

APM Terminals Bahrain B.S.C.
CONDENSED INTERIM FINANCIAL INFORMATION
31 MARCH 2021

APM Terminals Bahrain B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION
For the three month period ended 31 March 2021

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Independent auditors' review report to the management of APM Terminals Bahrain B.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of APM Terminals Bahrain B.S.C. (the "Company") as at 31 March 2021 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended and a summary of significant accounting policies and other explanatory notes (on pages 2 to 12). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 condensed interim financial information (on pages 2 to 12) is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the IASB.

PricewaterhouseCoopers M.E Limited
Partner's registration number: 196
Manama, Kingdom of Bahrain
6 May 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

BD 000's

	Note	31 March 2021 (reviewed)	31 December 2020 (audited)
ASSETS			
Intangible assets		5,060	5,158
Equipment and vehicles		22,706	22,996
Total non-current assets		27,766	28,154
Inventories		464	344
Trade receivables		1,890	1,568
Other receivables and prepayments		727	431
Due from related parties	4	899	1,174
Balances with Group Treasury	4	19,247	29,106
Cash and cash equivalents		12,347	1,184
Total current assets		35,574	33,807
Total assets		63,340	61,961
EQUITY AND LIABILITIES			
Equity			
Share capital		9,000	9,000
Statutory reserve		4,500	4,500
Retained earnings		2,285	13,662
Total equity		15,785	27,162
Liabilities			
Lease liabilities		25,082	25,276
Employee leaving indemnities		659	680
Total non-current liabilities		25,741	25,956
Trade and other payables		20,296	7,245
Due to related parties	4	447	376
Lease liabilities		1,071	1,222
Total current liabilities		21,814	8,843
Total liabilities		47,555	34,799
Total equity and liabilities		63,340	61,961

The condensed interim financial information was approved by the Board of Directors on 6 May 2021 and signed on its behalf by:



David Skov
Chairman



Fawzi Ahmed Kanoo
Vice Chairman

The accompanying notes 1 to 15 are an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2021 BD 000's

	Note	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Revenue	5	9,691	10,128
Direct operating expenses	6	(3,003)	(3,345)
Gross Profit		6,688	6,783
Other operating income		19	16
Gain on disposal of equipment and vehicles		9	1
Other operating expenses	7	(3,081)	(2,770)
General and administrative expenses	8	(1,024)	(943)
Net impairment losses on trade receivables		(8)	(17)
Operating profit		2,603	3,070
Finance income		147	174
Finance expense		(465)	(508)
Net finance costs		(318)	(334)
Profit for the period		2,285	2,736
Other comprehensive income		-	-
Total comprehensive income for the period		2,285	2,736
Earnings per share			
Basic and diluted earnings per share (in fils)	14	25	30

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2021

BD 000's

	Share capital	Statutory reserve	Retained earnings	Total
2021 (reviewed)				
At 1 January 2021	9,000	4,500	13,662	27,162
Total comprehensive income for the period	-	-	2,285	2,285
Transactions with the owners of the Company				
Cash dividend declared for 2020 (Note 11)	-	-	(13,662)	(13,662)
At 31 March 2021	9,000	4,500	2,285	15,785

	Share capital	Statutory reserve	Retained earnings	Total
2020 (reviewed)				
At 1 January 2020	9,000	4,500	10,161	23,661
Total comprehensive income for the period	-	-	2,736	2,736
Transactions with the owners of the Company				
Cash dividend declared for 2019 (Note 11)	-	-	(10,161)	(10,161)
At 31 March 2020	9,000	4,500	2,736	16,236

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the three months ended 31 March 2021

BD 000's

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	2,285	2,736
<i>Adjustments for:</i>		
Depreciation	576	527
Amortisation	98	100
Finance expense	465	508
Gain on sale of equipment and vehicles	(9)	(1)
Allowance for impairment on trade receivables	8	17
Provision for/(reversal of) impairment of inventories	2	(2)
Finance income	(147)	(174)
Employee leaving indemnities – charge	28	30
<i>Changes in:</i>		
- Inventories	(122)	(66)
- Trade receivables	(330)	(217)
- Other receivables and prepayments	(284)	(242)
- Due from related parties	209	132
- Trade and other payables	(640)	(397)
- Due to related parties	71	1
Employee leaving indemnities – paid	(49)	(1)
Net cash generated from operating activities	2,161	2,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and vehicles	(138)	(148)
Proceeds from maturity of placements with Group Treasury	10,072	6,645
Proceeds from disposal of equipment and vehicles	9	1
Net cash generated from investing activities	9,943	6,498
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance expense	(448)	(453)
Payment of lease liabilities	(493)	(421)
Net cash used in financing activities	(941)	(874)
Net increase in cash and cash equivalents during the period	11,163	8,575
Cash and cash equivalents at the beginning of the period	1,184	3,109
Cash and cash equivalents at end of the period	12,347	11,684

Non-cash activities include additions to right-of-use assets and lease liabilities of BHD 148 (2020: BHD nil).

The accompanying notes 1 to 15 form an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2021**BD 000's****1 REPORTING ENTITY**

APM Terminals Bahrain B.S.C (the "Company") is a joint stock company incorporated in the Kingdom of Bahrain on 11 May 2006 under Commercial Registration (CR) number 60982 issued by the Ministry of Industry and Commerce.

The Company operates the Khalifa Bin Salman Port.

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

This condensed interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting", and should be read in conjunction with the Company's last audited financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'), which have been prepared in accordance with International Financial Reporting Standards (IFRSs). This condensed interim financial information does not include all the information required for a complete set of IFRS financial statements. 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 2020.

The condensed interim financial information is reviewed, not audited. The comparatives for the condensed interim statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2020. The comparatives for condensed interim statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the reviewed condensed interim financial information for the three month period ended 31 March 2020.

For further information, refer to the annual audited financial statements of the Company and notes thereto for the year ended 31 December 2020.

b) Use of judgements and estimates

Preparing the condensed 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 interim financial information, significant judgments made by the management in applying the 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 2020

c) Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in this condensed interim financial information are the same as those applied in the Company's audited financial statements as at and for the year ended 31 December 2020 unless otherwise stated.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in the audited financial statements for the year ended 31 December 2020, but they do not have a material effect on the Company's condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2021

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4 RELATED PARTY TRANSACTIONS

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. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company. Transactions with related parties are at contractually agreed terms. The significant related party balances and transactions (excluding compensation to key management personnel) included in this condensed interim financial information are as follows:

Description	Parent/ Group company	Other related parties	Total
As at 31 March 2021 (reviewed)			
<u>Current assets</u>			
<i>Due from related parties</i>			
Trade receivables	319	424	743
Interest receivable on deposits	154	-	154
Other receivables	2	-	2
	475	424	899
Balances with Group Treasury	19,247	-	19,247
<u>Non-current liabilities</u>			
<i>Due to related parties</i>			
Non-current portion of lease liabilities	17,352	-	17,352
<u>Current liabilities</u>			
Trade payables	-	1	1
Other payables	6	-	6
Accrued expenses	347	15	362
Management fee payable	54	-	54
Board remuneration payable	12	12	24
	419	28	447
Dividend payable	8,744	4,918	13,662
Current portion of lease liabilities	970	-	970

The Company has maintained balances with Group Treasury pursuant to the technical services agreement whereby the Company is able to place funds with the Group Treasury and earn an average interest rate of 2.49% p.a. (2020: 2.46% p.a.).

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For the three months ended 31 March 2021

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4 RELATED PARTY TRANSACTIONS (continued)

Description	Parent/ Group company	Other related parties	Total
For the period ended 31 March 2021 (reviewed)			
<u>Income</u>			
Revenue	729	1,596	2,325
Finance income	147	-	147
	876	1,596	2,472
<u>Expenses</u>			
Subcontracting charges (including leases)	(829)	-	(829)
Management and administration fee	(87)	-	(87)
Computer expenses	(43)	-	(43)
Maintenance and repairs	-	(8)	(8)
Board remuneration	(12)	(12)	(24)
Other expenses	(11)	(12)	(23)
	(982)	(32)	(1,014)

Lease rental of BD 495 thousand to a Group company and BD 8 thousand to other shareholders is accounted in the condensed interim financial information in line with IFRS 16, as right of use assets.

Description	Parent/ Group company	Other related parties	Total
As at 31 December 2020			
<u>Current assets</u>			
<i>Due from related parties</i>			
Trade receivable	478	475	953
Interest receivable	220	-	220
Other receivables	1	-	1
	699	475	1,174
Balances with Group Treasury	29,106	-	29,106
<u>Non-current liabilities</u>			
<i>Due to related parties</i>			
Non-current portion of lease liabilities	17,595	109	17,704
<u>Current liabilities</u>			
Other payable	15	1	16
Accrued expenses	323	12	335
Management fee payable	25	-	25
	363	13	376
Current portion of lease liabilities	956	27	983

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For the three months ended 31 March 2021

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4 RELATED PARTY TRANSACTIONS (continued)

Description	Parent/ Group company	Other related parties	Total
For the period ended 31 March 2020 (reviewed)			
<u>Income</u>			
Revenue	803	1,698	2,501
Finance income	164	-	164
	967	1,698	2,665
<u>Expenses</u>			
Subcontracting charges	(835)	-	(835)
Management and administration fee	(88)	-	(88)
Computer expenses	(47)	-	(47)
Maintenance and repairs	(2)	(38)	(40)
Board remuneration	(10)	(9)	(19)
Other expenses	(9)	(18)	(27)
	(991)	(65)	(1,056)

Lease rental of BD 496 thousand to a Group company is accounted in the condensed interim financial information in line with IFRS 16, as right of use assets.

Other related party transactions for the period ended 31 March

Description	Parent/ Group company		Other related parties		Total	
	2021	2020	2021	2020	2021	2020
Purchase of inventories	-	-	8	38	8	38

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 compensation is as follows:

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Salaries and other short-term benefits	266	139
Post-employment benefits	12	7
Board remuneration	24	19
Post-employment benefits payable	27	53

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2021

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5 REVENUE

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Container services	4,178	4,371
General cargo services	3,283	3,915
Marine services	2,230	1,842
	9,691	10,128

6 DIRECT OPERATING EXPENSES

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Salaries and related costs	1,198	1,233
Subcontracting charges	687	797
Depreciation	576	527
Fuel and electricity	269	348
Maintenance and repairs	170	310
Operating leases charges	46	58
Customs duty and freight charges	18	17
Provision for/(reversal of) impairment of inventories	2	(2)
Other expenses	37	57
	3,003	3,345

7 OTHER OPERATING EXPENSES

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Royalty to Government of Kingdom of Bahrain	2,983	2,670
Amortisation of intangible asset	98	100
	3,081	2,770

8 GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Salaries and related costs	575	612
Management and administration fee	87	88
Computer expenses	77	67
Security costs	54	54
Subcontracting charges	28	32
Legal and professional charges	23	12
COVID-19 related expenses	16	24
Office expenses	10	22
Communication expenses	7	6
Training expenses	1	4
Travel expenses	-	7
Other expenses	146	15
	1,024	943

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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BD 000's

9 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker of the Company. Chief Executive Officer and Chief Financial Officer of the Company are the chief operating decision makers. The Company operates only in one Business Segment i.e. 'Port Services' which primarily includes services such as Container services, General Cargo services and Marine services and the activities incidental thereto within Bahrain. The revenue, expenses and results are reviewed only at Company level and therefore no separate operating segment results and disclosures are provided in this condensed interim financial information.

10 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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

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

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

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

The Company's financial assets and financial liabilities are all classified under the amortised cost category. Derivatives financial instruments measured at fair value through profit and loss ("FVTPL") were Level 2 as per the hierarchy (Refer to note 12).

11 APPROPRIATIONS

At the Annual General Meeting of the Company held on 25 March 2021, final dividend of BD 13,662 thousand was approved for 2020 which have been effected during the period (final dividend of BD 10,161 thousand was approved for 2019).

Appropriations for the current year, if any, will be made only at the year end.

12 DERIVATIVES

The Company has entered into foreign currency forward and swap contracts with a bank with nominal value of BD 19,313 thousand (31 December 2020: BD 29,271 thousand) maturing within one year. Fair value loss on derivatives for the period amounted to BD 17 thousand (31 March 2020: BD 55 thousand) and is included under finance expenses in the profit or loss.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2021

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13 SEASONALITY

The Company does not have income of seasonal nature.

14 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding the average number of ordinary shares purchased by the Company and held as treasury shares, if any, as follows:

	31 March 2021 (reviewed)	31 March 2020 (reviewed)
Profit for the year (BD 000's)	2,285	2,736
Weighted average number of shares (000's)	90,000	90,000
Basic and diluted earnings per share (fils)	25	30

15 IMPACT OF COVID 19

On 11 March 2020, the Coronavirus (COVID 19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID-19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The management has been closely monitoring the impact of the COVID-19 developments on the Company's operations and financial position; including possible loss of revenue, impairment, outsourcing arrangements etc. The Company has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans. Based on its assessment, the management has concluded that the Company will continue as a going concern entity for the next 12 months.

In preparing the condensed interim financial information, judgements made by management in applying the Company's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

Unreviewed Supplementary Information – Reporting on Financial Impact of COVID-19

Financial impact of COVID-19

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID-19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The management has been closely monitoring the impact of the COVID-19 developments on the Company's operations and financial position; including possible loss of revenue, impairment, outsourcing arrangements etc. The Company has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans. Based on its assessment, the management has concluded that the Company will continue as a going concern entity for the next 12 months.

A summary of the financial impact of the above effects is as follows:

Expenses - The Company has incurred additional expenses worth of BD 16 thousand related to COVID-19 measures during the period ended 31 March 2021.

The above supplementary information is provided to comply with the CBB circular number OG/259/2020 dated 14 July 2020. This information should not be relied upon for any other purposes. Since the situation of COVID-19 is uncertain and still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be out-of-date. In addition, this information does not represent a full comprehensive assessment of COVID-19 impact on the Company. This information has not been subject to a formal audit or review by the external auditors.