OFFEREE BOARD CIRCULAR DATED 13 JULY 2025

THIS OFFEREE BOARD CIRCULAR ("CIRCULAR") IS IMPORTANT AS IT CONTAINS THE RECOMMENDATIONS OF THE INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS OF NASS CORPORATION B.S.C. ("NASSCORP" OR THE "OFFEREE") AND THE ADVICE OF THE PROFESSIONAL INDEPENDENT ADVISER. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

Prior to making a decision, each recipient of this Circular is responsible for obtaining independent advice for considering the appropriateness of the Offer with regard to their respective objectives, financial situation and investment needs. If you are in doubt about any aspect of this Circular, you should consult a licensed securities dealer or licensed institution in securities, a bank manager, solicitor or attorney, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in NASSCORP, you should immediately forward this Circular together with the Offer Document and Acceptance and Transfer Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

NASS CORPORATION B.S.C.

(Incorporated in the Kingdom of Bahrain under Commercial Registration No.: 60037-1)

CIRCULAR TO SHAREHOLDERS OF NASS CORPORATION B.S.C.
in relation to the

A A N S D COMPANY W.L.L.'S ("OFFEROR") VOLUNTARY CONDITIONAL EXIT OFFER TO ACQUIRE UP TO 100% OF THE ISSUED AND PAID-UP ORDINARY SHARES OF NASSCORP, REPRESENTING UP TO 90,835,345 ORDINARY SHARES OF NASSCORP (CONSTITUTING VOTING RIGHTS), NOT CURRENTLY OWNED BY OFFEROR OR ITS PARTNERS OR THEIR CONCERT PARTIES, REPRESENTING UP TO 42.23% STAKE OF NASSCORP'S ISSUED AND PAID-UP SHARE CAPITAL BY WAY OF CASH OFFER OF BHD 0.075 PER NASSCORP SHARE AT THE DISCRETION OF EACH NASSCORP SHAREHOLDER WITH THE INTENTION OF A SUBSEQUENT VOLUNTARY DELISTING AND CONVERSION OF NASSCORP INTO A CLOSED BAHRAINI SHAREHOLDING COMPANY

PROFESSIONAL INDEPENDENT ADVISOR

Grant Thornton Bahrain

(Commercial Registration No.: 38883)

INDEPENDENT LEGAL ADVISOR TO NASS CORPORATION B.S.C.

Zu'bi & Partners Legal Attorneys & Consultants

(Commercial Registration No.: 54272)

DISCLAIMER STATEMENT

THE CENTRAL BANK OF BAHRAIN, THE BAHRAIN BOURSE AND THE MINISTRY OF INDUSTRY AND COMMERCE, IN THE KINGDOM OF BAHRAIN, ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS OFFEREE BOARD CIRCULAR AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM THE RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS OFFEREE BOARD CIRCULAR.

DIRECTORS' DECLARATION

UNLESS OTHERWISE STATED IN THIS CIRCULAR, THE DIRECTORS OF NASS CORPORATION B.S.C. ISSUING THIS OFFEREE BOARD CIRCULAR, WHOSE NAMES APPEAR IN THIS DOCUMENT, JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF INFORMATION CONTAINED IN THIS CIRCULAR INCLUDING THE APPENDICES. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS CIRCULAR IS IN ACCORDANCE WITH THE FACTS IN ACCORDANCE WITH THE TERMS OF THE OFFER RECEIVED FROM A A N S D COMPANY W.L.L. AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THIS CIRCULAR.

STATEMENT FROM THE BOARD OF DIRECTORS OF NASS CORPORATION B.S.C.

This Offeree Board Circular has been prepared by Nass Corporation B.S.C. to provide information to its shareholders in connection with the Offer made by A A N S D Company W.L.L. to acquire up to 100% of the issued and paid-up ordinary shares of Nass Corporation B.S.C. by way of cash offer of BHD 0.075 per NASSCORP share at the discretion of each NASSCORP shareholder.

IN ACCORDANCE WITH THE TAKEOVERS, MERGERS AND ACQUISITIONS MODULE OF THE CENTRAL BANK OF BAHRAIN RULEBOOK VOLUME 6, THE RECOMMENDATIONS TO THE SHAREHOLDERS IN RELATION TO THE OFFER CONTAINED IN THIS CIRCULAR HAVE BEEN MADE BY THE INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS RATHER THAN THE ENTIRE BOARD. THE INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS HAS NOT CONSULTED WITH THE OTHER MEMBERS OF THE BOARD IN RELATION TO MAKING RECOMMENDATIONS MADE BY THE INDEPENDENT COMMITTEE CONTAINED IN THIS CIRCULAR.

This Circular has been filed with the Central Bank of Bahrain in the Kingdom of Bahrain, in accordance with the requirements of Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module.

The information in this Circular regarding the Offeree has been provided by the Offeree. The Professional Independent Advisor, and the Independent Legal Advisor make no representation or warranty, express or implied, as to the accuracy, completeness or verification of such information, and nothing contained in this Circular is, or shall be relied upon as, a promise, representation, or recommendation to any recipient of this Circular, whether as to the past or the future, in connection with the Offeree or this transaction, by the Professional Independent Advisor, and the Independent Legal Advisor.

The information in this Circular pertaining to the Offeror has been prepared in good faith based on publicly available information. Consequently, the Offeree, the Professional Independent Advisor and the Independent Legal Advisor do not accept any liability for the accuracy, completeness or verification of the information in this Circular regarding the Offeror.

The Board of Directors of Nass Corporation B.S.C. hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Circular is, to the best of its knowledge, in accordance with the facts and contains no material omissions.

Board of Directors of Nass Corporation B.S.C.:

Name of Director	**Title**
Mr. Eyad Sater	Board Member
Mr. Khalid Mohammed Ali Mattar	Board Member
Mr. Abdulla Nooruddin Abdulla Nooruddin	Board Member

On behalf of the Independent Committee of the Board of Directors

Mr. Eyad Sater
Chairman of the Independent Committee of the Board of Directors
13 July 2025

TABLE OF CONTENTS

APPENDICES

I. CORPORATE INFORMATION

Board of Directors	Mr. Sameer Abdulla Nass Mr. Sami Abdulla Nass Mr. Adel Abdulla Nass Mr. Ghazi Abdulla Nass Mr. Fawzi Abdulla Nass Mr. Bashar Sameer Nass Mr. Hemant Joshi Mr. Eyad Sater Mr. Khalid Mohammed Ali Mattar Mr. Abdulla Nooruddin
Names of Members of the Independent Committee	Mr. Eyad Sater Mr. Khalid Mohammed Ali Mattar Mr. Abdulla Nooruddin
Executive Management	Mr. Mazen Mohammed Matar – Chief Executive Officer Mr. Bassam Awdi – Chief Finance Officer Mr. Yasser Al Attar – General Counsel Mr. Nigel Hector – General Manager Mr. Jon Mottram – Managing Director Mr. Matthew Howes – Regional General Manager Mr. Sunil Nair – General Manager Mr. Ahmed El Fawal – General Manager Mr. Andries J. Van Wyk - HSSE Mr. Jamal Moh'd Nass – General Manager Mr. Yousif Ahmed Isa Nass – General Manager – Administration & Human Resources Mr. Abdulrahman Taqi – Executive Manager
Registered Office	P. O. Box 669, Manama, Building 1115D, Road 4815, Block 948, Lhassay Area, Kingdom of Bahrain.
Share Registrar	Bahrain Clear B.S.C. (c)
Receiving Agent	SICO B.S.C. (c)
Professional Independent Advisor to the Independent Committee of the Board of Directors in relation to the Offer	Grant Thornton - Bahrain

Independent Legal Advisor to the Offeree in relation to the Offer	Zubi and Partners Attorneys & Legal Consultants Bahraini Partnership Company
External Auditor of the Offeree	KPMG Fakhro, Bahrain

II. DEFINITIONS

Words and expressions not otherwise defined in this Circular have, unless the context otherwise requires, the following meanings:

Acceptance	means the valid acceptance of the Offer by an Eligible Shareholder, evidenced by completion and submission of the Acceptance and Transfer Form along with the required documents listed under Section 6.1 of the Offer Document to the Receiving Agent via the Receiving Channels within the Offer Period in accordance with the procedures set out in the Offer Document. An Acceptance shall be deemed validly received by the Offeror only upon the Offer being declared unconditional in all respects.
Acceptance and Transfer Form(s)	the serialized form to be submitted by Eligible Shareholders to accept the Offer as well as the appointment of the Proxy for Voting.
Acquisition	The acquisition by the Offeror of up to 100% of the issued and paid-up ordinary shares of NASSCORP, representing up to 90,835,345 (42.23% stake) of the issued and paid-up ordinary shares of NASSCORP by way of cash offer excluding the shares held by the Connected NASSCORP Shareholders.
Advisor's Opinion or Professional Independent Advisor's Opinion	The fairness opinion dated 25 June 2025 issued by the Professional Independent Adviser to the Independent Committee containing their advice and recommendation on the Offer, set out in section VI of this Circular.
Bahrain	Kingdom of Bahrain
Bahrain Clear	Bahrain Clear B.S.C.(c)
BHB	Bahrain Bourse
BHB Listing Rules	means the listing rules approved by the board of Bahrain Bourse with resolution (5/4/2019).
BHD	Bahraini Dinar, the legal currency of the Kingdom of Bahrain.
Board	The Board of Directors of NASSCORP.
Business Day	A day on which banks, financial institutions and the BHB are open for general business in the Kingdom of Bahrain.
Cash Consideration	means the amount to be received in cash as Offer Consideration for each Offer Share, being BHD 0.075 (Seventy-five Bahraini Fils).
CBB	The Central Bank of Bahrain
CBB Rulebook	means the rulebook containing regulations and directives issued by the CBB.
Certified Copy	A copy of a document certified as a true copy of the original from any of the following from a GCC or FATF member state: (a) a lawyer; (b) a notary; (c) a chartered/certified accountant; (d) an official of a government ministry; (e) an official of an embassy or consulate; or (f) an official of the Offeror, Offeree, or another licensed financial institution.

Circular	This Circular to NASSCORP Shareholders (other than the Connected NASSCORP Shareholders) in relation to the Offer enclosing, inter-alia, the recommendations of the Independent Committee and the Independent Professional Advisor's Opinion.
Closing Date	means the Final Offer Closing Date in accordance with Section 5.13 of the Offer Document.
CMSD	The Capital Markets Supervision Directorate of the CBB.
Commercial Companies Law	Decree Law No. 21 of the year 2001 promulgating the Commercial Companies Law in the Kingdom of Bahrain, as amended from time to time.
Conditions Precedent	The conditions set out in section 5.8 of the Offer Document.
Concert Parties	has the meaning ascribed to this term in Section 8.7 of the Offer Document.
Connected NASSCORP Shareholders	means the Partners of the Offeror and the Concert Parties as set out in section 8.7 of the Offer Document.
CSD	The Central Securities Depository at Bahrain Clear.
Demat	Dematerialized.
Dissenting Shareholders	NASSCORP Shareholders, other than the Connected NASSCORP Shareholders, who appear on the shareholder register of NASSCORP as at the Record Date and who do not deliver valid Acceptances prior to the Final Offer Closing Date or whose Acceptance has become void pursuant to Section 5.22 of the Offer Document.
Director	A person holding office as a director of NASSCORP on the Last Practicable Date.
Distribution(s)	has the meaning ascribed to this term in Section 5.6 of the Offer Document.
EGM	Extraordinary General Meeting.
Eligible Shareholder(s)	has the meaning ascribed to this term in Section 5.2 of the Offer Document.
Encumbrance(s)	has the meaning ascribed to this term in Section 5.6 of the Offer Document.
Escrow Account	means the cash escrow account established by the Offeror with the Escrow Agent for the purpose of holding funds designated for payment of the Offer Shares validly tendered and accepted pursuant to the Offer.
Escrow Agent	means SICO BSC(c).
FATF	Financial Action Task Force
Final Offer Closing Date	has the meaning ascribed to this term in Section 5.13 of the Offer Document.
Financial Advisor	means, in relation to the Offeror, SICO BSC (C).
Firm Intention	the firm intention to make an Offer issued by the Offeror to the NASSCORP Board of Directors issued on 1 June 2025 and published on 2 June 2025.
IBAN	International Bank Account Number

Independent Committee or the Independent Committee of the Board of Directors	The Independent Committee of the Board of Directors of the Offeree, comprising only of the three non-conflicted Directors of the Offeree established in relation to the Offer and delisting.
Initial Offer Closing Date	Fifteen (15) calendar days from the Offer Opening Date, being the last date, subject to extension and subject to the Final Closing Date, for receiving the completed Acceptance and Transfer Form
Investor Number (IN)	A unique number issued by Bahrain Clear for any investor who opens a securities depository account at Bahrain Clear
Last Practicable Date	means 10 July 2025
Last Trading Date	means the final date, falling one Business Day prior to Suspension Date, on which the Shares of NASSCORP will be traded on the Bahrain Bourse before trading is suspended on the Suspension Date.
Managers	means the managers of the Offeror appointed by the Partners of the Offeror and, namely, Sameer Abdulla Nass and Sami Abdulla Nass.
Minor	A person who is below 21 years of age
MOIC	The Ministry of Industry and Commerce of the Kingdom of Bahrain
NASSCORP or Offeree or Company	Nass Corporation B.S.C., commercial registration number 60037-1 and listed on the BHB
NASSCORP Shareholder	A holder of NASSCORP Shares (other than a Connected NASSCORP Shareholder) as of the date which is two (2) Business Days following the Last Trading Date and one (1) Business Day after the Suspension of Trading Date for NASSCORP Shares for the purposes of the Offer
NASSCORP Shares	NASSCORP's issued and paid-up ordinary shares totaling 220,000,000 shares
Objection Period	Means the period of fifteen (15) Business Days from the date of the publication of the conversion notice in respect of NASSCORP in the Official Gazette and in at least one of the local daily newspapers in Bahrain
Offer	Voluntary conditional exit offer to acquire up to 100% of the issued and paid-up ordinary shares of NASSCORP, representing up to 90,835,345 ordinary shares of NASSCORP (constituting voting rights) (excluding the treasury shares held by NASSCORP and those shares held by the Partners of the Offeror and their Concert Parties) representing up to 42.23% stake of NASSCORP's issued and paid-up share capital by way of a cash offer at the discretion of each NASSCORP Shareholder.
Offer Acceptance/Rejection Announcement Date	one (1) Business Day after the Final Closing Date, being the date by which the acceptance or rejection of the Offer will be communicated to the NASSCORP Shareholders
Offer Consideration	means the consideration for each Offer Share validly tendered in Acceptance of the Offer.
Offer Document	Offeror Offer Document prepared in connection with the Offer dated 23 June 2025
Offeror Firm Intention Announcement Date	The date on which the Firm Intention was announced being 2 June 2025

Offeror Managers	means the persons listed under the heading "Managers" at Section 7.1 of the Offer Document.
Offer Opening Date	the date from which the completed Acceptance and Transfer Forms will be received by the Receiving Agents through the Receiving Channels.
Offer Period	The period beginning on the Offer Opening Date and ending on the Final Closing Date
Offer Results Announcement Date	means one (1) Business Day after the Closing Date, being the date by which the results of the Offer will be publicly announced by Offeree and/or the Offeror.
Offer Share(s)	has the meaning ascribed to this term in Section 5.1 of the Offer Document.
Offeree	Nass Corporation B.S.C.
Offeror	A A N S D COMPANY W.L.L.
OGM	Ordinary General Meeting
Overseas Person	has the meaning ascribed to this term in Section 12 of the Offer Document.
Partners or Partners of the Offeror	means the shareholders of the Offeror whose names appear under section 7.1 of the Offer Document.
Professional Independent Advisor	Grant Thornton - Bahrain being the professional independent adviser appointed by the Independent Committee in connection with the Offer
Proxy for Voting	means the proxy accompanying the Acceptance and Transfer Form appointing SICO or such other third party on behalf of the NASSCORP Shareholders (other than the Connected NASSCORP Shareholders) accepting the Offer instructing the appointee to vote in favour of the delisting and conversion of NASSCORP at the EGM
Receiving Agent	means SICO BSC (C)
Receiving Channels	means by which Eligible Shareholders may submit their Acceptances, as provided by the Receiving Agent. This includes a dedicated receiving desk assigned by the Receiving Agent (as detailed is Section 6.6 of the Offer Document) and, at its sole discretion, the provision of an electronic platform/website for the submission of Acceptances.
Recommendations of the Independent Committee	The recommendations of the Independent Committee to the NASSCORP Shareholders in relation to the Offer as set out in the Letter from the Independent Committee in section V of this Circular.
Record Date	the date preceding the Offer Opening Date established for the purpose of identifying the Eligible Shareholders entitlement to receive the Offer.
Restricted Jurisdiction	has the meaning ascribed to this term in Section 12 of the Offer Document.
Securities Account	An account with a brokerage firm authorised by the Bahrain Bourse
Sell-Out	The acquisition of the NASSCORP Shares held by Dissenting Shareholders in accordance with Article 319 bis I of the Commercial Companies Law and Directive TMA-3.4.14. of the TMA Module.

Sell-Out Notice	The notification to be issued by the Offeror, following the Offer having met the Threshold, to the Dissenting Shareholders to inform them of their right to require the Offeror to purchase the NASSCORP Shares held by a Dissenting Shareholder as per article TMA-3.4.14 of the TMA Module, in the form prescribed in Appendix TMA-F
Sell-Out Period	the period commencing on the day after the date on which the Offer achieves the Threshold and ending three months thereafter.
Sell-Out Right(s)	Means the rights of the Dissenting Shareholders to require the Offeror to purchase their NASSCORP Shares pursuant to article TMA-3.4.14 of the TMA Module
Settlement Date	if the Offer is successful, the date on which the NASSCORP Shareholders (other than the Partners of the Offeror and the Concert Parties) who appear on the shareholder register of NASSCORP as at the Record Date and who validly accepted the Offer in accordance with the terms of the Offer Document, will receive their payment in cash and have their NASSCORP Shares transferred to the Offeror, once all regulatory procedures are complete, which shall be no later than 10 calendar days from the Closing Date.
Shareholders Registry	means the electronic registry of the holders of Shares maintained by the Shares Registrar.
Shares Registrar	means the person holding the Shareholders Registry, which as at the Last Practicable Date is Bahrain Clear.
Suspension of Trading Date for NASSCORP Shares	means the date on which trading in the NASSCORP Shares is suspended by agreement between the Company and the Bahrain Bourse to facilitate the orderly conduct of the Offer.
Suspension Period	the period, during which trading in the NASSCORP Shares will be suspended, which shall commence on the Suspension Date and will continue until the earlier of: (i) the date on which the Offer is discontinued due to failure in declaring it unconditional in all respects; and (ii) the date falling six months after the Offering Opening Date, unless the delisting is completed before the end of the Suspension Period.
Threshold	The threshold of valid Acceptances representing at least 90% or more of the NASSCORP Shares subject to the Offer which are received by the Offeror (excluding, for the avoidance of doubt, the NASSCORP Shares held by Connected NASSCORP Shareholders as at the date of the Offer Document).
TMA	The Takeovers, Mergers and Acquisitions Module of the CBB Rulebook in Volume 6.
Unconditional as to Acceptance Date	The date on which the Offer becomes or is declared unconditional as to Acceptances.
VWAP	Volume Weighted Average Price per Share

III. EXPECTED TIMETABLE

Offer Timetable and key dates

Offeror's Firm Intention Announcement Date	2 June 2025
Dispatchment of the Offer Document to the Offeree	23 June 2025
Issuance of Offeree's Board Circular and publishing a summary of it in two newspapers	14 July 2025
Circulation of EGM Agenda	17 July 2025
Last Trading Date	21 July 2025
Suspension Date	22 July 2025
Record Date for NASSCORP Shares	24 July 2025
Offer Opening Date	27 July 2025

EGM Date	7 August 2025
Initial Offer Closing Date	10 August 2025
Offer to be declared unconditional in all respects	11 August 2025
Sell-Out Notice*	To be announced*
Final Offer Closing Date	25 August 2025
Offer Results Announcement Date	26 August 2025
Settlement Date	4 September 2025
End of Sell-Out period	To be announced*

* The Sell-Out Notice will be sent to Dissenting Shareholders only in the circumstances set forth in Section 5.16 of the Offer Document. These dates are subject to change, and any such changes shall be announced to NASSCORP shareholders in accordance with applicable CBB regulations.

IV. LETTER TO NASSCORP SHAREHOLDERS FROM THE BOARD

Nass Corporation B.S.C.
(Incorporated in the Kingdom of Bahrain with Commercial Registration No.: 60037-1)

Registered Office:

P. O. Box 669, Manama,
Building 1115D, Road 4815, Block 948,
Lhassay Area,
Kingdom of Bahrain.

13 July 2025

To,

The Shareholders of Nass Corporation B.S.C.

Dear Sir/Madam,

A A N S D Company W.L.L.'s voluntary conditional exit offer to acquire up to 100% of the issued and paid-up ordinary shares of NASSCORP, representing up to 90,835,345 ordinary shares of NASSCORP (constituting voting rights), excluding those treasury shares held by NASSCORP and those shares held by the Partners of the Offeror and their Concert Parties, representing up to 42.23% stake of NASSCORP issued and paid-up share capital by way of cash offer of BHD 0.075 per NASSCORP share at the discretion of each NASSCORP Shareholder with the intention of a subsequent voluntary delisting and conversion of NASSCORP.

1. INTRODUCTION

1.1. Circular

The purpose of this Circular is to provide relevant information to NASSCORP Shareholders in compliance with the TMA Module [Takeovers, Mergers and Acquisitions Module] of the Central Bank of Bahrain Rulebook Volume 6, and pertaining to the Offer and to set out the Recommendations of the Independent Committee of the Board of Directors and the Professional Independent Advisor's Opinion to the Independent Committee in relation to the Offer.

1.2. Background

1.2.1 On 2 June 2025, NASSCORP received from the Offeror its Firm Intention to make a voluntary conditional exit offer to acquire up to 100% of the NASSCORP Shares which represents up to 90,835,345 shares in NASSCORP or 42.23% of NASSCORP's issued and paid- up ordinary shares with voting rights for a cash consideration of BHD 0.075 per NASSCORP Share subject to the fulfilment, or waiver by the Offeror (where applicable), of the Conditions Precedent as outlined at section 2 below.

1.2.2 In accordance with the TMA rule 2.2.7, the Independent Committee was established on 11 June 2025 to discharge the responsibilities of the Board of NASSCORP in relation to the Offeror's Offer due to the conflicts of interest of certain Directors. The Independent Committee consists of Mr. Eyad Sater, Mr. Khalid Mohammed Ali Mattar and Mr. Abdulla Nooruddin, all of whom have disclosed that they have no conflict of interest in the Offeror's Offer and it has been concluded that no such interest exists that would be contrary to the requirements of the TMA.

Mr. Sameer Abdulla Nass, Mr. Sami Abdulla Nass, Mr. Adel Abdulla Nass, Mr. Ghazi Abdulla Nass, Mr. Fawzi Abdulla Nass, Mr. Bashar Sameer Nass, and Mr. Hemant Joshi are conflicted directors and have abstained from all discussions and decisions made in relation to the Offer.

1.2.3 In accordance with TMA rule 2.2.1, on 11 June 2025, the Independent Committee appointed Grant Thornton - Bahrain as its Professional Independent Adviser to provide fair advice to the Independent Committee in respect of the Offer, in particular, as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer, once received. The fairness opinion of the Professional Independent Adviser is set out in section VI of this Circular.

1.2.4 On 23 June 2025, NASSCORP received a voluntary conditional exit Offer Document from the Offeror to acquire up to 100% of the NASSCORP Shares, not currently owned by the Offeror, or the shares held by the Partners of the Offeror or the shares held by the Concert Parties or the treasury shares, which represents up to 90,835,345 shares in NASSCORP representing 42.23% of NASSCORP's issued and paid- up ordinary shares with voting rights for a cash consideration of BHD 0.075 per NASSCORP Share subject to the fulfilment, or waiver by the Offeror (where applicable), of the Conditions Precedent as outlined in section 2 below.

1.2.5 The NASSCORP Shareholders should, at a minimum, carefully and diligently consider the following before deciding on whether or not to accept the Offer:

(i) the letter to the NASSCORP Shareholders from the Board as set out in section IV of this Circular;
(ii) the letter to the NASSCORP Shareholders from the Independent Committee containing the recommendation of the Independent Committee as set out in section V of this Circular;
(iii) the fairness opinion of the Professional Independent Adviser as set out in section VI of this Circular;
(iv) the terms and conditions as mentioned in the enclosed Offer Document;
(iv) the terms and conditions as mentioned in the Acceptance and Transfer Form; and
(v) the independent professional advice sought by any NASSCORP Shareholder as deemed appropriate.

1.2.6 The Acceptance and Transfer Form is enclosed with this Circular.

2. THE OFFER

Information on the Offeror's Offer is available in section 5 of the Offeror's Offer Document.

The information set out below is reproduced from the Offer Document:

The Directors refer to the Firm Intention dated 1 June 2025 whereby the NASSCORP Board of Directors were notified of the Offeror's firm intention to make a voluntary conditional exit Offer to the NASSCORP Shareholders (excluding the treasury shares held by the Offeree, the shares held by the Partners of the Offeror and the Concert Parties) to acquire their shares in NASSCORP. The Firm Intention Announcement was then published on 2 June 2025. The details of the Offer are as follows:

Offer Shares

The Offer is extended, on the same terms and conditions, to all the NASSCORP Shares (other than any NASSCORP Shares held in treasury and those Shares held by the Partners of the Offeror and the Concert Parties) which have been validly issued, fully paid, and are held in dematerialized form through Bahrain Clear acting as Share Registrar. For the purposes of the Offer, the expression "Offer Shares" will include all such Shares. Based on the Shareholders' Registry as at the Last Practicable Date, the Offer Shares total 90,835,345, representing 42.23% of the Offeree's issued and paid-up ordinary shares with voting rights (the "Offer Shares"). Eligible Shareholders holding original share certificates shall follow the procedure prescribed in Section 6.2 of the Offer Document to apply for the Offer.

Eligible Shareholders

NASSCORP Shareholders, other than the Offeror, the Partners of the Offeror, the Concert Parties and any NASSCORP Shares held in treasury, whose names appear in the Shareholders Registry on the Record Date, will be eligible to accept the Offer (each an "Eligible Shareholder" and collectively the "Eligible Shareholders").

The Concert Parties have irrevocably committed to the Offeror with a signed communication letter dated 25 May 2025 that they shall not accept the Offer as they intend to remain as shareholders of the Company. Therefore, they shall not be eligible to accept the Offer, furthermore, they shall not be entitled to vote on the delisting of the Offeree. For further information, see Section 8.7 of the Offer Document.

The Offeree

NASSCORP is registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration number 60037 as a Public Bahrain Shareholding Company whose ordinary shares are listed on Bahrain Bourse. Based on publicly available information as at the Last Practicable Date, the Company has an issued and paid-up share capital of BHD 22,000,000 divided into 220,000,000 ordinary shares with a nominal value of 100 Fils each. Further information on the Company is contained in Section 8 of the Offer Document.

The Offeror

A A N S D Company W.L.L is a with Limited Liability Company incorporated under the laws of Bahrain with registration number 183516-1. The Offeror has its registered domicile at Building No. 159, Road Al Mazrea, Block 1004, Jasra, Kingdom of Bahrain. The Offeror has been established on 20 April 2025 by a consortium of existing shareholders of the Offeree (the "Consortium") for the sole purpose of launching the Offer and subsequently delisting the Company and converting it as detailed in the Offer Document. The Offeror has not engaged in any other activity. The Offeror's share capital is equal to BHD 10,000 divided into 100,000 shares of 100 Fils each and it has been entirely paid- up by the founding Partners.

The founding Partners intend to voluntarily liquidate the Offeror after completion of the Offer (including settlement of any Sell-Out Rights which might be exercised as a result of the Offer) by distributing any shares acquired as a result of the Offer to the founding Partners on the basis of their respective ownership interest as at the time of liquidation.

For more information on the ultimate offerors, please refer to Section 7 of the Offer Document.

Offer Consideration

The consideration for the Offer is BHD 0.075 in cash per NASSCORP Share provided that the Offer becomes unconditional after the fulfilment, or waiver by the Offeror, of the Conditions Precedent. Assuming that all Offeree shareholders, who are eligible to accept the Offer, tender their shares for cash, the total amount to be disbursed by the Offeror would be BHD 6,812,651.

The Offer price was determined based on a 4.5% discount to NASSCORP share's weighted average closing market price on all trading days on the Bahrain Bourse during the three months between 27 February 2025 and 27 May 2025 (inclusive), rounded to three decimal places. The discount-to-market-price approach was applied in determining the offer price per share to adjust for the Company's negative profitability in FY2024, which was not fully reflected in the share trading price due to the limited trading activity of the Offeree's shares (see Section 10 of the Offer Document).

The Offeror confirms that the settlement of the Offer Consideration to all valid Acceptances will be implemented in full in accordance with the terms of the Offer.

No Encumbrances

The Offer Shares will be acquired (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("Encumbrances"); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital ("Distributions") which may be announced, declared, paid or made thereon by the Offeree on or after the Offer Announcement Date).

Suspension of Trading

Trading of the Offeree's shares on the Bahrain Bourse will be suspended with effect from the Suspension Date, for the Suspension Period. The suspension has been implemented in connection with the Offer and the ongoing corporate actions related thereto. In the event of the successful completion of the Offer, trading of the shares is not currently expected to resume, as the Offeree is anticipated to proceed with a delisting from the Bahrain Bourse and converting into a closed

Bahraini Shareholding Company. Shareholders should be aware that, should the Offer be successfully concluded and the delisting process completed, the shares will no longer be publicly traded, and liquidity in the secondary market will cease to exist.

It should be noted that there is no assurance that this process will be completed within a pre-defined timeframe, and it is likely that completion will only occur subsequent to the settlement of the Offer. Furthermore, should an objection be raised during the objection period which the Offeree is unable to resolve in a timely manner, this may result in an indefinite delay to, or in the most extreme circumstances, the permanent cessation of the delisting and conversion process.

The Offeree shall also join Bahrain Private Market administered by Bahrain Clear with effect from or about the date of effective de-listing and conversion to enable transfer of shares following conversion into closed form.

Conditional Offer

The Offer is subject to the satisfaction of the following Conditions Precedent. The implementation of the Offer will be subject to the fulfilment, or waiver by the Offeror, of the following Conditions Precedent. For the avoidance of doubt, the Offer shall not become unconditional unless the below Conditions Precedent are fulfilled, or waived by the Offeror:

1. The EGM of the Offeree having approved the conversion of the NASSCORP into a Closed Bahraini Shareholding Company and subsequent delisting of the shares of NASSCORP from the Bahrain Bourse, with a majority of 75% of the votes attaching to the disinterested shares that are cast either in person or by proxy at the meeting. For such purposes, disinterested shares shall be the shares owned by a person other than the Offeror, any partner of the Offeror and their respective Concert Parties;

2. The receipt by the Company of in-principle no objection from the CBB to delisting of the Offeree;

3. The receipt of in-principle no objection from the CBB pertaining to the Offeror's proposed increase in its shareholding in the Offeree as a controller of the Offeree[1]; and

4. Obtainment of any required anti-trust unconditional approvals in any applicable jurisdictions.

The Partners of the Offeror and the Concert Parties already own more than 50% of the share capital of the Offeree and, therefore, the condition under Rule TMA-3.3.2 shall not apply.

Following the Offer having been declared unconditional in all respects, the Offeree shall proceed to implement the resolutions of the EGM, including, inter alia, the publication of the resolutions in the Official Gazette and in at least two daily newspaper in Bahrain (in both English and Arabic languages), and the observance of the Objection Period (for further details, please refer to Section 5.19 of the Offer Document). For the avoidance of doubt, neither the publication of the resolutions of the EGM nor the resolution of any objections raised by any person entitled to do so during the Objection Period shall constitute a condition precedent to the Offer. Accordingly, the Offer shall proceed to completion in accordance with its terms irrespective of the status of these matters.

The Offeror reserves the right, in consultation with the CBB, to waive any of the above conditions with the exception of Condition 3), provided that:

a. any such waiver is in compliance with applicable laws and regulations;

b. Conditions 1) and 2) may only be waived together, should the Offeror decide, at its discretion, to proceed with the Offer even if the EGM of the Offeree has failed to approve the delisting and conversion of the Offeree.

In such case, shareholders who accept the Offer are hereby reminded that their Acceptances are

[1] This condition precedent addresses the requirement for CBB approval of the Offeror's acquisition of more than 10% of the voting rights in the Offeree, which is necessary due to the Offeree's status as a public company. The inclusion of this condition is warranted, as the Offer may proceed to completion irrespective of whether the conversion and delisting process is finalized (for further details, see Section 5.19 of the Offer Document). Accordingly, the Offeror must be recognized as an approved controller of a listed company under the applicable regulations before acquiring the Offer Shares under the Offer.

irrevocable, independent of whether the delisting and conversion process are finalized.

NASSCORP Shareholders and/or potential investors of NASSCORP should note that the Offer is subject to the satisfaction or, waiver by the Offeror (where applicable), of the Conditions Precedent, and is conditional upon the Offer becoming or being declared unconditional in all respects. Accordingly, the Offer may or may not become unconditional. The NASSCORP Shareholders and/or potential investors of the Offeree should therefore exercise caution when dealing in the securities of NASSCORP. Persons who are in doubt as to the action they should take should consult their licensed brokers, dealers, solicitors, professional accountants or other professional advisers.

Procedures for Acceptance

Section 6 of the Offer Document sets out the procedures for Acceptance of the Offer.

Acceptances Irrevocable

Except as expressly provided in the Offer Document and the TMA Module, acceptances of the Offer shall be irrevocable provided that the Acceptance and Transfer Form of any shareholder who has voted against the resolutions approving the delisting and conversion of the Offeree and/or has submitted a withdrawal application to the Offeree under Article 307 of the Commercial Companies Law (each, an "Objecting Shareholder") shall be deemed null and void, irrespective of the timing of submission of the relevant objections, including without limitation where such objections are raised after the Final Offer Closing Date and/or the Offer Results Announcement Date. Accordingly, the Offeror shall not be obliged to purchase, on the Settlement Date, any NASSCORP Shares tendered by any Objecting Shareholder (for more details, please refer to Sections 5.21 and 5.22 of the Offer Document).

Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Eligible Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Eligible Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

Announcement of Results

Pursuant to Rule TMA-2.18.1, before trading hours on the Business Day (the "Relevant Day") immediately after the Final Offer Closing Date or the day on which the Offer is due to expire or revised or extended, the Offeror will announce to the CBB, Bahrain Bourse and the Company and simultaneously publish on the website of Bahrain Bourse the total number of NASSCORP Shares:

a. in respect of which Acceptances of the Offer have been received;

b. held by the Offeror , the Offeror's partners and any parties acting in concert with it before the Offer Period; and

c. acquired or agreed to be acquired by the Offeror and any person acting in concert with the Offeror during the Offer Period;

Closing Date

Except as contemplated under Rule TMA-2.14.2A, the Offer will remain open for acceptances for a period of at least 15 days from the Offer Opening Date ("Initial Offer Closing Date").

"Final Offer Closing Date" is the date falling not less than the 15th calendar day from the date of announcement of the Offer having become unconditional in all respects.

No Revision

The Offeror does not intend to revise or extend the term of the Offer.

Payment Of the Cash Consideration

The Cash Consideration of the Offer will be financed by the Partners of the Offeror. The Financial Advisor has confirmed that it has carried out the necessary assessment to confirm that sufficient resources are available to the Offeror to satisfy the full implementation and acceptance of the Offer. The Offeror has deposited approximately BHD 6,012,510 with the Escrow Agent in an Escrow Account, and a related entity to the Partners of the Offeror provided an unconditional, unilateral and irrevocable letter of guarantee for BHD 800,141. Together, these funds represent the total Offer Consideration of BHD 6,812,651.

On the Settlement Date, and subject to the Offer having been declared to be unconditional in all respects in accordance with Section 5.8 (Conditional Offer) of the Offer Document and the receipt by the Offeror from Eligible Shareholders of valid Acceptances, complete in all respects and in accordance with the instructions given in the Offer Document, the Escrow Agent shall effect payment to each such Eligible Shareholder by wire transfers only and in BHD with the Offeror covering only wire charges for transfers to Bahrain domiciled bank accounts. In case of overseas domiciled bank accounts, any charges charged by the relevant bank of any such Eligible Shareholder, including but not limited to, any wire charges, correspondent bank charges, foreign exchange charges, shall be borne by such Eligible Shareholder. Any unforeseen shortfall of funding in the Escrow Account required for the settlement of the Cash Consideration will be immediately wired by the Offeror to the Escrow Agent to ensure timely settlement of the Cash Consideration on the Settlement Date.

The Offer can be only settled by wire transfer in accordance with the provision hereof. Neither the Offeror nor the Escrow Agent shall be obliged to pay the consideration in any other form such as cheque, notes etc. Both the Offeror and the Escrow Agent shall obtain a good and final discharge of their obligation to pay the Cash Consideration insofar as they pay the relevant amount, calculated in accordance with terms of the Offer Document, to the bank account indicated by the Eligible Shareholder in his/her Acceptance without any obligation on their part to verify the accuracy of the information provided or the result of the wire transfer. If, for any reason, the wire transfer is rejected by the receiving bank, neither the Offeror nor the Escrow Agent shall be obliged to inform the relevant Eligible Shareholder thereof. In such case, the settlement shall be deemed to have taken place nevertheless and the Offeror may appoint the Escrow Agent or another licensed bank to hold the relevant amounts to the interest of such Eligible Shareholder in accordance with Rule TMA-2.19.8 and subject to compliance with Rule TMA-2.19.9.

Each Eligible Shareholder shall indemnify and keep the Offeror and the Escrow Agent harmless of any expense, cost or liability that they might incur in connection with the provision of erroneous payment details by such Eligible Shareholder in the Acceptance and Transfer Form.

Sell-Out

The Offeror confirms that, should the Offer achieve a level of Acceptances representing at least 90% of the Offer Shares ("Threshold"), and in accordance with Article 319 bis I of the Commercial Companies Law and Rule TMA-3.4.5 of the TMA Module, it will not exercise its squeeze-out right to acquire any NASSCORP Shares held by Dissenting Shareholders.

Subject to the Offer having achieved valid Acceptances representing at least the Threshold and the satisfaction of the requirements under Article 319 bis I of the Commercial Companies Law and the relevant provisions of the TMA Module, any Dissenting Shareholder shall have the right to require the Offeror to acquire all NASSCORP Shares held by such Dissenting Shareholder (pursuant to Article 319 bis I of the Commercial Companies Law and Rule TMA-3.4.14 of the TMA Module), by submitting a written request within the time limit specified therein. In any event, the NASSCORP Shares held by a Dissenting Shareholder exercising the Sell-Out Right shall be acquired by no later than three (3) months from the date the Offeror receives the relevant written request.

If the Sell-Out Right is exercised by a Dissenting Shareholder, such Dissenting Shareholder shall receive an amount per NASSCORP Share which is equal to that received by the NASSCORP Shareholders having accepted the Offer, which is BHD 0.075 per NASSCORP Share.

No later than 15 calendar days from the date on which the Offer is declared unconditional in all respects (and provided that the Offer has achieved the Threshold), the Offeror will issue to the Dissenting Shareholders the Sell-Out Notice in the form prescribed in Appendix TMA-F of the TMA Module. The Sell-Out Notice will be accompanied by a declaration from the Offeror confirming that the Threshold has been met.

The Sell-Out Notice will be issued by the Offeror to the Dissenting Shareholders and sent by registered mail to the address, where available, registered with Bahrain Clear as at 3 Business Days prior to the date of dispatchment in respect of those Dissenting Shareholders provided in no event the Sell-Out Notice shall be sent to an address located in a Restricted Jurisdiction. A Dissenting Shareholder that wishes to exercise its right to require the Offeror to acquire all NASSCORP Shares held by it shall, following receipt of the Sell-Out Notice, provide their request to the Offeror in writing by email to agent@sicobank.com. Such written request from the Dissenting Shareholder shall be deemed received only if a confirmation of receipt is delivered via email from the Receiving Agent to such Dissenting Shareholder. If no such confirmation of receipt is received by the Dissenting Shareholder, the Dissenting Shareholder should contact the Receiving Agent to receive such confirmation.

NASSCORP Shareholders are encouraged to update their details (including their registered address) with Bahrain Clear as soon as possible.

For the sake of clarity, any Dissenting Shareholder who has availed of the withdrawal right under Article 307 of the Commercial Companies Law shall cease to have any Sell-Out Right under the Offer Document.

Untraceable NASSCORP Shareholders

The Offeror will fulfil its obligation to exercise best efforts to deliver the Sell-Out Notice by completion of serving the Sell-Out Notice in accordance with the manner prescribed above. The Offeror has discussed with the CBB, the following alternative methods for serving the notice, in case the Offeror, despite best efforts fails to deliver the Sell-Out Notice to the Dissenting Shareholders, pursuant to TMA-3.4.19 of the TMA Module:

A. The establishment of a dedicated email address for any NASSCORP Shareholder who wishes to receive the Offer documentation and related announcements (including the Sell-Out Notice). Any NASSCORP Shareholder who would like to receive such documentation or announcements, as made available to NASSCORP Shareholders from time to time, should send a request to the following email address: agent@sicobank.com; and

B. the Sell-Out Notice (if applicable) will be announced through a market announcement in the Bahrain Bourse and through a newspaper publication in two official newspapers in circulation in the Kingdom of Bahrain and such announcement shall be deemed to be a valid and effective notice issued by the Offeror.

Settlement of sell-out rights

For Dissenting Shareholders who have exercised their Sell-Out Rights by submitting a written request via email to agent@sicobank.com, settlement of the cash consideration for their NASSCORP Shares shall be effected by wire transfer in BHD from the Escrow Account to the account of the relevant Dissenting Shareholder within five (5) working days after the end of the Sell-Out Period.

Section 5.15 of the Offer Document shall apply to this settlement mutatis mutandis.

Delisting of NASSCORP

The Offeror will request that the board of directors of the Company invites the NASSCORP Shareholders (after obtaining the approval of the CBB and other competent regulatory authorities in Bahrain) to convene an EGM in order to consider and approve the delisting of the Company from the Bahrain Bourse and the conversion into a Closed Bahraini Shareholding Company.

Upon approval by the EGM of the Offeree of the conversion and delisting of NASSCORP, and upon obtainment of the requisite no-objection or approval to such conversion and delisting from the CBB, Bahrain Bourse, and Bahrain Clear, the Offeree shall, following the declaration of the Offer as unconditional in all respects, proceed to apply to the Ministry of Industry and Commerce for the conversion of the Offeree into a closed Bahrain Shareholding Company.

The conversion process requires, inter alia, the publication of the resolutions of the EGM relating to the conversion in the Official Gazette and daily newspapers and the lapse of an Objection Period of fifteen (15) working days prior to the execution of such resolutions, in accordance with the provisions of the Commercial Companies Law.

It should be noted that there is no assurance that this process will be completed within a pre-defined timeframe, and it is likely that completion will only occur subsequent to the settlement of the Offer. Furthermore, should an objection be raised during the objection period which the Offeree is unable to resolve in a timely manner, this may result in an indefinite delay to, or in the most extreme circumstances, the permanent cessation of the delisting and conversion process.

Upon delisting, the Company is also expected to join Bahrain Private Market administered by Bahrain Clear with effect from or about the date of effective de-listing and conversion to enable transfer of shares following conversion into closed form.

Free-float

If the delisting and conversion process of the Company is officially discontinued by the Offeree due to impediments encountered during the relevant process, or if the Offeror waives the Conditions Precedent 1 and 2 under Section 5.8 of the Offer Document such that the NASSCORP Shares remain listed, the free float of the Offeree may fall below 10% of its issued share capital, thereby breaching the Bahrain Bourse Listing Rules. In such case, and subject to prevailing market conditions and liquidity considerations, the Offeror and/or the Partners of the Offeror (in coordination with the Offeree) intend to explore the possibility of tendering part of their shareholding (including, if applicable, treasury shares held by the Offeree) or any other alternative options commercially available at the time with a view to restoring compliance with the minimum 10% free float requirement of the Bahrain Bourse Listing Rules.

Quorum and voting requirements at the EGM considering the delisting and conversion of NASSCORP

All NASSCORP Shareholders, including the Offeror's Partners and Concert Parties, attending the EGM shall be counted towards satisfying the EGM's quorum requirements. NASSCORP Shareholders, including the NASSCORP Shareholders who have accepted the Offer, but excluding the Partners of the Offeror and the Concert Parties, shall be eligible to vote their NASSCORP Shares in such EGM in respect to the resolutions approving delisting and conversion of the Company.

All NASSCORP Shareholders who have accepted the Offer by completing the Acceptance and Transfer Form may also appoint SICO B.S.C.(c) or another person as their proxy pursuant to the Proxy for Voting in respect of voting at the EGM.

The Acceptance and Transfer Form of any Eligible Shareholder who has voted against the resolutions approving the delisting and conversion of the Company and/or has submitted a withdrawal application to the Company under Article 307 of the Commercial Companies Law shall be deemed null and void, irrespective of the timing of submission of the relevant objections, including without limitation where such objections are raised after the Final Offer Closing Date and/or the Offer Results Announcement Date. Accordingly, the Offeror shall not be obliged to purchase, on the Settlement Date, any shares tendered by any such objecting Eligible Shareholder.

The resolution to delist NASSCORP from Bahrain Bourse and convert it into a closed Bahraini Shareholding Company shall be approved if votes equal to 75% of the Offer Shares present at the EGM (either by proxy or in person) excluding the Offeror, the Partners of the Offeror and the Concert Parties.

Objection to Conversion and Redemption

Pursuant to the Commercial Companies Law, any shareholder of the Offeree who objects to the resolution passed by the EGM approving the conversion can withdraw from the Company pursuant to and subject to the limitations set forth in Article 307 of the Commercial Companies Law.

Eligible Shareholders who:

a. during the Offer Period, accepted the Offer for all (but not some) of their NASSCORP Shares by way of completing the Acceptance and Transfer Form and delivering it to the Receiving Agent by no later than the Initial Offer Closing Date, may appoint SICO BSC(c) as proxy to represent them at the EGM and to vote in favor of the resolutions for delisting and conversion of the Company. unless they decide to attend personally or appoint another by proxy provided that, in this latter case, the following paragraph (b) will apply.

b. have accepted the Offer but have not completed the Proxy for Voting in favour of SICO BSC(c) and attend the EGM but vote against the resolution and/or, insofar as permissible, lodge an objection form during the Objection Period and deliver it to the Offeree in accordance with and subject to the limitation of Article 307 of the Commercial Companies Law, shall have their Acceptance and Transfer Form considered void and may not participate further in the Offer;

c. voted against the conversion of NASSCORP at the EGM and/or, insofar as permissible, object to the conversion by way of completing an objection form and delivering it to the Offeree in accordance with and subject to the limitation of Article 307 of the Commercial Companies Law , will no longer able to submit a valid Acceptance such that, should they submit an Acceptance and Transform Form, this shall be deemed void. In such case, if the EGM of the Company approves the conversion and delisting which is carried to completion, then they shall hold shares in NASSCORP as a closed Bahraini shareholding company unless a written request is made to NASSCORP for such shareholder to withdraw in line with Article 307 of the Commercial Companies Law; and

d. did not accept the Offer during the Offer Period, may still vote in favour of the resolution to convert NASSCORP into a closed Bahraini Shareholding Company and delisting from the Bahrain Bourse provided that, in such case, they shall not be deemed as having accepted the Offer solely by virtue of such vote and they shall formally lodge a validly executed Acceptance and Transfer Form with the Receiving Agent in accordance with Section 6 below before the Final Offer Closing Date for them to be able to sell their NASSCORP Shares to the Offeror.

3. POST-ACQUISITION STRATEGY OF OFFEROR FOR NASSCORP, EFFECT OF THE OFFER AND PROPOSED FINANCING OF THE OFFER

The post-acquisition strategy of the Offeror for NASSCORP and the effect of the Offeror's Offer are set out in section 9 of the Offer Document.

4. OPINION ON IMPACT ON OFFEREE'S EMPLOYEES

As per section 9.2 of the Offer Document, save for any changes due to regulatory requirements, the successful completion of the Offer will not impact the current organizational structure except for any changes which may be implemented as part of NASSCORP's existing strategy, or as identified in the other subsections of Section 9 (Offeror Post-Acquisition Strategy) of the Offer Document.

5. INFORMATION ABOUT THE OFFEREE

Relevant information about the Offeree is covered in Appendix A of this Circular.

6. INFORMATION ABOUT THE OFFEROR

Relevant information about the Offeror has been set out in section 7 of the Offer Document.

7. RECOMMENDATIONS OF THE INDEPENDENT COMMITTEE AND THE ADVISER'S OPINION

Your attention is drawn to (i) the letter to the NASSCORP Shareholders from the Board as set out in section IV of this Circular; (ii) the letter to the NASSCORP Shareholders from the Independent Committee set out in section V of this Circular which contains the recommendation of the Independent Committee as to whether the Offer is, or is not, fair and reasonable and whether or not the Shareholders should accept the Offeror's Offer and whether or not to vote in favour or against the resolutions considering the delisting and conversion of NASSCORP; and (iii) the fairness opinion of the Professional Independent Adviser set out in section VI of this Circular which contains the Professional Independent Adviser's Opinion to the Independent Committee in connection with the Offer and the principal factors considered by it in arriving at its opinion.

NASSCORP Shareholders should read these letters in conjunction with this Circular and the Offer Document carefully before taking any action in respect of the Offer.

8. NASSCORP SHAREHOLDERS' RESPONSIBILITIES

8.1 Compliance with Applicable Laws

The availability of the Offer to the NASSCORP Shareholders might be affected by the laws of their respective jurisdiction in which they are based. Accordingly, any NASSCORP Shareholder should inform himself about and observe any applicable legal requirements in their respective jurisdiction.

For the avoidance of doubt, the Offer is made to all NASSCORP Shareholders including those to whom the Offer Document, Acceptance and Transfer Form, the Circular and any other related documents have not been, or will not be, sent.

Where there are potential restrictions on sending the Offer Document, the Acceptance and Transfer Form, the Circular and any other related documents to any jurisdiction, the Offeree reserves the right not to send the documents to NASSCORP Shareholders in such jurisdictions. However, the Offeree may, at its sole discretion, take such action as it may deem necessary to send this Circular to NASSCORP Shareholders in any jurisdiction.

The Offer may be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and any NASSCORP Shareholder should inform himself about and observe any applicable legal requirements in their respective jurisdiction.

It is the responsibility of any NASSCORP Shareholder who wishes to (i) request for the Offer Document, the Acceptance and Transfer Form, the Circular and any other related documents, or (ii) accept the Offeror's Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such NASSCORP Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror's Board, including the members of the Independent Committee and any person acting on its behalf shall be fully indemnified and held harmless by such NASSCORP Shareholder for any such taxes, imposts, duties or other requisite payments as the Independent Committee and/or any person acting on its behalf may be required to pay. In (i) requesting for the Offer Document, the Acceptance and Transfer Form, the Circular and any other related documents and/or (ii) accepting the Offeror's Offer, the NASSCORP Shareholder represents and warrants to the Independent Committee that he/she is in full observance of the laws of the relevant jurisdiction in that connection, and that he/she is in full compliance with all necessary formalities or legal requirements. Any NASSCORP Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.

8.2 Copy of Offer Documents

Copy of this Circular, the Offer Document, a sample of the Acceptance and Transfer Form, and any other related documents are available on the Offeree's website: www.nasscorporation.com, the website of the BHB: www.bahrainbourse.com and the Receiving Agents website: www.sicobank.com.

8.3 Notice

The Offeree and/or the Offeror has reserved the right to notify any matter, including the fact that the Offer has been made, to any or all NASSCORP Shareholders by announcement to the

BHB and/or paid advertisement in two daily newspapers published and circulated in Bahrain, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any NASSCORP Shareholder to receive or see such announcement or advertisement.

9. ACTION TO BE TAKEN BY NASSCORP SHAREHOLDERS

NASSCORP Shareholders other than Connected NASSCORP Shareholders who wish to accept the Offer must do so not later than the close of business on the Final Closing Date.

There are different procedures for acceptance of NASSCORP Shareholders holding shares in physical or Demat (electronic) form. NASSCORP Shareholders other than Connected NASSCORP Shareholders who wish to accept the Offer, possessing shares in physical or dematerialized form should take note of the "Procedures for Acceptance" as set out in section 5 of the Offer Document and the "Important Instructions for Completion and Submission of this Acceptance and Transfer Form" section of the Acceptance and Transfer Form.

For NASSCORP Shareholders holding shares in certificated form, it is important to note that participation in the Offer requires dematerialization of their shares and the issuance of an investor number. This process must be completed through Bahrain Clear by submitting the necessary documentation and fulfilling the required procedures, as further detailed below and the Offer Document.

NASSCORP Shareholders other than Connected NASSCORP Shareholders who wish to accept the Offer must submit the completed Acceptance and Transfer Form together with all the required documents given below to the Receiving Agent's address either visiting to their offices or sending them by registered mail/ courier, during the Offer Period.

9.1 Form Submission

9.1.1 Submission by individuals

Eligible Shareholders who are individuals and who wish to accept the Offer must submit the following documents:

a. a completed signed Acceptance and Transfer Form (form with original 'wet ink' signatures only) or the filled electronic equivalent available through the online electronic portal (agent.sicobank.com);

b. the original or certified copy, of the following two forms of identification:

   i. the individual's valid passport or valid international travel document; and
   ii. the individual's valid national identification card or an equivalent document;

c. proof of permanent residential address. The proof can consist of a copy of a recent utility bill, bank statement or similar statement from another bank or financial institution licensed in the country, which have been issued within three months prior to their presentation, or official documentation, such as a smartcard, from a public/governmental authority, or a tenancy agreement;

d. signature verification of the signature on the application (with a passport copy showing the specimen of the person signing the application form to suffice);

e. proof of Investor Number is required in the form of a Bahrain Bourse investor card or statement of account, or a Bahrain Bourse system printscreen or an allotment notice from a previous initial public offering in Bahrain of no earlier than 2006;

f. a statement of account from Bahrain Clear or a Bahrain Bourse registered broker in respect of the NASSCORP Shares held in electronic form;

g. the following additional documents are required when a person is signing on behalf of an individual Eligible Shareholder by way of a power of attorney:

   i. the original or certified copy of the valid passport or international travel document of the person applying and signing on behalf of the individual Eligible Shareholder;
   ii. the original or certified copy of the valid national identification card or an equivalent document of the person applying and signing on behalf of the individual Eligible Shareholder;
   iii. the original or certified copy of the notarized (or where from outside the Kingdom of Bahrain, apostilled/legalized) power of attorney; and

h. the following additional documents are required for applications on behalf of Minors:

   i. the original or certified copy of the valid passport or valid international travel document of the legal guardian applying and signing on behalf of the Minor;
   ii. the original or certified copy of the government-issued valid national identification card or an equivalent document of the legal guardian applying and signing on behalf of the Minor;
   iii. the original or certified copy of the government-issued family registration in respect to the Minor and her/his father and mother;
   iv. unless the legal guardian signing on behalf of the Minor is the Minor's father, the original or certified copy and copy of the proof of guardianship to the applying Minor; and

In case of Shares jointly owned by more than one person, the original Acceptance and Transfer Form shall be signed by all such persons and the accompanying documentation shall relate to each such person provided that such persons can appoint by way of power of attorney one of them (or a third person) to accept on their behalf in which case paragraph (g) above shall apply.

In case of a deceased Eligible Shareholder, the heir (or heirs) shall register themselves in the Shareholders Registry before submitting the Acceptance and Transfer Form and accompanying documentation. The Receiving Agent shall have no obligation to receive or accept any acceptance issuing from a person who does not appear in the Shareholders Registry as owner of the relevant Shares nor shall it be obliged to verify the inheritance legal status of the Shares.

9.1.2 Submission by juridical persons/institutions

Eligible Shareholders who are juridical persons/institutions and who wish to accept the Offer must submit the following documents:

a. a completed signed Acceptance and Transfer Form (form with original 'wet ink' signatures only) or the filled electronic equivalent available through the online electronic portal (agent.sicobank.com);

b. a certified copy of a valid commercial registration certificate of the institution (unless the institution is not a commercial entity, in which case it shall provide equivalent document as directed by the Receiving Agent);

c. a certified copy of the memorandum and articles of association, or equivalent, of the institution;

d. the original or certified copy of the following two forms of identification in respect of the individual signing on behalf of the institution:

i. the individual's valid passport or valid international travel document; and
ii. the individual's valid national identification card or an equivalent document;

e. signature verification of the signature on the application (with a passport copy showing the specimen of the person signing the application form to suffice);

f. proof of Investor Number is required in the form of a Bahrain Bourse investor card or statement of account, or a Bahrain Bourse system printscreen, or an allotment notice from a previous initial public offering in Bahrain of no earlier than 2006;

g. a statement of account from Bahrain Clear or a Bahrain Bourse registered broker in respect of their NASSCORP Shares held in electronic form;

h. the original or certified copy of the document authorizing the person(s), whose signature(s) appear(s) on the Acceptance and Transfer Form to sign such document on behalf of the institution. Such a document can be either a power of attorney or a resolution of the board or other competent governing body of the institution.

9.1.3 Certificated Shares

In case an Eligible Shareholder holds the Shares in a certificated form, she/he shall first contact Bahrain Clear in order to obtain dematerialization thereof along with an Investor Number as prerequisite for participation in the Offer. To this end, such shareholder must deliver to Bahrain Clear: (a) the original physical share certificate(s); and (b) any additional documentation required to open either an individual or corporate account with Bahrain Clear, as applicable. Upon successful completion of the process, Bahrain Clear will assign an Investor Number, which is a prerequisite for participation in the Offer. Further instructions and requirements for this process are available at the Bahrain Bourse Investor Services portal: https://bahrainbourse.com/en/Investors/InvestorsCorner/investor-services. Please note that the dematerialization process is administered solely by Bahrain Clear. The Offeror provided this information for facilitation purposes without accepting any responsibility or liability in connection with the administration, timeliness, or outcome of the dematerialization process. For any assistance in connection with the dematerialization or the submission of related documentation, Eligible Shareholders may contact the Receiving Agent at: agent@sicobank.com.

9.1.4 In-person and remote submission

The Acceptance and Transfer Forms will be couriered by the Offeree to each Eligible Shareholder at their registered address on record with Bahrain Clear. Neither the Offeree, the Offeror, nor the Receiving Agent shall bear any responsibility or liability for the actual receipt of such forms by the intended recipient. **Eligible Shareholders are therefore strongly encouraged to ensure that their contact and address details with Bahrain Clear are accurate and up to date, in order to facilitate timely and reliable delivery.** For further details see Sections 12 and 13 of the Offer Document.

In addition to courier delivery, the Acceptance and Transfer Forms will also be available at the receiving desks of the Receiving Agent during the Offer Period. Furthermore, in line with the provisions of Section 6 of the Offer Document, the Receiving Agent has made available an online portal for the electronic submission of the Acceptance and Transfer Form and the required supporting documents. NASSCORP Shareholders can submit their Acceptance and Transfer Forms electronically through the online portal by visiting www.agent.sicobank.com, creating an account, and following the instructions provided on the portal. Please note that only holders of dematerialized shares are eligible to submit their application *via* the online electronic portal.

All completed Acceptance and Transfer Forms, together with the required supporting documentation, may be submitted in person at the receiving desk of the Receiving Agent listed in Section 6.6 of the Offer Document during the Offer Period. Alternatively, Eligible Shareholders may submit their forms electronically using the online electronic portal. In this case, Eligible Shareholders choosing to avail themselves of the electronic submission method shall be required to accept the terms and conditions governing the use of the portal and shall bear all risks inherent in the use of electronic communications, including but not limited to transmission errors, unauthorized access, and system failures.

The Receiving Agent may on an exceptional basis accept couriered applications that have been pre-agreed and pre-arranged with the Receiving Agent and on the basis of receipt of such acceptances by the Receiving Agent prior to the expiry date of the Offer Period and further provided that the Receiving Agent shall not be obliged to do so and would agree to do so only in exceptional circumstances.

9.1.5 Vetting of Acceptances

At the time of receipt of a completed Acceptance and Transfer Form, the Receiving Agent shall verify the validity of all copies of each participating Eligible Shareholder's identification documents along with the submitted Acceptance and Transfer Form. The Receiving Agent shall only verify that the documents submitted appear on their face to be authentic and conforming and, where a delegation of power is implicated, that the relevant power reasonably appears prima facie to have been validly delegated without necessity for any further inquiry or investigation whatsoever. Neither the Offeror nor the Receiving Agent shall have any liability whatsoever in respect to any loss, cost, damage, expense or liability that an Eligible Shareholder may incur in connection with the supply of non-authentic, inaccurate, incomplete or invalid documentation except in the cases of the Offeror or Receiving Agent's own gross negligence or willful misconduct.

Receipt by the Receiving Agent of an Acceptance and Transfer Form whether in person, electronically (if applicable), or remotely, does not imply that the same is valid or otherwise conforms with the Offer and the Receiving Agent shall endeavor (while having no obligation to do so) to inform the relevant Eligible Shareholder of the invalidity or incompleteness of the documentation submitted even in cases where the Receiving Agent issued a formal confirmation of receipt. Should the acceptance be deemed as invalid or non-conforming, the Offeror and/or the Receiving Agent may reject the same and the relevant Eligible Shareholder shall be deemed not to have accepted for the purposes of the Offer. That notwithstanding, if an Eligible Shareholder becomes aware of having submitted an incomplete acceptance, she/he may supply any missing information or remedy any defect in her/his acceptance by submitting the required documents to the Receiving Agent no later than the close of business on the last day of the Offer Period.

All Eligible Shareholders who make physical submissions will receive a copy of their Acceptance and Transfer Form at the time of application. In the other cases, the relevant Eligible Shareholder shall ask the Receiving Agent for a copy of their Acceptance and Transfer Form. If the Acceptance and Transfer Form is couriered or mailed in the circumstances where this is expressly consented in Section 6.3 of the Offer Document, the Receiving Agent shall have the right, but not the obligation, to further verify the identity of the signatory including by means of video-conferencing. If the relevant Eligible Shareholder fails to cooperate, her/his acceptance shall be considered invalid and disregarded.

Eligible Shareholders intending to accept the Offer by tendering Offer Shares that are mortgaged will have to release the mortgage and have such release registered in the Shareholders Registry so that such shares can be transferred free and clear from Encumbrances to the Offeror.

The following important directions should be followed when completing the Acceptance and Transfer Form:

a. only the original prescribed serialized Acceptance and Transfer Form (or, if applicable, an equivalent electronic online application form provided via a website or electronic portal provided by the Receiving Agent) made available by the Receiving Agent should be used, and completed in full in accordance with the instructions contained therein;

b. in the case of joint owners of the Shares only one Acceptance and Transfer Form may be used and signed by all such joint owners;

c. in the case of any Shares held by investment managers, the Acceptance and Transfer Form may be signed by the investment manager and sent along with a certified copy of the document reflecting the investment manager's position as the investment manager for the relevant Eligible Shareholder. The Acceptance and Transfer Form must state the beneficial owners of NASSCORP Shares and be provided together with their specific signed mandate.

The Receiving Agent reserves the right to reject any Acceptance and Transfer Form if:

a. the Acceptance and Transfer Form is not completed in all respects or is completed with incorrect information;

b. any of the information stated in Section 6 of the Offer Document is not included in or with the Acceptance and Transfer Form; or

c. the Acceptance and Transfer Form along with all of the above documents is received by the Receiving Agent after the close of business on the last day of the Offer Period.

The Offer is not addressed to any Eligible Shareholder who is either a resident or citizen of a Restricted Jurisdiction as further described in Section 13 of the Offer Document.

The Receiving Agent reserves the right to accept, at its sole discretion, duly completed Acceptance and Transfer Forms where the information set out in Section 6 of the Offer Document has not been provided in its entirety but sufficient information and documentation has been provided or otherwise procured to comply with all applicable laws and regulations associated with know your client and anti-money laundering requirements and other laws and regulations applicable to the Offeror and the Offer have been complied with. The Receiving Agent shall have no obligation to inform an Eligible Shareholder of the rejection of her/his acceptance, but it may decide to do so at its own discretion.

9.1.6 Implications of Acceptance

The Eligible Shareholder who accepts the Offer shall:

a. consent to the passing on of any information about the Eligible Shareholder to any relevant regulatory authorities by the Receiving Agent, the Shares Registrar, the Offeror or the Offeree (as the case may be) or their delegates and any onward transmission by those regulatory authorities of such information;

b. acknowledge that due to money laundering requirements operating within Bahrain, the Receiving Agent, the Offeror or the Offeree (as the case may be) may require identification of the Eligible Shareholder(s) and source of funds before the Acceptance and Transfer Forms indicating acceptance can be processed;

c. hold the Receiving Agent, the Offeror or the Offeree (as the case may be) harmless and indemnified and shall keep them held harmless and indemnified against any loss arising from the failure to process the Acceptance and Transfer Form, if information as has been required from the Eligible Shareholder has not been provided within the allotted time to the satisfaction of the party requesting such information or if inaccurate or incomplete information has been provided.

9.1.7 The Receiving Agent

The Receiving Agent as set out below will receive the completed Acceptance and Transfer Forms together with the information stated in section 6.1 of the Offer Document (as applicable) above:

No.	Name	Address	Telephone No.	Opening days	Operating hours
1	**SICO B.S.C.(c) – Receiving desk at the BHB**	4th Floor, Harbour Gate, Bahrain Financial Harbour, Manama, Kingdom of Bahrain	(973) 17515022	Sunday to Thursday	9:00 am- 1:00 pm

9.1.8 Once all the Conditions Precedent have been fulfilled or waived by the Offeror and the Offer becomes unconditional, during or at the end of the Offer Period, the Offeror will arrange to make an announcement to this effect in two newspapers (in English and Arabic languages) in the Kingdom of Bahrain, the websites of the BHB: www.bahrainbourse.com and NASSCORP: www.nasscorporation.com. NASSCORP Shareholders, who did not submit their Acceptance and Transfer Form prior to the announcement of the Offer becoming unconditional, will then be eligible to submit their Acceptance and Transfer Form for a further fifteen (15) day period from the date of such announcement.

9.1.9 Any queries regarding the application procedure should be directed to the Receiving Agent at the details outlined above.

10. Suspension of Trading

Trading of the Offeree’s shares on the Bahrain Bourse will be suspended with effect from the Suspension Date, for the Suspension Period.

V. LETTER TO THE NASSCORP SHAREHOLDERS FROM THE INDEPENDENT COMMITTEE

Nass Corporation B.S.C.
(Incorporated in the Kingdom of Bahrain with Commercial Registration No.:60037-1)

Registered Office:

P. O. Box 669, Manama,
Building 1115D, Road 4815, Block 948,
Lhassay Area,
Kingdom of Bahrain.

13 July 2025

To,

The Shareholders of Nass Corporation B.S.C.

Dear Sir/Madam,

A A N S D Company W.L.L.'s voluntary conditional exit offer to acquire up to 100% of the issued and paid-up ordinary shares of NASSCORP, representing up to 90,835,345 ordinary shares of NASSCORP (constituting voting rights), excluding those treasury shares held by NASSCORP and those shares held by the Partners of the Offeror and their Concert Parties, representing up to 42.23% stake of NASSCORP issued and paid-up share capital by way of cash offer of BHD 0.075 per NASSCORP share at the discretion of each NASSCORP Shareholder with the intention of a subsequent voluntary delisting and conversion of NASSCORP.

INTRODUCTION

We refer to the Circular dated 13 July 2025 issued by NASSCORP, of which this letter forms part. Capitalized terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed as the members of the Independent Committee of the Board of Directors of NASSCORP to advise NASSCORP Shareholders as to whether the Offer is, or is not, fair and reasonable and to recommend whether to accept or reject the Offer. Grant Thornton - Bahrain has been appointed as the Professional Independent Adviser to provide us with their opinion on the fairness and reasonableness of the Offer. We have taken into consideration the fairness opinion issued by the Professional Independent Adviser as provided in section VI of this Circular and the detailed report prepared by the Professional Independent Adviser in making our recommendations herein.

DELISTING OF NASSCORP

The Offeror intends to seek the delisting of NASSCORP from BHB and the conversion of NASSCORP into a closed Bahraini shareholding company. The Offeror will request that the NASSCORP Board of Directors invite the shareholders of NASSCORP (after obtaining the approval of the CBB and other competent regulatory authorities in Bahrain) to convene an EGM in order to consider and approve the delisting of NASSCORP from the BHB and the conversion of NASSCORP into a closed Bahraini shareholding company. This EGM will be held prior to the Initial Offer Closing Date.

Following EGM approval to delist from the BHB, the Offeror will apply to the CBB to delist NASSCORP from the BHB in accordance with the terms of the TMA Module.

Please refer to section 5.19 of the Offer Document for details of the Offeror's proposal on the delisting of NASSCORP.

RECOMMENDATION

Taking into consideration the Offeror's statements made in the Offer Document and relying solely on the contents of the Independent Adviser's Opinion, the Independent Committee's assessment is that the Offeror's Offer is **FAIR** and **REASONABLE** in accordance with the facts available at the time of review. Accordingly, the Independent Committee unanimously recommends that the NASSCORP Shareholders **ACCEPT** the Offeror's Offer to acquire the NASSCORP Shares at a cash offer BHD 0.075 per NASSCORP Share.

Furthermore, the Independent Committee, having carefully reviewed the terms of the Offer Document and the contents of the Independent Adviser's Opinion, unanimously recommends that the NASSCORP Shareholders vote in **favour** of the resolutions to approve the delisting and conversion at the upcoming EGM. The Independent Committee considers that the proposed actions are in the best interests of the Company and its shareholders as a whole, and form a logical next step following the completion of the Offer.

As required by the TMA, the above recommendations are the views of the Independent Committee and not of the entire Board (given that a number Directors of NASSCORP have conflicts of interest and have recused themselves from all discussions and decisions made in relation to the Offer).

NASSCORP Shareholders (other than the Connected NASSCORP Shareholders) are advised to read the Adviser's Opinion as set out in section VI of the Circular, the Offer Document and the terms of the Offer as set out therein carefully and in their entirety before accepting or rejecting the Offeror's Offer. In case of any doubt, NASSCORP Shareholders (other than the Connected NASSCORP Shareholders) are also advised to seek independent professional advice, as deemed appropriate, prior to making any decision.

Yours faithfully,
For and on behalf of
the Independent Committee of the Board of Directors

Mr. Eyad Sater
Chairman

Mr. Abdulla Nooruddin

Mr. Khalid Mohamad Khalid Mattar

Grant Thornton

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N192/24395/25
25th June 2025

The Board Independent Committee
Nass Corporation B.S.C,
Kingdom of Bahrain

Dear Sirs,

SUB: Fairness Opinion Letter

Pursuant to the requirements of the Takeover, Mergers and Acquisition Module under Volume 6 of the Central Bank of Bahrain's ("CBB") Rulebook ("TMA Module"), Nass Corporation B.S.C (the "Client" or the "Company" or "NASS" or "Offeree") has engaged Grant Thornton Advisory W.L.L. ("Grant Thornton" or "GTA" or "us" or "we") as an independent professional advisor for the purpose of evaluating an offer by A A N S D Company W.L.L. (the "Offeror") (as described below) and advising NASS's Independent Committee of the Board (the "Independent Committee") as to whether or not the offer is fair and reasonable.

1. The Offer

We understand that the Offeror on 23rd June 2025 has issued an Offer Document (the "Offer Document") in relation to its voluntary conditional exit offer to acquire up to 100% of the issued and paid-up ordinary shares of the Company, after deducting treasury shares held by the Company and those shares held by the Partners of the Offeror in the Offeree and the Offeree shares held by the concert parties (as defined in the Offer Document) with the intention of a voluntary delisting of the Company from Bahrain Bourse (the "Offer" or the Proposed Transaction"), subject to obtaining the applicable regulatory approvals.

The Offer represents up to 90,835,345 shares or 42.23% of the issued and paid-up ordinary shares with voting rights, excluding the treasury shares held by the Offeree, the shares held by the Partners of the Offeror and the Concert Parties of the Company for a cash consideration of BD 0.075 per Company share subject to the fulfilment or waiver of conditions by the Offeror (as applicable) (as defined in the Offer Document).

The consideration for the Offer is BD 0.075 in cash per Company Share provided that the Offer becomes unconditional after the fulfilment, or waiver by the Offeror, of the Conditions Precedent (as defined in the Offer Document). Assuming that all Offeree shareholders, who are eligible to accept the Offer (as defined in the Offer Document), tender their shares for cash, the total amount to be disbursed by the Offeror would be BD 6,812,651.

We understand that the Offer will be implemented by way of a voluntary conditional exit offer to the shareholders, excluding the Partners of the Offeror and the Concert Parties in line with the provisions of the TMA module. The implementation of the Offer will be subject to the fulfilment, or waiver by the Offeror, of the Conditions Precedent (as defined in the Offer Document).

We understand that following the announcement that the Offer is unconditional in all respects, the Offeror will procure that the Company applies for any required approvals from the CBB and Bahrain Bourse for the delisting of the Company from the Bahrain Bourse in accordance with the TMA Module and the conversion of the Company into a Closed Bahraini Shareholding Company.

We further understand that following the successful implementation of the Offer and the acquisition, the Partners of the Offeror intend to maintain the Company's commercial registration and will continue to operate under its normal course of business and no major changes are expected in the near term. The successful completion of the Offer will not impact the current organizational structure except for any changes which may be implemented as part of the Company's existing strategy, or as identified in the Offer Document.

Please note that we have outlined some pronouncements of the Offer in this letter, however the Offer is fully described in the Offer Document. Accordingly, the description of the Offer contained herein is subject to reference in the Offer Document. The terms that are not defined herein bear the meanings specified in the Offer Document.

2. Scope of Analyses

In developing our fairness opinion (the "Opinion"), our procedures included, but were not limited to, the following:

- Reviewed Firm Intention to make the Offer, and Summary of the Offer Document;
- Reviewed Offer Document dated 23rd June 2025;
- Participated in discussions with the management of the Company (the "Management") regarding the Company's financial condition, business, expected future performance, and the Offer.
- Reviewed the following documents:
  - ✓ Reviewed financial statements of the Company for the fiscal years ending 31st December 2022 through 31st December 2024;
  - ✓ Reviewed the forecast financial operating data for the fiscal years ending 31st December 2025 through 31st December 2027, for the Company, as provided by the Management
  - ✓ Other financial schedules where relevant
- Reviewed price history of the Company's shares listed on the Bahrain Bourse
- Performed certain valuation analyses using generally accepted valuation and analytical techniques i.e. Discounted Cash Flow ("DCF") method, Net Asset Value ("NAV") method and Volume Weighted Average Trading Price. NAV was considered outlier and hence not considered for valuation.
- Considered general economic, market, and financial conditions
- Conducted other analyses and considered such factors as we deemed appropriate
- Discussion with the Management on the proposed financial projections of the Company

3. Assumptions and Limiting Conditions

This Opinion is subject to certain overall assumptions and limiting conditions, many of which may have a significant influence on the conclusion, including without limitation, the following:

- In developing our Opinion, we have relied on information provided by the Management and have performed no independent verification of the information provided.
- We have relied on information, data, and representations obtained from public sources or provided by the Management and have performed no independent verification of the information provided.
- We have assumed the accuracy and completeness of all information provided and assume projections and forecasts have been prepared in good faith by the Management, upon reasonable estimates that represent the Management's best judgment as to future performance.
- We have assumed that there have been no material changes in the financial condition, business, or prospects of the Company since the date of the most recent financial statements and other information provided to us.

- Our Opinion is necessarily based on economic, market, and other conditions as in effect on, and the information made available to us as of, the date hereof. Accordingly, it is important to understand that although subsequent developments may affect our Opinion, we do not have any obligation to further update, revise, or reaffirm our Opinion.

- We express no opinion on matters of a legal, regulatory, tax, or accounting nature for the Proposed Transaction or the ability of the Proposed Transaction, as set forth in the Offer Document, to be consummated.

- We have assumed the Proposed Transaction will be completed in accordance with the Offer Document and without any amendments thereto or any waivers of any terms or conditions thereof.

- We have relied upon the fact that the Company has been advised by its counsel as to all legal matters with respect to the Proposed Transaction, including whether all procedures required by law to be taken in connection with the Proposed Transaction have been duly, validly, and timely taken.

- No opinion is expressed as to whether any alternative transaction might be more favourable to holders of the Company's shares than the Proposed Transaction.

- Please note that the scope of our review was completed on 25th June 2025 and there may be events, developments and changes in circumstances subsequent to this date which may render the basis of our opinion wholly or partly superseded by such events. We assume no responsibility for events occurring after this date, which could affect this opinion and the assumptions that it is based upon. We assume no responsibility for updating this opinion after this date.

- We do not owe, nor accept, any duty of care other than to NASS's Independent Committee regarding any matter (other than the opinion in this letter) and shall not be liable to any party (other than NASS) for any loss, damage, claim, liability, cost or expense whatsoever which is caused by use of, or reliance on, the opinion letter herein or any matter.

4. Disclosures

We represent to the Client as follows:

- We have worked as professional independent financial advisor to the Company only in relation to the Offer and expect to receive a fee from the Company for the services rendered.

- Our compensation is not contingent upon any action or event resulting from use of the Opinion, including the successful completion of the Proposed Transaction.

- We have had no material relationships in past years or that are mutually understood to be contemplated in which any compensation was received or is intended to be received as a result of the relationship between Grant Thornton and any party to the Proposed Transaction that is the subject of this Opinion.

5. Use of Opinion Letter

We are providing our Opinion to the Board Independent Committee who may use this document only in its entirety in the communication with the shareholders of the Company, Central Bank of Bahrain and other relevant regulatory bodies concerning the Offer.

6. Methodology and Valuation

The valuation methods used to establish fair equity value per NASS ordinary share with voting rights included Discounted Cash Flow ("DCF") method and Volume Weighted Average Trading Price.

A valuation range was developed based on valuation as of 31st December 2024 derived utilizing DCF method under two scenarios to cover possible variances in the financial performance of the Company. The valuation of the Company derived from the 2 scenarios was in the range of BD 15.8 million to BD 16.4 million, which is BD 0.073 to BD 0.076 per share value respectively.

GT also considered the volume weighted average trading price of NASS shares from January 2022 to May 2025. The value thus derived was BD 0.066 per share.

The valuation range per NASS ordinary share with voting rights, based on our findings is BD 0.066 to BD 0.076.

7. Conclusion

Subject to the foregoing, it is our opinion as of the date hereof that the Offer is Fair and Reasonable, from a financial point of view to the shareholders of the 90,835,345 ordinary and paid-up shares of NASS, not currently owned by the Offeror, representing 42.23% of the issued and paid-up ordinary shares of the Company.
Based on our Opinion, it is our advice to the Board Independent Committee that they recommend Acceptance of the Offer to the eligible shareholders of the Company concerning the Offer.

This fairness opinion letter should read in conjunction with the Nass Corporation Valuation Report submitted to the Management on 25th June 2025.

Yours faithfully,

Grant Thornton

C.R. No: 116187-1
P.O.Box:11175
Kingdom of Bahrain
GRANT THORNTON ADVISORY W.L.L.
جرانت ثورنتون للإستشارات ذ.م.م

Grant Thornton Advisory W.L.L.

APPENDIX A – INFORMATION ABOUT THE OFFEREE AND OTHER STATUTORY INFORMATION

1. BUSINESS OVERVIEW

1.1 Nass Corporation B.S.C.

NASS Corporation B.S.C., a Bahraini public shareholding company incorporated under the laws of Bahrain with registration number 60037 and with registered office at Flat no. 4, Building no. 1115D, Road no. 4815, Block no. 948, Lhassay, Kingdom of Bahrain, whose shares are listed on Bahrain Bourse.

NASS Corporation B.S.C., a comprehensive construction solutions provider, operates through a group of divisions, subsidiaries & joint ventures in the Kingdom of Bahrain, KSA and UAE. The group is mainly engaged in general trading, civil engineering, mechanical and electrical contracting, manufacturing, and the supply of manpower to related contracting activities. The group also sells ready mixed concrete, ice blocks, spare parts, foodstuff and undertakes contracts relating to precast concrete and water supply.

The Offeree has an issued and paid-up capital of BHD 22,000,000 made up of 220,000,000 shares of Bahrain Fils 100 each.

1.2 Market Price of NASSCORP

The VWAP for NASSCORP shares up to six months prior to and including the Last Practicable Date is as follows:

VWAP Period	VWAP (BD Per Share)
1 month	0.092
2 months	0.083
3 months	No trading
4 months	0.083
5 Months	0.081
6 months	0.082

The market price of NASSCORP on certain key dates was given below:

Event	Event Date	Closing Price (BD Per Share)
Last Practicable Date	10 July 2025	0.077
Issuance of Firm Intention	2 June 2025	0.084

The closing prices for the last trading day of the month for the period commencing 6 months prior to the commencement of the Offer and ending on the Last Practicable Date prior to the posting of the Circular are as follows:

Date	Closing Price (BD Per Share)
31 December 2024	0.092
30 January 2025	0.092
27 February 2025	0.083
27 March 2025	0.083
30 April 2025	0.083
29 May 2025	0.082

The highest and lowest closing prices during the period commencing 6 months prior to the commencement of the Offer and ending on the Last Practicable Date prior to the posting of the Circular are as follows:

	Date	Closing Price (BD Per Share)
Highest closing price	31 December 2024	0.92
Lowest closing price	10 July 2025	0.77

2 MAJOR SHAREHOLDERS

Shareholder Name	% Ownership
Mr. Sameer Abdulla Nass	13.01%
Mr. Sami Abdulla Nass	8.55%
Mr. Adel Abdulla Nass	8.55%
Mr. Ghazi Abdulla Nass	8.55%
Mr. Fawzi Abdulla Nass	8.55%
Abdul Rahman Saleh Al Rajhi & Partners Co Ltd	7.17%
Mr. Nabeel Nooruddin Abdulla Nooruddin	5.18%

3 GROUP STRUCTURE

The following table depicts the subsidiaries and associated companies of NASSCORP:

Name/Entity	Shareholding %	Country of incorporation
Nass Contracting Company W.L.L.	100	Bahrain
Nass Mechanical Contracting Company W.L.L.	100	Bahrain
Nass Electrical Contracting Company W.L.L.	100	Bahrain
Delmon Readymix Concrete and Products Company W.L.L.	80	Bahrain
Delmon Precast W.L.L.	80	Bahrain
Nass Contracting Co. Huta Hegerfeld Saudia JV W.L.L.	75	Bahrain
Nass & Nassir Hazza Al Subaie for Contracting W.L.L.	51	Bahrain
Nass Mechanical Services LLC	99	United Arab Emirates
Nass Contrack Joint Venture*	50	Bahrain
Nass Burhan Joint Venture*	50	Bahrain
Nass Contrack Watts Joint Venture*	50	Bahrain
Dona Marine Co. W.L.L.	33.33	Bahrain

*Unregistered Joint Ventures

4 DIRECTORS OF THE OFFEREE

The Directors of NASSCORP are:

Name of Director	Title
Mr. Sameer Abdulla Nass	Chairman
Mr. Sami Abdulla Nass	Deputy Chairman
Mr. Adel Abdulla Nass	Board Member
Mr. Ghazi Abdulla Nass	Board Member
Mr. Fawzi Abdulla Nass	Board Member
Mr. Bashar Sameer Nass	Board Member
Mr. Hemant Joshi	Board Member
Mr. Eyad Sater	Board Member
Mr. Khalid Mohamad Khalid Mattar	Board Member
Mr. Abdulla Nooruddin	Board Member

Sameer Abdulla Nass, Sami Abdulla Nass, Adel Abdulla Nass, Ghazi Abdulla Nass and Bashar Sameer Nass are also Partners of the Offeror whereas Fawzi Abdulla Nass is one of the Concert Parties and Hemant Joshi is an executive director of the Offeree. In light of the conflict of interest arising from these positions, these directors of the Company do not participate nor do they cast any vote nor exercise any influence in the decisions of the board of the Offeree in respect to the Offer.

The Independent Committee is comprised of the following non-conflicted Directors of NASSCORP:

Name of Director	Title
Mr. Eyad Sater	Board Member
Mr. Khalid Mohamad Khalid Mattar	Board Member
Mr. Abdulla Nooruddin	Board Member

A brief description of each Director is set out below.

Mr. Sameer Abdulla Nass

Years of experience - 45 years
Qualification - B.Sc.

Mr. Sami Abdulla Nass

Years of experience - 41 years
Qualification - B.Sc., Business Administration

Mr. Adel Abdulla Nass

Years of experience - 36 years
Qualification - Master of Business Administration

Mr. Ghazi Abdulla Nass

Years of experience - 33 years
Qualification - B.Sc., Civil Engineering

Mr. Fawzi Abdulla Nass

Years of experience - 30 years
Qualification - Diploma in Mechanical Engineering

Mr. Bashar Sameer Nass

Years of experience - 17 years
Qualification - Bachelor of Science in Construction Management

Mr. Hemant Joshi

Years of experience - 43 years
Qualification - B.Com., MBA, FCMA, AICMA, FCA & LLB

Mr. Eyad Sater

Years of experience - 34 years
Qualification - Master of Business Administration

Mr. Khalid Mohamad Khalid Mattar

Years of experience - 21 years
Qualification - B.Sc., Corporate Finance & Accounting

Mr. Abdulla Nooruddin

Years of experience - 22 years
Qualification - Bachelor of Art in Economics, Master of Science in Business Information Technology, CFA

5 SHARE CAPITAL

5.1 Capital structure

The authorized share capital of NASSCORP consists of 500,000,000 shares of BHD 0.100 each. The issued and fully paid-up capital of NASSCORP consists of 220,000,000 shares as of the Last Practicable Date of BHD 0.100 each.

5.2 Paid-up share capital

As at the Last Practicable Date, the Company has an issued and paid-up share capital of BHD 22,000,000, comprising 220,000,000 Shares each with a par value of 100 Fils. The Company owns 4,923,160 Shares held in treasury.

There is no restriction in the constitution of the Company on the right to transfer any Shares, which has the effect of requiring the holders of the Offer Shares, before transferring them, to first offer them for purchase to the Shareholders or to any other person.

5.3 Number of shares issued since the end of the last financial year

As of 31 December 2024, NASSCORP maintained issued and fully paid ordinary shares of 220,000,000. No further ordinary shares have been issued in 2025 until the date of this Circular.

5.4 Outstanding instruments convertible into, rights to subscribe for an option in respect of, securities being offered for or which carry voting rights affecting the NASSCORP Shares

As at the Last Practicable Date, the Company has not granted any options or issued any rights, warrants or other securities convertible into, exercisable for or redeemable with any Shares.

Treasury Shares

NASSCORP holds 4,923,160 shares as treasury shares representing 2.24% of the total issued and paid-up NASSCORP Shares and the said treasury shares will not be available for acquisition.

6 DISCLOSURE OF INTERESTS

6.1 Appointment of Independent Committee

In accordance with the TMA rule 2.2.6A, the Independent Committee was established on 11 June 2025 to discharge the responsibilities of the Board of NASSCORP in relation to the Offer. The Independent Committee consists of:

(i) Mr. Eyad Sater
(ii) Mr. Khalid Mohamad Khalid Mattar
(iii) Mr. Abdulla Nooruddin

All other Directors who are not members of the Independent Committee have disclosed conflict of interest (if any) and have abstained from all discussions and decisions made in relation to the Offer.

6.2 Shareholdings

6.2.1 Interests of NASSCORP in the shares of the Offeror

NASSCORP does not have any direct or deemed interest in the shares or securities of the Offeror or instruments convertible into or rights to subscribe for or options in respect of shares or securities which carry voting rights of the Offeror as at the Last Practicable Date.

6.2.2 Dealing in shares of the Offeror by NASSCORP

NASSCORP has not dealt for value in the shares of the Offeror during the six months prior to the Offer Period.

6.2.3 Interests of Directors in Shares

Other than Mr. Abdulla Nooruddin Abdulla Nooruddin and Mr. Khalid Mohamad Khalid Mattar both of whom have non-controlling shares, no other members of the Independent Committee have any direct or deemed interest in the NASSCORP Shares as at the Last Practicable Date.

Mr. Sameer Abdulla Nass, Mr. Sami Abdulla Nass, Mr. Adel Abdulla Nass, Mr. Ghazi Abdulla Nass, and Mr. Bashar Abdulla Nass have direct or deemed interest in the NASSCORP Shares, are executive directors of the Offeree and are Partners of the Offeror whilst Mr. Fawzi Abdulla Nass is an executive director in the Offeree and a Concert Party with the Offeror which is the reason they (except for Mr. Abdulla Nooruddin Abdulla Nooruddin and Mr. Khalid Mohamad Khalid Mattar) are conflicted to the Offer:

Name of Director	Number of Shares	% of Shares
Mr. Sameer Abdulla Nass	28,624,343	13.01%
Mr. Sami Abdulla Nass	18,819,992	8.55%
Mr. Adel Abdulla Nass	18,810,000	8.55%
Mr. Ghazi Abdulla Nass	18,810,000	8.55%
Mr. Fawzi Abdulla Nass	18,810,000	8.55%
Mr. Bashar Abdulla Nass	2,217,160	1.01%
Mr. Abdulla Nooruddin Abdulla Nooruddin	1,177,936	0.54%
Mr. Khalid Mohamad Khalid Mattar	510,000	0.23%

6.2.4 Dealings in Shares by Offeror Managers

As disclosed in the Offer, the following Offeror Managers have shareholding in NASSCORP:

a. Mr. Sameer Abdulla Nass; and

b. Mr. Sami Abdulla Nass.

The following Partners of the Offeror hold shares in the Offeree as set out below:

Name	Number of Shares	% of Shares
Mr. Sameer Abdulla Nass	28,624,343	13.01%
Mr. Sami Abdulla Nass	18,819,992	8.55%
Mr. Adel Abdulla Nass	18,810,000	8.55%
Mr. Ghazi Abdulla Nass	18,810,000	8.55%
Mr. Bashar Sameer Nass	2,217,160	1.01%
Mr. Fawzia Abdulla Nass	1,925,000	0.88%
Mr. Wedad Abdulla Nass	1,925,000	0.88%
Mr. Feryal Abdulla Nass	1,925,000	0.88%
Mr. Dana Abdulla Nass	1,925,000	0.88%

6.2.5 Interests of the Board of Directors in the Shares of Offeror

The following members of the Board of Directors have interests in shares or convertible securities of Offeror.

Name of Director	Number of Shares	% of Shares
Sameer Abdulla Nass	21,686	21.69%
Sami Abdulla Nass	22,686	22.69%
Adel Abdulla Nass	22,672	22.67%
Ghazi Abdulla Nass	22,672	22.67%
Bashar Sameer Nass	1,000	1%

6.2.6 Dealings in Shares of Offeror by the Board of Directors

The following members of the Board of Directors have subscribed for shares of the Offeror during the six months prior to the Offer Period.

Name of Director	Number of Shares	% of Shares
Sameer Abdulla Nass	21,686	21.69%
Sami Abdulla Nass	22,686	22.69%
Adel Abdulla Nass	22,672	22.67%
Ghazi Abdulla Nass	22,672	22.67%
Bashar Sameer Nass	1,000	1%

6.2.7 Interests of the Adviser

Grant Thornton – Bahrain neither:

a) owns or controls any shares in NASSCORP; nor

b) manages any shares of NASSCORP through investments in funds on a discretionary basis.

6.2.8 Dealings by the Adviser

Grant Thornton - Bahrain has not dealt in shares of NASSCORP or the Offeror in the six months prior to the Offer Period.

6.3 NASSCORP Directors' Intentions

Other than Mr. Abdulla Nooruddin Abdulla Nooruddin and Mr. Khalid Mohamad Khalid Mattar both of whom have non-controlling shares, no members of the Independent Committee have any direct or deemed interest in the NASSCORP Shares as at the Last Practicable Date.

As per 6.2.3 above, the following directors of NASSCORP hold, directly or indirectly, NASSCORP shares:

Name of Director	Number of Shares	% of Shares
Mr. Sameer Abdulla Nass	28,624,343	13.01%
Mr. Sami Abdulla Nass	18,819,992	8.55%
Mr. Adel Abdulla Nass	18,810,000	8.55%
Mr. Ghazi Abdulla Nass	18,810,000	8.55%
Mr. Fawzi Abdulla Nass	18,810,000	8.55%
Mr. Bashar Sameer Nass	2,217,160	1.01%
Mr. Abdulla Nooruddin Abdulla Nooruddin	1,177,936	0.54%
Mr. Khalid Mohamad Khalid Mattar	510,000	0.23%

Two members of the Independent Committee have indicated their intention to accept the Offer in respect of their personal shareholdings in the Offeree and to vote in favour of the resolutions to approve the delisting and conversion at the upcoming EGM while the third member of the Independent Committee does not have any shareholding in the Offeree.

6.4 Financial Disclosures

Details of last three years audited financial statements are as follows:

The complete set of consolidated audited financial statements for the year ended 31 December 2022 is provided in Appendix B of this Circular.

The complete set of consolidated audited financial statements for the year ended 31 December 2023 is provided in Appendix C of this Circular.

The complete set of consolidated audited financial statements for the year ended 31 December 2024 is provided in Appendix D of this Circular.

The condensed interim financial statements for the three months ended 31 March 2025 is provided in Appendix E of this Circular.

6.5 Other Disclosures

Directors' Appointments

Each of the directors appointed by the shareholders at the last Annual General Meeting held on 28 March 2024 was formally recorded as a director of NASSCORP as of their respective appointment dates.

7 MANAGEMENT

A brief description of the management of NASSCORP is furnished below:

Mazen Mohammed Matar	**Chief Executive Officer**
Years of experience	- 35 years
Qualification	- B.Sc. Chemical Engineering and MSc. Project Management
Bassam Sami Awdi	**Chief Finance Officer**
Years of experience	- 27 years
Qualification	- B.Sc. Accounting Sciences, CPA & CIA
Yousif Ahmed Isa Nass	**General Manager (Administration & Human Resources)**
Years of experience	- 39 years
Qualification	- B.Sc. Civil Engineering
Nigel Hector	**General Manager**
Years of experience	- 43 years
Qualification	- HND., Civil Engineering
Jamal Moh'd Nass	**General Manager**
Years of experience	- 36 years
Qualification	- B.Sc., Computer Engineering
John Mottram	**Managing Director**
Years of experience	- 23 years
Qualification	- B.Eng., Mining (Hons)
Ahmed El Fawal	**General Manager**
Years of experience	- 24 years
Qualification	- B.Sc., Mechanical Power Engineering & MBA
Sunil Nair	**General Manager**
Years of experience	- 29 years
Qualification	- Bachelor of Commerce (Hons), Master of International Business
Matthew Howes	**Regional General Manager**
Years of experience	- 31 years
Qualification	- Scaffolding Certificate
Andries J. Van Wyk	**HSSE**
Years of experience	- 20 years
Qualification	- MBA in Risk Management; Chartered Fellow - Institute for Occupational Safety and Health (CFIOSH); Fellow - International Institute for Safety and Risk Management (FIIRSM); Certified Fellow Member - New Zealand Health and Safety Institute for Safety Management (CertFellNZISM)
Abdulrahman Taqi	**Executive Manager**
Years of Experience	- 17 years
Qualification	- B.Sc., Business Administration
Yasser Al Attar	**General Counsel**
Years of experience	- 17 years
Qualification	- LLB., Licensed attorney of the Egyptian Bar Association, Accredited

Arbitrator – GCC Commercial Arbitration Center. Dip. Int'l Commercial Arbitration.

8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the NASSCORP's website at: www.nasscorporation.com for the period for which the Offer remains open for acceptance:

(a) Memorandum and Articles of Association of NASSCORP, as amended from time to time;
(b) The annual reports of NASSCORP for the financial years 2022, 2023 and 2024;
(c) Condensed interim financial statements for the three months ended 31 March 2025;
(d) Firm Intention to make the Offer dated 1 June 2025;
(e) The Offer Document and Summary of the Offer Document dated 23 June 2025;
(f) This Circular;
(g) Professional Independent Adviser's Opinion;
(h) Written consent of the Professional Independent Adviser to share its Opinion;
(i) Sample Acceptance and Transfer Form; and
(j) Letter from the Board of Directors to the shareholders of NASSCORP.

The contents of this Circular, Offer Document, EGM Invitation to NASSCORP Shareholders will be also be available on the website of NASSCORP - www.nasscorporation.com and BHB's website – https://www.bahrainbourse.com. The valuation report will be available for inspection upon request from any NASSCORP Shareholder to compliance@nasscorporation.com.

Alternatively, any NASSCORP shareholder who wishes to receive electronic copies of the Circular and Offer Document may email compliance@nasscorporation.com.

APPENDIX B - CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Nass Corporation BSC

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

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)* Mr. Adel Abdulla Nass Mr. Ghazi Abdulla Nass Mr. Fawzi Abdulla Nass Mr. Bashar Sameer Nass Mr. Jamal A Al Hazeem Mr. Hisham Al Saie Mr. Hemant Joshi Mr. Abdulla Nooruddin
Bankers	:	HSBC Bank Middle East Ahli United Bank Bank of Bahrain and Kuwait Standard Chartered Bank BNP Paribas Bahrain Islamic Bank Arab Bank Kuwait Finance House Al Salam Bank State Bank of India
Chief executive officer	:	Mr. Shawqi Al Hashimi
Chief financial officer	:	Mr. Bassam Awdi
Company secretary	:	Mr. Srinath Prabhu
Auditors	:	KPMG Fakhro

Nass Corporation BSC

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2022

CONTENTS

BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2022

To,
All our esteemed shareholders,

On behalf of the Board of Directors, it is our pleasure and privilege to present to you the 18th Annual Report and Audited Annual Accounts of Nass Corporation BSC (the "Company") for the financial year ended 31 December 2022. The annual report includes the consolidated financial results of Nass Corporation BSC and subsidiaries (together the "Group").

The performance of the Group for the financial year ended 31 December 2022 is summarized below:

Bahraini dinars '000

Financial highlights	**2022**	2021
Revenue	124,356	95,042
Profit/ (loss) before finance charges, depreciation and amortisation	7,218	(9,589)
Net profit/ (loss) attributable to owners of the Company	589	(17,964)
Total assets	136,706	132,332
Total equity	38,259	37,798

Appropriations	**2022**	2021
Transfer to statutory reserve	59	-
Proposed dividend	-	-
Donations and charity reserve	-	-

RESULTS OF THE GROUP

The year 2022 was the 18th year of operations for Nass Corporation BSC. The Group achieved a gross turnover of BD 124.356 million (BD 95.042 million for 2021) on which it achieved a profit before interest and depreciation of BD 7.218 million (incurred loss before interest and depreciation of BD 9.589 million for 2021) and a net profit attributable to owners of the Company of BD 0.589 million (net loss of BD 17.964 million for 2021).

Year 2022 witnessed reopening of global economy after easing of COVID-19 restrictions which lessened to an extent the burden of stressed construction sector. The recovery in oil prices, boosted GCC government revenues presenting an opportunity to push recovery with new investments and project awards. However, factors such as inflationary pressure on commodity prices caused by Russia-Ukraine conflict, increase in the lending rates by central banks globally, prolongation cost, delays in work certification and payments blotted the construction sector eventually building pressure on the margins. Despite stringent situations, the Group could end the year on a positive note. We wish to emphasize that fund conservation is crucial to meet the Group's business requirements and therefore Board has decided not to recommend dividend to the shareholders for the year 2022. The Board and the senior management will strive hard for improved performance in coming years and wish to acknowledge the support extended by the shareholders over the years.

The Group's major achievements during the year were, successful completion and handover of Al Sahel Hotel and Resort project, National Assembly VIP Gate project, securing awards of major projects namely Avenues Phase 2B and Hawar Hotel Development, and divestment of dredging subsidiary. Equally, senior management team, under the leadership of CEO Mr. Shawqi, is pushing hard to streamline the contractual terms with clients in order to be fair on either side. Likewise, efforts are on-going to recover and achieve a fair settlement on the entitlements with clients with few achieved during the year.

GCC region outlook for year 2023, supported by higher and stable oil price, appears to be more optimistic and less immune to global slow-down in comparison to other regions of world. Investment in oil, gas, infrastructure, and urban development works is expected to drive the construction sector in the region. At present, the Group has healthy work orders in hand which is expected to strengthen further with new awards in coming months. The Group will position itself to explore opportunities from the planned strategic projects that are expected in coming years such as Bahrain Marina, Bahrain Metro, and new King Hamad Causeway connecting Bahrain to KSA as well as opportunities emerging in KSA.

ORDER BOOK POSITION

The work-orders on hand of constituent divisions/companies (excluding Trading Divisions) at beginning of year 2023 amounts to a value of BD 131 million.

CORPORATE GOVERNANCE

Your Company desire to achieve highest standards of ethical conduct with proactive Corporate Governance Plan, abiding to best practices and is making satisfactory progress in that direction. The guidelines stipulated by the regulatory agencies are being followed pro-actively. A detailed report on the Corporate Governance compliance forms part of the documentation being provided to the shareholders at the ensuing Annual General Meeting on 29th March 2023. With global focus on ESG (Environmental, Social and Governance), we will initiate developing ESG road map in order to set targets for achieving sustainable development ambitions.

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

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

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

The table below shows the remuneration of members of the Board of Directors and the Executive Management for the year ended 31 December 2022.

First: Remuneration of the Board of directors:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses allowance
	Proposed Remunerations of the Chairman and BOD	Total allowance for attending Board and committee	Salaries	Others	Total	Remunerations of the Chairman and BOD	Bonus	Incentive plans	Others	Total			
Independent Directors:													
1- Mr. Jamal A Al Hazeem	-	25,250	-	-	25,250	-	-	-	-	-	-	25,250	-
2- Mr. Hisham Al Saie	-	24,500	-	-	24,500	-	-	-	-	-	-	24,500	-
3- Mr. Abdulla Nooruddin	-	18,750	-	-	18,750	-	-	-	-	-	-	18,750	-
Executive Directors													
1- Mr. Sameer Abdulla Nass	-	18,000	150,000	-	168,000	-	-	-	-	-	-	168,000	-
2- Mr. Sami Abdulla Nass	-	18,000	120,000	-	138,000	-	-	-	-	-	-	138,000	-
3- Mr. Adel Abdulla Nass	-	18,750	100,000	-	118,750	-	-	-	-	-	-	118,750	-
4- Mr. Ghazi Abdulla Nass	-	18,500	100,000	-	118,500	-	-	-	-	-	-	118,500	-
5- Mr. Fawzi Abdulla Nass	-	18,000	100,000	-	118,000	-	-	-	-	-	-	118,000	-
6- Mr. Bashar Sameer Nass	-	18,500	45,000	-	63,500	-	-	-	-	-	-	63,500	-
7- Mr. Hemant Joshi	-	24,500	45,000	-	69,500	-	-	-	-	-	-	69,500	-
Total	-	**202,750**	**660,000**	-	**862,750**	-	-	-	-	-	-	**862,750**	-

Notes:
1. All amounts are stated in Bahraini Dinars.

BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2022

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Remunerations of top 6 executives (including CEO and Chief Financial Officer).	516,862	21,423	-	538,285
Notes: 1. All amounts are stated in Bahraini Dinars.				

AUDITORS
The Board of Directors propose to recommend re-appointment of M/S KPMG Fakhro as the Statutory Auditors of the Group for the year 2023.

EMPLOYEE RELATIONS
The relations between the Management and employees of the Group continue to remain cordial. On behalf of the Board of Directors, we sincerely acknowledge and appreciate the contribution and commitment of employees at all levels amidst the challenging circumstances.

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

We also appreciate support extended to us by our shareholders, bankers, financial institutions, suppliers, and business associates, share registrar, our Statutory Auditors M/S KPMG Fakhro and our Internal Auditors BDO for the year 2022.

On behalf of Board of Directors
Nass Corporation BSC

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

Date: 27 February 2023

KPMG Fakhro
12th Floor, Fakhro Tower
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Kingdom of Bahrain

Telephone +973 17 224807
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Website: home.kpmg/bh
CR No. 6220-2

Independent auditors' report

To the Shareholders of

Nass Corporation BSC
P.O. Box 669, Manama
Kingdom of Bahrain

Opinion

We have audited the 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 2022, 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 Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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 International Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 of the current period. 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 policy in note 3 (k) and disclosure in note 19 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Determination of revenue to be recognized on construction contracts is a key audit matter because of the judgment involved in identifying the separate performance obligations within a contract and determining when control over goods and services transfers to the customer. Revenue is recognized based on contract costs to date as percentage of total forecast costs. 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.	Our procedures included: • evaluating the Group's process for identifying the separate performance obligations within a contract and for determining the contract price; • reviewing all significant contracts and discussing with management to obtain an understanding of the specific terms and risk, which informed our consideration of whether revenue was appropriately recognised; • evaluating the design and testing the operating effectiveness of internal controls over the accuracy and timing of revenue recognised in the consolidated financial statements, including controls over detailed contract reviews performed by management that includes estimating total cost and stage at which control is transferred to the customer; • evaluating the financial assessment of the contract progress over time through discussion with project managers and commercial managers and comparing the outcome of our discussion with the underlying records; • assessing a sample of forecast costs to complete for reasonableness by evaluating the basis of the calculation based on the monthly contract review summary prepared by project managers and considering the performance of those contracts and costs post- year end; • evaluating 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; • assessing significant exposure to contract variations, claims and liquidated damages for late delivery of work by evaluating 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, and • evaluating the adequacy of the Group's disclosures in relation to contract accounting and revenue recognition by reference to the requirements of the relevant accounting standards.

The adequacy of expected credit loss provision on trade receivables and contract assets

Refer to accounting policy in note 3 b (iv) and disclosure relating to credit risk in note 26 (b).

The key audit matter

We focused on this area because:

- of the significance of the Group's trade receivables and contract assets representing 55% of total assets (by value);
- significant management judgment is involved over both timing and recognition of impairment; and
- use of inherently judgmental complex models and methodologies for determination of expected credit losses.

How the matter was addressed in our audit

Our audit procedures included:

- we involved our information technology and credit risk specialists to assist us with:
  - evaluating the appropriateness of the Group's excepted credit loss model under IFRS 9;
  - evaluating the design and testing operating effectiveness of the relevant controls over the completeness and accuracy of the key inputs and assumptions used in the Expected Credit Loss (ECL) model;
  - testing relevant controls over the transfer of data between underlying source systems and the impairment models;
  - evaluating the reasonableness of assumptions and key inputs used in the model;
  - evaluating and testing relevant controls over the governance and assessment of the output of the ECL model, authorisation and review of post model adjustments and management overlays; and
  - testing the accuracy of ageing of receivables.
- evaluating the adequacy of the Group's disclosures related to ECL for trade and other receivables and contract assets by reference to the requirements of the relevant accounting standards.

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 board of 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 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 Standards, 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 scepticism 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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, actions taken to eliminate threats or safeguards applied.

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 of the current period 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

1) As required by the Commercial Companies Law, we report that:
   a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
   b) the financial information contained in the board of directors' report is consistent with the consolidated financial statements;
   c) we are not aware of any violations during the year of the 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.

2) As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
   a) a corporate governance officer; and
   b) a Board approved written guidance and procedures for corporate governance.

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

KPMG

KPMG Fakhro
Partner Registration Number 100
27 February 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

Bahraini dinars '000

	Note	**31 December 2022**	31 December 2021
ASSETS			
Property, plant and equipment	5	23,163	25,675
Right-of-use assets	6	4,577	5,301
Equity accounted investees	7	942	1,017
Total non-current assets		**28,682**	31,993
Inventories	8	7,236	7,569
Trade and other receivables	9	54,731	51,228
Contract assets	10	28,345	22,692
Due from related parties	11	2,666	1,201
Deposits with banks		352	1,070
Cash and cash equivalents	12	14,694	16,579
Total current assets		**108,024**	100,339
Total assets		**136,706**	132,332
EQUITY			
Share capital	13	22,000	22,000
Treasury shares	13	(1,597)	(1,597)
Statutory reserve	14	8,826	8,767
Retained earnings		7,267	6,737
Donations and charity reserve		42	48
Equity attributable to owners of the Company		**36,538**	35,955
Non-controlling interest		1,721	1,843
Total equity		**38,259**	37,798
Liabilities			
Lease liabilities	6	3,638	4,024
Bank loans	15	3,794	6,032
Employee benefits	16	7,460	7,047
Total non-current liabilities		**14,892**	17,103
Trade and other payables	17	29,592	33,726
Lease liabilities	6	1,192	1,499
Contract liabilities	18	20,286	12,724
Employee benefits	16	3,453	3,631
Due to related parties	11	7,590	8,150
Bills payable		5,359	2,041
Bank loans	15	2,522	2,695
Bank overdrafts	12	13,561	12,965
Total current liabilities		**83,555**	77,431
Total liabilities		**98,447**	94,534
Total equity and liabilities		**136,706**	132,332

The consolidated financial statements were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022 Bahraini dinars '000

	Note	2022	2021
Revenue	19	**124,356**	95,042
Cost of sales		(114,024)	(98,224)
Gross profit/ (loss)		**10,332**	(3,182)
Other income	20	1,485	2,569
General and administrative expenses	21	(9,667)	(12,216)
Impairment charge on financial assets, net	22	(421)	(3,954)
Finance income		101	77
Finance cost		(1,258)	(1,138)
Share of profit from equity accounted investees, net	7	-	37
Profit/ (loss) for the year		**572**	(17,807)
Other comprehensive income		-	-
Total comprehensive income for the year		**572**	(17,807)
Profit/ (loss) and total comprehensive income for the year attributable to:			
Owners of the Company		589	(17,964)
Non-controlling interest		(17)	157
		572	(17,807)
Earnings per share			
Basic and diluted earnings per share (Fils)	23	**2.74**	(83.52)

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

Bahraini dinars '000

2022	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share Capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
At 1 January 2022	22,000	(1,597)	8,767	6,737	48	35,955	1,843	37,798
Profit/ (loss) and total comprehensive income for the year	-	-	-	589	-	589	(17)	572
Transfer to statutory reserve	-	-	59	(59)	-	-	-	-
Dividend declared for 2021	-	-	-	-	-	-	(105)	(105)
Utilization of donation and charity reserve	-	-	-	-	(6)	(6)	-	(6)
At 31 December 2022	**22,000**	**(1,597)**	**8,826**	**7,267**	**42**	**36,538**	**1,721**	**38,259**

2021	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share Capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
At 1 January 2021	22,000	(1,597)	8,767	24,701	56	53,927	2,379	56,306
(Loss)/ profit and total comprehensive income for the year	-	-	-	(17,964)	-	(17,964)	157	(17,807)
Dividend declared for 2020	-	-	-	-	-	-	(718)	(718)
Contribution from non-controlling interest	-	-	-	-	-	-	25	25
Utilization of donation and charity reserve	-	-	-	-	(8)	(8)	-	(8)
At 31 December 2021	22,000	(1,597)	8,767	6,737	48	35,955	1,843	37,798

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2022 Bahraini dinars '000

	Note	2022	2021
Cash flows from operating activities			
Profit/ (loss) for the year		**572**	(17,807)
Adjustments for:			
Depreciation of property, plant and equipment	5	3,770	5,200
Amortisation on right of use assets	6	1,618	1,880
Gain on sale of a subsidiary	24	(120)	-
Impairment of trade and other receivables (net)	9	435	3,031
Reversal of impairment on contract assets	10	(29)	(147)
Impairment of due from related parties	22	18	1,073
Impairment on property, plant and equipment	5	-	457
Gain on disposal of property, plant and equipment	20	(481)	(1,527)
Liabilities written back	20	(267)	-
Share of profit from equity accounted investees	7	-	(37)
Employee benefits	16	2,934	3,235
Changes in:			
Inventories		333	(606)
Trade and other receivables		(3,938)	4,713
Contract assets		(5,624)	13,691
Due from related parties		(1,483)	815
Trade and other payables		(4,178)	(811)
Contract liabilities		7,562	4,593
Employee benefits paid	16	(2,699)	(3,322)
Due to related parties		(560)	(736)
Bills payable		3,318	(888)
Net cash generated from operating activities		**1,181**	12,807
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,290)	(3,471)
Proceeds on sale of property, plant and equipment		633	1,318
Proceeds from sale of a subsidiary	24	1,000	-
Dividend from equity accounted investees	7	75	685
Movement on deposits with banks		718	234
Maturity proceeds of other assets		-	283
Net cash generated from/ (used) in investing activities		**136**	(951)
Cash flows from financing activities			
Proceeds from bank loans	15	936	764
Repayment of bank loans	15	(3,347)	(1,791)
Payment of lease liabilities		(1,276)	(1,535)
Dividends paid to non-controlling interests		(105)	(718)
Donations paid		(6)	(8)
Net cash used in financing activities		**(3,798)**	(3,288)
Net (decrease)/ increase in cash and cash equivalents		**(2,481)**	8,568
Cash and cash equivalents at 1 January		3,614	(4,954)
Cash and cash equivalents at 31 December	12	**1,133**	3,614

The accompanying from 1 to 30 are an integral part of these consolidated financial statements.

for the year ended 31 December 2022 Bahraini dinars '000

1 REPORTING ENTITY

Nass Corporation BSC (the "Company") is a public shareholding company listed on the Bahrain Bourse incorporated and registered in Bahrain on 9 March 2006 under commercial registration number 60037.

The Company and its subsidiaries (together 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 Company operates through branches number 60037-2 to 60037-11.

The consolidated financial statements for the year ended 31 December 2022 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 Company 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 W.L.L	Bahrain	80%	Precast concrete
Nass Contracting Co. Huta Hegerfeld Saudia JV W.L.L.	Bahrain	75%	Construction of roads, utility projects and other civil engineering projects.
Nass & Nassir Hazza Al Subaie for Contracting W.L.L.	Bahrain	51%	Construction of roads, utility projects and other civil engineering projects.

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 Burhan Joint Venture	Bahrain	50%	General contracting
Nass Contrack Watts Joint Venture	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 ventures have the same financial year end as the Company. All joint ventures are unincorporated and located in Bahrain.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and in conformity with the requirements of the Commercial Company Law 2001 (as amended).

Going concern basis of accounting

The board of directors continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate (refer note 4 (a) and note 26 (c)).

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 and amendments to standards effective from 1 January 2022

The following amendment which became effective as of 1 January 2022 is relevant to the Group and is adopted during the year.

(i) Onerous contracts – cost of fulfilling a contract (amendments to IAS 37)

The Group has adopted Onerous Contracts - Costs of Fulfilling a Contract (Amendments to IAS 37) from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy- i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

d) New standards and amendments to standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however; the Group has not early applied the following new or amended standards in preparing these consolidated financial statements.

(i) Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional 'right to defer' settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. This assessment may require management to exercise interpretive judgement.

Further , 'a right to defer' exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. This new requirement may change how companies classify rollover facilities, with some becoming non-current.

The amendments state that settlement of a liability includes transferring a company's own equity instruments to the counterparty. When classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments – e.g. convertible debt.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. Adoption of this amendment is not expected to have a significant impact on the consolidated financial statements of the Group.

2 *BASIS OF PREPARATION (continued)*

d) New standards and amendments to standards issued but not yet effective (continued)

(ii) Definition of accounting estimates
The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. Adoption of this amendment is not expected to have a significant impact on the consolidated financial statements of the Group.

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 and are consistent with those applied in prior years except for those changes arising from those new standards and amendments to standards applied during the year.

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 Company 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 statement of profit or loss and other 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
Equity accounted investees comprise associates and joint ventures. 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. They are initially recognised at cost which includes transaction costs; and subsequently the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence or joint control ceases of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

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 instruments
Financial assets of the Group comprise trade and other receivables, contract assets, due from related parties, deposits with banks and cash and cash equivalents. Financial liabilities of the Group comprise lease liabilities, bank loans, trade and other payables, due to related parties, bills payable and bank overdrafts.

(i) Recognition and initial measurement
Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated profit or loss. Any gain or loss on de-recognition is recognised in consolidated profit or loss.

(iii) De-recognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated profit or loss.

(iv) Impairment of financial assets
The Group recognises loss allowances for Expected Credit Losses (ECL) on financial assets measured at amortised cost and contract assets.

The Group measures loss allowances for trade and other receivables and contract assets based on simplified approach at an amount equal to lifetime ECLs. For bank balances, measurement of loss allowances is based on 12-month ECL.

When determining whether the credit risk of a financial asset at amortised cost has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due for private customers, and 271 days past due for government entities.

Measurement of ECLs

Trade receivables and contract assets - (Simplified approach)
The Group uses allowance matrix to measure the ECLs of trade and other receivables and contract assets.

Loss rates are calculated using a 'roll rate (net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures in different segments based on the customer's common credit risk characteristics. Loss rates are based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and group view of economic conditions over the expected lives of the receivables. The forward looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

Cash and cash equivalents – (General approach)
Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are impaired. A financial asset at amortised cost is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset and contract asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due for all receivables and contract assets other than receivables from government where 271 days past due is considered as default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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 consolidated 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 consolidated 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.

d) Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments, if necessary, to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in the consolidated statement of financial position.

Short term leases and lease of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension options
Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Property, plant and 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 reporting 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 consolidated 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 consolidated 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 consolidated 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 and 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

f) 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").

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 consolidated 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.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of food inventory is determined on the First In First Out (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 (NRV) is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

h) 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.

i) Contract assets and contract liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues and invoice to the customer.

Contract liabilities primary relate to the advance consideration received from customers for which revenue is recognised over time.

j) Provisions

A provision is recognised in the consolidated 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.

k) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

(i) Contract revenue

The Group has determined that for construction contracts, the customer controls all of the work in progress as the work is being performed. This is because these are made to a customer's specification and generally at the client's premises. If a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms. Un-invoiced amounts are presented as contract assets net of any expected credit losses.

Revenue against variations are recognized based on the estimate of the most likely amount only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If variations are for distinct services from original contract, the variations are accounted for as a separate contract else it is accounted for as a modification of the original contract. Contracts which are negotiated with a same commercial objective and relate to a single performance obligation with the same customer are combined and accounted for as a single contract.

Revenue is recognised over time based on contract costs incurred to date as a percentage of total forecast cost. The related costs are recognised in consolidated profit or loss when they are incurred. Advances received are included in "contract liabilities".

(ii) Sale of goods

Customers obtains control when the goods are delivered to and have been accepted at their premises or on delivery to the customer's agents. Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

l) 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 consolidated statement of financial position date.

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

n) 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.

o) Statutory reserve
In accordance with the Commercial Companies Law, a minimum of 10 % of the profit for the year 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 Commercial Companies Law.

p) Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners 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.

q) 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.

r) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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

t) Government grants
Government grants are recognised in consolidated profit or loss on a systematic basis over the periods in which the Group recognises expenses for which the grants are intended to compensate. In the case of grants related to assets, requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes accounting estimates and judgements that affect the application of the Group's accounting policies and the reported amount of assets liabilities, income and expenses. 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. Actual results may differ from these estimates.

a) Judgment

- Note 3 (k) - revenue recognition: whether revenue from contract is recognised over time or at a point in time. Determining when control transfers to the customer requires significant judgement.

- Going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.

For the year ended 31 December 2022, the Group achieved a net profit of BD 572 (2021: net loss of BD 17,807). The Group's current assets as at 31 December 2022 were BD 108,024 (31 December 2021: BD 100,339) compared to current liabilities of BD 83,555 (31 December 2021: BD 77,431).

The Group has BD 15,046 (31 December 2021: BD 17,649) of resources comprising cash and cash equivalents and deposits with banks. It also has sufficient unused credit facilities available at the date of authorisation of these consolidated financial statements.

The appropriateness of the going concern basis of accounting is dependent on the ability of the Group to having access to sufficient external resources and continued availability of borrowings by compliance with loan covenants.

The Group has utilized bank overdrafts of BD 13,561 (31 December 2021: BD 12,965) and term loans of BD 6,316 (31 December 2021: BD 8,727) from local banks requiring compliance with financial covenants. As at the date of authorisation of the consolidated financial statements, the Group has sufficient headroom on its facilities.

Based on these factors, the board of directors has a reasonable expectation that the Group has adequate resources and sufficient credit facilities available to support any cash shortfall and provide sufficient resources to continue with the business as a going concern for at least 12 months from the date of these consolidated financial statements.

Estimates and assumptions

- Note 3 (k) - revenue recognition: estimate of future cost to completion
- Note 3 (b) (iv) - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.
- Note 3 (f) - impairment testing of property plant and equipment: key assumptions underlying the recoverable amounts.
- Note 3 (g) - Impairment testing of inventory. Key assumptions underlying NRV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2022

Bahraini dinars '000

5 PROPERTY, PLANT AND EQUIPMENT

2022	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2022	18,389	6,096	56,455	1,275	563	82,778
Additions	-	4	1,104	31	1,151	2,290
Transfer from capital work in progress	225	92	376	110	(803)	-
Disposals	-	(619)	(4,564)	(71)	(10)	(5,264)
At 31 December 2022	**18,614**	**5,573**	**53,371**	**1,345**	**901**	**79,804**
Depreciation						
At 1 January 2022	5,510	3,798	46,747	1,048	-	57,103
Depreciation	359	331	2,976	104	-	3,770
Disposals	-	(601)	(3,560)	(71)	-	(4,232)
At 31 December 2022	**5,869**	**3,528**	**46,163**	**1,081**	**-**	**56,641**
Net book value						
At 31 December 2022	**12,745**	**2,045**	**7,208**	**264**	**901**	**23,163**

The depreciation charge has been allocated to cost of sales BD 3,137 (2021: BD 4,404) and general and administrative expenses BD 633 (2021: BD 796).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2022

Bahraini dinars '000

5 *PROPERTY, PLANT AND EQUIPMENT (continued)*

2021	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2021	17,758	5,241	61,447	1,156	1,406	87,008
Additions	15	5	1,183	162	2,106	3,471
Transfer from capital work in progress	658	1,281	958	52	(2,949)	-
Disposals	(42)	(431)	(7,133)	(95)	-	(7,701)
At 31 December 2021	18,389	6,096	56,455	1,275	563	82,778
Depreciation and impairment losses						
At 1 January 2021	4,954	3,657	49,219	1,058	-	58,888
Depreciation	598	381	4,150	71	-	5,200
Impairment	-	187	266	4	-	457
Disposals	(42)	(427)	(6,888)	(85)	-	(7,442)
At 31 December 2021	5,510	3,798	46,747	1,048	-	57,103
Net book value						
At 31 December 2021	12,879	2,298	9,708	227	563	25,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
for the year ended 31 December 2022

Bahraini dinars '000

5 *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	Plot No. 7019248 & 7019250 Salmabad	Land	Business	Freehold	30 -33 years	328
2	Plot No. 07019249, Building No. 1295, Road 239 Salmabad 702	Building Land	Business	 Mortgaged	24 years 3 year	14 3,885
3	Plot No. 4 (01-00-9078) Hidd Industrial Area	Office/Workshop/Stores Building	Business	Leasehold for 10 years renewable	16 years	336
4	Plot No. 07019247 Salmabad	Land	Business	Freehold	11 year	1,753
5	Plot No. 1359, Ras Zuwaid	Land and Building	Business	Freehold	10 year	202
6	Plot no. 12001760, Ras Zuwaid	Land and Building	Business	Freehold	10 year	1,461
7	Plot No. 12010988, Lhassay	Land and Building	Business	Freehold	6 year	968
8	Plot No. 12010989, Lhassay	Land and Building	Business	Freehold	6 year	1,933
9	Plot No. 12009273, Lhassay	Land and Building	Business	Freehold	3- 6 year	2,155

for the year ended 31 December 2022 Bahraini dinars '000

6 LEASES

The Group has recognised a right-of-use asset related to land and buildings.

a) Right-of-use assets

	2022	2021
Balance at 1 January	5,301	4,915
Additions	894	2,266
Amortisation	(1,618)	(1,880)
Balance at 31 December	**4,577**	5,301

The amortisation charge has been allocated to cost of sales BD 1,520 (2021: BD 1,771) and general and administrative expenses BD 98 (2021: BD 109).

b) Lease liabilities

	31 December 2022	31 December 2021
Current	1,192	1,499
Non-current	3,638	4,024
	4,830	5,523

	2022	2021
Amounts recognised in consolidated profit or loss		
Interest on lease liabilities	300	319

Maturity analysis – contractual undiscounted cash flow	**31 December 2022**	31 December 2021
Less than one year	1,428	1,730
One to five years	2,490	2,840
More than five years	2,380	2,620
Total undiscounted lease liabilities	**6,298**	7,190

7 EQUITY ACCOUNTED INVESTEES

2022	**Joint Ventures**	**Associate**	**Total**
Balance at 1 January 2022	554	463	1,017
Share of profit/ (loss) for the year	99	(99)	-
Dividend received	(75)	-	(75)
Balance at 31 December 2022	**578**	**364**	**942**

2021	Joint Ventures	Associate	Total
Balance at 1 January 2021	1,166	499	1,665
Share of profit/ (loss) for the year	73	(36)	37
Dividend received	(685)	-	(685)
Balance at 31 December 2021	554	463	1,017

for the year ended 31 December 2022 Bahraini dinars '000

7 *EQUITY ACCOUNTED INVESTEES (continued)*

The following table summarizes the financial position of the associates and joint ventures as included in its own financial statements unadjusted for the Group's share.

	31 December 2022	31 December 2021
Total current assets	3,501	2,845
Total non-current assets	1,309	1,417
Total current liabilities	(2,362)	(1,417)
Total non-current liabilities	(200)	(349)
Net assets (100%)	**2,248**	2,496
Carrying amount of equity accounted investees	**942**	1,017

	2022	2021
Revenue	3,414	1,578
Profit for the year	-	255
Total comprehensive income	-	255
Group's share of total comprehensive income	-	37
Dividend received by the Group	75	685

8 INVENTORIES

	31 December 2022	31 December 2021
Machineries, spares, fuels and lubricants	3,645	3,736
Raw materials	3,213	4,036
Food products	2,342	1,545
Finished goods	257	417
Goods in transit	116	48
	9,573	9,782
Impairment allowance for slow moving and obsolete inventories	(2,337)	(2,213)
	7,236	7,569

Movements on impairment allowance for slow moving and obsolete inventories:	**2022**	2021
At 1 January	2,213	2,515
Charge for the year	329	87
Reversal during the year	(171)	(389)
Write-off during the year	(34)	-
At 31 December	**2,337**	2,213

for the year ended 31 December 2022 Bahraini dinars '000

9 TRADE AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Trade receivables	33,592	36,928
Retentions receivable	23,369	19,881
Advances to suppliers and sub-contractors	6,142	3,155
Prepaid expenses	204	297
Other receivables	1,985	2,093
	65,292	62,354
Allowance for impairment losses	(10,561)	(11,126)
	54,731	51,228

Movements on allowance for impairment losses:	**2022**	2021
At 1 January	11,126	9,140
Charge for the year	435	3,031
Write off	(1,000)	(1,045)
At 31 December	**10,561**	11,126

Information about the Group's exposure to credit risk and impairment losses for trade and other receivables is included in note 26 (b).

10 CONTRACT ASSETS

	31 December 2022	31 December 2021
Cost incurred plus attributable profits on contracts-in-progress	316,744	264,569
Progress billings made towards contracts-in-progress	(287,578)	(241,027)
	29,166	23,542
Allowance for impairment losses	(821)	(850)
	28,345	22,692

Movements on allowance for impairment losses:	**2022**	2021
At 1 January	850	1,082
Reversal for the year	(29)	(147)
Write off	-	(85)
At 31 December	**821**	850

Information about the Group's exposure to credit risk, and impairment losses for due from contract customers is included in note 26 (b).

for the year ended 31 December 2022 Bahraini dinars '000

11 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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
A.A. Nass & Sons W.L.L. and its related companies (*)	2,269	1,567	8,226	10,196	2,206	1,079	7,327	7,887
Joint ventures	783	78	-	4	460	122	263	263
Total	**3,052**	1,645	**8,226**	10,200	**2,666**	1,201	**7,590**	8,150

(*) Amount due from A.A. Nass & Sons W.L.L. and its related companies is net of impairment of BD 2,573 (31 December 2021: BD 2,555).

During the year, the Company has provided guarantees of BD 190,157 (2021: BD 179,040) to various banks for banking facilities or other financial accommodation to its subsidiaries.

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:

	2022	2021
Short-term benefits	2,980	2,856
Post-employment benefits	49	45
	3,029	2,901

Short-term benefits include management fees of BD 1,560 (2021: BD 1,560) paid to A.A. Nass & Sons Co. WLL by the Group and board committee attendance fees of BD 203 (2021: BD 211). No provision for directors' remuneration has been charged to consolidated profit or loss for the year ended 31 December 2022 (2021: BD Nil).

12 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash and bank balances	8,449	13,275
Short-term bank deposits	6,245	3,304
Cash and cash equivalents in consolidated statement of financial position	**14,694**	16,579
Bank overdrafts	(13,561)	(12,965)
Cash and cash equivalents in consolidated statement of cash flows	**1,133**	3,614

for the year ended 31 December 2022 Bahraini dinars '000

13 SHARE CAPITAL

	31 December 2022	31 December 2021
a) Authorised share capital 500,000,000 (2021: 500,000,000) shares of 100 fils each	**50,000**	50,000
b) Issued and fully paid 220,000,000 (2021: 220,000,000) shares of 100 fils each	**22,000**	22,000
Treasury shares: 4,923,160 (2021: 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 Group's shares held by the Company are suspended until those shares are re-issued.

c) Dividends

No dividend is being proposed by the board of directors for the year ended 31 December 2022 (2021: BD Nil).

The major shareholders are:

Name of shareholder	Number of shares held		Percentage of ownership		Nationality
	2022	2021	**2022**	2021	
1. Mr. Sameer Abdulla Nass*	20,710,000	18,810,000	9.41	8.55	Bahraini
2. Mr. Sami Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
3. Mr. Adel Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
4. Mr. Ghazi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
5. Mr. Fawzi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
6. Abdul Rahman Saleh Al Rajhi and Partners Company Limited	15,969,864	15,969,864	7.26	7.26	Kingdom of Saudi Arabia
Total	**111,919,864**	110,019,864	**50.87**	50.01	

** 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	
	2022	2021	**2022**	2021	**2022**	2021
Less than 1 %	71,453,790	72,037,187	7,900	7,908	32.48	32.74
1 % up to less than 5 %**	36,626,346	37,942,949	10	9	16.65	17.25
5 % up to less than 10 %	111,919,864	110,019,864	6	6	50.87	50.01
Total	**220,000,000**	220,000,000	**7,916**	7,923	**100.00**	100.00

*** Includes 4,923,160 (2021: 4,923,160) treasury shares.*

14 STATUTORY RESERVE

In accordance with the requirements of the Commercial Companies Law (the "Law") 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 Law.

for the year ended 31 December 2022 Bahraini dinars '000

15 BANK LOANS

	31 December 2022	31 December 2021
Current	2,522	2,695
Non-current	3,794	6,032
	6,316	8,727

Movement during the year as follows:	2022	2021
At 1 January	8,727	9,754
Loans availed during the year	936	764
Loans repaid during the year	(3,347)	(1,791)
At 31 December	**6,316**	8,727

The average effective interest rate on loans and borrowings was 5.00% - 6.34% p.a. (2021: 3.00% - 4.74% p.a.).

16 EMPLOYEE BENEFITS

	2022	2021
At 1 January	10,678	10,765
Charge for the year	2,934	3,235
Paid during the year	(2,699)	(3,322)
At 31 December	**10,913**	10,678

	31 December 2022	31 December 2021
Current liabilities	3,453	3,631
Non-current liabilities	7,460	7,047
	10,913	10,678

17 TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Trade accounts payable	11,623	10,156
Accrued expenses	10,970	16,343
Retentions payable	5,416	5,361
Unclaimed dividends	50	50
Other payables	1,533	1,816
	29,592	33,726

for the year ended 31 December 2022 Bahraini dinars '000

18 CONTRACT LIABLITIES

	31 December 2022	31 December 2021
Progress billings received and receivable	29,635	16,874
Costs incurred plus recognised profits on contracts-in-progress	(9,349)	(4,150)
	20,286	12,724

19 REVENUE

A. Revenue streams

	2022	2021
Revenue from contracts with customers		
Contract income	81,161	59,204
Sales of goods	33,788	28,406
Hire income	9,407	7,432
	124,356	95,042

Bahraini dinars '000

19 REVENUE (continued)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, type of customers, major products and service lines and timing of revenue recognition.

	Contract income, Manufacturing, Service		Trading		Elimination		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Primary geographical markets								
Bahrain	111,927	89,332	20,574	16,809	(13,620)	(13,589)	118,881	92,552
Outside Bahrain	5,475	2,501	-	-	-	(11)	5,475	2,490
	117,402	91,833	**20,574**	16,809	**(13,620)**	(13,600)	**124,356**	95,042
Type of customers								
Government	26,617	11,993	994	443	-	-	27,611	12,436
Non-government	90,785	79,840	19,580	16,366	(13,620)	(13,600)	96,745	82,606
	117,402	91,833	**20,574**	16,809	**(13,620)**	(13,600)	**124,356**	95,042
Timing of revenue recognition								
Products transferred at a point in time	29,677	25,794	20,574	16,809	(10,238)	(9,878)	40,013	32,725
Products transferred over time	87,725	66,039	-	-	(3,382)	(3,722)	84,343	62,317
	117,402	91,833	**20,574**	16,809	**(13,620)**	(13,600)	**124,356**	95,042

C. Contract balances

BD 5,782 (2021: BD 6,818) recognised in contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 December 2022.

20 OTHER INCOME

	2022	2021
Gain on disposal of property, plant and equipment	481	1,527
Liabilities written back	267	-
Gain on sale of a subsidiary (note 24)	120	-
Insurance claim	39	9
Government assistance	-	440
Miscellaneous income	578	593
	1,485	2,569

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Salaries of administrative staff	5,535	5,640
Management fees	1,560	1,560
Depreciation and amortisation	731	905
Professional fee	472	1,547
Vehicle expenses	408	369
Directors' sitting fees	203	211
IT expenses	149	227
Commission	137	207
Communication	133	152
Rent, electricity, and water	117	158
COVID-19 related expenses	104	439
Printing and stationery	69	69
Staff recruitment and training	29	22
Impairment on property, plant, and equipment	-	457
Other expenses	20	253
	9,667	12,216

22 IMPAIRMENT CHARGE ON FINANCIAL ASSETS, NET

	2022	2021
Impairment on trade and other receivables (note 9)	435	3,031
Reversal of impairment on contract assets (note 10)	(29)	(147)
Impairment on due from related parties (note 11)	18	1,073
Reversal of impairment on bank balances	(3)	(3)
	421	3,954

23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners 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:

	2022	2021
Profit/ (loss) attributable to owners of the Company	**589**	(17,964)
Weighted average number of shares at 31 December (000's)	**215,077**	215,077
Basic earnings per share	**2.74**	(83.52)

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

for the year ended 31 December 2022 Bahraini dinars '000

24 SALE OF A SUBSIDIARY

The Group held 100% stake in Nass Dredging Company W.L.L., a limited liability company incorporated and registered in Bahrain under commercial registration number 68122. During the year, the Group sold its 100% stake in Nass Dredging Company W.L.L. resulting in loss of control of the subsidiary.

Effect of sale on the consolidated financial position of the Group:

	2022
Net assets	880
Proportion of ownership interest held by the Group	100%
Group's share of net assets (A)	**880**
Consideration received (B)	**1,000**
Gain on sale of a subsidiary (B-A)	**120**

25 ACCOUNTING CLASSIFICATION AND FAIR VALUES OF FINANCIAL INSTRUEMENTS

(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.

(ii) 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.

None of the Group's financial assets and liabilities is measured at fair value. The fair value of the Group's material financial assets and liabilities approximate the carrying amount due to their short-term nature.

(iii) Classification of financial assets and financial liabilities, together with the carrying amounts as disclosed in the consolidated statement of financial position.
The Group's financial assets and liabilities are classified and measured at amortised cost for 2022 and 2021.

for the year ended 31 December 2022 Bahraini dinars '000

26 FINANCIAL RISK MANAGEMENT

a) Overview

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

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

- credit risk;
- liquidity risk; and
- 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 trade and other receivables, contract assets, due from related parties, deposits with banks and cash and cash equivalents.

(i) Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	31 December 2022	31 December 2021
Trade and other receivables (net)	54,527	50,931
Contract assets	28,345	22,692
Due from related parties	2,666	1,201
Deposits with banks	352	1,070
Cash and cash equivalents	14,552	16,432
	100,442	92,326

(ii) *Trade and other receivables*

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

Credit limits are established for each customer, which 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's credit risk, customers are grouped according to their credit characteristics, including whether they are government and semi-government and corporates, industry, aging profile, and existence of previous financial difficulties. The Group operates mainly in the Kingdom of Bahrain.

for the year ended 31 December 2022 Bahraini dinars '000

26 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.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade and other receivables and contract assets for which no loss allowance is recognised because of collateral.

(iii) Contract assets
This primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The contract assets during the year was not significantly impacted by an impairment charge.

(iv) Due from related parties
Due from related parties pertains to the receivable from the A.A. Nass & Sons W.L.L. and its related companies and joint ventures. Transactions with related parties are conducted in the normal course of business, at rates agreed between the parties. The credit risk on these is perceived to be limited.

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

(vi) Credit risk by segment
The maximum exposure to credit risk for trade and other receivables, contract assets, due from related parties, deposit with banks and cash and cash equivalents at the reporting date by segment is:

	31 December 2022		31 December 2021	
	Construction and allied activities	**Trading activities**	Construction and allied activities	Trading activities
Trade and other receivables	50,220	4,307	46,296	4,635
Contract assets	28,345	-	22,692	-
Due from related parties	1,195	1,471	767	434
Deposit with banks	352	-	770	300
Cash and cash equivalents	14,038	514	15,746	686
	94,150	**6,292**	86,271	6,055

(vii) *Impairment losses*
The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets as at 31 December:

31 December 2022	**Gross carrying amount**	**Impairment loss allowance**	**Weighted-average loss rate**	**Credit-impaired**
Current (not past due)	71,812	363	1%	No
1–30 days past due	1,863	173	9%	No
31–60 days past due	1,391	128	9%	No
61–90 days past due	1,393	196	14%	No
More than 90 days past due	14,447	13,095	91%	Yes
	90,906	**13,955**	**15%**	

for the year ended 31 December 2022 Bahraini dinars '000

26 *FINANCIAL RISK MANAGEMENT (continued)*

31 December 2021	Gross carrying amount	Impairment loss allowance	Weighted-average loss rate	Credit-impaired
Current (not past due)	64,748	517	1%	No
1–30 days past due	1,830	241	13%	No
31–60 days past due	1,305	217	17%	No
61–90 days past due	407	168	41%	No
More than 90 days past due	15,695	13,389	85%	Yes
	83,985	14,532	17%	

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.

As at 31 December 2022, the available cash and cash equivalents, expected cash flows from trade and other receivables will be sufficient to meet its obligations when they fall due.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables).

The Group also monitors the level of expected cash inflows on trade and other receivables tighter with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2022	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 - 12 months**	**1 - 2 years**	**More than 2 years**
Bank loans	6,316	7,404	1,557	1,380	1,947	2,520
Trade and other payables	18,622	18,622	4,052	7,474	4,296	2,800
Lease liabilities	4,830	6,298	757	671	1,087	3,783
Due to related parties	7,590	7,590	2,277	2,277	3,036	-
Bills payable	5,359	5,441	5,441	-	-	-
Bank overdrafts	13,561	15,702	1,254	1,920	3,217	9,311
	56,278	**61,057**	**15,338**	**13,722**	**13,583**	**18,414**
Commitments and contingencies						
- Letter of credit	**3,343**	**3,343**	**3,343**	-	-	-
- Commitments	**377**	**377**	**377**	-	-	-

for the year ended 31 December 2022 Bahraini dinars '000

26 FINANCIAL RISK MANAGEMENT (continued)

31 December 2021	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Bank loans	8,727	9,576	1,359	1,639	2,616	3,962
Trade and other payables	17,383	17,383	4,230	5,309	4,340	3,504
Lease liabilities	5,523	7,190	921	809	1,063	4,397
Due to related parties	8,150	8,150	2,445	2,445	3,260	-
Bills payable	2,041	2,059	2,059	-	-	-
Bank overdrafts	12,965	14,455	1,588	2,237	2,212	8,418
	54,789	58,813	12,602	12,439	13,491	20,281
Commitments and contingencies						
- Letter of credit	1,097	1,097	1,097	-	-	-
- Commitments	328	328	328	-	-	-

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.

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

	31 December 2022	31 December 2021
Fixed rate instruments		
Term deposits with maturity of more than 3 months	352	1,070
Term deposits with maturity of 3 months or less	6,245	3,304
	6,597	4,374
Variable rate instruments		
Bills payable	5,359	2,041
Bank loans	6,316	8,727
Bank overdrafts	13,561	12,965
	25,236	23,733

The effective interest on these financial instruments is as follows:

Financial instruments	**2022 Effective interest rate % p.a.**	2021 Effective interest rate % p.a.
Term deposits with maturity of more than 3 months	1.00-1.50	0.90-1.25
Term deposits with maturity of 3 months or less	4.80-5.00	1.20-1.40
Bank loans	5.00-6.34	3.00-4.74
Bank overdraft	4.69-5.95	3.00-4.45

26 FINANCIAL RISK MANAGEMENT (continued)

An increase of 100 basis points in interest rates at the reporting date would have decreased consolidated profit or loss by BD 186 (2021: BD 194) and a decrease of 100 basis points in interest rates at the reporting date would have increased consolidated profit or loss by BD 186 (2021: BD 194).

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

(i) 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 net payable exposure as at 31 December 2022 was Euro 199 thousand (2021: net payable Euro 142 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 Euro are not significant.

(ii) 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.

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.

for the year ended 31 December 2022 Bahraini dinars '000

27 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, ready-mix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

The trading activities are supply of washed sand, sweet water, import and wholesaler of frozen foods, agents for equipment and material manufacturers.

	Construction and allied activities		Trading activities		Eliminations		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenue								
External sales	107,208	81,729	17,148	13,313	-	-	124,356	95,042
Inter-segment sales	10,194	10,104	3,426	3,496	(13,620)	(13,600)	-	-
Total revenue	**117,402**	91,833	**20,574**	16,809	**(13,620)**	(13,600)	**124,356**	95,042
Segment result	787	(17,192)	393	(1,033)	(89)	(8)	1,091	(18,233)
Share of profit from joint ventures	99	73	-	-	-	-	99	73
Other gains and losses	1,345	1,985	142	185	-	-	1,487	2,170
Unallocated corporate expenses	-	-	-	-	-	-	(2,105)	(1,817)
Profit/ (loss) for the year							**572**	(17,807)

	Construction and allied activities		Trading activities		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
Other information						
Depreciation and impairment on property, plant and equipment and amortisation of right of use assets	4,669	6,066	719	1,471	5,388	7,537
Capital expenditure	1,297	1,848	993	1,623	2,290	3,471
Total assets	121,869	116,331	14,837	16,001	136,706	132,332
Total liabilities	92,141	86,859	6,306	7,675	98,447	94,534
Net assets	**29,728**	29,472	**8,531**	8,326	**38,259**	37,798

for the year ended 31 December 2022 Bahraini dinars '000

28 COMMITMENTS AND CONTINGENCIES

	31 December 2022	31 December 2021
Guarantees	**75,394**	82,107
Letters of credit	**3,343**	1,097
Capital commitments	**377**	328

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 75,394 (2021: BD 82,107) for the various divisions and subsidiaries of the Company.

29 IMPACT OF EXTERNAL EVENTS - RUSSIA-UKRAINE CONFLICT

During the year, a conflict between Russia-Ukraine has triggered a global economic disruption and has, amongst other things, led to increased volatility in financial markets and commodity prices due to disruption of supply chain which may affect a broad range of entities across different jurisdictions and industries.

The management has carried out an assessment and has concluded that the Group has indirect exposures from the impacted countries in relation to its ongoing long-term construction projects. The increased commodities prices and the disruption of supply chain have had an impact on direct cost of the ongoing projects and is expectedly continuing to do so in the future. At this stage it is difficult to quantify the full impact of this conflict since it depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

Nevertheless, in preparing these consolidated financial statements, management has made judgments in applying the Group's accounting policies and sources of estimation that are subject to uncertainty and estimated the potential impact of the conflict with relation to the commodity price increases and supply chain disruptions. These are considered to represent management's best assessment based on available or observable information and its impact has been incorporated in these consolidated financial statements.

The management and the board of directors is closely monitoring the impact of the conflict on the Group's operations and its financial position and will continue to do so in the future. Based on their current assessment, the board of directors is of the view that the Group will continue as a going concern entity for the next 12 months from the date of these consolidated financial statements.

30 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 loss and total comprehensive income for the year or total equity.

Nass Corporation BSC

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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)* Mr. Adel Abdulla Nass Mr. Ghazi Abdulla Nass Mr. Fawzi Abdulla Nass Mr. Bashar Sameer Nass Mr. Jamal A Al Hazeem Mr. Hisham Al Saie Mr. Hemant Joshi Mr. Abdulla Nooruddin
Bankers	:	HSBC Bank Middle East Ahli United Bank Bank of Bahrain and Kuwait Standard Chartered Bank BNP Paribas Bahrain Islamic Bank Arab Bank Kuwait Finance House Al Salam Bank State Bank of India
Chief executive officer	:	Mr. Shawqi Al Hashimi
Chief financial officer	:	Mr. Bassam Awdi
Company secretary	:	Mr. Srinath Prabhu
Auditors	:	KPMG Fakhro

Nass Corporation BSC

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

CONTENTS

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

To,
All our esteemed shareholders,

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

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

Bahraini dinars '000

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

Appropriations	**2023**	2022
Transfer to statutory reserve	320	59
Proposed dividend	-	-
Donations and charity reserve	-	-

RESULTS OF THE GROUP

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

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

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

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

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

ORDER BOOK POSITION

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

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

First: Remuneration of the Board of directors:

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

Notes:
1. All amounts are stated in Bahraini Dinars.

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

Second: Executive management remuneration details:

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

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

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

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

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

On behalf of Board of Directors
Nass Corporation BSC

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

Date: 26 February 2024

KPMG

KPMG Fakhro
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CR No. 6220 - 2

Independent auditors' report

To the Shareholders of

Nass Corporation BSC
P.O. Box 669, Manama
Kingdom of Bahrain

Opinion

We have audited the 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 2023, 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 material 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 Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 of the current period. 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 material accounting policy in note 3 (k) and disclosure in note 19 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Determination of revenue to be recognized on construction contracts is a key audit matter because of the judgment involved in identifying the separate performance obligations within a contract and determining when control over goods and services transfers to the customer. Revenue is recognized based on contract costs to date as percentage of total forecast costs. 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.	Our procedures included: ▪ evaluating the Group's process for identifying the separate performance obligations within a contract and for determining the contract price; ▪ reviewing all significant contracts and discussing with management to obtain an understanding of the specific terms and risk, which informed our consideration of whether revenue was appropriately recognised; ▪ evaluating the design and testing the operating effectiveness of internal controls over the accuracy and timing of revenue recognised in the consolidated financial statements, including controls over detailed contract reviews performed by management that includes estimating total cost and stage at which control is transferred to the customer; ▪ evaluating the financial assessment of the contract progress over time through discussion with project managers and commercial managers and comparing the outcome of our discussion with the underlying records; ▪ assessing a sample of forecast costs to complete for reasonableness by evaluating the basis of the calculation based on the monthly contract review summary prepared by project managers and considering the performance of those contracts and costs post- year end; ▪ evaluating 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; ▪ assessing significant exposure to contract variations, claims and liquidated damages for late delivery of work by evaluating 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; and ▪ evaluating the adequacy of the Group's disclosures in relation to contract accounting and revenue recognition by reference to the requirements of the relevant accounting standards.

The adequacy of expected credit loss provision on trade receivables and contract assets

Refer to material accounting policy in note 3 b (iv) and disclosure relating to credit risk in note 25 (b).

The key audit matter	How the matter was addressed in our audit
We focused on this area because: ▪ of the significance of the Group's trade receivables and contract assets representing 58% of total assets (by value); ▪ significant management judgment is involved over both timing and recognition of impairment; and ▪ use of inherently judgmental complex models and methodologies for determination of expected credit losses.	Our audit procedures included: ▪ we involved our information technology and credit risk specialists to assist us with: - evaluating the appropriateness of the Group's excepted credit loss model under IFRS 9; - evaluating the design and testing operating effectiveness of the relevant controls over the completeness and accuracy of the key inputs and assumptions used in the Expected Credit Loss (ECL) model; - testing relevant controls over the transfer of data between underlying source systems and the impairment models; - evaluating the reasonableness of assumptions and key inputs used in the model; - evaluating and testing relevant controls over the governance and assessment of the output of the ECL model, authorisation and review of post model adjustments and management overlays; and - testing the accuracy of ageing of receivables. ▪ evaluating the adequacy of the Group's disclosures related to ECL for trade receivables and contract assets by reference to the requirements of the relevant accounting standards.

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 board of 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 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 Accounting Standards, 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 scepticism 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditors' report
Nass Corporation BSC (continued)

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, actions taken to eliminate threats or safeguards applied.

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 of the current period 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

1) As required by the Commercial Companies Law, we report that:
   a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
   b) the financial information contained in the board of directors' report is consistent with the consolidated financial statements;
   c) we are not aware of any violations during the year of the 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.

2) As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
   a) a corporate governance officer; and
   b) a Board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditors' report is Salman Manjlai.

KPMG

KPMG Fakhro
Partner Registration Number 213
26 February 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

Bahraini dinars '000

	Note	**31 December 2023**	31 December 2022
ASSETS			
Property, plant and equipment	5	23,580	23,163
Right-of-use assets	6	4,139	4,577
Equity accounted investees	7	1,080	942
Total non-current assets		**28,799**	28,682
Inventories	8	8,222	7,236
Trade receivables and other assets	9	68,886	54,731
Contract assets	10	26,478	28,345
Due from related parties	11	2,263	2,666
Deposits with banks		1,822	352
Cash and cash equivalents	12	7,572	14,694
Total current assets		**115,243**	108,024
Total assets		**144,042**	136,706
EQUITY			
Share capital	13	22,000	22,000
Treasury shares	13	(1,597)	(1,597)
Statutory reserve	14	9,146	8,826
Retained earnings		10,152	7,267
Donations and charity reserve		35	42
Equity attributable to owners of the Company		**39,736**	36,538
Non-controlling interest		1,222	1,721
Total equity		**40,958**	38,259
Liabilities			
Lease liabilities	6	3,204	3,638
Bank loans	15	2,089	3,794
Employee benefits	16	7,757	7,460
Total non-current liabilities		**13,050**	14,892
Trade payables and other liabilities	17	44,386	29,592
Lease liabilities	6	1,316	1,192
Contract liabilities	18	12,161	20,286
Employee benefits	16	4,269	3,453
Due to related parties	11	8,639	7,590
Bills payable		5,148	5,359
Bank loans	15	1,607	2,522
Bank overdrafts	12	12,508	13,561
Total current liabilities		**90,034**	83,555
Total liabilities		**103,084**	98,447
Total equity and liabilities		**144,042**	136,706

The consolidated financial statements were approved by the Board of Directors on 26 February 2024 and signed on its behalf by:

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023 Bahraini dinars '000

	Note	2023	2022
Revenue	19	**165,804**	124,356
Cost of sales		(152,740)	(114,024)
Gross profit		**13,064**	10,332
Other income	20	1,164	1,485
General and administrative expenses	21	(10,954)	(9,667)
Impairment reversal/ (charge) on financial assets, net	22	547	(421)
Finance income		146	101
Finance cost		(1,376)	(1,258)
Share of profit from equity accounted investees, net	7	138	-
Profit for the year		**2,729**	572
Other comprehensive income		-	-
Total comprehensive income for the year		**2,729**	572
Profit/ (loss) and total comprehensive income for the year attributable to:			
Owners of the Company		3,205	589
Non-controlling interest		(476)	(17)
		2,729	572
Earnings per share			
Basic and diluted earnings per share (Fils)	23	**14.90**	2.74

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

Bahraini dinars '000

2023	**Attributable to owners of the Company**							
	Share capital	**Treasury shares**	**Statutory reserve**	**Retained earnings**	**Donations and charity reserve**	**Total**	**Non-controlling interest**	**Total equity**
At 1 January 2023	22,000	(1,597)	8,826	7,267	42	36,538	1,721	38,259
Profit/ (loss) and total comprehensive income for the year	-	-	-	3,205	-	3,205	(476)	2,729
Transfer to statutory reserve	-	-	320	(320)	-	-	-	-
Dividend declared for 2022	-	-	-	-	-	-	(23)	(23)
Utilization of donation and charity reserve	-	-	-	-	(7)	(7)	-	(7)
At 31 December 2023	**22,000**	**(1,597)**	**9,146**	**10,152**	**35**	**39,736**	**1,222**	**40,958**

2022	Attributable to owners of the Company							
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total	Non-controlling interest	Total Equity
At 1 January 2022	22,000	(1,597)	8,767	6,737	48	35,955	1,843	37,798
Profit/ (loss) and total comprehensive income for the year	-	-	-	589	-	589	(17)	572
Transfer to statutory reserve	-	-	59	(59)	-	-	-	-
Dividend declared for 2021	-	-	-	-	-	-	(105)	(105)
Utilization of donation and charity reserve	-	-	-	-	(6)	(6)	-	(6)
At 31 December 2022	22,000	(1,597)	8,826	7,267	42	36,538	1,721	38,259

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

Bahraini dinars '000

	Note	2023	2022
Cash flows from operating activities			
Profit for the year		**2,729**	572
Adjustments for:			
Depreciation of property, plant and equipment	5	3,328	3,770
Amortisation on right-of-use assets	6	1,519	1,618
Gain on sale of a subsidiary		-	(120)
Impairment (reversal)/ charge on trade receivables and other assets, (net)	9	(693)	435
Impairment charge/ (reversal) on contract assets	10	98	(29)
Impairment allowance on due from related parties	22	50	18
Reversal of impairment allowance on bank balances	22	(2)	(3)
Other impairment provision	21	262	-
Gain on disposal of property, plant and equipment	20	(169)	(481)
Liabilities written back	20	(199)	(267)
Share of profit from equity accounted investees	7	(138)	-
Employee benefits	16	3,239	2,934
Changes in:			
Inventories		(986)	333
Trade receivables and other assets		(13,743)	(3,938)
Contract assets		1,769	(5,624)
Due from related parties		353	(1,483)
Trade payables and other liabilities		14,767	(4,178)
Contract liabilities		(8,125)	7,562
Employee benefits paid	16	(2,126)	(2,699)
Due to related parties		1,049	(560)
Bills payable		(211)	3,318
Net cash generated from operating activities		**2,771**	1,178
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(3,775)	(2,290)
Proceeds on sale of property, plant and equipment		199	633
Proceeds from sale of a subsidiary		-	1,000
Dividend from equity accounted investees	7	-	75
Movement on deposits with banks		(1,189)	718
Net cash (used in)/ generated from investing activities		**(4,765)**	136
Cash flows from financing activities			
Proceeds from bank loans	15	-	936
Repayment of bank loans	15	(2,620)	(3,347)
Payment of lease liabilities		(1,427)	(1,276)
Dividends paid to non-controlling interests		(23)	(105)
Donations paid		(7)	(6)
Net cash used in financing activities		**(4,077)**	(3,798)
Net decrease in cash and cash equivalents		**(6,071)**	(2,484)
Cash and cash equivalents at 1 January		1,142	3,626
Cash and cash equivalents at 31 December (*)	12	**(4,929)**	1,142

(*) Cash and cash equivalent is gross of impairment of BD 7 (2022: BD 9)

The accompanying from 1 to 28 are an integral part of these consolidated financial statements.

for the year ended 31 December 2023 Bahraini dinars '000

1 REPORTING ENTITY

Nass Corporation BSC (the "Company") is a public shareholding company listed on the Bahrain Bourse incorporated and registered in Bahrain on 9 March 2006 under commercial registration number 60037.

The Company and its subsidiaries (together 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 Company operates through its branches under commercial registration number 60037-2 to 60037-13.

The consolidated financial statements for the year ended 31 December 2023 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 Company 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 W.L.L	Bahrain	80%	Precast concrete
Nass Contracting Co. Huta Hegerfeld Saudia JV W.L.L	Bahrain	75%	Construction of roads, utility projects and other civil engineering projects.
Nass & Nassir Hazza Al Subaie for Contracting W.L.L	Bahrain	51%	Construction of roads, utility projects and other civil engineering projects.

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 Burhan Joint Venture	Bahrain	50%	General contracting
Nass Contrack Watts Joint Venture	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 ventures have the same financial year end as the Company. All joint ventures are unincorporated and located in Bahrain.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in conformity with the requirements of the Commercial Company Law 2001.

Going concern basis of accounting

The board of directors continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate (refer note 4 (a) and note 25 (c)).

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 and amendments to standards effective from 1 January 2023

The following amendments which became effective as of 1 January 2023 are relevant to the Group and is adopted during the year.

(i) Material accounting policy information

The Group adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

(ii) Definition of accounting estimates

The Group adopted *Definition of Accounting Estimates* (*Amendments to IAS 8*) from 1 January 2023. Adoption of this amendment had no significant impact on the consolidated financial statements of the Group.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

d) New standards and amendments to standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however; the Group has not early applied the following new standards or amendments to standards in preparing these consolidated financial statements.

(i) Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional 'right to defer' settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. This assessment may require management to exercise interpretive judgement.

2 *BASIS OF PREPARATION (continued)*

Further , 'a right to defer' exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. This new requirement may change how companies classify rollover facilities, with some becoming non-current.

The amendments state that settlement of a liability includes transferring a company's own equity instruments to the counterparty. When classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments – e.g. convertible debt.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. Adoption of this amendment is not expected to have a significant impact on the consolidated financial statements of the Group.

3 MATERIAL ACCOUNTING POLICIES

The material 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 and are consistent with those applied in prior years except for those changes arising from those new standards and amendments to standards applied during the year.

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 Company 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 statement of profit or loss and other 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
Equity accounted investees comprise associates and joint ventures. 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. They are initially recognised at cost which includes transaction costs; and subsequently the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence or joint control ceases of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

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 instruments
Financial assets of the Group comprise trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents. Financial liabilities of the Group comprise lease liabilities, bank loans, trade payables and other liabilities, due to related parties, bills payable and bank overdrafts.

(i) Recognition and initial measurement
Trade receivables and other assets are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVTOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated profit or loss. Any gain or loss on de-recognition is recognised in consolidated profit or loss.

(iii) De-recognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated profit or loss.

(iv) Impairment of financial assets
The Group recognises loss allowances for Expected Credit Losses (ECL) on financial assets measured at amortised cost and contract assets.

The Group measures loss allowances for trade receivables and other assets and contract assets based on simplified approach at an amount equal to lifetime ECLs. For bank balances, measurement of loss allowances is based on 12-month ECL.

When determining whether the credit risk of a financial asset at amortised cost has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due for private customers, and 360 days past due for government entities.

Measurement of ECLs

Trade receivables and other assets and contract assets - (Simplified approach)
The Group uses allowance matrix to measure the ECLs of trade receivables and other assets and contract assets.

Loss rates are calculated using a 'roll rate (net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures in different segments based on the customer's common credit risk characteristics. Loss rates are based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and group view of economic conditions over the expected lives of the receivables. The forward looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

Cash and cash equivalents – (General approach)
Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are impaired. A financial asset at amortised cost is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset and contract asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due for all receivables and contract assets other than receivables from government where 360 days past due is considered as default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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 consolidated 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 consolidated 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.

d) Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments, if necessary, to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in the consolidated statement of financial position.

Short term leases and lease of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension options
Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

e) Property, plant and 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 reporting 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 consolidated 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 consolidated 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 consolidated 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 and 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

f) 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").

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 consolidated 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.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of food inventory is determined on the First In First Out (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 (NRV) is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

h) 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.

i) Contract assets and contract liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities primary relate to the advance consideration received from customers for which revenue is recognised over time.

j) Provisions

A provision is recognised in the consolidated 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.

k) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

(i) Contract revenue

The Group has determined that for construction contracts, the customer controls all of the work in progress as the work is being performed. This is because these are made to a customer's specification and generally at the client's premises. If a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms. Un-invoiced amounts are presented as contract assets net of any expected credit losses.

Revenue against variations are recognized based on the estimate of the most likely amount only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If variations are for distinct services from original contract, the variations are accounted for as a separate contract else it is accounted for as a modification of the original contract. Contracts which are negotiated with a same commercial objective and relate to a single performance obligation with the same customer are combined and accounted for as a single contract.

Revenue is recognised over time based on contract costs incurred to date as a percentage of total forecast cost. The related costs are recognised in consolidated profit or loss when they are incurred. Advances received are included in "contract liabilities".

(ii) Sale of goods

Customers obtains control when the goods are delivered to and have been accepted at their premises or on delivery to the customer's agents. Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

l) 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 consolidated statement of financial position date.

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

n) 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.

o) Statutory reserve
In accordance with the Commercial Companies Law, a minimum of 10 % of the profit for the year 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 Commercial Companies Law.

p) Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners 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.

q) 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.

r) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

s) Trade payables
Trade payables and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

t) Government grants
Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in consolidated profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in consolidated profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case. the grant is recognised when it becomes receivable.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes accounting estimates and judgements that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. 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. Actual results may differ from these estimates.

a) Judgment

- Note 3 (k) - revenue recognition: whether revenue from contract is recognised over time or at a point in time. Determining when control transfers to the customer requires significant judgement.

- Going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.

For the year ended 31 December 2023, the Group achieved a net profit of BD 2,729 (2022: BD 572). The Group's current assets as at 31 December 2023 were BD 115,243 (31 December 2022: BD 108,024) compared to current liabilities of BD 90,034 (31 December 2022: BD 83,555).

The Group has BD 9,394 (31 December 2022: BD 15,046) of resources comprising cash and cash equivalents and deposits with banks. It also has sufficient unused credit facilities available at the date of authorisation of these consolidated financial statements.

The appropriateness of the going concern basis of accounting is dependent on the ability of the Group to having access to sufficient external resources and continued availability of borrowings by compliance with loan covenants.

The Group has utilized bank overdrafts of BD 12,508 (31 December 2022: BD 13,561) and bank loans of BD 3,696 (31 December 2022: BD 6,316) from local banks requiring compliance with financial covenants. As at the date of authorisation of the consolidated financial statements, the Group has sufficient headroom on its facilities.

Based on these factors, the board of directors has a reasonable expectation that the Group has adequate resources and sufficient credit facilities available to support any cash shortfall and provide sufficient resources to continue with the business as a going concern for at least 12 months from the date of these consolidated financial statements.

Estimates and assumptions

- Note 3 (k) - revenue recognition: estimate of future cost to completion
- Note 3 (b) (iv) - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.
- Note 3 (f) - impairment testing of property plant and equipment: key assumptions underlying the recoverable amounts.
- Note 3 (g) - impairment testing of inventory: key assumptions underlying NRV.

Bahraini dinars '000

5 PROPERTY, PLANT AND EQUIPMENT

2023	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2023	18,614	5,573	53,371	1,345	901	79,804
Additions	-	-	2,653	49	1,073	3,775
Transfer from capital work in progress	103	817	922	1	(1,843)	-
Disposals	-	(254)	(1,297)	(49)	-	(1,600)
At 31 December 2023	**18,717**	**6,136**	**55,649**	**1,346**	**131**	**81,979**
Depreciation						
At 1 January 2023	5,869	3,528	46,163	1,081	-	56,641
Depreciation	266	308	2,626	128	-	3,328
Disposals	-	(254)	(1,268)	(48)	-	(1,570)
At 31 December 2023	**6,135**	**3,582**	**47,521**	**1,161**	**-**	**58,399**
Net book value						
At 31 December 2023	**12,582**	**2,554**	**8,128**	**185**	**131**	**23,580**

The depreciation charge has been allocated to cost of sales BD 2,688 (2022: BD 3,137) and general and administrative expenses BD 640 (2022: BD 633).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

Bahraini dinars '000

5 *PROPERTY, PLANT AND EQUIPMENT (continued)*

2022	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2022	18,389	6,096	56,455	1,275	563	82,778
Additions	-	4	1,104	31	1,151	2,290
Transfer from capital work in progress	225	92	376	110	(803)	-
Disposals	-	(619)	(4,564)	(71)	(10)	(5,264)
At 31 December 2022	18,614	5,573	53,371	1,345	901	79,804
Depreciation						
At 1 January 2022	5,510	3,798	46,747	1,048	-	57,103
Depreciation	359	331	2,976	104	-	3,770
Disposals	-	(601)	(3,560)	(71)	-	(4,232)
At 31 December 2022	5,869	3,528	46,163	1,081	-	56,641
Net book value At 31 December 2022	12,745	2,045	7,208	264	901	23,163

Bahraini dinars '000

5 *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	Plot No. 7019248 & 7019250 Salmabad	Land	Business	Freehold	31 -34 years	328
2	Plot No. 07019249, Building No. 1295, Road 239 Salmabad 702	Building Land	Business	 Mortgaged	25 years 4 years	10 3,885
3	Plot No. HD-4 (31010168) Salman Industrial City	Office/Workshop/Stores Building	Business	Leasehold for 10 years renewable	17 years	260
4	Plot No. 07019247 Salmabad	Land	Business	Freehold	12 years	1,753
5	Plot No. 1359, Ras Zuwaid	Land and Building	Business	Freehold	11 years	202
6	Plot no. 12001760, Ras Zuwaid	Land and Building	Business	Freehold	11 years	1,461
7	Plot No. 12010988, Lhassay	Land and Building	Business	Freehold	4-7 years	947
8	Plot No. 12010989, Lhassay	Land and Building	Business	Freehold	7 years	1,863
9	Plot No. 12009273, Lhassay	Land and Building	Business	Freehold	4-7 years	2,021

for the year ended 31 December 2023 Bahraini dinars '000

6 LEASES

The Group has recognised a right-of-use asset related to land and buildings.

a) Right-of-use assets

	2023	2022
Balance at 1 January	4,577	5,301
Additions	1,081	894
Amortisation	(1,519)	(1,618)
Balance at 31 December	**4,139**	4,577

The amortisation charge has been allocated to cost of sales BD 1,422 (2022: BD 1,520) and general and administrative expenses BD 97 (2022: BD 98).

b) Lease liabilities

	31 December 2023	31 December 2022
Current	1,316	1,192
Non-current	3,204	3,638
	4,520	4,830

	2023	2022
Amounts recognised in consolidated profit or loss		
Interest on lease liabilities	**279**	300

Maturity analysis – contractual undiscounted cash flow	**31 December 2023**	31 December 2022
Less than one year	1,542	1,428
One to five years	2,109	2,490
More than five years	2,231	2,380
Total undiscounted lease liabilities	**5,882**	6,298

7 EQUITY ACCOUNTED INVESTEES

2023	**Joint Ventures**	**Associate**	**Total**
Balance at 1 January 2023	578	364	942
Share of profit for the year	132	6	138
Balance at 31 December 2023	**710**	**370**	**1,080**

2022	Joint Ventures	Associate	Total
Balance at 1 January 2022	554	463	1,017
Share of profit/ (loss) for the year	99	(99)	-
Dividend received	(75)	-	(75)
Balance at 31 December 2022	578	364	942

for the year ended 31 December 2023 Bahraini dinars '000

7 *EQUITY ACCOUNTED INVESTEES (continued)*

The following table summarizes the financial position of the associates and joint ventures as included in its own financial statements unadjusted for the Group's share.

	31 December 2023	31 December 2022
Total current assets	4,676	3,501
Total non-current assets	1,088	1,309
Total current liabilities	(3,226)	(2,362)
Total non-current liabilities	(8)	(200)
Net assets (100%)	**2,530**	2,248
Carrying amount of equity accounted investees	**1,080**	942

	2023	2022
Revenue	5,455	3,414
Profit for the year	283	-
Total comprehensive income	**283**	-
Group's share of total comprehensive income	138	-
Dividend received by the Group	-	75

8 **INVENTORIES**

	31 December 2023	31 December 2022
Machineries, spares, fuels and lubricants	4,023	3,645
Raw materials	3,282	3,213
Food products	2,121	2,342
Finished goods	290	257
Goods in transit	614	116
	10,330	9,573
Impairment allowance for slow moving and obsolete inventories	(2,108)	(2,337)
	8,222	7,236

Movements on impairment allowance for slow moving and obsolete inventories:	**2023**	2022
At 1 January	2,337	2,213
Charge for the year	28	329
Reversal during the year	(257)	(171)
Write-off during the year	-	(34)
At 31 December	**2,108**	2,337

for the year ended 31 December 2023 Bahraini dinars '000

9 TRADE RECEIVABLES AND OTHER ASSETS

	31 December 2023	31 December 2022
Trade receivables	42,905	33,592
Retentions receivable	23,375	23,369
Advances to suppliers and sub-contractors	9,933	6,142
Prepaid expenses	167	204
Other receivables	1,817	1,985
	78,197	65,292
Allowance for impairment losses	(9,311)	(10,561)
	68,886	54,731

Movements on allowance for impairment losses:	2023	2022
At 1 January	10,561	11,126
(Reversal)/ charge for the year	(693)	435
Write off	(557)	(1,000)
At 31 December	**9,311**	10,561

Information about the Group's exposure to credit risk and impairment losses for trade receivables and other assets is included in note 25 (b).

10 CONTRACT ASSETS

	31 December 2023	31 December 2022
Cost incurred plus attributable profits on contracts-in-progress	317,145	316,744
Progress billings made towards contracts-in-progress	(290,351)	(287,578)
	26,794	29,166
Allowance for impairment losses	(316)	(821)
	26,478	28,345

Movements on allowance for impairment losses:	2023	2022
At 1 January	821	850
Charge/ (reversal) for the year	98	(29)
Write off	(603)	-
At 31 December	**316**	821

Information about the Group's exposure to credit risk, and impairment losses for due from contract customers is included in note 25 (b).

for the year ended 31 December 2023 Bahraini dinars '000

11 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		Due from related parties		Due to related parties	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
A.A. Nass & Sons W.L.L. and its related companies (*)	2,447	2,269	8,868	8,226	1,648	2,206	8,447	7,327
Joint ventures	1,039	783	-	-	615	460	192	263
Total	**3,486**	3,052	**8,868**	8,226	**2,263**	2,666	**8,639**	7,590

(*) Amount due from A.A. Nass & Sons W.L.L. and its related companies is net of impairment of BD 2,623 (31 December 2022: BD 2,573).

During the year, the Company has provided guarantees of BD 199,144 (2022: BD 190,157) to various banks for banking facilities or other financial accommodation to its subsidiaries.

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:

	2023	2022
Short-term benefits	3,202	2,980
Post-employment benefits	52	49
	3,254	3,029

Short-term benefits include management fees of BD 1,560 (2022: BD 1,560) charged by A.A. Nass & Sons Co. WLL by the Group and board committee attendance fees of BD 220 (2022: BD 203). No provision for directors' remuneration has been charged to consolidated profit or loss for the year ended 31 December 2023 (2022: nil).

12 CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash and bank balances	6,878	8,458
Short-term bank deposits	701	6,245
Allowance for impairment losses	(7)	(9)
Cash and cash equivalents in consolidated statement of financial position	**7,572**	14,694
Bank overdrafts	(12,508)	(13,561)
Cash and cash equivalents in consolidated statement of cash flows	**(4,936)**	1,133

for the year ended 31 December 2023 Bahraini dinars '000

13 SHARE CAPITAL

	31 December 2023	31 December 2022
a) Authorised share capital 500,000,000 (2022: 500,000,000) shares of 100 fils each	**50,000**	50,000
b) Issued and fully paid 220,000,000 (2022: 220,000,000) shares of 100 fils each	**22,000**	22,000
Treasury shares: 4,923,160 (2022: 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 Group's shares held by the Company are suspended until those shares are re-issued.

c) Dividends
No dividend is being proposed by the board of directors for the year ended 31 December 2023 (2022: nil).

The major shareholders are:

Name of shareholder	Number of shares held		Percentage of ownership		Nationality
	2023	2022	**2023**	2022	
1. Mr. Sameer Abdulla Nass*	27,627,699	20,710,000	12.56	9.41	Bahraini
2. Mr. Sami Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
3. Mr. Adel Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
4. Mr. Ghazi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
5. Mr. Fawzi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
6. Abdul Rahman Saleh Al Rajhi and Partners Company Limited	15,969,864	15,969,864	7.26	7.26	Kingdom of Saudi Arabia
7. Nabeel Nooruddin Abdulla Nooruddin	11,294,247	3,898,212	5.13	1.77	Bahraini
Total	**130,131,810**	115,818,076	**59.15**	52.64	

** 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	
	2023	2022	**2023**	2022	**2023**	2022
Less than 1%	57,443,485	71,453,790	7,827	7,900	26.11	32.48
1% up to less than 5%**	32,424,705	36,626,346	9	10	14.74	16.65
5% up to less than 10%	102,504,111	111,919,864	6	6	46.59	50.87
10% up to less than 20%	27,627,699	-	1	-	12.56	-
Total	**220,000,000**	220,000,000	**7,843**	7,916	**100.00**	100.00

*** Includes 4,923,160 (2022: 4,923,160) treasury shares.*

14 STATUTORY RESERVE

In accordance with the requirements of the Commercial Companies Law (the "Law") 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 Law.

for the year ended 31 December 2023 Bahraini dinars '000

15 BANK LOANS

	31 December 2023	31 December 2022
Current	1,607	2,522
Non-current	2,089	3,794
	3,696	6,316

Movement during the year as follows:	**2023**	2022
At 1 January	6,316	8,727
Loans availed during the year	-	936
Loans repaid during the year	(2,620)	(3,347)
At 31 December	**3,696**	6,316

The average effective interest rate on loans and borrowings was 8.11% - 9.34% p.a. (2022: 5.00% - 6.34% p.a.).

16 EMPLOYEE BENEFITS

	2023	2022
At 1 January	10,913	10,678
Charge for the year	3,239	2,934
Paid during the year	(2,126)	(2,699)
At 31 December	**12,026**	10,913

	31 December 2023	31 December 2022
Current liabilities	4,269	3,453
Non-current liabilities	7,757	7,460
	12,026	10,913

17 TRADE PAYABLES AND OTHER LIABILITIES

	31 December 2023	31 December 2022
Trade accounts payable	15,857	11,623
Accrued expenses	19,853	10,970
Retentions payable	6,205	5,416
Other liabilities	2,471	1,583
	44,386	29,592

for the year ended 31 December 2023 Bahraini dinars '000

18 CONTRACT LIABLITIES

	31 December 2023	31 December 2022
Progress billings received and receivable	43,646	29,635
Costs incurred plus recognised profits on contracts-in-progress	(31,485)	(9,349)
	12,161	20,286

19 REVENUE

A. Revenue streams

	2023	2022
Revenue from contracts with customers		
Contract income	121,364	81,161
Sales of goods	30,625	33,788
Hire income	13,815	9,407
	165,804	124,356

Bahraini dinars '000

19 REVENUE (continued)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, type of customers, major products and service lines and timing of revenue recognition.

	Contract income, Manufacturing, Service		Trading		Elimination		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Primary geographical markets								
Bahrain	156,450	111,927	20,854	20,574	(19,994)	(13,620)	157,310	118,881
Outside Bahrain	8,502	5,475	-	-	(8)	-	8,494	5,475
	164,952	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356
Type of customers								
Government	37,224	26,617	1,026	994	-	-	38,250	27,611
Non-government	127,728	90,785	19,828	19,580	(20,002)	(13,620)	127,554	96,745
	164,952	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356
Timing of revenue recognition								
Products transferred at a point in time	34,382	29,677	20,854	20,574	(13,201)	(10,238)	42,035	40,013
Products transferred over time	130,570	87,725	-	-	(6,801)	(3,382)	123,769	84,343
	164,952	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356

C. Contract balances

BD 13,710 (2022: BD 5,782) recognised in contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 December 2023.

20 OTHER INCOME

	2023	2022
Gain on disposal of property, plant and equipment	169	481
Liabilities written back	199	267
Gain on sale of a subsidiary	-	120
Insurance claim	-	39
Miscellaneous income	796	578
	1,164	1,485

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Salaries of administrative staff	5,928	5,535
Management fees	1,560	1,560
Depreciation and amortisation (note 5 and 6)	737	731
Professional fee	737	472
Vehicle expenses	344	408
Commission	283	137
Other impairment provision	262	-
Directors' sitting fees (note 11)	220	203
IT expenses	180	149
Rent, electricity, and water	146	117
Communication	120	133
Printing and stationery	76	69
Staff recruitment and training	75	29
Other expenses	286	124
	10,954	9,667

22 IMPAIRMENT ON FINANCIAL ASSETS, NET

	2023	2022
(Reversal)/ charge for impairment on trade receivables and other assets (note 9)	(693)	435
Charge/ (reversal) of impairment on contract assets (note 10)	98	(29)
Impairment on due from related parties (note 11)	50	18
Reversal of impairment on bank balances	(2)	(3)
	(547)	421

23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners 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:

	2023	2022
Profit attributable to owners of the Company	**3,205**	589
Weighted average number of shares at 31 December (000's)	**215,077**	215,077
Basic earnings per share	**14.90**	2.74

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

24 ACCOUNTING CLASSIFICATION AND FAIR VALUES OF FINANCIAL INSTRUEMENTS

(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.

(ii) 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.

None of the Group's financial assets and liabilities is measured at fair value. The fair value of the Group's material financial assets and liabilities approximate the carrying amount due to their short-term nature.

(iii) Classification of financial assets and financial liabilities, together with the carrying amounts as disclosed in the consolidated statement of financial position.
The Group's financial assets and liabilities are classified and measured at amortised cost as at 31 December 2023 and 31 December 2022.

25 FINANCIAL RISK MANAGEMENT

a) Overview
Financial instruments include financial assets and financial liabilities. Financial assets of the Group include trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents. Financial liabilities of the Group include lease liabilities, bank loans, trade payables and other liabilities, due to related parties, bills payable and bank overdrafts.

The Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- 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.

for the year ended 31 December 2023 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

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 trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents.

(i) Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	31 December 2023	31 December 2022
Trade receivables and other assets	68,719	54,527
Contract assets	26,478	28,345
Due from related parties	2,263	2,666
Deposits with banks	1,822	352
Cash and cash equivalents	7,422	14,552
	106,704	100,442

(ii) *Trade receivables and other assets*

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

Credit limits are established for each customer, which 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's credit risk, customers are grouped according to their credit characteristics, including whether they are government and semi-government and corporates, industry, aging profile, and existence of previous financial difficulties. The Group operates mainly in the Kingdom of Bahrain.

The credit period established by the Group for all its receivables is 90 days after which the dues are classified as past due.

The Group does not require collateral in respect of trade receivables and other assets. The Group does not have trade receivables and other assets and contract assets for which no loss allowance is recognised because of collateral.

(iii) Contract assets

This primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The contract assets during the year was not significantly impacted by an impairment charge.

(iv) Due from related parties

Due from related parties pertains to the receivable from the A.A. Nass & Sons W.L.L. and its related companies and joint ventures. Transactions with related parties are conducted in the normal course of business, at rates agreed between the parties. The credit risk on these is perceived to be limited.

(v) Cash and cash equivalents and deposits with banks

Group's credit risk on these is limited as these are placed with banks in Bahrain having good credit ratings.

for the year ended 31 December 2023 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

(vi) Credit risk by segment
The maximum exposure to credit risk for trade receivables and other assets, contract assets, due from related parties, deposit with banks and cash and cash equivalents at the reporting date by segment is:

	31 December 2023		31 December 2022	
	Construction and allied activities	**Trading activities**	Construction and allied activities	Trading activities
Trade receivables and other assets	64,478	4,241	50,220	4,307
Contract assets	26,478	-	28,345	-
Due from related parties	1,468	795	1,195	1,471
Deposit with banks	1,822	-	352	-
Cash and cash equivalents	6,705	717	14,038	514
	100,951	**5,753**	94,150	6,292

(vii) *Impairment losses*
The following table provides information about the exposure to credit risk and ECLs for trade receivables and other assets, contract assets and due from related parties as at 31 December:

31 December 2023	**Gross carrying amount**	**Impairment loss allowance**	**Weighted-average loss rate**	**Credit-impaired**
Current (not past due)	80,466	369	1%	No
1–30 days past due	2,401	99	4%	No
31–60 days past due	1,131	181	16%	No
61–90 days past due	642	143	22%	No
More than 90 days past due	12,705	11,458	90%	Yes
	97,345	**12,250**	**13%**	

31 December 2022	Gross carrying amount	Impairment loss allowance	Weighted-average loss rate	Credit-impaired
Current (not past due)	71,812	363	1%	No
1–30 days past due	1,863	173	9%	No
31–60 days past due	1,391	128	9%	No
61–90 days past due	1,393	196	14%	No
More than 90 days past due	14,447	13,095	91%	Yes
	90,906	13,955	15%	

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.

for the year ended 31 December 2023 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2023, the available cash and cash equivalents, expected cash flows from trade receivables and other assets and contract assets will be sufficient to meet its obligations when they fall due.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial labilities.

The Group also monitors the level of expected cash inflows on trade receivables and other assets tighter with expected cash outflows on trade payables and other liabilities.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2023	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 - 12 months**	**1 - 2 years**	**More than 2 years**
Bank loans	3,696	4,418	1,161	701	757	1,799
Trade payables and other liabilities	24,533	24,533	6,101	7,498	5,807	5,127
Lease liabilities	4,520	5,882	830	712	936	3,404
Due to related parties	8,639	8,639	2,592	3,023	2,160	864
Bills payable	5,148	5,254	5,254	-	-	-
Bank overdrafts	12,508	14,751	1,188	1,770	2,315	9,478
	59,044	**63,477**	**17,126**	**13,704**	**11,975**	**20,672**
Commitments and contingencies						
- Letter of credit	**2,506**	**2,506**	**2,506**	-	-	-
- Commitments	**276**	**276**	**276**	-	-	-

31 December 2022	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Bank loans	6,316	7,404	1,557	1,380	1,947	2,520
Trade payables and other liabilities	18,622	18,622	4,052	7,474	4,296	2,800
Lease liabilities	4,830	6,298	757	671	1,087	3,783
Due to related parties	7,590	7,590	2,277	2,277	3,036	-
Bills payable	5,359	5,441	5,441	-	-	-
Bank overdrafts	13,561	15,702	1,254	1,920	3,217	9,311
	56,278	61,057	15,338	13,722	13,583	18,414
Commitments and contingencies						
- Letter of credit	3,343	3,343	3,343	-	-	-
- Commitments	377	377	377	-	-	-

for the year ended 31 December 2023 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

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.

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

	31 December 2023	31 December 2022
Fixed rate instruments		
Term deposits with maturity of more than 3 months	1,822	352
Term deposits with maturity of 3 months or less	701	6,245
	2,523	6,597
Variable rate instruments		
Bills payable	5,148	5,359
Bank loans	3,696	6,316
Bank overdrafts	12,508	13,561
	21,352	25,236

The effective interest on these financial instruments is as follows:

Financial instruments	**2023 Effective interest rate % p.a.**	2022 Effective interest rate % p.a.
Term deposits with maturity of more than 3 months	1.00-6.25	1.00-1.50
Term deposits with maturity of 3 months or less	6.10	4.80-5.00
Bank loans	8.11-9.34	5.00-6.34
Bank overdraft	7.99-9.31	4.69-5.95

An increase of 100 basis points in interest rates at the reporting date would have decreased consolidated profit or loss by BD 188 (2022: BD 186) and a decrease of 100 basis points in interest rates at the reporting date would have increased consolidated profit or loss by BD 188 (2022: BD 186).

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

(i) 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 net payable exposure as at 31 December 2023 was Euro 325 thousand (31 December 2022: net payable Euro 199 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 Euro are not significant.

25 FINANCIAL RISK MANAGEMENT (continued)

(ii) 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 of controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

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.

for the year ended 31 December 2023 Bahraini dinars '000

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, ready-mix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

The trading activities are supply of washed sand, sweet water, import and wholesaler of frozen foods, agents for equipment and material manufacturers.

	Construction and allied activities		Trading activities		Eliminations		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenue								
External sales	148,785	107,208	17,019	17,148	-	-	165,804	124,356
Inter-segment sales	16,167	10,194	3,835	3,426	(20,002)	(13,620)	-	-
Total revenue	**164,952**	117,402	**20,854**	20,574	**(20,002)**	(13,620)	**165,804**	124,356
Segment result	3,423	787	587	393	(140)	(89)	3,870	1,091
Share of profit from joint ventures	132	99	-	-	-	-	132	99
Other gains and losses	1,223	1,345	93	142	-	-	1,316	1,487
Unallocated corporate expenses	-	-	-	-	-	-	(2,589)	(2,105)
Profit for the year							**2,729**	572

	Construction and allied activities		Trading activities		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022
Other information						
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	4,160	4,669	687	719	4,847	5,388
Capital expenditure	3,303	1,297	472	993	3,775	2,290
Total assets	129,137	121,869	14,905	14,837	144,042	136,706
Total liabilities	97,422	92,141	5,662	6,306	103,084	98,447
Net assets	**31,715**	29,728	**9,243**	8,531	**40,958**	38,259

for the year ended 31 December 2023 Bahraini dinars '000

27 COMMITMENTS AND CONTINGENCIES

	31 December 2023	31 December 2022
Guarantees	**80,235**	75,394
Letters of credit	**2,506**	3,343
Capital commitments	**276**	377

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 80,235 (31 December 2022: BD 75,394) for the various divisions and subsidiaries of the Company.

28 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.

Nass Corporation BSC

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

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)* Mr. Adel Abdulla Nass Mr. Ghazi Abdulla Nass Mr. Fawzi Abdulla Nass Mr. Bashar Sameer Nass Mr. Hemant Joshi Mr. Abdulla Nooruddin Mr. Khalid Mattar (Elected on 28 March 2024) Mr. Eyad Satar (Elected on 28 March 2024) Mr. Jamal A Al Hazeem (Retired on 28 March 2024) Mr. Hisham Al Saie (Retired on 28 March 2024)
Bankers	:	HSBC Bank Middle East Ahli United Bank Bank of Bahrain and Kuwait Standard Chartered Bank BNP Paribas Bahrain Islamic Bank Arab Bank Kuwait Finance House Al Salam Bank State Bank of India
Chief executive officer	:	Mr. Mazen Mattar
Chief financial officer	:	Mr. Bassam Awdi
Company secretary	:	Mr. Srinath Prabhu
Auditors	:	KPMG Fakhro

Nass Corporation BSC

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

CONTENTS

BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2024

To,
All our esteemed shareholders,

On behalf of the Board of Directors, it is our pleasure and privilege to present to you the 20th Annual Report and Audited Annual Accounts of Nass Corporation BSC (the "Company") for the financial year ended 31 December 2024. The annual report includes the consolidated financial results of Nass Corporation BSC and its subsidiaries (together the "Group").

The performance of the Group for the financial year ended 31 December 2024 is summarized below:

Bahraini dinars '000

Financial highlights	**2024**	2023
Revenue	159,972	165,804
(Loss)/ profit before finance charges, depreciation and amortisation	(761)	8,952
Net (loss)/ profit attributable to owners of the Company	(6,728)	3,205
Total assets	143,997	144,042
Total equity	33,856	40,958

Appropriations	**2024**	2023
Transfer to statutory reserve	-	320
Proposed dividend	-	-
Donations and charity reserve	-	-

RESULTS OF THE GROUP

The year 2024 was the 20th year of operations for Nass Corporation BSC. The Group achieved a gross turnover of BD 159.972 million (BD 165.804 million for 2023) on which it incurred a loss before finance charges, depreciation and amortisation of BD 0.761 million (achieved a profit before finance charges, depreciation and amortisation of BD 8.952 million for 2023) and incurred a net loss attributable to owners of the Company of BD 6.728 million (net profit of BD 3.205 million for 2023).

The construction sector in the region was subject to multiple challenges in the recent years testing the capabilities of the participants in the sector as they endeavour to accustom to the difficult market situations. The practices in the construction sector limited even playing approach amongst the participants involved with significant risks passed on to the contractors as they face arrays of risks while managing the complexities inherent in construction projects. Our efforts in last few years has been to relook at the construction sector practices, negotiate terms in order to limit the gaps, limit risk exposure and strengthen our project management practices for achieving timely and better commercial performance. These efforts are ongoing and will evolve over a period of time.

BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2024

The Group's financial performance for the year 2024 was significantly impacted by the legacy projects essentially due to prolongation and non-agreement of values. Though, new projects that are ongoing or substantially completed and the Group's trading constituents had better performance, but that could not cover the impact from the legacy projects. We along with the management are exercising all-out efforts to represent and realise whatever best possible in order to optimize our entitlements.

Throughout the year, the Group successfully completed and handed over key projects, including the Bahrain Airport Royal Terminal. Additionally, the Group reached agreements on the completion terms for the Hawar Hotel Development (Phases 1 & 2) and the Four Seasons Residences projects. In 2024, the Group was awarded the Busaiteen Link Package 3 project, which was commissioned in December, RCSI New Campus Building, Muharraq Urban Revival, and Bahrain International Airport Access Improvements.

GCC market is expected to outperform in year 2025 despite global challenges. Robust economic activity, commitment to project execution, both in public and private sector, and bank rate cuts should promote new investments in the region. The Group continues to position itself for new opportunities in Bahrain and KSA including GCC funded projects and projects in private sector in order to strengthen the work order position.

ORDER BOOK POSITION

The work-orders on hand of constituent divisions/companies (excluding Trading Divisions) at beginning of year 2025 amounts to a value of BD 151.304 million.

CORPORATE GOVERNANCE

Nass Corporation desires to achieve the highest standards of ethical conduct with proactive Corporate Governance Plan, abiding to the best practices and is making satisfactory progress in that direction. The guidelines stipulated by the regulatory agencies are being followed pro-actively. A detailed report on the Corporate Governance compliance forms part of the documentation being provided to the shareholders at the ensuing Annual General Meeting on 26 March 2025.

The Group submitted its first report on ESG (Environmental, Social and Governance), during the year for financial year 2023 in preparation for the mandatory ESG reporting by the regulators for the listed companies from financial year 2024. The Company successfully completed the HSBC Sustainable Business Accelerator program, signifying a landmark achievement at the start of its ESG journey.

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

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

BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2024

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

The table below shows the remuneration of members of the Board of Directors and the Executive Management for the year ended 31 December 2024.

First: Remuneration of the Board of directors:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses allowance
	Remunerations of the Chairman and BOD	Total allowance for attending Board and committee	Salaries	Others	Total	Remunerations of the Chairman and BOD	Bonus	Incentive plans	Others	Total			
Independent Directors:													
1- Mr. Jamal A Al Hazeem (retired on 28 March 2024)	-	6,000	-	-	6,000	-	-	-	-	-	-	6,000	-
2- Mr. Hisham Al Saie (retired on 28 March 2024)	-	6,000	-	-	6,000	-	-	-	-	-	-	6,000	-
3- Mr. Abdulla Nooruddin	-	20,500	-	-	20,500	-	-	-	-	-	-	20,500	-
4- Mr. Khalid Mattar (elected on 28 March 2024)	-	16,000	-	-	16,000	-	-	-	-	-	-	16,000	-
5- Mr. Eyad Sater (elected on 28 March 2024)	-	16,000	-	-	16,000	-	-	-	-	-	-	16,000	-
Executive Directors													
1- Mr. Sameer Abdulla Nass	-	12,000	150,000	-	162,000	-	-	-	-	-	-	162,000	-
2- Mr. Sami Abdulla Nass	-	14,500	120,000	-	134,500	-	-	-	-	-	-	134,500	-
3- Mr. Adel Abdulla Nass	-	19,000	100,000	-	119,000	-	-	-	-	-	-	119,000	-
4- Mr. Ghazi Abdulla Nass		16,000	100,000	-	116,000	-	-	-	-	-	-	116,000	-
5- Mr. Fawzi Abdulla Nass	-	14,500	100,000	-	114,500	-	-	-	-	-	-	114,500	-
6- Mr. Bashar Sameer Nass	-	14,500	45,000	-	59,500	-	-	-	-	-	-	59,500	-
7- Mr. Hemant Joshi	-	22,000	45,000	-	67,000	-	-	-	-	-	-	67,000	-
Total	-	**177,000**	**660,000**	-	**837,000**	-	-	-	-	-	-	**837,000**	-

Notes:
1. All amounts are stated in Bahraini Dinars.

BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2024

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Remunerations of top 6 executives (including CEO and Chief Financial Officer).	605,857	123,100	-	728,957
Notes: 1. All amounts are stated in Bahraini Dinars.				

AUDITORS

The Board of Directors propose to recommend re-appointment of M/S KPMG Fakhro as the Statutory Auditors of the Group for the year 2025.

EMPLOYEE RELATIONS

The relations between the Management and employees of the Group continue to remain cordial. On behalf of the Board of Directors, we sincerely acknowledge and appreciate the contribution and commitment of employees at all levels amidst the challenging circumstances.

ACKNOWLEDGEMENTS

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

We also appreciate support extended to us by our shareholders, bankers, financial institutions, suppliers, and business associates, share registrar, our Statutory Auditors M/S KPMG Fakhro and our Internal Auditors BDO for the year 2024.

On behalf of Board of Directors
Nass Corporation BSC

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

Date: 24 February 2025

KPMG Fakhro
Audit
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CR No. 6220 - 2

Independent auditors' report

To the Shareholders of

Nass Corporation BSC
P.O. Box 669, Manama
Kingdom of Bahrain

Opinion

We have audited the 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 2024, 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 material 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 Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 of the current period. 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.

Independent auditors' report
Nass Corporation BSC (continued)

Contract accounting and revenue recognition	
Refer to material accounting policy in note 3 (k) and disclosure in note 19 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Determination of revenue to be recognized on construction contracts is a key audit matter because of the judgment involved in identifying the separate performance obligations within a contract and determining when control over goods and services transfers to the customer. Revenue is recognized based on contract costs to date as percentage of total forecast costs. 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.	Our procedures included: ▪ evaluating the Group's process for identifying the separate performance obligations within a contract and for determining the contract price; ▪ reviewing all significant contracts and discussing with management to obtain an understanding of the specific terms and risk, which informed our consideration of whether revenue was appropriately recognised; ▪ evaluating the design and testing the operating effectiveness of internal controls over the accuracy and timing of revenue recognised in the consolidated financial statements, including controls over detailed contract reviews performed by management that includes estimating total cost and stage at which control is transferred to the customer; ▪ evaluating the financial assessment of the contract progress over time through discussion with project managers and commercial managers and comparing the outcome of our discussion with the underlying records; ▪ assessing a sample of forecast costs to complete for reasonableness by evaluating the basis of the calculation based on the monthly contract review summary prepared by project managers and considering the performance of those contracts and costs post- year end; ▪ evaluating 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; ▪ assessing significant exposure to contract variations, claims and liquidated damages for late delivery of work by evaluating 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; and ▪ evaluating the adequacy of the Group's disclosures in relation to contract accounting and revenue recognition by reference to the requirements of the relevant accounting standards.

Independent auditors' report
Nass Corporation BSC (continued)

The adequacy of expected credit loss provision on trade receivables and contract assets	
Refer to material accounting policy in note 3 b (iv) and disclosure relating to credit risk in note 25 (b).	
The key audit matter	**How the matter was addressed in our audit**
We focused on this area because: ▪ of the significance of the Group's trade receivables and contract assets representing 63% of total assets (by value); ▪ significant management judgment is involved over both timing and recognition of impairment; and ▪ use of inherently judgmental complex models and methodologies for determination of expected credit losses.	Our audit procedures included: ▪ we involved our information technology and credit risk specialists to assist us with: - evaluating the appropriateness of the Group's excepted credit loss model under IFRS 9; - evaluating the design and testing operating effectiveness of the relevant controls over the completeness and accuracy of the key inputs and assumptions used in the Expected Credit Loss (ECL) model; - testing relevant controls over the transfer of data between underlying source systems and the impairment models; - evaluating the reasonableness of assumptions and key inputs used in the model; - evaluating and testing relevant controls over the governance and assessment of the output of the ECL model, authorisation and review of post model adjustments and management overlays; and - testing the accuracy of ageing of receivables. ▪ evaluating the adequacy of the Group's disclosures related to ECL for trade receivables and contract assets by reference to the requirements of the relevant accounting standards.

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 board of 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 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 Accounting Standards, 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 scepticism 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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 of the current period 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

1) As required by the Commercial Companies Law 2001 (as amended), we report that:
   a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
   b) the financial information contained in the board of directors' report is consistent with the consolidated financial statements;
   c) we are not aware of any violations during the year of the Commercial Companies Law 2001 (as amended) 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.

2) As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
   a) a corporate governance officer; and
   b) a Board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditors' report is Salman Manjlai.

KPMG

KPMG Fakhro
Partner Registration Number 213
24 February 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2024

Bahraini dinars '000

	Note	31 December 2024	31 December 2023
ASSETS			
Property, plant and equipment	5	24,154	23,580
Right-of-use assets	6	3,516	4,139
Equity accounted investees	7	1,006	1,080
Total non-current assets		**28,676**	28,799
Inventories	8	8,376	8,222
Trade receivables and other assets	9	76,888	68,886
Contract assets	10	21,826	26,478
Due from related parties	11	2,238	2,263
Deposits with banks		1,409	1,822
Cash and cash equivalents	12	4,584	7,572
Total current assets		**115,321**	115,243
Total assets		**143,997**	144,042
EQUITY			
Share capital	13	22,000	22,000
Treasury shares	13	(1,597)	(1,597)
Statutory reserve	14	9,146	9,146
Retained earnings		3,424	10,152
Donations and charity reserve		29	35
Equity attributable to owners of the Company		**33,002**	39,736
Non-controlling interest		854	1,222
Total equity		**33,856**	40,958
Liabilities			
Lease liabilities	6	2,706	3,204
Bank loans	15	1,495	2,089
Employee benefits	16	7,281	7,757
Total non-current liabilities		**11,482**	13,050
Trade payables and other liabilities	17	49,115	44,386
Lease liabilities	6	1,216	1,316
Contract liabilities	18	11,025	12,161
Employee benefits	16	3,775	4,269
Due to related parties	11	7,908	8,639
Bills payable		2,525	5,148
Bank loans	15	603	1,607
Bank overdrafts	12	22,492	12,508
Total current liabilities		**98,659**	90,034
Total liabilities		**110,141**	103,084
Total equity and liabilities		**143,997**	144,042

The consolidated financial statements were approved by the Board of Directors on 24 February 2025 and signed on its behalf by

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2024 Bahraini dinars '000

	Note	2024	2023
Revenue	19	**159,972**	165,804
Cost of sales		(155,966)	(152,740)
Gross profit		**4,006**	13,064
Other income	20	860	1,164
General and administrative expenses	21	(10,629)	(10,954)
Impairment (charge)/ reversal on financial assets, net	22	(219)	547
Finance income		98	146
Finance cost		(1,192)	(1,376)
Share of profit from equity accounted investees, net	7	57	138
(Loss)/ profit for the year		**(7,019)**	2,729
Other comprehensive income		-	-
Total comprehensive income for the year		**(7,019)**	2,729
(Loss)/ profit and total comprehensive income for the year attributable to:			
Owners of the Company		(6,728)	3,205
Non-controlling interest		(291)	(476)
		(7,019)	2,729
Earnings per share			
Basic and diluted earnings per share (Fils)	23	**(31.28)**	14.90

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024

Bahraini dinars '000

2024	**Attributable to owners of the Company**						**Non-controlling interest**	**Total equity**
	Share capital	**Treasury shares**	**Statutory reserve**	**Retained earnings**	**Donations and charity reserve**	**Total**		
At 1 January 2024	22,000	(1,597)	9,146	10,152	35	39,736	1,222	40,958
Loss and total comprehensive income for the year	-	-	-	(6,728)	-	(6,728)	(291)	(7,019)
Dividend declared for 2023	-	-	-	-	-	-	(77)	(77)
Utilization of donation and charity reserve	-	-	-	-	(6)	(6)	-	(6)
At 31 December 2024	**22,000**	**(1,597)**	**9,146**	**3,424**	**29**	**33,002**	**854**	**33,856**

2023	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
At 1 January 2023	22,000	(1,597)	8,826	7,267	42	36,538	1,721	38,259
Profit/ (loss) and total comprehensive income for the year	-	-	-	3,205	-	3,205	(476)	2,729
Transfer to statutory reserve	-	-	320	(320)	-	-	-	-
Dividend declared for 2022	-	-	-	-	-	-	(23)	(23)
Utilization of donation and charity reserve	-	-	-	-	(7)	(7)	-	(7)
At 31 December 2023	22,000	(1,597)	9,146	10,152	35	39,736	1,222	40,958

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2024

Bahraini dinars '000

	Note	2024	2023
Cash flows from operating activities			
(Loss)/ profit for the year		**(7,019)**	2,729
Adjustments for:			
Depreciation of property, plant and equipment	5	3,611	3,328
Amortisation on right-of-use assets	6	1,455	1,519
Impairment charge/ (reversal) on trade receivables and other assets, (net)	9	186	(693)
Impairment (reversal)/ charge on contract assets	10	(5)	98
Impairment charge on due from related parties	22	40	50
Reversal of impairment allowance on bank balances	22	(2)	(2)
Impairment of non-current assets		66	262
Gain on disposal of property, plant and equipment	20	(91)	(169)
Liabilities written back	20	(224)	(199)
Share of profit from equity accounted investees	7	(57)	(138)
Employee benefits	16	3,997	3,239
Changes in:			
Inventories		(154)	(986)
Trade receivables and other assets		(8,188)	(13,743)
Contract assets		4,657	1,769
Due from related parties		(15)	353
Trade payables and other liabilities		5,015	14,767
Contract liabilities		(1,136)	(8,125)
Employee benefits paid	16	(4,967)	(2,126)
Due to related parties		(731)	1,049
Bills payable		(2,623)	(211)
Net cash (used in)/ from operating activities		**(6,185)**	2,771
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(4,581)	(3,775)
Proceeds on sale of property, plant and equipment		159	199
Dividend from equity accounted investees	7	131	-
Movement on deposits with banks		413	(1,189)
Net cash used in investing activities		**(3,878)**	(4,765)
Cash flows from financing activities			
Proceeds from bank loans	15	100	-
Repayment of bank loans	15	(1,698)	(2,620)
Payment of lease liabilities		(1,230)	(1,427)
Dividends paid to non-controlling interests		(77)	(23)
Donations paid		(6)	(7)
Net cash used in financing activities		**(2,911)**	(4,077)
Net decrease in cash and cash equivalents		**(12,974)**	(6,071)
Cash and cash equivalents at 1 January		(4,929)	1,142
Cash and cash equivalents at 31 December (*)	12	**(17,903)**	(4,929)

(*) Cash and cash equivalents is gross of impairment of BD 5 (2023: BD 7).

The accompanying from 1 to 30 are an integral part of these consolidated financial statements.

for the year ended 31 December 2024 Bahraini dinars '000

1 REPORTING ENTITY

Nass Corporation BSC (the "Company") is a public shareholding company listed on the Bahrain Bourse incorporated and registered in Bahrain on 9 March 2006 under commercial registration number 60037.

The Company and its subsidiaries (together 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 Company operates through its branches under commercial registration number 60037-2 to 60037-13.

The consolidated financial statements for the year ended 31 December 2024 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 Company 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 W.L.L	Bahrain	80%	Precast concrete
Nass Contracting Co. Huta Hegerfeld Saudia JV W.L.L	Bahrain	75%	Construction of roads, utility projects and other civil engineering projects.
Nass & Nassir Hazza Al Subaie for Contracting W.L.L	Bahrain	51%	Construction of roads, utility projects and other civil engineering projects.
Nass Mechanical Services LLC	United Arab Emirates	99%	Wholesale trade of tanks and repair of tanks.

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 Burhan Joint Venture	Bahrain	50%	General contracting
Nass Contrack Watts Joint Venture	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 ventures have the same financial year end as the Company. All joint ventures are unregistered and located in Bahrain.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in conformity with the requirements of the Commercial Company Law 2001 (as amended).

Going concern basis of accounting

The board of directors continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate (refer note 4 (a) and note 25 (c)).

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 and amendments to standards effective from 1 January 2024

The following amendments which became effective as of 1 January 2024 are relevant to the Group and is adopted during the year.

(i) Classification of liabilities as current or non-current (Amendments to IAS 1)

The Group adopted classification of liabilities as current or non-current (Amendments to IAS 1) from 1 January 2024. Adoption of this amendment had no significant impact on the consolidated financial statements of the Group.

Under the previous IAS 1 requirements, companies classify a liability as current when they do not have an unconditional 'right to defer' settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. This assessment may require management to exercise interpretive judgement.

Further, 'a right to defer' exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. This new requirement may change how companies classify rollover facilities, with some becoming non-current.

The amendments state that settlement of a liability includes transferring a company's own equity instruments to the counterparty. When classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments – e.g. convertible debt.

d) New standards and amendments to standards issued but not yet effective

A number of new standards, amendments and interpretations to standards are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however; the Group has not early applied the new standards, amendments and interpretations to standards in preparing these consolidated financial statements.

The following new standards, amendments and interpretations to standards that are relevant to the Group are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements.

3 MATERIAL ACCOUNTING POLICIES

The material 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 and are consistent with those applied in prior years except for those changes arising from those new standards and amendments to standards applied during the year.

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 Company 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 statement of profit or loss and other 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
Equity accounted investees comprise associates and joint ventures. 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. They are initially recognised at cost which includes transaction costs; and subsequently the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence or joint control ceases 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 instruments

Financial assets of the Group comprise trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents. Financial liabilities of the Group comprise lease liabilities, bank loans, trade payables and other liabilities, due to related parties, bills payable and bank overdrafts.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

(i) Recognition and initial measurement
Trade receivables and other assets are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVTOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in consolidated profit or loss. Any gain or loss on de-recognition is recognised in consolidated profit or loss.

(iii) Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated profit or loss.

(iv) Impairment of financial assets
The Group recognises loss allowances for Expected Credit Losses (ECL) on financial assets measured at amortised cost and contract assets.

The Group measures loss allowances for trade receivables and other assets and contract assets based on simplified approach at an amount equal to lifetime ECLs. For cash and cash equivalents, measurement of loss allowances is based on 12-month ECL.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

When determining whether the credit risk of a financial asset at amortised cost has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due for private customers, and 360 days past due for government entities.

Measurement of ECLs

Trade receivables and other assets and contract assets - (Simplified approach)
The Group uses allowance matrix to measure the ECLs of trade receivables and other assets and contract assets.

Loss rates are calculated using a 'roll rate (net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures in different segments based on the customer's common credit risk characteristics. Loss rates are based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and group view of economic conditions over the expected lives of the receivables. The forward looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

Cash and cash equivalents – (General approach)
Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are impaired. A financial asset at amortised cost is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset and contract asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due for all receivables and contract assets other than receivables from government where 360 days past due is considered as default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

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 consolidated 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 consolidated 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.

d) Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments, if necessary, to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in the consolidated statement of financial position.

Short term leases and lease of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension options
Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

e) Property, plant and 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 reporting 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 consolidated 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 consolidated 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.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

(iii) Depreciation
Depreciation is charged to consolidated 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 and 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

f) 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").

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 consolidated 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.

g) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of food inventory is determined on the First In First Out (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 (NRV) is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

h) 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.

i) Contract assets and contract liabilities
Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities primary relate to the advance consideration received from customers for which revenue is recognised over time.

3 *MATERIAL ACCOUNTING POLICIES (continued)*

j) Provisions

A provision is recognised in the consolidated 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.

k) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

(i) Contract revenue

The Group has determined that for construction contracts, the customer controls all of the work in progress as the work is being performed. This is because these are made to a customer's specification and generally at the client's premises. If a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms. Un-invoiced amounts are presented as contract assets net of any expected credit losses.

Revenue against variations are recognized based on the estimate of the most likely amount only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If variations are for distinct services from original contract, the variations are accounted for as a separate contract else it is accounted for as a modification of the original contract. Contracts which are negotiated with a same commercial objective and relate to a single performance obligation with the same customer are combined and accounted for as a single contract.

Revenue is recognised over time based on contract costs incurred to date as a percentage of total forecast cost. The related costs are recognised in consolidated profit or loss when they are incurred. Advances received are included in "contract liabilities".

(ii) Sale of goods

Customers obtains control when the goods are delivered to and have been accepted at their premises or on delivery to the customer's agents. Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.

l) Employee benefits

(i) Bahraini employees

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation ("SIO") 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, based on length of service and final remuneration. The provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard 19 – Employee benefits, is made by calculating the notional liability had all employees left at the reporting date. Effective 1 March 2024, all Bahrain based employers are required to make monthly contributions in relation to the expatriate indemnity to SIO, who would be responsible to settle leaving indemnities for expatriates at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Group.

m) Finance income and expense

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

3 MATERIAL ACCOUNTING POLICIES (continued)

n) 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.

o) Statutory reserve

In accordance with the Commercial Companies Law, a minimum of 10 % of the profit for the year 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 Commercial Companies Law 2001 (as amended).

p) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners 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.

q) 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.

r) Trade receivables

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

s) Trade payables

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

t) Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in consolidated profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in consolidated profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case. the grant is recognised when it becomes receivable.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes accounting estimates and judgements that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. 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. Actual results may differ from these estimates.

a) Judgment

- Note 3 (k) - revenue recognition: whether revenue from contract is recognised over time or at a point in time. Determining when control transfers to the customer requires significant judgement.

- Going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.

4 *CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)*

For the year ended 31 December 2024, the Group incurred a net loss of BD 7,019 (2023: net profit of BD 2,729). The Group's current assets as at 31 December 2024 were BD 115,321 (31 December 2023: BD 115,243) compared to current liabilities of BD 98,659 (31 December 2023: BD 90,034).

The Group has BD 5,993 (31 December 2023: BD 9,394) of resources comprising cash and cash equivalents and deposits with banks. It also has sufficient unused credit facilities available at the date of authorisation of these consolidated financial statements.

The appropriateness of the going concern basis of accounting is dependent on the ability of the Group to having access to sufficient external resources and continued availability of borrowings by compliance with loan covenants.

The Group has utilized bank overdrafts of BD 22,492 (31 December 2023: BD 12,508) and bank loans of BD 2,098 (31 December 2023: BD 3,696) from local banks requiring compliance with financial covenants. As at the date of authorisation of the consolidated financial statements, the Group has sufficient headroom on its facilities.

Based on these factors, the board of directors has a reasonable expectation that the Group has adequate resources and sufficient credit facilities available to support any cash shortfall and provide sufficient resources to continue with the business as a going concern for at least 12 months from the date of these consolidated financial statements.

Estimates and assumptions

1 Note 3 (k) - revenue recognition: estimate of future cost to completion
2 Note 3 (b) (iv) - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.
3 Note 3 (f) - impairment testing of property plant and equipment: key assumptions underlying the recoverable amounts.
4 Note 3 (g) - impairment testing of inventory: key assumptions underlying NRV.

for the year ended 31 December 2024 Bahraini dinars '000

5 PROPERTY, PLANT AND EQUIPMENT

2024	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2024	18,717	6,136	55,649	1,346	131	81,979
Additions	117	14	3,434	78	938	4,581
Transfer from capital work in progress	35	21	909	-	(965)	-
Disposals	(51)	-	(1,313)	-	(10)	(1,374)
At 31 December 2024	**18,818**	**6,171**	**58,679**	**1,424**	**94**	**85,186**
Depreciation and Impairment						
At 1 January 2024	6,135	3,582	47,521	1,161	-	58,399
Depreciation	320	320	2,869	102	-	3,611
Impairment	328	-	-	-	-	328
Disposals	(1)	-	(1,305)	-	-	(1,306)
At 31 December 2024	**6,782**	**3,902**	**49,085**	**1,263**	**-**	**61,032**
Net book value						
At 31 December 2024	**12,036**	**2,269**	**9,594**	**161**	**94**	**24,154**

The depreciation charge has been allocated to cost of sales BD 2,889 (2023: BD 2,688) and general and administrative expenses BD 722 (2023: BD 640).

for the year ended 31 December 2024 Bahraini dinars '000

5 PROPERTY, PLANT AND EQUIPMENT (continued)

2023	Land and buildings	Improvements on leasehold land	Plant, machinery, vehicles, vessels and barges	Office equipment, furniture & fixtures	Capital work in progress	Total
Cost						
At 1 January 2023	18,614	5,573	53,371	1,345	901	79,804
Additions	-	-	2,653	49	1,073	3,775
Transfer from capital work in progress	103	817	922	1	(1,843)	-
Disposals	-	(254)	(1,297)	(49)	-	(1,600)
At 31 December 2023	18,717	6,136	55,649	1,346	131	81,979
Depreciation						
At 1 January 2023	5,869	3,528	46,163	1,081	-	56,641
Depreciation	266	308	2,626	128	-	3,328
Disposals	-	(254)	(1,268)	(48)	-	(1,570)
At 31 December 2023	6,135	3,582	47,521	1,161	-	58,399
Net book value						
At 31 December 2023	12,582	2,554	8,128	185	131	23,580

for the year ended 31 December 2024 Bahraini dinars '000

5 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	Plot No. 07019249, Building No. 1295, Road 239 Salmabad 702	Building Land	Business	Mortgaged	26 years 5 years	7 3,885
2	Plot No. HD-4 (31010168) Salman Industrial City	Office/Workshop/Stores Building	Business	Leasehold for 10 years renewable	18 years	96
3	Plot No. 07019247 Salmabad	Land	Business	Freehold	13 years	1,753
4	Plot No. 1359, Ras Zuwaid	Land and Building	Business	Freehold	12 years	202
5	Plot no. 12001760, Ras Zuwaid	Land and Building	Business	Freehold	12 years	1,461
6	Plot No. 12010988, Lhassay	Land and Building	Business	Freehold	5-8 years	927
7	Plot No. 12010989, Lhassay	Land and Building	Business	Freehold	8 years	1,854
8	Plot No. 12009273, Lhassay	Land and Building	Business	Freehold	5-8 years	1,896

for the year ended 31 December 2024 Bahraini dinars '000

6 LEASES

The Group has recognised a right-of-use asset related to land and buildings.

a) Right-of-use assets

	2024	2023
At 1 January	4,139	4,577
Additions	832	1,081
Amortisation	(1,455)	(1,519)
At 31 December	**3,516**	4,139

The amortisation charge has been allocated to cost of sales BD 1,357 (2023: BD 1,422) and general and administrative expenses BD 98 (2023: BD 97).

b) Lease liabilities

	31 December 2024	31 December 2023
Current	1,216	1,316
Non-current	2,706	3,204
	3,922	4,520

	2024	2023
Amounts recognised in consolidated profit or loss		
Interest on lease liabilities	**244**	279

Maturity analysis – contractual undiscounted cash flow	**31 December 2024**	31 December 2023
Less than one year	1,424	1,542
One to five years	1,918	2,109
More than five years	1,749	2,231
Total undiscounted lease liabilities	**5,091**	5,882

7 EQUITY ACCOUNTED INVESTEES

2024	**Joint Ventures**	**Associate**	**Total**
At 1 January 2024	710	370	1,080
Share of profit/ (loss) for the year	76	(19)	57
Dividend received	(131)	-	(131)
At 31 December 2024	**655**	**351**	**1,006**

2023	Joint Ventures	Associate	Total
At 1 January 2023	578	364	942
Share of profit for the year	132	6	138
At 31 December 2023	710	370	1,080

for the year ended 31 December 2024 Bahraini dinars '000

7 *EQUITY ACCOUNTED INVESTEES (continued)*

The following table summarizes the financial position of the associates and joint ventures as included in its own financial statements unadjusted for the Group's share.

	31 December 2024	31 December 2023
Total current assets	4,084	4,676
Total non-current assets	865	1,088
Total current liabilities	(2,523)	(3,226)
Total non-current liabilities	(63)	(8)
Net assets (100%)	**2,363**	2,530
Carrying amount of equity accounted investees	**1,006**	1,080

	2024	2023
Revenue	3,563	5,455
Profit for the year	97	283
Total comprehensive income	**97**	283
Group's share of total comprehensive income	57	138
Dividend received by the Group	131	-

8 INVENTORIES

	31 December 2024	31 December 2023
Machineries, spares, fuels and lubricants	4,435	4,023
Food products	2,847	2,121
Raw materials	2,661	3,282
Finished goods	629	290
Goods in transit	199	614
	10,771	10,330
Impairment allowance for slow moving and obsolete inventories	(2,395)	(2,108)
	8,376	8,222

Movements on impairment allowance for slow moving and obsolete inventories:	**2024**	2023
At 1 January	2,108	2,337
Charge for the year	373	28
Reversal during the year	(86)	(257)
At 31 December	**2,395**	2,108

for the year ended 31 December 2024 Bahraini dinars '000

9 TRADE RECEIVABLES AND OTHER ASSETS

	31 December 2024	31 December 2023
Trade receivables	50,670	42,905
Retentions receivable	26,817	23,375
Advances to suppliers and sub-contractors	5,865	9,933
Prepaid expenses	320	167
Other assets	2,291	1,817
	85,963	78,197
Allowance for impairment losses	(9,075)	(9,311)
	76,888	68,886

Movements on allowance for impairment losses:	**2024**	2023
At 1 January	9,311	10,561
Charge/ (reversal) for the year	186	(693)
Write off	(422)	(557)
At 31 December	**9,075**	9,311

Information about the Group's exposure to credit risk and impairment losses for trade receivables and other assets is included in note 25 (b).

10 CONTRACT ASSETS

	31 December 2024	31 December 2023
Cost incurred plus attributable profits on contracts-in-progress	394,819	317,145
Progress billings made towards contracts-in-progress	(372,682)	(290,351)
	22,137	26,794
Allowance for impairment losses	(311)	(316)
	21,826	26,478

Movements on allowance for impairment losses:	**2024**	2023
At 1 January	316	821
(Reversal)/ charge for the year	(5)	98
Write off	-	(603)
At 31 December	**311**	316

Information about the Group's exposure to credit risk, and impairment losses for contract assets is included in note 25 (b).

for the year ended 31 December 2024 Bahraini dinars '000

11 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		Due from related parties		Due to related parties	
					31 December		31 December	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
A.A. Nass & Sons W.L.L. and its related companies (*)	2,477	2,447	8,412	8,868	2,018	1,648	7,713	8,447
Joint ventures	575	1,039	6	-	220	615	195	192
Total	**3,052**	3,486	**8,418**	8,868	**2,238**	2,263	**7,908**	8,639

(*) Amount due from A.A. Nass & Sons W.L.L. and its related companies is net of impairment of BD 2,663 (31 December 2023: BD 2,623).

In addition to the above, A.A. Nass & Sons Co. W.L.L. charged a management fee of BD 1,560 (2023: BD 1,560), which includes BD 660 (2023: BD 660) for the salaries of the executive directors. Board committee attendance fees paid to directors was BD 177 (2023: 220). No provision for directors' remuneration has been charged to consolidated profit or loss for the year ended 31 December 2024 (2023: nil).

During the year, the Company has provided guarantees of BD 197,128 (2023: BD 199,144) to various banks for banking facilities or other financial accommodation to its subsidiaries.

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:

	2024	2023
Short-term benefits	1,423	1,422
Post-employment benefits	52	52
	1,475	1,474

12 CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash and bank balances	3,515	6,878
Short-term bank deposits	1,074	701
Allowance for impairment losses	(5)	(7)
Cash and cash equivalents in consolidated statement of financial position	**4,584**	7,572
Bank overdrafts	(22,492)	(12,508)
Cash and cash equivalents in consolidated statement of cash flows	**(17,908)**	(4,936)

for the year ended 31 December 2024 Bahraini dinars '000

13 SHARE CAPITAL

	31 December 2024	31 December 2023
a) Authorised share capital		
500,000,000 (2023: 500,000,000) shares of 100 fils each	**50,000**	50,000
b) Issued and fully paid		
220,000,000 (2023: 220,000,000) shares of 100 fils each	**22,000**	22,000
Treasury shares: 4,923,160 (2023: 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 Group's shares held by the Company are suspended until those shares are re-issued.

c) Dividends

No dividend is being proposed by the board of directors for the year ended 31 December 2024 (2023: nil).

The major shareholders are:

Name of shareholder	Number of shares held		Percentage of ownership		Nationality
	2024	2023	**2024**	2023	
1. Mr. Sameer Abdulla Nass*	28,624,343	27,627,699	13.01	12.56	Bahraini
2. Mr. Sami Abdulla Nass*	18,819,992	18,810,000	8.55	8.55	Bahraini
3. Mr. Adel Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
4. Mr. Ghazi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
5. Mr. Fawzi Abdulla Nass*	18,810,000	18,810,000	8.55	8.55	Bahraini
6. Abdul Rahman Saleh Al Rajhi and Partners Company Limited	15,769,864	15,969,864	7.17	7.26	Kingdom of Saudi Arabia
7. Nabeel Nooruddin Abdulla Nooruddin	11,394,247	11,294,247	5.18	5.13	Bahraini
Total	**131,038,446**	130,131,810	**59.56**	59.15	

** 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	
	2024	2023	**2024**	2023	**2024**	2023
Less than 1%	56,396,039	57,443,485	7,744	7,827	25.64	26.11
1% up to less than 5%**	32,565,515	32,424,705	9	9	14.80	14.74
5% up to less than 10%	102,414,103	102,504,111	6	6	46.55	46.59
10% up to less than 20%	28,624,343	27,627,699	1	1	13.01	12.56
Total	**220,000,000**	220,000,000	**7,760**	7,843	**100.00**	100.00

*** Includes 4,923,160 (2023: 4,923,160) treasury shares.*

14 STATUTORY RESERVE

In accordance with the requirements of the Commercial Companies Law 2001 (as amended) (the "Law") 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 Law.

for the year ended 31 December 2024 Bahraini dinars '000

15 BANK LOANS

	31 December 2024	31 December 2023
Current	603	1,607
Non-current	1,495	2,089
	2,098	3,696

Movement during the year as follows:	**2024**	2023
At 1 January	3,696	6,316
Loans availed during the year	100	-
Loans repaid during the year	(1,698)	(2,620)
At 31 December	**2,098**	3,696

The average effective interest rate on loans and borrowings was 8.08% - 9.31% p.a. (2023: 8.11% - 9.34% p.a.).

16 EMPLOYEE BENEFITS

	2024	2023
At 1 January	12,026	10,913
Charge for the year	3,997	3,239
Paid during the year	(4,141)	(2,126)
Transferred to SIO during the year (*)	(826)	-
At 31 December	**11,056**	12,026

	31 December 2024	31 December 2023
Current	3,775	4,269
Non-current	7,281	7,757
	11,056	12,026

(*) As per the changes in end-of-service benefits system for expatriate employees introduced by SIO effective from 1 March 2024, employers are required to pay the monthly end-of-service contributions electronically through the SIO portal in relation to the expatriate employees. SIO would be responsible to settle leaving indemnities for expat employees at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Group.

Total number of employees:

	31 December 2024	31 December 2023
Bahrainis	518	461
Expatriates	6,445	6,501
	6,963	6,962

for the year ended 31 December 2024 Bahraini dinars '000

17 TRADE PAYABLES AND OTHER LIABILITIES

	31 December 2024	31 December 2023
Trade accounts payable	14,019	15,857
Accrued expenses	23,840	19,853
Retentions payable	9,097	6,205
Other liabilities	2,159	2,471
	49,115	44,386

18 CONTRACT LIABLITIES

	31 December 2024	31 December 2023
Progress billings received and receivable	33,747	43,646
Costs incurred plus recognised profits on contracts-in-progress	(22,722)	(31,485)
	11,025	12,161

19 REVENUE

A. Revenue streams

	2024	2023
Revenue from contracts with customers		
Contract income	116,929	121,364
Sales of goods	30,836	30,625
Hire income	12,207	13,815
	159,972	165,804

for the year ended 31 December 2024 Bahraini dinars '000

19 REVENUE (continued)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, type of customers, major products and service lines and timing of revenue recognition.

	Contract income, Manufacturing, Service		Trading		Elimination		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Primary geographical markets								
Bahrain	148,092	156,450	24,918	20,854	(21,532)	(19,994)	151,478	157,310
Outside Bahrain	8,136	8,502	365	-	(7)	(8)	8,494	8,494
	156,228	164,952	**25,283**	20,854	**(21,539)**	(20,002)	**159,972**	165,804
Type of customers								
Government	67,808	37,224	1,113	1,026	-	-	68,921	38,250
Non-government	88,420	127,728	24,170	19,828	(21,539)	(20,002)	91,051	127,554
	156,228	164,952	**25,283**	20,854	**(21,539)**	(20,002)	**159,972**	165,804
Timing of revenue recognition								
Products transferred at a point in time	28,401	34,382	25,283	20,854	(13,631)	(13,201)	40,053	42,035
Products transferred over time	127,827	130,570	-	-	(7,908)	(6,801)	119,919	123,769
	156,228	164,952	**25,283**	20,854	**(21,539)**	(20,002)	**159,972**	165,804

C. Contract balances

BD 9,336 (2023: BD 13,710) recognised in contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 December 2024.

20 OTHER INCOME

	2024	2023
Gain on disposal of property, plant and equipment	91	169
Liabilities written back	224	199
Miscellaneous income	545	796
	860	1,164

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Salaries of administrative staff	6,062	5,928
Management fees	1,560	1,560
Depreciation and amortisation (note 5 and 6)	821	737
Professional fee	300	737
Vehicle expenses	363	344
Commission	198	283
Directors' sitting fees (note 11)	177	220
IT expenses	253	180
Rent, electricity, and water	158	146
Communication	118	120
Printing and stationery	60	76
Staff recruitment and training	116	75
Other expenses	443	548
	10,629	10,954

22 IMPAIRMENT ON FINANCIAL ASSETS, NET

	2024	2023
Charge/ (reversal) for impairment on trade receivables and other assets (note 9)	186	(693)
(Reversal)/ charge for impairment on contract assets (note 10)	(5)	98
Charge for impairment on due from related parties (note 11)	40	50
Reversal of impairment on bank balances	(2)	(2)
	219	(547)

23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit/ (loss) attributable to owners 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:

	2024	2023
(Loss)/ profit attributable to owners of the Company	**(6,728)**	3,205
Weighted average number of shares at 31 December (000's)	**215,077**	215,077
Basic earnings per share	**(31.28)**	14.90

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

24 ACCOUNTING CLASSIFICATION AND FAIR VALUES OF FINANCIAL INSTRUEMENTS

(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.

(ii) 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.

None of the Group's financial assets and liabilities is measured at fair value. The fair value of the Group's material financial assets and liabilities approximate the carrying amount due to their short-term nature.

(iii) Classification of financial assets and financial liabilities, together with the carrying amounts as disclosed in the consolidated statement of financial position.
The Group's financial assets and liabilities are classified and measured at amortised cost as at 31 December 2024 and 31 December 2023.

25 FINANCIAL RISK MANAGEMENT

a) Overview
Financial instruments include financial assets and financial liabilities. Financial assets of the Group include trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents. Financial liabilities of the Group include lease liabilities, bank loans, trade payables and other liabilities, due to related parties, bills payable and bank overdrafts.

The Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- 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.

for the year ended 31 December 2024 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

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 trade receivables and other assets, contract assets, due from related parties, deposits with banks and cash and cash equivalents.

(i) Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	31 December 2024	31 December 2023
Trade receivables and other assets	76,568	68,719
Contract assets	21,826	26,478
Due from related parties	2,238	2,263
Deposits with banks	1,409	1,822
Cash and cash equivalents	4,414	7,422
	106,455	106,704

(ii) *Trade receivables and other assets*

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

Credit limits are established for each customer, which 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's credit risk, customers are grouped according to their credit characteristics, including whether they are government and semi-government and corporates, industry, aging profile, and existence of previous financial difficulties. The Group operates mainly in the Kingdom of Bahrain.

The credit period established by the Group for all its receivables is 90 days after which the dues are classified as past due.

The Group does not require collateral in respect of trade receivables and other assets. The Group does not have trade receivables and other assets and contract assets for which no loss allowance is recognised because of collateral.

(iii) Contract assets

This primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The contract assets during the year was not significantly impacted by an impairment charge.

(iv) Due from related parties

Due from related parties pertains to the receivable from the A.A. Nass & Sons W.L.L. and its related companies and joint ventures. Transactions with related parties are conducted in the normal course of business, at rates agreed between the parties. The credit risk on these is perceived to be limited.

(v) Cash and cash equivalents and deposits with banks

Group's credit risk on these is limited as these are placed with banks in Bahrain having good credit ratings.

for the year ended 31 December 2024 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

(vi) Credit risk by segment

The maximum exposure to credit risk for trade receivables and other assets, contract assets, due from related parties, deposit with banks and cash and cash equivalents at the reporting date by segment is:

	31 December 2024		31 December 2023	
	Construction and allied activities	**Trading activities**	Construction and allied activities	Trading activities
Trade receivables and other assets	72,406	4,162	64,478	4,241
Contract assets	21,826	-	26,478	-
Due from related parties	1,578	660	1,468	795
Deposit with banks	1,409	-	1,822	-
Cash and cash equivalents	3,945	469	6,705	717
	101,164	**5,291**	100,951	5,753

(vii) *Impairment losses*

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other assets, contract assets and due from related parties as at the reporting date:

31 December 2024	**Gross carrying amount**	**Impairment loss allowance**	**Weighted-average loss rate**	**Credit-impaired**
Current (not past due)	85,721	409	1%	No
1–30 days past due	3,056	280	9%	No
31–60 days past due	1,083	128	12%	No
61–90 days past due	671	98	15%	No
More than 90 days past due	13,774	11,134	81%	Yes
	104,305	**12,049**	**12%**	

31 December 2023	Gross carrying amount	Impairment loss allowance	Weighted-average loss rate	Credit-impaired
Current (not past due)	80,466	369	1%	No
1–30 days past due	2,401	99	4%	No
31–60 days past due	1,131	181	16%	No
61–90 days past due	642	143	22%	No
More than 90 days past due	12,705	11,458	90%	Yes
	97,345	12,250	13%	

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.

for the year ended 31 December 2024 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2024, the available cash and cash equivalents, expected cash flows from trade receivables and other assets and contract assets will be sufficient to meet its obligations when they fall due.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities.

The Group also monitors the level of expected cash inflows on trade receivables and other assets tighter with expected cash outflows on trade payables and other liabilities.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2024	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 - 12 months**	**1 - 2 years**	**More than 2 years**
Bank loans	2,098	2,487	462	283	445	1,297
Trade payables and other liabilities	25,275	25,275	7,255	5,593	8,622	3,805
Lease liabilities	3,922	5,091	813	611	760	2,907
Due to related parties	7,908	7,908	2,372	2,768	1,977	791
Bills payable	2,525	2,579	2,579	-	-	-
Bank overdrafts	22,492	26,262	2,024	3,104	4,091	17,043
	64,220	**69,602**	**15,505**	**12,359**	**15,895**	**25,843**
Commitments and contingencies						
- Letter of credit	**1,760**	**1,760**	**1,760**	-	-	-
- Commitments	**737**	**737**	**737**	-	-	-

31 December 2023	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Bank loans	3,696	4,418	1,161	701	757	1,799
Trade payables and other liabilities	24,533	24,533	6,101	7,498	5,807	5,127
Lease liabilities	4,520	5,882	830	712	936	3,404
Due to related parties	8,639	8,639	2,592	3,023	2,160	864
Bills payable	5,148	5,254	5,254	-	-	-
Bank overdrafts	12,508	14,751	1,188	1,770	2,315	9,478
	59,044	63,477	17,126	13,704	11,975	20,672
Commitments and contingencies						
- Letter of credit	2,506	2,506	2,506	-	-	-
- Commitments	276	276	276	-	-	-

for the year ended 31 December 2024 Bahraini dinars '000

25 FINANCIAL RISK MANAGEMENT (continued)

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.

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

	31 December 2024	31 December 2023
Fixed rate instruments		
Term deposits with maturity of more than 3 months	1,409	1,822
Term deposits with maturity of 3 months or less	1,074	701
	2,483	2,523
Variable rate instruments		
Bills payable	2,525	5,148
Bank loans	2,098	3,696
Bank overdrafts	22,492	12,508
	27,115	21,352

The effective interest on these financial instruments is as follows:

Financial instruments	**2024 Effective interest rate % p.a.**	2023 Effective interest rate % p.a.
Term deposits with maturity of more than 3 months	1.50-5.80	1.00-6.25
Term deposits with maturity of 3 months or less	5.10-5.35	6.10
Bank loans	8.08-9.31	8.11-9.34
Bank overdraft	7.96-9.31	7.99-9.31

An increase of 100 basis points in interest rates at the reporting date would have decreased consolidated profit or loss by BD 246 (2023: BD 188) and a decrease of 100 basis points in interest rates at the reporting date would have increased consolidated profit or loss by BD 246 (2023: BD 188).

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

(i) 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 net payable exposure as at 31 December 2024 was Euro 56 thousand (31 December 2023: net payable Euro 325 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 Euro are not significant.

25 FINANCIAL RISK MANAGEMENT (continued)

(ii) 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 of controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

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.

for the year ended 31 December 2024 Bahraini dinars '000

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, ready-mix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

The trading activities are supply of washed sand, sweet water, import and wholesaler of frozen foods, agents for equipment and material manufacturers.

	Construction and allied activities		Trading activities		Eliminations		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenue								
External sales	140,741	148,785	19,231	17,019	-	-	159,972	165,804
Inter-segment sales	15,487	16,167	6,052	3,835	(21,539)	(20,002)	-	-
Total revenue	**156,228**	164,952	**25,283**	20,854	**(21,539)**	(20,002)	**159,972**	165,804
Segment result	(6,897)	3,423	1,278	587	(344)	(140)	(5,963)	3,870
Share of profit from joint ventures	76	132	-	-	-	-	76	132
Other gains or losses	858	1,223	81	93	-	-	939	1,316
Unallocated corporate expenses	-	-	-	-	-	-	(2,071)	(2,589)
(Loss)/ profit for the year							**(7,019)**	2,729

	Construction and allied activities		Trading activities		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023
Other information						
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	4,330	4,160	802	687	5,132	4,847
Capital expenditure	4,270	3,303	311	472	4,581	3,775
Total assets	129,152	129,137	14,845	14,905	143,997	144,042
Total liabilities	104,682	97,422	5,459	5,662	110,141	103,084
Net assets	**24,470**	31,715	**9,386**	9,243	**33,856**	40,958

for the year ended 31 December 2024 Bahraini dinars '000

27 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		Equity					
	Bank loans	Lease liabilities	Share capital	Treasury shares	Retained earnings	Other reserves	Non-controlling interest	Total
At 1 January 2024	3,696	4,520	22,000	(1,597)	10,152	9,181	1,222	49,174
Changes from financing cash flows								
Proceeds from bank loans	100	-	-	-	-	-	-	100
Repayment of bank loans	(1,698)	-	-	-	-	-	-	(1,698)
Payment of lease liabilities	-	(1,230)	-	-	-	-	-	(1,230)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(77)	(77)
Donation paid	-	-	-	-	-	(6)	-	(6)
Total changes from financing cash flows	(1,598)	(1,230)	-	-	-	(6)	(77)	(2,911)
Liability-related other changes	-	632	-	-	-	-	-	632
Equity-related other changes	-	-	-	-	(6,728)	-	(291)	(7,019)
At 31 December 2024	**2,098**	**3,922**	**22,000**	**(1,597)**	**3,424**	**9,175**	**854**	**39,876**

for the year ended 31 December 2024 Bahraini dinars '000

28 COMMITMENTS AND CONTINGENCIES

	31 December 2024	31 December 2023
Guarantees	**83,456**	86,185
Letters of credit	**1,760**	2,506
Capital commitments	**737**	276

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 78,506 (31 December 2023: BD 80,235) and the Company has provided corporate guarantees to customers amounting to BD 4,950 (31 December 2023: BD 5,950) for the various divisions and subsidiaries of the Company.

29 DOMESTIC MINIMUM TOP-UP TAX

The Group is domiciled and operates in the Kingdom of Bahrain which has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Multi-National Enterprise (MNE) group for fiscal years commencing on or after 1 January 2025.

As per the Group's assessment of applicability of the DMTT law, the Group has assessed and concluded that the Group is not in scope for the Bahrain DMTT law or the OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules'). The reason for this conclusion is:

- The Group does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, the Group does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year.

30 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.

Nass Corporation BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

31 March 2025

Nass Corporation BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2025

CONTENTS Page

GENERAL INFORMATION

Commercial registration	60037
Head office	P.O. Box 669, Manama Kingdom of Bahrain
Chairman	Mr. Sameer Abdulla Nass
Deputy Chairman	Mr. Sami Abdulla Nass
Director	Mr. Adel Abdulla Nass
Director	Mr. Ghazi Abdulla Nass
Director	Mr. Fawzi Abdulla Nass
Director	Mr. Bashar Sameer Nass
Director	Mr. Hemant Joshi
Director	Mr. Abdulla Nooruddin
Director	Mr. Eyad Sater
Director	Mr. Khalid Mattar
Bankers	HSBC Bank Middle East Bank of Bahrain and Kuwait Ahli United Bank Standard Chartered Bank BNP Paribas Bahrain Islamic Bank State Bank of India Arab Bank Al Salam Bank
Chief Executive Officer	Mr. Mazen Matar
Chief Financial Officer	Mr. Bassam Awdi
Company Secretary	Mr. Srinath Prabhu
Corporate Governance Officer	Mr. Ramesh Panigrahi
Auditors	KPMG Fakhro

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CR No. 6220 - 2

Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors

Nass Corporation BSC
Manama, Kingdom of Bahrain

Introduction

We have reviewed the accompanying 31 March 2025 condensed consolidated interim financial information of Nass Corporation BSC (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2025;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2025;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2025;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2025; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

12 May 2025

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2025 Bahraini Dinars '000

	Note	31 March 2025 (reviewed)	31 December 2024 (audited)
ASSETS			
Property, plant and equipment		24,301	24,154
Right-of-use assets		3,340	3,516
Equity accounted investees		970	1,006
Total non-current assets		**28,611**	28,676
Inventories		8,459	8,376
Trade receivables and other assets	7	68,863	76,888
Contract assets	8	21,158	21,826
Due from related parties	9	2,867	2,238
Deposits with banks		765	1,409
Cash and bank balances		6,616	4,584
Total current assets		**108,728**	115,321
Total assets		**137,339**	143,997
EQUITY			
Share capital		22,000	22,000
Treasury shares		(1,597)	(1,597)
Statutory reserve		9,146	9,146
Retained earnings		3,434	3,424
Donations and charity reserve		27	29
Equity attributable to owners of the Company		**33,010**	33,002
Non-controlling interest		768	854
Total equity		**33,778**	33,856
Liabilities			
Lease liabilities		2,606	2,706
Bank loans		1,409	1,495
Employee benefits		7,127	7,281
Total non-current liabilities		**11,142**	11,482
Trade payables and other liabilities	10	45,211	49,115
Lease liabilities		1,145	1,216
Contract liabilities		9,169	11,025
Employee benefits		3,994	3,775
Due to related parties	9	7,929	7,908
Bills payable		3,618	2,525
Bank loans		417	603
Bank overdrafts		20,936	22,492
Total current liabilities		**92,419**	98,659
Total liabilities		**103,561**	110,141
Total equity and liabilities		**137,339**	143,997

The condensed consolidated interim financial information was approved by the Board of Directors on 12 May 2025 and signed on its behalf by:

Sameer Abdulla Nass
Chairman

Sami Abdulla Nass
Deputy Chairman

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2025 Bahraini Dinars'000

	Note	**Three months ended 31 March 2025 (reviewed)**	Three months ended 31 March 2024 (reviewed)
Revenue	11	**34,160**	39,415
Cost of sales		(30,744)	(38,448)
Gross profit		**3,416**	967
Other operating income, net		199	120
General and administrative expenses	12	(2,705)	(2,799)
Impairment charge on financial assets, net		(679)	(124)
Finance income		11	26
Finance costs		(265)	(319)
Share of profit from equity-accounted investees, net		39	1
Profit/ (loss) for the period		**16**	(2,128)
Other comprehensive income		**-**	-
Total comprehensive income for the period		**16**	(2,128)
Attributable to:			
Owners of the Company		10	(1,848)
Non-controlling interest		6	(280)
		16	(2,128)
Earnings per share			
Basic earnings per share (Fils)		**0.05**	(8.59)

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2025

Bahraini Dinars '000

2025 (reviewed)	**Attributable to owners of the Company**						**Non-controlling interest**	**Total equity**
	Share capital	**Treasury shares**	**Statutory reserve**	**Retained earnings**	**Donations and charity reserve**	**Total**		
At 1 January 2025	22,000	(1,597)	9,146	3,424	29	33,002	854	33,856
Profit and total comprehensive income for the period	-	-	-	10	-	10	6	16
Dividend declared for 2024	-	-	-	-	-	-	(92)	(92)
Utilization of donations and charity reserve	-	-	-	-	(2)	(2)	-	(2)
At 31 March 2025	**22,000**	**(1,597)**	**9,146**	**3,434**	**27**	**33,010**	**768**	**33,778**

2024 (reviewed)	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Donations and charity reserve	Total		
At 1 January 2024	22,000	(1,597)	9,146	10,152	35	39,736	1,222	40,958
Loss and total comprehensive income for the period	-	-	-	(1,848)	-	(1,848)	(280)	(2,128)
Dividend declared for 2023	-	-	-	-	-	-	(77)	(77)
At 31 March 2024	22,000	(1,597)	9,146	8,304	35	37,888	865	38,753

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2025 Bahraini Dinars '000

	Three months ended 31 March 2025 (reviewed)	Three months ended 31 March 2024 (reviewed)
Cash flows from operating activities		
Profit/ (loss) for the period	**16**	(2,128)
Adjustments for:		
Depreciation on property, plant and equipment	832	875
Impairment on property, plant and equipment, net	-	66
Amortisation right-of-use assets	365	374
Impairment charge on trade receivables and other assets, net	671	91
Impairment (reversal)/ charge on contract assets, net	(1)	34
Impairment charge on due from related parties, net	10	-
Reversal of impairment allowance on bank balances, net	(1)	(1)
Gain on disposal of property, plant and equipment	(56)	(14)
Share of profit from equity accounted investments, net	(39)	(1)
Employee benefits	848	76
Changes in:		
Inventories	(83)	578
Trade receivables and other assets	7,354	2,320
Contract assets	669	(1,152)
Due from related parties	(639)	(100)
Trade payables and other liabilities	(3,989)	(1,019)
Contract liabilities	(1,856)	494
Employee benefits paid	(783)	(508)
Due to related parties	21	(960)
Bills payable	1,093	(1,321)
Net cash from/ (used in) operating activities	**4,432**	(2,296)
Cash flows from investing activities		
Purchase of property, plant and equipment	(995)	(1,097)
Proceeds from sale of property, plant and equipment	72	21
Dividend from equity accounted investees	75	-
Movement on deposits with banks	644	118
Net cash used in investing activities	**(204)**	(958)
Cash flows from financing activities		
Proceeds from bank loans	-	100
Repayment of bank loans	(272)	(572)
Payment of lease liabilities	(275)	(329)
Donations paid	(2)	-
Dividend paid to non-controlling interests	(92)	(10)
Net cash used in financing activities	**(641)**	(811)
Net increase/ (decrease) in cash and cash equivalents	**3,587**	(4,065)
Cash and cash equivalents at 1 January	(17,903)	(4,929)
Cash and cash equivalents at 31 March	**(14,316)**	(8,994)
Cash and cash equivalents comprise of:		
Cash and bank balances (*)	6,620	7,481
Bank overdrafts	(20,936)	(16,475)
	(14,316)	(8,994)

(*) Cash and bank balances including short-term bank deposits maturing within 90 days is gross of impairment of BD 4 (2024: BD 6).

The accompanying notes 1 to 15 are integral part of the condensed consolidated interim financial information.

1. REPORTING ENTITY

Nass Corporation B.S.C. (the "Company") is a public shareholding Company listed on the Bahrain Bourse incorporated and registered in Bahrain on 9 March 2006 under commercial registration number 60037.

The Company and its subsidiaries (together 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 condensed consolidated interim financial information ("interim financial information") as at and for the three-month period ended 31 March 2025 includes the results of the Company and its subsidiaries (together referred to as the "Group").

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 – *'Interim Financial Reporting',* which allows the condensed consolidated interim financial information to be prepared in condensed form. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2024.

Comparative information

The condensed consolidated interim financial information is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2024 and the corresponding figures for the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the Group's 31 March 2024 reviewed condensed consolidated interim financial information.

b) Judgments and estimates

The preparation of condensed consolidated interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended 31 December 2024.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies and methods of computation for accounting estimates applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the last audited consolidated financial statements of the Group for the year ended 31 December 2024, except for the adoption of relevant new standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards or amendments to standards did not have a significant impact on the condensed consolidated interim financial information.

for the three months ended 31 March 2025 Bahraini Dinars '000

4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2024.

5. SEASONALITY OF OPERATIONS

Due to the nature of the Group's operations, the results reported in the condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

6. APPROPRIATIONS

Appropriations for the current year if any, will be made at the year end. At the Annual General Meeting (AGM) for the year 2024 held on 26 March 2025, no appropriations were made.

7. TRADE RECEIVABLES AND OTHER ASSETS

	31 March 2025 (reviewed)	31 December 2024 (audited)
Trade receivables	42,088	50,670
Retention receivables	27,643	26,817
Advances to suppliers and sub-contractors	6,295	5,865
Prepaid expenses	315	320
Other assets	2,268	2,291
	78,609	85,963
Allowance for impairment losses	(9,746)	(9,075)
	68,863	76,888

Movement on impairment allowance is as follows:

	2025 (reviewed)	2024 (audited)
At beginning of the period	9,075	9,311
Charge for the period, net	671	186
Write off during the period	-	(422)
At end of the period	**9,746**	9,075

for the three months ended 31 March 2025 Bahraini Dinars '000

8. CONTRACT ASSETS

	31 March 2025 (reviewed)	31 December 2024 (audited)
Cost incurred plus attributable profits on contracts-in-progress	377,787	394,819
Progress billings made towards contracts-in-progress	(356,319)	(372,682)
	21,468	22,137
Allowance for impairment losses	(310)	(311)
	21,158	21,826

Movement on impairment allowance is as follows:

	2025 (reviewed)	2024 (audited)
At beginning of the period	311	316
Reversal for the period	(1)	(5)
At end of the period	**310**	311

for the three months ended 31 March 2025 Bahraini Dinars '000

9. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Group and other related parties are disclosed below.

Related party	Sales/ revenues		Purchase and operating expenses		Due from related parties		Due to related parties	
	Three months ended							
	31 March 2025 (reviewed)	31 March 2024 (reviewed)	**31 March 2025 (reviewed)**	31 March 2024 (reviewed)	**31 March 2025 (reviewed)**	31 December 2024 (audited)	**31 March 2025 (reviewed)**	31 December 2024 (audited)
A.A. Nass & Sons WLL and its related parties (entities under common control) (*)	1,029	308	1,636	1,085	2,628	2,018	7,734	7,713
Joint ventures	32	359	-	-	239	220	195	195
Total	**1,061**	667	**1,636**	1,085	**2,867**	2,238	**7,929**	7,908

(*) Amount due from A.A. Nass & Sons WLL and its related parties is net of impairment of BD 2,673 (31 December 2024: BD 2,663).

In addition to the above, A.A. Nass & Sons Co. WLL charged a management fee of BD 390 (2024: BD 390).

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:

	Three months ended 31 March	
	2025 (reviewed)	2024 (reviewed)
Short-term benefits	401	425
Termination benefits	5	14
	406	439

Short-term benefits include board committee attendance fees to directors of BD 31 (2024: BD 50) and provision for directors' remuneration of BD 23 (2024: BD 23).

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

	31 March 2025 (reviewed)	31 December 2024 (audited)
Total number of shares held by Directors*	**107,779,431**	107,779,431
As a percentage of the total number of shares outstanding	**50.11**	50.11

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

for the three months ended 31 March 2025 Bahraini Dinars '000

10. TRADE PAYABLES AND OTHER LIABLITIES

	31 March 2025 (reviewed)	31 December 2024 (audited)
Trade payables	12,479	14,019
Accrued expenses	21,906	23,840
Retention payables	9,114	9,097
Other liabilities	1,712	2,159
	45,211	49,115

11. REVENUE

	Three months ended 31 March	
	2025 (reviewed)	2024 (reviewed)
Contract income	22,073	26,960
Sales of goods	9,122	8,501
Hire income	2,965	3,954
	34,160	39,415

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2025 (reviewed)	2024 (reviewed)
Salaries of administrative staff	1,593	1,539
Management fees	390	390
Depreciation and amortisation	200	202
Vehicle expenses	113	88
Professional fees	88	63
Directors' sitting fee and remuneration (note 9)	54	73
Commission paid	46	98
Rent, electricity and water	31	33
Communication	30	29
Impairment of property, plant and equipment, net	-	66
Other expenses	160	218
	2,705	2,799

for the three months ended 31 March 2025 Bahraini Dinars '000

13. OPERATING SEGMENTS

The Group is organised into two operating divisions - Construction and Allied Activities and Trading Activities.

The construction and allied activities are civil engineering works, mechanical fabrication and maintenance contracts, scaffolding and formwork, readymix concrete, precast, floor and roof slabs, electrical and instrumentation contracting.

The trading activities are supply of washed sand, sweet water, import and wholesaler of frozen foods, agents for equipment and material manufacturers.

	Construction and allied activities		Trading activities		Eliminations		Consolidated	
	Three months ended 31 March							
	2025 (reviewed)	2024 (reviewed)	**2025 (reviewed)**	2024 (reviewed)	**2025 (reviewed)**	2024 (reviewed)	**2025 (reviewed)**	2024 (reviewed)
Revenue								
External sales	29,004	34,445	5,156	4,970	-	-	34,160	39,415
Inter-segment sales	3,001	3,049	1,385	1,246	(4,386)	(4,295)	-	-
Total revenue	**32,005**	37,494	**6,541**	6,216	**(4,386)**	(4,295)	**34,160**	39,415
Segment result	275	(2,257)	212	427	(99)	(82)	388	(1,912)
Other gains and losses	211	130	39	17	(1)	-	249	147
Unallocated corporate expenses	-	-	-	-	-	-	(621)	(363)
Profit/ (loss) for the period							**16**	(2,128)

Other information	Construction & allied activities		Trading activities		Consolidated	
	31 March 2025 (reviewed)	31 December 2024 (audited)	**31 March 2025 (reviewed)**	31 December 2024 (audited)	**31 March 2025 (reviewed)**	31 December 2024 (audited)
Capital expenditure	820	4,270	175	311	995	4,581
Depreciation and impairment on property, plant and equipment and amortisation of right-of-use assets	995	4,330	202	802	1,197	5,132
Total assets	121,237	129,152	16,102	14,845	137,339	143,997
Total liabilities	96,922	104,682	6,639	5,459	103,561	110,141
Total net assets	**24,315**	24,470	**9,463**	9,386	**33,778**	33,856

for the three months ended 31 March 2025 Bahraini Dinars '000

14. COMMITMENTS AND CONTINGENCIES

	31 March 2025 (reviewed)	31 December 2024 (audited)
Guarantees	**64,375**	83,456
Letters of credit	**971**	1,760
Capital commitments	**41**	737

The banks have provided guarantees (performance, retention, financial and others related to contracting activities) amounting to BD 59,425 (31 December 2024: BD 78,506) and the Company has provided corporate guarantees to customers amounting to BD 4,950 (31 December 2024: BD 4,950) for the various divisions and subsidiaries of the Group.

15. COMPARATIVES

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