

BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS
ENDED JUNE 30, 2021
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, 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Shareholders
Bawan Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

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, 2021, the related consolidated interim statement of profit or loss and other comprehensive income for the three and six months periods then ended, the consolidated interim statements of 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.

Other matter:

The condensed consolidated interim financial statements of the Company for the three and six months periods ended June 30, 2020 and the consolidated financial statements for the year ended December 31, 2020 were reviewed and audited by another auditor, whose review report dated August 18, 2020 and audit report dated March 8, 2021 expressed an unmodified conclusion and opinion respectively.

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26 Dhul Hijjah 1441H
August 5, 2021



BAWAN COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6, 9.3, 10	716,513	730,759
Right-of-use assets		18,954	19,967
Goodwill		4,397	4,397
Intangible assets		7,213	8,401
Other assets		3,127	3,340
Total non-current assets		750,204	766,864
Current assets			
Inventories		590,800	609,864
Spare parts		27,314	28,081
Financial assets at FVTPL		-	25,491
Trade and other receivables	7	763,941	644,850
Contract assets		23,526	22,161
Cash and cash equivalents		38,868	47,012
		1,444,449	1,377,459
Assets relating to disposal group classified as held for sale	18	84,009	84,009
Total current assets		1,528,458	1,461,468
TOTAL ASSETS		2,278,662	2,228,332
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	600,000	600,000
Statutory reserve		28,082	19,602
Foreign currency translation reserve		(2,167)	(2,167)
Retained earnings		115,406	75,084
Equity attributable to shareholders of the Company		741,321	692,519
Non-controlling interests		60,579	62,900
TOTAL EQUITY		801,900	755,419
LIABILITIES			
Non-current liabilities			
Long-term borrowings	9	104,992	138,539
Lease liabilities		18,971	19,547
Employee defined benefit liabilities		81,393	85,088
Total non-current liabilities		205,356	243,174
Current liabilities			
Trade and other payables		565,540	464,841
Short-term borrowings	9	492,410	518,646
Current portion of long-term borrowings	9	99,232	117,891
Contract liabilities		43,075	56,019
Current portion of lease liabilities		2,003	2,434
Zakat payable		17,582	18,605
Dividends payable		620	359
		1,220,462	1,178,795
Liabilities relating to disposal group classified as held for sale	18	50,944	50,944
Total current liabilities		1,271,406	1,229,739
TOTAL LIABILITIES		1,476,762	1,472,913
TOTAL EQUITY AND LIABILITIES		2,278,662	2,228,332

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, 2021
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	Three months period ended June 30,		Six months period ended June 30,	
		2021	2020	2021	2020
Continuing operations					
Revenue	11, 12	788,815	520,903	1,650,935	1,165,046
Cost of revenue	11	(673,388)	(459,695)	(1,433,048)	(1,023,598)
Gross profit		115,427	61,208	217,887	141,448
Selling and distribution expenses		(21,346)	(16,352)	(42,322)	(35,891)
General and administrative expenses		(36,901)	(23,113)	(64,775)	(49,005)
Expected credit loss (ECL) allowance on financial assets	7	(3,950)	(2,986)	(7,950)	(6,136)
Gain on disposal of investment in financial assets at FVTPL		469	-	1,496	-
Fair value (loss) /gain on investment in financial assets at FVTPL		(382)	3,252	-	(3,805)
Other income, net		2,881	2,697	2,686	3,566
Profit before finance costs and zakat		56,198	24,706	107,022	50,177
Finance costs		(5,305)	(7,011)	(9,061)	(15,901)
Profit before zakat		50,893	17,695	97,961	34,276
Zakat		(6,807)	(2,546)	(11,415)	(5,087)
Profit from continuing operations		44,086	15,149	86,546	29,189
Loss from discontinued operations		(2,250)	(1,642)	(2,250)	(2,661)
Net profit for the period		41,836	13,507	84,296	26,528
Other comprehensive loss:					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of discontinued operations		-	(642)	-	(1,696)
Total comprehensive income for the period		41,836	12,865	84,296	24,832
Profit / (loss) for the period attributable to:					
Shareholders of the Company		43,121	15,464	84,802	30,669
Non-controlling interests		(1,285)	(1,957)	(506)	(4,141)
		41,836	13,507	84,296	26,528
Total comprehensive income / (loss) for the period attributable to:					
Shareholders of the Company		43,121	15,195	84,802	29,958
Non-controlling interests		(1,285)	(2,330)	(506)	(5,126)
		41,836	12,865	84,296	24,832
Total comprehensive income / (loss) for the period attributable to the shareholders of the Company arises from:					
Continuing operations		45,045	16,152	86,726	31,784
Discontinued operations		(1,924)	(957)	(1,924)	(1,826)
		43,121	15,195	84,802	29,958
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company					
Basic and diluted	5	0.75	0.27	1.44	0.53
Earnings per share for profit attributable to the ordinary equity holders of the Company:					
Basic and diluted	5	0.72	0.26	1.41	0.51

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, 2021
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
January 1, 2020 (Audited)	600,000	10,585	(1,351)	16,940	626,174	70,630	696,804
Profit / (loss) for the period	-	-	-	30,669	30,669	(4,141)	26,528
Other comprehensive loss for the period	-	-	(711)	-	(711)	(985)	(1,696)
Total comprehensive income / (loss) for the period	-	-	(711)	30,669	29,958	(5,126)	24,832
Transfer to statutory reserve	-	3,067	-	(3,067)	-	-	-
June 30, 2020 (Unaudited)	600,000	13,652	(2,062)	44,542	656,132	65,504	721,636
January 1, 2021 (Audited)	600,000	19,602	(2,167)	75,084	692,519	62,900	755,419
Profit / (loss) for the period	-	-	-	84,802	84,802	(506)	84,296
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	84,802	84,802	(506)	84,296
Transfer to statutory reserve	-	8,480	-	(8,480)	-	-	-
Dividends (note 17)	-	-	-	(36,000)	(36,000)	(1,815)	(37,815)
June 30, 2021 (Unaudited)	600,000	28,082	(2,167)	115,406	741,321	60,579	801,900

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, 2021
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	Six months period ended June 30,	
		2021	2020
Cash flows from operating activities			
Profit before zakat:			
Continuing operations		97,961	34,276
Discontinued operations		(2,250)	(2,661)
Profit before zakat including discontinued operations		95,711	31,615
<i>Adjustments for:</i>			
Depreciation and amortization		37,033	35,359
Employee defined benefit liabilities		5,804	6,187
Finance costs		9,061	16,601
ECL allowance on trade receivables		7,950	6,136
Fair value loss on investment in financial assets at FVTPL		-	3,805
Gain on disposal of investment in financial assets at FVTPL		(1,496)	-
Gain on disposal of property, plant and equipment		(1,111)	(2,955)
<i>Operating cash flows before movement in working capital</i>		152,952	96,748
<i>Changes in working capital:</i>			
Inventories		19,064	(16,885)
Spare parts		767	(1,383)
Trade and other receivables		(126,828)	11,247
Contract assets		(1,365)	5,379
Trade and other payables		95,861	(41,822)
Contract liabilities		(12,944)	21,956
<i>Cash generated from operations</i>		127,507	75,240
Employee defined benefit liabilities paid		(4,661)	(2,799)
Zakat paid		(12,438)	(294)
Finance costs paid		(8,988)	(16,732)
Net cash flows generated from operating activities		101,420	55,415
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(20,906)	(30,724)
Proceeds from disposal of property, plant and equipment		1,630	4,538
Purchases of intangible assets		(199)	(6)
Purchases of investment in financial asset at FVTPL		(1,771)	-
Proceeds from sale of investment in financial asset at FVTPL		28,758	-
Net cash flows generated from (used in) investing activities		7,512	(26,192)
Cash flows from financing activities			
Short-term borrowings, net		(25,231)	21,113
Proceeds from long-term borrowings		-	17,054
Repayment of long-term borrowings		(53,284)	(34,682)
Repayment of lease liabilities		(1,007)	(1,193)
Dividends paid to the shareholders		(35,739)	-
Dividends paid to non-controlling interests		(1,815)	(1,856)
Net cash flows (used in) generated from financing activities		(117,076)	436
Net change in cash and cash equivalents		(8,144)	29,659
Cash and cash equivalents at the beginning of the period		47,012	45,899
Cash and cash equivalents at the end of the period		38,868	75,558
Supplementary information			
Employee defined benefit liabilities transferred to trade and other payables		4,838	-

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 SIX MONTHS PERIODS ENDED JUNE 30, 2021
(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, 2020.

2. BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements for the three and six months periods ended June 30, 2021 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, 2020. In addition, results for the three and six months periods ended June 30, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

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, 2020, 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, 2021

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2021 and have been explained in the Group’s annual consolidated financial statements, but they do not have a material effect on the Group’s condensed consolidated interim financial statements.

New IFRS standards, Amendments to Standards and Interpretations not yet effective

The following amendments to standards have been published by IASB that are not mandatory for the annual reporting period beginning on January 1, 2021, and where early application is permitted by these amendments the Group has not early adopted them. All these amendments are effective either for annual reporting periods beginning on or after January 1, 2022, or for annual reporting periods beginning on or after January 1, 2023, and all are not expected to have a significant impact on the Group’s consolidated financial statements:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IFRS 3: Reference to the Conceptual Framework

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, 2021**

(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, 2020.

However, management has proactively assessed the potential impact of the Coronavirus (Covid-19) pandemic for any further regulatory and government restrictions both locally and in the market in which the Group operates. Management has concluded that the critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances and there are no changes to the significant judgements and estimates disclosed in the consolidated financial statements for the year ended December 31, 2020.

5. EARNINGS PER SHARE

The Company presents basic and diluted earnings per shares (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		Six months period ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(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	45,045	16,152	86,726	31,784
- From discontinued operations	(1,924)	(688)	(1,924)	(1,115)
	43,121	15,464	84,802	30,669
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 ordinary equity holders of the Company	0.75	0.27	1.44	0.53
- From discontinued operations attributable to the ordinary equity holders of the Company	(0.03)	(0.01)	(0.03)	(0.02)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	0.72	0.26	1.41	0.51

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, 2021**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

6. PROPERTY, PLANT AND EQUIPMENT

During the period ended June 30, 2021, the Group purchased items of property, plant and equipment amounting to SR 20.91 million (period ended June 30, 2020: SR 30.72 million).

7. TRADE AND OTHER RECEIVABLES

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
As at beginning of the period / year	83,764	67,141
Net re-measurement of loss allowance	7,950	31,203
Written-off during the period / year	-	(14,580)
As at end of the period / year	91,714	83,764

8. SHARE CAPITAL

The Company had 60 million shares of SR 10 each in issue as at June 30, 2021 and December 31, 2020 amounting to total issued capital of SR 600 million. There was no movement in share capital during the current period.

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 404.42 million as at June 30, 2021 (December 31, 2020: SR 403.90 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, 2021 and December 31, 2020, 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 SR1.35 million as at June 30, 2021 (December 31, 2020: SR 1.50 million).

The Group had contingent liabilities arising from letters of credit and guarantee of SR 573.59 million as at June 30, 2021 (December 31, 2020: SR 693.21 million).

BAWAN COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

11. RELATED PARTY INFORMATION

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

	Three months period ended		Six months period ended	
	2021	June 30, 2020	2021	June 30, 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	65,294	31,566	132,721	98,166
Purchases and royalties	11,613	8,013	23,480	12,588

As of June 30, 2021, 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 2.68 million (2020: SR 2.40 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 over time amounting to SR 35.67 million (2020: SR 43.78 million) and at a point in time amounting to SR 1,615.27 million (2020: SR 1,121.27 million). 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
- 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:

Segment	Six months period ended		Six months period ended	
	June 30, 2021		June 30, 2020	
	Revenue	Profit (loss)	Revenue	Profit (loss)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Metal and wood	1,154,651	83,032	801,390	50,790
Electrical	255,499	658	151,408	(14,187)
Plastic	167,395	21,154	130,130	8,095
Concrete	73,390	(8,232)	82,118	(5,392)
Other	-	(12,316)	-	(12,778)
	1,650,935	84,296	1,165,046	26,528

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, 2021
(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

13. SEGMENT REPORTING (Continued)

Segment	Three months period ended June 30, 2021		Three months period ended June 30, 2020	
	Revenue (Unaudited)	Profit (loss) (Unaudited)	Revenue (Unaudited)	Profit (loss) (Unaudited)
Metal and wood	552,983	47,878	350,465	21,025
Electrical	118,869	(1,472)	78,939	(6,224)
Plastic	86,377	9,656	56,949	2,387
Concrete	30,586	(7,415)	34,550	(2,459)
Other	-	(6,811)	-	(1,222)
	788,815	41,836	520,903	13,507

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

Segment	June 30, 2021		December 31, 2020	
	Assets (Unaudited)	Liabilities (Unaudited)	Assets (Audited)	Liabilities (Audited)
Metal and wood	959,101	496,143	915,618	482,046
Plastic	559,874	388,850	577,445	427,733
Electrical	467,138	388,770	401,008	335,818
Concrete	245,136	146,458	260,577	153,755
Other	47,413	56,541	73,684	73,561
	2,278,662	1,476,762	2,228,332	1,472,913

Segment revenues reported above represent revenue generated from both external customers and related parties. There were no significant inter-segment revenues during the three and six months periods ended June 30, 2021 and 2020. Furthermore, no single customer contributed more than or equal to 10% of the Group's revenue in any of the three and six months periods ended June 30, 2021 and 2020.

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

The electrical segment also includes the financial and operational results of subsidiary (Utec-Algeria) classified as "Disposal group held for sale". Refer to the note 18 for further details.

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, 2021

(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 year.

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

15. SUPPLEMENTARY INFORMATION

Coronavirus pandemic (COVID-19)

The Group is continuing its operations without any significant disruption after implementing the necessary business continuity procedures and ensuring required precautionary measures. As the COVID-19 situation is still fluid and evolving, currently it is difficult to measure the complete extent and duration of the economic impact. However, management believes, based on its assessment of the situation and available information, that there is no significant impact on the Group's financial performance and that the Group has sufficient liquidity and access to financing facilities to continue to meet its financial obligations for the foreseeable future as and when they become due.

16. EVENTS AFTER THE REPORTING DATE

- i) During the year 2020, one of the plastic segment factories caught fire which resulted in damage to assets having a net book value of SR 17.69 million. The Group had filed an insurance claim and had booked an insurance claim receivable amounting to SR 17.69 million. Subsequent to the period end, the Group has received a credit note amounting to SR 9.60 million from the insurance company representing the partial payment against the insurance claim filed. Management of the Group does not expect that this incident will result in a material negative financial impact on the financial results.
- ii) Subsequent to period end, Board of Directors of the Company has approved the distribution of interim cash dividends of SR 0.75 per share amounting to SR 45 million to the shareholders of the Company.

17. DIVIDENDS

On March 4, 2021, the Board of Directors of the Company approved the distribution of interim cash dividends of SR 0.6 per share amounting to SR 36 million to the shareholders of the Company.

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, 2021**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

18. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Towards the end of 2020, the management of the Group initiated a plan to sell Utec-Algeria and an active program to locate a buyer and complete the aforementioned plan was initiated. On January 31, 2021, the Group announced that one of its subsidiaries (Utec-Saudi) has entered into a contract to sell its entire equity stake in Utec-Algeria for a value of US Dollars 8 million (equivalent to SR 30 million). The sale is subject to all regulatory approvals from the relevant authorities.

19. RECLASSIFICATION OF COMPARATIVE PERIOD PRESENTATION

The group has “re-presented” certain balances for the consolidated interim statement of profit or loss and other comprehensive income for the three and six months periods ended June 30, 2020 to relate to all operations of disposal group classified as held for sale.

Certain comparative period amounts have been correctly reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results. The key reclassification was as follows:

Reclassification from	Reclassification to	Six months period ended June 30, 2020	Three months period ended June 30, 2020
<i>Consolidated interim statement of profit or loss and other comprehensive income</i>			
Other income, net – scrap sales	Revenue	2,290	1,101

This change in classification does not affect previously reported profit for the three and six months periods ended June 30, 2020 in the consolidated interim statement of profit or loss and other comprehensive income for the periods then ended and the previously reported cash flows from operating activities in the consolidated interim statement of cash flows for the six months periods then ended.

20. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements for the three and six months period ended June 30, 2021 were approved by the Company’s Board of Directors on August 4, 2021.