

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

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 State Bank of India Arab Bank
Auditors	KPMG Fakhro



KPMG Fakhro
Audit
12th Floor, Fakhro Tower
PO Box 710, Manama
Kingdom of Bahrain

Telephone +973 17 224802
Fax +973 17 227443
Website: www.kpmg.com/bh
CR No. 6220

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'.

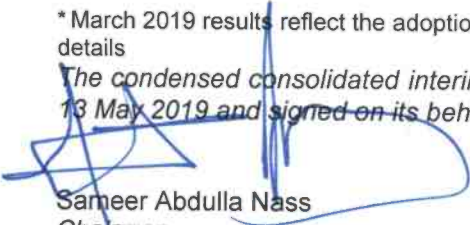
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

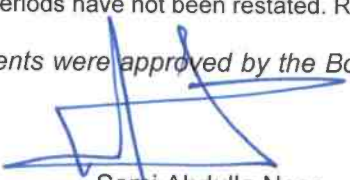
Bahraini Dinars '000

	Note	31 March 2019 (reviewed) *	31 December 2018 (audited)
ASSETS			
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
Total Non-current assets		37,561	32,110
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
Total Current assets		130,522	126,519
Total assets		168,083	158,629
EQUITY			
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
Equity attributable to equity holders of the parent		59,384	61,173
Non-controlling interest		1,925	3,170
Total equity		61,309	64,343
Liabilities			
Lease liabilities	3 (v)	4,501	-
Bank loans		3,877	3,668
Employee benefits		7,539	7,627
Non-current liabilities		15,917	11,295
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
Current liabilities		90,857	82,991
Total liabilities		106,774	94,286
Total equity and liabilities		168,083	158,629

* 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 31 March	
		2019 (reviewed)	2018 (reviewed)
Revenue	10	34,628	45,516
Cost of sales		(32,049)	(42,847)
Gross profit		2,579	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
(Loss)/profit for the period		(706)	861
Other comprehensive income		-	-
Total comprehensive income for the period		(706)	861
<i>Attributable to</i>			
Equity holders of the parent		(711)	509
Non-controlling interest		5	352
		(706)	861
Earnings per share			
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)
At 31 March 2019	22,000	(1,597)	8,767	30,144	70	59,384	1,925	61,309

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

	Three months ended 31 March	
	2019 (reviewed)	2018 (reviewed)
Cash flows from operating activities		
(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
Net cash from / (used in) operating activities	2,824	(3,079)
Cash flows from investing activities		
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)
Net cash used in investing activities	(678)	(897)
Cash flows from financing activities		
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)	-
Net cash (used in) / from financing activities	(417)	731
Net increase / (decrease) in cash and cash equivalents	1,729	(3,245)
Cash and cash equivalents at 1 January	(7,495)	(1,883)
Cash and cash equivalents at 31 March	(5,766)	(5,128)
<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)
	(5,766)	(5,128)

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**

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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

Less: Low value leases

Impact of discounting

Extension and termination options reasonably certain to be exercised

6,081
(1,212)
(1,312)
3,075
6,632

Lease liabilities recognised on 1 January 2019

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**

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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

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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

2019 (reviewed)
2,043
3,860
1,528
7,431

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

	31 March 2019 (reviewed)	31 Dec 2018 (audited)
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
	79,624	78,901
Allowance for impairment losses:	(9,235)	(9,619)
	70,389	69,282

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:

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

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 March 2018 (reviewed)	31 March 2019 (reviewed)	31 March 2018 (reviewed)	31 March 2019 (reviewed)	31 Dec 2018 (audited)	31 March 2019 (reviewed)	31 Dec 2018 (audited)
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
Total	767	827	3,769	3,904	6,023	5,596	10,753	9,505

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:

	31 March 2019 (reviewed)	31 March 2018 (reviewed)
Short-term benefits	378	417
Termination benefits	77	62
	455	479

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**

Bahraini Dinars '000

8 RELATED PARTY TRANSACTIONS (continued)

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

	31 March 2019 (reviewed)	31 Dec 2018 (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.

9 TRADE AND OTHER PAYABLES

	31 March 2019 (reviewed)	31 Dec 2018 (audited)
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
	42,351	40,988

10 REVENUE

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

11 GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2019 (reviewed)	31 March 2018 (reviewed)
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
	3,722	3,143

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

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, 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 (reviewed)	31 March 2018 (reviewed)	31 March 2019 (reviewed)	31 March 2018 (reviewed)	31 March 2019 (reviewed)	31 March 2018 (reviewed)	31 March 2019 (reviewed)	31 March 2018 (reviewed)
REVENUE								
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)	-	-
Total revenue	35,009	48,039	4,247	4,150	(4,628)	(6,673)	34,628	45,516
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)
Profit for the period							(706)	861

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

Bahraini Dinars '000

12 OPERATING SEGMENTS (continued)

Other Information	Construction & Allied Activities		Trading Activities		Consolidated	
	31 March 2019 (reviewed)	31 Dec 2018 (audited)	31 March 2019 (reviewed)	31 Dec 2018 (audited)	31 March 2019 (reviewed)	31 Dec 2018 (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
Total net assets	52,632	55,948	8,677	8,395	61,309	64,343

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 (reviewed)	31 December 2018 (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.