

BAWAN COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE MONTHS PERIODS ENDED
SEPTEMBER 30, 2018 (UNAUDITED)**

BAWAN COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018
(UNAUDITED)

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INDEPENDENT AUDITOR'S REVIEW REPORT

**To the shareholders of
Bawan Company and subsidiaries
(Saudi Joint Stock Company)**

Riyadh, Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying interim condensed consolidated financial statements of **Bawan Company** "Saudi Joint Stock Company" ("the Company" or "Bawan") and its subsidiaries (the "Group") that include the interim condensed consolidated statement of financial position as of September 30, 2018 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine months periods then ended, changes in equity and cash flows for the nine month period then ended, and a summary of selected significant accounting policies and other explanatory notes from (1) to (15).

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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", endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.


Jamal M. Al-Amri
Certified Public Accountant
License Number 331



October 30, 2018 (G)
Safar 21, 1440 (H)

BAWAN COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

		September 30, 2018	December 31, 2017
	Note	SR'000	SR'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	449,687	454,862
Right-of-use assets	2	18,000	-
Goodwill	6	170,101	170,101
Other intangible assets		2,110	2,853
Non-current trade and other receivables		6,143	7,463
Total non-current assets		646,041	635,279
Current assets			
Inventories		663,998	499,987
Spare parts		17,105	16,840
Trade and other receivables		684,811	636,894
Contract assets	2	17,920	13,736
Cash and cash equivalents		51,312	52,544
Total current assets		1,435,146	1,220,001
TOTAL ASSETS		2,081,187	1,855,280
EQUITY AND LIABILITIES			
Equity			
Share capital	7	600,000	600,000
Statutory reserve		90,076	88,927
Retained earnings		138,873	154,046
Foreign currency translation reserve		(1,228)	(936)
Equity attributable to owners of the Company		827,721	842,037
Non-controlling interests		91,411	102,296
Total equity		919,132	944,333
Non-current liabilities			
Loans	8	22,383	32,358
Lease liabilities	2	17,883	-
Employee defined benefit liabilities		71,552	69,444
Total non-current liabilities		111,818	101,802
Current liabilities			
Trade and other payables		394,048	306,767
Amounts due to banks	8	579,357	423,536
Contract liabilities	2	36,259	38,286
Current portion of loans	8	17,057	17,328
Current portion of lease liabilities	2	1,288	-
Dividends payable		7,765	332
Zakat payable		14,407	22,501
Income tax payable		56	395
Total current liabilities		1,050,237	809,145
Total liabilities		1,162,055	910,947
TOTAL EQUITY AND LIABILITIES		2,081,187	1,855,280

The accompanying notes form an integral part of these interim condensed consolidated financial statements

BAWAN COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018
(UNAUDITED)**

		Three month period ended September 30, 2018 SR'000	Three month period ended September 30, 2017 SR'000	Nine month period ended September 30, 2018 SR'000	Nine month period ended September 30, 2017 SR'000
	Note				
Revenue	12	443,814	506,942	1,431,937	1,532,593
Cost of sales	12	(403,706)	(444,056)	(1,295,502)	(1,347,603)
Gross profit		40,108	62,886	136,435	184,990
Selling and distribution expenses	12	(10,709)	(10,683)	(34,350)	(36,736)
Administrative expenses		(24,378)	(23,064)	(72,726)	(71,412)
Other income	14	1,429	5,664	4,676	9,773
Profit before finance charges and zakat and income tax		6,450	34,803	34,035	86,615
Finance charges	8	(7,214)	(5,306)	(17,796)	(16,756)
(Loss) profit before zakat and income tax		(764)	29,497	16,239	69,859
Zakat		(3,548)	(2,067)	(7,288)	(5,998)
Income tax		-	(53)	(24)	(311)
(Loss) profit for the period		(4,312)	27,377	8,927	63,550
Other comprehensive (loss) income					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		(50)	(1,564)	(697)	(664)
Total comprehensive (loss) income for the period		(4,362)	25,813	8,230	62,886

BAWAN COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (Continued)**
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	Note	Three month period ended September 30, 2018 SR'000	Three month period ended September 30, 2017 SR'000	Nine month period ended September 30, 2018 SR'000	Nine month period ended September 30, 2017 SR'000
(Loss) profit for the period attributable to:					
Owners of the Company		(4,125)	23,294	11,489	53,782
Non-controlling interests		(187)	4,083	(2,562)	9,768
		(4,312)	27,377	8,927	63,550
Total comprehensive (loss) income for the period attributable to:					
Owners of the Company		(4,146)	22,648	11,197	53,533
Non-controlling interests		(216)	3,165	(2,967)	9,353
		(4,362)	25,813	8,230	62,886
Earnings per share (SR)	4				
Basic and diluted		(0.07)	0.39	0.19	0.90

The accompanying notes form an integral part of these interim condensed consolidated financial statements

BAWAN COMPANY AND SUBSIDIARIES
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2018

	Share capital SR'000	Statutory reserve SR'000	Retained earnings SR'000	Foreign currency translation reserve SR'000	Equity attributable to owners of the Company SR'000	Non- controlling interests SR'000	Total SR'000
Balance at January 1, 2017 (Audited)	600,000	81,826	130,722	(1,255)	811,293	85,095	896,388
Total comprehensive income for the period	-	-	53,782	(249)	53,533	9,353	62,886
Transfer to statutory reserve	-	5,378	(5,378)	-	-	-	-
Reclassification adjustment for exchange differences included in profit or loss on disposal of a subsidiary	-	-	-	740	740	126	866
Dividends (note 9)	-	-	(39,000)	-	(39,000)	-	(39,000)
Contribution to absorb losses	-	-	-	-	-	2,478	2,478
Derecognized on disposal of a subsidiary	-	-	-	-	-	2,357	2,357
Balance at September 30, 2017 (Unaudited)	600,000	87,204	140,126	(764)	826,566	99,409	925,975
Balance at January 1, 2018 (Audited)	600,000	88,927	154,046	(936)	842,037	102,296	944,333
Impact of adoption of IFRS 16 (refer note 2)	-	-	(1,513)	-	(1,513)	(513)	(2,026)
Total comprehensive income for the period	-	-	11,489	(292)	11,197	(2,967)	8,230
Transfer to statutory reserve	-	1,149	(1,149)	-	-	-	-
Dividends (note 9)	-	-	(24,000)	-	(24,000)	(7,405)	(31,405)
Balance at September 30, 2018 (Unaudited)	600,000	90,076	138,873	(1,228)	827,721	91,411	919,132

The accompanying notes form an integral part of these interim condensed consolidated financial statements

BAWAN COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	September 30, 2018 SR'000	September 30, 2017 SR'000
Cash flows from operating activities		
Profit before zakat and income tax	16,239	69,859
Depreciation	38,920	39,627
Amortization	744	1,810
Employee defined benefit liabilities	2,108	(276)
Finance charges	17,796	16,756
Gain on disposal of a subsidiary	-	(3,229)
Gain on disposal of property, plant and equipment	(18)	(1,198)
	<u>75,789</u>	<u>123,349</u>
<i>Movements in working capital:</i>		
(Increase) decrease in trade and other receivables	(46,597)	2,031
Increase in contract assets	(4,184)	(4,638)
Increase in inventories	(164,011)	(23,224)
(Increase) decrease in spare parts	(265)	1,518
Increase in trade and other payables	85,227	93,024
Decrease in contract liabilities	(2,027)	(9,496)
Cash (used in) generated from operations	<u>(56,068)</u>	<u>182,564</u>
Finance charges paid	(15,990)	(16,917)
Zakat paid	(15,382)	(11,684)
Income tax paid	(363)	-
Net cash (used in) generated from operating activities	<u>(87,803)</u>	<u>153,963</u>
Cash flows from investing activities		
Purchase of/adjustment to property, plant and equipment	(31,702)	(28,034)
Purchase of/adjustment to intangible assets	(1)	-
Proceeds on disposal of property, plant and equipment	211	1,435
Proceeds on disposal of a subsidiary	-	14,900
Net cash used in investing activities	<u>(31,492)</u>	<u>(11,699)</u>
Cash flows from financing activities		
Net increase (decrease) in amounts due to banks	155,821	(84,530)
Repayment of loans	(10,160)	(19,888)
Repayment of lease liabilities	(3,626)	-
Dividends paid	(23,972)	(38,951)
Contribution by non-controlling interests to absorb losses	-	2,478
Dividends/adjustments to non-controlling interests	-	(2,670)
Net cash generated from (used in) financing activities	<u>118,063</u>	<u>(143,561)</u>
Net decrease in cash and cash equivalents	<u>(1,232)</u>	<u>(1,297)</u>
Cash and cash equivalents at the beginning of the period	<u>52,544</u>	<u>53,318</u>
Cash and cash equivalents at the end of the period	<u>51,312</u>	<u>52,021</u>

The accompanying notes form an integral part of these interim condensed consolidated financial statements

BAWAN COMPANY AND SUBSIDIARIES
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018
(UNAUDITED)**

1. ACTIVITIES

Bawan Company (“Bawan” or “the Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1010033032 dated Shawwal 9, 1400H (corresponding to August 20, 1980G). The Company’s shares are traded on the Saudi Stock Exchange (Tadawul). The Company’s financial year end is December 31.

These interim condensed consolidated financial statements include the financial statements of the Company and the following subsidiaries:

	Effective ownership	
	2018	2017
	%	%
Bawan Metal Industries Company (“Bawan Metal”)	100.00	100.00
Bawan Engineering Industries Company (“Bawan Engineering”)	100.00	100.00
Bawan Wood Industries Company (“Bawan Wood”)	95.00	95.00
United Company for Wood and Metal Products (“United Wood and Metal”)	95.00	95.00
Bina Holding for Industrial Investments Company (“Bina Holding”)	56.75	56.75

Indirect subsidiaries include the following:

		Ownership	
	Location	2018	2017
		%	%
Bawan Metal:			
Bawan Contracting for Building and Construction–under liquidation	Saudi Arabia	100.00	100.00
Bawan Engineering:			
United Transformers Electric Company–Saudi (“Utec-Saudi”)	Saudi Arabia	85.50	85.50
United Transformers Electric Company–Algeria (“Utec-Algeria”)	Algeria	49.00	49.00
United Technology of Electric Substations & Switchgears Company (“USSG”)	Saudi Arabia	85.50	85.50
Bawan Electric Company Limited	Saudi Arabia	100.00	100.00
Bawan Mechanical Works Company Limited	Saudi Arabia	100.00	100.00
Bawan Wood:			
Al-Raya Wood Works Establishment-UAE	UAE	100.00	100.00
Al-Raya Company for Wood Works-Kuwait	Kuwait	100.00	100.00
Inma Pallets Company Limited	Saudi Arabia	100.00	100.00
United Lines Logistics Services Company Limited	Saudi Arabia	100.00	100.00
Bina Holding:			
Bina Ready-Mix Concrete Products Company (“Bina Ready-Mix”)	Saudi Arabia	100.00	100.00
Bina Advanced Concrete Products Company (“Bina Precast”)	Saudi Arabia	93.20	93.20
Al-Ahliyah Transport Company Limited	Saudi Arabia	100.00	100.00
Total Building Company	Saudi Arabia	100.00	100.00

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018
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1. ACTIVITIES (Continued)

The Group ("Bawan and its subsidiaries") is mainly engaged in the manufacturing of metal and steel works, wooden pallets, plywood panels, boards and all work of carpentry and decorations, electrical transformers, packaged and unit substations and ready mix and concrete products.

2. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies, presentation and methods of computation have been followed in these interim condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended December 31, 2017, except for the impact and adoption of the Standards and Interpretations described below.

These interim condensed consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency, and all values are rounded to the nearest thousand (SR'000), except where otherwise indicated.

IFRS 9 Financial Instruments

IFRS 9, which contains accounting requirements for financial instruments, replaced IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

On the adoption of IFRS 9, the directors of the Company have assessed that all financial assets and financial liabilities are measured on the same bases as were required by IAS 39 as at December 31, 2017.

Financial assets measured at amortized cost are subject to the impairment provisions of IFRS 9.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 9 Financial Instruments (continued)

The Group has applied the simplified approach to recognize lifetime expected credit losses for its trade receivables in accordance with the requirements of IFRS 9. This has not resulted in any significant impact on equity as at January 1, 2018 and on profit before zakat and income tax for the nine month period ended September 30, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 11 *Construction Contracts* and IAS 18 *Revenue* and introduces a new five step model to account for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. The adoption of IFRS 15 has not had an impact on the amounts recognized for revenue in prior periods and consequently no adjustment has been made to equity as at January 1, 2018. The Group has elected to adopt this Standard retrospectively and consequently restatement has been made to the consolidated statement of financial position as at December 31, 2017 by disclosing contract assets and contract liabilities separately in the consolidated statement of financial position. Contract assets comprise revenue recognized not yet billed and contract liabilities comprise billings in excess of revenue recognized and advances from customers.

The previously reported amount of revenue recognized not yet billed was SR 9.24 million as at December 31, 2017. This amount was grouped with billings in excess of revenue recognized of SR 4.50 million which has now been reclassified to contract liabilities. The interim condensed consolidated statement of cash flows for the period ended September 30, 2017 has been restated accordingly.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17 *Leases*. IFRS 16 is effective from January 1, 2019, however, as earlier adoption is permitted by IFRS 16, the Group has elected to early adopt this Standard. The Group has elected to adopt this standard retrospectively with the cumulative effect of initially applying the Standard as an adjustment to the opening balance of equity at the date of initial application. Comparative information has not been restated.

The impact of applying IFRS 16 on total equity as at January 1, 2018 is a decrease in equity of SR 2.03 million. A right-of-use asset and lease liability has been recognized as at September 30, 2018 of SR 18.00 million and SR 19.17 million respectively. Profit before zakat and income tax for the three and nine months periods ended September 30, 2018 would have been higher by SR 0.77 million and SR 0.86 million respectively had IFRS 16 not been adopted.

3. USE OF ESTIMATES

The preparation of these interim condensed consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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3. USE OF ESTIMATES (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The significant areas of estimation uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the interim condensed consolidated financial statements are as follows:

- percentage of completion with regard to long term contracts
- estimated useful lives and residual values of property, plant and equipment
- assumptions used to determine the actuarial value of the employee defined benefit service liabilities
- accruals and provisions
- discount rate to determine the carrying amounts of right-to-use assets and lease liabilities
- inputs into the expected credit loss model in order to determine the allowance for doubtful debts as detailed in note (2)

4. EARNINGS PER SHARE

Basic and diluted earnings per share are based on the net profit for the period attributable to owners of the Company of SR 11.49 million (September 30, 2017: SR 53.78 million) divided by a weighted average number of shares in issue of 60 million (September 30, 2017: 60 million).

5. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group purchased items of property, plant and equipment amounting to SR 31.68 million (September 30, 2017: SR 28.35 million).

6. GOODWILL

In 2010, the Company acquired 85.5% of the shares of Utec-Saudi. Goodwill of SR 169.77 million was recognized on the acquisition that represented the excess consideration paid over the net book value of net assets acquired, after allocation of SR 26.67 million to adjust the net book value of net assets acquired to their fair values.

During 2014, Bawan Wood and United Wood and Metal acquired the entire shareholding of Inma Pallets. Goodwill of SR 0.33 million was recognized on the acquisition that represented the excess consideration paid over the net book value of net assets acquired, after allocation of SR 21.35 million to adjust the net book value of net assets acquired to their fair values, of which SR 3.29 million was allocated to property, plant and equipment, while the remaining balance of SR 18.06 million was recognized as identifiable intangible assets.

7. SHARE CAPITAL

The Company had 60 million shares of SR 10 each in issue as at September 30, 2018 and as at December 31, 2017, amounting to total issued capital of SR 600 million. There were no movements in share capital during the period.

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8. LOANS

8.1 Due to banks

The Group has bank facilities (“the Facilities”) arranged from local banks in the form of short term loans, Islamic Murabaha, forward exchange contracts, and letters of credit and guarantee. The Facilities carry interest at prevailing market rates. The Facilities are secured by promissory notes and corporate guarantees of the Group. The Facilities agreements contain covenants requiring maintenance of certain financial ratios during the terms of the loans.

8.2 Term loans

The Group has term loans facilities arranged from local banks. The loans are repayable in quarterly/semi-annual installments. The loans carry interest at prevailing market rates. The loans are secured by promissory notes and corporate guarantees of the Group.

8.3 SIDF loans

Bina Ready-Mix has long term loans arranged from Saudi Industrial Development Fund (“SIDF”) for the construction and expansion of its plants. These loans are guaranteed by promissory notes, corporate guarantees of shareholders and mortgage of its property, plant and equipment. The loan agreements contain covenants requiring maintenance of certain financial ratios during the terms of the loans.

9. DIVIDENDS

Dividends of SR 0.40 per share (September 30, 2017: SR 0.65 per share) totaling SR 24.00 million (September 30, 2017: SR 39.00 million) were declared during the nine month period. Dividends paid during the nine month period amounted to SR 23.97 million (September 30, 2017: SR 38.95 million).

10. CONTINGENCIES AND COMMITMENTS

The Group had capital commitments of SR 17.93 million at the reporting date (December 31, 2017: SR 20.35 million).

The Group had contingent liabilities arising from letters of credit and guarantee of SR 504.79 million at the reporting date (December 31, 2017: SR 538.08 million).

11. EVENTS SUBSEQUENT TO THE REPORTING DATE

No events have taken place after the end of the reporting period which require adjustment to, or separate disclosure, in these interim condensed consolidated financial statements.

BAWAN COMPANY AND SUBSIDIARIES
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
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12. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the periods:

	Three month period ended September 30, 2018 SR'000 (Unaudited)	Three month period ended September 30, 2017 SR'000 (Unaudited)	Nine month period ended September 30, 2018 SR'000 (Unaudited)	Nine month period ended September 30, 2017 SR'000 (Unaudited)
Revenue	32,953	33,215	105,874	114,140
Purchases and royalties	3,000	1,256	8,171	6,049

As of September 30, 2018 and December 31, 2017, due from and due to related parties balances mainly relate to the above-mentioned transactions.

13. SEGMENT REPORTING

Business segments have been approved by management in respect of the Group's activities which are consistent with Group's internal reporting processes.

The Group's operating segments are as follows:

- Metal and Wood
- Electrical
- Concrete
- Head office

The following is an analysis of the Group's revenue and results by segment:

	Nine month period ended September 30, 2018		Nine month period ended September 30, 2017	
<u>Segment</u>	Revenue SR'000 (Unaudited)	Profit (loss) SR'000 (Unaudited)	Revenue SR'000 (Unaudited)	Profit (loss) SR'000 (Unaudited)
Metal and Wood	1,119,751	38,678	1,127,723	49,310
Electrical	203,694	(21,099)	268,936	8,048
Concrete	108,492	(935)	135,934	13,046
Head office	-	(7,717)	-	(6,854)
	1,431,937	8,927	1,532,593	63,550

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
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13. SEGMENT REPORTING (Continued)

The following is an analysis of the Group's revenue and results by segment (continued):

<u>Segment</u>	<u>Three month period ended September 30, 2018</u>		<u>Three month period ended September 30, 2017</u>	
	<u>Revenue SR'000</u> (Unaudited)	<u>Profit (loss) SR'000</u> (Unaudited)	<u>Revenue SR'000</u> (Unaudited)	<u>Profit (loss) SR'000</u> (Unaudited)
Metal and Wood	344,766	9,117	400,032	23,957
Electrical	59,987	(12,070)	63,711	625
Concrete	39,061	2,457	43,199	4,917
Head office	-	(3,816)	-	(2,122)
	<u>443,814</u>	<u>(4,312)</u>	<u>506,942</u>	<u>27,377</u>

The following is an analysis of the Group's assets and liabilities by segment:

<u>Segment</u>	<u>September 30, 2018</u>		<u>December 31, 2017</u>	
	<u>Assets SR'000</u> (Unaudited)	<u>Liabilities SR'000</u> (Unaudited)	<u>Assets SR'000</u> (Audited)	<u>Liabilities SR'000</u> (Audited)
Metal and Wood	1,078,447	683,057	928,680	528,683
Electrical	738,608	331,389	669,709	236,320
Concrete	262,778	143,679	254,858	127,602
Head office	1,354	3,930	2,033	18,342
	<u>2,081,187</u>	<u>1,162,055</u>	<u>1,855,280</u>	<u>910,947</u>

14. OTHER INCOME

Other income for the nine month period ended September 30, 2018 primarily comprises scrap sales of SR 3.44 million (September 30, 2017: SR 3.53 million), a gain on disposal of property, plant and equipment of SR 0.02 million (September 30, 2017: SR 1.20 million) and a gain on disposal of a subsidiary of SR nil (September 30, 2017: SR 3.23 million).

15. APPROVAL OF FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved on October 30, 2018G.