Nass Corporation BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 MARCH 2018

Nass Corporation BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the three months ended 31 March 2018

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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 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

14 May 2018

Introduction

We have reviewed the accompanying 31 March 2018 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 2018;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2018;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2018;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2018; 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 2018 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

Bahraini Dinars '000

	Note	31 March 2018 (reviewed) *	31 December 2017 (audited)
ASSETS			
Property, plant and equipment		27,003	27,687
Investment securities		2,329	-
Held to maturity investments		290	291
Investment in associates		195	269
Interest in joint ventures		1,666	724
Total Non-current assets		**31,483**	28,971
Inventories		13,809	14,706
Assets held for sale		-	2,348
Trade and other receivables	7	73,864	65,689
Due from contract customers		30,284	28,476
Due from related parties	8	5,714	5,834
Deposits with banks		811	609
Cash and cash equivalents		13,209	11,332
Total Current assets		**137,691**	128,994
Total assets		**169,174**	157,965
EQUITY AND LIABILITIES			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		8,341	8,341
Retained earnings		28,656	31,495
Donations and charity reserve		53	23
Equity attributable to equity holders of the parent		**57,453**	60,262
Non-controlling interest		1,925	2,722
Total equity		**59,378**	62,984
Liabilities			
Bank loans		1,541	822
Employee benefits		7,250	7,071
Non-current liabilities		**8,791**	7,893
Trade and other payables	9	62,633	58,031
Due to contract customers		1,364	995
Employee benefits		3,989	3,265
Due to related parties	8	8,599	8,028
Bills payable		4,857	2,475
Bank loans		1,226	1,079
Bank overdrafts		18,337	13,215
Current liabilities		**101,005**	87,088
Total liabilities		**109,796**	94,981
Total equity and liabilities		**169,174**	157,965

** March 2018 results reflect the adoption of IFRS 15 and IFRS 9. Prior periods have not been restated. Refer to note 3 (a) and (b) for further details.*

The condensed consolidated interim financial statements which consist of pages 3 to 19 were approved by the Board of Directors on 14 May 2018 and signed on its behalf by:

Sami Abdulla Nass
Deputy Chairman & Managing Director

Adel Abdulla Nass
Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2018 Bahraini Dinars'000

	Note	Three months ended 31 March	
		2018 (reviewed)	2017 (reviewed)
Revenue	10	45,516	40,046
Cost of sales		(42,847)	(35,947)
Gross profit		**2,669**	4,099
Other operating income, net		275	162
General and administrative expenses	11	(2,841)	(4,169)
Finance income		10	24
Finance costs		(175)	(95)
Share of profit of equity-accounted investees, net		923	194
Profit for the period		**861**	215
Other comprehensive income		**-**	-
Total comprehensive income for the period		**861**	215
Attributable to			
Equity holders of the parent		509	31
Non-controlling interest		352	184
		861	215
Earnings per share			
Basic earnings per share (Fils)		2.37	0.15

The condensed consolidated interim financial statements consists of pages 3 to 19.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2018

Bahraini Dinars '000

2018 (reviewed)	Attributable to equity holders of the parent							
	Share capital	**Treasury Shares**	**Statutory reserve**	**Retained earnings**	**Donations and charity reserve**	**Total**	**Non-controlling interest**	**Total equity**
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 (note 3 (a))	-	-	-	(2,443)	-	(2,443)	(209)	(2,652)
Impact of adopting IFRS 15 (note 3 (b))	-	-	-	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:								
- Final dividend (5%)	-	-	-	(1,075)	-	(1,075)	(940)	(2,015)
- Donations and charity reserve	-	-	-	(30)	30	-	-	-
Utilization of donation and charity reserve	-	-	-	-	-	-	-	-
At 31 March 2018	**22,000**	**(1,597)**	**8,341**	**28,656**	**53**	**57,453**	**1,925**	**59,378**

The condensed consolidated interim financial statements consists of pages 3 to 19.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2018 (continued)

Bahraini Dinars '000

2017 (reviewed)	Attributable to equity holders of the parent							
	Share capital	Treasury Shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total	Non-controlling interest	Total equity
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 statements consists of pages 3 to 19.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2018 Bahraini Dinars '000

	Three months ended 31 March	
	2018 (reviewed)	2017 (reviewed)
Cash flows from operating activities		
Profit for the period before non-controlling interest	861	215
Adjustments for:		
Depreciation	1,419	1,182
(Recovery) / impairment of trade receivables	(302)	768
Impairment of due from customers	-	575
Amortization of held to maturity investment	1	-
Gain on disposal of property, plant and equipment	(21)	(73)
Share of profit from joint ventures, net	(997)	(181)
Share of (loss) / profit from associate	74	(13)
Employee benefits	179	219
Changes in:		
Inventories	897	(999)
Trade and other receivables	(10,525)	5,291
Due from contract customers	(1,608)	(6,423)
Due from related parties	120	2,614
Trade and other payables	2,722	5,532
Due to contract customers	369	(3,317)
Due to related parties	626	203
Employee benefits	724	219
Bills payable	2,382	(182)
Net cash (used in) / from operating activities	**(3,079)**	5,630
Cash flows from investing activities		
Purchase of property, plant and equipment	(869)	(3,795)
Proceeds from sale of property, plant and equipment	174	81
Movement on deposits with banks	(202)	2,284
Net cash used in investing activities	**(897)**	(1,430)
Cash flows from financing activities		
Proceeds from bank loans	1,372	808
Repayment of bank loans	(506)	(524)
Dividends paid to equity shareholders of the parent	(15)	(27)
Dividends paid to non-controlling shareholders	(120)	(240)
Donations paid	-	(4)
Net cash from financing activities	**731**	13
Net (decrease) / increase in cash and cash equivalents	(3,245)	4,213
Cash and cash equivalents at 1 January	(1,883)	12,523
Cash and cash equivalents at 31 March	**(5,128)**	16,736
Represented by:		
Cash and bank balances	12,554	20,404
Short term bank deposits	655	2,422
Bank overdrafts	(18,337)	(6,090)
	(5,128)	16,736

The condensed consolidated interim financial statements consists of pages 3 to 19.

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 2017.

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 2017 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 2017.

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 2017 except for changes arising from adopting of IFRS 9 and IFRS 15 (refer note 3 (a) and 3 (b).

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2017, except for the changes arising from adoption of IFRS 15 and IFRS 9 on 1 January 2018.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

a) Adoption of IFRS 9
The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements as of and for the year ended 31 December 2017.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below. Since the comparative financial information has not been restated, the accounting policies in respect of the financial instruments for comparative periods are based on IAS 39 as disclosed in the audited financial statements as of and for the year ended 31 December 2017.

Classification and measurement of financial assets and financial liabilities
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of trading, held-to-maturity, available-for-sale and loans and receivables.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. There continue to be two measurement categories for financial liabilities: fair value and amortised cost.

The adoption of IFRS 9 did not have a significant impact on the classification and measurement of the Group's financial assets.

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

i. Expected credit loss / Impairment allowances
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The financial assets at amortised cost consist of trade receivables, cash and bank balances and investments at amortised cost.

ii. Measurement of ECL
ECLs are a probability-weighted estimate of credit losses. This is based on previous experience of the Group on the financial assets considering factors such as loss history and days past due. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the three months ended 31 March 2018 Bahraini Dinars '000

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Presentation of ECL
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of adopting IFRS 9
The following table summarises the impact of transition to IFRS 9 on retained earnings and non-controlling interest:

	Retained earnings	Non-controlling interests
Opening balance under IAS 39 at 1 January 2018	31,495	2,722
Impact of expected credit loss on trade receivables	(2,443)	(209)
Opening balance under IFRS 9 on date of initial application at 1 January 2018	**29,052**	**2,513**

The impact of ECL on cash and cash equivalents and bank deposits is not significant.

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

	31 December 2017	Re-measurement	1 January 2018
Trade receivable under IAS 39 /Financial assets at amortised cost under IFRS 9 (note 7)	6,231	2,652	8,883
	6,231	**2,652**	**8,883**

Classification and measurement of financial instruments
The Group performed a detailed analysis of its business models for managing financial assets as well as analysing of their cash flow characteristics.

The below table reconciles the original measurement categories and carrying amounts of financial assets in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 31 December 2017.

for the three months ended 31 March 2018 Bahraini Dinars '000

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	Re-measure-ment	New carrying amount
Trade and other receivables	Loans and receivables	Amortised cost	65,689	2,652	63,037
Cash and balance with banks including deposits	Loans and receivables	Amortised cost	11,941	-	11,941
Investment debt instrument	Held to maturity	Amortised cost	291	-	291
			77,921	**2,652**	**75,269**

There were no significant changes to the classification and measurement of financial liabilities.

Changes to Judgements and estimates

Financial asset classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial instruments

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

Inputs, assumptions and techniques used for estimating impairment

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures expected credit loss using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the forecasted collateral value and the associated recovery cost.

for the three months ended 31 March 2018 Bahraini Dinars '000

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Adoption of IFRS 15
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e.1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The following table summarises the impact, net of tax, of transition to IFRS 15 on retained earnings and Non-controlling interest (NCI) at 1 January 2018.

	As at 31 December 2017	Adjustments due to adoption of IFRS 15	Adjusted opening balance at 1 January 2018
Retained earnings	31,495	200	31,695
Non-controlling interest	2,722	-	2,722

There was no significant impacts of adopting IFRS 15 on the Group's condensed consolidated interim financial statements for the three months ended 31 March 2018.

The details of the main new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below.

Type of product /service	**New revenue recognition criteria**	**Change from previous accounting policy**
Performance obligation	A performance obligation is a promise in the contract to transfer a good or service to a customer – it is the unit of account for contract accounting. The Group, based on the guidance of the new standard, identifies separate components of a contract that may result in goods or services being unbundled or bundled. If a revenue arrangement from a bundled contract includes more than one performance obligation, the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price.	The Company provides a significant integration services by combining all the goods and services in the contract, into a combined item for which the customer has contracted. Combination of these assets are generally represents a single performance obligation. However, the Group exercises judgment whether the different elements of the contract are closely inter-related or interdependent based on the comprehensive guidance of IFRS 15, and that a significant integration service is performed in order to account for the contract as a single performance obligation.

for the three months ended 31 March 2018 Bahraini Dinars '000

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Variable consideration	Variable consideration is estimated at either the 'expected value' (i.e. the sum of probability weighted amounts) or the 'most likely amount' (i.e. the single most likely amount) and included in the revenue to the extent that is highly probable that the revenue would not reverse.	As per previous accounting policy, contract revenue includes the initial amount agreed in a contract plus any variations in contract work and claims to the extent that it is probable that they can be measured reliably and will be accepted by the customer. The adoption of IFRS 15 resulted in a change of the approach to account for variable considerations, which is now based on 'expected value' or 'most likely amount'. Also the Group assesses which of the two methods best predicts the amount of consideration to which it would be entitled
Contract Costs	Contract costs that are incremental in obtaining a contract with a customer are capitalized and amortised over the period of related revenues.	Previously all contract costs were expensed as incurred. Adoption of IFRS 15 resulted in recognition of contract assets and subsequent amortisation in respect of these costs within the Group's balance sheet.

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 2017 except for changes arising from adoption of IFRS 9 and IFRS 15 (refer note 3 (a) and 3 (b)).

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 2017 held on 28 March 2018, the following appropriations were approved which have been effected during the period:

- a final dividend of BD 1,075 - 5 % (2016: BD 1,075 - 5 %); and
- transfer to donation and charity reserve of BD 30 (2016: BD 10).

Directors' remuneration of BD 92 (2016: BD 92) was charged to profit or loss and approved by the shareholders at AGM.

for the three months ended 31 March 2018 Bahraini Dinars '000

7 TRADE AND OTHER RECEIVABLES

	31 March 2018 (reviewed)	31 Dec 2017 (audited)
Trade receivables	54,570	46,744
Retention receivables	17,402	15,793
Advances to suppliers and sub-contractors	8,669	7,709
Prepaid expenses	776	863
Other receivables	873	691
Staff receivables	155	120
	82,445	71,920
Allowance for impairment losses:	(8,581)	(6,231)
	73,864	65,689

Movement on impairment allowance is as follows:

	31 March 2018 (reviewed)	31 December 2017 (audited)
At beginning of the period (previously reported)	6,231	4,345
IFRS 9 adjustments (note 3 (a) (i))	2,652	-
At beginning of the period (restated)	8,883	4,345
Charge for the period	-	2,018
Recovery during the period	(302)	(132)
At end of the period	**8,581**	6,231

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 2018 (reviewed)	31 March 2017 (reviewed)	**31 March 2018 (reviewed)**	31 March 2017 (reviewed)	**31 March 2018 (reviewed)**	31 Dec 2017 (audited)	**31 March 2018 (reviewed)**	31 Dec 2017 (audited)
A.A. Nass & Sons WLL and its related parties	419	294	3,904	2,500	4,559	4,831	8,128	7,586
Joint ventures	408	272	-	-	1,155	1,003	471	442
Total	**827**	566	3,904	2,500	**5,714**	5,834	**8,599**	8,028

Interest in joint ventures of BD 1,666 (31 December 2017: BD 724) represents the accumulated capital, share of profits less distribution received from the joint venture projects.

for the three months ended 31 March 2018 Bahraini Dinars '000

8 RELATED PARTY TRANSACTIONS (continued)

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 2018 (reviewed)	31 March 2017 (reviewed)
Short-term benefits	381	320
Termination benefits	61	58
	442	378

The short-term compensation includes provision for directors' fees of BD 23 (2017: BD 23) and board committee attendance fees BD 56 (2017: BD 50).

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

	31 March 2018 (reviewed)	31 Dec 2017 (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 2018 (reviewed)	31 Dec 2017 (audited)
Trade accounts payable	19,959	17,427
Accrued expenses	18,695	17,680
Unclaimed dividends	3,468	1,587
Advances against contracts	14,066	14,737
Retention payables	3,507	3,090
Other payables	2,938	3,510
	62,633	58,031

10 REVENUE

	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Contract income	32,820	28,668
Sales of goods	9,862	9,373
Hire income	2,834	2,005
	45,516	40,046

for the three months ended 31 March 2018 Bahraini Dinars '000

11 GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Salaries of administration staff	1,815	1,512
Management consultancy fees	390	390
(Recovery) / impairment provision on receivables and due from contract customers (net)	(302)	1,343
Depreciation	172	158
Commission paid	93	78
Vehicle expenses	97	107
Rent, electricity and water	123	86
Communication	67	62
Directors' remuneration and sitting fee	79	73
Other expenses	307	360
	2,841	4,169

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the three months ended 31 March 2018 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.

	Construction & Allied Activities		**Trading Activities**		**Eliminations**		**Consolidated**	
	31 March 2018 (reviewed)	31 March 2017 (reviewed)	**31 March 2018 (reviewed)**	31 March 2017 (reviewed)	**31 March 2018 (reviewed)**	31 March 2017 (reviewed)	**31 March 2018 (reviewed)**	31 March 2017 (reviewed)
REVENUE								
External sales	42,420	36,792	3,096	3,254	-	-	45,516	40,046
Inter-segment sales	5,619	3,581	1,054	804	(6,673)	(4,385)	-	-
Total revenue	**48,039**	40,373	**4,150**	4,058	**(6,673)**	(4,385)	**45,516**	40,046
Segment result	(132)	115	360	348	-	(10)	228	453
Share of profit from joint ventures	997	181	-	-	-	-	997	181
Other gains and losses	200	174	11	25	-	-	211	199
Unallocated corporate expenses	-	-	-	-	-	-	(575)	(618)
Profit for the period							**861**	**215**

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12 OPERATING SEGMENTS (continued)

Other Information	**Construction & Allied Activities**		**Trading Activities**		**Consolidated**	
	31 March 2018 (reviewed)	31 Dec 2017 (audited)	**31 March 2018 (reviewed)**	31 Dec 2017 (audited)	**31 March 2018 (reviewed)**	31 Dec 2017 (audited)
Capital expenditure	793	9,067	76	1,140	869	10,207
Depreciation	1,268	4,716	151	433	1,419	5,149
Total assets	159,159	147,784	10,015	10,181	169,174	157,965
Total liabilities	105,855	91,113	3,941	3,868	109,796	94,981
Total net assets	**53,304**	56,671	**6,074**	6,313	**59,378**	62,984

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 2018 (reviewed)	**Loans and receivables**	**Others at amortised cost**	**Total carrying value**
Trade and other receivables	73,088	-	73,088
Due from related parties	5,714	-	5,714
Deposits with banks	811	-	811
Cash and cash equivalents	12,917	-	12,917
	92,530	-	**92,530**
Bank Loans	-	2.767	2,767
Trade and other payables	-	43,938	43,938
Due to related parties	-	8,599	8,599
Bills payable	-	4,857	4,857
Bank overdrafts	-	18,337	18,337
	-	**78,498**	**78,498**

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13 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

31 December 2017 (audited)	Loans and receivables	Others at amortised cost	Total carrying value
Trade and other receivables	64,826	-	64,826
Due from related parties	5,834	-	5,834
Deposits with banks	609	-	609
Cash and cash equivalents	11,116	-	11,116
	82,385	-	82,385
Bank loans	-	1,901	1,901
Trade and other payables	-	40,351	40,351
Due to related parties	-	8,028	8,028
Bills payable	-	2,475	2,475
Bank overdrafts	-	13,215	13,215
	-	65,970	65,970

14 COMMITMENTS AND CONTINGENCIES

	31 March 2018 (reviewed)	31 December 2017 (audited)
Guarantees	**55,093**	59,188
Letters of credit	**4,592**	9,037
Capital commitments	**276**	549

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 55,093 (31 December 2017: BD 59,188) 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.