

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

30 SEPTEMBER 2018

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2018**

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GENERAL INFORMATION

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

Commercial Registration	715
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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



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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

12 November 2018

Introduction

We have reviewed the accompanying 30 September 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 September 2018;
- the condensed consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2018;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 September 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 September 2018

Bahraini dinars

	Note	30 September 2018 (reviewed)	31 December 2017 (audited)
ASSETS			
Bank deposits		65,643	65,643
Equity investment securities	5	3,743,448	3,141,905
Debt investment securities		2,482,748	1,506,267
Investment property		3,023,030	3,129,879
Property, plant and equipment		5,453,870	6,220,312
Total non-current assets		14,768,739	14,064,006
Cash and bank balances		1,033,896	1,001,039
Bank deposits		10,827,343	9,328,917
Trade receivables	6	1,582,020	2,089,092
Due from contract customers		1,686,276	1,038,470
Inventories	7	390,001	370,493
Prepayments and other assets		264,001	257,154
Total current assets		15,783,537	14,085,165
Total assets		30,552,276	28,149,171
EQUITY AND LIABILITIES			
Share capital		1,980,000	1,800,000
Reserves		4,196,784	3,431,253
Retained earnings		20,800,020	19,957,399
Total equity		26,976,804	25,188,652
Employees' benefits		694,644	691,561
Total non-current liabilities		694,644	691,561
Trade payables		927,372	670,413
Other payables and accrued expenses		1,953,456	1,598,545
Total current liabilities		2,880,828	2,268,958
Total liabilities		3,575,472	2,960,519
Total equity and liabilities		30,552,276	28,149,171

The board of directors approved the condensed consolidated interim financial information consisting of pages 3 to 17 on 12 November 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 nine months ended 30 September 2018

Bahraini dinars

	Note	Nine months ended 30 September		Three months ended 30 September	
		2018 (reviewed)	2017 (reviewed)	2018 (reviewed)	2017 (reviewed)
REVENUE		6,291,018	6,454,348	2,042,469	2,139,349
Cost of sales		(3,607,280)	(3,303,870)	(1,131,206)	(1,117,693)
Gross profit		2,683,738	3,150,478	911,263	1,021,656
General and administrative expenses		(1,091,937)	(1,254,633)	(367,767)	(454,118)
Interest income		271,254	212,036	104,132	84,965
Dividend income		221,522	172,383	35,206	35,207
Other income		205,032	140,787	80,991	42,018
Profit for the period		2,289,609	2,421,051	763,825	729,728
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Equity investments at FVTOCI – net change in fair value	5	601,543	(538,067)	281,223	(158,100)
Total other comprehensive income for the period		601,543	(538,067)	281,223	(158,100)
Total comprehensive income for the period		2,891,152	1,882,984	1,045,048	571,628
Basic and diluted earnings per share		116 Fils	122 Fils	39 Fils	37 Fils

The board of directors approved the condensed consolidated interim financial information consisting of pages 3 to 17 on 12 November 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 nine months ended 30 September 2018

Bahraini dinars

2018 (reviewed)

At 1 January 2018 (as previously reported)

Impact of adoption of 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 September 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)
1,800,000	911,840	700,000	302,792	1,516,621	19,754,399	24,985,652
-	-	-	-	-	2,289,609	2,289,609
-	-	-	-	601,543	-	601,543
-	-	-	-	601,543	2,289,609	2,891,152
-	-	90,000	-	-	(90,000)	-
-	90,000	(90,000)	-	-	-	-
-	-	-	73,988	-	(73,988)	-
-	-	-	-	-	(900,000)	(900,000)
180,000	-	-	-	-	(180,000)	-
1,980,000	1,001,840	700,000	376,780	2,118,164	20,800,020	26,976,804

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2018 (Continued)

Bahraini dinars

2017 (reviewed)

At 1 January 2017

Comprehensive income for the period:

Profit for the period

Other comprehensive income

Total comprehensive income for the period

Charity contribution approved for 2016

Dividends declared for 2016

At 30 September 2017

Share capital	Statutory reserve	General reserve	Charity reserve	Fair value reserve	Retained earnings	Total
1,800,000	909,269	700,000	254,964	2,077,430	17,948,254	23,689,917
-	-	-	-	-	2,421,051	2,421,051
-	-	-	-	(538,067)	-	(538,067)
-	-	-	-	(538,067)	2,421,051	1,882,984
-	-	-	47,828	-	(47,828)	-
-	-	-	-	-	(900,000)	(900,000)
1,800,000	909,269	700,000	302,792	1,539,363	19,421,477	24,672,901

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2018

Bahraini dinars

	Nine months ended 30 September 2018 (reviewed)	Nine months ended 30 September 2017 (reviewed)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	6,007,284	7,271,210
Cash paid to suppliers and for operating expenses	(4,231,290)	(4,241,988)
Directors' remuneration and sitting fee paid	(152,000)	(132,000)
Net cash generated from operating activities	1,623,994	2,897,222
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(297,931)	(1,078,825)
Acquisition of debt investment at amortised cost	(1,000,000)	-
Acquisition of equity investment	-	(512,853)
Refund of capital advance and performance bond	1,477,423	-
Bank deposits, net	(122,652)	(1,079,500)
Interest and dividends received	712,197	552,612
Net cash generated from / (used in) investing activities	769,037	(2,118,566)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(863,150)	(860,317)
Charities paid	(86,250)	(3,700)
Net cash used in financing activities	(949,400)	(864,017)
Net increase / (decrease) in cash and cash equivalents	1,443,631	(85,361)
Cash and cash equivalents at 1 January	6,501,817	5,290,376
Cash and cash equivalents at 30 September	7,945,448	5,205,015
 Cash and cash equivalents comprise:		
Cash and bank balances	1,033,896	481,190
Bank deposits maturing less than 3 months *	6,911,552	4,723,825
	7,945,448	5,205,015

* 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 nine months ended 30 September 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 nine-month period ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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.

	Retained earnings
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)
	(203,000)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	19,754,399

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 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
	195,222	203,000	398,222

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- measure- ment	New carrying amount
Financial assets					
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 securities	Held to maturity	Amortised cost	1,506,267	(25,000)	1,481,267
Investment in equity securities	Available for sale	FVTOCI	3,141,905	-	3,141,905
			17,132,863	(203,000)	16,929,863

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 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 estimatesFinancial 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 nine months ended 30 September 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 was 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 nine months results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

5 EQUITY INVESTMENTS SECURITIES

Quoted equity securities – at FVTOCI
Quoted equity securities – at AFS

30 September 2018 (reviewed)	31 December 2017 (audited)
3,743,448	-
-	3,141,905
3,743,448	3,141,905

Movement during the period as follows:

At beginning of the year
Addition during the period
Net change in fair value for the period

At end of the period

30 September 2018 (reviewed)	31 December 2017 (audited)
3,141,905	3,189,861
-	512,853
601,543	(560,809)
3,743,448	3,141,905

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2018

Bahraini dinars

6 TRADE RECEIVABLES

	30 September 2018 (reviewed)	31 December 2017 (audited)
Trade receivables	1,940,242	2,284,314
Less: impairment allowances	(358,222)	(195,222)
	1,582,020	2,089,092

Movement on impairment allowances is as follows:

	30 September 2018 (reviewed)	31 December 2017 (audited)
At beginning of the year (previously reported)	195,222	96,808
IFRS 9 adjustments	143,000	-
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)
At end of the period	358,222	195,222

7 INVENTORIES

	30 September 2018 (reviewed)	31 December 2017 (audited)
Goods for sale	539,055	456,924
Raw materials and consumables	512,471	515,094
	1,051,526	972,018
Provision for slow-moving and obsolete items	(661,525)	(601,525)
	390,001	370,493

Movement on impairment allowances is as follows:

	30 September 2018 (reviewed)	31 December 2017 (audited)
At beginning of the year	601,525	551,525
Charge for the period	60,000	50,000
At end of the period	661,525	601,525

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2018

Bahraini dinars

8 SEGMENT INFORMATION BY OPERATING SEGMENTS

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

30 September 2018 (reviewed)	Ship- repairing & investments	Trading	Pump repairing	Elimination of intersegment transactions	Total
Revenue	5,357,021	808,706	144,715	(19,424)	6,291,018
Gross profit	2,528,699	131,811	15,713	7,515	2,683,738
Depreciation	182,968	627	19,185	-	202,780
Interest, dividend and other income	677,444	1,527	26,352	(7,515)	697,808
Profit for the period	2,208,795	48,983	31,831	-	2,289,609

30 September 2017 (reviewed)	Ship- repairing & investments	Trading	Pump repairing	Elimination of intersegment transactions	Total
Revenue	5,906,643	403,558	160,359	(16,212)	6,454,348
Gross profit	3,050,032	67,780	25,151	7,515	3,150,478
Depreciation	198,541	588	7,890	-	207,019
Interest, dividend and other income	532,370	311	40	(7,515)	525,206
Profit / (loss) for the period	2,402,843	(3,651)	21,859	-	2,421,051

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

	30 September 2018 (reviewed)	31 December 2017 (audited)
Amount due from Kanoo Shipping - entity under common control	-	4,175
Amount due to Yusuf Bin Ahmed Kanoo WLL - <i>shareholder</i>	19,116	12,105

b) Related party transactions

	30 September 2018 (reviewed)	30 September 2017 (reviewed)
<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>	72,841	52,815

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:

	30 September 2018 (reviewed)	30 September 2017 (reviewed)
Board remuneration and sitting fee	114,000	114,000
Salaries and other short term benefits	92,087	124,290
Post employment benefits	6,353	5,775
	212,440	244,065

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 nine months ended 30 September 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 September 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 September 2018 (reviewed)	Level 1	Level 2	Level 3	Total
Equity investment securities	3,743,448	-	-	3,743,448

31 December 2017 (audited)	Level 1	Level 2	Level 3	Total
Equity investment securities	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.

30 September 2018 (reviewed)	Level 1	Level 2	Level 3	Total
Debt securities at amortised cost	-	2,514,800	-	2,514,800

31 December 2017 (audited)	Level 1	Level 2	Level 3	Total
Debt securities 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 nine months ended 30 September 2018**

Bahraini dinars

12 COMMITMENT AND CONTINGENT LIABILITIES

	30 September 2018 (reviewed)	31 December 2017 (audited)
Letter of guarantees	30,000	10,000