Nass Corporation BSC

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

Head Office	:	P.O. Box 669, Manama, Kingdom of Bahrain Telephone - 17725522 Fax - 17728184
Directors	:	Mr. Sameer Abdulla Nass *(Chairman)* Mr. Sami Abdulla Nass *(Deputy Chairman and Managing Director)* Mr. Adel Abdulla Nass Mr. Ghazi Abdulla Nass Mr. Fawzi Abdulla Nass Mr. Bashar Sameer Nass Dr. Mustafa Al Sayed Mr. Jamal A Al Hazeem Mr. Hisham Al Saie 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
Company secretary	:	Mr. Srinath Prabhu
Auditors	:	KPMG Fakhro

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BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2016 Bahraini dinars '000

To,
All our esteemed shareholders,

On behalf of the Board of Directors, it is our pleasure and privilege to present to you the 12th Annual Report and Audited Annual Accounts of Nass Corporation B.S.C. for the financial year ended 31 December 2016. The annual report includes the consolidated financial results of Nass Corporation B.S.C. and subsidiaries (the "Group")

The performance of the Group for the financial year ended 31 December 2016 is summarized below:

Financial highlights	**2016**	2015
Revenue	135,818	99,284
Profit before finance charges and depreciation	8,098	7,236
Net profit	3,044	2,668
Total assets	**128,761**	110,451
Total equity	**60,130**	57,992

Appropriations		
Transfer to statutory reserve	304	267
Proposed dividend	1,075	1,075
Donations and charity reserve	10	10

DIVIDEND

The company values the support of the shareholders over the years and is committed in its efforts to add value for their investment. We are pleased to inform you that your Directors have recommended for the financial year ended 31 December 2016, a dividend of 5 fils per share of 100 fils each, on its 215,076,840 Ordinary shares (out of total issued shares of 220,000,000, the Company is holding 4,923,160 shares as treasury shares). Upon approval at the ensuing Annual General Meeting, the said dividend will be paid to all those members whose names appear in the Register of members as on the day of the Annual General Meeting viz. 27th March 2017

CONSOLIDATION OF ACCOUNTS

Nass Corporation B.S.C. has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2016.

The low oil price environment during 2016 continued to drag down the growth among oil producing GCC countries and created pressure on public finances. These events eventually led to austerity measures by the GCC governments such as cutting public expenditure, introduction of new levy and withdrawal of subsidies that created inflationary pressure. Corporate sectors across the region are facing a much more strenuous environment, higher fuel and utility costs and increase in financing costs due to tightening liquidity conditions. The above circumstances, plus increase in input price, extended time cost for delays originating from customers, created pressure on the projects margins which is evident from the marginal growth in operating profit despite growth in the company's turnover during 2016. The year 2016 was the 12th year of operations for Nass Corporation B.S.C. The Group achieved a gross turnover of BD 135.818 million (BD 99.284 million for 2015) on which it achieved a profit before interest and depreciation of BD 8.098 million (BD 7.236 million for 2015) and a net profit of BD 3.044 million (BD 2.668 million for 2015).

Against the challenging market situation experienced by the GCC economy due to lower oil price, the Bahrain construction industry in particular is buoyant backed by GCC marshal fund backed projects and other projects such as Alba Potline 6, BAPCO, Al Marassi and Bahrain airport expansion which are expected to perform beyond 2018. Recently, the Group has been awarded some major projects and as of now, its work-order situation is very healthy. The Group is hopeful of securing more works during the course of the year out of these above projects.

Furthermore, the board is conscious of its responsibility and taking required steps to streamline the cost structure in order to be competitive in the bidding process and building up the work order. The Group has performed satisfactorily and fulfilled external agencies obligations and is confident of carrying on its performance in a feasible manner in the coming periods.

ORDER BOOK POSITION

The work-orders on hand of constituent divisions/companies (excluding Trading Divisions) as of 26 February 2017 amount to a value of BD 169.46 million. In addition, our portion of work pertaining to joint venture projects is BD 7.31 million.

JOINT VENTURES

Your Group is presently engaged as a joint venture partner in the following joint ventures.

JV partner	Project	Contract value
Contrack International	Tension Fabric Hanger at Sh.Isa Air Base, Shipment and Support Facility etc.	11,473
Contrack Watts	Repair of Quay Wall NSA Bahrain	6,524

CORPORATE GOVERNANCE

Your Company is committed to a pro-active Corporate Governance Plan 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 progress of Corporate Governance compliance and the expected dates there of forms a part of the documentation being provided to the shareholders at the ensuing Annual General Meeting on 27 March 2017.

The Audit Committee is actively involved in the various aspects of corporate functioning. It meets regularly with a view to strengthen the existing Management Information Systems and Internal Control Systems and is involved in providing directions on policy issues. The Company has a Remuneration Committee that comprises of three directors, two of whom are independent, non-executive directors.

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.

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 2017.

EMPLOYEE RELATIONS

The relations between the Management and employees of the Group continue to remain cordial. The Group firmly believes that its workforce is instrumental in its overall success and is indeed a valuable asset of the Group. On behalf of the Board of Directors, we sincerely acknowledge and appreciate the contribution of its employees at all levels.

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 Shaikh Khalifa Bin Salman Al Khalifa, the Prime Minister, to His Royal Highness Prince Shaikh Salman Bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander and First Deputy Premier to all Government Ministries and Institutions, especially the Ministry of Finance, Ministry of Industries and Commerce, the Central Bank of Bahrain and the Bahrain Bourse for their continuing support.

We also appreciate support extended to us by our bankers, financial institutions, suppliers and business associates and our Statutory Auditors M/S KPMG Fakhro and our Internal Auditors BDO for the year 2016.

On behalf of Board of Directors
Nass Corporation BSC

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman and Managing Director

Date: 26th February 2017

KPMG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Nass Corporation BSC
Manama – Kingdom of Bahrain

Report on the audit of the (consolidated) financial statements

Opinion
We have audited the accompanying consolidated financial statements of Nass Corporation BSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016 the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Contract accounting and revenue recognition
(Refer to accounting policies in note 3n and 4a and disclosure in note 17 in the consolidated financial statements)

Description

The recognition of profit on long term contracts is based on the stage of completion of work completed.

Forecast profit or loss on contracts is a key matter for our audit because of the judgment involved in preparing suitable estimates of the forecast costs and revenue on contacts. An error in the contract forecast could results in a material variance in the amount of profit or loss recognized to date and therefore also in the current period.

The forecast profits on contracts include key judgments over the expected recovery of costs arising from variations and claims. The inclusion of these amounts in the contract forecast where they are not recoverable could result in a material error in the level of profit or loss recognized by the Group.

How the matter was addressed in our audit

Our procedures over contract revenue included:

- We read all key contracts and discussed each with management to obtain full understanding of the specific terms and risk, which informed our consideration of whether revenue was appropriately recognised;
- We evaluated and tested the operating effectiveness of internal controls over the accuracy and timing of revenue recognized in the financial statements, including controls over detailed contract reviews performed by management that included estimating total cost, stage of completion of contracts, profit margin and evaluating contract profitability.
- We challenged the financial assessment of the contract progress and percentage complete through discussion with commercial management and comparing the outcome of our discussion with the underlying records;
- We evaluated a sample of forecast costs to complete for reasonableness by assessing the basis of their calculation based on the monthly contract review summary prepared by project managers and considered the performance of those contracts and costs post-year end;

- We assessed the accuracy of management forecasting by comparing the historical financial performance of ongoing and completed contracts with original budgets and forecast margins for those contracts.

- We evaluated significant exposure to contract variations, claims and liquidated damages for late delivery of work by assessing management estimates included in the monthly contract review summary, which tracks the nature, quantum and status of such exposures. We also assessed other underlying records, if any, such as legal and third party expert reports commissioned by the Group over contentious positions;

- Assessing the adequacy of the Group's disclosures in relation to contract accounting and revenue recognition by reference to the requirements of relevant accounting standards

The recoverability of trade receivables and adequacy of bad debt provision
(Refer to accounting policies in note 3u and 4b and disclosure in note 10 of the consolidated financial statements.)

Description	How the scope of our audit addressed the matter
Trade receivables make up 44.3 % of the Group's total assets (by value). Significant judgment is required by the Group in assessing the adequacy of the trade receivables provision through considering the expected recoverability of the year end trade receivables.	▪ We tested the design and operating effectiveness of the Group's relevant credit control and collection procedures; ▪ We challenged the Group's assumptions in calculating the the bad debt provision. This includes assessing the aging of trade receivables in comparison to previous years and testing the integrity of aging. ▪ We checked the recoverability of outstanding trade receivables through the examination of subsequent cash receipts. ▪ We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.

Other information
The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Directors' report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors for the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended 31 December 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
b) the financial information contained in the directors' report is consistent with the consolidated financial statements;
c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law, or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

The engagement partner on the audit resulting in this independent auditors' report is Jalil AlAali

KPMG

KPMG Fakhro
Partner registration number 100
26 February 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016 Bahraini dinars '000

	Note	2016	2015
ASSETS			
Property, plant and equipment	6	22,744	17,842
Held to maturity investments		295	-
Investment property		-	1,500
Investment in associates	8	349	307
Interests in joint ventures	25	476	576
Total non-current assets		**23,864**	20,225
Inventories	9	7,261	5,855
Assets held for sale	7	2,348	-
Trade and other receivables	10	57,045	47,405
Due from contract customers	11	7,591	9,850
Due from related parties	23	7,579	3,381
Deposits with banks		6,137	6,699
Cash and cash equivalents	13	16,936	17,036
Total current assets		**104,897**	90,226
Total assets		**128,761**	110,451
EQUITY			
Share capital	21	22,000	22,000
Treasury shares	21	(1,597)	(1,597)
Statutory reserve	22	7,988	7,684
Retained earnings		29,408	27,753
Donations and charity reserve		35	31
Equity attributable to equity holders of the parent		**57,834**	55,871
Non-controlling interest		2,296	2,121
Total equity		**60,130**	57,992
Liabilities			
Bank loans	12	489	310
Employee benefits	14	5,957	5,277
Total non-current liabilities		**6,446**	5,587
Trade and other payables	15	40,549	30,960
Due to contract customers	16	5,162	2,084
Employee benefits	14	2,920	2,313
Due to related parties	23	6,810	4,654
Bills payable		1,469	1,843
Bank loans	12	862	1,576
Bank overdrafts	13	4,413	3,442
Total current liabilities		**62,185**	46,872
Total liabilities		**68,631**	52,459
Total equity and liabilities		**128,761**	110,451

The consolidated financial statements which consist of pages 8 to 44 were approved by the Board of Directors on 26 February 2017 and signed on its behalf by:

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman & Managing Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016 Bahraini dinars '000

	Note	2016	2015
Revenue	17	135,818	99,284
Cost of sales		(121,087)	(85,246)
Gross profit		**14,731**	14,038
Other income	19	688	443
Gain on disposal of investment property		637	-
General and administrative expenses	18	(12,740)	(11,990)
Finance income		178	154
Finance cost		(266)	(211)
Share of profit from joint ventures, net	25	238	515
Share of profit from associate	8	92	76
Profit for the year		**3,558**	3,025
Other comprehensive income		-	-
Total comprehensive income for the year		**3,558**	3,025
Profit for the year attributable to:			
Equity holders of the parent		3,044	2,668
Non-controlling interest		514	357
		3,558	3,025
Total comprehensive income for the year attributable to:			
Equity holders of the parent		3,044	2,668
Non-controlling interest		514	357
		3,558	3,025
Earnings per share			
Basic earnings per share (Fils)	20	**14.15**	12.40

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman & Managing Director

The notes on pages 13 to 44 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

Bahraini dinars '000

	Attributable to equity holders of the parent							
2016	**Share capital**	**Treasury shares**	**Statutory reserve**	**Retained earnings**	**Donations & charity reserve**	**Total**	**Non-controlling interest**	**Total Equity**
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 year	-	-	-	**3,044**	-	**3,044**	**514**	**3,558**
Transfer to statutory reserve for 2016	-	-	304	(304)	-	-	-	-
2015 Appropriations:								
Final dividend (5 %)	-	-	-	(1,075)	-	(1,075)	(339)	**(1,414)**
Donations and charity reserve	-	-	-	(10)	10	-	-	-
Utilization of donation and charity reserve	-	-	-	-	(6)	(6)	-	**(6)**
At 31 December 2016	**22,000**	**(1,597)**	**7,988**	**29,408**	**35**	**57,834**	**2,296**	**60,130**

The notes on pages 13 to 44 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*
for the year ended 31 December 2016

Bahraini dinars '000

	Attributable to equity holders of the parent							
2015	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations & charity reserve	Total	Non-controlling interest	Total Equity
At 1 January 2015	22,000	(1,597)	7,417	28,588	29	56,437	1,993	58,430
Profit and total comprehensive income for the year	-	-	-	2,668	-	2,668	357	3,025
Transfer to statutory reserve for 2015	-	-	267	(267)	-	-		
2014 Appropriations:								
Final dividend (15 %)	-	-	-	(3,226)	-	(3,226)	(229)	(3,455)
Donations and charity reserve	-	-	-	(10)	10	-	-	-
Utilization of donation and charity reserve	-	-	-	-	(8)	(8)	-	(8)
At 31 December 2015	22,000	(1,597)	7,684	27,753	31	55,871	2,121	57,992

The notes on pages 13 to 44 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016 Bahraini dinars '000

	Note	2016	2015
Cash flows from operating activities			
Profit for the year		**3,558**	3,025
Adjustments for:			
Depreciation	6	4,274	4,000
Impairment of trade receivables (net)	10	971	601
Impairment of due from customers	11	659	-
Amortization of held to maturity investment		5	-
Gain on disposal of property, plant and equipment	19	(219)	(159)
Gain on disposal of investment property		(637)	-
Share of profit from joint ventures, net	25	(238)	(515)
Share of profit from associate	8	(92)	(76)
Employee benefits		680	707
Changes in:			
Inventories		(1,406)	(310)
Trade and other receivables		(13,359)	(3,998)
Due from contract customers		1,600	(5,097)
Due from related parties		(4,198)	845
Trade and other payables		11,024	12,786
Due to contract customers		3,078	(2,950)
Employee benefits		607	463
Due to related parties		2,156	53
Bills payable		(374)	607
Net cash from operating activities		**8,089**	9,982
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(9,403)	(3,592)
Purchase of held to maturity investment		(300)	-
Proceeds on sale of property, plant and equipment		446	244
Proceeds from sale of investment property		1,100	-
Interests in joint ventures	25	338	-
Investment in associates		50	149
Deposits with banks		562	4,890
Net cash (used in) / from investing activities		**(7,207)**	1,691
Cash flows from financing activities			
Proceeds from bank loans		1,744	2,335
Repayment of bank loans		(2,279)	(2,015)
Dividends paid to equity shareholders of the parent		(1,073)	(3,164)
Dividends paid to non-controlling shareholders		(339)	(229)
Donations paid		(6)	(8)
Net cash used in financing activities		**(1,953)**	(3,081)
Net (decrease) / increase in cash and cash equivalents		**(1,071)**	8,592
Cash and cash equivalents at 1 January		13,594	5,002
Cash and cash equivalents at 31 December	13	**12,523**	13,594

The notes on pages 13 to 44 are an integral part of these consolidated financial statements.

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 60037and listed on the Bahrain Bourse on 22 November 2005.

The Company and its subsidiaries (the "Group") are 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 consolidated financial statements for the year ended 31 December 2016 comprise the results of the Company and its subsidiaries and the Group's interest in associates and joint ventures. Unless otherwise stated, the subsidiaries, joint ventures and associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group.

The Group's material subsidiaries, interest in joint ventures and associates are as below:

Subsidiaries

Name of the entity	Country of incorporation	Proportion of ownership and voting power held by the Group	Principal activities
Nass Contracting Co. W.L.L.	Bahrain	100 %	Civil engineering
Nass Mechanical Contracting Company W.L.L.	Bahrain	100 %	Mechanical fabrication and maintenance
Nass Electrical Contracting Co. W.L.L.	Bahrain	100 %	Electrical contracting
Delmon Readymix Concrete and Products Company W.L.L.	Bahrain	80 %	Ready mixed concrete
Delmon Precast Company W.L.L.	Bahrain	80 %	Precast concrete

1 *REPORTING ENTITY (continued)*

Joint ventures

Name of the entity	Country of incorporation	Proportion of ownership and voting power held by the Group	Principal activities
Nass Contrack Joint Venture	Bahrain	50 %	General contracting
Nass Murray Roberts Joint Venture	Bahrain	50 %	General contracting
Nass Burhan Joint Venture	Bahrain	50 %	General contracting
Nass Bramco Joint Venture	Bahrain	50 %	General contracting
Nass Emco Joint Venture	Bahrain	50 %	General contracting
Nass Contrack Watts Joint Venture	Bahrain	50 %	General contracting
Breamer NASS WLL	Bahrain	50 %	General contracting

Associates

Name of the entity	Country of incorporation	Proportion of ownership and voting power held by the Group	Principal activities
Dona Marine Co. W.L.L.	Bahrain	33.33 %	Transportation of bulk materials by marine vessels

The subsidiaries, associates and joint venture have the same financial year and as the Company.

2 BASIS OF PREPARATION

a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of Bahrain Commercial Company Law 2001.

b) Basis of measurement
The consolidated financial statements have been drawn up from the accounting records of the Group under the historical cost convention.

c) New standards, amendments and interpretations effective from 1 January 2016
The following standards, amendments and interpretations, which became effective as of 1 January 2016, are relevant to the Group:

(i) Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. The amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied.

2 *BASIS OF PREPARATION (continued)*

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The adoption of this amendment had no significant impact on the consolidated financial statements.

(ii) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The adoption of this amendment had no significant impact on the consolidated financial statements.

(iii) Annual Improvements to IFRSs 2012–2014 Cycle – various standards.

The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.
The adoption of these amendments had no significant impact on the consolidated financial statements.

(iv) Disclosure Initiative (Amendments to IAS 1).

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues.

The adoption of this amendment had no significant impact on the consolidated financial statements.

d) New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Those which are relevant to the Group are set out below. The Group does not plan to early adopt these standards.

(i) Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

The adoption of this amendment is not expected to have a significant impact on the group's consolidated financial statements..

2 *BASIS OF PREPARATION (continued)*

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes.*

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

- Transition

The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its consolidated financial statements.

The Group is currently assessing the impact of adapting this standard.

(iii) IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

The adoption of this standard is not expected to have a significant impact on the Group's consolidated financial statements.

(iv) IFRS 16 Leases
IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 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 standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment.

e) Early adoption of standards
The Group did not early adopt new or amended standards/interpretations in 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied by the Group to all periods presented in the consolidated financial statements, and have been consistently applied by the Group entities.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control effectively ceases.

(ii) Transactions and non-controlling interest

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interest. Non-controlling interests are recognised initially at their share of the identifiable assets, liabilities and contingent liabilities recognised in the purchase accounting, excluding goodwill. Profits or losses attributable to non-controlling interests are reported in the consolidated comprehensive income as profit or loss attributable to non-controlling interests.

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

(iii) Interests in equity-accounted investees

Associates are those enterprises in which the Group holds, between 20% and 50% of the voting power and exercises significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

The Group reports its interest in associates and joint ventures using the equity method. The investments are initially recognised at cost which includes transaction costs, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions with subsidiaries are eliminated in preparing the consolidated financial statements. Intra-group gains on transactions between the Group and its equity accounted associates and joint ventures are eliminated to the extent of the Group's interest in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Financial assets and liabilities

Financial assets of the Group comprise cash and cash equivalents, term deposits with banks, trade and other receivables, due from related parties and held to maturity investments. Financial liabilities of the Group comprise Bank loans, trade and other payables, due to related parties, bills payable and bank overdraft.

(i) Classification

The Group allocates financial assets as loans and receivables and held to maturity. All of the financial liabilities of the Group are classified at amortised cost. Management determines the classification of its financial instruments at initial recognition.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(ii) Recognition and de-recognition
All financial assets and liabilities are recognised on the trade date when the entity becomes a party to the contracted provisions of the instrument.

The Group derecognises a financial asset when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership. The Group writes off certain financial assets when they are determined uncollectible. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Measurement
A financial asset is initially measured at its fair value plus, for assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. A financial liability is initially recognised at its fair value minus transaction cost incurred.

Financial assets and liabilities are subsequently carried at amortised cost using the effective interest method.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iv) Impairment
The group assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impairment. A financial assets or a group of financial assets is impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and the loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For financial assets at amortised cost, the amount of loss is measured as the difference between the asset's currying amount and P."V. of the estimated C/F (excluding future credit losses) discounted at the financial assets, original effective interest rate. If, in a subsequent period the amount of the impairment loses decreases and the decrease can be related objectively to on event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

c) Foreign currency transactions

(i) Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional" currency). The consolidated financial statements are presented in Bahraini Dinars, which is the Group's functional and presentation currency, and are presented in thousands, except specifically stated otherwise.

(ii) Transactions and balances
Transactions in foreign currencies are translated to Bahraini dinars, which is the Group's measurement currency, at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Bahraini dinars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on conversion and translation are recognised in profit or loss.

(iii) Group companies
The Group does not have any significant investment in foreign operations. Majority of the Group entities functional currencies are BHD and USD, and hence, the translation of financial statements of the group entities do not result in significant exchange differences.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property, plant & equipment

(i) Owned assets

Property, plant and equipment which include capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, the costs of dismantling and removing the items and restoring the site on which they are located, capitalised borrowing costs, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Capital work-in-progress relating to property, plant and equipment is stated at cost less impairment losses, if any.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent measurement

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in profit or loss as an expense as incurred. The capital work-in-progress is transferred to respective block of property, plant and equipment once it is ready to use.

(iii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. No depreciation is charged on freehold land. The estimated useful lives are as follows:

Property, plant & equipment class	Estimated useful life in years
Buildings	3 – 15
Improvements on leasehold land	3 – 15
Plant, machinery and motor vehicles	3 – 15
Vessels and barges	10 – 15
Office equipment, furniture and fixtures	1 – 5

e) Assets held for sale

Assets held for resale is stated at the lower of cost and net realisable value.

f) Held to maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturities which the group has the positive intent and ability to hold them to maturity. These are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method.

g) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses of other assets are recognised in prior periods and assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of food inventory is determined on the FIFO basis. The cost of all other inventory is determined on a weighted average basis according to the nature of specific business segments. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

i) Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances and short-term bank deposits with original maturities of three months or less when acquired which are subject to insignificant risk of changes in fair value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

j) Due from and to customers

Due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed till date. It is measured at cost plus profit recognised till date less progress billings and recognised losses when incurred.

Due to contract customers represents the excess of progress billings over the revenue recognised (costs plus attributable profits) for the contract work performed till date.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activity based on normal operating capacity.

k) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

l) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

m) Employee benefits

(i) Bahraini employees

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's contribution to this scheme, which represents a defined contribution scheme under IAS 19 - Employee Benefits, is expensed as incurred.

(ii) Expatriate employees

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector effective in 2012, based on length of service and final remuneration. Provision is made for amounts payable under the local labour law based on the employees accumulated periods of service since the previous settlement dates and latest entitlements to salaries and allowances at the statement of financial position date.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

n) Revenue recognition

(i) Contract revenue and expense

Contract revenue and expense are recognised in profit or loss in proportion to the stage of completion of the contract as soon as the outcome of the contract can be measured reliably. 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 stage of completion is assessed by reference to the proportion of contract costs incurred for the work performed at the balance sheet date relative to the estimated total contract costs, completion of a physical proportion of the contract work and surveys of work performed depending on the nature of the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(ii) Sale of goods

Sales represent the invoiced value of goods supplied and services performed during the year measured at the fair value of consideration received or receivable. The revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer and the recovery of the consideration is probable, usually when the goods are delivered and accepted by the customer.

(iii) Hire income

Hire income represents the value of scaffolding and equipment hire charges and related services provided and are recognised as when the services are rendered.

When the Group acts in the capacity of an agent rather than as the principal in the transaction, the revenue recognised is the net amount of commission earned by the Group.

o) Finance income and expense

Finance income and expense is recognised using the effective interest method.

p) Investment property

Investment property is a property acquired to earn rental or for capital appreciates or both, and that is not occupied by the group. Investment property is carried cost less impairment .

q) Treasury shares

Where the Company purchases its own equity share capital, the consideration paid, including any attributable transaction costs, are deducted from total equity and recorded as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any gain or loss is included in equity.

r) Statutory reserve

In accordance with the parent company's Articles of Association and in compliance with the Bahrain Commercial Companies Law 2001, a minimum of 10 % of the profit is appropriated to a statutory reserve, until it reaches 50 % of the paid-up share capital. This reserve is not normally distributable, except in the circumstances stipulated in the Bahrain Commercial Companies Law 2001.

s) Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's 'chief operating decision maker' (Board of Directors) to make decisions about resource allocation to each segment and assess its performance and for which discrete financial information is available. An operating segment is divided into business segments. For management purposes the Group is organised into two major business segments.

u) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

v) Trade payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes accounting estimates and judgements that affect the reported amount of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Estimating contract revenue and costs on a project

The Group recognises profits on long term contracts based on based on percentage of completion method determined by reference to the proportion of contract costs incurred till date relative to the estimated total contract costs to be incurred on the project. The total costs to be incurred on the project are estimated by the project management. Judgement is involved in preparing suitable estimates of the forecast costs and revenue on contracts.

b) Impairment of receivables

An impairment allowance for receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Judgement is involved in estimating recoverable amount based on past experience and estimated cash flows.

c) Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value and the difference between the carrying amount and the realisable value is provided for. Judgement is involved in assessing the adequacy of the provision for obsolete stock.

d) Impairment of property, plant and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

for the year ended 31 December 2016 Bahraini dinars '000

5 FINANCIAL RISK MANAGEMENT

a) Overview

Financial instruments include financial assets and financial liabilities. Financial assets of the Group include cash and cash equivalents, term deposits with banks, trade receivables, due from related parties, due from contract customers and certain other current assets. Financial liabilities of the Group include trade payables, due to contract customers, due to related parties, bills payable, loans and borrowings, bank overdrafts and certain other current liabilities.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties, term deposits with banks and cash and cash equivalents.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
Trade and other receivables (net)	56,670	47,108
Due from related parties	7,579	3,381
Term deposits with banks	6,137	6,699
Cash and cash equivalents	16,778	16,923
	87,164	74,111

(ii) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group operates mainly in the Kingdom of Bahrain.

Purchase limits are established for each customer by every division or subsidiary, which represents the maximum open amount and these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Group makes an assessment of creditworthiness of the joint venture partner and the client before entering into an agreement.

for the year ended 31 December 2016 Bahraini dinars '000

5 *FINANCIAL RISK MANAGEMENT (continued)*

The credit period established by the Group for all its receivables is 90 days after which the dues are classified as past due. All dues outstanding in excess of one year are assessed for impairment and the estimated unrecoverable amount is considered impaired and provided for.

(iii) Due from related parties
Due from related parties pertains to the receivable from the holding company and related parties of the Group. Transactions with related parties are conducted in the normal course of business, at rates agreed on an arms' length basis. The credit risk on these is perceived to be minimal by the Group.

(iv) Credit risk by segment
The maximum exposure to credit risk for trade receivables and other receivables and related party dues at the reporting date by segment is:

	2016		2015	
	Construction and allied activities	**Trading activities**	Construction and allied activities	Trading activities
Trade and other receivables	53,878	2,792	44,072	3,036
Due from related parties	6,528	1,052	2,529	852
Term deposits in banks	5,837	300	6,399	300
Cash and cash equivalents	14,325	2,452	15,749	1,174
	80,568	**6,596**	68,749	5,362

(v) Impairment losses
The aging of trade and other receivables at the reporting date was:

	2016		2015	
	Gross	**Impairment**	Gross	Impairment
Neither past due nor impaired	46,330	-	25,238	-
Past due 0 - 90 days	2,982	-	5,906	-
Past due 91 - 180 days	1,458	-	4,256	-
More than 180 days	10,245	(4,345)	15,379	(3,671)
At 31 December	**61,015**	**(4,345)**	50,779	(3,671)

Based on past experience, the Group believes that no impairment allowance is necessary in respect of receivables not past due. Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour, trading history, extensive analysis of customers credit risk, and other guarantees provided against outstanding receivables. The movements in impairment allowances are detailed in note 10.

(vi) Cash and cash equivalents and term deposits with banks
Group's credit risk on these is limited as these are placed with banks in Bahrain having good credit ratings.

(vii) Concentration risk
Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing geographic and industry wise concentration limits.

for the year ended 31 December 2015 Bahraini dinars '000

5 *FINANCIAL RISK MANAGEMENT (continued)*

c) Liquidity risk

Liquidity risk, associated with financial liabilities that are settled by delivering cash or another financial asset, is the risk that the Group will encounter difficulties in meeting its financial obligations. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The following are the contractual maturities of financial liabilities:

2016	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**
Bank Loans	1,351	1,449	467	219	406	357
Trade and other payables	29,879	29,879	22,726	2,944	3,925	284
Due to related parties	6,810	6,810	6,810	-	-	-
Bills payable	1,469	1,473	1,473	-	-	-
Bank overdraft	4,413	4,512	4,512	-	-	-
	43,922	**44,123**	**35,988**	**3,163**	**4,331**	**641**
Commitments and contingencies						
- Letter of credit	**3,633**	**3,633**	**3,633**	-	-	-
- Commitments	**2,998**	**2,998**	**1,702**	-	**853**	**443**

2015	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
Bank loans	1,886	1,948	857	548	383	160
Trade and other payables	25,640	25,640	16,595	4,508	3,348	1,189
Due to related parties	4,654	4,654	4,654	-	-	-
Bills payable	1,843	1,856	1,856	-	-	-
Bank overdraft	3,442	3,511	3,511	-	-	-
	37,465	37,609	27,473	5,056	3,731	1,349
Commitments and contingencies						
- Letter of credit	1,686	1,686	1,686	-	-	-
- Commitments	748	748	748	-	-	-

d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Group's interest rate risk is limited to its interest bearing short-term deposits, loans and borrowings, and bank overdrafts.

for the year ended 31 December 2015 Bahraini dinars '000

5 *FINANCIAL RISK MANAGEMENT (continued)*

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2016	2015
Fixed rate instruments		
Term deposits with maturity of more than 3 months	6,137	6,699
Term deposits with maturity of 3 months or less	3,116	1,854
	9,253	8,553
Variable rate instruments		
Loans and borrowings	1,351	1,886
Bank overdraft	4,413	3,442
	5,764	5,328

The effective interest on these financial instruments is as follows:

Financial instruments	**2016 Effective interest rate % p.a.**	2015 Effective interest rate % p.a.
Term deposits with maturity of more than 3 months	1.80-1.95	1.10-2.60
Term deposits with maturity of 3 months or less	1.70-2.75	0.60-1.70
Loans and borrowings	3.71-4.60	2.81-4.00
Bank overdraft	2.82-4.78	2.31-4.19

An increase/ (decrease) of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by BD 35 (2015: BD 32).

Changes in market interest rates are not expected to have a significant impact on the carrying value of these financial instruments.

(ii) Foreign exchange risk
Foreign exchange risk is the risk that the Group's earning will be affected as a result of fluctuations in currency exchange rates. The Group has exposure to foreign exchange risk on its purchases invoiced in foreign currency. The Group's exposure to significant foreign currency risk at the reporting date was only to EURO total exposure as at 31 December 2016 was Euro 844 thousand (2015: Euro 975 thousand).

The Group does not perceive that fluctuations in foreign exchange rates will have any significant impact on the income or equity because the exposure to currencies other than US $ are not significant.

(iii) Equity price risk
The Group is not exposed to any equity price risk as it does not have any investments in equity securities.

e) Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group manages operational risk through appropriate monitoring controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

5 FINANCIAL RISK MANAGEMENT (continued)

f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity excluding non-controlling interest, and the level of dividends to shareholders.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the Board.

The Group has complied with local statutory capital requirements. The Group has also complied with covenants related to its bank borrowings. The Group does not have any other externally imposed capital requirements. There were no changes in the Group's approach to capital management during the year.

Bahraini dinars '000

6 PROPERTY, PLANT AND EQUIPMENT

Cost	Land & buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels & barges	Office equipment, furniture & fixtures	Capital work in progress	Total
At 1 January 2016	9,060	3,951	46,719	1,229	181	61,140
Additions	3,373	343	5,554	66	67	9,403
Transfer from capital work in progress	-	12	-	-	(12)	-
Disposals	-	(16)	(720)	(4)	-	(740)
At 31 December 2016	**12,433**	**4,290**	**51,553**	**1,291**	**236**	**69,803**
Depreciation						
At 1 January 2016	2,592	2,008	37,543	1,155	-	43,298
Charge for the year	503	403	3,307	61	-	4,274
Disposals	-	(16)	(493)	(4)	-	(513)
At 31 December 2016	**3,095**	**2,395**	**40,357**	**1,212**	**-**	**47,059**
Net book value						
At 31 December 2016	**9,338**	**1,895**	**11,196**	**79**	**236**	**22,744**

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6 *PROPERTY, PLANT AND EQUIPMENT (continued)*

Cost	Land & buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels & barges	Office equipment, furniture & fixtures	Capital work in progress	Total
At 1 January 2015	9,146	3,914	44,459	1,276	15	58,810
Additions	9	37	3,332	33	181	3,592
Transfer from capital work in progress	-	-	15	-	(15)	-
Disposals	(95)	-	(1,087)	(80)	-	(1,262)
At 31 December 2015	9,060	3,951	46,719	1,229	181	61,140
Depreciation						
At 1 January 2015	2,144	1,634	35,518	1,179	-	40,475
Charge for the year	543	374	3,028	55	-	4,000
Disposals	(95)	-	(1,003)	(79)	-	(1,177)
At 31 December 2015	2,592	2,008	37,543	1,155	-	43,298
Net book value						
At 31 December 2015	6,468	1,943	9,176	74	181	17,842

The depreciation charge has been allocated to cost of sales / contract costs - BD 3,705 (2015: BD 3,338) and general administrative expenses– BD 569 (2015: BD 662).

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6 *PROPERTY, PLANT AND EQUIPMENT (continued)*

Properties of the Group

No	Address	Description	Existing use	Type and Tenure	Average age of the property	Net book value
1	Building No. 910, East Al Ekar	Office/ Factory/Garage/Stores Building	Business	Leasehold renewable on an annual basis	10 - 19 years	15
2	Plot No. 7019248 & 7019250 Salmabad	Land	Business	Freehold	20 -27 years	328
3	Building No. 1295, Road 239 Salmabad 702	Building	Business	Leasehold	18 years	23
4	Plot No. 4 (01-00-9078) Hidd Industrial Area	Office/Workshop/Stores Building	Business	Leasehold for 10 years renewable	10 years	742
5	Plot No. 07019247 Salmabad	Land	Business	Freehold	2 year	1,753
6	Plot No. 1359, Ras Zuwaid	Land and Building	Business	Freehold	4 year	720
7	Plot no. 12001760, Ras Zuwaid	Land and Building	Business	Freehold	4 year	3,025
8	Plot No. 12009274, Lhassay	Land	Business	Freehold	< 1 year	2,150
9	Plot No. 12009273, Lhassay	Land	Business	Freehold	< 1 year	1,066

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7 ASSET HELD FOR SALE

During the year, the Group received 7 residential villas valued at BD 2,748 from a customer in lieu of a receivable, of which 1 villa was sold during the year and the balance 6 villas valued at BD 2,348 was recognised as assets held for sale. The assets were recognised at he fair value on the date of transfer as determined by an independent third party valuer having relevant experience of similar properties in the same location.

8 INVESTMENT IN ASSOCIATES

Investment in associates represents a 33.33 % interest in Dona Marine WLL, held by Delmon Readymix Concrete and Products Company WLL (a 80% subsidiary).

The following table summarizes the financial information of the associate as included in its own financial statements, not adjusted for the Group's share.

	2016	2015
Percentage share of ownership	33.33%	33.33%
Current assets	264	195
Non-current assets	1,473	1,748
Current liabilities	(678)	(623)
Non-current liabilities	(13)	(550)
Net assets (100 %) as at 31 December	**1,046**	770
Group's share of net assets (33.33 %)	349	257
Loan to associate	-	50
Carrying amount of interest in associate	**349**	307
Revenue	1,833	1,815
Profit from continuing operations	276	229
Other comprehensive income	-	-
Profit and total comprehensive income for the year	**276**	229
Group's share (33.33 %)	92	76
Group's share of profit and total comprehensive income for the year	**92**	76
Dividend received by the Group	-	-

In summary, the Group's investment in associates is recorded in the financial statements as follows:

	2016	2015
Cost of associate	33	33
Loan to associate	705	755
Share of cumulative loss of associate	(389)	(481)
Dividend received from associate	-	-
	349	**307**

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9 INVENTORIES

	2016	2015
Raw materials	3,669	2,187
Machineries, spares, fuels and lubricants	2,760	3,193
Goods in transit	253	24
Food products	1,649	1,529
Finished goods	351	170
	8,682	7,103
Impairment allowance for slow moving and obsolete inventories	(1,421)	(1,248)
	7,261	5,855

Movements on impairment allowance for slow moving and obsolete inventories	2016	2015
At 1 January	1,248	1,224
Charge for the year	233	73
Write-back during the year	(60)	(49)
At 31 December	**1,421**	1,248

In 2016, inventories of BD 233 (2015: BD 73) were recognised as an expense during the year and included in "cost of sales".

10 TRADE AND OTHER RECEIVABLES

	2016	2015
Trade receivables	47,523	41,445
Retentions receivable	9,627	7,293
Advances to suppliers and sub-contractors	3,407	1,632
Prepaid expenses	375	297
Other receivables	348	273
Staff receivables	110	136
	61,390	51,076
Allowance for impairment losses:	(4,345)	(3,671)
	57,045	47,405

Movements on allowance for impairment losses	2016	2015
At 1 January	3,671	3,126
Charge for the year, net (note 18)	971	601
Write-off during the year	(297)	(56)
At 31 December	**4,345**	3,671

Information about the Group's exposure to credit risk, and impairment losses for trade and other receivables, excluding construction contracts in progress, is included in note 5.

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11 DUE FROM CONTRACT CUSTOMERS

	2016	2015
Cost incurred plus attributable profits on contracts-in-progress	43,833	37,395
Progress billings made towards contracts-in-progress	(35,583)	(27,545)
	8,250	9,850
Allowance for impairment losses (note 18)	(659)	-
	7,591	**9,850**

12 BANK LOANS

	2016	2015
Current	862	1,576
Non-current	489	310
	1,351	1,886

The effective interest rate on loans and borrowings was 3.71% - 4.60% p.a. (2015: 2.81 % - 4.00 % p.a.).

13 CASH AND CASH EQUIVALENTS

	2016	2015
Cash and bank balances	13,820	15,182
Short-term bank deposits	3,116	1,854
Cash and cash equivalents in statement of financial position	**16,936**	17,036
Bank overdrafts	(4,413)	(3,442)
Cash and cash equivalents in statement of cash flows	**12,523**	13,594

The security for the bank overdrafts is assignment of proceeds to the banks for projects financed.

14 EMPLOYEE BENEFITS

	2016	2015
At 1 January	7,590	6,420
Charge for the year	7,165	5,738
Paid during the year	(5,878)	(4,568)
	8,877	7,590

Analysed as		
Current liabilities	2,920	2,313
Non-current liabilities	5,957	5,277
	8,877	7,590

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15 TRADE AND OTHER PAYABLES

	2016	2015
Trade accounts payable	15,329	8,488
Accrued expenses	10,670	5,320
Unclaimed dividends	1,619	1,617
Advances against contracts	8,927	12,804
Retentions payable	2,046	1,662
Other payables	1,958	1,069
	40,549	30,960

Information about the Group's exposure to currency and liquidity risks is included in note 5.

16 DUE TO CONTRACT CUSTOMERS

	2016	2015
Progress billings received and receivable	128,709	91,988
Costs incurred plus recognised profits on contracts-in-progress	(123,547)	(89,904)
	5,162	2,084

17 REVENUE

	2016	2015
Contract income	94,556	65,943
Sales of goods	30,044	24,063
Hire income	11,218	9,278
	135,818	99,284

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries of administration staff	6,597	6,782
Management consultancy fees	1,560	1,560
Impairment losses on receivables and due from customers	1,630	601
Depreciation	569	662
Commission	450	372
Vehicle expenses	372	369
Rent, electricity and water	434	416
Communication	246	230
Directors' remuneration and sitting fees	295	270
Reversal of excess provision	(260)	(107)
Other expenses	847	835
	12,740	11,990

19 OTHER INCOME

	2016	2015
Gain on disposal of property, plant and equipment	219	159
Write-back of provision for inventory	60	49
Miscellaneous income	409	235
	688	443

20 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year excluding the average number of ordinary shares purchased by the Company and held as treasury shares, as follows:

	2016	2015
Profit attributable to equity holders of the parent	**3,044**	2,668
Weighted average number of shares at 31 December (000's)	**215,077**	215,077
Basic earnings per share	**14.15**	12.40

Diluted earnings per share have not been presented as the Company has no instruments convertible into shares that would dilute earnings per share.

21 SHARE CAPITAL

	2016	2015
a) Authorised share capital		
500,000,000 (2015: 500,000,000) shares of 100 fils each	**50,000**	50,000
b) Issued and fully paid		
220,000,000 (2015: 220,000,000) shares of 100 fils each	**22,000**	22,000
Treasury shares: 4,923,160 (2015: 4,923,160)	**(1,597)**	(1,597)

Holders of ordinary shares are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are re-issued.

c) Dividends

A final dividend in respect of the year ended 31 December 2016 of BD 5 fils per share, amounting to a total dividend of BD 1,075 was proposed by the Board of Directors and is to be put forward for approval at the Annual General Meeting on 27 March 2017.These financial statements do not reflect this dividend payable. No interim dividend was paid during the year (2015: Nil).

	2016	2015
Proposed dividend	1,075	1,075
Donations and charity reserve	10	10
	1,085	1,085

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21 SHARE CAPITAL

The major shareholders are:

Name of Shareholder	Number of shares held	Percentage of ownership	Nationality
1. Mr. Sameer Abdulla Nass*	18,810,000	8.55	Bahraini
2. Mr. Sami Abdulla Nass*	18,810,000	8.55	Bahraini
3. Mr. Adel Abdulla Nass*	18,810,000	8.55	Bahraini
4. Mr. Ghazi Abdulla Nass*	18,810,000	8.55	Bahraini
5. Mr. Fawzi Abdulla Nass*	18,810,000	8.55	Bahraini
6. Abdul Rahman Saleh Al Rajhi and Partners Company Limited	16,603,776	7.55	Kingdom of Saudi Arabia
Total	**110,653,776**	**50.30**	

** The shares held by Directors are in their individual capacity.*

The distribution schedule of shareholders as at end of the year is as follows:

Categories	Number of shares		Number of Shareholders		Percentage of total outstanding shares	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Less than 1 %	70,316,138	69,843,119	8,113	8,161	31.96	31.75
1 % up to less than 5 %**	39,030,086	39,503,105	10	11	17.74	17.95
5 % up to less than 10 %	110,653,776	110,653,776	6	6	50.30	50.30
10 % up to less than 20 %	-	-	-	-	-	-
Total	**220,000,000**	**220,000,000**	**8,129**	**8,178**	**100.00**	**100.00**

*** Includes 4,923,160 (2015: 4,923,160) treasury shares.*

22 STATUTORY RESERVE

In accordance with the Company's Articles of Association and in compliance with the Bahrain Commercial Companies Law 2001, a minimum of 10 % of the net profit is appropriated to a statutory reserve, until such reserve reaches 50 % of the paid-up share capital. This reserve is not normally distributable, except in the circumstances stipulated in the Bahrain Commercial Companies Law 2001.

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23 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Transactions with related parties are conducted in the normal course of business.

Related party	Sales / Revenues		Purchases and operating expenses		Amounts due from		Amounts due to	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
A.A. Nass & Sons and its related companies	11,333	1,768	10,890	7,152	6,962	3,035	5,748	3,556
Joint ventures	892	251	-	4	617	346	1,062	1,098
Total	**12,225**	2,019	**10,890**	7,156	**7,579**	3,381	**6,810**	4,654

During the year, the parent company has provided guarantees of BD 89,590 (2015: BD 72,364) to various banks for banking facilities or other financial accommodation to its subsidiaries.

Technical and managerial consultancy fee paid to A.A. Nass & Sons Co. WLL by the Group amounts to BD 1,560 (2015: BD 1,560)

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:

	2016	2015
Short-term benefits	1,328	1,172
Post-employment benefits	81	68
	1,409	1,240

The short-term compensation includes provision for directors' fees of BD 92 (2015: BD 89) charged to profit or loss subject to approval by the shareholders at the Annual General Meeting and board committee attendance fees of BD 203 (2015: BD 181).

24 ACCOUNTING CLASSIFICATION AND FAIR VALUES

i) Fair value measurement

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.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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24 ACCOUNTING CLASSIFICATION AND FAIR VALUES (continued)

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- *Level 1*
  Quoted prices (unadjusted) in active markets for identical assets and liabilities

- *Level 2*
  Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- *Level 3*
  Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

  None of the Group's assets and liabilities is measured at fair value. The fair value of the Group's assets and liabilities approximate the carrying amount.

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

2016	**Loans and receivables**	**Others at amortised cost**	**Total carrying value**
Trade and other receivables	56,670	-	56,670
Due from related parties	7,579	-	7,579
Term 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**

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24 ACCOUNTING CLASSIFICATION AND FAIR VALUES (continued)

2015	Loans and receivables	**Others at amortised cost**	Total carrying value
Trade and other receivables	47,108	-	47,108
Due from related parties	3,381	-	3,381
Term deposits with banks	6,699	-	6,699
Cash and cash equivalents	16,923	-	16,923
	74,111	-	74,111
Bank loans	-	1,886	1,886
Trade and other payables	-	25,640	25,640
Due to related parties	-	4,654	4,654
Bills payable	-	1,843	1,843
Bank overdrafts	-	3,442	3,442
	-	37,465	37,465

The table below analyses financial instrument at the end of 31 December 2016, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 2	
	31 December 2016	**31 December 2015**
Financial assets not measured at fair value		
Held to maturity investments	295	-
Financial liabilities not measured at fair value		
Bank loans	1351	1886

The Group has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.

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25 INTERESTS IN JOINT VENTURES

The Group is presently engaged as a joint venture partner in the following joint ventures:

Joint Venture	Subsidiary involved	Interest %	Undistributed capital and profits at the end of the year	
			2016	2015
Nass Contrack Joint Venture	Nass Contracting Company W.L.L.	50	265	417
Nass Bramco Joint Venture	Nass Contracting Company W.L.L.	50	18	18
Nass Burhan Joint Venture	Nass Contracting Company W.L.L.	50	154	140
Nass Contrack Watts Joint Venture	Nass Contracting Company W.L.L.	50	39	1
		Total	**476**	**576**

All the joint ventures except Braemar Nass W.L.L. are unincorporated entities.

The movement in the joint venture interest is as follows:

	2016	2015
At 1 January	576	611
(Repayment) / net cash settlement during the year	(37)	(550)
Share of profit for the year	238	515
Distribution of profits during the year	(301)	-
	476	576

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25 INTERESTS IN JOINT VENTURES (continued)

The following table summarizes the financial information of material joint ventures as included in its own financial statements, adjusted for fair value adjustments at acquisition and difference in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in joint ventures.

Joint Venture (JV)	**Non-current assets**	**Cash and cash equivalents**	**Other current assets**	**Other current liabilities**	**Net Asset (100 %)**	**Group's share of net assets (50 %)** **Carrying amount of interest in JV**
2016						
Immaterial joint ventures	143	696	2,014	2,286	567	284
Material joint venture	54	682	1,966	2,318	384	192
Total	**197**	**1,378**	**3,980**	**4,604**	**951**	**476**

Joint Venture (JV)	Non-current assets	Cash and cash equivalents	Other current assets	Other current liabilities	Net Assets (100 %)	Group's share of net assets (50 %) Carrying amount of interest in JV
2015						
Immaterial joint ventures	15	879	1,681	1,704	871	436
Material joint venture	-	1,267	2,306	3,292	281	140
Total	15	2,146	3,987	4,996	1,152	576

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25 INTERESTS IN JOINT VENTURES (continued)

Joint Venture (JV)	Revenue	Depreciation and amortisation	Interest income	Profit (loss) from continuing operations	Total comprehensive income (loss)	Group's share of comprehensive income (loss) (50 %)	Dividend received by the Group
2016							
Immaterial joint ventures	865	13	-	74	74	37	188
Material joint venture	2,502	15	-	402	402	201	113
Total	**3,367**	**28**	**-**	**476**	**476**	**238**	**301**
2015							
Immaterial joint ventures	788	43	-	(410)	(410)	(205)	-
Material joint venture	1,849	-	-	1,440	1,440	720	-
Total	2,637	43	-	1,030	1,030	515	-

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26 SEGMENT ANALYSIS

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 and Allied Activities		Trading Activities		Eliminations		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenue								
External sales	124,367	87,715	11,451	11,569	-	-	135,818	99,284
Inter-segment sales	13,851	10,244	3,364	2,749	(17,215)	(12,993)	-	-
Total revenue	**138,218**	97,959	**14,815**	14,318	**(17,215)**	(12,993)	**135,818**	99,284
Segment result	2,354	2,690	1,691	1,485	(94)	(131)	3,951	4,044
Share of profit/ (loss) from joint ventures	238	515	-	-	-	-	238	515
Other gains and losses	1,497	663	98	10	-	-	1,595	673
Unallocated corporate expenses	-	-	-	-	-	-	(2,226)	(2,207)
Profit for the year							**3,558**	3,025

	Construction and Allied Activities		Trading Activities		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015
Other Information						
Depreciation	3,963	3,593	311	407	4,274	4,000
Capital expenditure	9,131	3,389	272	203	9,403	3,592
Total assets	118,178	101,129	10,583	9,322	128,761	110,451
Total liabilities	65,466	49,351	3,165	3,108	68,631	52,459
Total net assets	**52,712**	51,778	**7,418**	6,214	**60,130**	57,992

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27 COMMITMENTS AND CONTINGENCIES

	2016	2015
Guarantees	**45,987**	38,093
Letters of credit	**3,633**	1,686
Capital commitments	**2,998**	748

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 45,987 (2015: BD 38,093) for the various divisions and subsidiaries of the parent company out of which BD Nil (2015: BD 1,019) have been issued for the joint venture activities.

The above commitments and contingencies include commitments and contingencies relating to Group's interest in joint ventures and contingent liabilities of the venture itself, which are as below:

	2016	2015
Letter of credit	**-**	-
Guarantees issued in relation to the joint ventures	-	4,074
Counter guaranteed by the bank of joint venture partner	-	(3,055)
Guarantees (net)	-	1,019

28 OPERATING LEASE RENTALS

	2016	2015
Minimum lease payment recognised as an expense during the year	**2,232**	1,875
Future minimum lease payments:		
- not later than one year	2,206	1,627
- later than one year and not later than five years	317	351
- later than five years	152	-
Aggregate rental lease expenditure contracted at statement of financial position date	**2,675**	**1,978**

The operating lease is cancellable / renewable by mutual consent of the lessee and the lessor.

29 COMPARATIVES

The comparative figures have been regrouped, where necessary, in order to conform to the current year's presentation. Such regrouping did not affect the previously reported profit and total comprehensive income for the year or total equity.