

Nass Corporation BSC

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 September 2014

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2014

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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 Samir Nass
Director	Dr. Mustafa Al Sayed
Director	Mr. Jamal A Al Hazeem
Director	Mr. Hisham Al Saie
Director	Mr. Saleh Al Nashwan
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

12 November 2014

Introduction

We have reviewed the accompanying 30 September 2014 condensed consolidated interim financial information of Nass Corporation BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2014;
- the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2014;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2014;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2014; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

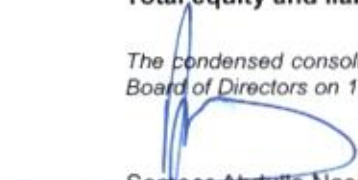
Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2014

Bahraini Dinars '000

	30 September 2014 (reviewed)	31 December 2013 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	19,132	21,043
Investment property	1,500	1,500
Investment in associates	373	428
Total non-current assets	21,005	22,971
Current assets		
Interests in joint ventures	935	2,191
Inventories	6,480	4,984
Trade and other receivables	33,284	35,971
Due from contract customers	7,743	3,086
Due from related parties	4,112	5,142
Term deposits with banks	12,933	9,476
Cash and cash equivalents	12,040	15,153
Total current assets	77,527	76,003
Total assets	98,532	98,974
EQUITY AND LIABILITIES		
Equity		
Share capital	22,000	22,000
Treasury shares	(1,597)	(1,597)
Statutory reserve	7,007	7,007
Retained earnings	28,544	28,134
Donations and charity reserve	30	30
Total equity attributable to equity holders of the parent	55,984	55,574
Non-controlling interest	1,926	1,872
Total equity (page 5)	57,910	57,446
Liabilities		
Loans and borrowings	502	1,536
Employee benefits	4,472	4,046
Trade and other payables	153	224
Total non-current liabilities	5,127	5,806
Current liabilities		
Trade and other payables	18,492	15,575
Due to contract customers	3,512	6,354
Employee benefits	2,024	2,291
Due to related parties	5,048	4,748
Bills payable	1,359	333
Loans and borrowings	1,160	2,357
Bank overdrafts	3,900	4,064
Total current liabilities	35,495	35,722
Total liabilities	40,622	41,528
Total equity and liabilities	98,532	98,974

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 12 November 2014 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 COMPREHENSIVE INCOME


for the nine months ended 30 September 2014

Bahraini Dinars'000

	Nine months ended 30 September		Three months ended 30 September	
	2014 (reviewed)	2013 (reviewed)	2014 (reviewed)	2013 (reviewed)
REVENUE				
Contract income	30,556	32,540	11,679	11,320
Sales	19,890	19,152	5,909	5,441
Hire income	8,902	8,889	2,458	2,904
Total revenue	59,348	60,581	20,046	19,665
Cost of sales / contract costs	(47,783)	(49,130)	(16,450)	(15,509)
Gross profit	11,565	11,451	3,596	4,156
Other operating income, net	1,508	678	328	92
General and administrative expenses	(8,889)	(8,630)	(3,184)	(2,977)
Finance income	334	226	108	67
Finance costs	(275)	(262)	(83)	(92)
Share of loss from joint ventures, net	(482)	(132)	(61)	(80)
Share of profit from associate	65	105	20	14
Profit for the period	3,826	3,436	724	1,180
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	3,826	3,436	724	1,180
<i>Profit attributable to</i>				
Equity holders of the Company	3,646	3,333	700	1,190
Non-controlling interest	180	103	24	(10)
	3,826	3,436	724	1,180
Basic earnings per 100 fils share (fils)	16.95	15.50	3.25	5.54

The condensed consolidated interim financial statements which consist of pages 3 to 16 were approved by the Board of Directors on 12 November 2014 and signed on its behalf by:


Sameer Abdulla Nass
Chairman


Sameer Abdulla Nass
Deputy Chairman & Managing Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2014

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		
Balance at 1 January 2014	22,000	(1,597)	7,007	28,134	30	55,574	1,872	57,446
2013 Appropriations:	-	-	-	(3,226)	-	(3,226)	(126)	(3,352)
- Final dividend (15 %) - 2013	-	-	-	(10)	10	-	-	-
- Donations and charity reserve	-	-	-	-	-	-	-	-
Balance after 2013 Appropriations	22,000	(1,597)	7,007	24,898	40	52,348	1,746	54,094
Profit for the period	-	-	-	3,646	-	3,646	180	3,826
Total comprehensive income for the period	-	-	-	3,646	-	3,646	180	3,826
Utilization of donation and charity reserve	-	-	-	-	(10)	(10)	-	(10)
Balance at 30 September 2014	22,000	(1,597)	7,007	28,544	30	55,984	1,926	57,910

The condensed consolidated interim financial information consists of pages 3 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2014

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			
2013 (reviewed)									
At 1 January 2013	22,000	(1,597)	6,595	27,658	39	54,695	1,958	56,653	
2012 Appropriations:	-	-	-	(3,226)	-	(3,226)	(231)	(3,457)	
- Final dividend (15%) - 2012	-	-	-	(10)	10	-	-	-	
- Donations and charity reserve	-	-	-	-	-	-	-	-	
Balance after 2012 Appropriations	22,000	(1,597)	6,595	24,422	49	51,469	1,727	53,196	
Profit for the period	-	-	-	3,333	-	3,333	103	3,436	
Total comprehensive income for the period	-	-	-	3,333	-	3,333	103	3,436	
Utilization of donation and charity reserve	-	-	-	-	(19)	(19)	-	(19)	
Balance at 30 September 2013	22,000	(1,597)	6,595	27,755	30	54,783	1,830	56,613	

The condensed consolidated interim financial information consists of pages 3 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2014

Bahraini Dinars '000

	Nine months ended 30 September	
	2014 (reviewed)	2013 (reviewed)
OPERATING ACTIVITIES		
Profit for the period before non-controlling interest	3,826	3,436
<i>Adjustments</i>		
Depreciation	3,506	3,967
Impairment of trade receivables	540	936
Gain on disposal of property, plant and equipment	(62)	(57)
Share of loss from joint ventures, net	482	132
Share of profit from associate	(65)	(105)
Employee benefits	426	185
<i>Working capital changes</i>		
Inventories	(1,496)	575
Trade and other receivables	2,147	4,738
Due from contract customers	(4,657)	4,136
Due from related parties	1,030	1,937
Trade and other payables	2,670	(9,084)
Due to contract customers	(2,842)	(3,103)
Due to related parties	497	(2,584)
Employee benefits	(267)	144
Bills payable	1,026	(890)
Cash flows from operating activities	6,761	4,363
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,644)	(7,386)
Proceeds from sale of property, plant and equipment	111	99
Receipt of share of profits from joint ventures	577	850
Repayment of loan from associate	120	487
(Paid for) / maturity of term deposits with banks	(3,457)	3,758
Cash flows used in investing activities	(4,293)	(2,192)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	602	2,773
Repayment of loans and borrowings	(2,833)	(2,557)
Dividends paid to equity shareholders of the parent	(3,050)	(2,991)
Dividends paid to non-controlling shareholders	(126)	(207)
Utilization of donation and charity reserve	(10)	(19)
Cash flows used in financing activities	(5,417)	(3,001)
Net decrease in cash and cash equivalents	(2,949)	(830)
Cash and cash equivalents at 1 January	11,089	8,221
Cash and cash equivalents at 30 September	8,140	7,391
<i>Represented by</i>		
Cash and bank balances	11,638	11,417
Short term deposits	402	501
Bank overdrafts	(3,900)	(4,527)
	8,140	7,391

The condensed consolidated interim financial information consists of pages 3 to 16.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2014

Bahraini Dinars '000

1 REPORTING ENTITY

Nass Corporation BSC (the "Company") is a public shareholding Company incorporated and registered in Bahrain and operates under commercial registration number 60037 obtained on 9 March 2006. The Company is listed on the Bahrain Bourse with an authorised share capital of 500 million ordinary shares of 100 fils each, out of which issued and fully paid up share capital is 220 million ordinary shares of 100 fils each.

The condensed consolidated interim financial information ("interim financial information") as at and for the nine month period ended 30 September 2014 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures. It does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

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.

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 2013.

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 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2014

Bahraini Dinars '000

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 consolidated financial statements as at and for the year ended 31 December 2013, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning on or after 1 January 2014. The adoption of these new standards / amendments did not have a significant impact on the interim financial information.

The interim financial information are not audited but have been reviewed by KPMG Fakhro. 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 2013 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 nine months period ended 30 September 2013.

4 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2013.

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 will be made at the year end. At the Annual General Meeting (AGM) for the year 2013 held on 31 March 2014, the following appropriations were approved which have been effected during the period:

- a final dividend of BD 3,226 - 15 % (2012: BD 3,226 - 15 %); and
- transfer to donation and charity reserve of BD 10 (2012: BD 10).

The directors' remuneration of BD 48 (2012: BD 242) was charged to profit or loss and approved by the shareholders at AGM held on 31 March 2014.