

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

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**30 JUNE 2023**

# The Bahrain Ship Repairing and Engineering Company BSC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the six months ended 30 June 2023

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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	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 Mashreq 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

## To 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 2023 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 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2023; 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 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

13 August 2023

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2023

Bahraini dinars

	Note	30 June 2023 (reviewed)	31 December 2022 (audited)
<b>ASSETS</b>			
Equity investment securities	5	4,685,028	4,625,840
Debt investment securities		942,500	1,000,000
Investment properties		2,370,885	2,435,706
Right-of-use assets		1,507,360	1,544,350
Property, plant and equipment		5,210,070	5,141,333
<b>Total non-current assets</b>		<b>14,715,843</b>	14,747,229
Debt investment securities		1,000,000	1,000,000
Cash and bank balances		1,243,286	1,419,262
Bank deposits		13,511,019	13,866,708
Trade receivables	6	2,542,310	2,205,014
Unbilled contract work-in-progress		787,111	1,108,532
Inventories	7	753,112	648,718
Prepayments and other assets		910,681	595,564
<b>Total current assets</b>		<b>20,747,519</b>	20,843,798
<b>Total assets</b>		<b>35,463,362</b>	35,591,027
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,980,000	1,980,000
Treasury shares		(6,786)	-
Reserves		5,229,145	5,145,899
Retained earnings		24,852,804	24,599,293
<b>Total equity</b>		<b>32,055,163</b>	31,725,192
Lease liabilities		1,510,223	1,542,166
Employees' benefits		774,889	739,789
<b>Total non-current liabilities</b>		<b>2,285,112</b>	2,281,955
Trade payables		229,217	743,427
Other payables and accrued expenses		893,870	840,453
<b>Total current liabilities</b>		<b>1,123,087</b>	1,583,880
<b>Total liabilities</b>		<b>3,408,199</b>	3,865,835
<b>Total equity and liabilities</b>		<b>35,463,362</b>	35,591,027

The board of directors approved the condensed consolidated interim financial information on 13 August 2023 and signed on its behalf by:

Fawzi Ahmed Kanoo  
Chairman

Zaid Khalid Yusuf Abdulrahman  
Director

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

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

for the six months ended 30 June 2023

Bahraini dinars

	Note	Six months ended 30 June		Three months ended 30 June	
		2023 (reviewed)	2022 (reviewed)	2023 (reviewed)	2022 (reviewed)
<b>REVENUE</b>					
Revenue from contract with customers		3,255,760	2,662,091	1,693,154	1,313,313
Interest income		423,059	218,838	212,359	104,838
Dividend income		190,840	166,053	20,478	9,085
Other income		311,206	187,978	238,182	86,918
<b>Total revenue</b>		<b>4,180,865</b>	<b>3,234,960</b>	<b>2,164,173</b>	<b>1,514,154</b>
<b>EXPENSES</b>					
Staff cost		942,023	931,939	467,717	479,147
Materials cost		425,364	440,784	178,606	221,127
Subcontract and overhead cost		755,805	550,281	353,289	256,522
Depreciation and amortization		360,609	359,491	177,566	180,861
Other operating expenses		421,395	381,639	226,450	180,041
<b>Total expenses</b>		<b>2,905,196</b>	<b>2,664,134</b>	<b>1,403,628</b>	<b>1,317,698</b>
<b>Profit for the period</b>		<b>1,275,669</b>	<b>570,826</b>	<b>760,545</b>	<b>196,456</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Equity investments at FVTOCI – net change in fair value	5	59,188	(291,681)	186,615	(603,331)
<b>Total other comprehensive income for the period</b>		<b>59,188</b>	<b>(291,681)</b>	<b>186,615</b>	<b>(603,331)</b>
<b>Total comprehensive income for the period</b>		<b>1,334,857</b>	<b>279,145</b>	<b>947,160</b>	<b>(406,875)</b>
<b>Basic and diluted earnings per share</b>		<b>64 Fils</b>	<b>29 Fils</b>	<b>38 Fils</b>	<b>10 Fils</b>

The board of directors approved the condensed consolidated interim financial information on 13 August 2023 and signed on its behalf by:

  
Fawzi Ahmed Kanoo  
Chairman

  
Zaid Khalid Yusuf Abdulrahman  
Director

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2023

Bahraini dinars

<b>2023 (reviewed)</b>	<b>Share capital</b>	<b>Treasury shares</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 2023	1,980,000	-	1,006,602	700,000	438,741	3,000,556	24,599,293	31,725,192
<b>Comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	-	-	1,275,669	1,275,669
Other comprehensive income	-	-	-	-	-	59,188	-	59,188
<b>Total comprehensive income for the period</b>	-	-	-	-	-	<b>59,188</b>	<b>1,275,669</b>	<b>1,334,857</b>
Net movement in treasury shares	-	(6,786)	-	-	-	-	-	(6,786)
Charity contribution approved for 2022	-	-	-	-	26,105	-	(26,105)	-
Transfer to statutory reserve 2023	-	-	6,053	-	-	-	(6,053)	-
Charity utilised during 2023	-	-	-	-	(8,100)	-	-	(8,100)
Cash dividends declared for 2022	-	-	-	-	-	-	(990,000)	(990,000)
<b>At 30 June 2023</b>	<b>1,980,000</b>	<b>(6,786)</b>	<b>1,012,655</b>	<b>700,000</b>	<b>456,746</b>	<b>3,059,744</b>	<b>24,852,804</b>	<b>32,055,163</b>

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2023** *(Continued)*

Bahraini dinars

2022 (reviewed)	Share capital	Statutory reserve	General Reserve	Charity reserve	Fair value reserve	Retained earnings	Total
At 1 January 2022	1,980,000	1,006,602	700,000	413,945	3,320,635	24,580,926	32,002,108
Comprehensive income for the period:							
Profit for the period	-	-	-	-	-	570,826	570,826
Other comprehensive income	-	-	-	-	(291,681)	-	(291,681)
Total comprehensive income for the period	-	-	-	-	(291,681)	570,826	279,145
Charity contribution approved for 2021	-	-	-	35,833	-	(35,833)	-
Charity utilised during 2022	-	-	-	(6,571)	-	-	(6,571)
Cash dividends declared for 2021	-	-	-	-	-	(990,000)	(990,000)
At 30 June 2022	1,980,000	1,006,602	700,000	443,207	3,028,954	24,125,919	31,284,682

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2023**

Bahraini dinars

	<b>Six months ended 30 June 2023 (reviewed)</b>	<b>Six months ended 30 June 2022 (reviewed)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	3,295,338	2,854,672
Cash paid to suppliers and for operating expenses	(2,545,592)	(2,395,964)
Directors' remuneration and sitting fee paid	(119,920)	(173,630)
<b>Net cash from operating activities</b>	<b>629,826</b>	285,078
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(327,535)	(80,444)
Bank deposits, net	364,500	2,056,138
Debt investment securities, net	57,500	-
Interest and dividends received	97,833	337,386
<b>Net cash from investing activities</b>	<b>192,298</b>	2,313,080
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(990,000)	(990,000)
Charities paid	(8,100)	(6,571)
<b>Net cash used in financing activities</b>	<b>(998,100)</b>	(996,571)
<b>Net change in cash and cash equivalents</b>	<b>(175,976)</b>	1,601,587
Cash and cash equivalents at 1 January	1,419,262	1,811,228
<b>Cash and cash equivalents at 30 June</b>	<b>1,243,286</b>	3,412,815

The accompanying notes 1 to 13 are an integral part of the condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2023**

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 information as at and for the six month period ended 30 June 2023 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 2022. 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 2022

**b. Judgments and estimates**

The preparation of this condensed consolidated interim financial information requires management to make judgments and estimates 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 2022.

**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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the condensed consolidated interim financial information of the Group.

The Group adopted the following accounting policy with effect from 1 January 2023:

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2023**

Bahraini dinars

**Treasury Shares**

Treasury shares are stated at acquisition cost and are shown as a deduction to equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Gain or loss arising from the subsequent resale of treasury shares is included in the retained earnings in the consolidated statement of changes in equity. Net movement from repurchase and resales of treasury shares is booked under the treasury shares.

**4 SEASONALITY OF OPERATIONS**

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

**5 EQUITY INVESTMENT SECURITIES**

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
Quoted equity securities – at FVTOCI	4,685,028	4,625,840
	<b>4,685,028</b>	<b>4,625,840</b>

Movement during the period as follows:

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
At beginning of the period	4,625,840	4,945,919
Net change in fair value for the period	59,188	(320,079)
<b>At end of the period</b>	<b>4,685,028</b>	<b>4,625,840</b>

**6 TRADE RECEIVABLES**

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
Trade receivables	3,010,404	2,727,561
Less: impairment allowances	(468,094)	(522,547)
	<b>2,542,310</b>	<b>2,205,014</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the six months ended 30 June 2023**

Bahraini dinars

**6 TRADE RECEIVABLES (continued)**

Movement in impairment allowances is as follows:

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
At beginning of the period	522,547	415,333
Charge for the period/year	15,829	107,214
Released for the period/year	(54,453)	-
Written off for the period/year	(15,829)	-
<b>At end of the period</b>	<b>468,094</b>	<b>522,547</b>

**7 INVENTORIES**

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
Goods for sale	448,992	440,520
Raw materials and consumables	696,143	681,314
	1,145,135	1,121,834
Provision for slow-moving and obsolete items	(392,023)	(473,116)
	<b>753,112</b>	<b>648,718</b>

Movement in impairment allowances is as follows:

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
At beginning of the period	473,116	711,525
Inventory written off	-	(238,409)
Charge for the period/year	4,155	-
Inventory provision released	(85,248)	-
<b>At end of the period</b>	<b>392,023</b>	<b>473,116</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2023**

Bahraini dinars

**8 SEGMENT INFORMATION BY OPERATING SEGMENTS**

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

<b>30 June 2023 (reviewed)</b>	<b>Ship-repairing &amp; investments</b>	<b>Trading</b>	<b>Pump repairing</b>	<b>Elimination of intersegment transactions</b>	<b>Total</b>
Sales	2,863,663	318,026	101,741	(27,670)	<b>3,255,760</b>
Expenses	2,199,321	307,538	65,399	(27,670)	<b>2,544,588</b>
Depreciation / amortization	359,670	-	939	-	<b>360,609</b>
Interest, dividend and other income	839,549	85,557	-	-	<b>925,106</b>
Profit for the period	1,144,221	96,045	35,403	-	<b>1,275,669</b>

<b>30 June 2022 (reviewed)</b>	<b>Ship-repairing &amp; investments</b>	<b>Trading</b>	<b>Pump repairing</b>	<b>Elimination of intersegment transactions</b>	<b>Total</b>
Sales	2,196,665	360,151	118,364	(13,089)	2,662,091
Expenses	1,892,877	352,395	72,428	(13,057)	2,304,643
Depreciation / amortization	351,653	6,183	1,655	-	359,491
Interest, dividend and other income	571,872	649	316	32	572,869
Profit for the period	524,007	2,222	44,597	-	570,826

**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 six months ended 30 June 2023**

Bahraini dinars

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

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
Amount due from Kanoo Shipping - <i>entity under common control</i>	14,483	12,771
Amount due to Yusuf Bin Ahmed Kanoo WLL - <i>shareholder</i>	27,031	9,798

**b) Related party transactions**

	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
<i>Revenues</i>		
Ship repairing services - <i>entity under common control</i>	13,728	176,789
<i>Expenses</i>		
Purchase of air tickets and services - <i>shareholder</i>	47,508	26,256

**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:

**Transactions:**

	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
Board remuneration and sitting fee	79,178	80,452
Salaries and other short term benefits	81,450	79,725
Post employment benefits	6,038	5,894
	<b>166,666</b>	<b>166,071</b>
Directors' remuneration and sitting fee paid	<b>(119,920)</b>	<b>(173,630)</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2023**

Bahraini dinars

**10 APPROPRIATIONS**

At the Annual General Meeting for the year ended 31 December 2022, which was held on 30 March 2023, the following appropriations were approved and effected during the period: BD 990,000 cash dividend and BD 26,105 for donations and charity.

**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 reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

<b>30 June 2023 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments at FVOCI	<b>4,654,241</b>	<b>30,787</b>	-	<b>4,685,028</b>
<b>31 December 2022 (audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments at FVOCI	4,598,057	27,783	-	4,625,840

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 30 June 2023 was BD 1,927,296 (31 December 2022: BD 2,004,570). The carrying amount of the Group's other financial assets and liabilities approximate their fair values due to their short-term nature.

**12 COMMITMENT AND CONTINGENT LIABILITIES**

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
Letter of guarantees	<b>44,154</b>	50,517

**13 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.