

Nass Corporation BSC

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 September 2022

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 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 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 Sami 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 30 September 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 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 30 September 2022 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

10 November 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2022

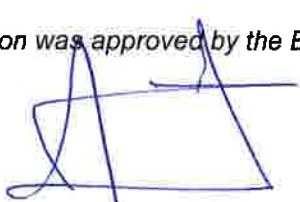
Bahraini Dinars '000

	Note	30 September 2022 (reviewed)	31 December 2021 (audited)
ASSETS			
Property, plant and equipment		24,362	25,675
Right-of-use assets		4,783	5,301
Equity accounted investees		983	1,017
Total non-current assets		30,128	31,993
Inventories		8,530	7,569
Trade and other receivables	7	61,258	51,228
Contract assets	8	23,788	22,692
Due from related parties	9	2,293	1,201
Deposits with banks		352	1,070
Cash and bank balances		12,581	16,579
Total current assets		108,802	100,339
Total assets		138,930	132,332
EQUITY			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		8,767	8,767
Retained earnings		6,516	6,737
Donations and charity reserve		42	48
Equity attributable to owners of the Company		35,728	35,955
Non-controlling interest		1,632	1,843
Total equity		37,360	37,798
Liabilities			
Lease liabilities		3,845	4,024
Bank loans		4,161	6,032
Employee benefits		7,340	7,047
Total non-current liabilities		15,346	17,103
Trade and other payables	10	29,628	33,726
Lease liabilities		1,172	1,499
Contract liabilities		21,891	12,724
Employee benefits		3,262	3,631
Due to related parties	9	7,674	8,150
Bills payable		5,574	2,041
Bank loans		2,982	2,695
Bank overdrafts		14,041	12,965
Total current liabilities		86,224	77,431
Total liabilities		101,570	94,534
Total equity and liabilities		138,930	132,332

The condensed consolidated interim financial information was approved by the Board of Directors on 10 November 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 nine months ended 30 September 2022

Bahraini Dinars'000

	Note	Nine months ended 30 September		Three months ended 30 September	
		2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)
Revenue	11	89,935	68,212	27,891	24,323
Cost of sales		(82,891)	(65,418)	(26,541)	(23,663)
Gross profit		7,044	2,794	1,350	660
Other operating income, net		1,056	1,132	631	531
Government assistance		-	441	-	219
General and administrative expenses	12	(7,201)	(9,708)	(2,310)	(4,096)
Impairment allowance on trade and other receivables and contract assets, net		(362)	(8,853)	(214)	(4,319)
Finance income		67	47	26	15
Finance costs		(897)	(804)	(351)	(245)
Share of (loss)/ profit of equity-accounted investees, net		(34)	57	11	50
Loss for the period		(327)	(14,894)	(857)	(7,185)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(327)	(14,894)	(857)	(7,185)
Attributable to:					
Owners of the Company		(221)	(14,952)	(777)	(7,154)
Non-controlling interest		(106)	58	(80)	(31)
		(327)	(14,894)	(857)	(7,185)
Earnings per share					
Basic earnings per share (Fils)		(1.03)	(69.52)	(3.61)	(33.26)

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 nine months ended 30 September 2022

Bahraini Dinars '000

	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
2022 (reviewed)								
At 1 January 2022	22,000	(1,597)	8,767	6,737	48	35,955	1,843	37,798
Total comprehensive income for the period	-	-	-	(221)	-	(221)	(106)	(327)
Dividend declared for 2021	-	-	-	-	-	-	(105)	(105)
Utilization of donation and charity reserve	-	-	-	-	(6)	(6)	-	(6)
At 30 September 2022	22,000	(1,597)	8,767	6,516	42	35,728	1,632	37,360
2021 (reviewed)								
At 1 January 2021	22,000	(1,597)	8,767	24,701	56	53,927	2,379	56,306
Total comprehensive income for the period	-	-	-	(14,952)	-	(14,952)	58	(14,894)
Dividend declared for 2020	-	-	-	-	-	-	(718)	(718)
Utilization of donation and charity reserve	-	-	-	-	(8)	(8)	-	(8)
At 30 September 2021	22,000	(1,597)	8,767	9,749	48	38,967	1,719	40,686

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2022

Bahraini Dinars '000

	Nine months ended 30 September 2022 (reviewed)	Nine months ended 30 September 2021 (reviewed)
Cash flows from operating activities		
Loss for the period before non-controlling interest	(327)	(14,894)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	2,936	4,695
Depreciation on right-of-use assets	1,229	1,409
Impairment of trade and other receivables, net	345	4,039
(Reversal)/ charge for impairment and other adjustments to contract assets	(33)	4,813
Impairment on property, plant and equipment and other assets	-	463
Gain on disposal of property, plant and equipment	(473)	(805)
Share of loss/ (profit) from equity accounted investments, net	34	(57)
Employee benefits	2,098	2,455
<i>Changes in:</i>		
Inventories	(961)	(279)
Trade and other receivables	(1,149)	7,024
Contract assets	(1,063)	7,382
Due from related parties	(1,092)	683
Trade and other payables	(4,356)	(3,868)
Contract liabilities	(59)	535
Employee benefits paid	(2,174)	(2,439)
Due to related parties	(476)	(1,383)
Bills payable	3,533	(484)
Net cash (used in)/ generated from operating activities	(1,988)	9,289
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,775)	(3,378)
Proceeds from sale of property, plant and equipment	625	886
Dividend from equity accounted investee	-	725
Movement on deposits with banks	718	(391)
Maturity proceeds of other assets	-	283
Net cash used in investing activities	(432)	(1,875)
Cash flows from financing activities		
Proceeds from bank loans	620	610
Repayment of bank loans	(2,204)	(1,472)
Payment of lease liabilities	(985)	(1,228)
Dividends paid to non-controlling shareholders	(79)	(559)
Donations paid	(6)	(8)
Net cash used in financing activities	(2,654)	(2,657)
Net (decrease)/ increase in cash and cash equivalents	(5,074)	4,757
Cash and cash equivalents at 1 January	3,614	(4,954)
Cash and cash equivalents at 30 September	(1,460)	(197)
<i>Represented by:</i>		
Cash and bank balances	7,068	11,677
Short term bank deposits maturing within 90 days	5,513	1,163
Bank overdrafts	(14,041)	(13,037)
	(1,460)	(197)

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 nine months ended 30 September 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 as at and for the nine-month period ended 30 September 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 30 September 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 nine months ended 30 September 2022 Bahraini Dinars '000

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

	30 September 2022 (reviewed)	31 December 2021 (audited)
Trade receivables	43,425	36,928
Retention receivables	22,267	19,881
Advances to suppliers and sub-contractors	4,892	3,155
Prepaid expenses	293	297
Other receivables	1,852	2,093
	72,729	62,354
Allowance for impairment losses	(11,471)	(11,126)
	61,258	51,228

Movement on impairment allowance is as follows:

	2022 (reviewed)	2021 (audited)
At beginning of the period	11,126	9,140
Charge for the period, net	345	3,031
Write off during the period	-	(1,045)
At end of the period	11,471	11,126

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

	30 September 2022 (reviewed)	31 December 2021 (audited)
Cost incurred plus attributable profits on contracts-in-progress	308,953	264,569
Progress billings made towards contracts-in-progress	(284,348)	(241,027)
	24,605	23,542
Allowance for impairment losses	(817)	(850)
	23,788	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	(33)	(147)
Write off during the period	-	(85)
At end of the period	817	850

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

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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	
	Nine months ended 30 September		30 September 2022		31 December 2021		31 December 2021	
	2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)	30 September 2022 (reviewed)	31 December 2021 (audited)	30 September 2022 (reviewed)	31 December 2021 (audited)
A.A. Nass & Sons WLL and its related parties	1,295	1,083	5,838	7,298	1,795	1,079	7,405	7,887
Joint ventures	556	32	-	4	498	122	269	263
Total	1,851	1,115	5,838	7,302	2,293	1,201	7,674	8,150

Amount due from A.A. Nass & Sons WLL and its related parties is net of impairment of BD 2,555 (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, Chief Executive Officer, Chief Financial Officer, General Managers, Divisional Managers and their compensation is as follows:

Short-term benefits
Termination benefits

Nine months ended 30 September	
2022 (reviewed)	2021 (reviewed)
2,135	2,070
36	33
2,171	2,103

The short-term compensation includes management fee of BD 1,170 (2021: BD 1,170) due to A.A. Nass & Sons Co. W.L.L. (refer to note 12) and board committee attendance fees of BD 151 (2021: BD 144).

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

30 September 2022 (reviewed)		31 December 2021 (audited)	
94,150,000	94,150,000	94,150,000	94,150,000
43.78	43.78	43.78	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 held in their individual capacity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

Bahraini Dinars '000

10. TRADE AND OTHER PAYABLES

	30 September 2022 (reviewed)	31 December 2021 (audited)
Trade accounts payables	9,661	10,156
Accrued expenses	11,899	16,343
Unclaimed dividends	50	50
Retention payables	5,921	5,361
Other payables	2,097	1,816
	29,628	33,726

11. REVENUE

	Nine months ended 30 September	
	2022 (reviewed)	2021 (reviewed)
Contract income	57,507	43,017
Sales of goods	25,373	20,305
Hire income	7,055	4,890
	89,935	68,212

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended 30 September	
	2022 (reviewed)	2021 (reviewed)
Salaries of administrative staff	4,037	4,229
Management fees (refer to note 9)	1,170	1,170
Depreciation and amortisation	545	698
Professional fees	407	1,315
Vehicle expenses	305	280
Directors' sitting fee and remuneration	151	144
Commission paid	119	164
COVID-19 related expenses	103	400
Communication	100	115
Rent, electricity and water	85	113
Impairment on property, plant and equipment and other assets	-	463
Other expenses	179	617
	7,201	9,708

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 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, ready-mix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

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

	Construction and allied activities		Trading activities			Eliminations			Consolidated		
	2022 (reviewed)	2021 (reviewed)	Nine months ended 30 September			2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)
			2022 (reviewed)	2021 (reviewed)	2021 (reviewed)						
Revenue											
External sales	77,608	58,963	12,327	9,249	-	-	-	-	89,935	68,212	-
Inter-segment sales	6,613	7,423	2,312	2,859	(8,925)	(10,282)	-	-	-	-	-
Total revenue	84,221	66,386	14,639	12,108	(8,925)	(10,282)			89,935	68,212	
Segment result profit/ (loss)	7	(13,564)	184	(1,191)	(55)	(8)			136	(14,783)	
Other gains	1,006	1,106	83	129	-	-			1,089	1,236	
Unallocated corporate expenses	-	-	-	-	-	-			(1,552)	(1,347)	
Loss for the period									(327)	(14,894)	

Other information

Capital expenditures
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	
	30 September 2022 (reviewed)	31 December 2021 (audited)	30 September 2022 (reviewed)	31 December 2021 (audited)	30 September 2022 (reviewed)	31 December 2021 (audited)
Capital expenditures	964	6,066	811	1,471	1,775	7,537
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	3,617	1,848	548	1,623	4,165	3,471
Total assets	122,586	116,331	16,344	16,001	138,930	132,332
Total liabilities	93,904	86,859	7,666	7,675	101,570	94,534
Total net assets	28,682	29,472	8,678	8,326	37,360	37,798

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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14. COMMITMENTS AND CONTINGENCIES

	30 September 2022 (reviewed)	31 December 2021 (audited)
Guarantees	69,477	82,107
Letters of credit	3,491	1,097
Capital commitments	341	328

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 69,477 (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 is 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 chain 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 is 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.