

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

**30 June 2017**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2017**

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## GENERAL INFORMATION

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

Commercial Registration

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Board of Directors

Mubarak Jasim Kanoo  
Khalid Mohamed Kanoo  
Fawzi Ahmed Kanoo  
Khalid Yousuf Abdul Rahman  
Abdulla Yousuf Akbar Ali Reza  
Khaled Abdulla Abdulrahman Abdulla  
N.E. Saadi

Chairman  
Deputy Chairman  
Executive Director  
Director  
Director  
Director  
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  
National Bank of Kuwait

Auditors

KPMG Fakhro

Registrar

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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

### Introduction

We have reviewed the accompanying 30 June 2017 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 2017;
- the condensed consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2017;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2017; 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 2017 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.


10 August 2017


**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2017

Bahraini dinars

	Note	30 June 2017 (reviewed)	31 December 2016 (audited)
<b>ASSETS</b>			
Available-for-sale investments	8	3,322,748	3,189,861
Held-to-maturity investments		2,006,841	2,006,841
Investment property		3,201,112	3,272,345
Property, plant and equipment		6,277,902	5,385,782
<b>Total non-current assets</b>		<b>14,808,603</b>	<b>13,854,829</b>
Cash and cash equivalents		6,045,340	5,290,376
Bank deposits		3,314,282	2,814,282
Trade receivables	9	1,436,478	3,373,128
Due from contract customers		925,243	889,797
Inventories	10	452,714	439,323
Prepayments and other assets		270,626	332,768
<b>Total current assets</b>		<b>12,444,683</b>	<b>13,139,674</b>
<b>Total assets</b>		<b>27,253,286</b>	<b>26,994,503</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,800,000	1,800,000
Reserves		3,609,524	3,941,663
Retained earnings		18,691,749	17,948,254
<b>Total equity</b>		<b>24,101,273</b>	<b>23,689,917</b>
Employees' benefits		642,559	617,197
<b>Total non-current liabilities</b>		<b>642,559</b>	<b>617,197</b>
Bank overdraft		-	457,067
Payable to contractor		444,425	444,425
Trade payables		1,025,997	780,805
Other payables and accrued expenses		1,039,032	1,005,092
<b>Total current liabilities</b>		<b>2,509,454</b>	<b>2,687,389</b>
<b>Total liabilities</b>		<b>3,152,013</b>	<b>3,304,586</b>
<b>Total equity and liabilities</b>		<b>27,253,286</b>	<b>26,994,503</b>

The board of directors approved the condensed consolidated interim financial information consisting of pages 3 to 13 on 10 August 2017 and signed on its behalf by:

  
Mubarak Jāsim 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 2017

Bahraini dinars

	Note	Six months ended 30 June		Three months ended 30 June	
		2017 (reviewed)	2016 (reviewed)	2017 (reviewed)	2016 (reviewed)
<b>REVENUE</b>		<b>4,314,999</b>	2,976,972	<b>2,096,246</b>	1,520,043
Cost of sales		(2,186,177)	(1,789,009)	(1,099,432)	(907,210)
<b>Gross profit</b>		<b>2,128,822</b>	1,187,963	<b>996,814</b>	612,833
General and administrative expenses		(800,515)	(687,353)	(385,112)	(336,069)
Interest income		127,071	92,274	54,805	47,772
Dividend income		137,176	135,731	77,843	-
Other income		98,769	120,940	46,340	56,823
<b>Profit for the period</b>		<b>1,691,323</b>	849,555	<b>790,690</b>	381,359
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net changes in fair value on available-for-sale investments	8	(379,967)	(422,379)	(449,641)	(276,078)
<b>Total other comprehensive income for the period</b>		<b>(379,967)</b>	(422,379)	<b>(449,641)</b>	(276,078)
<b>Total comprehensive income for the period</b>		<b>1,311,356</b>	427,176	<b>341,049</b>	105,281
<b>Basic and diluted earnings per share</b>		<b>94 Fils</b>	47 Fils	<b>44 Fils</b>	21 Fils

  
Mubarak Jasim Kanoo  
Chairman

  
Khalid Yousuf Abdul Rahman  
Director



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2017

Bahraini dinars

<b>2017 (reviewed)</b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>General reserve</b>	<b>Charity reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
At 1 January 2017	1,800,000	909,269	700,000	254,964	2,077,430	17,948,254	23,689,917
<b>Comprehensive income for the period:</b>							
Profit for the period	-	-	-	-	-	1,691,323	1,691,323
<i>Other comprehensive income</i>							
Net changes in fair value of available-for-sale investments	-	-	-	-	(379,967)	-	(379,967)
<b>Total comprehensive income for the period</b>	-	-	-	-	(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)
<b>At 30 June 2017</b>	<b>1,800,000</b>	<b>909,269</b>	<b>700,000</b>	<b>302,792</b>	<b>1,697,463</b>	<b>18,691,749</b>	<b>24,101,273</b>

The condensed consolidated interim financial information consists of pages 3 to 13.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2017 (Continued)

Bahraini dinars

2016 (reviewed)	Share capital	Statutory reserve	General reserve	Charity reserve	Fair value reserve	Retained earnings	Total
At 1 January 2016	1,800,000	907,743	700,000	215,773	2,612,943	16,975,864	23,212,323
Comprehensive income	-	-	-	-	-	849,555	849,555
Profit for the period	-	-	-	-	(422,379)	-	(422,379)
Other comprehensive income	-	-	-	-	-	-	-
Net changes in fair value of available-for-sale investments	-	-	-	-	(422,379)	-	(422,379)
Total comprehensive income for the period	-	-	-	-	(422,379)	849,555	427,176
Charity contribution approved for 2015	-	-	-	39,191	-	(39,191)	-
Dividends declared for 2015	-	-	-	-	-	(900,000)	(900,000)
At 30 June 2016	1,800,000	907,743	700,000	254,964	2,190,564	16,886,228	22,739,499

The condensed consolidated interim financial information consists of pages 3 to 13.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2017**

Bahraini dinars

	Note	Six months ended 30 June 2017 (reviewed)	Six months ended 30 June 2016 (reviewed)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		6,216,203	4,158,914
Cash paid to suppliers and for operating expenses		(2,753,411)	(2,565,498)
Directors' remuneration paid		(105,059)	(105,059)
Directors' sitting fee paid		(26,941)	(26,941)
<b>Net cash generated from operating activities</b>		<b>3,330,792</b>	<b>1,461,416</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(1,037,230)	(101,946)
Acquisition of available-for-sales investments	8	(512,854)	-
Bank deposits, net		(500,000)	549,683
Advance to contractor returned to the Group		-	876,849
Interest and dividends received		327,825	391,935
<b>Net cash (used in) / generated from investing activities</b>		<b>(1,722,259)</b>	<b>1,716,521</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(849,869)	(900,000)
Charities paid		(3,700)	(2,500)
<b>Net cash used in financing activities</b>		<b>(853,569)</b>	<b>(902,500)</b>
<b>Net increase in cash and cash equivalents</b>		<b>754,964</b>	<b>2,275,437</b>
Cash and cash equivalents at 1 January		5,290,376	2,961,600
<b>Cash and cash equivalents at 30 June</b>		<b>6,045,340</b>	<b>5,237,037</b>

The condensed consolidated interim financial information consists of pages 3 to 13.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2017**

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 2017 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**

The condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*, which permits the condensed interim financial information to be in summarised form. The condensed 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 financial statements of the Company for the year ended 31 December 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2016.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited consolidated financial statements of the Group for the year ended 31 December 2016. The Group adopted new IFRS, amendments and interpretation issued by IASB that are effective for annual reporting periods beginning 1 January 2017. The adoption of these standards and amendments did not have a significant impact on the condensed consolidated interim financial information.

- 4 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 2016 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 2016.

**5 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 2016.

**6 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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2017**

Bahraini dinars

**7 SIGNIFICANT JUDGEMENT AND ESTIMATES**

Preparing the 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.

In preparing the condensed consolidated interim financial information, 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 2016.

**8 AVAILABLE-FOR-SALE INVESTMENTS**

Quoted equity securities

<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
3,322,748	3,189,861
<b>3,322,748</b>	<b>3,189,861</b>

Movement on available for sales investments during the period as follows:

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

**At end of the period**

<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
3,189,861	3,226,735
512,854	498,639
(379,967)	(535,513)
<b>3,322,748</b>	<b>3,189,861</b>

**9 TRADE RECEIVABLES**

Trade receivables  
Less: Impairment allowances

<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
1,583,500	3,469,936
(147,022)	(96,808)
<b>1,436,478</b>	<b>3,373,128</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2017**

Bahraini dinars

**9 TRADE RECEIVABLE (continued)**

Movement on impairment allowance is as follows:

	<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
At beginning of the period	96,808	49,053
Charge for the period	64,626	76,647
Written off during the period	(14,412)	(28,892)
<b>At end of the period</b>	<b>147,022</b>	<b>96,808</b>

**10 INVENTORIES**

	<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
Goods for sale	529,158	554,739
Raw materials and consumables	495,081	436,109
	<b>1,024,239</b>	<b>990,848</b>
Provision for slow-moving and obsolete items	(571,525)	(551,525)
	<b>452,714</b>	<b>439,323</b>

Movement on impairment allowance is as follows:

	<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
At beginning of the period	551,525	458,960
Charge for the period	20,000	92,565
<b>At end of the period</b>	<b>571,525</b>	<b>551,525</b>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2017**

Bahraini dinars

**11 SEGMENT INFORMATION BY OPERATING SEGMENTS**

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

<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)	<b>4,314,999</b>
Gross profit	2,057,595	44,907	26,320	-	<b>2,128,822</b>
Depreciation	139,660	381	5,069	-	<b>145,110</b>
Interest, dividend and other income	362,785	191	40	-	<b>363,016</b>
Profit / (loss) for the period	1,673,424	(890)	18,789	-	<b>1,691,323</b>
Total assets	26,992,834	595,773	257,060	(592,381)	<b>27,253,286</b>
Total liabilities	(2,912,282)	(596,663)	(185,449)	542,381	<b>(3,152,013)</b>

<b>30 June 2016 (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	2,649,676	258,678	71,314	(2,696)	2,976,972
Gross profit	1,124,905	48,009	15,049	-	1,187,963
Depreciation	109,853	366	3,025	-	113,244
Interest, dividend and other income	348,912	33	-	-	348,945
Profit for the period	837,529	2,382	9,644	-	849,555
Total assets	25,189,397	443,149	198,999	(488,253)	25,343,292
Total liabilities	(2,463,190)	(440,767)	(138,089)	438,253	(2,603,793)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2017**

Bahraini dinars

**12 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 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
<b>Assets</b>		
Amount due from Yusuf Bin Ahmed Kanoo WLL - <i>shareholder</i>	15,184	-
<b>Liabilities</b>		
Amount due to Yusuf Bin Ahmed Kanoo WLL - <i>shareholder</i>	12,723	12,460

**b) Related party transactions**

	<b>30 June 2017 (reviewed)</b>	<b>30 June 2016 (reviewed)</b>
<b>Expenses</b>		
Purchase of air tickets and services	27,954	68,016

**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 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
Advance given against salary	-	9,000

	<b>30 June 2017 (reviewed)</b>	<b>30 June 2016 (reviewed)</b>
Board remuneration and sitting fee	76,000	66,000
Salaries and other short term benefits	95,626	65,951
Post employment benefits	3,850	3,850
	<b>175,476</b>	<b>135,801</b>

**13 APPROPRIATIONS**

At the Annual General Meeting for the year ended 31 December 2016 held on 27 March 2017, the following appropriations were approved and effected during the period: BD 900,000 cash dividend and BD 47,828 for charity. Appropriations of profit, if any, are made only at the year-end.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2017**

Bahraini dinars

**14 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*

The table below analyses financial instruments measured at fair value at the end of 30 June 2017, by the level in the fair value hierarchy into which the fair value measurement is categorised:

<b>30 June 2017 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale investments equity securities	<b>3,322,748</b>	-	-	<b>3,322,748</b>
<b>31 December 2016 (audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale investments equity securities	3,189,861	-	-	3,189,861

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

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

**15 COMMITMENT AND CONTINGENT LIABILITIES**

	<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
Letter of guarantees	<b>10,000</b>	10,000

The Group entered into contracts for construction of floating dock and power supply upgrade for the Group's premises. The contract costs are BD 6,300,000 and 612,409, respectively. Total cost incurred by the Group for construction of floating dock and power supply upgrade till 30 June 2017 is BD 1,081,689 (31 December 2016: BD 173,544) and BD 572,052 (31 December 2016: BD 572,052) respectively. These commitments are expected to be settled in 2017 and 2018.