

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

31 MARCH 2021

The Bahrain Ship Repairing and Engineering Company BSC

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

CONTENTS	Page
General information	1
Independent auditors' report on review of condensed consolidated interim financial information	2
Condensed consolidated interim financial information	
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 - 14

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
Zaid Khalid Yusuf Abdulrahman	Director
Yusuf Abdulla Yusuf Alireza	Director
Talal Fawzi Kanoo	Director
Ali Abdulaziz Abdulmalek	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
National Bank of Kuwait
Kuwait Finance House
Standard Chartered Bank

Auditors KPMG Fakhro

Registrar Karvy Fintech (Bahrain) WLL
Bahrain Clear



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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 May 2021

Introduction

We have reviewed the accompanying 31 March 2021 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 31 March 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2021; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

Other Matter

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain vide its circular OG/124/2020 dated 30 March 2020 had exempted all public shareholding companies and locally incorporated banks from preparation and publication of condensed consolidated interim financial information for the three-month period ended 31 March 2020. We have not reviewed the comparative information for the three-month period ended 31 March 2020 presented in this condensed consolidated interim financial information, and we do not express any review conclusion on them.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

Bahraini dinars

	Note	31 March 2021 (reviewed)	31 December 2020 (audited)
ASSETS			
Equity investment securities	5	4,647,714	4,853,907
Debt investment securities		1,972,360	1,972,360
Investment properties		2,677,835	2,711,052
Right-of-use assets		1,673,810	1,692,304
Property, plant and equipment		5,167,097	5,058,355
Total non-current assets		16,138,816	16,287,978
Cash and cash equivalents		2,120,200	1,793,393
Bank deposits		14,650,909	15,549,550
Trade receivables	6	1,188,947	889,006
Unbilled contract work-in-progress		330,575	267,560
Inventories	7	455,381	443,679
Prepayments and other assets		802,387	515,231
Total current assets		19,548,399	19,458,419
Total assets		35,687,215	35,746,397
EQUITY AND LIABILITIES			
Share capital		1,980,000	1,980,000
Reserves		5,299,437	5,470,630
Retained earnings		23,497,207	24,174,153
Total equity		30,776,644	31,624,783
Lease liabilities		1,635,080	1,641,912
Employees' benefits		637,893	668,106
Total non-current liabilities		2,272,973	2,310,018
Trade payables		427,120	352,795
Other payables and accrued expenses		2,210,478	1,458,801
Total current liabilities		2,637,598	1,811,596
Total liabilities		4,910,571	4,121,614
Total equity and liabilities		35,687,215	35,746,397

The board of directors approved the condensed consolidated interim financial information on 12 May 2021 and signed on its behalf by:



Fawzi Ahmed Kanoo
Chairman



Zaid Khalid Yusuf Abdulrahman
Director

The accompanying notes 1 to 14 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2021

Bahraini dinars

	Note	Three months ended 31 March 2021 (reviewed)	Three months ended 31 March 2020 (unreviewed)
REVENUE			
Revenue from contract with customers		1,040,146	1,435,358
Interest income		151,101	101,771
Dividend income		113,000	91,689
Other income		93,905	119,352
Total revenue		1,398,152	1,748,170
EXPENSES			
Staff cost		402,541	512,829
Materials cost		209,281	260,995
Subcontract and overhead cost		197,603	387,059
Depreciation and amortization		161,037	150,225
Other operating expenses		79,636	113,368
Total expenses		1,050,098	1,424,476
Profit for the period		348,054	323,694
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at FVTOCI – net change in fair value	5	(206,193)	(31,944)
Total other comprehensive income for the period		(206,193)	(31,944)
Total comprehensive income for the period		141,861	291,750
Basic and diluted earnings per share		18 Fils	16 Fils

The board of directors approved the condensed consolidated interim financial information on 12 May 2021 and signed on its behalf by:



Fawzi Ahmed Kanoo
Chairman



Zaid Khalid Yusuf Abdulrahman
Director

The accompanying notes 1 to 14 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2021

Bahraini dinars

2021 (reviewed)

	Share capital	Statutory reserve	General reserve	Charity reserve	Fair value reserve	Retained earnings	Total
At 1 January 2021	1,980,000	1,005,049	700,000	536,958	3,228,623	24,174,153	31,624,783
Comprehensive income for the period:							
Profit for the period	-	-	-	-	-	348,054	348,054
Other comprehensive income	-	-	-	-	(206,193)	-	(206,193)
Total comprehensive income for the period	-	-	-	-	(206,193)	348,054	141,861
Charity contribution approved for 2020	-	-	-	35,000	-	(35,000)	-
Cash dividends declared for 2020	-	-	-	-	-	(990,000)	(990,000)
At 31 March 2021	1,980,000	1,005,049	700,000	571,958	3,022,430	23,497,207	30,776,644

The accompanying notes 1 to 14 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2021 (Continued)

Bahraini dinars

2020 (unreviewed)

At 1 January 2020

Comprehensive income for the period:
Profit for the period
Other comprehensive income

Total comprehensive income for the period

Charity contribution approved for 2019
Cash dividends declared for 2019

At 31 March 2020

Share capital	Statutory reserve	General reserve	Charity reserve	Fair value reserve	Retained earnings	Total
1,980,000	1,005,049	700,000	460,080	2,795,737	23,840,998	30,781,864
-	-	-	-	-	323,694	323,694
-	-	-	-	(31,944)	-	(31,944)
-	-	-	-	(31,944)	323,694	291,750
-	-	-	76,878	-	(76,878)	-
-	-	-	-	-	(990,000)	(990,000)
1,980,000	1,005,049	700,000	536,958	2,763,793	23,097,814	30,083,614

The accompanying notes 1 to 14 are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2021

Bahraini dinars

	Three months ended 31 March 2021 (reviewed)	Three months ended 31 March 2020 (unreviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	677,190	3,630,295
Cash paid to suppliers and for operating expenses	(1,008,883)	(1,729,308)
Directors' remuneration and sitting fee paid	(156,600)	(166,000)
Net cash (used in) / from operating activities	(488,293)	1,734,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(218,068)	(33,525)
Bank deposit, net	898,641	(1,192,899)
Interest and dividends received	138,027	29,983
Net cash from / (used in) investing activities	818,600	(1,196,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(6,857)
Charities paid	(3,500)	(600)
Net cash used in financing activities	(3,500)	(7,457)
Net increase in cash and cash equivalents	326,807	531,089
Cash and cash equivalents at 1 January	1,793,393	6,067,666
Cash and cash equivalents at 31 March	2,120,200	6,598,755

The accompanying notes 1 to 14 are an integral part of the condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

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 three month period ended 31 March 2021 includes the results of the Company and its wholly-owned subsidiary Marine and Industrial Pump Repair (Gulf) WLL (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 2020. 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 2020.

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their condensed consolidated interim financial information for the three-month period ended 31 March 2020. Accordingly, 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 2020 and 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 management accounts of the Group for the three month period ended 31 March 2020. Hence, the comparative information included in the current period statements of profit or loss and other comprehensive income, cash flows and changes in equity were not reviewed by the external auditors.

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.

In preparing the condensed consolidated 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.

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 2020.

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

Bahraini dinars

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

4 SEASONALITY

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

5 EQUITY INVESTMENT SECURITIES

	31 March 2021 (reviewed)	31 December 2020 (audited)
Quoted equity securities – at FVTOCI	4,647,714	4,853,907
	4,647,714	4,853,907

Movement during the period as follows:

	31 March 2021 (reviewed)	31 December 2020 (audited)
At beginning of the period	4,853,907	4,421,021
Net change in fair value for the period	(206,193)	432,886
At end of the period	4,647,714	4,853,907

6 TRADE RECEIVABLES

	31 March 2021 (reviewed)	31 December 2020 (audited)
Trade receivables	1,629,961	1,330,020
Less: Impairment allowances	(441,014)	(441,014)
	1,188,947	889,006

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2021

Bahraini dinars

6 TRADE RECEIVABLES (continued)

Movement on impairment allowance is as follows:

	31 March 2021 (reviewed)	31 December 2020 (audited)
At beginning of the period	441,014	445,386
Charge for the period	-	4,201
Written back during the period	-	(8,573)
At end of the period	441,014	441,014

7 INVENTORIES

	31 March 2021 (reviewed)	31 December 2020 (audited)
Goods for sale	415,087	391,802
Raw materials and consumables	751,819	763,402
Provision for slow-moving and obsolete items	1,166,906 (711,525)	1,155,204 (711,525)
	455,381	443,679

Movement on impairment allowance is as follows:

	31 March 2021 (reviewed)	31 December 2020 (audited)
At beginning of the period	711,525	711,525
Charge for the period	-	-
At end of the period	711,525	711,525

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

Bahraini dinars

8 SEGMENT INFORMATION BY OPERATING SEGMENTS

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

31 March 2021 (reviewed)	Ship- repairing & investments	Trading	Pump repairing	Elimination of intersegment transactions	Total
Sales	850,120	177,629	14,911	(2,514)	1,040,146
Expenses	721,632	153,415	16,750	(2,736)	889,061
Depreciation / amortization	158,802	712	1,523	-	161,037
Interest, dividend and other income	357,555	86	587	(222)	358,006
Profit for the period	327,241	23,588	(2,775)	-	348,054

31 March 2020 (unreviewed)	Ship- repairing & investments	Trading	Pump repairing	Elimination of intersegment transactions	Total
Sales	1,207,053	205,055	29,051	(5,801)	1,435,358
Expenses	1,055,038	197,151	28,128	(6,066)	1,274,251
Depreciation / amortization	148,655	95	1,475	-	150,225
Interest, dividend and other income	312,668	409	-	(265)	312,812
Profit for the period	316,028	8,218	(552)	-	323,694

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. Transactions between related parties are on terms agreed between the parties.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**for the three months ended 31 March 2021**

Bahraini dinars

9 RELATED PARTY TRANSACTIONS (continued)**a) Related party balances**

	31 March 2021 (reviewed)	31 December 2020 (audited)
Amount due from Kanoo Shipping - <i>entity under common control</i>	15,720	12,293
Amount due to Yusuf Bin Ahmed Kanoo WLL - <i>shareholder</i>	8,576	13,440

b) Related party transactions

	31 March 2021 (reviewed)	31 March 2020 (unreviewed)
<i>Revenues</i>		
Ship repairing services - <i>entity under common control</i>	2,185	737
<i>Expenses</i>		
Purchase of air tickets and services - <i>entity under common control</i>	10,441	16,149

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:

	31 March 2021 (reviewed)	31 March 2020 (unreviewed)
Advance given against salary	22,500	30,000

	31 March 2021 (reviewed)	31 March 2020 (unreviewed)
Board remuneration and sitting fee	41,500	41,500
Salaries and other short term benefits	29,910	30,885
Post employment benefits	2,118	2,118
	73,528	74,503

Directors' remuneration and sitting fee paid	(156,600)	(166,000)
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10 APPROPRIATIONS

At the Annual General Meeting for the year ended 31 December 2020, which was held on 30 March 2021, the following appropriations were approved and effected during the period: BD 990,000 cash dividend and BD 35,000 for donations and charity.

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

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 31 March 2021, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 March 2021 (reviewed)	Level 1	Level 2	Level 3	Total
Equity investments	3,848,692	799,022	-	4,647,714
31 December 2020 (audited)	Level 1	Level 2	Level 3	Total
Equity investments	4,021,123	832,784	-	4,853,907

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

b) Other financial assets and liabilities

The fair value of the debt investment securities as at 31 March 2021 was BD 2,157,290 (31 December 2020: BD 2,124,250). The carrying amount of other financial assets and liabilities approximate their fair values due to their short term nature.

12 COMMITMENT AND CONTINGENT LIABILITIES

	31 March 2021 (reviewed)	31 December 2020 (audited)
Letter of guarantees	40,000	40,000

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2021**

Bahraini dinars

13 IMPACT OF COVID-19

On 11 March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global equity and commodity markets have also experienced great volatility and a significant drop in prices. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

Governments and central banks across the world have responded with monetary and fiscal interventions to stabilize economic conditions. The Government of Kingdom of Bahrain has announced various economic stimulus programmes ("Packages") to support businesses in these challenging times.

The management and the Board of Directors (BOD) have been closely monitoring the developments of the COVID-19 and its impact on the Company's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, review of onerous contracts and 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 including its liquidity requirements. Based on their assessment, the BOD is of the view that the Company will continue as a going concern entity for the next 12 months from the date of this condensed consolidated interim financial information.

In preparing the condensed consolidated 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.

14 COMPARATIVES

Previous period comparatives have been regrouped to make them comparable to current period. Such regrouping did not affect the previously reported profit for the year or total equity.