

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS
ENDED JUNE 30, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023

Index	Page
Independent auditor's review report on condensed consolidated interim financial statements	1
Consolidated interim statement of financial position	2
Consolidated interim statement of profit or loss and other comprehensive income	3
Consolidated interim statement of changes in equity	4
Consolidated interim statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6 – 12

**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants****INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS****TO THE SHAREHOLDERS OF BAWAN COMPANY****(A SAUDI JOINT STOCK COMPANY)****INTRODUCTION**

We have reviewed the accompanying consolidated interim statement of financial position of Bawan Company (the "Company"), a Saudi Joint Stock Company and its subsidiaries (collectively referred to as the "Group") as of June 30 2023, the related consolidated interim statements of profit or loss and other comprehensive income for the three and six months periods then ended, changes in equity and cash flows for the six months period then ended and notes, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim 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" as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim 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, as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.

**Ibrahim Ahmed Al Bassam****Certified Public Accountant****License No. 337****Riyadh: 16 Muharram 1445H****Corresponding to: 3 August 2023****RIYADH**

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BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6, 9.3, 10	648,162	719,943
Right-of-use assets		17,912	24,545
Goodwill		4,397	4,397
Intangible assets		1,439	3,451
Other assets		2,274	2,487
Total non-current assets		674,184	754,823
Current assets			
Inventories		648,128	703,995
Spare parts		29,139	31,287
Financial assets at fair value through profit or loss (FVTPL)		654	14,206
Trade and other receivables	7	612,996	664,046
Contract assets		-	76,288
Cash and cash equivalents		58,190	38,401
		1,349,107	1,528,223
Assets relating to disposal group classified as held for sale	15	276,108	-
Total current assets		1,625,215	1,528,223
TOTAL ASSETS		2,299,399	2,283,046
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	600,000	600,000
Statutory reserve		58,878	52,921
Retained earnings		225,179	210,568
Equity attributable to shareholders of the Company		884,057	863,489
Non-controlling interests		67,486	66,143
TOTAL EQUITY		951,543	929,632
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	80,114	87,430
Lease liabilities		18,786	23,878
Employee defined benefit liabilities		65,405	74,593
Total non-current liabilities		164,305	185,901
Current liabilities			
Trade and other payables		570,987	560,918
Short-term borrowings	9	314,749	468,200
Current portion of long-term borrowings	9	35,533	38,779
Contract liabilities		61,666	65,481
Current portion of lease liabilities		1,093	2,323
Zakat and income tax payable		22,605	30,675
Dividends payable	17	3,389	1,137
		1,010,022	1,167,513
Liabilities relating to disposal group classified as held for sale	15	173,529	-
Total current liabilities		1,183,551	1,167,513
TOTAL LIABILITIES		1,347,856	1,353,414
TOTAL EQUITY AND LIABILITIES		2,299,399	2,283,046

Financial Reporting Director

Chief Executive Officer

Authorized Board of Directors Member

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

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

		Three months period ended June 30,		Six months period ended June 30,	
	Note	2023	2022	2023	2022
Continuing operations					
Revenue	11, 12, 13	768,076	798,250	1,660,527	1,691,359
Cost of revenue	11	(684,118)	(691,314)	(1,480,986)	(1,466,832)
Gross profit		83,958	106,936	179,541	224,527
Selling and distribution expenses		(24,496)	(22,831)	(49,646)	(45,090)
General and administrative expenses		(24,696)	(23,850)	(48,257)	(48,644)
Expected credit loss (ECL) reversal / (charge) on financial assets	7	1,425	(2,862)	2,386	(8,939)
Gain on disposal of investment in financial assets at FVTPL		1,511	555	4,785	2,964
Fair value (loss) / gain on investment in financial assets at FVTPL		(114)	(297)	65	(434)
Other income / (expenses), net		5,839	(218)	7,100	(1,263)
Profit before finance costs and zakat and income tax		43,427	57,433	95,974	123,121
Finance costs		(9,110)	(5,827)	(19,731)	(10,541)
Profit before zakat and income tax		34,317	51,606	76,243	112,580
Zakat and income tax		(4,071)	(2,559)	(7,088)	(12,135)
Profit from continuing operations		30,246	49,047	69,155	100,445
Loss from discontinued operations		(4,189)	(4,281)	(5,394)	(2,104)
Net profit for the period		26,057	44,766	63,761	98,341
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		26,057	44,766	63,761	98,341
Profit for the period attributable to:					
Ordinary equity holders of the Company		25,036	44,555	59,568	94,904
Non-controlling interests		1,021	211	4,193	3,437
		26,057	44,766	63,761	98,341
Total comprehensive income for the period attributable to:					
Ordinary equity holders of the Company		25,036	44,555	59,568	94,904
Non-controlling interests		1,021	211	4,193	3,437
		26,057	44,766	63,761	98,341
Total comprehensive income / (loss) for the period attributable to the ordinary equity holders of the Company arises from:					
Continuing operations		27,321	46,912	62,500	96,028
Discontinued operations		(2,285)	(2,357)	(2,932)	(1,124)
		25,036	44,555	59,568	94,904
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:					
Basic and diluted	5	0.46	0.78	1.04	1.60
Earnings per share for profit attributable to the ordinary equity holders of the Company:					
Basic and diluted	5	0.42	0.74	0.99	1.58

Financial Reporting Director

Chief Executive Officer

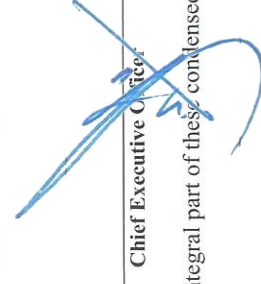
Authorized Board of Directors Member

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

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Retained earnings	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
January 1, 2023 (Audited)	600,000	52,921	210,568	863,489	66,143	929,632
Net profit for the period	-	-	59,568	59,568	4,193	63,761
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	59,568	59,568	4,193	63,761
Transfer to statutory reserve	-	5,957	(5,957)	-	-	-
Transactions with current owners in their capacity as owners:						
Dividends (note 17)	-	-	(39,000)	(39,000)	(2,850)	(41,850)
June 30, 2023 (Unaudited)	600,000	58,878	225,179	884,057	67,486	951,543
January 1, 2022 (Audited)	600,000	36,636	102,877	739,513	50,389	789,902
Net profit for the period	-	-	94,904	94,904	3,437	98,341
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	94,904	94,904	3,437	98,341
Transfer to statutory reserve	-	9,490	(9,490)	-	-	-
Transactions with current owners in their capacity as owners:						
Dividends	-	-	-	-	(3,800)	(3,800)
June 30, 2022 (Unaudited)	600,000	46,126	188,291	834,417	50,026	884,443


Financial Reporting Director


Chief Executive Officer


Authorized Board of Directors Member

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

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Six months period ended June 30,	
	2023	2022
Cash flows from operating activities		
Profit / (loss) before zakat:		
Continuing operations	76,243	112,580
Discontinued operations	(5,234)	(1,579)
Profit before zakat including discontinued operations	71,009	111,001
Adjustments for:		
Depreciation and amortization	40,307	36,634
Employee defined benefit liabilities	4,396	5,156
Finance costs	20,926	11,127
ECL allowance (reversal) / charge on financial assets	(2,386)	8,939
Reversal of accruals relating to disposal group held for sale	(4,830)	-
Fair value (gain) / loss on investment in financial assets at FVTPL	(65)	434
Gain on disposal of investment in financial assets at FVTPL	(4,785)	(2,964)
Gain on disposal of property, plant and equipment	(118)	(659)
Operating cash flows before movement in working capital	124,454	169,668
Changes in working capital:		
Inventories	47,262	(69,741)
Spare parts	(1,034)	(1,128)
Trade and other receivables and other assets	(60,214)	(5,763)
Contract assets	19,377	(11,733)
Trade and other payables	96,414	69,912
Contract liabilities	22,735	5,263
Cash generated from operations	248,994	156,478
Employee defined benefit liabilities paid	(2,842)	(4,156)
Zakat and income tax paid	(13,542)	(12,602)
Finance costs paid	(17,964)	(8,978)
Net cash flows generated from operating activities	214,646	130,742
Cash flows from investing activities		
Purchases of property, plant and equipment	(47,365)	(39,845)
Proceeds from disposal of property, plant and equipment	559	689
Purchases of intangible assets	(561)	(322)
Purchases of investment in financial asset at FVTPL	(3,048)	(18,683)
Proceeds from sale of investment in financial asset at FVTPL	21,450	18,718
Net cash flows used in investing activities	(28,965)	(39,443)
Cash flows from financing activities		
Proceeds from short term borrowings	401,479	756,537
Repayment of short term borrowings	(510,225)	(748,262)
Proceeds from long term borrowings	10,000	-
Repayment of long term borrowings	(20,562)	(40,603)
Repayment of lease liabilities	(1,504)	(1,996)
Dividends paid to the shareholders	(39,000)	(45,000)
Net cash flows used in financing activities	(159,812)	(79,324)
Net change in cash and cash equivalents	25,869	11,975
Cash and cash equivalents at the beginning of the period	38,401	40,305
Cash and cash equivalent classified as held for sale	(6,080)	-
Cash and cash equivalents at the end of the period	58,190	52,280
Supplementary information		
Net assets transfer related to assets held for sale	102,579	-
Written-off / adjustments in trade receivables	281	444
Right-of-use asset and lease liabilities recognized		4,474

Financial Reporting Director

Chief Executive Officer

Authorized Board of Directors Member

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BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

1. GENERAL INFORMATION

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

The address of the Group’s head office and principal activities of Bawan and its subsidiaries (collectively the “Group”) remain the same as disclosed in the Group’s annual consolidated financial statements for the year ended December 31, 2022.

2. BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements for the three and six months periods ended June 30, 2023 have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2022. In addition, results for the three and six months periods ended June 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention, except for certain financial instruments measured at fair value and the employee defined benefits liability which is stated at the present value of the related obligation.

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

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Company’s annual consolidated financial statements as of and for the year ended December 31, 2022, and the notes attached thereto, except for the adoption of certain new and revised standards that became effective in the current period.

New Standards, Amendments to Standards and Interpretations effective from January 1, 2023

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2023 and have been explained in the Group’s annual consolidated financial statements for the year ended December 31, 2022, but they do not have a material effect on the Group’s condensed consolidated interim financial statements.

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements as of and for the year ended December 31, 2022.

5. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing profit for the period attributable to the ordinary equity holders of the Company separately from each of the continuing and discontinued operations by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the period for the effects of all dilutive potential ordinary shares. Since the Company has no such dilutive potential ordinary shares, the calculation and presentation of basic and diluted EPS of the Company will be the same.

The following table reflects the profit and weighted average number of ordinary shares used in the computations:

	Three months period ended June 30,		Six months period ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:				
From continuing operations	27,321	46,912	62,500	96,028
From discontinued operations	(2,285)	(2,357)	(2,932)	(1,124)
	25,036	44,555	59,568	94,904
Weighted average number of ordinary shares outstanding during the period	60,000	60,000	60,000	60,000
Basic and diluted earnings per share				
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company				
- From continuing operations	0.46	0.78	1.04	1.60
- From discontinued operations	(0.04)	(0.04)	(0.05)	(0.02)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	0.42	0.74	0.99	1.58

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

6. PROPERTY, PLANT AND EQUIPMENT

During the period ended June 30, 2023, the Group purchased items of property, plant and equipment amounting to SR 47.37 million (period ended June 30, 2022: SR 39.85 million).

7. TRADE AND OTHER RECEIVABLES

The following table shows the movement in lifetime ECL that has been recognized against trade receivables during the period/year:

	June 30, 2022 (Unaudited)	December 31, 2022 (Audited)
As at beginning of the period / year	88,998	92,080
Transfer to assets relating to disposal group classified as held for sale	(15,681)	-
ECL allowance (reversal) / charge for the period / year	(2,386)	14,813
Written-off during the period / year	(281)	(19,295)
Transfer from other liabilities	-	1,400
As at end of the period / year	70,650	88,998

8. SHARE CAPITAL

The Company had 60 million authorized, issued and fully paid ordinary shares with a nominal value of SR 10 per share as at June 30, 2023 and December 31, 2022 amounting to total share capital of SR 600 million as at June 30, 2023 and December 31, 2022. There was no movement in share capital during the current and comparative period.

During the year ended December 31, 2022, the shareholders of the Company in the extraordinary general assembly meeting held on September 19, 2022, approved the buy-back of its shares for the purpose of retaining them as treasury shares with a maximum number of 3 million shares, when the board of directors or its authorized representatives consider that the share price on the Saudi Exchange is lower than its fair value. The resolution includes various aspects including the financing of such shares and retainage period for those shares.

9. BORROWINGS**9.1 Short-term borrowings**

The Group has obtained bank facilities ("the Facilities") 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 and are secured by promissory notes and corporate guarantees of the Group.

9.2 Term loans payable to banks

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

9.3 Saudi Industrial Development Fund (SIDF) loans

The Group has obtained various loans from SIDF for the construction and expansion of its concrete and plastic segment plants and the delivery of an ongoing project. These loans are guaranteed by promissory notes, corporate guarantees of the Group and mortgages of property, plant and equipment with a carrying value of SR 43.42 million as at June 30, 2023 (December 31, 2022: SR 44.43 million). The final repayment of SIDF loans is due in 2023.

All of the above borrowings require the maintenance of certain debt covenants. As at June 30, 2023 and December 31, 2022, none of the conditions require to cause the loans to be payable on demand by the loan agreements.

10. CONTINGENCIES AND COMMITMENTS

The Group had capital commitments of SR 12.35 million as at June 30, 2023 (December 31, 2022: SR 16.44 million).

The Group had contingent liabilities arising from letters of credit and guarantee of SR 660.09 million as at June 30, 2023 (December 31, 2022: SR 631.17 million).

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

11. RELATED PARTIES' INFORMATION

During the periods presented, the Group entered into the following significant transactions with its related parties:

	Three months period ended June 30,		Six months period ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	81,110	61,151	153,928	148,098
Purchases	4,685	12,079	9,126	19,883
Royalties	490	244	1,017	639

As of June 30, 2023, amounts due from and due to related parties mainly relate to the above mentioned transactions.

During the period, short-term and long-term employment benefits to the Company's key management personnel amounted to SR 3.79 million (2022: SR 2.87 million). Key management personnel include directors and key executives at the Company level.

Related parties revenue includes SR 24.96 million for revenue of Concrete sector (discontinued operations) for the period ended June 30, 2023 (2022: SR 7.46 million). Related parties purchases include SR 3.60 million for purchases of Concrete sector (discontinued operations) for the period ended June 30, 2023 (2022: SR 7.31 million).

12. REVENUE

The Group derives its revenue from contracts with customers for sale of goods over time amounting to SR 56.37 million (2022: SR 62.06 million) and at a point in time amounting to SR 1,699.35 million (2022: SR 1,737.48 million). The revenue from contracts with customers for sale of goods over time and point in time includes revenue related to discontinued operations. Refer to note 13 for revenue from each reportable segment under IFRS 8 "Operating Segments".

13. SEGMENT REPORTING

Operating business segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The segment information is reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

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

- Metal and Wood
- Plastic
- Electrical
- Concrete - classified as held for sale (note 15)
- Other (Other segment is a residual segment and comprises of Bawan Company representing only the holding company (i.e. head office) and associated activities carried out at the head office level).

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

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>Six months period ended June 30,</u>						
<u>2023 – (Unaudited)</u>						
Revenue	1,111,125	372,280	177,122	-	-	1,660,527
Depreciation and amortization	10,353	5,318	13,830	-	3,178	32,679
Finance costs	2,846	8,162	8,046	-	677	19,731
Profit / (loss) for the period	18,928	41,273	10,238	(5,394)	(1,284)	63,761
Total assets	932,458	473,662	583,550	276,108	33,621	2,299,399
Total liabilities	470,393	315,143	355,491	172,940	33,889	1,347,856
<u>Six months period ended June 30,</u>						
<u>2023 – (Unaudited)</u>						
Segment revenues	1,111,125	372,280	177,122	-	-	1,660,527
Intersegment revenues	-	-	-	-	-	-
External revenues	1,111,125	372,280	177,122	-	-	1,660,527

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

13. SEGMENT REPORTING (Continued)

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>As of June 30, 2023 – (Unaudited)</u>						
Segment assets	932,991	474,617	584,383	276,108	124,147	2,392,246
Consolidation adjustments	(533)	(955)	(833)	-	(90,526)	(92,847)
Total assets	932,458	473,662	583,550	276,108	33,621	2,299,399
Segment liabilities	520,417	315,745	373,693	192,573	34,501	1,436,929
Consolidation adjustments	(50,024)	(602)	(18,202)	(19,633)	(612)	(89,073)
Total liabilities	470,393	315,143	355,491	172,940	33,889	1,347,856

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>Six months period ended June 30, 2022 – Unaudited</u>						
Revenue	1,182,866	319,214	189,279	-	-	1,691,359
Depreciation and amortization	10,598	4,627	12,318	-	3,063	30,606
Finance costs	2,984	3,335	3,646	-	576	10,541
Profit / (loss) for the period	92,915	9,635	12,548	(2,104)	(14,653)	98,341
Segment revenues	1,182,866	319,214	190,061	-	-	1,692,141
Intersegment revenues	-	-	(782)	-	-	(782)
External revenues	1,182,866	319,214	189,279	-	-	1,691,359

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>As of December 31, 2022 – Audited</u>						
Total assets	934,539	480,057	568,840	260,626	38,984	2,283,046
Total liabilities	447,399	359,223	348,177	153,439	45,176	1,353,414
Segment assets	934,539	480,615	569,158	260,626	66,642	2,311,580
Consolidation adjustments	-	(558)	(318)	-	(27,658)	(28,534)
Total assets	934,539	480,057	568,840	260,626	38,984	2,283,046
Segment liabilities	450,748	363,016	348,641	172,026	45,176	1,379,607
Consolidation adjustments	(3,349)	(3,793)	(464)	(18,587)	-	(26,193)
Total liabilities	447,399	359,223	348,177	153,439	45,176	1,353,414

Segment revenues reported above represent revenue generated from both external customers and related parties. There were no significant inter-segment revenues during the six months periods ended June 30, 2023 and 2022. One customer contributed more than 10% of the Group's revenue the six months period ended June 30, 2023. No customers contributed to more than or equal to 10% of the Group's revenue in the six months period ended June 30, 2022.

The majority of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

14. FAIR VALUE MEASUREMENT

The Group measures financial assets at fair value through profit or loss at each statement of financial position date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial assets measured at FVTPL at the end of the reporting period are classified as level 1 in the fair value hierarchy. There were no transfers between the levels of fair value hierarchies during the period.

The carrying values of the financial instruments reported in the consolidated interim statement of financial position approximate their fair values.

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Towards the end of June 2023, the management of the Group planned to sell Bina Industrial Investment Holding Company. An active program to locate a buyer and complete the aforementioned plan was initiated. Subsequent to period end on July 25, 2023, the Group announced that it has signed a binding memorandum of understanding (MOU) to sell its entire equity stake in Bina Industrial Investment Holding Company ("the company"), one of its subsidiaries, for a total value of SR 76.7 million. The MOU stipulates that the full amount shall be paid in equal twenty four monthly installments. The unpaid amounts of the sale price will be subject to financial interest according to the prevailing commercial rates. The parties agreed that the shares shall be sold based on the balances of the company's reviewed financial statements on June 30, 2023, and that the approved effective date for the sale transaction shall be July 1, 2023. Management expects that the deal will result in a capital gain of approximately SR 3 million, in addition to the financial interest income calculated during the payment period. The sale is subject to all regulatory approvals from the relevant authorities.

15.1 Financial performance for the six months period ended June 30, 2023 and June 30, 2022 are as follows:

	2023	2022
Revenue	95,189	108,180
Cost of revenue	(88,459)	(99,657)
Selling and distribution expenses	(2,181)	(1,605)
General and administrative expenses	(9,659)	(8,414)
Other income	1,071	503
Finance costs	(1,195)	(586)
Zakat	(160)	(525)
Net loss	(5,394)	(2,104)
Other comprehensive income	-	-
Other comprehensive loss from discontinued operation	-	-
Total comprehensive loss	(5,394)	(2,104)

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)****15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)**

15.2 Cash flows for the six months period ended June 30, 2023 are as follows:

	June 30, 2023 (Unaudited)
Net cash utilized in operating activities	(6,295)
Net cash used in investing activities	(2,133)
Net cash inflow from financing activities	8,237
Net decrease in cash and cash equivalents	(191)

15.3 Details of disposal group classified as held for sale

Carrying amounts of assets and liabilities as at June 30, 2023 were as follows:

	Amount
<i>Assets</i>	
Property, plant and equipment	82,124
Right of use assets	4,680
Intangible assets	663
Trade and other receivables	113,863
Inventories	8,605
Spare parts	3,182
Contract assets	56,911
Cash and cash equivalents	6,080
Total assets	276,108
<i>Liabilities</i>	
Lease liabilities	5,932
Employee defined benefit liabilities	12,453
Short-term borrowings	44,705
Contract liabilities	26,550
Trade and other payables	81,515
Zakat payable	1,776
Dividend payable	598
Total liabilities	173,529
Net value of net assets	102,579

16. EVENTS AFTER THE REPORTING DATE

No events, other than as disclosed in note 15 and note 17, have taken place after the end of the reporting period until the date of approval of these condensed consolidated interim financial statements, which require adjustment to, or separate disclosure in, these condensed consolidated interim financial statements.

17. DIVIDENDS

Subsequent to period ended June 30, 2023, the Company announced dividends of SR 39 million. During the period ended June 30, 2023, the Company announced and paid dividends of SR 39 million. As of December 31, 2021, the Group had unpaid dividends amounting to SR 46.14 million out of which dividends amounting to SR 45 million were paid during the period ended June 30, 2022.

18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements for the three and six months periods ended June 30, 2023 were approved by the Company's Board of Directors on August 2, 2023.