

**The Bahrain Ship Repairing and  
Engineering Company BSC**

**30 JUNE 2018**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

# The Bahrain Ship Repairing and Engineering Company BSC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the six months ended 30 June 2018

---

<b>CONTENTS</b>	<b>Page</b>
General information	1
Independent auditors' report on review of condensed consolidated interim financial information	2
<b>Condensed consolidated interim financial information</b>	
Condensed consolidated statement of financial position	3
Condensed consolidated statement of profit or loss and other comprehensive income	4
Condensed consolidated statement of changes in equity	5 - 6
Condensed consolidated statement of cash flows	7
Notes to the condensed consolidated interim financial information	8 - 17

**GENERAL INFORMATION**

---

The Bahrain Ship Repairing and Engineering Company BSC is a Public Shareholding Company registered in Bahrain in 1962.

Commercial Registration

715

Head Office

Mina Salman Industrial Area, Kingdom of Bahrain

P.O. Box 568

Telephone: 17725300

Telefax: 17729891

E-mail: [mainoffice@basrec.com.bh](mailto:mainoffice@basrec.com.bh)

Board of Directors

Fawzi Ahmed Kanoo

Chairman

Khalid Mohamed Kanoo

Deputy Chairman

Abdulla Yousuf Akbar Ali Reza

Director

Khalid Yousuf Abdul Rahman

Director

Khaled Abdulla Abdulrahman Abdulla

Director

Talal Fawzi Kanoo

Director

N.E. Saadi

Director

Chief Executive Officer

N.E. Saadi

Bankers

National Bank of Bahrain BSC

Al Salam Bank BSC

Bank of Bahrain and Kuwait BSC

Ahli United Bank BSC

Bahrain Islamic Bank BSC

National Bank of Kuwait

Auditors

KPMG Fakhro

Registrar

Karvy Computershare WLL



KPMG Fakhro  
 Audit  
 12<sup>th</sup> Floor, Fakhro Tower  
 PO Box 710, Manama  
 Kingdom of Bahrain

Telephone +973 17 224807  
 Fax +973 17 227443  
 Website: www.kpmg.com/bh  
 CR No. 6220

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors

**The Bahrain Ship Repairing and Engineering Company BSC**

Mina Salman Industrial Area, Kingdom of Bahrain

13 August 2018

### Introduction

We have reviewed the accompanying 30 June 2018 condensed consolidated interim financial information of The Bahrain Ship Repairing and Engineering Company BSC (the "Company") and its subsidiary (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2018;
- the condensed consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2018;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2018; and
- notes to the condensed consolidated interim financial information.

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

### Scope of Review

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

### Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.


**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2018**

Bahraini dinars

	Note	30 June 2018 (reviewed)	31 December 2017 (audited)
<b>ASSETS</b>			
Bank deposits		65,643	65,643
Equity investments	5	3,462,225	3,141,905
Debt investments at amortised cost		2,482,748	1,506,267
Investment property		3,058,646	3,129,879
Property, plant and equipment		5,484,191	6,220,312
<b>Total non-current assets</b>		<b>14,553,453</b>	14,064,006
Cash and bank balances		1,129,135	1,001,039
Bank deposits		9,886,877	9,328,917
Trade receivables	6	2,317,565	2,089,092
Due from contract customers		1,024,585	1,038,470
Inventories	7	403,986	370,493
Prepayments and other assets		407,531	257,154
<b>Total current assets</b>		<b>15,169,679</b>	14,085,165
<b>Total assets</b>		<b>29,723,132</b>	28,149,171
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,980,000	1,800,000
Reserves		3,915,561	3,431,253
Retained earnings		20,036,195	19,957,399
<b>Total equity</b>		<b>25,931,756</b>	25,188,652
Employees' benefits		686,191	691,561
<b>Total non-current liabilities</b>		<b>686,191</b>	691,561
Bank overdraft		116,540	-
Payable to contractor		444,425	444,425
Trade payables		884,136	670,413
Other payables and accrued expenses		1,660,084	1,154,120
<b>Total current liabilities</b>		<b>3,105,185</b>	2,268,958
<b>Total liabilities</b>		<b>3,791,376</b>	2,960,519
<b>Total equity and liabilities</b>		<b>29,723,132</b>	28,149,171

The board of directors approved the condensed consolidated interim financial information consisting of pages 3 to 17 on 13 August 2018 and signed on its behalf by:

  
Fawzi Ahmed Kanoo  
Chairman

  
Khalid Yousuf Abdul Rahman  
Director


## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


for the six months ended 30 June 2018

Bahraini dinars

	Note	Six months ended 30 June		Three months ended 30 June	
		2018 (reviewed)	2017 (reviewed)	2018 (reviewed)	2017 (reviewed)
<b>REVENUE</b>		<b>4,248,549</b>	4,314,999	<b>2,149,331</b>	2,096,246
Cost of sales		(2,476,074)	(2,186,177)	(1,249,588)	(1,099,432)
<b>Gross profit</b>		<b>1,772,475</b>	2,128,822	<b>899,743</b>	996,814
General and administrative expenses		(724,170)	(800,515)	(302,249)	(385,112)
Interest income		167,122	127,071	99,654	54,805
Dividend income		186,316	137,176	-	77,843
Other income		124,041	98,769	54,219	46,340
<b>Profit for the period</b>		<b>1,525,784</b>	1,691,323	<b>751,367</b>	790,690
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Equity investments at FVTOCI – net change in fair value	5	320,320	(379,967)	173,661	(449,641)
<b>Total other comprehensive income for the period</b>		<b>320,320</b>	(379,967)	<b>173,661</b>	(449,641)
<b>Total comprehensive income for the period</b>		<b>1,846,104</b>	1,311,356	<b>925,028</b>	341,049
<b>Basic and diluted earnings per share</b>		<b>77 Fils</b>	85 Fils	<b>38 Fils</b>	40 Fils

The board of directors approved the condensed consolidated interim financial information consisting of pages 3 to 17 on 13 August 2018 and signed on its behalf by:

  
Fawzi Ahmed Kanoo  
Chairman

  
Khalid Yousuf Abdul Rahman  
Director

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2018

Bahraini dinars

**2018 (reviewed)**

At 1 January 2018 (as previously reported)

Impact of adoption IFRS 9 as  
at 1 January 2018 (note 3a (i))**Restated balance as at 1 January 2018****Comprehensive income for the period:**

Profit for the period

Other comprehensive income

**Total comprehensive income for the period**

Transfer from retained earnings to general reserve

Transfer from general reserve to statutory reserve

Charity contribution approved for 2017

Cash dividends declared for 2017

Stock dividends declared for 2017

**At 30 June 2018**

Share capital	Statutory reserve	General reserve	Charity reserve	Fair value reserve	Retained earnings	Total
1,800,000	911,840	700,000	302,792	1,516,621	19,957,399	25,188,652
-	-	-	-	-	(203,000)	(203,000)
<b>1,800,000</b>	<b>911,840</b>	<b>700,000</b>	<b>302,792</b>	<b>1,516,621</b>	<b>19,754,399</b>	<b>24,985,652</b>
-	-	-	-	-	1,525,784	1,525,784
-	-	-	-	320,320	-	320,320
-	-	-	-	<b>320,320</b>	<b>1,525,784</b>	<b>1,846,104</b>
-	-	90,000	-	-	(90,000)	-
-	90,000	(90,000)	-	-	-	-
-	-	-	73,988	-	(73,988)	-
180,000	-	-	-	-	(900,000)	(900,000)
-	-	-	-	-	(180,000)	-
<b>1,980,000</b>	<b>1,001,840</b>	<b>700,000</b>	<b>376,780</b>	<b>1,836,941</b>	<b>20,036,195</b>	<b>25,931,756</b>

The condensed consolidated interim financial information consists of pages 3 to 17.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2018 (Continued)**

Bahraini dinars

2017 (reviewed)	Share capital	Statutory reserve	General reserve	Charity reserve	Fair value reserve	Retained earnings	Total
At 1 January 2017	1,800,000	909,269	700,000	254,964	2,077,430	17,948,254	23,689,917
Comprehensive income for the period:							
Profit for the period	-	-	-	-	-	1,691,323	1,691,323
Other comprehensive income	-	-	-	-	(379,967)	-	(379,967)
Total comprehensive income for the period	-	-	-	-	(379,967)	1,691,323	1,311,356
Charity contribution approved for 2016	-	-	-	47,828	-	(47,828)	-
Dividends declared for 2016	-	-	-	-	-	(900,000)	(900,000)
At 30 June 2017	1,800,000	909,269	700,000	302,792	1,697,463	18,691,749	24,101,273

The condensed consolidated interim financial information consists of pages 3 to 17.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2018**

Bahraini dinars

	<b>Six months ended 30 June 2018 (reviewed)</b>	<b>Six months ended 30 June 2017 (reviewed)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	3,905,305	6,216,203
Cash paid to suppliers and for operating expenses	(2,916,600)	(2,753,411)
Directors' remuneration and sitting fee paid	(152,000)	(132,000)
<b>Net cash generated from operating activities</b>	<b>836,705</b>	<b>3,330,792</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(258,393)	(1,037,230)
Acquisition of debt investment at amortised cost	(1,000,000)	-
Acquisition of equity investment	-	(512,854)
Refund of capital advance and performance bond	1,477,423	-
Bank deposits, net	(18,250)	(500,000)
Interest and dividends received	399,569	327,825
<b>Net cash generated from / (used in) investing activities</b>	<b>600,349</b>	<b>(1,722,259)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(846,988)	(849,869)
Charities paid	(3,800)	(3,700)
<b>Net cash used in financing activities</b>	<b>(850,788)</b>	<b>(853,569)</b>
<b>Net increase in cash and cash equivalents</b>	<b>586,266</b>	<b>754,964</b>
Cash and cash equivalents at 1 January	6,501,817	5,290,376
<b>Cash and cash equivalents at 30 June</b>	<b>7,088,083</b>	<b>6,045,340</b>
Cash and cash equivalents comprise:		
Cash and bank balances	1,129,135	1,455,612
Bank deposits maturing less than 3 months *	6,075,488	4,589,728
Less: Bank overdraft	(116,540)	-
	<b>7,088,083</b>	<b>6,045,340</b>

\* Excludes ECL of BD 35,000 (2017: nil).

The condensed consolidated interim financial information consists of pages 3 to 17.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2018**

Bahraini dinars

**1 REPORTING ENTITY**

The Bahrain Ship Repairing and Engineering Company BSC (the "Company") is a Public Shareholding Company registered in Bahrain on 16 September 1962 under commercial registration number 715. The Company's principal activities are to provide repair and maintenance services to vessels operating in the Arabian Gulf and emergency repairs to the larger ocean-going ships that pass through the area. The Company also has an engineering contracting and trading division (TEAMS).

The condensed consolidated interim financial statements as at and for the six month period ended 30 June 2018 includes the results of the Company and its wholly-owned subsidiary Marine and Industrial Pump Repair (Gulf) SPC (collectively the "Group").

**2 BASIS OF PREPARATION****a. Statement of compliance**

The accompanying interim condensed consolidated financial information is prepared in accordance with IAS 34 - "Interim Financial Reporting" which permits the condensed consolidated interim financial information to be in summarised form.

The condensed consolidated interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2017.

This is the first period of the Group's consolidated financial statements where the IFRS 9 and IFRS 15 have been applied. Changes to significant accounting policies are described in note 3.

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2017 and the comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the reviewed condensed consolidated interim financial information for the six months ended 30 June 2017.

**b. Judgments and estimates**

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and key source of estimation of uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2017, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 9 and IFRS 15, which are described in Note 3.

**c. Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2017.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2018**

Bahraini dinars

**3 SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

**a) Adoption of IFRS 9**

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

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

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

Set out below are the IFRS 9 transition impact disclosures for the Group.

**i. Impact of adopting IFRS 9**

The impact from the adoption of IFRS 9 as at 1 January 2018 has resulted in decrease in retained earnings by BHD 203,000.

	<b>Retained earnings</b>
Closing balance under IAS 39 at 31 December 2017	19,957,399
<i>Impact on recognition of Expected Credit Losses</i>	
Bank balances and deposits	(35,000)
Debt investments at amortised cost	(25,000)
Trade receivables (note 6)	(143,000)
	<b>(203,000)</b>
<b>Opening balance under IFRS 9 on date of initial application of 1 January 2018</b>	<b>19,754,399</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2018**

Bahraini dinars

**3. SIGNIFICANT ACCOUNTING POLICIES (continue)**

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

	31 December 2017	Re-measurement	1 January 2018
Bank balances and deposits under IAS 39 /Financial assets at amortised cost under IFRS 9	-	35,000	35,000
Trade receivable under IAS 39 /Financial assets at amortised cost under IFRS 9	195,222	143,000	338,222
Debt investments at amortised cost under IAS 39 /Financial assets at amortised cost under IFRS 9	-	25,000	25,000
	<b>195,222</b>	<b>203,000</b>	<b>398,222</b>

**ii. Classification and Measurement of Financial Instruments**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial assets and liabilities.

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

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

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	Re-measurement	New carrying amount
<b>Financial assets</b>					
Trade receivables	Loans and receivables	Amortised cost	2,089,092	(143,000)	1,946,092
Cash and balance with banks including deposits	Loans and receivables	Amortised cost	10,395,599	(35,000)	10,360,599
Investment in debt instruments	Held to maturity	Amortised cost	1,506,267	(25,000)	1,481,267
Investment in equity instruments	Available for sale	FVTOCI	3,141,905	-	3,141,905
			<b>17,132,863</b>	<b>(203,000)</b>	<b>16,929,863</b>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2018**

Bahraini dinars

**3. SIGNIFICANT ACCOUNTING POLICIES (continue)****iii. Expected credit loss / Impairment allowances**

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

The financial assets at amortised cost consist of trade receivables, cash and bank balances and investments at amortised cost.

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

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

**b) Changes to judgements and estimates**Financial asset classification

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

Impairment of financial instruments

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

Significant increase in credit risk

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

Inputs, assumptions and techniques used for estimating impairment

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2018**

Bahraini dinars

**3. SIGNIFICANT ACCOUNTING POLICIES (continue)**

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

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

**c) Adoption of IFRS 15 Revenue from Contracts with Customers**

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

IFRS 15 is effective from 1 January 2018 and adoption of IFRS 15 did not have a significant impact on the Group's consolidated financial statements.

**4 SEASONALITY**

Due to the nature of the Group's operations, the six months results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

**5 EQUITY INVESTMENTS**

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
Quoted equity securities – at FVTOCI	3,462,225	-
Quoted equity securities – at AFS	-	3,141,905
	<b>3,462,225</b>	<b>3,141,905</b>

Movement during the period as follows:

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
At beginning of the year	3,141,905	3,189,861
Addition during the period	-	512,853
Net change in fair value for the period	320,320	(560,809)
<b>At end of the period</b>	<b>3,462,225</b>	<b>3,141,905</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the six months ended 30 June 2018

Bahraini dinars

**6 TRADE RECEIVABLES**

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
Trade receivables	2,675,787	2,284,314
Less: impairment allowances	(358,222)	(195,222)
	<b>2,317,565</b>	<b>2,089,092</b>

Movement on impairment allowances is as follows:

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
At beginning of the year (previously reported)	195,222	96,808
IFRS 9 adjustments	143,000	-
	<b>338,222</b>	<b>96,808</b>
At beginning of the year (restated)	338,222	96,808
Charge for the period	20,000	109,628
Written off during the period	-	(11,214)
	<b>358,222</b>	<b>195,222</b>

**7 INVENTORIES**

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
Goods for sale	537,460	456,924
Raw materials and consumables	518,051	515,094
	<b>1,055,511</b>	<b>972,018</b>
Provision for slow-moving and obsolete items	(651,525)	(601,525)
	<b>403,986</b>	<b>370,493</b>

Movement on impairment allowances is as follows:

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
At beginning of the year	601,525	551,525
Charge for the period	50,000	50,000
	<b>651,525</b>	<b>601,525</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the six months ended 30 June 2018

Bahraini dinars

**8 SEGMENT INFORMATION BY OPERATING SEGMENTS**

The Group operates in Bahrain and has the following business segments:

<b>30 June 2018 (reviewed)</b>	<b>Ship- repairing &amp; investments</b>	<b>Trading</b>	<b>Pump repairing</b>	<b>Elimination of intersegment transactions</b>	<b>Total</b>
Revenue	3,617,740	537,237	110,797	(17,225)	<b>4,248,549</b>
Gross profit	1,651,499	90,456	25,510	5,010	<b>1,772,475</b>
Depreciation	119,375	399	13,147	-	<b>132,921</b>
Interest, dividend and other income	481,559	930	-	(5,010)	<b>477,479</b>
Profit for the period	1,469,899	37,337	18,548	-	<b>1,525,784</b>

<b>30 June 2017 (reviewed)</b>	<b>Ship- repairing &amp; investments</b>	<b>Trading</b>	<b>Pump repairing</b>	<b>Elimination of intersegment transactions</b>	<b>Total</b>
Revenue	3,929,642	275,144	119,467	(9,254)	4,314,999
Gross profit	2,052,585	44,907	26,320	5,010	2,128,822
Depreciation	139,660	381	5,069	-	145,110
Interest, dividend and other income	367,795	191	40	(5,010)	363,016
Profit / (loss) for the period	1,673,424	(890)	18,789	-	1,691,323



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2018**

Bahraini dinars

**9 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and key management personnel of the Group.

**a) Related party balances**

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
Amount due from Kanoo Shipping - entity under common control	22,356	4,175
Amount due to Yusuf Bin Ahmed Kanoo WLL - <i>shareholder</i>	9,552	12,105

**b) Related party transactions**

	<b>30 June 2018 (reviewed)</b>	<b>30 June 2017 (reviewed)</b>
<i>Revenues</i>		
Ship repairing services - <i>entity under common control</i>	22,356	-
<i>Expenses</i>		
Purchase of air tickets and services - <i>shareholder</i>	54,258	27,954

**c) Balances and transactions with key management personnel**

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel's compensation and balances included in this condensed consolidated interim financial information is as follows:

	<b>30 June 2018 (reviewed)</b>	<b>30 June 2017 (reviewed)</b>
Board remuneration and sitting fee	76,000	76,000
Salaries and other short term benefits	61,011	95,626
Post employment benefits	4,235	3,850
	<b>141,246</b>	<b>175,476</b>

**10 APPROPRIATIONS**

At the Annual General Meeting for the year ended 31 December 2017 which was held on 29 March 2018, the following appropriations were approved and effected during the period: BD 900,000 cash dividend, BD 180,000 stock dividend and BD 73,988 for donations and charity.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2018**

Bahraini dinars

**11 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred

*Fair value hierarchy*

*a) Financial instruments measured at fair value*

The table below analyses financial instruments measured at fair value at the end of 30 June 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised:

<b>30 June 2018 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments	<b>3,462,225</b>	-	-	<b>3,462,225</b>

<b>31 December 2017 (audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments	3,141,905	-	-	3,141,905

There has been no transfer between the levels during the period.

*b) Financial instruments not measured at fair value*

The table below sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

<b>30 June 2018 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt investments at amortised cost	-	<b>2,473,450</b>	-	<b>2,473,450</b>

<b>31 December 2017 (audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt investments at amortised cost	-	1,506,267	-	1,506,267

There has been no transfer between the levels during the period.

*c) Other financial assets and liabilities*

The book value of the Group's other financial instruments approximate the fair value due to their short-term nature.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2018**

Bahraini dinars

**12 COMMITMENT AND CONTINGENT LIABILITIES**

	<b>30 June 2018 (reviewed)</b>	<b>31 December 2017 (audited)</b>
Letter of guarantees	<b>30,000</b>	<b>10,000</b>