

Nass Corporation BSC
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
31 March 2024

Nass Corporation BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2024**

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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. Hemant Joshi
Director	Mr. Abdulla Nooruddin
Director	Mr. Eyad Sater (Elected 28 March 2024)
Director	Mr. Khalid Mattar (Elected 28 March 2024)
Director	Mr. Jamal A Al Hazeem (Retired 28 March 2024)
Director	Mr. Hisham Al Saie (Retired 28 March 2024)
Bankers	HSBC Bank Middle East Bank of Bahrain and Kuwait Ahli United Bank Standard Chartered Bank BNP Paribas Bahrain Islamic Bank State Bank of India Arab Bank Kuwait Finance House Al Salam Bank
Chief Executive Officer	Mr. Shawqi Al Hashimi
Chief Financial Officer	Mr. Bassam Awdi
Company Secretary	Mr. Srinath Prabhu
Corporate Governance Officer	Mr. Ramesh Panigrahi
Auditors	KPMG Fakhro



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

To the Board of Directors

Nass Corporation BSC
Manama, Kingdom of Bahrain

Introduction

We have reviewed the accompanying 31 March 2024 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 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024; 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 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

13 May 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

Bahraini Dinars '000

	Note	31 March 2024 (reviewed)	31 December 2023 (audited)
ASSETS			
Property, plant and equipment		23,467	23,580
Right-of-use assets		3,875	4,139
Equity accounted investees		1,081	1,080
Total non-current assets		28,423	28,799
Inventories		7,644	8,222
Trade receivables and other assets	7	66,475	68,886
Contract assets	8	27,596	26,478
Due from related parties	9	2,363	2,263
Deposits with banks		1,704	1,822
Cash and bank balances		7,475	7,572
Total current assets		113,257	115,243
Total assets		141,680	144,042
EQUITY			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		9,146	9,146
Retained earnings		8,304	10,152
Donations and charity reserve		35	35
Equity attributable to owners of the Company		37,888	39,736
Non-controlling interest		865	1,222
Total equity		38,753	40,958
Liabilities			
Lease liabilities		3,048	3,204
Bank loans		1,826	2,089
Employee benefits		7,778	7,757
Total non-current liabilities		12,652	13,050
Trade payables and other liabilities	10	43,139	44,386
Lease liabilities		1,219	1,316
Contract liabilities		12,655	12,161
Employee benefits		3,816	4,269
Due to related parties	9	7,746	8,639
Bills payable		3,827	5,148
Bank loans		1,398	1,607
Bank overdrafts		16,475	12,508
Total current liabilities		90,275	90,034
Total liabilities		102,927	103,084
Total equity and liabilities		141,680	144,042

The condensed consolidated interim financial information was approved by the Board of Directors on 13 May 2024 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 2024

Bahraini Dinars'000

	Note	Three months ended 31 March 2024 (reviewed)	Three months ended 31 March 2023 (reviewed)
Revenue	11	39,415	33,766
Cost of sales		(38,448)	(31,065)
Gross profit		967	2,701
Other operating income, net		120	172
General and administrative expenses	12	(2,799)	(2,654)
Impairment charge/ (reversal) on financial assets, net		(124)	540
Finance income		26	33
Finance costs		(319)	(338)
Share of profit from equity-accounted investees, net		1	24
(Loss)/ profit for the period		(2,128)	478
Other comprehensive income		-	-
Total comprehensive income for the period		(2,128)	478
Attributable to:			
Owners of the Company		(1,848)	768
Non-controlling interest		(280)	(290)
		(2,128)	478
Earnings per share			
Basic earnings per share (Fils)		(8.59)	3.57

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 2024

Bahraini Dinars '000

2024 (reviewed)	Attributable to owners of the Company					Non-controlling interest	Total Equity	
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve			Total
At 1 January 2024	22,000	(1,597)	9,146	10,152	35	39,736	1,222	40,958
Loss and total comprehensive income for the period	-	-	-	(1,848)	-	(1,848)	(280)	(2,128)
Dividend declared for 2023	-	-	-	-	-	-	(77)	(77)
At 31 March 2024	22,000	(1,597)	9,146	8,304	35	37,888	865	38,753
2023 (reviewed)	Attributable to owners of the Company					Non-controlling interest	Total equity	
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve			Total
At 1 January 2023	22,000	(1,597)	8,826	7,267	42	36,538	1,721	38,259
Profit/ (loss) and total comprehensive income for the period	-	-	-	768	-	768	(290)	478
Dividend declared for 2022	-	-	-	-	-	-	(23)	(23)
At 31 March 2023	22,000	(1,597)	8,826	8,035	42	37,306	1,408	38,714

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 2024

Bahraini Dinars '000

	Three months ended 31 March 2024 (reviewed)	Three months ended 31 March 2023 (reviewed)
Cash flows from operating activities		
(Loss)/ profit for the period	(2,128)	478
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	875	812
Impairment on property, plant and equipment, net	66	-
Amortisation right-of-use assets	374	380
Impairment charge/ (reversal) on trade receivables and other assets, net	91	(526)
Impairment charge/ (reversal) on contract assets, net	34	(10)
Reversal of impairment allowance on bank balances, net	(1)	(4)
Gain on disposal of property, plant and equipment	(14)	(14)
Share of profit from equity accounted investments, net	(1)	(24)
Employee benefits	76	819
<i>Changes in:</i>		
Inventories	578	81
Trade receivables and other assets	2,320	1,611
Contract assets	(1,152)	(2,005)
Due from related parties	(100)	(259)
Trade payables and other liabilities	(1,019)	2,030
Contract liabilities	494	(3,688)
Employee benefits paid	(508)	(484)
Due to related parties	(960)	401
Bills payable	(1,321)	(663)
Net cash used in operating activities	(2,296)	(1,065)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,097)	(740)
Proceeds from sale of property, plant and equipment	21	16
Movement on deposits with banks	118	19
Net cash used in investing activities	(958)	(705)
Cash flows from financing activities		
Proceeds from bank loans	100	-
Repayment of bank loans	(572)	(663)
Payment of lease liabilities	(329)	(363)
Dividend paid to non-controlling interests	(10)	-
Net cash used in financing activities	(811)	(1,026)
Net decrease in cash and cash equivalents	(4,065)	(2,796)
Cash and cash equivalents at 1 January	(4,929)	1,142
Cash and cash equivalents at 31 March	(8,994)	(1,654)
<i>Cash and cash equivalents comprise of:</i>		
Cash and bank balances (*)	7,481	12,209
Bank overdrafts	(16,475)	(13,863)
	(8,994)	(1,654)

(*) Cash and bank balances including short-term bank deposits maturing within 90 days is gross of impairment of BD 6 (2023: BD 5).

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 2024**

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 2024 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 2023. 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 2023.

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 2023 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 2023 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 2023.

3. MATERIAL 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 2023, except for the adoption of relevant new standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards or amendments to standards 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 2024

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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 2023.

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 2023 held on 28 March 2024, no appropriations were made.

7. TRADE RECEIVABLES AND OTHER ASSETS

	31 March 2024 (reviewed)	31 December 2023 (audited)
Trade receivables	42,543	42,905
Retention receivables	22,381	23,375
Advances to suppliers and sub-contractors	8,548	9,933
Prepaid expenses	248	167
Other assets	2,128	1,817
	75,848	78,197
Allowance for impairment losses	(9,373)	(9,311)
	66,475	68,886

Movement on impairment allowance is as follows:

	2024 (reviewed)	2023 (audited)
At beginning of the period	9,311	10,561
Charge/ (reversal) for the period, net	91	(693)
Write off during the period	(29)	(557)
At end of the period	9,373	9,311

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2024

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8. CONTRACT ASSETS

	31 March 2024 (reviewed)	31 December 2023 (audited)
Cost incurred plus attributable profits on contracts-in-progress	340,913	317,145
Progress billings made towards contracts-in-progress	(312,967)	(290,351)
	27,946	26,794
Allowance for impairment losses	(350)	(316)
	27,596	26,478

Movement on impairment allowance is as follows:

	2024 (reviewed)	2023 (audited)
At beginning of the period	316	821
Charge for the period	34	98
Write off	-	(603)
At end of the period	350	316

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2024**

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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		Due from related parties		Due to related parties	
	Three months ended				31 March 2024 (reviewed)	31 December 2023 (audited)	31 March 2024 (reviewed)	31 December 2023 (audited)
	31 March 2024 (reviewed)	31 March 2023 (reviewed)	31 March 2024 (reviewed)	31 March 2023 (reviewed)				
A.A. Nass & Sons WLL and its related parties (entities under common control)	308	398	1,475	2,177	1,698	1,648	7,554	8,447
Joint ventures	359	257	-	-	665	615	192	192
Total	667	655	1,475	2,177	2,363	2,263	7,746	8,639

*Amount due from A.A. Nass & Sons WLL and its related parties is net of impairment of BD 2,623 (31 December 2023: BD 2,623).

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:

	Three months ended 31 March	
	2024 (reviewed)	2023 (reviewed)
Short-term benefits	815	830
Termination benefits	14	13
	829	843

The short-term compensation includes management fee of BD 390 (2023: BD 390) due to A. A. Nass & Sons Co. W.L.L. by the Group, board committee attendance fees of BD 50 (2023: BD 59) and provision for directors' remuneration of BD 23 (2023: BD 23).

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

	31 March 2024 (reviewed)	31 December 2023 (audited)
Total number of shares held by Directors*	107,489,129	106,134,859
As a percentage of the total number of shares outstanding	49.98	49.35

* 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 2024 Bahraini Dinars '000

10. TRADE PAYABLES AND OTHER LIABILITIES

	31 March 2024 (reviewed)	31 December 2023 (audited)
Trade payables	12,670	15,857
Accrued expenses	20,942	19,853
Retention payables	7,239	6,205
Other liabilities	2,288	2,471
	43,139	44,386

11. REVENUE

	Three months ended 31 March	
	2024 (reviewed)	2023 (reviewed)
Contract income	26,960	23,702
Sales of goods	8,501	7,228
Hire income	3,954	2,836
	39,415	33,766

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2024 (reviewed)	2023 (reviewed)
Salaries of administrative staff	1,539	1,563
Management fees	390	390
Depreciation and amortisation	202	184
Impairment of property, plant and equipment, net	66	-
Vehicle expenses	88	87
Professional fees	63	84
Directors' sitting fee and remuneration	73	82
Commission paid	98	46
Communication	29	29
Rent, electricity and water	33	27
Other expenses	218	162
	2,799	2,654

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2024

Bahraini Dinars '000

13. OPERATING SEGMENTS

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

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

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

	Construction and allied activities		Trading activities		Eliminations		Consolidated	
	Three months ended 31 March							
	2024 (reviewed)	2023 (reviewed)	2024 (reviewed)	2023 (reviewed)	2024 (reviewed)	2023 (reviewed)	2024 (reviewed)	2023 (reviewed)
Revenue								
External sales	34,445	29,793	4,970	3,973	-	-	39,415	33,766
Inter-segment sales	3,049	3,909	1,246	872	(4,295)	(4,781)	-	-
Total revenue	37,494	33,702	6,216	4,845	(4,295)	(4,781)	39,415	33,766
Segment result	(2,257)	910	427	(5)	(82)	(34)	(1,912)	871
Other gains and losses	130	195	17	34	-	-	147	229
Unallocated corporate expenses	-	-	-	-	-	-	(363)	(622)
(Loss)/ profit for the period							(2,128)	478

Other information

	Construction & allied activities		Trading activities		Consolidated	
	31 March 2024 (reviewed)	31 December 2023 (audited)	31 March 2024 (reviewed)	31 December 2023 (audited)	31 March 2024 (reviewed)	31 December 2023 (audited)
Capital expenditure	1,003	3,303	94	472	1,097	3,775
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	1,115	4,160	200	687	1,315	4,847
Total assets	127,065	129,137	14,615	14,905	141,680	144,042
Total liabilities	97,679	97,422	5,248	5,662	102,927	103,084
Total net assets	29,386	31,715	9,367	9,243	38,753	40,958

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2024 Bahraini Dinars '000

14. COMMITMENTS AND CONTINGENCIES

	31 March 2024 (reviewed)	31 December 2023 (audited)
Guarantees	74,515	80,235
Letters of credit	1,897	2,506
Capital commitments	715	276

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 74,515 (31 December 2023: BD 80,235) for the various divisions and subsidiaries of the Group.

15. COMPARATIVES

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