

**BOARD OF DIRECTORS' REPORT**  
**for the year ended 31 December 2023**

To,  
**All our esteemed shareholders,**

On behalf of the Board of Directors, it is our pleasure and privilege to present to you the 19th Annual Report and Audited Annual Accounts of Nass Corporation BSC (the "Company") for the financial year ended 31 December 2023. The annual report includes the consolidated financial results of Nass Corporation BSC and subsidiaries (together the "Group").

The performance of the Group for the financial year ended 31 December 2023 is summarized below:

Bahraini dinars '000

**Financial highlights**

	<b>2023</b>	<b>2022</b>
Revenue	165,804	124,356
Profit before finance charges, depreciation and amortisation	8,952	7,218
Net profit attributable to owners of the Company	3,205	589
Total assets	144,042	136,706
Total equity	40,958	38,259

**Appropriations**

	<b>2023</b>	<b>2022</b>
Transfer to statutory reserve	320	59
Proposed dividend	-	-
Donations and charity reserve	-	-

**RESULTS OF THE GROUP**

The year 2023 was the 19th year of operations for Nass Corporation BSC. The Group achieved a gross turnover of BD 165.804 million (BD 124.356 million for 2022) on which it achieved a profit before finance charges, depreciation and amortisation of BD 8.952 million (achieved profit before finance charges, depreciation and amortisation of BD 7.218 million for 2022) and a net profit attributable to owners of the Company of BD 3.205 million (net profit of BD 0.589 million for 2022).

Construction industry globally has undergone multiple challenges in the last few years, following the advent of a global pandemic followed by inflationary conditions and geopolitical events that made contractors more vulnerable to risks amidst the changing market conditions. Year 2023 witnessed an increase in new project awards in the region with the stabilization of the oil price, but persistent inflationary risks in commodities and project financing built pressure on the project margins. The Group, being predominantly in the construction sector, was subject to these severe conditions, compelling the need for a relook at the contractual terms with the clients in order to ensure an even play for the stakeholders in the construction industry. Conscious efforts involving Board members and the senior management team were initiated, with representations at various levels, both in the public and private sectors. The resolution process could involve some time but our goal is to secure an alignment with the standard contractual terms that upholds the contractors' interest.

**BOARD OF DIRECTORS' REPORT  
for the year ended 31 December 2023**

---

Despite multiple challenges, as explained above, the Group improved its financial performance in year 2023 compared to year 2022. The management is striving hard to improve the Group's liquidity by improving the works certifications and reaching agreements with clients on completed projects such that the entitlements are timely collected. Rightly so, the senior management team accelerated its efforts towards collections and prioritised strengthening of collection efforts. With major projects such as Avenues, Four Seasons, Bapco and Hawar Hotel Development scheduled for completion in year 2024, it is important to consolidate the Group's liquidity position in order to meet the business requirements. The Board has decided not to recommend dividend to the shareholders for the year 2023.

We are pleased to inform that the Group's major achievements during the year 2023 were successful completion and handover of projects, namely Al Fateh Highway Upgrade, East Sitra Housing Project Infrastructure Works and Al Raffa Land Development Grading Works, securing major project awards namely Bahrain Marina Development Phase 1, Hawar Hotel Development Phase 2 and Bahrain Airport Terminal projects and achieving amicable settlement agreements on our entitlements with clients.

The construction sector in GCC is expected to outperform in year 2024 as the market outlook portrays a picture of resilience and potential growth steering through global challenges and regional complexities. The Group presently has a healthy work order in hand which is expected to further improve during the year and simultaneously position itself to explore opportunities from planned strategic projects in coming years such as GCC Funded projects, Bahrain Metro and new King Hamad Causeway connecting Bahrain to KSA.

**ORDER BOOK POSITION**

The work-orders on hand of constituent divisions/companies (excluding Trading Divisions) at beginning of year 2024 amounts to a value of BD 158 million.

**CORPORATE GOVERNANCE**

Nass Corporation desire to achieve highest standards of ethical conduct with proactive Corporate Governance Plan, abiding to best practices and is making satisfactory progress in that direction. The guidelines stipulated by the regulatory agencies are being followed pro-actively. A detailed report on the Corporate Governance compliance forms part of the documentation being provided to the shareholders at the ensuing Annual General Meeting on 28<sup>th</sup> March 2024.

With global focus on ESG (Environmental, Social and Governance), ESG management committee was created with representations from Group constituents for developing ESG road map in order to set targets for achieving sustainable development ambitions and simultaneously building knowledge base and the reporting infrastructure for the ESG reporting which is mandated by the regulators for listed companies from financial year 2024.

The Audit Committee is actively involved in the various aspects of corporate functioning with a view to strengthen the existing Management Information Systems and Internal Control Systems and is involved in providing directions on policy issues.

Internal Audit function that has been outsourced to professional auditors is being carried out satisfactorily with special emphasis on risk management and corporate governance issues. The Group's 'Compliance Manager' who looks after the day-to-day compliance matters as required by the regulatory authorities is pro-actively following the regulatory guidelines.

**BOARD OF DIRECTORS' REPORT**  
for the year ended 31 December 2023

**DISCLOSURE OF REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT**

The table below shows the remuneration of members of the Board of Directors and the Executive Management for the year ended 31 December 2023.

**First: Remuneration of the Board of directors:**

Name	Fixed remunerations			Variable remunerations					Aggregate amount (Does not include expense allowance)	Expenses allowance			
	Remuneration of the Chairman and BOD	Total allowance for attending Board and committee	Salaries	Others	Total	Remunerations of the Chairman and BOD	Bonus	Incentive plans			Others	Total	End-of-service award
<b>Independent Directors:</b>													
1- Mr. Jamal A Al Hazeem	-	27,500	-	-	27,500	-	-	-	-	-	-	27,500	-
2- Mr. Hisham Al Saie	-	27,500	-	-	27,500	-	-	-	-	-	-	27,500	-
3- Mr. Abdulla Nooruddin	-	21,000	-	-	21,000	-	-	-	-	-	-	21,000	-
<b>Executive Directors</b>													
1- Mr. Sameer Abdulla Nass	-	18,750	150,000	-	168,750	-	-	-	-	-	-	168,750	-
2- Mr. Sami Abdulla Nass	-	19,500	120,000	-	139,500	-	-	-	-	-	-	139,500	-
3- Mr. Adel Abdulla Nass	-	21,000	100,000	-	121,000	-	-	-	-	-	-	121,000	-
4- Mr. Ghazi Abdulla Nass	-	20,000	100,000	-	120,000	-	-	-	-	-	-	120,000	-
5- Mr. Fawzi Abdulla Nass	-	18,750	100,000	-	118,750	-	-	-	-	-	-	118,750	-
6- Mr. Bashar Sameer Nass	-	19,500	45,000	-	64,500	-	-	-	-	-	-	64,500	-
7- Mr. Hemant Joshi	-	26,000	45,000	-	71,000	-	-	-	-	-	-	71,000	-
<b>Total</b>	-	<b>219,500</b>	<b>660,000</b>	-	<b>879,500</b>	-	-	-	-	-	-	<b>879,500</b>	-
<b>Notes:</b>													
1. All amounts are stated in Bahraini Dinars.													

**BOARD OF DIRECTORS' REPORT**  
**for the year ended 31 December 2023**

**Second: Executive management remuneration details:**

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Remunerations of top 6 executives (including CEO and Chief Financial Officer).	595,029	114,068	-	709,107
<b>Notes:</b> 1. All amounts are stated in Bahraini Dinars.				

**AUDITORS**

The Board of Directors propose to recommend re-appointment of M/S KPMG Fakhro as the Statutory Auditors of the Group for the year 2024.

**EMPLOYEE RELATIONS**

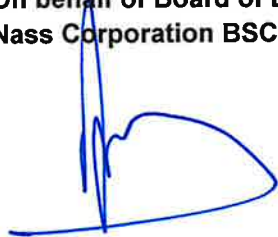
The relations between the Management and employees of the Group continue to remain cordial. On behalf of the Board of Directors, we sincerely acknowledge and appreciate the contribution and commitment of employees at all levels amidst the challenging circumstances. The Group is also promoting employee wellbeing initiatives for achieving better employee engagement and higher efficiency.

**ACKNOWLEDGEMENTS**

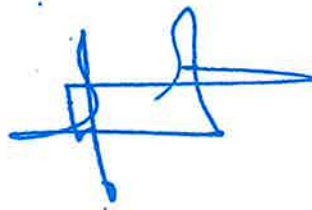
On behalf of all the shareholders and the Board of Directors, we take this opportunity to express our sincere gratitude and appreciation to His Majesty King Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain, to His Royal Highness Prince Salman Bin Hamad Al Khalifa, the Crown Prince and Prime Minister, and to all Government Ministries and Institutions, especially the Ministry of Finance, Ministry of Industry and Commerce, the Central Bank of Bahrain, and the Bahrain Bourse for their continuing support.

We also appreciate support extended to us by our shareholders, bankers, financial institutions, suppliers, and business associates, share registrar, our Statutory Auditors M/S KPMG Fakhro and our Internal Auditors BDO for the year 2023.

On behalf of Board of Directors  
 Nass Corporation BSC



**Sameer Abdulla Nass**  
 Chairman



**Sami Abdulla Nass**  
 Deputy Chairman

**Date: 26 February 2024**