

APM Terminals Bahrain B.S.C
CONDENSED INTERIM FINANCIAL INFORMATION
30 JUNE 2020

CONDENSED INTERIM FINANCIAL INFORMATION
for the six-month period ended 30 JUNE 2020

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Independent auditors' report on review of condensed interim financial information

The Board of Directors
APM Terminals Bahrain B.S.C
Hidd, Kingdom of Bahrain

10 August 2020

Introduction

We have reviewed the accompanying 30 June 2020 condensed interim financial information of APM Terminals Bahrain B.S.C (the "Company"), which comprises:

- the condensed statement of financial position as at 30 June 2020;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2020;
- the condensed statement of changes in equity for the six-month period ended 30 June 2020;
- the condensed statement of cash flows for the six-month period ended 30 June 2020; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, "Interim Financial Reporting". 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 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 2020 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".


CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

BD 000's

| | note | 30 June 2020 (reviewed) | 31 December 2019 (audited) |
|--------------------------------------|------|-------------------------------|----------------------------------|
| ASSETS | | | |
| Intangible assets | | 5,353 | 5,550 |
| Equipment and vehicles | | 23,406 | 24,156 |
| Total non-current assets | | 28,759 | 29,706 |
| Inventories | | 364 | 327 |
| Trade receivables | | 1,548 | 1,437 |
| Prepayments and other receivables | | 1,047 | 508 |
| Due from related parties | 4 | 1,502 | 1,260 |
| Balances with Group treasury | 4 | 15,953 | 21,549 |
| Cash and bank balances | | 5,478 | 3,109 |
| Total current assets | | 25,892 | 28,190 |
| Total assets | | 54,651 | 57,896 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 5 | 9,000 | 9,000 |
| Statutory reserve | | 4,500 | 4,500 |
| Retained earnings | | 6,907 | 10,161 |
| Total equity | | 20,407 | 23,661 |
| Liabilities | | | |
| Lease liabilities | | 25,425 | 26,124 |
| Employee leaving indemnities | | 647 | 576 |
| Total non-current liabilities | | 26,072 | 26,700 |
| Trade and other payables | | 6,627 | 6,043 |
| Due to related parties | 4 | 390 | 395 |
| Lease liabilities | | 1,155 | 1,097 |
| Total current liabilities | | 8,172 | 7,535 |
| Total liabilities | | 34,244 | 34,235 |
| Total equity and liabilities | | 54,651 | 57,896 |

The condensed interim financial information was approved by the Board of Directors on 10 August 2020 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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six-month period ended 30 June 2020

BD 000's

| | | For the six months ended | |
|--|------|-------------------------------|-------------------------------|
| | note | 30 June 2020 (reviewed) | 30 June 2019 (reviewed) |
| Revenue | 6 | 21,110 | 18,576 |
| Direct operating expenses | 7 | (6,830) | (6,532) |
| Gross profit | | 14,280 | 12,044 |
| Other operating income | | 31 | 31 |
| Gain on disposal of equipment and vehicles | | 1 | 18 |
| Other operating expenses | 8 | (5,786) | (5,021) |
| General and administrative expenses | | (1,804) | (1,824) |
| Operating profit | | 6,722 | 5,248 |
| Finance income | | 282 | 234 |
| Finance expense | | (900) | (918) |
| Net finance costs | | (618) | (684) |
| Other income – Government grants | 15 | 803 | - |
| Profit for the period | | 6,907 | 4,564 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | 6,907 | 4,564 |
| Earnings per share | | | |
| Basic and diluted earnings per share (in fils) | | 77 | 51 |

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 2020

BD 000's

| | 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 | - | - | 6,907 | 6,907 |
| Transactions with owners of the Company | | | | |
| Dividend declared for 2019 | - | - | (10,161) | (10,161) |
| At 30 June 2020 | 9,000 | 4,500 | 6,907 | 20,407 |

| | Share capital | Statutory reserve | Retained earnings | Total |
|--|---------------|-------------------|-------------------|---------------|
| 2019 (reviewed) | | | | |
| At 1 January 2019 | 9,000 | 4,493 | 9,850 | 23,343 |
| Loss on sale of treasury shares, net (note 5) | - | - | (17) | (17) |
| Total comprehensive income for the period | - | - | 4,564 | 4,564 |
| Transactions with owners of the Company | | | | |
| Dividend declared for 2018 | - | - | (9,850) | (9,850) |
| At 30 June 2019 | 9,000 | 4,493 | 4,547 | 18,040 |

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

CONDENSED STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2020

BD 000's

| | 30 June 2020 (reviewed) | 30 June 2019 (reviewed) |
|--|--|-------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit for the period | 6,907 | 4,564 |
| <i>Adjustments for:</i> | | |
| Depreciation | 1,059 | 1,191 |
| Amortisation | 197 | 213 |
| Finance expense | 900 | 918 |
| Fair value gain on derivatives | (17) | - |
| Gain on sale of equipment and vehicles | (1) | (18) |
| <i>Changes in:</i> | | |
| - Inventories | (37) | (73) |
| - Trade receivables | (534) | 303 |
| - Prepayments and other receivables | (341) | (304) |
| - Trade and other payables | 552 | (614) |
| - Employee leaving indemnities | 71 | 49 |
| Net cash generated from operating activities | 8,756 | 6,229 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of equipment and vehicles | (309) | (269) |
| Balances with Group treasury, net | 5,596 | 6,947 |
| Proceeds from disposal of equipment and vehicles | 1 | 18 |
| Net cash generated from investing activities | 5,288 | 6,696 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payments of finance lease liability | (640) | (509) |
| Payment of finance expenses | (903) | (825) |
| Payments for purchase of treasury shares | - | (700) |
| Proceeds from sale of treasury shares | - | 683 |
| Dividend paid | (10,132) | (9,818) |
| Net cash used in financing activities | (11,675) | (11,169) |
| Net increase in cash and cash equivalents during the period | 2,369 | 1,756 |
| Cash and cash equivalents at the beginning of the period | 3,109 | 3,998 |
| Cash and cash equivalents at end of the period | 5,478 | 5,754 |

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 six-month period ended 30 June 2020****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 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 2019 ('last annual financial statements'). This 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 2019.

The condensed interim financial information is reviewed, not audited. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2019. The comparatives for condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from the reviewed condensed interim financial statements for the six-month period ended 30 June 2019.

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 2019, except for impacts for Coronavirus (COVID-19) outbreak as explained in note 15.

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 2019.

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 2019, except as set out below.

GOVERNMENT GRANTS

In accordance with IAS 20, the Company has recognised government grants in profit or loss on a systematic basis in the periods in which compensated expenses are recognised.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2020

BD 000's

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 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 | Shareholders / entities in which directors are interested | Total |
|--------------------------------------|-----------------------|---|---------------|
| As at 30 June 2020 (reviewed) | | | |
| <u>Assets</u> | | | |
| Trade receivable | 500 | 842 | 1,342 |
| Interest receivable | 146 | - | 146 |
| Other receivables | 14 | - | 14 |
| | 660 | 842 | 1,502 |
| Balances with Group Treasury | 15,953 | - | 15,953 |
| <u>Liabilities</u> | | | |
| Other payable | 4 | - | 4 |
| Accrued expenses | 303 | - | 303 |
| Management fee payable | 64 | - | 64 |
| Board remuneration payable | 10 | 9 | 19 |
| | 381 | 9 | 390 |

The Company has maintained Balances with Group treasury pursuant to the technical services agreement whereby treasury advice and execution services are provided and earns an average interest of 2.30% p.a. (2019: 2.46% p.a.)

| Description | Parent/ Group company | Shareholders / entities in which directors are interested | Total |
|---|-----------------------|---|--------------|
| For the six-month period ended 30 June 2020 (reviewed) | | | |
| <u>Income</u> | | | |
| Revenue | 1,729 | 3,787 | 5,516 |
| Finance income | 253 | - | 253 |
| | 1,982 | 3,787 | 5,769 |
| <u>Expenses</u> | | | |
| Subcontracting charges (including leases) | 1,666 | - | 1,666 |
| Management and administration fee | 181 | - | 181 |
| Computer expenses | 123 | - | 123 |
| Maintenance and repairs | 2 | 45 | 47 |
| Board remuneration | 17 | 15 | 32 |
| Other expenses | 7 | 21 | 28 |
| | 1,996 | 81 | 2,077 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2020

BD 000's

4 RELATED PARTY TRANSACTIONS (continued)

| Description | Parent/ Group company | Shareholders / entities in which directors are interested | Total |
|---|-----------------------------|--|---------------|
| As at 31 December 2019 (Audited) | | | |
| <u>Assets</u> | | | |
| Trade receivables | 309 | 610 | 919 |
| Interest receivable on deposits | 340 | - | 340 |
| Other receivables | 1 | - | 1 |
| | 650 | 610 | 1,260 |
| Balances with Group Treasury | 21,549 | - | 21,549 |
| <u>Liabilities</u> | | | |
| Trade payable | - | 5 | 5 |
| Other payable | 16 | - | 16 |
| Accrued expenses | 308 | 39 | 347 |
| Management fee payable | 27 | - | 27 |
| | 351 | 44 | 395 |
| For the period ended 30 June 2019 (reviewed) | | | |
| <u>Income</u> | | | |
| Revenue | 1,340 | 2,737 | 4,077 |
| Finance income | 224 | - | 224 |
| | 1,564 | 2,737 | 4,301 |
| <u>Expenses</u> | | | |
| Subcontracting charges (including leases) | 1,632 | - | 1,632 |
| Management and administration fee | 175 | - | 175 |
| Computer expenses | 106 | - | 106 |
| Maintenance and repairs | - | 3 | 3 |
| Board remuneration | 16 | 15 | 31 |
| Other expenses | 13 | 20 | 33 |
| | 1,942 | 38 | 1,980 |

Other related party transactions for the six-month period ended 30 June

| Description | Parent/ Group company | Shareholders / entities in which directors are interested | Total |
|--------------------------------|--------------------------|--|-----------|
| 30 June 2020 (reviewed) | | | |
| Purchase of inventories | - | 45 | 45 |
| 30 June 2019 (reviewed) | | | |
| Purchase of inventories | - | 4 | 4 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**for the six-month period ended 30 June 2020****BD 000's****4 RELATED PARTY TRANSACTIONS (continued)****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:

| | 30 June 2020 (reviewed) | 30 June 2019 (reviewed) |
|---|--|--|
| Salaries and other short-term benefits | 397 | 477 |
| Post-employment benefits for the period | 16 | 20 |
| Board remuneration for the period | 32 | 31 |
| Post-employment benefits payable | 58 | 40 |

5 SHARE CAPITAL**Authorized share capital / issued and fully paid up**

90,000,000 shares of 100 fils each (2019: 90,000,000 shares of 100 fils each)

Treasury shares Nil (2019: Nil)

| 30 JUNE 2020 (reviewed) | 31 December 2019 (audited) |
|--|---|
| 9,000 | 9,000 |
| - | - |

Treasury shares were purchased and sold during the period ended 30 June 2019. Loss of BD 17 was incurred on final sale and recognized in retained earnings.

6 REVENUE

| | 30 June 2020 (reviewed) | 30 June 2019 (reviewed) |
|------------------------|--|--|
| Container services | 9,584 | 8,649 |
| General cargo services | 7,807 | 6,101 |
| Marine services | 3,719 | 3,826 |
| | 21,110 | 18,576 |

7 DIRECT OPERATING EXPENSES

| | 30 June 2020 (reviewed) | 30 June 2019 (reviewed) |
|-----------------------------------|--|--|
| Salaries and related costs | 2,594 | 2,421 |
| Subcontracting charges | 1,644 | 1,462 |
| Depreciation | 1,059 | 1,191 |
| Fuel and electricity | 729 | 622 |
| Maintenance and repairs | 513 | 544 |
| Security costs | 108 | 108 |
| Operating leases charges | 91 | 82 |
| Customs duty and freight charges | 23 | 30 |
| Provision reversed on inventories | (7) | (1) |
| Other expenses | 76 | 73 |
| | 6,830 | 6,532 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2020

BD 000's

8 OTHER OPERATING EXPENSES

| | 30 June 2020 (reviewed) | 30 June 2019 (reviewed) |
|----------------------------------|--|--|
| Royalty to Government of Bahrain | 5,589 | 4,808 |
| Amortisation of intangible asset | 197 | 213 |
| | 5,786 | 5,021 |

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.

None of the Company's assets and liabilities are measured at fair value. The Company's financial assets and financial liabilities are classified under the amortized cost category. The carrying value of the Company's financial assets and liabilities approximates the fair value.

11 DERIVATIVES

The Company has entered into foreign currency forward and swap contracts with a bank with nominal value of BD 18,659 (31 December 2019: 21,657) maturing within one year. Fair value gain on derivatives for the period amounted to BD 17 (30 June 2019: Nil) and is included in the profit or loss.

12 APPROPRIATIONS

At the Annual General Meeting of the Company held on 26 March 2020, final dividend of BD 10,161 was approved for 2019 which has been effected during the period.

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

13 SEASONALITY

The Company does not have income of seasonal nature.

14 COMPARATIVES

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit and total comprehensive income for the period or total equity.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**for the six-month period ended 30 June 2020****BD 000's****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 their assessment, the management has concluded that the Company will continue as a going concern entity for the next 12 months.

COVID-19 related government grants of BD 803 were received from the Government of Kingdom of Bahrain, for the partial reimbursement of salaries of national employees and waiver of Electricity and Water utility bills from April 2020 to June 2020.

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.

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 their 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:

Revenue has witnessed a growth of 14% as compared to the same period of 2019. The said growth can be attributed to road to sea conversions as a result of closure of King Fahd Causeway and increase in project cargo volumes.

Other income - The Government of Kingdom of Bahrain announced various economic stimulus programmes to support businesses in these challenging times. The Company received some benefits from these programmes mainly in the form of waiver of Electricity and Water bills amounting to BD 129, Govt support provided on salaries and LMRA fees amounting to BD 674. These Govt Grants have been recorded as other income in the statement of profit or loss.

Expenses - The Company had to incur additional expenses worth of BD 68 related to COVID-19 measures. Further, as part of the Company's corporate social responsibility, the Company has contributed BD 50 to MOFNE The National Effort to Combat the Coronavirus COVID-19 through the Feena Khair campaign.

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 considered as an indication of the results of the entire year or 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 review by the external auditors.