000

**9 OPERATING SEGMENTS (continued)**

Other Information	Construction & Allied Activities		Trading Activities		Consolidated	
	31 March 2015 (reviewed)	31 Dec 2014 (audited)	31 March 2015 (reviewed)	31 Dec 2014 (audited)	31 March 2015 (reviewed)	31 Dec 2014 (audited)
Total assets	91,337	91,282	8,367	8,777	99,704	100,059
Total liabilities	41,648	39,343	2,413	2,286	44,061	41,629
<b>Total net assets</b>	<b>49,689</b>	<b>51,939</b>	<b>5,954</b>	<b>6,491</b>	<b>55,643</b>	<b>58,430</b>
Capital expenditure	212	2,001	18	280	230	2,281

**10 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.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

*Valuation Models*

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2015**

Bahraini Dinars '000

10 FAIR VALUE (continued)

- *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. 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.

**31 March 2015 (reviewed)**

	<b>Loans and receivables</b>	<b>At amortised cost</b>	<b>Total carrying value</b>
<b>Financial assets</b>			
Trade and other receivables	48,449	-	48,449
Due from related parties	4,321	-	4,321
Term deposits with banks	6,379	-	6,379
Cash and cash equivalents	11,206	-	11,206
	<b>70,355</b>	<b>-</b>	<b>70,355</b>
<b>Financial liabilities</b>			
Loans and borrowings	-	1,486	1,486
Trade and other payables	-	17,876	17,876
Due to related parties	-	5,021	5,021
Bills payable	-	616	616
Bank overdrafts	-	3,807	3,807
	<b>-</b>	<b>28,806</b>	<b>28,806</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months ended 31 March 2015**

Bahraini Dinars '000

**10 FAIR VALUE (continued)**

31 December 2014 (audited)

	Loans and receivables	At amortised cost	Total carrying value
<b>Financial assets</b>			
Trade and other receivables	43,735	-	43,735
Due from related parties	4,226	-	4,226
Term deposits with banks	11,589	-	11,589
Cash and cash equivalents	8,977	-	8,977
	<b>68,527</b>	<b>-</b>	<b>68,527</b>
<b>Financial liabilities</b>			
Loans and borrowings	-	1,566	1,566
Trade and other payables	-	12,396	12,396
Due to related parties	-	5,151	5,151
Bills payable	-	1,236	1,236
Bank overdrafts	-	4,110	4,110
	<b>-</b>	<b>24,459</b>	<b>24,459</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:

31 March 2015 (reviewed)

**Financial liabilities not measured at fair value**

Other loans and borrowings

Fair value			
Level 1	Level 2	Level 3	Total fair value
-	1,486	-	1,486
<b>-</b>	<b>1,486</b>	<b>-</b>	<b>1,486</b>

31 December 2014 (audited)

**Financial liabilities not measured at fair value**

Other loans and borrowings

Fair value			
Level 1	Level 2	Level 3	Total fair value
-	1,566	-	1,566
<b>-</b>	<b>1,566</b>	<b>-</b>	<b>1,566</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 three months ended 31 March 2015**

Bahraini Dinars '000

**11 COMMITMENTS AND CONTINGENCIES**

	<b>31 March 2015 (reviewed)</b>	<b>31 December 2014 (audited)</b>
Guarantees	<b>29,904</b>	25,269
Letters of credit	<b>871</b>	887
Capital commitments	<b>1,683</b>	197

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 29,904 (31 December 2014: BD 25,269) for the various divisions and subsidiaries of the parent company out of which BD 2,665 (31 December 2014: BD 2,665) have been issued for the joint venture activities.

**12 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.