

# **Nass Corporation BSC**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**31 MARCH 2019**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the three months ended 31 March 2019**

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**GENERAL INFORMATION**

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|                                     |  |
|-------------------------------------|--|
| Commercial registration             | 60037  |
| Head office                         | P.O. Box 669<br>Manama<br>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 Sameer 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<br>Standard Chartered Bank<br>BNP Paribas<br>BBK<br>Ahli United Bank<br>Bahrain Islamic Bank<br>State Bank of India<br>Arab Bank |
| Auditors                            | KPMG Fakhro  |



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

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

13 May 2019

### Introduction

We have reviewed the accompanying 31 March 2019 condensed consolidated interim financial statements 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 2019;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2019;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2019;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2019; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements 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 statements 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 2019 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

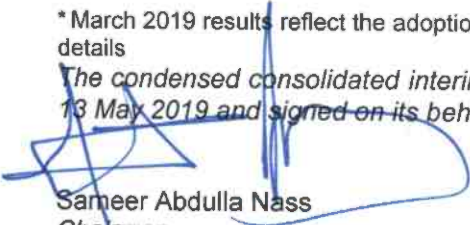
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2019**

Bahraini Dinars '000

|  | Note   | 31 March<br>2019<br>(reviewed) * | 31 December<br>2018<br>(audited) |
|--|--------|----------------------------------|----------------------------------|
| <b>ASSETS</b>  |        |                                  |                                  |
| Property, plant and equipment                              |        | 26,599                           | 27,436                           |
| Right-of-use assets  | 3 (iv) | 6,173                            | -                                |
| Investment properties                                      |        | 2,081                            | 2,100                            |
| Equity accounted investees                                 |        | 1,726                            | 1,592                            |
| Other assets   |        | 982                              | 982                              |
| <b>Total Non-current assets</b>                            |        | <b>37,561</b>                    | <b>32,110</b>                    |
| Inventories  |        | 8,891                            | 9,622                            |
| Trade and other receivables                                | 7      | 70,389                           | 69,282                           |
| Contract assets  |        | 29,482                           | 31,236                           |
| Due from related parties                                   | 8      | 6,023                            | 5,596                            |
| Deposits with banks  |        | 356                              | 366                              |
| Cash and cash equivalents                                  |        | 15,381                           | 10,417                           |
| <b>Total Current assets</b>                                |        | <b>130,522</b>                   | <b>126,519</b>                   |
| <b>Total assets</b>  |        | <b>168,083</b>                   | <b>158,629</b>                   |
| <b>EQUITY</b>  |        |                                  |                                  |
| Share capital  |        | 22,000                           | 22,000                           |
| Treasury shares  |        | (1,597)                          | (1,597)                          |
| Statutory reserve  |        | 8,767                            | 8,767                            |
| Retained earnings  |        | 30,144                           | 31,960                           |
| Donations and charity reserve                              |        | 70                               | 43                               |
| <b>Equity attributable to equity holders of the parent</b> |        | <b>59,384</b>                    | <b>61,173</b>                    |
| Non-controlling interest                                   |        | 1,925                            | 3,170                            |
| <b>Total equity</b>  |        | <b>61,309</b>                    | <b>64,343</b>                    |
| <b>Liabilities</b>   |        |                                  |                                  |
| Lease liabilities  | 3 (v)  | 4,501                            | -                                |
| Bank loans   |        | 3,877                            | 3,668                            |
| Employee benefits  |        | 7,539                            | 7,627                            |
| <b>Non-current liabilities</b>                             |        | <b>15,917</b>                    | <b>11,295</b>                    |
| Trade and other payables                                   | 9      | 42,351                           | 40,988                           |
| Lease liabilities  |        | 1,715                            | -                                |
| Contract liabilities                                       |        | 9,472                            | 8,570                            |
| Employee benefits  |        | 3,947                            | 3,799                            |
| Due to related parties                                     | 8      | 10,753                           | 9,505                            |
| Bills payable  |        | 622                              | 1,236                            |
| Bank loans   |        | 850                              | 981                              |
| Bank overdrafts  |        | 21,147                           | 17,912                           |
| <b>Current liabilities</b>                                 |        | <b>90,857</b>                    | <b>82,991</b>                    |
| <b>Total liabilities</b>                                   |        | <b>106,774</b>                   | <b>94,286</b>                    |
| <b>Total equity and liabilities</b>                        |        | <b>168,083</b>                   | <b>158,629</b>                   |

\* March 2019 results reflect the adoption of IFRS 16. Prior periods have not been restated. Refer note 3 for further details

The condensed consolidated interim financial statements were approved by the Board of Directors on 13 May 2019 and signed on its behalf by:

  
Sameer Abdulla Nass  
Chairman

  
Sami Abdulla Nass  
Deputy Chairman & Managing Director

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**
**for the three months ended 31 March 2019**

Bahraini Dinars'000

|  | Note | Three months ended<br>31 March |                    |
|--|------|--------------------------------|--------------------|
|  |      | 2019<br>(reviewed)             | 2018<br>(reviewed) |
| Revenue  | 10   | 34,628                         | 45,516             |
| Cost of sales                                      |      | (32,049)                       | (42,847)           |
| <b>Gross profit</b>                                |      | <b>2,579</b>                   | 2,669              |
| Other operating income, net                        | 11   | 149                            | 275                |
| General and administrative expenses                |      | (3,722)                        | (3,143)            |
| Impairment reversal on financial assets            |      | 444                            | 302                |
| Finance income                                     |      | 32                             | 10                 |
| Finance costs                                      |      | (322)                          | (175)              |
| Share of profit of equity-accounted investees, net |      | 134                            | 923                |
| <b>(Loss)/profit for the period</b>                |      | <b>(706)</b>                   | 861                |
| <b>Other comprehensive income</b>                  |      | -                              | -                  |
| <b>Total comprehensive income for the period</b>   |      | <b>(706)</b>                   | 861                |
| <i>Attributable to</i>                             |      |                                |                    |
| Equity holders of the parent                       |      | (711)                          | 509                |
| Non-controlling interest                           |      | 5                              | 352                |
|  |      | <b>(706)</b>                   | 861                |
| <b>Earnings per share</b>                          |      |                                |                    |
| Basic earnings per share (Fils)                    |      | (3.31)                         | 2.37               |

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the three months ended 31 March 2019

Bahraini Dinars '000

|  | 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         |                          |               |
| At 1 January 2019                                    | 22,000                                       | (1,597)         | 8,767             | 31,960            | 43                            | 61,173        | 3,170                    | 64,343        |
| Profit and total comprehensive income for the period | -  | -               | -                 | (711)             | -                             | (711)         | 5                        | (706)         |
| 2018 Appropriations:                                 |  |                 |                   |                   |                               |               |                          |               |
| - Dividend (5%) declared                             | -  | -               | -                 | (1,075)           | -                             | (1,075)       | (1,250)                  | (2,325)       |
| - Donations and charity approved                     | -  | -               | -                 | (30)              | 30                            | -             | -                        | -             |
| Utilization of donation and charity reserve          | -  | -               | -                 | -                 | (3)                           | (3)           | -                        | (3)           |
| <b>At 31 March 2019</b>                              | <b>22,000</b>                                | <b>(1,597)</b>  | <b>8,767</b>      | <b>30,144</b>     | <b>70</b>                     | <b>59,384</b> | <b>1,925</b>             | <b>61,309</b> |

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three months ended 31 March 2019 (continued)**

Bahraini Dinars '000

|  | 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   |                          |              |
| 2018 (reviewed)                                      |  |                 |                   |                   |                               |         |                          |              |
| At 1 January 2018 (as previously reported)           | 22,000                                       | (1,597)         | 8,341             | 31,495            | 23                            | 60,262  | 2,722                    | 62,984       |
| Impact of adopting IFRS 9                            | -  | -               | -                 | (2,443)           | -                             | (2,443) | (209)                    | (2,652)      |
| Impact of adopting IFRS 15                           | -  | -               | -                 | 200               | -                             | 200     | -                        | 200          |
| Restated balance as at 1 January 2018                | 22,000                                       | (1,597)         | 8,341             | 29,252            | 23                            | 58,019  | 2,513                    | 60,532       |
| Profit and total comprehensive income for the period | -  | -               | -                 | 509               | -                             | 509     | 352                      | 861          |
| 2017 Appropriations:                                 |  |                 |                   |                   |                               |         |                          |              |
| - Dividend (5%) declared                             | -  | -               | -                 | (1,075)           | -                             | (1,075) | (940)                    | (2,015)      |
| - Donations and charity approved                     | -  | -               | -                 | (30)              | 30                            | -       | -                        | -            |
| At 31 March 2018                                     | 22,000                                       | (1,597)         | 8,341             | 28,656            | 53                            | 57,453  | 1,925                    | 59,378       |

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2019**

Bahraini Dinars '000

|  | <b>Three months ended 31 March</b> |                            |
|--|------------------------------------|----------------------------|
|  | <b>2019<br/>(reviewed)</b>         | <b>2018<br/>(reviewed)</b> |
| <b>Cash flows from operating activities</b>                    |                                    |                            |
| (Loss) / Profit for the period before non-controlling interest | (706)                              | 861                        |
| <i>Adjustments for:</i>  |                                    |                            |
| Depreciation   | 2,014                              | 1,419                      |
| Write off / Impairment/ (Recovery) of trade receivables, net   | 154                                | (302)                      |
| Impairment reversal on contract assets                         | (60)                               | -                          |
| Amortization of held to maturity investment                    | -                                  | 1                          |
| Gain on disposal of property, plant and equipment              | (11)                               | (21)                       |
| Share of profit from equity accounted investments, net         | (134)                              | (923)                      |
| Employee benefits  | (88)                               | 179                        |
| <i>Changes in:</i>   |                                    |                            |
| Inventories  | 731                                | 897                        |
| Trade and other receivables                                    | (1,261)                            | (10,525)                   |
| Contract assets  | 1,814                              | (1,608)                    |
| Due from related parties                                       | (535)                              | 120                        |
| Trade and other payables                                       | (778)                              | 3,393                      |
| Contract liabilities   | 902                                | (302)                      |
| Due to related parties   | 1,248                              | 626                        |
| Employee benefits  | 148                                | 724                        |
| Bills payable  | (614)                              | 2,382                      |
| <b>Net cash from / (used in) operating activities</b>          | <b>2,824</b>                       | <b>(3,079)</b>             |
| <b>Cash flows from investing activities</b>                    |                                    |                            |
| Purchase of property, plant and equipment                      | (715)                              | (869)                      |
| Proceeds from sale of property, plant and equipment            | 27                                 | 174                        |
| Movement on deposits with banks                                | 10                                 | (202)                      |
| <b>Net cash used in investing activities</b>                   | <b>(678)</b>                       | <b>(897)</b>               |
| <b>Cash flows from financing activities</b>                    |                                    |                            |
| Proceeds from bank loans                                       | 377                                | 1,372                      |
| Repayment of bank loans  | (299)                              | (506)                      |
| Payment of lease liabilities                                   | (164)                              | -                          |
| Dividends paid to equity shareholders of the parent            | (28)                               | (15)                       |
| Dividends paid to non-controlling shareholders                 | (300)                              | (120)                      |
| Donations paid   | (3)                                | -                          |
| <b>Net cash (used in) / from financing activities</b>          | <b>(417)</b>                       | <b>731</b>                 |
| <b>Net increase / (decrease) in cash and cash equivalents</b>  | <b>1,729</b>                       | <b>(3,245)</b>             |
| Cash and cash equivalents at 1 January                         | (7,495)                            | (1,883)                    |
| <b>Cash and cash equivalents at 31 March</b>                   | <b>(5,766)</b>                     | <b>(5,128)</b>             |
| <i>Represented by:</i>   |                                    |                            |
| Cash and bank balances   | 10,975                             | 12,554                     |
| Short term bank deposits                                       | 4,406                              | 655                        |
| Bank overdrafts  | (21,147)                           | (18,337)                   |
|  | <b>(5,766)</b>                     | <b>(5,128)</b>             |

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****for the three months ended 31 March 2019**

Bahraini Dinars '000

**1 REPORTING ENTITY**

Nass Corporation B.S.C. (the "Company") is a public shareholding Company incorporated and registered in Bahrain on 17 September 2005 under commercial registration number 60037 and listed on the Bahrain Bourse on 22 November 2005.

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.

The condensed consolidated interim financial statements ("interim financial statements") as at and for the three month period ended 31 March 2018 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 statements 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 2018.

The condensed consolidated interim financial statements are reviewed, not audited. 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 2018 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 condensed consolidated interim financial statements for the three months period ended 31 March 2018.

**b) Judgments and estimates**

The preparation of condensed consolidated interim financial statements 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 statements, 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 2018 except for changes arising from adopting of IFRS 16 note 3.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and risk management framework applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the last audited consolidated financial statements as at and for the year ended 31 December 2018, except for the impact of IFRS 16 adoption as below.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the three months ended 31 March 2019**

Bahraini Dinars '000

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IFRS 16 Leases**

IFRS 16 Leases introduces a single, on-balance lease sheet accounting model for lessees. It replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group has adopted IFRS 16 its effective on 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

On transition to IFRS 16, the Group recognised an additional BD 6,632 of right-of-use asset and BD 6,632 of lease liabilities.

|  |              |
|--|--------------|
| Amount disclosed as operating lease commitments at 31 December 2018  | 6,081        |
| Less: Low value leases   | (1,212)      |
| Impact of discounting  | (1,312)      |
| Extension and termination options reasonably certain to be exercised | 3,075        |
| <b>Lease liabilities recognised on 1 January 2019</b>                | <b>6,632</b> |

As a result of adoption of IFRS 16, the Group has changed its accounting policy for lease contracts as detailed below.

**i) Definition of a lease**

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease.

**ii) As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****for the three months ended 31 March 2019**

Bahraini Dinars '000

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)****IFRS 16 Leases (continued)**

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments
- the Group applied this approach to all other leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**iii) As a lessor**

The Company leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Company as a lessor are not different from those under IAS 17. However, when the Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Company has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

The Company sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value on transition to IFRS 16. The sub-lease contracts are classified as operating leases under IFRS 16.

**iv) Right-of-use assets**

The company has recognised the right-of-use assets BD 6,632 as on 1 January 2019 related to land and building and the depreciation charge thereon for the period ended 31 March 2019 was BD 459.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the three months ended 31 March 2019**

Bahraini Dinars '000

**v) Lease liabilities**

**Maturity analysis – contractual  
undiscounted cash flow**

Less than one year

One to five years

More than five years

**Total undiscounted lease liabilities  
at 31 March 2019**

| <b>2019<br/>(reviewed)</b> |
|----------------------------|
| 2,043                      |
| 3,860                      |
| 1,528                      |
| <b>7,431</b>               |

During the period, an amount of BD 96 was recognised as interest on lease liabilities in condensed consolidated statement of comprehensive income.

**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 2018 except for changes arising from adoption of IFRS 16 (refer note 3).

**5 SEASONALITY OF OPERATIONS**

Due to the effect of seasonal variations, the results reported in the condensed consolidated interim financial statements 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 2018 held on 28 March 2019, the following appropriations were approved which have been effected during the period:

- a final dividend of BD 1,075 - 5 % (2017: BD 1,075 - 5 %); and
- transfer to donation and charity reserve of BD 30 (2017: BD 30).

Directors' remuneration of BD 92 (2017: BD 92) was charged to profit or loss and approved by the shareholders at AGM.

**7 TRADE AND OTHER RECEIVABLES**

|   | <b>31 March 2019<br/>(reviewed)</b> | <b>31 Dec 2018<br/>(audited)</b> |
|---|-------------------------------------|----------------------------------|
| Trade receivables                         | 47,941                              | 49,611                           |
| Retention receivables                     | 24,617                              | 23,292                           |
| Advances to suppliers and sub-contractors | 4,726                               | 4,163                            |
| Prepaid expenses                          | 780                                 | 830                              |
| Other receivables                         | 1,466                               | 875                              |
| Staff receivables                         | 94                                  | 130                              |
|   | <b>79,624</b>                       | <b>78,901</b>                    |
| Allowance for impairment losses:          | (9,235)                             | (9,619)                          |
|   | <b>70,389</b>                       | <b>69,282</b>                    |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the three months ended 31 March 2019

Bahraini Dinars '000

## 7 TRADE AND OTHER RECEIVABLES (continued)

Movement on impairment allowance is as follows:

|                                       | <b>31 March<br/>2019<br/>(reviewed)</b> | <b>31 December<br/>2018<br/>(audited)</b> |
|---------------------------------------|---|---|
| At beginning of the period            | 9,619                                   | 8,883                                     |
| (Reversal)/charge for the period, net | (384)                                   | 736                                       |
| <b>At end of the period</b>           | <b>9,235</b>                            | <b>9,619</b>                              |

## 8 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 2019 (reviewed) | 31 Dec 2018 (audited) | 31 March 2019 (reviewed) | 31 Dec 2018 (audited) |
|  | 31 March 2019 (reviewed) | 31 March 2018 (reviewed) | 31 March 2019 (reviewed)         | 31 March 2018 (reviewed) |                          |                       |                          |                       |
| A.A. Nass & Sons WLL and its related parties | 245                      | 419                      | 3,769                            | 3,904                    | 4,057                    | 3,934                 | 10,314                   | 9,062                 |
| Joint ventures                               | 522                      | 408                      | -                                | -                        | 1,966                    | 1,662                 | 439                      | 443                   |
| <b>Total</b>                                 | <b>767</b>               | <b>827</b>               | <b>3,769</b>                     | <b>3,904</b>             | <b>6,023</b>             | <b>5,596</b>          | <b>10,753</b>            | <b>9,505</b>          |

Interest in joint ventures of BD 1,420 (31 December 2018: BD 1,281) 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:

|                      | <b>31 March 2019<br/>(reviewed)</b> | <b>31 March 2018<br/>(reviewed)</b> |
|----------------------|-------------------------------------|-------------------------------------|
| Short-term benefits  | 378                                 | 417                                 |
| Termination benefits | 77                                  | 62                                  |
|                      | <b>455</b>                          | <b>479</b>                          |

The short-term compensation includes provision for directors' fees of BD 23 (2018: BD 23) and board committee attendance fees BD 54 (2018: BD 56).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****for the three months ended 31 March 2019**

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**8 RELATED PARTY TRANSACTIONS (continued)**

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

|   | <b>31 March 2019<br/>(reviewed)</b> | <b>31 Dec 2018<br/>(audited)</b> |
|---|-------------------------------------|----------------------------------|
| Total number of shares held by Directors*                 | <b>94,286,430</b>                   | 94,286,430                       |
| 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.

**9 TRADE AND OTHER PAYABLES**

|                     | <b>31 March 2019<br/>(reviewed)</b> | <b>31 Dec 2018<br/>(audited)</b> |
|---------------------|-------------------------------------|----------------------------------|
| Trade payables      | 16,044                              | 18,542                           |
| Accrued expenses    | 15,074                              | 15,286                           |
| Unclaimed dividends | 3,617                               | 1,619                            |
| Retention payables  | 3,292                               | 3,493                            |
| Other payables      | 4,324                               | 2,048                            |
|                     | <b>42,351</b>                       | 40,988                           |

**10 REVENUE**

|                 | <b>31 March 2019<br/>(reviewed)</b> | <b>31 March 2018<br/>(reviewed)</b> |
|-----------------|-------------------------------------|-------------------------------------|
| Contract income | 23,104                              | 32,820                              |
| Sales of goods  | 8,244                               | 9,862                               |
| Hire income     | 3,280                               | 2,834                               |
|                 | <b>34,628</b>                       | 45,516                              |

**11 GENERAL AND ADMINISTRATIVE EXPENSES**

|   | <b>31 March 2019<br/>(reviewed)</b> | <b>31 March 2018<br/>(reviewed)</b> |
|---|-------------------------------------|-------------------------------------|
| Salaries of administration staff        | 1,944                               | 1,815                               |
| Management consultancy fees             | 390                                 | 390                                 |
| Receivable write off                    | 538                                 | -                                   |
| Depreciation                            | 233                                 | 172                                 |
| Commission paid                         | 79                                  | 93                                  |
| Vehicle expenses                        | 103                                 | 97                                  |
| Rent, electricity and water             | 47                                  | 123                                 |
| Communication                           | 57                                  | 67                                  |
| Directors' remuneration and sitting fee | 77                                  | 79                                  |
| Other expenses                          | 254                                 | 307                                 |
|   | <b>3,722</b>                        | 3,143                               |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the three months ended 31 March 2019**

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**12 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 & Allied Activities |                             | Trading Activities          |                             | Eliminations                |                             | Consolidated                |                             |
|-------------------------------------|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                     | 31 March 2019<br>(reviewed)      | 31 March 2018<br>(reviewed) | 31 March 2019<br>(reviewed) | 31 March 2018<br>(reviewed) | 31 March 2019<br>(reviewed) | 31 March 2018<br>(reviewed) | 31 March 2019<br>(reviewed) | 31 March 2018<br>(reviewed) |
| <b>REVENUE</b>                      |                                  |                             |                             |                             |                             |                             |                             |                             |
| External sales                      | 31,476                           | 42,420                      | 3,152                       | 3,096                       | -                           | -                           | 34,628                      | 45,516                      |
| Inter-segment sales                 | 3,533                            | 5,619                       | 1,095                       | 1,054                       | (4,628)                     | (6,673)                     | -                           | -                           |
| <b>Total revenue</b>                | <b>35,009</b>                    | <b>48,039</b>               | <b>4,247</b>                | <b>4,150</b>                | <b>(4,628)</b>              | <b>(6,673)</b>              | <b>34,628</b>               | <b>45,516</b>               |
| Segment result                      | (276)                            | (132)                       | (127)                       | 360                         | (24)                        | -                           | (427)                       | 228                         |
| Share of profit from joint ventures | 139                              | 997                         | -                           | -                           | -                           | -                           | 139                         | 997                         |
| Other gains and losses              | 171                              | 200                         | 5                           | 11                          | -                           | -                           | 176                         | 211                         |
| Unallocated corporate expenses      | -                                | -                           | -                           | -                           | -                           | -                           | (594)                       | (575)                       |
| <b>Profit for the period</b>        |                                  |                             |                             |                             |                             |                             | <b>(706)</b>                | <b>861</b>                  |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the three months ended 31 March 2019**

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**12 OPERATING SEGMENTS (continued)**

| Other Information       | Construction & Allied Activities |                          | Trading Activities          |                          | Consolidated                |                          |
|-------------------------|----------------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|
|                         | 31 March 2019<br>(reviewed)      | 31 Dec 2018<br>(audited) | 31 March 2019<br>(reviewed) | 31 Dec 2018<br>(audited) | 31 March 2019<br>(reviewed) | 31 Dec 2018<br>(audited) |
| Capital expenditure     | 631                              | 3,821                    | 84                          | 467                      | 715                         | 4,288                    |
| Depreciation            | 1,323                            | 5,099                    | 232                         | 832                      | 1,555                       | 5,931                    |
| Total assets            | 153,696                          | 146,296                  | 14,387                      | 12,333                   | 168,083                     | 158,629                  |
| Total liabilities       | 101,064                          | 90,348                   | 5,710                       | 3,938                    | 106,774                     | 94,286                   |
| <b>Total net assets</b> | <b>52,632</b>                    | <b>55,948</b>            | <b>8,677</b>                | <b>8,395</b>             | <b>61,309</b>               | <b>64,343</b>            |

**13 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS**

**a) 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.

The carrying value of the Company's financial instruments approximate their fair value due to their short term nature.

**b) Classification**

All of the Company's financial assets and liabilities are classified at amortised cost.

**14 COMMITMENTS AND CONTINGENCIES**

|                     | 31 March 2019<br>(reviewed) | 31 December 2018<br>(audited) |
|---------------------|-----------------------------|-------------------------------|
| Guarantees          | 74,360                      | 62,753                        |
| Letters of credit   | 2,268                       | 1,046                         |
| Capital commitments | 2,458                       | 535                           |

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 74,360 (31 December 2018: BD 62,753) for the various divisions and subsidiaries of the parent Company.

**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.