

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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

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**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants****INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

(1/1)

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 September 30, 2023, the related consolidated interim statement of profit or loss and other comprehensive income for the three and nine months periods then ended, the consolidated interim statements of changes in equity and cash flows for the nine months period then ended and 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
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BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	6, 9.3, 10	663,183	719,943
Right-of-use assets		28,495	24,545
Goodwill		4,397	4,397
Intangible assets		802	3,451
Other receivables	7	34,025	2,487
Total non-current assets		730,902	754,823
Current assets			
Inventories		713,592	703,995
Spare parts		29,056	31,287
Financial assets at fair value through profit or loss (FVTPL)		6,574	14,206
Trade and other receivables	7	632,626	664,046
Contract assets		-	76,288
Cash and cash equivalents		42,214	38,401
Total current assets		1,424,062	1,528,223
TOTAL ASSETS		2,154,964	2,283,046
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	600,000	600,000
Statutory reserve		62,888	52,921
Retained earnings		222,273	210,568
Equity attributable to shareholders of the Company		885,161	863,489
Non-controlling interests		38,835	66,143
TOTAL EQUITY		923,996	929,632
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	72,552	87,430
Lease liabilities		27,537	23,878
Employee defined benefit liabilities		66,037	74,593
Total non-current liabilities		166,126	185,901
Current liabilities			
Trade and other payables		590,784	560,918
Short-term borrowings	9	351,781	468,200
Current portion of long-term borrowings	9	30,474	38,779
Contract liabilities		67,920	65,481
Current portion of lease liabilities		1,066	2,323
Zakat and income tax payable		19,428	30,675
Dividends payable	17	3,389	1,137
Total current liabilities		1,064,842	1,167,513
TOTAL LIABILITIES		1,230,968	1,353,414
TOTAL EQUITY AND LIABILITIES		2,154,964	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 NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	Three months period ended September 30,		Nine months period ended September 30,	
		2023	2022	2023	2022
Continuing operations					
Revenue	11, 12, 13	832,011	812,955	2,492,538	2,504,314
Cost of revenue	11	(732,996)	(723,534)	(2,213,982)	(2,190,366)
Gross profit		99,015	89,421	278,556	313,948
Selling and distribution expenses		(23,369)	(20,753)	(73,015)	(65,843)
General and administrative expenses		(24,785)	(20,652)	(73,042)	(69,296)
Expected credit loss (ECL) allowance on financial assets	7	(3,535)	(641)	(1,149)	(9,580)
Gain on disposal of investment in financial assets at FVTPL		783	211	5,568	3,175
Fair value gain / (loss) on investment in financial assets at FVTPL		8	(179)	73	(613)
Other income, net		1,639	300	8,739	(963)
Profit before finance costs and zakat and income tax		49,756	47,707	145,730	170,828
Finance costs		(9,462)	(7,195)	(29,193)	(17,736)
Profit before zakat and income tax		40,294	40,512	116,537	153,092
Zakat and income tax		(421)	(3,179)	(7,509)	(15,314)
Profit from continuing operations		39,873	37,333	109,028	137,778
Gain / (loss) from discontinued operations	15	2,909	5,714	(2,485)	3,610
Profit for the period		42,782	43,047	106,543	141,388
Other comprehensive income:					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		42,782	43,047	106,543	141,388
Profit for the period attributable to:					
Shareholders of the Company		40,104	38,120	99,672	133,024
Non-controlling interests		2,678	4,927	6,871	8,364
		42,782	43,047	106,543	141,388
Total comprehensive income for the period attributable to:					
Shareholders of the Company		40,104	38,120	99,672	133,024
Non-controlling interests		2,678	4,927	6,871	8,364
		42,782	43,047	106,543	141,388
Total comprehensive income for the period attributable to the shareholders of the Company arises from:					
Continuing operations		37,195	35,050	99,695	131,078
Discontinued operations		2,909	3,070	(23)	1,946
		40,104	38,120	99,672	133,024


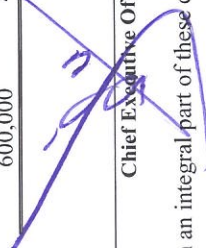
BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED) – (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

		Three months period ended September 30,		Nine months period ended September 30,	
	Note	2023	2022	2023	2022
Earnings per share for profit from continuing operations attributable to the ordinary shareholders of the Company					
Basic and diluted	5	<u>0.62</u>	0.58	<u>1.66</u>	2.19
Earnings per share for profit attributable to the ordinary shareholders of the Company:					
Basic and diluted	5	<u>0.67</u>	0.63	<u>1.66</u>	2.22

		
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 NINE MONTHS PERIOD ENDED SEPTEMBER 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
Profit for the period	-	-	99,672	99,672	6,871	106,543
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	99,672	99,672	6,871	106,543
Transfer to statutory reserve	-	9,967	(9,967)	-	-	-
De-recognition of non-controlling interest on disposal of subsidiary	-	-	-	-	(31,329)	(31,329)
Transactions with the owners in their capacity as owners:						
Dividends (note 17)	-	-	(78,000)	(78,000)	(2,850)	(80,850)
September 30, 2023 (Unaudited)	600,000	62,888	222,273	885,161	38,835	923,996
January 1, 2022 (Audited)	600,000	36,636	102,877	739,513	50,389	789,902
Profit for the period	-	-	133,024	133,024	8,364	141,388
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	133,024	133,024	8,364	141,388
Transfer to statutory reserve	-	13,302	(13,302)	-	-	-
Transactions with the owners in their capacity as owners:						
Dividends (note 17)	-	-	(51,000)	(51,000)	(3,800)	(54,800)
September 30, 2022 (Unaudited)	600,000	49,938	171,599	821,537	54,953	876,490
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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Nine months period ended September 30,	
	2023	2022
Cash flows from operating activities		
Profit / (loss) before zakat and income tax:		
Continuing operations	116,537	153,092
Discontinued operations	(2,325)	4,376
Profit before zakat and income tax including discontinued operations	114,212	157,468
Adjustments for:		
Depreciation and amortization	56,521	58,047
Employee defined benefit liabilities	6,055	7,734
Finance costs	30,388	18,948
ECL allowance on trade receivables	1,149	10,380
Fair value (gain) / loss on investment in financial assets at FVTPL	(73)	613
Gain on disposal of investment in financial assets at FVTPL	(5,568)	(3,175)
Gain on disposal of a subsidiary	(2,909)	-
Gain on disposal of property, plant and equipment	(142)	(854)
Operating cash flows before movement in working capital	199,633	249,161
Changes in working capital:		
Inventories	(18,202)	(115,670)
Spare parts	(951)	(2,543)
Trade and other receivables and other assets	(53,855)	(9,706)
Contract assets	19,377	(20,362)
Trade and other payables	111,381	109,686
Contract liabilities	28,989	18,695
Cash generated from operations	286,372	229,261
Employee defined benefit liabilities paid	(4,582)	(6,001)
Zakat and income tax paid	(17,140)	(12,665)
Finance costs paid	(27,964)	(15,311)
Net cash flows generated from operating activities	236,686	195,284
Cash flows from investing activities		
Purchase of property, plant and equipment	(76,800)	(52,609)
Proceeds from disposal of property, plant and equipment	272	1,052
Purchase of intangible assets	(566)	(322)
Purchase of investment in financial asset at FVTPL	(12,396)	(21,336)
Proceeds from sale of investment in financial asset at FVTPL	25,669	23,209
Proceeds from disposal of a subsidiary	12,884	-
Net cash flows used in investing activities	(50,937)	(50,006)
Cash flows from financing activities		
Proceeds from short-term borrowings	722,434	1,128,134
Repayment of short-term borrowings	(794,351)	(1,106,506)
Proceeds from long-term borrowings	10,000	17,000
Repayment of long-term borrowings	(32,980)	(51,731)
Repayment of lease liabilities	(2,959)	(3,486)
Dividends paid to the shareholders	(78,000)	(96,000)
Net cash flows used in financing activities	(175,856)	(112,589)
Net change in cash and cash equivalents	9,893	32,689
Cash and cash equivalents at the beginning of the period	38,401	40,305
Cash and cash equivalent relating to discontinued operations	(6,080)	-
Cash and cash equivalents at the end of the period	42,214	72,994

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

	Nine months period ended September 30,	
	2023	2022
Supplementary information		
Net assets derecognized on sale of a subsidiary	102,579	-
Receivable against disposal of a subsidiary	63,816	-
Right-of-use asset and lease liabilities recognized	11,441	4,474
Written-off in trade receivables	281	2,583

 _____ Financial Reporting Director	 _____ Chief Executive Officer	 _____ Authorized Board of Directors Member
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The accompanying notes form an integral part of these condensed consolidated interim financial statements.

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 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 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 nine months periods ended September 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 consolidated 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 nine months periods ended September 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023. Balances reported in the consolidated interim statement of financial position are not comparable with consolidated financial statements as of December 31, 2022 due to disposal of a subsidiary (refer note 15).

These condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries (the Group).

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 NINE MONTHS PERIODS ENDED SEPTEMBER 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 September 30,		Nine months period ended September 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit / (loss) for the period attributable to the shareholders of the Company used in calculating basic and diluted earnings per share:				
- From continuing operations	37,195	35,050	99,695	131,078
- From discontinued operations	2,909	3,070	(23)	1,946
	40,104	38,120	99,672	133,024
Weighted average number of ordinary shares outstanding during the period	60,000	60,000	60,000	60,000
Basic and diluted earnings per share				
- From continuing operations attributable to the shareholders of the Company	0.62	0.58	1.66	2.19
- From discontinued operations attributable to the shareholders of the Company	0.05	0.05	-	0.03
Total basic and diluted earnings per share attributable to the shareholders of the Company	0.67	0.63	1.66	2.22

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)****6. PROPERTY, PLANT AND EQUIPMENT**

During the period ended September 30, 2023, the Group purchased items of property, plant and equipment amounting to SR 76.8 million (period ended September 30, 2022: SR 52.61 million). During the period ended September 30, 2023, assets with a net book value of SR 82.12 million were derecognized as part of disposal of a subsidiary.

7. TRADE AND OTHER RECEIVABLES

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
As at beginning of the period / year	88,998	92,080
Derecognised on disposal of a subsidiary	(15,681)	-
ECL allowance charge for the period / year	1,149	14,813
Written-off during the period / year	(281)	(19,295)
Transfer from other liabilities	-	1,400
As at end of the period / year	74,185	88,998

7.2 Other receivables as of September 30, 2023 include an amount of SR 63.82 million (current receivable of SR 31.96 million and non-current receivable of SR 31.86 million) which represents receivable from disposal of a subsidiary, Bina Industrial Investment Holding Company ("Bina Holding") (refer note 15). Out of total consideration receivable of SR 76.7 million, the Company has collected SR 12.88 million during the period ended September 30, 2023 and the remaining balance of SR 63.82 million was receivable as of September 30, 2023.

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 September 30, 2023 and December 31, 2022 amounting to total share capital of SR 600 million as at September 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 had 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 were guaranteed by promissory notes, corporate guarantees of the Group and mortgages of property, plant and equipment with a carrying value of nil as at September 30, 2023 (December 31, 2022: SR 44.43 million). The final repayment of SIDF loans was due in 2023. The SIDF loan was fully repaid during the current period.

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

BAWAN COMPANY

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)****10. CONTINGENCIES AND COMMITMENTS**

The Group had capital commitments of SR 6.59 million as at September 30, 2023 (December 31, 2022: SR 16.44 million).

The Group had contingent liabilities arising from letters of credit and guarantee of SR 612.28 million as at September 30, 2023 (December 31, 2022: SR 631.17 million).

11. RELATED PARTIES' INFORMATION

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

	Three months period ended September 30,		Nine months period ended September 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	32,900	83,200	186,828	231,298
Purchases	668	7,744	9,794	27,627
Royalties	468	342	1,485	981

Above mentioned transactions for the current period are not comparable with the comparative period transactions due to disposal of a subsidiary. The period ended September 30, 2022 includes revenue and purchases amounting to SR 24 million and SR 11.34 million respectively from discontinued operations.

As of September 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 5.02 million (2022: SR 4.14 million). Key management personnel include directors and key executives at the Company level.

12. REVENUE

The Group derives its revenue from contracts with customers for sale of goods at a point in time amounting to SR 2,492.54 million (2022: SR 2,504.31 million). The group does not have any sale of goods recognized over time from continuing operations in the current and comparative period. Refer to note 13 for revenue from each reportable segment under IFRS 8 "Operating Segments".

Revenue from discontinued operations is derived from contracts with customers for sale of goods over time amounting to SR 53.92 million (2022: SR 107.45 million) and at a point in time amounting to SR 41.27 million (2022: SR 69.58 million). (Refer note 15)

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 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 – discontinued operations (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).

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023****(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)****13. SEGMENT REPORTING (Continued)**

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

	Metal and Wood	Electrical	Plastic	Concrete	Other	Total
<u>Nine months period ended</u>						
<u>September 30, 2023 - Unaudited</u>						
Revenue	1,699,748	533,783	259,007	-	-	2,492,538
Depreciation and amortization	15,485	7,947	20,695	-	4,766	48,893
Finance costs	4,110	12,490	11,686	-	907	29,193
Profit / (loss) for the period	48,309	49,763	12,925	(5,394)	940	106,543
Total assets	945,063	510,984	590,995	-	107,922	2,154,964
Total liabilities	480,900	343,375	376,260	-	30,433	1,230,968
<u>Nine months period ended</u>						
<u>September 30, 2023 – Unaudited</u>						
Segment revenues	1,699,748	533,783	259,007	-	-	2,492,538
Intersegment revenues	-	-	-	-	-	-
External revenues	1,699,748	533,783	259,007	-	-	2,492,538
<u>As of September 30, 2023 –</u>						
<u>Unaudited</u>						
Segment assets	946,175	511,794	590,995	-	133,231	2,182,195
Consolidation adjustments	(1,112)	(810)	-	-	(25,309)	(27,231)
Total assets	945,063	510,984	590,995	-	107,922	2,154,964
Segment liabilities	504,050	344,430	377,553	-	31,545	1,257,578
Consolidation adjustments	(23,150)	(1,055)	(1,293)	-	(1,112)	(26,610)
Total liabilities	480,900	343,375	376,260	-	30,433	1,230,968
<u>Nine months period ended</u>						
<u>September 30, 2022 – Unaudited</u>						
Revenue	1,777,303	448,324	278,687	-	-	2,504,314
Depreciation and amortization	16,103	7,085	18,519	-	4,125	45,832
Finance costs	4,972	6,051	5,820	-	893	17,736
Profit / (loss) for the period	120,623	17,721	16,289	3,610	(16,855)	141,388
Segment revenues	1,777,303	448,377	279,469	-	-	2,505,149
Intersegment revenues	-	(53)	(782)	-	-	(835)
External revenues	1,777,303	448,324	278,687	-	-	2,504,314
<u>As of December 31, 2022 –</u>						
<u>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

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

13. SEGMENT REPORTING (Continued)

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

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

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 OF A SUBSIDIARY

On July 25, 2023, Bawan Company announced that it has signed a binding memorandum of understanding (MOU) to sell its entire equity stake in Bina Holding, one of its subsidiaries, for a total value of SR 76.7 million. The parties agreed that the shares shall be sold based on the balances of Bina Holding's reviewed financial statements on June 30, 2023, and that the approved effective date for the sale transaction shall be July 1, 2023. Related to the above, on September 25, 2023, Bawan Company signed a binding agreement for sale of Bina Holding. The agreement stipulates that the full amount shall be paid in twenty four equal monthly installments starting from August 1, 2023. The unpaid amounts of the sale price will be subject to financial interest according to the prevailing commercial rates. The deal has resulted in a capital gain of SR 2.91 million, in addition to the financial interest income calculated during the payment period. Legal formalities related to the sale were in process as of September 30, 2023.

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023****(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)****15. DISPOSAL OF A SUBSIDIARY (Continued)**

15.1 Financial performance as at the date of disposal i.e for the six months period ended June 30, 2023 and nine months period ended September 30, 2022 are as follows:

	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Revenue	95,189	177,027
Cost of revenue	(88,459)	(157,094)
Selling and distribution expenses	(2,181)	(2,515)
General and administrative expenses	(9,659)	(12,304)
ECL allowance	-	(800)
Other income	1,071	1,274
Finance costs	(1,195)	(1,212)
Zakat	(160)	(766)
Net (loss) / income	(5,394)	3,610
Gain on sale of a subsidiary (refer note 15.2)	2,909	-
Total (loss) / income from discontinued operations	(2,485)	3,610

15.2 Sale of a subsidiary

	June 30, 2023 (Unaudited)
Consideration receivable	76,700
Less: receivable from Bina Holding	(21,695)
Net consideration receivable	55,005
Less: Bawan Company share of net assets disposed (refer note 15.4)	(52,096)
Gain on sale of a subsidiary	2,909

15.3 Cash flows for the 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)

BAWAN COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)****15. DISPOSAL OF A SUBSIDIARY (Continued)**

15.4 Carrying amounts of assets and liabilities as on 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 assets of subsidiary disposed	102,579
Less: receivable from Bina Holding	(21,695)
Less: non-controlling interest	(28,788)
Bawan Company share of net assets disposed	52,096

16. EVENTS AFTER THE REPORTING DATE

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

17. DIVIDENDS

On March 5, 2023, the Company announced and paid final dividends for the year ended December 31, 2022 of SR 39 million. On August 3, 2023, the Company announced and paid interim dividends of SR 39 million.

On August 8, 2022, the Company announced and paid interim dividends of SR 51 million to the shareholders of the Company. 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 September 30, 2022.

18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements for the three and nine months periods ended September 30, 2023 were approved by the Company's Board of Directors on October 31, 2023.