

Nass Corporation BSC
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
31 MARCH 2017

Nass Corporation BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017**

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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 & 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 Standard Chartered Bank BNP Paribas BBK Ahli United Bank Bahrain Islamic Bank BMI Bank State Bank of India
Auditors	KPMG Fakhro



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

14 May 2017

Introduction

We have reviewed the accompanying 31 March 2017 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 2017;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2017;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2017;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2017; 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

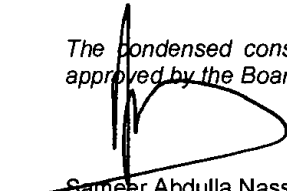
Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2017 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

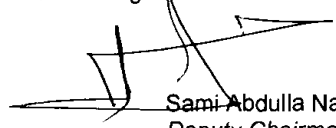
Bahraini Dinars '000

	Note	31 March 2017 (reviewed)	31 December 2016 (audited)
ASSETS			
Property, plant and equipment		25,349	22,744
Held to maturity investments		294	295
Equity-accounted investees		1,019	825
Total Non-current assets		26,662	23,864
Inventories		8,260	7,261
Assets held for sale		2,348	2,348
Trade and other receivables	7	50,986	57,045
Due from contract customers		13,439	7,591
Due from related parties	8	4,965	7,579
Deposits with banks		3,853	6,137
Cash and cash equivalents		22,826	16,936
Total Current assets		106,677	104,897
Total assets		133,339	128,761
EQUITY AND LIABILITIES			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		7,988	7,988
Retained earnings		28,354	29,408
Donations and charity reserve		41	35
Equity attributable to equity holders of the parent		56,786	57,834
Non-controlling interest		1,966	2,296
Total equity		58,752	60,130
Liabilities			
Bank loans		915	489
Employee benefits		6,175	5,957
Non-current liabilities		7,090	6,446
Trade and other payables	9	47,403	40,549
Due to contract customers		1,845	5,162
Employee benefits		3,139	2,920
Due to related parties	8	7,013	6,810
Bills payable		1,287	1,469
Bank loans		720	862
Bank overdrafts		6,090	4,413
Current liabilities		67,497	62,185
Total liabilities		74,587	68,631
Total equity and liabilities		133,339	128,761

The condensed consolidated interim financial statements which consist of pages 3 to 14 were approved by the Board of Directors on 14 May 2017 and signed on its behalf by:



Sameer Abdulla Nass
Chairman



Sami Abdulla Nass
Deputy Chairman & Managing Director

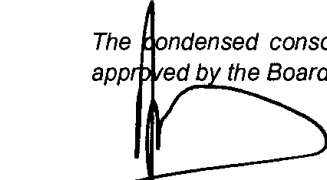
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

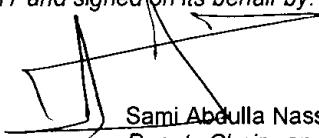
for the three months ended 31 March 2017

Bahraini Dinars'000

	Note	Three months ended 31 March	
		2017 (reviewed)	2016 (reviewed)
Revenue	10	40,046	30,999
Cost of sales		(35,947)	(26,783)
Gross profit		4,099	4,216
Other operating income, net		162	193
General and administrative expenses	11	(4,169)	(2,609)
Finance income		24	44
Finance costs		(95)	(53)
Share of profit of equity-accounted investees, net		194	74
Profit for the period		215	1,865
Other comprehensive income		-	-
Total comprehensive income for the period		215	1,865
<i>Attributable to</i>			
Equity holders of the parent		31	1,726
Non-controlling interest		184	139
		215	1,865
Earnings per share			
Basic earnings per share (Fils)		1.47	8.03

The condensed consolidated interim financial statements which consist of pages 3 to 14 were approved by the Board of Directors on 14 May 2017 and signed on its behalf by:


Sameer Abdulla Nass
Chairman


Sami Abdulla Nass
Deputy Chairman & Managing Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2017

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		
2017 (reviewed)								
At 1 January 2017	22,000	(1,597)	7,988	29,408	35	57,834	2,296	60,130
Profit and total comprehensive income for the period	-	-	-	31	-	31	184	215
2016 Appropriations:								
- Final dividend (5%)	-	-	-	(1,075)	-	(1,075)	(514)	(1,589)
- Donations and charity reserve	-	-	-	(10)	10	-	-	-
Utilization of donation and charity reserve	-	-	-	-	(4)	(4)	-	(4)
At 31 March 2017	22,000	(1,597)	7,988	28,354	41	56,786	1,966	58,752

The condensed consolidated interim financial information consists of pages 3 to 14.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2017 (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		
2016 (reviewed)								
At 1 January 2016	22,000	(1,597)	7,684	27,753	31	55,871	2,121	57,992
Profit and total comprehensive income for the period	-	-	-	1,726	-	1,726	139	1,865
2015 Appropriations:								
- Final dividend (5%)	-	-	-	(1,075)	-	(1,075)	(339)	(1,414)
- Donations and charity reserve	-	-	-	(10)	10	-	-	-
Utilization of donation and charity reserve	-	-	-	-	-	-	-	-
At 31 March 2016	22,000	(1,597)	7,684	28,394	41	56,522	1,921	58,443

The condensed consolidated interim financial information consists of pages 3 to 14.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2017

Bahraini Dinars '000

	Three months ended 31 March	
	2017 (reviewed)	2016 (reviewed)
Cash flows from operating activities		
Profit for the period before non-controlling interest	215	1,865
<i>Adjustments for:</i>		
Depreciation	1,182	968
Impairment / (recovery) of trade receivables	768	(158)
Impairment of due from customers	575	-
Gain on disposal of property, plant and equipment	(73)	(37)
Share of profit from joint ventures, net	(181)	(43)
Share of profit from associate	(13)	(31)
Employee benefits	219	70
<i>Changes in:</i>		
Inventories	(999)	(295)
Trade and other receivables	5,291	199
Due from contract customers	(6,423)	(2,435)
Due from related parties	2,614	(47)
Trade and other payables	5,532	5,683
Due to contract customers	(3,317)	(107)
Due to related parties	203	209
Employee benefits	219	298
Bills payable	(182)	(1,051)
Net cash from operating activities	5,630	5,088
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,795)	(1,289)
Proceeds from sale of property, plant and equipment	81	150
Investment in associates	-	50
Movement on deposits with banks	2,284	(2,489)
Net cash used in investing activities	(1,430)	(3,578)
Cash flows from financing activities		
Proceeds from bank loans	808	637
Repayment of bank loans	(524)	(496)
Dividends paid to equity shareholders of the parent	(27)	(38)
Dividends paid to non-controlling shareholders	(240)	(194)
Donations paid	(4)	-
Net cash from / (used in) financing activities	13	(91)
Net increase in cash and cash equivalents	4,213	1,419
Cash and cash equivalents at 1 January	12,523	13,594
Cash and cash equivalents at 31 March	16,736	15,013
<i>Represented by</i>		
Cash and bank balances	20,404	13,171
Short term bank deposits	2,422	4,556
Bank overdrafts	(6,090)	(2,714)
	16,736	15,013

The condensed consolidated interim financial information consists of pages 3 to 14.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017**

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 information ("interim financial information") as at and for the three month period ended 31 March 2017 includes the results of the Company and its subsidiaries (together referred to as the "Group").

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

The interim financial information have been prepared in accordance with IAS 34 – '*Interim Financial Reporting*'. These do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016.

b) Judgments and estimates

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

In preparing the interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and risk management framework applied by the Group in the preparation of the interim financial information are consistent with those applied in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2016.

The interim financial information 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 2016 and comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the reviewed interim financial information for the three months period ended 31 March 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

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 2016.

5 SEASONALITY OF OPERATIONS

Due to the effect of seasonal variations, the results reported in the condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

6 APPROPRIATIONS

Appropriations for the current year if any, will be made at the year end. At the Annual General Meeting (AGM) for the year 2016 held on 27 March 2017, the following appropriations were approved which have been effected during the period:

- a final dividend of BD 1,075 - 5 % (2015: BD 1,075 - 5 %); and
- transfer to donation and charity reserve of BD 10 (2015: BD 10).

Directors' remuneration of BD 92 (2015: BD 89) was charged to profit or loss and approved by the shareholders at AGM.

7 TRADE AND OTHER RECEIVABLES

	31 March 2017 (reviewed)	31 Dec 2016 (audited)
Trade receivables	40,039	47,523
Retentions receivable	10,992	9,627
Advances to suppliers and sub-contractors	4,229	3,407
Prepaid expenses	385	375
Other receivables	325	348
Staff receivables	129	110
	56,099	61,390
Allowance for impairment losses:	(5,113)	(4,345)
	50,986	57,045

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

Bahraini Dinars '000

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 2017 (reviewed)	31 Dec 2016 (audited)	31 March 2017 (reviewed)	31 Dec 2016 (audited)
	31 March 2017 (reviewed)	31 March 2016 (reviewed)	31 March 2017 (reviewed)	31 March 2016 (reviewed)				
A.A. Nass & Sons WLL and its related parties	294	181	2,500	1,854	4,423	6,962	5,955	5,748
Joint ventures	272	100	-	-	542	617	1,058	1,062
Total	566	281	2,500	1,854	4,965	7,579	7,013	6,810

Interest in joint ventures of BD 657 (31 December 2016: BD 476) represents the accumulated capital, share of profits less distribution received from the joint venture projects.

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

	31 March 2017 (reviewed)	31 March 2016 (reviewed)
Short-term benefits	320	376
Termination benefits	58	44
	378	420

The short-term compensation includes provision for directors' fees of BD 23 (2016: BD 23) and board committee attendance fees BD 50 (2016: BD 52).

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

	31 March 2017 (reviewed)	31 Dec 2016 (audited)
Total number of shares held by Directors*	94,286,430	94,286,430
As a percentage of the total number of shares outstanding	43.84	43.84

* 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 2017

Bahraini Dinars '000

9 TRADE AND OTHER PAYABLES

	31 March 2017 (reviewed)	31 Dec 2016 (audited)
Trade accounts payable	15,215	15,329
Accrued expenses	12,281	10,670
Unclaimed dividends	2,941	1,619
Advances against contracts	12,755	8,927
Retentions payable	2,398	2,046
Other payables	1,813	1,958
	47,403	40,549

10 REVENUE

	31 March 2017 (reviewed)	31 March 2016 (reviewed)
Contract income	28,668	21,168
Sales of goods	9,373	6,731
Hire income	2,005	3,100
	40,046	30,999

11 GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2017 (reviewed)	31 March 2016 (reviewed)
Salaries of administration staff	1,642	1,633
Management consultancy fees	390	390
Impairment provision / (recovery) on receivables and due from contract customers	1,343	(158)
Depreciation	158	136
Commission paid	78	126
Vehicle expenses	107	86
Rent, electricity & water	86	103
Communication	62	68
Directors' remuneration and sitting fee	73	75
Reversal of excess provisions	(130)	(180)
Other expenses	360	330
	4,169	2,609

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

Bahraini Dinars '000

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, readymix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

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

REVENUE

External sales
 Inter-segment sales

Total revenue

Segment result
 Share of profit from
 joint ventures
 Other gains and
 losses
 Unallocated corporate
 expenses

Profit for the period

	Construction & Allied Activities		Trading Activities		Eliminations		Consolidated	
	31 March 2017 (reviewed)	31 March 2016 (reviewed)	31 March 2017 (reviewed)	31 March 2016 (reviewed)	31 March 2017 (reviewed)	31 March 2016 (reviewed)	31 March 2017 (reviewed)	31 March 2016 (reviewed)
	36,792	28,342	3,254	2,657	-	-	40,046	30,999
	3,581	3,162	804	895	(4,385)	(4,057)	-	-
	40,373	31,504	4,058	3,552	(4,385)	(4,057)	40,046	30,999
	115	1,765	348	369	(10)	-	453	2,134
	181	43	-	-	-	-	181	43
	174	236	25	32	-	-	199	268
	-	-	-	-	-	-	(618)	(580)
							215	1,865

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017

Bahraini Dinars '000

12 OPERATING SEGMENTS (continued)

Other Information	Construction & Allied Activities		Trading Activities		Consolidated	
	31 March 2017 (reviewed)	31 Dec 2016 (audited)	31 March 2017 (reviewed)	31 Dec 2016 (audited)	31 March 2017 (reviewed)	31 Dec 2016 (audited)
Capital expenditure	3,685	3,963	110	311	3,795	4,274
Depreciation	1,097	9,131	85	272	1,182	9,403
Total assets	122,784	118,178	10,555	10,583	133,339	128,761
Total liabilities	71,206	65,466	3,381	3,165	74,587	68,631
Total net assets	51,578	52,712	7,174	7,418	58,752	60,130

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

Classification of financial assets and financial liabilities, together with the carrying amounts as disclosed in the statement of financial position.

31 March 2017 (reviewed)

	Loans and receivables	At amortised cost	Total carrying value
Trade and other receivables	50,600	-	50,600
Due from related parties	4,965	-	4,965
Deposits with banks	3,853	-	3,853
Cash and cash equivalents	22,613	-	22,613
	82,031	-	82,031
Bank Loans	-	1,635	1,635
Trade and other payables	-	35,123	35,123
Due to related parties	-	7,013	7,013
Bills payable	-	1,287	1,287
Bank overdrafts	-	6,090	6,090
	-	51,148	51,148

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2017**

Bahraini Dinars '000

13 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

31 December 2016 (audited)	Loans and receivables	At amortised cost	Total carrying value
Trade and other receivables	56,670	-	56,670
Due from related parties	7,579	-	7,579
Deposits with banks	6,137	-	6,137
Cash and cash equivalents	16,778	-	16,778
	87,164	-	87,164
Bank loans	-	1,351	1,351
Trade and other payables	-	29,879	29,879
Due to related parties	-	6,810	6,810
Bills payable	-	1,469	1,469
Bank overdrafts	-	4,413	4,413
	-	43,922	43,922

14 COMMITMENTS AND CONTINGENCIES

	31 March 2017 (reviewed)	31 December 2016 (audited)
Guarantees	56,280	45,987
Letters of credit	10,094	3,633
Capital commitments	1,311	2,998

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 56,280 (31 December 2016: BD 45,987) for the various divisions and subsidiaries of the parent Company out of which BD Nil (31 December 2016: BD Nil) have been issued for the joint venture activities.

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.