

Nass Corporation BSC
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
31 March 2022

Nass Corporation BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022**

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GENERAL INFORMATION

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



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

To the Board of Directors

*Nass Corporation BSC
Manama, Kingdom of Bahrain*

Introduction

We have reviewed the accompanying 31 March 2022 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 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022; 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 2022 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.


12 May 2022


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

Bahraini Dinars '000

	Note	31 March 2022 (reviewed)	31 December 2021 (audited)
ASSETS			
Property, plant and equipment		24,899	25,675
Right-of-use assets		4,820	5,301
Equity accounted investees		991	1,017
Total non-current assets		30,710	31,993
Inventories		7,321	7,569
Trade and other receivables	7	49,969	51,228
Contract assets	8	21,782	22,692
Due from related parties	9	1,420	1,201
Deposits with banks		1,141	1,070
Cash and bank balances		15,533	16,579
Total current assets		97,166	100,339
Total assets		127,876	132,332
EQUITY			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		8,767	8,767
Retained earnings		7,205	6,737
Donations and charity reserve		46	48
Equity attributable to owners of the Company		36,421	35,955
Non-controlling interest		1,734	1,843
Total equity		38,155	37,798
Liabilities			
Lease liabilities		3,788	4,024
Bank loans		5,716	6,032
Employee benefits		7,148	7,047
Total non-current liabilities		16,652	17,103
Trade and other payables	10	33,275	33,726
Lease liabilities		1,284	1,499
Contract liabilities		11,205	12,724
Employee benefits		3,327	3,631
Due to related parties	9	7,490	8,150
Bills payable		2,244	2,041
Bank loans		2,736	2,695
Bank overdrafts		11,508	12,965
Total current liabilities		73,069	77,431
Total liabilities		89,721	94,534
Total equity and liabilities		127,876	132,332

The condensed consolidated interim financial information was approved by the Board of Directors on 12 May 2022 and signed on its behalf by:


 Sameer Abdulla Nass
 Chairman


 Sami Abdulla Nass
 Deputy Chairman

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

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

for the three months ended 31 March 2022

Bahraini Dinars'000

	Note	Three months ended 31 March 2022 (reviewed)	Three months ended 31 March 2021 (reviewed)
Revenue	11	31,253	22,323
Cost of sales		(28,346)	(21,220)
Gross profit		2,907	1,103
Other operating income, net		256	326
General and administrative expenses	12	(2,530)	(2,701)
Impairment reversal/ (allowance) on trade and other receivables and contract assets, net		105	(54)
Finance income		22	7
Finance costs		(270)	(287)
Share of (loss)/ profit of equity-accounted investees, net		(26)	15
Profit/ (loss) for the period		464	(1,591)
Other comprehensive income		-	-
Total comprehensive income for the period		464	(1,591)
Attributable to:			
Shareholders of the Company		468	(1,662)
Non-controlling interest		(4)	71
		464	(1,591)
Earnings per share			
Basic earnings per share (Fils)		2.18	(7.73)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2022

Bahraini Dinars '000

2022 (reviewed)

	Attributable to shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
At 1 January 2022	22,000	(1,597)	8,767	6,737	48	35,955	1,843	37,798
Profit/ (loss) and total comprehensive income for the period	-	-	-	468	-	468	(4)	464
Dividend declared for 2021	-	-	-	-	-	-	(105)	(105)
Utilization of donation and charity reserve	-	-	-	-	(2)	(2)	-	(2)
At 31 March 2022	22,000	(1,597)	8,767	7,205	46	36,421	1,734	38,155

2021 (reviewed)

	Attributable to shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
At 1 January 2021	22,000	(1,597)	8,767	24,701	56	53,927	2,379	56,306
(Loss)/ profit and total comprehensive income for the period	-	-	-	(1,662)	-	(1,662)	71	(1,591)
Dividend declared for 2020	-	-	-	-	-	-	(718)	(718)
Utilization of donation and charity reserve	-	-	-	-	(2)	(2)	-	(2)
At 31 March 2021	22,000	(1,597)	8,767	23,039	54	52,263	1,732	53,995

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2022

Bahraini Dinars '000

	Three months ended 31 March 2022 (reviewed)	Three months ended 31 March 2021 (reviewed)
Cash flows from operating activities		
Profit/ (loss) for the period before non-controlling interest	464	(1,591)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	1,070	1,366
Depreciation on right-of-use assets	419	480
(Reversal)/ charge for impairment of trade and other receivables, net	(52)	88
Reversal for impairment on contract assets	(49)	(44)
Gain on disposal of property, plant and equipment	(172)	(253)
Share of (loss)/ profit from equity accounted investments, net	26	(15)
Employee benefits	721	810
<i>Changes in:</i>		
Inventories	248	(178)
Trade and other receivables	1,311	5,389
Contract assets	959	2,802
Due from related parties	(219)	357
Trade and other payables	(666)	(4,391)
Contract liabilities	(1,519)	(1,723)
Employee benefits	(924)	(1,417)
Due to related parties	(660)	(1,014)
Bills payable	203	268
Net cash generated from operating activities	1,160	934
Cash flows from investing activities		
Purchase of property, plant and equipment	(307)	(955)
Proceeds from sale of property, plant and equipment	185	312
Movement on deposits with banks	(71)	(2)
Net cash used in investing activities	(193)	(645)
Cash flows from financing activities		
Proceeds from bank loans	420	320
Repayment of bank loans	(695)	(330)
Payment of lease liabilities	(279)	(608)
Dividends paid to non-controlling shareholders	-	(80)
Maturity proceeds of other assets	-	283
Donations paid	(2)	(2)
Net cash used in financing activities	(556)	(417)
Net increase/ (decrease) in cash and cash equivalents	411	(128)
Cash and cash equivalents at 1 January	3,614	(4,954)
Cash and cash equivalents at 31 March	4,025	(5,082)
<i>Represented by:</i>		
Cash and bank balances	11,548	7,674
Short term bank deposits maturing within 90 days	3,985	1,863
Bank overdrafts	(11,508)	(14,619)
	4,025	(5,082)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2022

Bahraini Dinars '000

1. REPORTING ENTITY

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

The Company and its subsidiaries (together the "Group") are mainly engaged in civil engineering, mechanical and electrical contracting, manufacture and supply of manpower to related contracting activities. It is also involved in the sale of ready mixed concrete, ice blocks, spare parts, foodstuff, and general trading and undertakes contracts relating to precast concrete and water supply.

The condensed consolidated interim financial information ("interim financial information") as at and for the three-month period ended 31 March 2022 includes the results of the Company and its subsidiaries (together referred to as the "Group").

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

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 – '*Interim Financial Reporting*', which allows the condensed consolidated interim financial information to be prepared in condensed form. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2021.

Comparative information

The condensed consolidated interim financial information is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2021 and the corresponding figures for the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the Group's 31 March 2021 reviewed condensed consolidated interim financial information.

b) Judgments and estimates

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

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended 31 December 2021 (refer note 15).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation for accounting estimates applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the last audited consolidated financial statements of the Group for the year ended 31 December 2021, except for the adoption of relevant new standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards / amendments did not have a significant impact on the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022

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4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2021.

5. SEASONALITY OF OPERATIONS

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

6. APPROPRIATIONS

Appropriations for the current year if any, will be made at the year end. At the Annual General Meeting (AGM) for the year 2021 held on 30 March 2022, no appropriations were made.

7. TRADE AND OTHER RECEIVABLES

	31 March 2022 (reviewed)	31 December 2021 (audited)
Trade receivables	33,391	36,928
Retention receivables	21,874	19,881
Advances to suppliers and sub-contractors	3,036	3,155
Prepaid expenses	274	297
Other receivables	2,416	2,093
	60,991	62,354
Allowance for impairment losses	(11,022)	(11,126)
	49,969	51,228

Movement on impairment allowance is as follows:

	2022 (reviewed)	2021 (audited)
At beginning of the period	11,126	9,140
(Reversal)/ charge for the period, net	(52)	3,031
Write off during the period	(52)	(1,045)
At end of the period	11,022	11,126

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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8. CONTRACT ASSETS

	31 March 2022 (reviewed)	31 December 2021 (audited)
Cost incurred plus attributable profits on contracts-in-progress	282,263	264,569
Progress billings made towards contracts-in-progress	(259,680)	(241,027)
	22,583	23,542
Allowance for impairment losses	(801)	(850)
	21,782	22,692

Movement on impairment allowance is as follows:

	2022 (reviewed)	2021 (audited)
At beginning of the period	850	1,082
Reversal for the period, net	(49)	(147)
Write off during the period	-	(85)
At end of the period	801	850

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

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

Related party	Sales/ revenues		Purchase and operating expenses			Amount due from			Amount due to	
	Three months ended		Three months ended			31 December 2021 (audited)			31 December 2021 (audited)	
	31 March 2022 (reviewed)	31 March 2021 (reviewed)	31 March 2022 (reviewed)	31 March 2021 (reviewed)	31 March 2022 (reviewed)	31 March 2022 (reviewed)	31 March 2022 (reviewed)	31 March 2022 (reviewed)	31 March 2022 (reviewed)	31 March 2022 (reviewed)
A.A. Nass & Sons WLL and its related parties	305	280	1,814	2,496	1,097	1,079	7,221	7,887	269	263
Joint ventures	154	2	-	7	323	122	269	7,887	269	263
Total	459	282	1,814	2,503	1,420	1,201	7,490	7,887	269	263

*Amount due from A.A. Nass & Sons WLL and its related parties is net of impairment of BD 2,554 (31 December 2021: BD 2,555).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel comprise members of the Board of Directors, the Divisional Managers, the General Managers and their compensation is as follows:

Short-term benefits
Termination benefits

Three months ended 31 March	
2022 (reviewed)	2021 (reviewed)
770	722
12	11
782	733

The short-term compensation includes management fee of BD 390 (2021: BD 390) paid to A. A. Nass & Sons Co. W.L.L. by the Group, board committee attendance fees of BD 50 (2021: BD 50) and provision for directors' remuneration of BD 23 (2021: BD 23).

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

31 March 2022 (reviewed)		31 December 2021 (audited)	
94,150,000	43.78	94,150,000	43.78

Total number of shares held by Directors*
As a percentage of the total number of shares outstanding

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2022

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10. TRADE AND OTHER PAYABLES

	31 March 2022 (reviewed)	31 December 2021 (audited)
Trade accounts payables	11,517	10,156
Accrued expenses	13,812	16,343
Unclaimed dividends	155	50
Retention payables	5,759	5,361
Other payables	2,032	1,816
	33,275	33,726

11. REVENUE

	Three months ended 31 March	
	2022 (reviewed)	2021 (reviewed)
Contract income	19,813	14,090
Sales of goods	8,789	6,930
Hire income	2,651	1,303
	31,253	22,323

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2022 (reviewed)	2021 (reviewed)
Salaries of administrative staff	1,427	1,398
Management fees	390	390
Depreciation	178	220
Professional fees	101	70
Vehicle expenses	96	88
COVID-19 related expenses	87	130
Directors' sitting fee and remuneration	73	73
Commission paid	53	33
Communication	35	37
Rent, electricity and water	27	39
Other expenses	63	223
	2,530	2,701

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022**

Bahraini Dinars '000

13. OPERATING SEGMENTS

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

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

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

	Construction and allied activities		Trading activities			Eliminations			Consolidated	
	2022 (reviewed)	2021 (reviewed)	Three months ended 31 March			2021 (reviewed)	2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)
			2022 (reviewed)	2021 (reviewed)	2021 (reviewed)					
Revenue										
External sales	27,314	19,559	3,939	2,764	-	-	-	31,253	22,323	
Inter-segment sales	2,666	2,482	727	943	(3,393)	(3,425)	(3,425)	-	-	
Total revenue	29,980	22,041	4,666	3,707	(3,393)	(3,425)	(3,425)	31,253	22,323	
Segment result	645	(1,196)	98	(236)	-	-	-	743	(1,432)	
Other gains and losses	241	323	11	25	-	-	-	252	348	
Unallocated corporate expenses	-	-	-	-	-	-	-	(531)	(507)	
Profit/ (loss) for the period								464	(1,591)	

Other information

Capital expenditure
Depreciation and impairment on property,
plant and equipment and amortisation of
right-of-use assets

Total assets

Total liabilities

Total net assets

	Construction & allied activities		Trading activities		Consolidated	
	31 March 2022 (reviewed)	31 December 2021 (audited)	31 March 2022 (reviewed)	31 December 2021 (audited)	31 March 2022 (reviewed)	31 December 2021 (audited)
Capital expenditure	133	6,066	174	1,471	307	7,537
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	1,307	1,848	182	1,623	1,489	3,471
Total assets	111,685	116,331	16,191	16,001	127,876	132,332
Total liabilities	81,885	86,859	7,836	7,675	89,721	94,534
Total net assets	29,800	29,472	8,355	8,326	38,155	37,798

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2022

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14. COMMITMENTS AND CONTINGENCIES

	31 March 2021 (reviewed)	31 December 2021 (audited)
Guarantees	79,580	82,107
Letters of credit	1,280	1,097
Capital commitments	400	328

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 79,580 (31 December 2021: BD 82,107) for the various divisions and subsidiaries of the Group.

15. IMPACT OF EXTERNAL EVENTS - COVID-19 AND RUSSIAN-UKRAINIAN CONFLICT*Impact of the COVID-19*

There has been no significant direct impact on the business and financial position of the Group arising from the ongoing effects of disruption caused by COVID-19. However, potential for indirect exposures continue to exist.

Impact of Russian-Ukrainian conflict

During the period, a conflict between Russia-Ukraine has triggered a global economic disruption and has, amongst other things, led to increased volatility in financial markets and commodity prices due to disruption of supply chain which may affect a broad range of entities across different jurisdictions and industries.

The management has carried out an assessment and has concluded that the Group has indirect exposures from the impacted countries in relation to its ongoing long-term construction projects. The increased commodities prices and the disruption of supply chain have had an impact on direct cost of the ongoing projects and will expectedly continue to do so in the future. At this stage it is difficult to quantify the full impact of this conflict since it depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

Nevertheless, in preparing this condensed consolidated interim financial information, management has made judgments in applying the Group's accounting policies and sources of estimation that are subject to uncertainty and estimated the potential impact of the conflict with relation to the commodity price increases and supply disruptions. These are considered to represent management's best assessment based on available or observable information and its impact has been incorporated in this condensed consolidated interim financial information.

The management and the board of directors has been closely monitoring the impact of the conflict on the Group's operations and its financial position and will continue to do so in the future. Based on their current assessment, the board of directors is of the view that the Group will continue as a going concern entity for the next 12 months from the date of this condensed consolidated interim financial information.