بوان
Bawan
A Saudi joint stock company

PROSPECTUS

Offer Period
24/01/1435H
(corresponding to 27/11/2013G)
to 30/01/1435H
(corresponding to 03/12/2013G)

BAWAN COMPANY

A Saudi joint stock company in accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011HG) with commercial registration number 1010033032 dated 09/10/1400H (corresponding to 20/08/1980G)
Offer Period: 24/01/1435H (corresponding to 27/11/2013G) to 30/01/1435H (corresponding to 03/12/2013G)

Sale of 15,000,000 ordinary Shares representing 30% of the capital of Bawan Company through an Initial Public Offering at an Offer Price of SAR 36 per Share (with a fully paid nominal value of SAR 10 each)

Bawan Company (hereinafter referred to as "**Bawan**" or "**Company**") was established as a limited liability company in Riyadh in accordance with commercial registration number 1010033032 dated 09/10/1400H (corresponding to 20/08/1980G) and under the name of Al-Muhaidib and Niedermeier & Weibel Company Ltd. On 22/04/1429H (corresponding to 28/04/2008G) the name was changed to Bawan and the Company was converted into a Saudi joint-stock company in accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G). The current share capital of the Company is SAR 500,000,000 ("**Share Capital**") consisting of 50,000,000 ordinary shares, with a fully paid nominal value of SAR 10 each (the "**Share**").

The Initial Public Offering (the "**Offer**") of 15,000,000 ordinary shares (the "**Offer Shares**", each an "**Offer Share**") with a fully paid nominal value of SAR 10 and at a price of SAR 36 per share and representing 30% of the Share Capital of Bawan, is restricted to the two following groups of investors:

- Tranche (A): Institutional investors, comprising a number of institutions, including mutual funds (referred to collectively as "**Institutional Investors**") (Please see the Section "*Definitions and Abbreviations*"). The number of Offer Shares allocated to Institutional Investors is 15,000,000 Offer Shares representing 100% of the Offer. In the event that the Individual Investors (who are defined under "**Tranche (B)**" below) subscribe to the Offer Shares, the Lead Manager may exercise its right to reduce the number of shares allocated to Institutional Investors to 7,500,000 Offer Shares representing 50% of the Offer, subject to the Capital Market Authority (CMA)'s approval. 70% of the Offer Shares in the institutional tranche will be allocated to mutual funds, such percentage is subject to amendment in the event that the other institutions excluding mutual funds do not fully subscribe to the remaining percentage (30%), or in the event that the mutual funds do not fully subscribe to the percentage allocated to them (70%).

- Tranche (B): Individual investors, comprising individuals having the Saudi Arabian nationality, including a Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe for her own benefit, in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children (referred to collectively as "**Individual Investors**", and together with Institutional Investors, the "**Applicants**"). Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against the concerned applicant. The maximum number of Offer Shares allocated to Individual Investors is 7,500,000 Offer Shares representing 50% of the Offer. In the event that the Individual Investors do not subscribe to full amount of Offer Shares allocated to them, the Lead Manager may, subject to CMA's approval, exercise it's right to reduce the number of shares allocated to Individual Investors to match the number of shares that they had subscribed for.

The Offer Shares are being sold by the shareholders whose names appear on page K (referred to collectively hereinafter as the "**Selling Shareholders**"), who owned together 100% of the Shares of the Company prior to the subscription. Upon completion of the Offer, the Selling Shareholders will collectively own 70% of the Share Capital and will consequently retain a controlling interest in the Company. The proceeds from the subscription, after deducting the Offer expenses (the "**Net Proceeds**") will be distributed to the Selling Shareholders pro rata to the number of subscription shares owned by them, and the Company will not receive any part of the proceeds from the Offer, as described in Section 8 ("**Use of Proceeds**"). The Offer is fully underwritten (see Section 12 ("**Underwriting**")). The Shareholders are subject to a restriction period during which they will be prohibited from selling their Shares for a period of six months as of the date trading starts on the Exchange as indicated in page N. After the lock-in period has elapsed, the Shareholders may only dispose of their Shares after obtaining CMA approval.

The Offer will commence on 24/01/1435H (corresponding to 27/11/2013G) and will remain open for a period of 7 days up to and including 30/01/1435H (corresponding to 03/12/2013G) (the "**Offer Period**"). Subscription for Offer Shares can be made through branches of each of the Selling Agents (the "**Selling Agents**") specified on page H (see Section 14 ("*Subscription Terms and Conditions*") during the Subscription period. Institutional Investors may subscribe in the Offer Shares through the institutional book runner during the Book Running Process which will take place prior to offering of the Shares to Individual Investors.

Each Individual Investor must apply for a minimum of 10 Offer Shares. Each Individual Investor will be allocated a minimum of 10 Offer Shares and a maximum of 250,000 Offer Shares, with any remaining Offer Shares, if any, being allocated on a pro-rata basis to the number of Offer Shares applied for by that investor. The Company does not guarantee the minimum allocation of 250,000 Offer Shares in the event that the number of Individual Investors exceeds 750,000, in which case the Offer Shares will be allocated equally between all Individual Investors. In the event that the number of Individual Investors exceeds 750,000, the Offer Shares shall be allocated as per the CMA's instructions. Excess subscription monies, if any, will be refunded to Applicants without any charge or withholding by the relevant Selling Agent. Notification of the final allotment and refund of subscription monies, if any, will be made no later than 07/02/1435H (corresponding to 10/12/2013G) (see Section 14 (*Subscription Terms and Conditions*)).

The Company has one class of Shares. Each Share entitles its holder to one vote and each shareholder (the "**Shareholder**") holding at least 20 shares has the right to attend and vote at the general assembly meeting of the Company (the "**General Assembly Meeting**"). The Offer Shares will entitle holders to receive any dividends declared by the Company from the date of commencement of the Offer Period and subsequent fiscal years. (For further information, please see Section 7 (*Dividend Distribution Policy*)).

Prior to the Offer, there has been no public market for the Shares in Saudi Arabia or elsewhere. An application has been made to the CMA for the admission of the Shares to the Official List ("**Admission**"), and all other supporting documents requested by the CMA have been submitted. All relevant approvals relating to the Offer have been granted. Trading in the Offer Shares is expected to commence on the Saudi Stock Exchange ("**Exchange**") soon after the final allocation of the Offer Shares (see the "*Key Dates for Investors*" Section). Following Admission, Saudi nationals, non-Saudi nationals holding valid residency permits in Saudi Arabia, Saudi and GCC companies, banks, and mutual funds as well as GCC nationals will be permitted to trade in the Offer Shares once they are traded on the Exchange. Non-Saudi individuals living outside KSA and institutions registered outside KSA (hereinafter referred to as "**Foreign Investors**") will also have the right to acquire economic benefits in the shares by entering into swap agreements with persons authorized by the CMA (hereinafter referred to as "**Authorized Persons**") to purchase shares listed in the financial market and to trade these shares in favor of foreign investors. It should be noted that Authorized Persons remain the legal owners of the shares under the swap agreements.

The "Important Notice" on page B and "Risk Factors" in Section 2 of this Prospectus should be considered carefully prior to making an investment decision in the Offer Shares hereby.

An application for admission and listing has been submitted to the CMA in the Kingdom of Saudi Arabia, and all requirements have been met.

Financial Advisor and Lead Manager and Underwriter

السعودي الفرنسي كابيتال
Saudi Fransi Capital

Selling Agents

البنك السعودي للاستثمار The Saudi Investment Bank | samba سامبا | بنك الرياض riyad bank | NCB الأهلي | البنك السعودي الفرنسي Banque Saudi Fransi

This Prospectus includes details given in compliance with the Listing Rules of the CMA. The Directors, whose names appear on page D collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

This Prospectus is dated 18/01/1435H (corresponding to 21/11/2013G)

This Prospectus is an English translation of the official Arabic Prospectus. In case of any differences between the two, the Arabic version shall prevail.

بوان
Bawan

IMPORTANT NOTICE

This Prospectus provides full details of information relating to Bawan and the Offer Shares. In applying for the Offer Shares, Applicants will be treated as applying on the basis of the information contained in the Prospectus, copies of which are available for collection from the Selling Agents or by visiting the websites of the Company (www.bawan.com.sa), or the Financial Advisor and Lead Manager (www.sfc.sa) or the CMA (www.cma.org.sa).

Saudi Fransi Capital has been appointed as the Financial Advisor ("**Financial Advisor**") and the Lead Manager ("**Lead Manager**") in relation to the Offer Shares described herein. The Company has also appointed Saudi Fransi Capital as Underwriter.

This Prospectus includes information given in compliance with the Listing Rules issued by the CMA. The Directors, whose names appear on page (D) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, the market and industry information herein are derived from external sources, and while neither the Financial Advisor nor any of the Company's other advisors has any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial state of the Company and the value of the Offer Shares may be adversely affected by future developments in inflation, interest rates, taxation, or other economic, political and other factors, over which the Company has no control (see Section 2 "Risk Factors"). Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way as a promise or representation of future earnings, results or events.

The Prospectus is not to be regarded as a recommendation from the Company, the Directors, the Selling Shareholders or any of their advisors to participate in the Offer. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of the person who intends to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offer and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs including the merits and risks involved in investing in the Offer. An investment in the Offer Shares may be appropriate for some investors but not others, and the prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offer is being made to: (A) Institutional Investors including a number of institutions including mutual funds (please refer to "Definitions and Abbreviations" section); and (B) Individual Investors, comprising individuals having the Saudi Arabian nationality, including a Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe for her own benefit, in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against the concerned applicant.

The distribution of this Prospectus and the sale of the Offer Shares to any other person or in any other jurisdiction are expressly prohibited. The Company, Selling Shareholders and Financial Advisor require recipients of this Prospectus to inform themselves about and to observe all such restrictions.

Industry and Market Data

In this Prospectus, information regarding the industries and data regarding market segments in which the Company and its Subsidiaries (collectively, the "**Group**") operate has been obtained from (i) the Company's estimates and (ii) data and analysis on those segments, which were obtained from various publicly available third party sources and materials, namely PricewaterhouseCoopers (the "**PWC**"). Established in the region for over 40 years, PWC provides industry focused assurance, tax and advisory services and has offices in 12 countries, with approximately 2,500 employees.

Industry and market data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey of market size.

Neither PWC nor its employees or any of their relatives or affiliates has any shareholding or interest of any kind in the Company or any of its affiliates or related parties. PWC has provided and not withdrawn its written consent for the use of their findings as of the date of publication of this Prospectus.

Financial Statements and Statistical Information

The audited consolidated financial statements as at and for the years ending 31 December 2010G, 31 December 2011G and 31 December 2012G and the periods ending 30 June 2012G and 30 June 2013G, and the notes thereto, have been prepared in compliance with accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("**SOCPA**") and have been audited by Deloitte and Touche Bakr Abulkhair & Co. ("**Auditors**"). Such statements are contained in Section 17 (*Auditor's Report*) of this Prospectus. The Company publishes its financial statements in Saudi Arabian Riyals.

Where statistical information has been sourced for publication in this Prospectus, the Company believes that the information represents the latest information available from the relevant particular source.

Forecasts and Forward Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see the "Risk Factors" Section). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the Listing Rules, Bawan must submit a supplementary prospectus to the Authority if at any time after this Prospectus has been approved by the Authority and before admission to the Official List, Bawan becomes aware that (a) there has been a significant change in material matters contained in the Prospectus or any document required by the Listing Rules; or (b) additional significant matters have become known which would have been required to be included in the Prospectus. Except to the foregoing, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

CORPORATE DIRECTORY

Board of Directors

The Company is managed by a Board of Directors composed of nine (9) Directors. The Company's Board of Directors is composed of the following members:

No	Name	Position	Representing	Nationality	Age	Status Executive/ Non-executive	Status Independent/ Non-independent	Direct Ownership	Indirect Ownership Before IPO	Indirect Ownership After IPO
1	Abdullah Abdullatif Al-Fozan	Chairman	Al-Fozan Holding Company	Saudi	47	Non-executive	Non-independent	-	3,410,000	2,387,000
2	Essam Abdulkader Al-Muhaidib	Vice-chairman	A.K. Al-Muhaidib & Sons Company	Saudi	56	Non-executive	Non-independent	-	5,360,000	3,752,000
3	Fozan Mohammed Al-Fozan	Member	-	Saudi	43	Non-executive	Non-independent	-	1,915,000	1,340,500
4	Fouad Fahad Al-Saleh*	Member	-	Saudi	67	Non-executive	Non-independent	-	-	-
5	Raed Ibrahim Al-Mudaiheem*	Member	-	Saudi	51	Non-executive	Non-independent	-	-	-
6	Mazen Ahmed Al-Jubeir*	Member	-	Saudi	38	Non-executive	Independent	-	-	-
7	Basil Mohammed Al-Gadhib*	Member	Atheel Holding Company	Saudi	56	Non-executive	Non-independent	-	-	-
8	Fraj Mansour Abu Thneyyin*	Member	-	Saudi	59	Non-executive	Independent	-	-	-
9	Raed Ahmed Al-Mazrooh*	Member	-	Saudi	45	Non-executive	Independent	-	-	-

Source: Bawan

* According to the Company's By-Laws and Companies regulations, every Board member shall own shares totaling at least SAR 10,000 in value ("qualification shares"). Such shares shall be deposited with local banks and transferred after the Offering.

Address, Representatives and Board Secretary

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Bawan

Address	Company's Representatives		Board of Secretary and Shareholders Relations Officer
Malaz, Ehsaa Street, Al Hoshan Complex P.O. Box 330, Riyadh 11371 Kingdom of Saudi Arabia Tel: +966 (11) 2917799 Fax: +966 (11) 2915858 info@bawan.com.sa www.bawan.com.sa	Basil Mohammed Al-Gadhib Malaz, Ehsaa Street Al Hoshan Complex P.O. Box 330, Riyadh 11371 Kingdom of Saudi Arabia Tel: +966 (11) 2917799 Fax: +966 (11) 2915858 basel.algadhib@atheelholding.com www.bawan.com.sa	Suleiman Ayesh Abu-Lehyah Malaz, Ehsaa Street Al Hoshan Complex P.O. Box 330, Riyadh 11371 Kingdom of Saudi Arabia Tel: +966 (11) 2917799 Fax: +966 (11) 2915858 ceo@bawan.com.sa www.bawan.com.sa	Hatim Abdullah Al-Ghamdi Malaz, Ehsaa Street Al Hoshan Complex P.O. Box 330, Riyadh 11371 Kingdom of Saudi Arabia Tel: +966 (11) 2917799 Fax: +966 (11) 2915858 hatem.ghamdi@bawan.com.sa www.bawan.com.sa

Share Registrar

Tadawul
Abraj Atta'awoniya 700 King Fahad Road
P.O. Box 60612, Riyadh 11555
Kingdom of Saudi Arabia
Tel: +966 (11) 2189999
Fax: +966 (11) 2181220
www.tadawul.com.sa
webinfo@tadawul.com.sa

تداول
Tadawul

ADVISORS

Financial Advisor and Lead Manager and Underwriter

Saudi Fransi Capital
P.O. Box 23454, Riyadh 11426
Kingdom of Saudi Arabia
Tel: +966 (11) 282 6666
Fax: +966 (11) 282 6823
www.sfc.com.sa
E-mail: MALHASSOUN@FransiCapital.com.sa

Legal Advisor to the Offer

Legal Advisors
in association with Baker & McKenzie Limited
Al-Ahsa Road
P.O. Box 4288, Riyadh 11491
Kingdom of Saudi Arabia
Tel: +966 (11) 2915561
Fax: +966 (11) 2915571
www.bakernet.com
E-mail: legaladvisors@bakermckenzie.com

Financial Due Diligence Advisor

KPMG Al-Fozan & Al Sadhan
5th floor KPMG Tower, Salaheddin Street
P.O. Box 92876, Riyadh 11663
Kingdom of Saudi Arabia
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Fax: +966 (11) 8748600
www.kpmg.com.sa
E-mail: marketingsa@kpmg.com

Saudi Underwriter's Legal Counsel

Law Office of Salman Bin Muteb Al-Sudairi
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P.O. Box 17411, Riyadh 11474
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Fax: +966 (11) 2072577
www.lw.com
E-mail: inforiyadh@lw.com

International Underwriter's Legal Counsel

Latham & Watkins LLP
In association with Law Office of Salman Bin Muteb Al-Sudairi
Al-Tatweer Towers, Tower 1, 7th Floor
P.O. Box 17411, Riyadh 11474
Kingdom of Saudi Arabia
Tel: +966 (11) 2072500
Fax: +966 (11) 2072577
www.lw.com
E-mail: inforiyadh@lw.com

Auditors and Accountants
Deloitte & Touche Bakr Abulkhair & Co. ABT Building, Al-Khobar P.O. Box 182, Dammam 31411 Kingdom of Saudi Arabia Tel: +966 (13) 887 3937 Fax: +966 (13) 887 3931 www.deloitte.com E-mail: nsagga@DELOITTE.COM

Industry and Market Consultant
PricewaterhouseCoopers Kingdom Tower, 21st Floor P.O. Box 13933, Riyadh 11414 Kingdom of Saudi Arabia Tel: +966 (11) 2110400 Fax: +966 (11) 2110250 www.pwc.com/middle-east E-mail: hani.ashkar@sa.pwc.com

Notice:

The above Advisers have given and not withdrawn their written consent to the publication of their names, addresses and logos in the Prospectus and the publication of their statements in the form and content appearing herein; and they do not themselves, or any of their relatives or affiliates have any shareholding or interest of any kind in the Company as of the date of publication hereof.

Selling Agents

Banque Saudi Fransi
Ma'ather Road
P.O. Box 56006, Riyadh 11554
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Tel: +966 (11) 404 2222
Fax: +966 (11) 404 2311
www.alfransi.com.sa
E-mail: communications@alfransi.com.sa

National Commercial Bank
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Kingdom of Saudi Arabia
Tel: +966 (12) 649 3333
Fax: +966 (12) 643 7426
www.alahli.com
E-mail: contactus@alahli.com

Riyad Bank
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Kingdom of Saudi Arabia
Tel: +966 (11) 4013030
Fax: +966 (11) 4042618
www.riyadbank.com
E-mail: customercare@riyadbank.com

Samba Financial Group
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Fax: +966 (11) 479 9402
www.samba.com
E-mail: CustomerCare@samba.com

The Saudi Investment Bank
Ma'ather Road
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Kingdom of Saudi Arabia
Tel: +966 (11) 4786000
Fax: +966 (11) 4776781
www.saib.com.sa
E-mail: ir@saib.com.sa

Main Banks of the Company	
Banque Saudi Fransi Ma'ather Road P.O. Box 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 (11) 4042222 Fax: +966 (11) 4042311 www.alfransi.com.sa E-mail: communications@alfransi.com.sa	
Saudi Hollandi Bank Al Dabab Street P.O. Box 1467, Riyadh 11431 Kingdom of Saudi Arabia Tel: +966 (11) 4067888 Fax: +966 (11) 4058820 www.shb.com.sa E-mail: csc@saudihollandibank.com	
Albilad Bank Seteen Street P.O. Box 140, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 (11) 4798888 Fax: +966 (11) 4798898 www.bankalbilad.com E-mail: info@bankalbilad.com.sa	
National Commercial Bank King Abdulaziz Road P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 (12) 6493333 Fax: +966 (12) 6437426 www.alahli.com E-mail: contactus@alahli.com	
Riyad Bank King Abdulaziz Road P.O. Box 22622, Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 (11) 4013030 Fax: +966 (11) 4042618 www.riyadbank.com E-mail: customercare@riyadbank.com	
Samba Financial Group King Abdulaziz Road P.O. Box 833, Riyadh 11421 Kingdom of Saudi Arabia Tel: +966 (11) 477 4770 Fax: +966 (11) 479 9402 www.samba.com E-mail: CustomerCare@samba.com	

Main Banks of the Company	
The Saudi British Bank Prince Abdulaziz bin Musaed bin JlawyStreet P.O. Box 9084,Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 (11) 4050677 Fax: +966 (11) 4050660 www.sabb.com E-mail: sabb@sabb.com	SABB ساب
BNP Paribas King Fahad Road- Al-Faisaliyyah Tower P.O. Box 56300, Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 (11) 2739100 Fax: +966 (11) 2739191 www.bnpparibas.com E-mail: csd.ksa@bnpparibas.com	BNP PARIBAS CORPORATE & INVESTMENT BANKING

SUMMARY OF THE OFFER

Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the Company.

The Company	Bawan Company, a Saudi joint stock company in accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G) with commercial registration number 1010033032 dated 09/10/1400H (corresponding to 20/08/1980G).
The Company's Activities	The Company serves as a holding company for a group of companies whose core activities include manufacturing a variety of metal, wood, concrete, and electrical products.
Selling Shareholders	The Shareholders whose names and ownership in the Company is provided in the table below.

Selling Shareholders	Pre-Offer			Post-Offer		
	Shares	Percentage	Share Capital	Shares	Percentage	Share Capital
Atheel Holding Company	33,250,000	66.50%	332,500,000	23,275,000	46.55%	232,750,000
Ma'aly Holding Company	6,500,000	13.00%	65,000,000	4,550,000	9.10%	45,500,000
Azdan Arabian Commercial Company Limited	3,500,000	7.00%	35,000,000	2,450,000	4.90%	24,500,000
Atheel Industrial Company	3,250,000	6.50%	32,500,000	2,275,000	4.55%	22,750,000
A.K. Al-Muhaidib & Sons Company	2,580,000	5.16%	25,800,000	1,806,000	3.61%	18,060,000
Al-Fozan Holding Company	920,000	1.84%	9,200,000	644,000	1.29%	6,440,000
Total	50,000,000	100.00%	500,000,000	35,000,000	70.00%	350,000,000

Source: Bawan

Share capital	SAR 500,000,000.
Total number of issued Shares	50,000,000 fully paid ordinary shares.
Nominal Value	SAR 10 per share.
The Offer	The initial public offering of 15,000,000 Offer Shares with a fully paid nominal value of SAR 10 each and at a price of SAR 36 per share, representing 30% of the Share Capital of Bawan.
Number of Offer Shares	15,000,000 fully paid ordinary shares.
Percentage of Offer Shares	30% of the Share Capital of Bawan.

Offer Price	SAR 36 per Share.
Total Value of Offer Shares	SAR 540,000,000
Use of proceeds	The proceeds of the Offer are expected to be SAR 540,000,000 and, after deduction of all costs and expenses amounting to approximately SAR 26,000,000 in connection with the Offer, the Net Proceeds will be paid to the Selling Shareholders on a pro rata basis. The Company will not receive any proceeds from the Offer. Please refer to Section 8 (Use of Proceeds) for further information.
Number of Offer Shares underwritten	15,000,000 Shares.
Amount underwritten	SAR 540,000,000
Targeted Investors	Tranche (A) Institutional Investors: a number of institutions that include the mutual funds (Please see the Section: Definitions and Abbreviations). Tranche (B) Individual Investors: Individual Investors having the Saudi Arabian nationality, including a Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe for her own benefit, in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against the concerned applicant.
Number of Offer Shares Available to Institutional Investors	15,000,000 Shares, representing 100% of the Offer Shares, with the possibility of reducing it to 7,500,000 shares, as a minimum, representing 50% of the Offer Shares. 70% of the Offer Shares in the institutional tranche will be allocated to mutual funds, such percentage is subject to amendment in the event that the other institutions (excluding mutual funds) do not fully subscribe to the remaining percentage (30%), or in the event that the mutual funds do not fully subscribe to the percentage allocated to them (70%).
Number of Offer Shares Available to Individual Investors	A maximum of 7,500,000 Shares, representing 50% of the Offer Shares.
Subscription Method for Institutional Investors	Institutional Investors (please refer to "Definitions and Abbreviations" section) who have been contacted by the Lead Manager after discussions with the Company and the Selling Shareholders may apply for subscription. The Lead Manager will provide the subscription applications to the Institutional Investors.
Subscription Method for Individual Investors	Subscription applications will be made available at the Selling Agents branches during the subscription period. These applications must be completed in accordance with the instructions set forth in Section 14 (Subscription Terms and Conditions). Individual Investors who have already subscribed in previous IPOs in KSA may also subscribe through the internet, telephone banking or ATMs at any branches of the Selling Agents which offer some or all of these services to their customers.
Minimum number of Offer Shares to be applied for by Institutional Investors	100,000 Shares
Minimum subscription amount by Institutional Investors	SAR 3,600,000
Maximum number of Offer Shares to be applied for by Institutional Investors	2,499,999 shares
Maximum subscription amount by Institutional Investors	SAR 89,999,964
Minimum number of Offer Shares to be applied for by Individual Investors	10 Shares

Minimum subscription amount by Individual Investors	SAR 360
Maximum number of Offer Shares to be applied for by Individual Investors	250,000 shares
Maximum subscription amount by Individual Investors	SAR 9,000,000
Allocation of Offer Shares to Institutional Investors	15,000,000 Offer Shares will be allotted to the Institutional Investors, representing 100% of the Offer Shares. However, in the event that Individual Investors below subscribe in the Offer Shares, the Lead Manager shall have the right after securing CMA's approval, to reduce the number of shares allotted to the Institutional Investors to (7,500,000 shares) representing 50% of the Offer Shares. 70% of the Offer Shares in the institutional tranche will be allocated to mutual funds, such percentage is subject to amendment in the event that the other institutions excluding mutual funds do not fully subscribe to the remaining percentage (30%), or in the event that the mutual funds do not fully subscribe to the percentage allocated to them (70%).
Allocation of Offer Shares to Individual Investors	Allocation of the Offer Shares is expected to be completed on or around 07/02/1435H (corresponding to 01/12/2013G). The minimum allocation per Applicant is 10 Offer Shares, and the maximum allocation per Applicant is 250,000 Offer Shares, and the balance of the Offer Shares allocated to the Individual Investors (if available) will be allocated on a pro-rata basis. In the event that the number of Individual Investors exceeds 750,000 or if the Offer is to be amended, the Company will not guarantee the minimum allocation of 10 Offer Shares per Applicant, and the Offer Shares will be allocated equally between all Individual Investors. If the number of Individual Investors exceeds 750,000, the Offer Shares will be allocated as determined by the CMA.
Refund of Excess Subscription Monies	Excess of subscription monies, if any, will be refunded to Applicants without any charge or withholding by the Lead Manager or the Selling Agents. Notification of the final allotment and refund of subscription monies, if any, will be made no later than 07/02/1435H (corresponding to 10/12/2013G). Please refer to Section 14 (Subscription Terms and Conditions) for further details.
Offer Period	The Offer will commence on 24/01/1435H (corresponding to 27/11/2013G) and will remain open for a period of 7 days up to and including 30/01/1435H (corresponding to 03/12/2013G).
Dividend Distribution	The Offer Shares will be entitled to receive dividends declared and paid by the Company from the date of commencement of the Offer Period and subsequent fiscal years. Please refer to Section 7 (Dividend Distribution Policy) for further information.
Voting Rights	The Company has one class of Shares, which does not carry any preferential voting rights. Each Share entitles the holder to one vote and each Shareholder holding at least 20 Shares has the right to attend and vote at the General Assembly Meeting. A Shareholder may delegate another Shareholder, other than the members of the Board of Directors of the Company, to attend the General Assembly on his behalf. Further details of the Shares and the voting rights attached thereto are set out in sub-section 11.13 (Description of Shares).
Lock-in period/ Restrictions on Dealings with Shares	The Selling Shareholders may not dispose of any Shares during the period of 6 months from the date on which trading of the Offer Shares commences on the Saudi Exchange. After the 6-month restriction period has elapsed, the Selling Shareholders may only dispose of their Shares after obtaining CMA approval.

Listing of Shares	Prior to the Offer, there has been no public market for the Shares in the Kingdom of Saudi Arabia or elsewhere. An application has been made to the CMA for Admission and all relevant approvals relating to the Offer and pertaining to this Prospectus and all other supporting documents requested by the CMA have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares. Please see Key Dates for Investors Section below.
Risk Factors	There are certain risks relating to an investment in the Offer, namely: (i) risks relating to the Group's operations; (ii) risks relating to the market; and (iii) risks relating to the Shares. These risks are described in Section 2 (Risk Factors) and should be considered carefully prior to making a decision to invest in the Offer Shares.
Expenses	The Selling Shareholders will be responsible for all costs associated with the Offer, which are estimated at approximately SAR 26,000,000 and will be deducted from the proceeds from the Offer amounting to SAR 540,000,000. This figure includes the fees of each of the Financial Advisor, Underwriter, legal adviser to the Company and reporting accountants, in addition to Selling Agents' expenses, marketing expenses, printing and distribution expenses and other related expenses.

Notice:

The "Important Notice" on page (B) and "Risk Factors" in Section 2 of this Prospectus should be considered carefully prior to making an investment decision in the Offer Shares.

KEY DATES FOR INVESTORS

Expected Offer Timetable	
Event	**Date(s)**
Offer period	From 24/01/1435H (corresponding to 27/11/2013G) to 30/01/1435H (corresponding to 03/12/2013G)
Last date for submission of application form for Institutional Investors	23/01/1435H (corresponding to 26/11/2013G)
Last date for submission of application form and subscription monies for Individual Investors	30/01/1435H (corresponding to 03/12/2013G)
Notification of final allotment	07/02/1435H (corresponding to 10/12/2013G)
Refund of surplus subscription funds (in the event of over-subscription)	07/02/1435H (corresponding to 10/12/2013G)
Start date of trading of Offer Shares	Upon completion of all relevant regulatory procedures.

The above timetable and dates therein are indicative. Actual dates will be announced through national daily press published in Arabic and on the Tadawul website (www.tadawul.com.sa).

HOW TO APPLY

Subscription in the Offer Shares is restricted to the following groups of investors:

Tranche (A): a number of institutions that include mutual funds (Please see the Section: *Definitions and Abbreviations*). These investors may apply in accordance with the conditions set forth in this Prospectus. Institutional Investors can obtain an application form from the Lead Manager.

Tranche (B): Individual Investors, comprising individuals having the Saudi Arabian nationality, including a Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe in the names of her minor children for her benefit. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against the concerned applicant. Subscription Application Forms will be available during the Offer Period at the branches of the Selling Agents. The forms must be completed in accordance with the instructions described in the "*Subscription Terms and Conditions*" Section of this Prospectus.

Subscription may also be made by subscribers who have already participated in an IPO through the internet, telephone banking or ATMs at any branch of the Selling Agents which offer such services to their customers, provided that the following requirements are satisfied:

1. The Individual Investor must have a bank account at the Selling Agent which offers such services; and
2. There should have been no changes in the personal information of the Individual Investor since such investor last subscribed in an initial public offering.

All Individual Investors are required to fill out the Subscription Application according to the instructions provided within the "*Subscription Terms and Conditions*" Section of this Prospectus. Each subscriber must approve all relevant sections of the Subscription Application Form. The Company and the Selling Shareholders reserve the right to decline any subscription application, in part or in whole, in the event any of the subscription terms and conditions is not met. Amendments to and withdrawal of the subscription application shall not be permitted once the subscription application has been submitted. Furthermore, the subscription application shall, upon submission, represent a binding agreement between the Individual Investor and the Company. (Please refer to Subscription Terms and Conditions Section of this Prospectus for further information).

SUMMARY OF KEY INFORMATION

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to interested Applicants. Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the Company. Capitalized and abbreviated terms have the meanings ascribed to such terms in the "Definitions and Abbreviations" section and elsewhere in this Prospectus.

The Company

Bawan was originally established under the name of Al-Muhaidib and Niedermeier & Weibel Company Ltd. and registered in the Commercial Register in the city of Riyadh under commercial registration certificate no. 1010033032, dated 09/10/1400H (corresponding to 20/08/1980G), with a share capital of SAR 4,000,000. The Company's head office is at Ehsaa Street, Malaz, in Riyadh. On 22/04/1429H (corresponding to 28/04/2008G) the name of the Company was changed to Bawan following the introduction of Al-Fozan Holding Company as a new shareholder. In a bid to strategically expand, the Al-Muhaidib and Al-Fozan Groups opted to consolidate their steel and wood business interests. To further implement the expansion plan, the Company has added two business units, in particular the concrete and electrical works units. This was accomplished by the direct acquisition by Bawan of a 56.75% interest in Bina Holding, and a 85.5% interest in UTEC and USSG through BEIC. The Company was subsequently converted into a closed joint stock company with a capital of SAR 500,000,000, pursuant to shareholders' resolution dated 06/11/1432H (corresponding to 03/10/2011G) in accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G), which provided for the following:

a. Introduction of four new shareholders in addition to A.K. Al-Muhaidib & Sons Company and Al-Fozan Holding Company, namely: Atheel Holding Company, Atheel Industrial Company, Ma'aly Holding Company and Azdan Arabian Commercial Company Limited; and
b. Increase in the share capital of Bawan from SAR 27,700,000 to SAR 500,000,000 through the transfer of SAR 451,918,169 from shareholders' contributions and retained earnings (please see Exhibit 4.2 for further details) and SAR 20,381,831 from the Company's statutory reserves account.

The activities of the Company commenced in May 1982G and primarily involved the manufacturing of and preparation of steel reinforcement cut and bend, cold wire drawing, wire mesh, wheel barrows, decorative pipes, plastering and block mesh, chain link fence, general fabrication, aluminum doors and windows, fire rated hollow metal doors and ornamental iron. Today, the Company serves primarily as a holding company to its Subsidiaries and the Group's main activities include the manufacturing of a variety of building materials (including steel, wood, concrete, transformers, substations and other products).

The following table indicates the current Shareholders of the Company (Direct and indirect ownership)

No.	Shareholder Name	Number of Shares	Direct Ownership Percentage	Indirect Ownership Percentage
1.	Atheel Holding Company	33,250,000	66.50%	6.37%
2.	Ma'aly Holding Company	6,500,000	13.00%	None
3.	Azdan Arabian Commercial Company Limited	3,500,000	7.00%	None
4.	Atheel Industrial Company	3,250,000	6.50%	None
5.	A.K. Al-Muhaidib & Sons Company	2,580,000	5.16%	36.5%
6.	Al-Fozan Holding Company	920,000	1.84%	36.5%

Source: Bawan

The following table indicates the names of the companies that Bawan has acquired, whether directly or through its Subsidiaries:

No.	Name of Subsidiary	Legal Form	Direct Interest Held by Bawan	Indirect Interest Held by Bawan	Remaining Ownership
1	Bawan Metal Industries Company	Saudi LLC	95%	5% through BEIC which owns 5%	-
2	Bawan Wood Industries Company	Saudi LLC	95%	N/A	5% owned by Abdullah Abdulaziz Al-Rubaia'a
3	United Wood Products Company	Saudi LLC	95%	N/A	5% owned by Abdullah Abdulaziz Al-Rubaia'a
4	Bawan Engineering Industries Company	Saudi LLC	95%	5% through BMI which owns 5%	-
5	United Transformers Electric Company	Saudi LLC	N/A	85.5% through BEIC which owns 85.5%	• 4.5% owned by Ma'aly Holding Company • 10% owned by WTC Investments Pty Ltd (Wilson Investments)
6	United Transformers Electric Company – Syria	Syrian LLC	N/A	76.95% through UTEC which owns 90%	10% owned by Mohammed Al-Ash for International Trading
7	United Technology of Electric Substations & Switchgears Company	Saudi LLC	N/A	85.5% through BEIC which owns 85.5%	• 4.5% owned by Ma'aly Holding Company • 10% owned by WTC Investments Pty Ltd (Wilson Investments)
8	Bina Industrial Investments Holding Company Limited	Saudi LLC	56.75%	N/A	• 22.5% owned by Ibrahim Abdullah Al-Fares & Brothers Investments Company • 12% owned by Al-Muhaidib Holding Co. • 4% owned by Mr. Ahmed Mohammed Al-Osaimy • 4.75% owned by Abdulrahman Ibrahim Al-Mudaimigh

No.	Name of Subsidiary	Legal Form	Direct Interest Held by Bawan	Indirect Interest Held by Bawan	Remaining Ownership
9	Bina Precast Concrete Products Factory Company	Saudi LLC	N/A	52.89% through Bina Industrial Investments Holding Company which owns 93.2%	• 6.8% owned by Abdullatif Ahmed Al-Barrak and Partners Commercial Company
10	Bina ReadyMix Factory Company	Saudi LLC	N/A	56.18% through Bina Industrial Investments Holding Company which owns 99%	• 1% owned by A.K. Al-Muhaidib Company
11	Al-Raya Woodworks Establishment	UAE S.P.C.	N/A	95% through BWI which owns 100%	-
12	Al-Raya Woodworks Suleiman Ali Al-Mukhaizim & Partner LLC	Kuwaiti LLC	N/A	94% through BWI which owns 99%	• 1% owned by Mohammed Ahmad Abdullatif Al-Fozan
13	Bawan Metal Industries S.P.C.	Bahrain S.P.C.	N/A	100% through BMI which owns 100%	-

Source: Bawan

Vision, Mission and Company Strategy

Vision

Bawan strives to become the leading manufacturer of building materials in the Kingdom of Saudi Arabia and the Middle East.

Mission

To enhance Bawan's customers' loyalty by providing market-leading and innovative products and services, through its existing sectors and new sectors in the future.

Company's Strategy

The Company has adopted the following business strategy:

- Enhance its existing product range by focusing on product development and quality assurance;
- Strengthen relationships with existing customers by addressing their demands and maintaining highest quality standards at the same time;
- Expand current capacity of certain products and add new products while working on emerging into selective new markets within Saudi Arabia as well as within the Middle East;
- Continue to improve operations through cost rationalization and process optimization;
- Invest in new products that leverage Bawan's value and make use of Bawan's advantages to complement the Company's product offering.

Strengths and Competitive Advantages

The Company believes that it has the following strengths and competitive advantages:

- Diverse and unique portfolio of products and services which serve to help stabilize the Group's financial results and reduce the impact of negative economic cycles;

- State-of-the-art manufacturing and production equipment situated in strategic locations owned by the Company;
- Financial strength and proven performance of the Group's businesses;
- Ability to maintain and develop administrative, technical and financial skills;
- Highly experienced senior management with a successful track record in the industrial and construction sectors;
- Strong relationships with a diverse customer base built over a long period of time;
- Experience in successfully launching new products in the industrial and construction sectors; and
- Experience in exporting its products outside of Saudi Arabia which enables it to increase its shares in those markets and to add new markets.

The Construction Sector in Saudi Arabia

Between 2008G and 2012G, the construction sector in Saudi Arabia has been steadily growing and expanding as clearly reflected in each of the infrastructure, residential and commercial sectors, which achieved a CAGR of 13.3%, 9.0% and 10.7%, respectively, between the years 2008G and 2012G. This growth was primarily driven by Government initiatives that sought to developand expand infrastructure, accommodate growing housing demand to support the population growth and the increasing demand for services.

The infrastructure segment constitutes the largest portion of the construction market primarily due to the Government's ongoing focus of improving transportation, energy and communication infrastructure. According to the Ministry of Economy, the infrastructure segment is one of the highest recipients of Government spending. These Government expenditures resulted in raising the value of infrastructure segment in Saudi Arabia from SAR 34 billion in 2008G to SAR 56 billion in 2012G, which corresponds to a CAGR of 13.3%.

Residential construction is the second largest segment, and accounted for 30.4% of the construction market in 2012G. Despite a slight dip in 2009G, it experienced a steady growth from SAR 22.0 billion in 2008G to SAR 31.0 billion in 2012, a CAGR of 9.0%. The dip experienced in 2009G was driven by the recession in international markets, which resulted in a decrease of construction materials' prices and hence a decline of 1.2% between 2007G and 2009G in the residential sector market.

The commercial segment constituted the smallest portion of the construction market in Saudi Arabia at 14.7% in 2012G. Despite its relatively small size, the segment grew faster than the residential segment at a CAGR of 10.7% from SAR 10 billion in 2008G to SAR 15.0 billion in 2012G.

The private sector and the support of the Government's growing expenditures expanded the value of the Saudi construction market by a CAGR of 11.5% from SAR 66.0 billion in 2008G to SAR 102.0 billion in 2012G.

Summary of Financial Information

The chart below summarizes the financial information relating to the Company's operations and assets for the last three years:

All figures are in SAR' 000	2010G	2011G	2012G	30 June 2012G	30 June 2013G
Results of Operations					
Total Sales	1,573,767	1,856,644	2,085,620	1,089,875	1,191,420
Cost of Sales	1,298,262	1,574,986	1,807,176	955,339	1,003,627
Gross Profit	275,505	281,657	278,444	134,537	187,793
Selling and Distribution Expenses	30,951	35,104	37,386	17,792	21,266
General and Administrative Expenses	73,833	79,019	83,992	40,191	48,191
Net Income	140,127	135,233	131,174	66,690	84,320

All figures are in SAR' 000	2010G	2011G	2012G	30 June 2012G	30 June 2013G
Financial Conditions					
Current Assets	835,234	999,454	1,021,435	941,643	1,183,772
Non-current Assets	520,443	524,104	566,811	568,015	564,282
Total Assets	1,355,677	1,523,558	1,588,246	1,509,658	1,748,054
Current Liabilities	662,755	758,810	758,995	758,588	918,953
Non-current Liabilities	76,877	81,180	144,181	88,241	138,237
Total Liabilities	739,632	839,990	903,176	846,829	1,057,190
Share Capital	27,700	500,000	500,000	500,000	500,000
Advances on account of increase in share capital*	451,918	-	-	-	-
Retained earnings	76,472	128,182	131,240	113,203	122,128
Shareholder's Equity**	576,270	634,859	640,558	621,674	643,799
Cash Flows					
Cash Flows from Operating Activities	118,374	(15,223)	200,486	174,217	(22,884)
Cash Flows from Investing Activities	(133,521)	(42,900)	(85,511)	(64,772)	(21,428)
Cash Flows from Financing Activities	55,615	27,148	(177,667)	(111,585)	38,252
Key Indicators					
Gross Profit Margin (%)	17.5%	15.2%	13.4%	12.3%	15.8%
Net Profit Margin (%)	8.9%	7.3%	6.3%	6.1%	7.1%
Current Ratio	1.3	1.3	1.3	1.2	1.3
Total Liabilities to Total Assets (%)	54.6%	55.1%	56.9%	56.1%	60.5%
Total Liabilities to Total Equity (%)	128.3%	132.3%	141.0%	136.2%	164.2%
Return on Equity (%) ***	24.3%	21.3%	20.5%	21.1%	23.1%
Return on Assets (%) ***	10.3%	8.9%	8.3%	8.7%	8.5%
Revenue Growth Rate (%)	23.1%	18.0%	12.3%	-	9.3%
Earnings Growth Rate (%)	48.2%	-3.5%	-3.0%	-	26.4%
Quick ratio	0.68	0.70	0.80	0.75	0.77
Cash percentage of sales	4.7%	2.3%	1.9%	3.7%	2.8%
Cash percentage of net income	52.4%	31.4%	30.4%	60.5%	40.0%

All figures are in SAR' 000	2010G	2011G	2012G	30 June 2012G	30 June 2013G
Average receivables collection period (days)	62.5	68.6	72.4	71.2	75.2
Average period for sale, purchase and replacement of goods (days)	108.8	108.5	84.1	78.3	94.4
Average period for payment of payables (days)	46.9	47.3	43.7	50.0	49.6

Source: Audited Consolidated Financial Statements
* For more information, please see Exhibit 4.2

**Shareholders' equity include other accounts not mentioned in the above table

*** Net income based on LTM figures ending on June 30 2012G and 2013G.

The selected financial information presented above should be read together with the audited consolidated financial statements for the financial periods ended 31 December 2010G, 2011G and 2012G, and the financial periods ending on 30 June 2012G and 2013G, including, in each case, the notes thereto, each of which are included in Section 17 of the "Accountant's Report".

Contents

1. DEFINITIONS AND ABBREVIATIONS

Term	Definition
Admission	Admission of the Shares to the Official List of the CMA in accordance with Article 28 of the Listing Rules issued by the CMA.
Al-Raya UAE	Al-Raya Woodworks Establishment.
Al-Raya Kuwait	Al-Raya Woodworks LLC.
Applicants	Collectively, Individual Investors and Institutional Investors.
Institutional Investors	Includes a number of institutions as follows: • Mutual funds established in KSA that are offered to the general public and that invest in securities listed on the Saudi Stock Exchange, if permissible according to the terms and conditions of such funds, in accordance with the provisions and restrictions set forth in the Investment Fund Regulations; • Persons authorized to deal in securities as principals, pursuant to the financial adequacy requirements; • Companies listed on the Saudi Stock Exchange through portfolios managed by Authorized Persons, as well as banking and insurance companies listed on the Saudi Stock Exchange, in accordance with the rules issued by the CMA, provided that the Company's participation in such companies should not result in any conflict of interests.
Auditors	Deloitte & Touche Bakr Abulkhair & Co.
Bahrain	The Kingdom of Bahrain.
Bawan or Company	Bawan Company, a Saudi joint stock company in accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G) with commercial registration number 1010033032 dated 09/10/1400H (corresponding to 20/08/1980G).
BEIC	Bawan Engineering Industries Company.
Bina Holding	Bina Industrial Investments Holding Limited.
Bina Precast	Bina Precast Concrete Products Factory Company.
Bina ReadyMix	Bina ReadyMix Factory Company.
BMI	Bawan Metal Industries Company Limited.
BMI Bahrain	Bawan Metal Industries S.P.C.
Board of Directors or Board	Bawan’s board of directors.
BWI	Bawan Wood Industries Company Limited.
By-Laws	The By-laws of Bawan.
CAD System	Computer-Aided Design System.
CMA or the Authority	The Capital Market Authority.
Companies’ Regulations	The Companies’ Regulations, issued under Royal Decree No. M/6, dated 22/3/1385H, as amended.

Term	Definition
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA pursuant to Resolution No. 1-212-2006G on 21/10/1427H (corresponding to 12/11/2006G), as amended.
Directors	The directors of the Company.
ERP	Enterprise Resources Planning computer software.
Exchange	The Saudi Arabian Stock Exchange, Tadawul.
Extraordinary General Assembly	The extraordinary general assembly of the Shareholders of Bawan.
Financial Advisor	Saudi Fransi Capital appointed by the Company as a Financial Advisor to the Offer.
GCC	Gulf Cooperation Council.
General Assembly	The general assembly of Bawan Shareholders.
Government	Government of Saudi Arabia.
Group	Collectively, the Company and its Subsidiaries.
Individual Investors	Individual investors having the Saudi Arabian nationality, including a Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe in the names of her minor children. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against the concerned applicant.
Industry and Market Consultant	PricewaterhouseCoopers (PWC).
KSA or Saudi Arabia	The Kingdom of Saudi Arabia.
Kuwait	The State of Kuwait.
Lead Manager	Saudi Fransi Capital appointed by the Company as the manger in relation to the Offer.
Listing Rules	The Listing Rules issued by the CMA pursuant to Article 6 of the CML promulgated under Royal Decree No M/30 dated 2/6/1424H (corresponding to 31 July 2003G), as amended.
MoCI	The Ministry of Commerce and Industry of Saudi Arabia.
MOL	The Ministry of Labor in Saudi Arabia.
MV/LV	Medium voltage/Low voltage.
MVA	Megavolt-Ampere (electric capacity measurement unit).
Offer	The initial public offering of 15,000,000 Shares representing 30% of the Share Capital of the Company.
Offer Period	The 7 day period starting from 24/01/1435H (corresponding to 27/11/2013G) up to and including 30/01/1435H (corresponding to 03/12/2013G).
Offer Price	SAR 36.

Term	Definition
Offer Shares	15,000,000 Shares.
Official Gazette	Umm Al Qura, the official gazette of the Government of Saudi Arabia.
Official List	The list of securities maintained by the CMA in accordance with the Listing Rules.
Person	A natural person.
Prospectus	This document prepared by the Company in relation to the Offer.
Public	Includes the Institutional Investors and Individual Investors.
Rebar	Reinforcement bar.
REDF	The Real Estate Development Fund.
S.P.C.	Single Person Company.
SAMA	The Saudi Arabian Monetary Agency.
SAR or Saudi Riyal	Saudi Arabian Riyal.
SEC	Saudi Electricity Company.
Selling Agents	Banque Saudi Fransi, NCB, SAMBA, Riyad Bank, Saudi Investment Bank.
Selling Shareholders	The shareholders whose names are set out in Exhibit 4.8 of this Prospectus.
Senior Management	The senior management of the Company whose names are set out in Exhibit 5.3.
Share	An ordinary share of the Company with a nominal value SAR 10.
SIDF	The Saudi Industrial Development Fund.
SOCPA	The Saudi Organization for Certified Public Accountants.
SPC	Single Person Company.
Subscription Application Form	Application form to subscribe to the Offer Shares.
Subsidiaries	BMI, BWI, UWP, Bina Holding, Bina Precast, Bina ReadyMix, BEIC, UTEC, USSG, Al-Raya UAE, Al-Raya Kuwait, BMI Bahrain, UTECS.
Syria	The Syrian Arab Republic.
Tadawul	Automated system for the trading of Saudi shares.
UAE	The United Arab Emirates.
Underwriter	Saudi Fransi Capital.
Underwriting Agreement	The underwriting agreement entered into between the Company and the Underwriter.
USSG	United Technology of Electric Substations and Switchgears Company.

Term	Definition
UTEC	United Transformers Electric Company.
UTECS	United Transformers Electric Company – Syria.
UWP	United Wood Products Company.
WTC	Wilson Transformer Company Pty Ltd. Australia.
WTC Investments	WTC Investments Pty Ltd. Australia.

2. RISK FACTORS

Before deciding whether to purchase the Offer Shares, prospective investors should carefully consider all the information contained in this Prospectus, particularly the risk factors described below. The risk factors are not exhaustive and exclusive, and there could be other risks currently unknown to, or considered immaterial by, the Company that may affect its operations.

The Company's business, prospects, financial condition, results of operations and cash flows could be adversely and materially affected if any of the following risks, which the Company currently believes to be material, actually occurs.

An investment in the shares of the Company is only suitable for investors who are capable of evaluation of the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. A prospective investor who is in any doubt about the action he/she or it should take should consult a professional advisor who specializes in advising on the acquisition of shares and other securities.

In the event that any of the risks materializes that Senior Management currently believes to be material, or if any other risks that the Senior Management have not identified or that they currently consider not to be material, occurs or become material risks, the trading price of the Offer Shares could decrease due to any of these or other risks. Prospective investors may lose all or part of their investment.

The risks and uncertainties that are described below are not presented in any assumed order of priority. Additional risks and uncertainties, including those currently unknown, or deemed immaterial, could have the effects set forth above.

2 - 1 Risks Relating to the Operations of the Company and its Subsidiaries

2 - 1 - 1 Control over the Subsidiaries

A major portion of Group's main revenues come from its Wood strategic business unit (SBU). As of 2012G, one-half of the Company's net income came from BWC and UWP (and their subsidiaries). Although Bawan owns 95% of the share capital in both BWC and UWP, 5% of the share capital in both subsidiaries belongs to a minority shareholder. The Companies Law authorizes the amendment of a limited liability company's Articles of Association with the consent of a majority of the shareholders representing at least three quarters of the capital, unless the Articles of Association provides otherwise. However, where there are only two shareholders in the company, notaries often insist on the unanimous consent of the shareholders before the ratification and enforcement of the decision to amend the company's Articles of Association, which allows the minority shareholders to block any undesirable amendment of the Articles of Association, regardless of the number of shares held by them.

In the future, should Bawan decide to sell any part of or all of its wood business or wish to bring about certain changes within a subsidiary, such actions could be blocked by the minority shareholder and this could lead to substantial delays in the Group executing any strategies and plans in relation to the wood subsidiaries which in turn may have a material adverse impact on the Group's business prospects, results of operations and overall financial condition.

2 - 1 - 2 Product Risk

A major part of the Group's business is related to the production and selling of wood and metal products as well as transformers. These operations are subject to certain risks related to the defects that may occur in such products during their production, packaging or while they are being transported. While these risks can be retained, by following good manufacturing practices and quality testing of the finished product, they cannot be eliminated.

Any such defects in the products manufactured by the Group could expose the relevent subsidiary to risks of product recalls and potential liability suits which could adversely impact the Group's business prospects, results of operations and financial conditions.

2 - 1 - 3 Expansion Strategy and Execution

The Group's future performance relies on the effective execution of its business plans and growth strategies which include the manufacturing of new products and the expansion of existing plants. The roll-out and success of the business plans and growth strategies are dependent on a number of factors, including finding suitable locations with favorable lease terms, suitable capital and financing, market conditions and obtaining licenses in new markets.

The Group’s ability to manage future growth will also depend on its ability to continue to implement and improve operational, financial and management information systems efficiently and on a timely basis as well as to expand, train, motivate and manage its workforce. There are no assurances that the personnel hired by the Group or the systems, procedures and controls adopted by it will be adequate to support any future growth and expansion. Furthermore, failure to effectively manage any expansion plans of the Group may lead to increased costs and reduced profitability and may adversely affect its growth prospects.

Moreover, any expansion plan to be implemented by the Group in the future will be subject to estimated costs and expected completion dates, and the Group may need additional funding for the completion of any expansion plans. As is the case for any growth and expansion, expected timelines and estimates may differ significantly as the plan progresses. In addition, any expansion involves substantial risk of construction, including shortages of materials or skilled labor, unexpected environmental or engineering problems, and unexpected increase of costs, and any of these factors could have a negative and material impact on the expansion plans and delay the planned completion date. Any delay in the expansion process may also delay any Group revenues and profits resulting from the sales (as a result of this expansion). If this is combined with an increase of the expansion costs and expenses, this could decrease the Group's profits.

2 - 1 - 4 Operational Risks and Unexpected Business Interruption

The Group’s businesses are dependent on the on-going and efficient operations in a number of jurisdictions including Saudi Arabia, United Arab Emirates, Kuwait, Bahrain and Syria, as well as on the systems and infrastructure that the Group currently has in place. Inherent risks include natural disasters, failure of critical machinery, accidents to key personnel, failure of power, water supply, and computer equipment.

One of the Group companies, United Transformers Electric Company – Syria, has already suffered from unrest due to the current situation in Syria. Bawan's share of profits from UTECS represented 0.7% of Bawan net profits in 2012G. Bawan's share of the total book value of UTECS assets amounts to SAR 27.0 million.

Material interruptions in production capabilities will inevitably increase production costs, reduce revenues and profitability of the Group and potentially result in a loss of customers. Furthermore, any interruptions in the Group's manufacturing capabilities or supply channels may require the Group to make significant expenditures to remedy the situation, and any delay in the repair and maintenance of equipment, or any shortage in water or electricity supply could significantly disable the Group's operations, which could have a negative effect on the Group's profitability, result of operations, financial position and prospects.

2 - 1 - 5 The Organizational Structure of the Group

The operations of the Group are principally conducted through the Subsidiaries. The organizational structure of the Group includes numerous layers of management, cascading down from the Company’s Board and senior executives to the board of managers and executives of its Subsidiaries as well as regional managers to divisional managers, all the way down to shift supervisors who work alongside frontline employees. Delays in decision making may result from the heavily layered nature of management, which could result in potentially adverse implications to the operations of the Group, prospects, financial position and its ability to meet fast-moving market and industry trends.

2 - 1 - 6 Availability of Raw Materials and Fluctuation in Prices

The Group’s revenues and profits are dependent to a certain extent upon the current prices of goods and raw materials, in particular metal, copper, cement and wood. The prices of such goods depend on international markets triggered by world supply and demand, and such international markets are exposed to sudden and wide fluctuations. The Group cannot and will not be able to control the factors affecting the prices of commodities, knowing that effective changes in supply and demand, market concerns, speculation by market traders, and international economic and political factors may affect the prices and accuracy of the Group's assumptions and/or prospects. This may adversely and materially affect the Group’s businesses, results of operations, and financial condition in general.

The costs of raw materials used in the operations of production units are considered operational costs of major importance for the Group. Raw materials are purchased and then stored for a period ranging from one to three months, before they are used in the manufacture of various products for the Group. There is also a risk of fluctuations of raw materials prices while they are still kept in inventory, and the Company may not exactly assess the adverse impact of such fluctuations.

In the event there is a sharp increase in the cost of raw materials or major fluctuations in the inventory value, it may not be possible to pass on such increase to the customers, which may lead to lower profits for the

Group. For example, the fluctuations of raw material prices in 2012G was a key factor in the decline of the gross profit margin, which fell from 15.2% in 2011G to 13.4% in 2012, and thus affected the net profit margin, which in turn dropped from 7.3% in 2011G to 6.3% in 2012. Therefore, if raw materials' prices increase or the inventory value varies significantly, or the Group is unable to procure an adequate quantity of raw materials to produce its products due to escalation of prices of raw materials, this may adversely and materially affect the Group's businesses, financial position, and results of operations.

2 - 1 - 7 Sufficiency of Insurance Coverage

The Group may become exposed to liabilities against which it may have insufficient coverage or no coverage at all. The Group's current insurance policies include, like any other insurance policies, exceptions or limitations on insurance coverage. Furthermore, the current insurance policies may also be unavailable in the future. Therefore, the insurance coverage in future may not cover the size of claims being made against the Group; thus, the losses and liabilities resulting from uncovered or insufficiently covered risks may significantly increase the Group's costs. This may adversely and materially affect the Group's business, expectations, results of operations, financial situation and/or the price of its share price (*for more information on the insurance policies maintained by the Group, please refer to Section 11.7 of this Prospectus*).

These policies contain certain exceptions and limitations, and some policies do not provide complete coverage against all possible risks related to the Group's businesses. Therefore, if the Group incurs uninsured or inadequately insured liability, then this may cause a significant increase in the operational costs, adversely affecting the Group's profits.

2 - 1 - 8 Dependence on Key Suppliers

The Group is dependent on both local and international key suppliers of raw materials, equipment and service needs.

The Group generally does not have long term supply agreements with its key suppliers and as such if one of the key suppliers decides to terminate its relationship, the Group may have difficulty in replacing the supplier with an equally qualified supplier at comparable prices and quality. For example, the Metal SBU's total purchases of raw materials from SABIC Steel accounted for more than 50% of the total purchases of the unit in the three-year period preceding the date of publication of this Prospectus.

The Group competes with other businesses for the services of these suppliers and the pool of suppliers able to adequately supply the Group's business needs is limited, which may increase the price the Group must pay to obtain the services, and such an increase may not be passed downstream to the end customers.

If the Group is unable to maintain long term relationships with these key suppliers or if the terms under which the Group acquires raw materials, goods and services from these suppliers become less favorable, or if such suppliers are unable to perform their obligations under the supply agreements adequately, this may adversely affect the Group's results of operations, prospects and financial condition in general.

2 - 1 - 9 Equipment Risks

The Group has specialized machines and equipment for metal, electrical, wood, and concrete industries, which are very important for the successful operation of its facilities. Therefore, the Group depends on the reliable and consistent operation of such equipment in order to achieve its financial expectations.

If the Group faces any sudden interruption of such equipment and machines, it may need specialized technicians or spare parts which may be unavailable in its stocks. Therefore, any unexpected failure of major machines and equipment may disrupt the Group's production and weaken its ability to produce, continuously, sufficient quantities of products or to ensure the quality of products in a way that meets its customers' requirements. Such disruptions could adversely and materially affect the Group's businesses, expectations, and results of operations.

2 - 1 - 10 Transportation Risks

The Group does not have its own transportation fleet, and some of the subsidiaries rely on external transport services providers to transport their products to their customers. Therefore, any disruption in transportation services may temporarily affect the ability of a subsidiary to supply its products to its customers, which could adversely affect the Group's results of operations, future prospects and financial position.

Moreover, if the transportation cost of one the Group's products increases, the Group may not be able to pass on such increase to the customers, which may adversely affect its results of operations and financial condition.

2 - 1 - 11 Financing Risks

Bawan and some of its subsidiaries have entered into a number of facilities with different banks, which impose certain obligations on the Group. In case the Company or any of the relevant subsidiaries fail to make a payment when due or were to breach certain debt covenants in the future, the banks could require the Company or the relevant subsidiary to repay the debt immediately. (*For more information about these facilities, please refer to Section 11.8 of the Prospectus*). In these circumstances there can be no assurance that the Company or the relevant subsidiary would be able to access sufficient alternative funding to meet any financing requirements, which may adversely and materially affect the Group's financial position, results of operations, and/or share price.

Furthermore, the Group may need additional financing if it decides to expand its operations in the future. Currently the Group has a number of open credit lines with banks and it has only partially utilized such credit lines. However, the credit lines that are available now may not be available in the future, as banks may decide not to renew the credit lines granted to the Group once they expire, or they may refuse to provide additional credit lines to the Group. Also, even if credit lines are available, they may be obtained on terms that are onerous to the Group.

If there is no financing available to the Group in the future or if the financing is available on onerous terms, the Group may not be able to expand its operations. Also, there is no guarantee that if the credit lines are available and the Group utilizes such credit lines in full, it will be able to repay its debt when due. Should either of these events occur, it may have an adverse impact on the Group's financial performance and operations in general.

2 - 1 - 12 Guarantees in Favor of Third Parties

The Group has issued several guarantees in favor of banks and lenders (*For more information on the guarantees, please refer to Section 11.8 - Banking Guarantees- of the Prospectus*). These guarantees are renewed on a periodic basis, and when renewing these guarantees, banks may request the Company to increase or decrease their value. Moreover, these guarantees are not listed in the balance-sheet of the Company or its subsidiaries. In the event that any of the concerned guarantees are triggered partially or in full, or the Group is requested to issue additional guarantees, this may negatively affect the Group's results, operations, prospects and financial condition.

2 - 1 - 13 Dependence on Key Personnel

The Group is dependent upon the abilities, experience, and continuous service of its executive officers and other key personnel. However, it cannot guarantee that its efforts will succeed in retaining existing employees or attracting new ones.

Furthermore, and due to the diversification of the Group's businesses (metals, wood, concrete, and electricity), it may be difficult for the Group to recruit or retain skilled individuals with the extensive experience required by it from its key personnel.

Therefore, if the Group loses key personnel, does not retain qualified personnel, or does not identify, hire, and retain the qualified personnel in the future, the Group's results and operations may be adversely and materially affected.

2 - 1 - 14 Saudization

Compliance with Saudization requirements is a Government directive requiring all companies active in the KSA, including the Company, to employ and maintain a certain number of Saudi personnel among its staff. In accordance with the instructions of the Ministry of Labor issued 1/5/1423H (corresponding to 10/8/2002G), a company must obtain a certificate to this effect from the Ministry of Labor. The Ministry of Labor has decided to impose stricter Saudization policies at the beginning of 2013G under the new Nitaqat program.

The percentage of Saudi workers varies on the basis of the company's activity. The Company and all of its subsidiaries have been classified under the “green” category, except for Bina Readymix which falls under the yellow category, which means that the Group companies (except for Bina Readymix) comply with the current Saudization requirements, which accordingly allow the compliant companies to secure work visas and participate in any Government tenders that will enhance their performance.

Nevertheless, there are no guarantees that the Group will be able to fulfill current or future Saudization requirements. Therefore, it may face sanctions by governmental authorities including suspending work visa requests, or reducing the numbers requested by the Group and ceasing transfer of sponsorship for non-Saudi employees, or excluding the Group from participating in Government tenders, or preventing it from obtaining Government loans.

Moreover, the Government has taken measures regulating the employment of foreign employees in KSA in accordance with the Saudi Labor Law and Residency Law. Measures could be thus taken against foreign employees: 1- who do not work for their sponsor; 2- whose work does not match their job description (as presented in their work permit). There can be no assurance that the Company will be able to provide the required workforce or recruit the required number of foreign workers under favorable conditions, which may have an adverse material effect on the Company's results of operations, financial condition and prospects.

2 - 1 - 15 Protection of Intellectual Property

The Group is seeking to register its rights to trademarks which protect the use of its business name and symbol (including logo) within KSA and is waiting for the issuance of certificates in connection with such registration. The Company and a number of its Subsidiaries, including UTEC, UWP, BWI, BEIC and BMI have secured and protected their trademarks and intellectual property through registering them with the relevant authorities and have obtained trademark registration certificates.

The inability to register or retain control over and protect, or in some cases the need to take actions necessary to protect, the Group's trademarks and intellectual property may adversely affect the Group's brands and may make it more expensive to do business thus adversely affecting the Group's operating results.

2 - 1 - 16 Litigation Risk

In the ordinary course of its businesses, the Group has been named as plaintiff and defendant in connection with disputes over certain claims and conflicts. For details about the lawsuits that the Group is currently involved in, please refer to Section 11.12 of the Prospectus.

Although the Group does not believe that these claims and conflicts are likely to materially affect its financial standings, the Group is unable to predict the results of any future action, investigation or lawsuit that may arise with any party. The Group cannot also guarantee that such action, investigation, or lawsuit will not adversely and significantly affect its results and financial conditions.

2 - 1 - 17 Risks Related to Violations of the Laws and Regulations

Due to the diverse nature of the Group's business, its operations are subject to laws and regulations in force in countries where the group undertakes its activities, such as but not limited to, Saudi Arabia, the United Arab Emirates, Kuwait, Bahrain and Syria. These laws and regulations may be subject to change. Regulatory changes caused by political, economic, technical and/or environmental factors could significantly impact the Group’s operations and its financial results. The Group may modify its products or operations in order to operate in compliance with any future changes in such regulations and laws, which may have a negative impact on the Group’s future results and financial condition.

Compliance with current or future rules and regulations could restrict the Group's ability to expand its facilities or require it to acquire additional expensive equipment, modify its manufacturing processes or incur other significant expenses.

In addition, the Group could incur costs, fines and civil or criminal sanctions, or could be required to incur substantial investigation or remediation costs, if the Group were to violate or become liable under any rules and regulations. There can be no assurance that violations of any regulations have not occurred in the past and will not occur in the future as a result of the inability of the Group to obtain permits, human errors, equipment failure or other causes, and any such violations could harm the businesses and financial conditions of the Group.

2 - 1 - 18 Employee Misconduct

The Group cannot guarantee that employee misconduct will not happen in future. Employee misconduct could result in violation of law by the Group, regulatory sanctions, financial liability and/or serious damage of reputation to the Group. Such misconduct may include:

i. Improper use or disclosure of confidential information;
ii. Concealment of unauthorized or unsuccessful activities;
iii. Recommendation for products and/or services that are not suitable;
iv. Engagement in misrepresentation or fraudulent, deceptive or otherwise improper activities while marketing or selling the Company's products and/or services to customers; or
v. Disregard for applicable laws or internal controls and procedures.

There can be no guarantees that the Group will always be able to deter employee misconduct, as the safety measures taken to prevent and detect these activities may not be successful in all cases. The Group, therefore, cannot guarantee that employee misconduct will not materially and adversely affect the financial condition and results of operations of the Company or its Subsidiaries.

2 - 1 - 19 Technology Changes

The primary technological risks associated with the manufacturing industry are innovations in the manufacturing technology and processes as well as the materials. There is no guarantee that the Group will be able to keep pace with the market in the future, and therefore any radical developments in these areas might impact the competitive positions, results of operations and financial conditions of the Group.

2 - 1 - 20 Reliance on Existing Arrangements with Key Clients and Related Parties

The Group does not have any long term contracts with key customers and mostly it conducts its business by issuing quotations and implementing purchase orders. The Group's revenues from major clients may vary from year to year and from quarter to quarter and any adverse development could affect its business, financial condition, and results of operations. Furthermore, if the relationship between the clients and the Group breaks down, or if the Group loses a few of its customers to a competitor, or is unable to negotiate better terms in the future, this could adversely affect the Group's expectations, results of operations and financial position in general.

The Group conducts its business with a diversified customer base including Government and semi-Government agencies, and depends to some extent on these entities as major clients. However, the Group does not have long-term contracts with these customers and there can be no assurance that these entities will continue to look to the Group for providing products. Any negative development in the existing relationship between the Group and these entities, such as if some or all of them move their business to a competitor, will lead to the loss of key customers, which in turn could have a negative impact on the Company's prospects, results of operations and financial condition in general.

A portion of the Group's revenues is achieved from a limited number of companies owned by Shareholders in the Company and from transactions based on an arm's length commercial basis, according to the mechanism approved by the Company's General Assembly. Bawan transactions with such related parties accounted for 16.3%, 16.3% and 16.4% of its total revenues in 2010G, 2011G and 2012G respectively. Thus, any change in the relationship between the Company and these companies, for example, could adversely affect the Company's business, prospects and financial condition in general. In addition, there is no guarantee that the related parties transactions will continue. (*Please see Section 10.11 of this Prospectus for more details on related party transactions*).

2 - 1 - 21 Credit Risks

Credit risk is the risk of financial loss due to the non-fulfillment of the obligations of the Group's customers. The Group's credit risk is mainly related to its trade accounts receivable. There can be no assurance that the Group may be able to evaluate the current financial condition of its customers and to accurately determine the ability of such parties to fulfill their relevant financial obligations. A significant number of the Group's customers could experience poor financial performance, or the Group may fail to analyze the credit risk of such parties. Any decrease in the overall credit quality of the customers may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2 - 1 - 22 Failure to Successfully Enter into New Markets

As part of its development strategy, the Group is seeking to enter into new markets in the region in a bid to diversify its activities and create value for shareholders. Although the Group has succeeded in the past in entering and establishing a presence in new markets, there can be no assurance that it will be able to succeed in its attempts to enter other new markets. Moreover, due to the current unstable situation in the Middle East, the Group may be unable to enter into new markets.

2 - 1 - 23 Goodwill Risk

Goodwill represents the amount paid in excess of the fair value of the net assets acquired. Goodwill resulting from a business acquisition is recorded in the Company's books as the cost of such acquisition as at the acquisition date, less any losses resulting from goodwill impairment, if any. Goodwill is reviewed annually or more often to determine whether there is evidence of depreciation, and in such case, depreciation is recognized as a loss in the consolidated statement of income, which is not reversed in subsequent periods.

In 2010, the Company acquired 85.5% of UTEC (Saudi Arabia) shares. Goodwill amounting to SAR 169.8 million was recorded following the acquisition, which reflected the differential between the acquisition value and the net assets, and after the allocation of SAR 26.7 million to adjust the net book value of the net acquired assets to their fair value. There can be no assurance that there will be no impairment of goodwill in the future, and should there be a significant depreciation, it will affect the Group's business results and financial position. (*Please see section 4.6.3 of this Prospectus for more details on the acquisition*).

2 - 2 Risks Related to the Market and Industry

2 - 2 - 1 Industry Concentration and Specialty Risks

The Group comprises subsidiaries that each focus on a specific category of products, such as electric transformers, switchgears and substations in the case of UTEC, UTECS and USSG, metal in the case of BMI, wood in the cases of BWI and UWP, and cement and concrete in the cases of Bina Precast and Bina ReadyMix.

The Group's ability to diversify its product offerings in the future will depend on a number of factors, some of which may be beyond its control, including the Subsidiaries' ability to obtain authorizations and approvals of any expansion in the scope of their businesses and/or products offered and price fluctuations in international industries.

The past few years have witnessed a particular regional and global surge in metal and wood demand and, as a result, prices have increased substantially over time. There is no guarantee that this demand will continue into the future. The increase in capacity for the region and worldwide may result in an oversupply and therefore a reduction in prices which in turn could adversely affect the Group’s overall operations, prospects, and financial condition in general.

2 - 2 - 2 Competitive Environment

Even though the Group's business operations are diverse in nature, it still operates in a competitive environment. The Group faces stiff competition from its competitors and the products of the Group compete with other premium quality brands and less expensive, non-premium quality brands.

In addition, aggressive pricing policies by competitors may affect the financial performance of the Subsidiaries which in turn will adversely impact the financial condition of the Group. Furthermore, if there is an oversupply of products in the national market this is likely to lead to even greater competition. These competitive pressures may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

The Group's ability to compete against its competitors is, to a certain extent, dependent on its ability to distinguish its products from those of the competitors by providing high quality products at reasonable prices. The Group cannot make any assurances that current or potential competitors will not provide products comparable or superior to those provided by it or adapt more quickly to the evolving industry trends or changing market requirements.

There can be no assurance that the Group will be able to compete effectively against current and future competitors, and changes in the competitive environment may result in price reductions, reduced margins or loss of market share, any of which could materially adversely affect the Group's profit margins.

2 - 2 - 3 Risks related to Permits and Licenses

The Group currently maintains a number of licenses in connection with the operation of its business which are valid. The Group's business depends on the continuing validity of the variety of licenses and permits that it holds and compliance with the terms of these existing licenses and permits. It is possible that the relevant issuing authority could alter the terms of an existing license under which any of the Subsidiaries operates. Furthermore, when a license is sought to be renewed or amended there can be no guarantee that the relevant authority would be prepared to renew or amend the scope of the license, or that were it to do so that it would not impose conditions unfavorable to the particular subsidiary. Moreover, the Group cannot guarantee that additional licenses may not be required in the future.

If any subsidiary fails to renew a license, or has a license suspended or terminated, or has a license renewed or amended on unfavorable terms, or is not otherwise able to obtain additional licenses required in the future, the subsidiary may be required to cease certain operations which could result in operational and production interruptions or additional costs, any combination of which could have a material adverse effect on the Group's business, prospects, results of operations, and financial condition in general.

2 - 2 - 4 Political and Economic Risks

The Group's performance depends on the economic conditions of the Kingdom of Saudi Arabia and on global economic conditions that affect the economy of KSA.

Despite its growth in other sectors, the Saudi economy and Government spending are still dependent on the price of oil and gas in the world markets and therefore, a decline in the prices of oil and gas could substantially slow down or disrupt the Saudi economy or the Government’s spending plans.

The Group conducts business with different Saudi and non Saudi Government and semi-Government agencies through contracts or purchase orders which, for the year 2012, collectively accounted for approximately 23% of the overall sales of the Group. The table below indicates the value of the transactions carried out by the Group with the Government and semi-Government agencies.

Exhibit 2.1: Value of Transactions Conducted by the Group with Governmental and Semi-governmental Agencies

Governmental and Semi-governmental Agency	Concerned Subsidiary	Value of Transactions in 2012G (SAR)
Ministry of Health (Saudi Arabia)	USSG	201,000
Saudi Development Fund (Represented by the Ministry of Electricity and Dams in Sudan)	USSG	41,814,000
Saudi Development Fund (Represented by the Ministry of Electricity and Dams in Sudan)	UTEC	22,040,470
Ministry of Electricity (Iraq)	UTEC	25,883,015
Saudi Electricity Company	USSG	48,151,508
Saudi Electricity Company	UTEC	108,975,682
Jordanian Electric Power Company (Jordan)	UTEC	9,831,464
Qatar Electricity and Water Corporation	UTEC	17,431,997
SABIC	BWI	161,348,859
Rabigh Refining and Petrochemical Company (Petro Rabigh)	BWI	33,255,435
Total Sales		SAR 478,933,430
Group Total Sales		SAR 2,085,620,334

Source: Company

The Group has a diversified customer base within the Government and semi-Government agencies that it conducts business with and on whom it relies as key customers. However, the Group has no long term contracts with these customers, and there can be no assurance whether these agencies will continue to look to the Group for providing products. Any negative development in the existing relationship between the Group and these entities, in the event that a few or all of these agencies move their business to a competitor, will result in the loss of key customers which in return may have an adverse affect on the Company's business prospects, results of operations and overall financial condition.

In addition, any unexpected major changes in the political, economic or legal conditions of KSA, its neighboring countries (for example Syria where one of the subsidiaries is located) or other countries in the region may have a material adverse effect on the Group's business prospects, results of operations and overall financial condition.

2 - 2 - 5 Membership in the World Trade Organization (WTO)

KSA became the 149th member of the WTO on 11 December 2005G. It is possible that this membership might have an effect on the market conditions in KSA, and an adverse impact on the future success of the Group.

Currently the wood and metal products manufactured by the Group are almost all sold within KSA as the Government has imposed protective tariffs on the imports of similar products into KSA. Having said that, due to Saudi Arabia's accession into the WTO, local manufacturers (such as the Subsidiaries) will be impacted since the effect of the accession includes increasing the free movement of goods and services between KSA and the member countries and this could increase the competition that the Group faces and may have a material adverse impact on its business prospects, results of operations and financial conditions.

2 - 2 - 6 Exchange and Interest Rate Risk

Exchange rates may fluctuate as a result of regional or international changes. Any material change in any currency being used by the Group may have an adverse effect on the product prices and accordingly on the Group's profits. In addition, the subsidiary in Syria which operates in the Electrical SBU has a loan in the amount of SAR 35.7 million as of 30/06/2013. This loan is subject to the risk of fluctuations of the exchange rates, as the subsidiary in Syria has to refund this loan in Saudi Riyals.

Furthermore, the interest payments under the Group's debt facilities are calculated by reference to a floating interest rate and such exposures have not been hedged, therefore, any adverse shift in interest rates would have a negative impact on the Group's results of operations, prospects and financial condition.

2 - 2 - 7 Import and Export Risks

The implementation of new legal or regulatory requirements, such as anti-dumping duties, countervailing measures, import quotas, tariffs, sanctions, boycotts and other measures, whether adopted by Governments (such as Saudi Arabia, UAE, Syria and Bahrain, where Subsidiaries conduct their business) or directed by regional trade blocs, may affect the competitive position of the Group's products or prevent the sale of these products in some countries, which could have a material adverse effect on the Group's results, operations, prospects and financial position.

2 - 3 Risks Related to the Shares

2 - 3 - 1 Effective Control by the Selling Shareholders

Following this Offer, the Selling Shareholders will own no less than 70% of the Company's issued Shares. As a result, the Selling Shareholders acting together may be able to influence all matters requiring shareholders' approval, and they may exercise this ability in a manner that could have a significant effect on the Group's businesses, financial conditions and results of operations including, the election of Directors, significant corporate transactions and capital adjustments.

2 - 3 - 2 Absence of a Prior Market for the Shares

Currently, there is no public market for the Company's Shares, and there can be no assurance that an active trading market for the Company's Shares will develop or be sustained after this Offer.

The Offer Price has been determined based upon several factors, including the history of and prospects for the Group's businesses, the industry in which it competes and an assessment of Senior Management, operations and financial results. Various factors, including the Group's financial results, general conditions in the industry, health of the overall economy, the regulatory environment within which the Group operates and other pertinent factors that are beyond the Company's control could cause significant fluctuations in the price and trading liquidity of the Company's Shares.

2 - 3 - 3 Future Sales and Offers

Sales of substantial amounts of the Shares in the public market following the completion of the Offer, or the perception that these sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offer, the Selling Shareholders will be subject to a restriction period of six6 months during which they may not dispose of any Shares. The sale of a substantial number of Shares by any of the Selling Shareholders following the 6month share restriction period could have an adverse effect on the market for the Shares and may result in a lower market price of the Shares.

The Company does not currently intend to issue additional shares immediately following the Offer. If and when the Company decides to raise additional capital by issuing new shares, the newly issued shares will dilute existing shares to a certain extent and if the Existing Shareholders decide to sell a substantial number of shares after the expiry of the restriction period, this could potentially reduce the value of such shares. Any sale of shares by the Selling Shareholders after the expiry of the restriction period may not take place without CMA's approval.

2 - 3 - 4 Liquidity and Fluctuations in the Prices of the Offer Shares

Subscribers may not be able to re-sell the Offer Shares at the Offer Price or above, or may not be able to sell them at all, since the market price of the Offer Shares may be negatively affected after the Offer by various factors within or outside the Company's control, including, variation in anticipated operating results, market conditions, or changes in Government regulations. Market volatility and general economic conditions may negatively affect the share price in the market.

2 - 3 - 5 Distribution of Dividends

Future distribution of dividends will depend on several factors, amongst other things, the future profit, financial position, capital requirements and distributable reserves of the Group and general economic conditions and other related factors that the Board of Directors may deem significant from time to time.

The Company makes no assurance whatsoever that the payment of any such dividends will actually be approved by the Shareholders in the General Assembly Meetings nor any assurance as to the amounts which will be paid in any given year. Similarly, the Company may not guarantee a fixed profit for each Share in any given fiscal year.

3. MARKET DESCRIPTION AND OVERVIEW

The Group is involved in the manufacturing of metal, wood, electric and concrete products. This section includes market information on these products, data on the general economy and the construction sector in Saudi Arabia. A brief profile of competitors is also provided in this section for each strategic business unit.

The Company appointed PwC in 2011G to conduct a study and prepare a report on the construction market. PwC was founded in 1849G and is based in London, United Kingdom. PwC employs a team of consultants specializing in strategy development and implementation, performance management and sustainable profitability improvement.

Unless expressly stated otherwise, the report issued by PwC is the source of the information relating to the construction market in this section. The study was conducted and the report was prepared by PwC in 2011G and updated in July 2013G, therefore, does not reflect market developments since that date. However, the Company believes that the information listed in this section has not changed significantly from the preparation date, thus, still reflects the fundamentals of the construction market in KSA at the date of the Prospectus.

Some data contained in this Section dates back to 2008G and no updated data is currently available regarding these points.

PwC has provided and not withdrawn its written consent for the use of their findings in this Prospectus. Neither PwC nor its employees or any of their relatives or affiliates has any shareholding or interest of any kind in the Company or any of its affiliates or related parties to date.

3 - 1 Economic Growth in Saudi Arabia

Demand for the Company's products and services is linked to economic growth in Saudi Arabia. The Saudi economy remained strong in 2011G supported by a number of positive changes at the local and international levels. At the local level, the Government pursued its structural and regulatory reforms, in an effort to achieve sustainable economic growth through diversification of the economic base, and the growth of non-oil sectors' contribution in the GDP. These positive changes had an impact on the key indicators of the Saudi economy, with GDP at current prices growing by 31% to reach SAR 2.2 trillion in 2011G compared to SAR 1.7 trillion in 2010. The GDP at constant prices (base year 1999G) also grew by 7.1% to reach SAR 941.8 billion, compared to approximately SAR 879.8 billion in 2010G. The oil GDP rose by 47.7% to SAR 1,288.6 billion, while the non-oil GDP recorded a growth rate of 13.4% to reach SAR 933.2 billion.

In 2012G, the growth rate of real GDP in the Kingdom of Saudi Arabia was estimated at 6.8% compared to 7.1% in 2011G. All sectors have witnessed growth in KSA in 2012G.

The following table shows the key indicators of the Saudi economy for the years 2008G -2012G.

Exhibit 3.1: Economic Indicators, 2008-2012G

Indicators	2008G	2009G	2010G	2011G	2012G (estimate)
GDP at current prices (SAR billion)	1,786.1	1,412.6	1,709.7	2.239.1	2,727.4
Real GDP growth rate (%)	4.2	0.2	3.8	7.1	6.8
Total Government revenue (SAR billion)	1,011.0	509.8	741.6	1,117.8	1,239.5
Total Government expenditure (SAR billion)	520.1	596.4	653.9	826.7	853.0
Domestic debt (% of GDP)	13.2	15.9	9.8	6.1	3.6
Current account balance (% of GDP)	27.8	5.6	14.6	26.5	24.5
Population (millions)	25.8	26.7	27.6	28.4	29.2
Average oil price (WTI) USD/barrel	94.8	61.4	77.8	107.8	94.1

Source: Saudi Arabian Monetary Agency -Annual Report No. 48, NCB Economic Report of January 2013G

3 - 2 Metal Market Overview

The Company manufactures metal products that are used in various stages of the construction process. Its principal metal products are reinforcement bar (Rebar) and finished end-products such as metal doors and windows. Rebar includes cut and bend products and wire mesh products and is a common steel bar used as a tensioning device to aid the compression of concrete in reinforced concrete and masonry structures.

Exhibit 3.2: Saudi Arabian Rebar Market, 2008G-2012G

Reinforcement Steel Market	2008G	2009G	2010G	2011G	2012G	CAGR
SAR Billion	19.0	13.5	18.0	23.0	25.7	7.8%
Market Share	4.5	3.4	3.2	3.0	3.3	(7.5)%

Source: PWC analysis

The reinforcement steel market heavily depends on cement and concrete markets, because they are an essential component in the concrete industry. In Saudi Arabia, the size of the rebar market grew at a CAGR of 7.8% between 2008G and 2012G from SAR 19.0 billion in 2008G to SAR 25.7 billion in 2012G. Rebar usage is largely dependent on construction projects, this growth can be attributed to the increase in Saudi Arabia's construction activity from 2005G to 2010G.

The following table compares Bawan to other companies in the metal industry.

Exhibit 3.3: Competitive Analysis in the Metal industry

Competition Overview for Metal Industry				
Company name	Location	Cut and bend	Wire mesh	Doors and windows
Bawan	Riyadh	√	√	√
Saudi Steel	Jeddah	√	√	X
AlRashed Modern Indutries	AlKhobar	√	√	X
STEPCO	Riyadh	√	√	X
AlKuhaimi Metal Co.	Dammam	X	X	√
BRC Steel	Jeddah	√	√	X
Metalco	Riyadh	X	X	√
Dammam Wire and Mesh	Dammam	√	√	X

Source: PWC analysis

3 - 3 Wood Market Overview

The Company manufactures a wide variety of wood-related products ranging from wooden packaging materials, boards to end-user kitchen cabinets, wooden doors and decorative sheets used in manufacturing of home and office furniture.

The wood market, excluding raw lumber, steadily grew in KSA from SAR 1.5 billion in 2008G to SAR 2.0 billion in 2012G, a CAGR of 4.7%. The wood market's growth was driven by two main factors, the increase in industrial and commercial packaging and construction activity.

Exhibit 3.4: Saudi Arabian Wood Market (Excluding Raw Lumber) Between 2008G and 2012G

Wood Market (excluding raw lumber)	2008G	2009G	2010G	2011G	2012G	CAGR
SAR Billion	1.5	1.6	1.8	1.9	2.0	7.5%
Market Share	24.3	28.4	31.5	33.9	34.6	9.2%

Source: PWC analysis

The following table compares Bawan to other companies in the wood industry.

Exhibit 3.5: Competitive Analysis in the Wood industry

Competition Overview for Wood Industry				
Company name	Location	Packaging	Joinery wood	Lamination
Bawan	Dammam	√	√	√
AlMoajil Holding	AlKhobar	√	X	X
AlRashed Woodwork Factory	Jeddah	√	√	√
Arabian Wood	Dammam	X	√	X
Binladen	Jeddah	X	X	√
Wasma International	n/a	X	X	√
Modern Woodwork	Dammam	X	√	√

Source: PWC analysis

3 - 4 Transformers Market Overview

BEIC manufactures distribution transformers, substations and switchgears in Saudi Arabia and Syria. These products are part of an electricity distribution system, and are mainly used to transform voltage from high to low, or vice-versa. Transformers are used to transfer electrical energy from one circuit to another. Switchgears are a combination of electrical components used to de-energize electrical equipment that allows work, such as repairs and maintenance to be done on the electrical equipment.

The Electrical SBU began producing package substations and MV switchgears in 2011G. Albeit new products, they share the growth factors that drive the transformers growth.

The activity of the Saudi Electricity Company ("SEC") directly affects the demand for electrical products. The main areas of SEC's activity are the need to generate more power and optimize the use of the transmission and distribution systems.

With a growing population and higher energy demands, Saudi's power generation capacity reached 53,600 MW in 2012G, compared to 38,500 MW in 2008G. This, coupled with the growing industrial sector has driven the demand increase of electrical transformers in KSA from 13.6 thousand units in 2008G to 24.0 thousand units in 2012G.

Transformer demand dipped in 2009G and 2012G mainly due to a slow down in generation capacity addition in the previous year as there is a natural lag time between generation capacity addition and the increase in distribution transformer demand.

The energy demand growth from 38.5 GW in 2008G to 53.6 GW in 2012G, represents a CAGR of 8.6%.

Exhibit 3.6: Saudi Transformers Market Between 2008G and 2010G

	2008G	2009G	2010G	2011G	2012G	CAGR
GW	38.5	44.6	49.1	51.1	53.6	8.6%
SAR' Million	1,136.4	978.2	931.0	997.7	1,154.5	0.4%
Market Share	23.0	20.6	22.6	15.8	17.4	(6.7)%

Source: CDSI, SEC, 9th Development Plan, the Company and PWC analysis

The following table compares Bawan to other companies in the electric works industry.

Exhibit 3.7: Competitive Analysis in the Electric Works Industry

Competition Overview for Electrical Works				
Company name	Location	Transformers	Packaged substation	Switchgears
Bawan	Riyadh	√	√	√
Electrical Industrial Co.	Dammam	√	√	√
ABB	Riyadh	√	√	√
AlFanar	Riyadh	√	√	√
Schneider	n/a	√	√	√
AlOjaimi	Dammam	√	√	X
Matelec	Lebanon	√	√	√

Source: PWC analysis

3 - 5 Concrete Market Overview

Historically, the concrete (wholesale) market has witnessed a growth from SAR 13.1 billion in 2008G to SAR 21.4 billion in 2012G, a CAGR of 13.1%. Due to a large Government initiative increasing the residential construction segment, a corresponding growth in the concrete market is projected to emerge between 2011G and 2015G.

The Concrete SBU has two main products, precast and readymix concrete. Readymix concrete is mixed at the plant while precast concrete is produced by casting concrete in a reusable mold, and is widely used by the construction sector. Sales of the Concrete SBU showed strong growth from SAR 3.3 million in 2008G to SAR 153.3 million in 2012G. Ready mix Concrete is a form of concrete that is mixed prior to it being delivered to the customer's construction site. The Concrete SBU began offering this service in 2010G.

Exhibit 3.8: Saudi Arabian Concrete (Wholesale) Market Between 2008G and 2012G

	2008G	2009G	2010G	2011G	2012G	CAGR
SAR Billion	13.1	15.2	17.1	19.4	21.4	13.1%
Market Share	0.02	0.21	0.47	0.60	0.72	144.9%

Source: PWC Analysis

The following table compares Bawan to other companies in the concrete works industry.

Exhibit 3.9: Competitive Analysis in the Concrete Works

Competition Overview for Concrete Works			
Company name	Location	Ready Mix	Precast
Bina	Dammam	√	√
Eastern ReadyMix	Dammam	√	X
Qanbar ReadyMix	Dammam	√	X
Al-Kefah ReadyMix	Dammam	√	X
Badagaish ReadyMix	AlKhobar/ Jubail	√	X
RANCO	Riyadh	X	√
AlRashed-Abetong	Dammam	X	√
Qanbar- Dywidge	Jubail	X	√
Segian Gulf	Dammam	X	√

Source: PWC analysis

3 - 6 The Construction Sector in Saudi Arabia

Each of the construction segments, including infrastructure, residential and commercial, had different periods of growth between 2007G and 2010G, and between 2010G and 2012G. The infrastructure, residential and commercial segments witnessed between 2007G and 2010G a CAGR of 5.9%, -1.5% and 6.9 respectively, while in the period between 2010G and 2012G, the CAGR of these same segments reached 21.3%, 20.5% and 17.8% respectively. This growth was primarily driven by Government initiatives that sought to refine the infrastructure and to accommodate growing housing demands and the expansion of business assets.

The infrastructure segment constitutes the largest portion of the construction market primarily due to the Government’s ongoing focus on improving transportation, energy and communication infrastructure. According to the Ministry of Economy, the infrastructure segment is one of the highest recipients of Government spending. These Government expenditures resulted in raising the value of infrastructure segment in Saudi Arabia from SAR 34 billion in 2008G to SAR 56 billion in 2012G, which corresponds to a CAGR of 13.3%.

Residential construction is the second largest segment, and accounted for 30.0% of the construction market in 2012G. Despite a slight dip in 2009G, it experienced a steady growth from SAR 22.0 billion in 2008G to SAR 30.5 billion in 2012G, a CAGR of 8.5%. The dip experienced in 2009G was driven by the recession in international markets, which resulted in a decrease of construction materials' prices and hence a decline of 1.2% between 2007G and 2009G in the residential sector market.

The commercial segment constituted the smallest portion of the construction market in Saudi Arabia at 15.0%. Despite its relatively small size, the segment grew faster than the residential segment at a CAGR of 10.7% from SAR 10.0 billion in 2008G to SAR 15.3 billion in 2012G.

The private sector and the support of the Government’s growing expenditures expanded the value of the Saudi construction market by a CAGR of 11.4% from SAR 66.0 billion in 2008G to SAR 101.7 billion in 2012G.

Exhibit 3.10: Total Construction Industry Value, 2008G-2012G

SAR Billion	2008G	2009G	2010G	2011G	2012G [1]
Infrastructure Sector	34	36	38	49	56
Commercial Sector	10	11	11	13	15
Residential Sector	22	21	21	27	31
Total	66	68	70	89	102

Source: World Market Intelligence Report- September 2010G- WMI; PWC Analysis

3 - 6 - 1 Government Spending on Construction

The construction sector in Saudi Arabia has seen considerable investment in recent years driven by Government spending, as well as private sector investment. The Government is allocating a significant proportion of its funds towards construction compared to other industries. Government spending on construction grew from SAR 49.0 billion in 2004G to SAR 58.0 billion in 2008G, a CAGR of 4.6%. The large number of construction projects in the pipeline demonstrates the high level of activity, and the scale of opportunity available to companies providing services to this sector. Projects include King Abdulaziz International Airport and Sudair Industrial city, contracts valued at SAR 26.6 billion (USD 7.2 billion) and SAR 51.8 billion (USD 14.0 billion) respectively. In 2012, total Government spending on construction amounted to about SAR 52 billion on roads, health care and urban development. Furthermore, spending also covered 2,000 Government projects worth SAR 137 billion.

The Government funds building and construction activities through five-year development plans. The 8th development plan was the most recent to be completed, and was done in 2008G. It represented SAR 269.0 billion in Government allocated resources for construction, 31.0% of the total amount of SAR 864.0 billion. According to the 9th development plan, the Government aims to spend around SAR 327.0 billion on construction between 2009G and 2014G. This represents a 22.0% increase in spending from the 8th development plan.

The 9th development plan projects CAGR of 7.2% in construction sector in Government spending, compared to 4.7% during the 8th development plan. Government spending on construction in 2014G is expected to reach SAR 86.3 billion.

3 - 6 - 2 Construction Sector Overview by Segment

3 - 6 - 2 - 1 Residential Segment

Residential construction in Saudi Arabia is generally affected by domestic credit conditions. According to SAMA, the number of loans made by Saudi Banks declined between 2009G and 2010G. Furthermore, credit offered to the construction sector declined by 17.7% during this period. In addition, SAMA also stated that the share of banks' building and construction loan portfolio dropped from 10.2% in June 2008G to 9.4% in June 2009G. These conditions caused the residential market to decline by 16.9% in 2009G, while all other construction sectors continued to grow. In 2010G credit conditions improved in Saudi Arabia, which allowed more credit extensions to residential construction. As a result the residential market continued its longer-term upward trend in 2010G.

Exhibit 3.11: Residential Market Value, 2008G-2011G

Residential Market Value	2008G	2009G	2010G	2011G	CAGR
SAR Billion	47.9	39.9	40.5	43.1	(3.5)%

Source: SAMA database - 2012G

1 Figures for 2012G are based on the average figures of the period from 2007G to 2010G.

Demand for Housing

A significant proportion of the residential segment depends on the construction of new homes. Demand for housing in Saudi Arabia is generally driven by population, Government expenditures, and the mortgage market.

Population

Demand for housing units is linked to population trends in Saudi Arabia. These trends include a youth-oriented population experiencing changes in life style preferences, and a steady growth in population rates.

In 2012G, mainly driven by historically high birth rates, 60% of the population was below the age of 30. This fact, coupled with the notable change in the lifestyle of young Saudis, is expected to increase the demand for housing. These preferences include the willingness of young newly married couples to move out and live independently. This is evident by the decrease in average family size from 6.1 in 1992, to 5.7 in 2010, representing a CAGR of -0.3%.

Government Expenditure

Current data shows an unmet demand of 562,000 housing units within KSA. Furthermore, the Ministry of Economics and Planning's predicted a demand for 645,000 units, which represents a total demand of 1.2 million to be targeted by the 9th development plan. This represents an increase of 67% in the targeted housing units of the 8th development plan. To aid in meeting this growing housing demand, the Government authorized a cash injection of SAR 250 billion, and raised the number of housing units to be developed to 1.7 million units.

Historically, the previous 5 development plans averaged a 59% built/target ratio, while the 8th Development Plan showed an 83% built/target ratio.

Exhibit 3.12: Development Plans Housing Supply Target

1000 Units	4th Plan 85-89	5th Plan 90-94	6th Plan 95-99	7th Plan 00-04	8th Plan 05-09
Built Units	160	390	290	290	600
Targeted Units	280	120	480	785	720
Built/ targeted units ratio (%)	57.1	325.0	60.4	36.9	83.3

Source: 9th Development Plan, Ministry of Economy and Planning

The Mortgage Market

Growth in mortgage lending has been relatively slow from a historical stand point. SAMA indicates that despite a 42.2% spike in mortgage loans between the first quarter of 2009G and the third quarter of 2010G, home loans only accounted for 2.8% of total credit extended by Saudi Arabian banks. However the first royal decree issued on 23rd February, 2011G stipulating the provision of SAR 40.0 billion to the Real Estate Development Fund (REDF), resulted in ramping up the maximum loan per person from SAR 300,000 to SAR 500,000. With expected delays due to the application process to obtain a housing loan, the Decree is projected to cause growth in the mortgage lending sector. This increase is primarily driven by the relative cost of homes, and the difference an extra SAR 200,000 has in facilitating the purchasing of residential properties.

Exhibit 3.13: Saudi Mortgage Lending, 2008G-2012G

SAR Billion	2008G	2009G	2010G	2011G	2012G	CAGR (%)
Mortgage Lending	14.9	17.8	23.1	29.3	37.9	26.3%

Source: Saudi Arabian Monetary Agency - Annual Report 48

3 - 6 - 2 - 2 Commercial Segment

Commercial construction expanded in the recent years in reaction to Government initiatives to increase economic diversification. Commercial construction activities have grown consistently since 2005G as the Saudi Government seeks to shift emphasis from an oil-based economy to a non oil-based economy.

- Office buildings constitute the majority of the commercial construction market. Government funded projects such as economic cities and financial centers have led to an increase in the manufacturing sector since 2005G. With Saudi Arabia's push to move away from a complete oil based economy, non-oil exports reached an all time high in 2010G. This attempt is accompanied with the need to support the commercial sector's growth that is driven by economical growth. It is projected that the commercial construction sector will grow at a CAGR of 6.9% over 2010G-2015G.
- Manufacturing sector consists of construction relating to the increase in growth of industrial cities across the country. This is attributed to Saudi Arabia's ability to provide favorable conditions for industrial growth through low-cost energy and labor.
- Retail-related construction increased between the years 2008G and 2012G, which was mainly attributed to the growing rates of population's disposable income and favorable changes in consumer behavior.

Exhibit 3.14: Disposable Personal Income in Saudi Arabia, 2005G-2010G

Disposable Personal Income	2005G	2006G	2007G	2008G	2009G	2010G	CAGR
SAR '000	14	16	17	20	22	25	12.3%

- Hospitality comprises a significant portion of the commercial segment in hotel construction. Demand for hospitality is highly dependent on tourism activities. In Saudi Arabia, the increase in both religious and work-related tourists has led to an expansion in the demand for tourism-related services, which required the construction of new hotels and leisure facilities. Historically, and according to SAMA the number of inbound tourists grew from 12.2 million in 2008G to 17.8 million in 2011G, a CAGR of 13.4%. Going forward, the recent visa regulations that started in the first half of 2008G are likely to result in a higher number of in-bound religious tourists. In addition, the data provided by SAMA indicates that domestic tourists have increased by a four-year CAGR of 1.5% between the years 2005G and 2009G. As a result, tourism related services also grew notably, especially travel-agencies and furnished apartments.

Exhibit 3.15: Number of Inbound Tourists, 2008G-2011G

No. of Tourists	2008G	2009G	2010G	2011G	CAGR
Million	12.2	14.7	16.4	17.8	13.4%

Source: Saudi Arabian Monetary Agency - Annual Report 48; WMI

Economic Cities

Economic cities and financial districts account for a significant portion of the Government's expenditures, which are intended to expand the commercial landscape in the country. Some of the major commercial ventures undertaken by the Government include:

- King Abdullah Financial District (KAFD), Riyadh. The project value is approximately SAR 29.0 billion. Once completed, KAFD will be the Middle East's largest financial center. KAFD will house the headquarters of the Capital Market Authority, the Stock Exchange (Tadawul), the commodity market and 16 private banks along with several other financial institutions.
- King Abdullah Economic City (KAEC), Rabigh. KAEC's project incurred a construction cost of approximately SAR 195.0 billion and has six components – sea port, industrial valley, educational zone, central business district, resorts and residential area. The mega-project aims to expand the economy and attract foreign investment and global trade.
- Knowledge Economic City (KEC), Madinah. The value of constructing this city is approximately SAR 26.0 billion. KEC is expected to substantially meet the growing housing demand in the holy city of Madina. The objective of the project is to provide a better lifestyle and living conditions for the people of Madinah.
- Jizan Economic City (JEC), Jizan. Once completed, JEC will be KSA's most sophisticated industrial zone. JEC will also include a seaport, a commercial business centre, residential areas and academic institutions. The project cost is estimated to reach SAR 101.0 billion.

3 - 6 - 2 - 3 Industrial Sector

The industrial sector in Saudi Arabia has been growing steadily due to various forms of Government subsidies. These subsidies include availing electricity, water and fuel to industrial projects at low prices.

In reaction to Government support for the industrial sector, the number of operating industrial units reached 5.000 in 2012G compared with 4.500 units in 2008G as per SAMA estimates. In addition, the total developed and non-developed area of industrial cities in KSA reached 626,700 m2 in 2011G compared to 111,3000 m2 in 2005G.

In 2011G, the MoCI issued licenses for setting up 118 new industrial units for various activities with a total financing cost of SAR 8.1 billion.

Moreover, commodities entering Saudi Arabia as input for industrial production are exempted from custom duties, whilst duties on other products range from 5% to 20%. Jubail and Yanbu are the main industrial cities with the number of plants increasing by 29.4% between 2009G and 2010G, primarily driven by the Government's support.

The SIDF gives loans to industrial establishments for up to 50% of the total cost of the project, which is repayable within fifteen years with a two year grace period. This initiative encourages the development of new industrial sites and creates opportunities for industrial contractors and builders.

Exhibit 3.16: Number of Operating Industrial Units, 2008-2011

	2008G	2009G	2010G	2011G	CAGR
No. of Units ('000)	4.5	4.6	4.9	5.0	3.6%

Source: SAMA database - 2012G

3 - 6 - 2 - 4 Infrastructure Segment

Demand for the Company's products and services are driven mainly by the level of construction activity in Saudi Arabia. The GCC region is undergoing a series of economic reforms that include significant infrastructural development. Within the GCC, Saudi Arabia constitutes the largest construction market in terms of value and number of awarded construction contracts. The value of awarded construction contracts in Saudi Arabia reached SAR 236 billion (USD 62.9 billion) in 2012G, which is less than 2011G when these contracts amounted to SAR 270 billion.

Exhibit 3.17: Value of Ongoing Construction Projects in Saudi Arabia, 2012G

SAR Billion	2012G
Health care	14
Energy	47
Petrochemicals	47
Roads	17
Oil and Gas Products	30
Transportation	10
Industrial	18
Other	53
Total	236

Source: NCB Economic Report of January 2013G - PWC Analysis

Infrastructure accounted for 31.0% of the construction market in 2012G. The value of these infrastructure construction projects totaled SAR 73.7 billion. Most infrastructure projects require heavy investments and usually take a longer time to complete. Therefore, they are generally undertaken by the Government. The Government has initiated many mega projects in order to further develop the infrastructure of Saudi Arabia, which will trigger high demand for construction players domestically.

Infrastructure construction comprises:

- Transportation includes highways, bridges, and tunnels. Transportation-related construction grew by an approximate level of 210% between the years 2010G and 2012G due to increased Government spending from SAR 8.5 billion in 2010G to SAR 26.6 billion in 2012G.
- Energy and utilities include power, electricity plants, water lines, sewer lines, and pipelines. Energy and utilities account for the majority of infrastructure construction and have consistently grown at the highest rates historically, compared to other portions of the infrastructure segment, primarily due to the increase in spending on electricity to cope with the needed capacity. Contracts in the energy sector grew by 19% between 2010G and 2012G, from SAR 39.6 billion in 2010G to SAR 47.1 billion in 2012G.
- Institutional buildings include schools, universities, and hospitals. Institutional investments experienced a 5-year CAGR of 5.7% between the years 2005G and 2010G. This was primarily due to the Government spending on healthcare and educational institutions. It is expected that this trend will continue due to Government initiatives in 2013G, such as the allocation of SAR 204 billion for the construction of schools in KSA in the coming years, and SAR 100 billion for hospitals construction and health care.
- Other infrastructure construction accounts for a small portion of the sector, which generally comprises waste processing.

4. THE COMPANY

4 - 1 Introduction

Bawan was originally established under the name of Al-Muhaidib and Niedermeier & Weibel Company Ltd. with a capital of four million Saudi Riyals (SAR 4,000,000), and registered in the Commercial Register in the city of Riyadh under commercial registration certificate no. 1010033032, dated 09/10/1400H (corresponding to 20/08/1980G).

On 22/04/1429H (corresponding to 28/04/2008G) the name of the Company was changed to Bawan following the introduction of Al-Fozan Holding Company as a new shareholder. In a bid to strategically expand, the Al-Muhaidib and Al-Fozan Groups opted to consolidate their steel and wood business interests. To further implement the expansion plan, the Company has added two business units, in particular: concrete and electrical works units. This was accomplished by the direct acquisition by Bawan of a 56.75% interest in Bina Holding, and a 85.5% interest in UTEC and USSG through BEIC.

The Company was subsequently converted into a closed joint stock company in accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G) with a capital of SAR 500,000,000, divided into 50,000,000 ordinary shares with a nominal value of SR 10 per share, pursuant to a shareholders' resolution dated 06/11/1432H (corresponding to 03/10/2011G) which provided for the following:

a. Introduction of four new shareholders in addition to A.K. Al-Muhaidib & Sons Company and Al-Fozan Holding Company, namely: Atheel Holding Company, Atheel Industrial Company, Ma'aly Holding Company and Azdan Arabian Commercial Company Limited; and
b. Increase in the share capital of Bawan from SAR 27,700,000 to SAR 500,000,000 through the transfer of SAR 451,918,169 from the shareholders' contributions and retained earnings (please see Exhibit 4.2 for further details), and SAR 20,381,831 from the Company's statutory reserves account.

4 - 2 Company's History and Evolution of Capital

The activities of the Company commenced in May 1982G and primarily involved manufacturing and preparation of steel reinforcement cut and bend, cold wire drawing, wire mesh, wheel barrows, decorative pipes, plastering and block mesh, chain link fence, general fabrication, aluminum doors and windows, fire rated hollow metal doors and ornamental iron. Today, the Company serves primarily as a holding company to its Subsidiaries and the Group's main activities include the manufacturing of a variety of building materials (including steel, wood, iron, concrete, transformers, substations and other products).

Exhibit 4.1: Historical Changes of the Company's Capital and Ownership

Date	Capital
9/10/1400H (corresponding to 20/8/1980G)	Bawan is originally established under the name of Al-Muhaidib and Niedermeier & Weibel Company Ltd with a paid-up capital of four million Saudi Riyals (SAR 4,000,000)
20/06/1407H (corresponding to 12/08/1987G)	Al-Muhaidib for Trade and Contracting and Niedermeier & Weibel Company Ltd. transfered 100% of their shares in the Company to: A.K. Al-Muhaidib, Suleiman Al-Muhaidib, Emad Al-Muhaidib, and Issam Al-Muhaidib. The shareholders decide to reduce the paid up capital of the Company to SAR 1,225,000 and to convert the Company into a General Partnership.
12/03/1409H (corresponding to 22/10/1988G)	The shareholders decide to increase the paid up capital of the Company to SAR 2,125,000, by transferring the increase amount from the retained earnings.
20/08/1411H (corresponding to 6/3/1991G)	The shareholders decide to increase the paid up capital of the Company to SAR 12,600,000 by injecting cash contributions in the Company.
15/03/1418H (corresponding to 20/07/1997G)	The Company is converted into a limited liability company and its capital is increased to SAR 27,700,000 through the cash contributions of shareholders.
24/12/1432H (corresponding to 20/11/2011G)	The Company is converted into a closed joint-stock company and its capital is increased from SAR 27,700,000 to SAR 500,000,000 through the transfer of SAR 451,918,169 from the shareholders' contributions and retained earnings (please see Exhibit 4.2) and SAR 20,381,831 from the Company's statutory reserves account.

Source: Bawan Company

The following table details the shareholders' contributions and advance payments towards the Company's capital increase.

Exhibit 4.2: Details of Shareholders' Contributions and Advance Payments Towards the Company's Capital Increase

Year	Development	Shareholders' contributions by year end	Advance payments towards capital increase by year end
2008G	The shareholders of each of Al-Fozan Wood Industries, Al-Fozan Steel Industries and UWP assigned 90% of their shares in these companies in favour of Bawan against an amount of SAR 152,264,096 representing the book value of these shares. This amount was recorded as advance payments of SAR 122.3 million on account of increase in share capital, in addition to shareholders contributions amounting to SAR 29,964,096.	SAR 29,964,096	SAR 122,300,000
2009G	All the shares of BMI - Bahrain were acquired at their net book value. Bawan's share in the net assets of the subsidiary amounted to SAR 2,586,591 and an amount of SAR 2,136,591 was recorded as shareholders' contributions.	SAR 32,100,687	SAR 122,300,000
2010G	a. An amount of SAR 63,655,474 was transferred from the retained earnings to the account of advance payments on account of increase in share capital. b. An amount of SAR 32,100,687 was transferred from the retained earnings to the account of advance payments on account of increase in share capital. c. The remaining shareholders of BMI, BWI and UWP assigned 5% of these companies to Bawan against SAR 5,117,899 representing the book value of these shares. This amount was recorded as advance payments on account of increase in share capital. d. 100% of BEIC was acquired against a total compensation of SAR 367,023,306. An amount of SAR 191,861,549 was recorded as contributions from shareholders, before being transferred to the account of advance payments on account of increase in share capital. e. 56.75% of Bina Industrial Investments Holding was acquired against SAR 53,804,680 representing the book value of these shares. An amount of SAR 36,882,560 was recorded as contributions from shareholders, before being transferred to the account of advance payments on account of increase in share capital.		SAR 451,918,169

Source: Bawan

Below are the historical changes of Bawan's capital and ownership in details:

Bawan was originally established under the name of Al-Muhaidib and Niedermeier & Weibel Company Ltd. and registered in the Commercial Register in the city of Riyadh under commercial registration certificate no. 1010033032, dated 09/10/1400H (corresponding to 20/08/1980G), with a share capital of SAR 4,000,000 divided into 4,000 shares of a nominal value of SAR 1,000 per share, fully paid in cash by the shareholders.

The shares were distributed as follows:

Exhibit 4.3: Shareholders of Bawan at Incorporation

Shareholder Name	Ownership Percentage
Al-Muhaidib for Trade and Contracting	70%
Niedermeier & Weibel Company Ltd.	30%
Total	100%

Source: Bawan

On 20/06/1407H (corresponding to 12/08/1987G), Al-Muhaidib for Trade and Contracting and Niedermeier & Weibel Company Ltd. transferred 100% of their shares in the Company to: A.K. Al-Muhaidib, Suleiman Al-Muhaidib, Emad Al-Muhaidib, and Issam Al-Muhaidib. The shareholders decided to reduce the paid up capital of the Company to SAR 1,225,000. The name of the Company was changed to "Bawan for Steel Works" and the Company was converted from a Limited Liability Company into a General Partnership.

The shares were distributed as follows:

Exhibit 4.4: Shareholders of Bawan as at 20/06/1407H (corresponding to 12/08/1987G)

Shareholder Name	Ownership Percentage
Abdul-Kader Abdul-Mohsen Al-Muhaidib	40%
Suleiman Abdul-Kader Al-Muhaidib	20%
Emad Abdul-Kader Al-Muhaidib	20%
Issam Abdul-Kader Al-Muhaidib	20%
Total	100%

Source: Bawan

On 12/03/1409H (corresponding to 22/10/1988G), the shareholders decided to increase the paid up capital of the Company to SAR 2,125,000 and the ownership percentage of each shareholder did not change.

On 20/08/1411H (corresponding to 06/03/1991G), the shareholders decided to increase the paid up capital of the Company to SAR 12,600,000 by, injecting cash contributions in the Company in proportion to their respective participation in the Company's capital.

On 15/03/1418H (corresponding to 20/07/1997G), the heirs of Abdul-Kader Al-Muhaidib transferred all of their shares to A.K. Al-Muhaidib and Sons Company and the Company was converted into a limited liability company. At the same time, its capital was increased to SAR 27,700,000 through the cash contributions of shareholders.

The shares were distributed as follows:

Exhibit 4.5: Shareholders of Bawan as at 15/03/1418H (corresponding to 20/07/1997G)

Shareholder Name	Ownership Percentage
A.K. Al-Muhaidib and Sons Company	90%
Al-Muhaidib Holding Company	10%
Total	100%

Source: Bawan

On 22/04/1429H (corresponding to 28/04/2008G), A.K. Al-Muhaidib and Sons Company sold 40% of its shares to Al-Fozan Holding Company, and Al-Muhaidib Holding Company sold all of its shares representing 10% of total shares to Al-Fozan Holding. The name of the Company was changed to "Bawan Limited"

The shares were distributed as follows:

Exhibit 4.6: Shareholders of Bawan as at 22/04/1429H (corresponding to 28/04/2008G)

Shareholder Name	Ownership Percentage
A.K. Al-Muhaidib and Sons Company	50%
Al-Fozan Holding Company	50%
Total	100%

Source: Bawan

In early 2010G, the shareholders (A.K. Al-Muhaidib and Sons Company and Al-Fozan Holding Company) decided to distribute some of their shares to their subsidiaries, i.e. Atheel Holding Company and Atheel Industrial Company (both owned at 50% by A.K. Al-Muhaidib and Sons Company and Al-Fozan Holding Company).

Also in 2010G, (as part of a scheme to expand the company by adding an electrical unit to the wood and metal units) the Company acquired shares in BEIC, which allowed it to obtain a controlling share in the United Transformers Electric Company, United Technology of Electric Substations & Switchgears Company and United Transformers Electric Company - Syria. In addition, Bawan shareholders reduced their share in the Company by twenty percent in order to bring two new partners: Azdan Arabian Commercial Company Limited (which owns 7% of the Company's share capital) and Ma'aly Holding Company (which owns 13% of the Company's share capital).

The Company was subsequently converted into a closed joint stock company, pursuant to a partners' resolution dated 06/11/1432H (corresponding to 03/10/2011G) and in accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G).

The current Shareholders of the Company are:

Exhibit 4.7: Current Shareholders of Bawan

Shareholder Name	Direct Ownership Percentage	Indirect Ownership Percentage
Atheel Holding Company	66.50%	6.37%
Ma'aly Holding Company	13.00%	-
Azdan Arabian Commercial Company Limited	7.00%	-
Atheel Industrial Company	6.50%	-
A.K. Al-Muhaidib & Sons Company	5.16%	36.5%
Al-Fozan Holding Company	1.84%	36.5%
Total	100%	

Source: Bawan

The capital was increased from SAR 27,700,000 to SAR 500,000,000 through the transfer of SAR 451,918,169 from the shareholders' contributions and retained earnings (for more information, please see Exhibit 4.2) and SAR 20,381,831 from the Company's statutory reserves account.

4 - 3 Shareholding Structure

The current share capital of the Company is SAR 500,000,000. The pre and post Offer shareholding of the Company is as follows:

Exhibit 4.8: Names of the Selling Shareholders

Selling Shareholders	Pre-Offer			Post-Offer		
	Shares	Share Capital	Percentage	Shares	Share Capital	Percentage
Atheel Holding Company	33,250,000	332,500,000	66.50%	23,275,000	232,750,000	46.55%
Ma'aly Holding Company	6,500,000	65,000,000	13.00%	4,550,000	45,500,000	9.10%
Azdan Arabian Commercial Company Limited	3,500,000	35,000,000	7.00%	2,450,000	24,500,000	4.90%

Selling Shareholders	Pre-Offer			Post-Offer		
	Shares	Share Capital	Percentage	Shares	Share Capital	Percentage
Atheel Industrial Company	3,250,000	32,500,000	6.50%	2,275,000	22,750,000	4.55%
A.K. Al-Muhaidib & Sons Company	2,580,000	25,800,000	5.16%	1,806,000	18,060,000	3.61%
Al-Fozan Holding Company	920,000	9,200,000	1.84%	644,000	6,440,000	1.29%
Public	-	-	-	15,000,000	150,000,000	30%
Total	50,000,000	500,000,000	100%	50,000,000	500,000,000	100%

Source: Bawan

4 - 3 - 1 Overview of Shareholders

The shareholders of the Company include the following:

a. Atheel Holding Company

Atheel Holding Company is a limited liability company registered in Riyadh under commercial registration number 1010036956 dated 29/03/1429H (corresponding to 05/04/2008G) with a capital of SAR 10,000,000.

The activities of the company include retail and wholesale trading construction material, carpentry, aluminum saj, formaica boards, aluminum accessories, blacksmith tools, jewelry, gold, silver, precious stones, buying real estate and constructing buildings on it for sale or lease, constructing and running industrial and commercial projects, hotels, restaurants, markets, residential, commercial and industrial compounds, road work (main roads, bridges, tunnels, rail roads, airports), sewage and water works, electric works, and mechanical works.

The company's ownership is as follows:

Exhibit 4.9: Atheel Holding Company's Ownership Structure

	Shareholder Name	Percentage
1.	Abdulkader Al-Muhaidib & Sons Company (please see Exhibit 4.13 regarding Ownership Structure)	50%
2.	Al-Fozan Holding (please see Exhibit 4.14 regarding Ownership Structure)	50%
	Total	100%

Source: Bawan

b. Ma'aly Holding Company

Ma'aly Holding Company is a closed joint stock company registered in Al Khobar under commercial registration number 2051023645 dated 09/07/1420H (corresponding to 16/10/1999G) with a capital of SAR 50,000,000.

The activities of the company include acting as a holding company and owning a controlling percentage of shares in other companies, wholesale and retail trading, manufacturing, constructing, managing, running and maintaining factories, commercial and, advertisement services, purchase and real estate for the purpose of constructing buildings for sale or lease.

The company's ownership is distributed as follows:

Exhibit 4.10: Ma'aly Holding Company's Ownership Structure

	Shareholder Name	Percentage
1.	Abdullatif Ahmed Al-Fozan	63%
2.	Khaled Abdullatif Al-Fozan	9.25%
3.	Ali Abdullatif Al-Fozan	9.25%
4.	Abdullah Abdullatif Al-Fozan	9.25%
5.	Supply and Projects Company	9.25%
	Ma'aly Holding Company Abdullatif Ahmed Al-Fozan	95% 5%
	Total	100%

Source: Bawan

c. Azdan Arabian Commercial Company Limited

Azdan Arabian Commercial Company Limited is a limited liability company registered in Dammam under commercial registration number 2051044458 dated 19/01/1432H (corresponding to 25/12/2010G) with a capital of SAR 300,000.

The activities of the company include wholesale and retail trade in food and agriculture products, fabrics, textiles, utensils, hardware, machineries, electronics and electrical appliances, photography instruments, watches, eyeglasses, perfumes, cosmetics, books, computer and printing services, buying real estate and constructing buildings on it for sale or lease, constructing and running industrial, commercial projects, hotels, restaurants, markets and malls.

The company's ownership is as follows:

Exhibit 4.11: Azdan Arabian Commercial Company Limited Ownership Structure

	Shareholder Name	Percentage
1.	Abdullatif Ahmed Al-Fozan	70%
2.	Khaled Abdullatif Al-Fozan	10%
3.	Ali Abdullatif Al-Fozan	10%
4.	Abdullah Abdullatif Al-Fozan	10%
	Total	100%

Source: Bawan

d. Atheel Industrial Company

Atheel Industrial Company is a limited liability company registered in Riyadh under commercial registration number 1010311599 dated 27/07/1432H (corresponding to 28/06/2011G) with a capital of SAR 100,000.

The activities of the company include wholesale and retail trade in construction material, carpentry, aluminum saj, formaica boards, blacksmith tools, running and constructing industrial and commercial projects, hotels, restaurants, markets, malls, and residential, commercial, and industrial compounds, general contracting for buildings (construction, demolition, maintenance, and renovation), main roads, bridges, tunnels, railroads, airports, sanitary works, drainage, electrical works, organizing and running fairs and exhibitions, commission services, import and export, commercial agencies, drilling and maintenance of petroleum and gas wells, maintenance and cleaning of petroleum and gas tanks.

The company's ownership is as follows:

Exhibit 4.12: Atheel Industrial Company's Ownership Structure

	Shareholder Name	Percentage
1.	Atheel Holding Company (please see Exhibit 4.9 regarding Ownership Structure)	98%
2.	A.K. Al-Muhaidib & Sons Company (please see Exhibit 4.13 regarding Ownership Structure)	1%
3.	Al-Fozan Holding Company (please see Exhibit 4.14 regarding Ownership Structure)	1%
	Total	100%

Source: Bawan

e. A.K. Al-Muhaidib & Sons Company

A.K. Al-Muhaidib & Sons Company is a closed joint stock company registered in Dammam under commercial registration number 2050009323 dated 17/09/1400H (corresponding to 29/07/1980G) with a capital of SAR 1,000,000,000.

The activities of the company include wholesale and trade in agricultural and food products, fabrics, textile, shoes, clothes, kitchen utensils, wooden furniture, construction materials, sanitary materials, communication equipment, cars, buses, trailers, motorcycles, and their spare parts, petroleum, gas, oils, gasoline engines, coal, fertilizers, fire extinguishers, car rental, travel and tourism services, storehouses rentals, running hotels and restaurants, buying real estate to construct buildings on it, advertisement, auto washes, gasoline stations, establishing agricultural and industrial projects and running them, road and sanitary works, general construction and running and cleaning airports, malls, public facilities, electrical facilities, and storage houses.

The company's ownership is as follows:

Exhibit 4.13: A.K. Al-Muhaidib & Sons Company's Ownership Structure

	Shareholder Name	Percentage
1	Suleiman A.K Al Muhaidib & Co.	25.65%
	Suleiman A.K Al Muhaidib	90.2%
	Emad A.K Al Muhaidib	2.5%
	Essam A.K Al Muhaidib	2.5%
	Mus'ab Suleiman Al Muhaidib	0.6%
	Ahmad Suleiman Al Muhaidib	0.6%
	Abdulhamid Suleiman Al Muhaidib	0.6%
	Muhammed Suleiman Al Muhaidib	0.6%
	Abdulqader Suleiman Al Muhaidib	0.6%
	Abdulmohsen Suleiman Al Muhaidib	0.6%
	Noura Suleiman Al Muhaidib	0.6%
	Lulwah Suleiman Al Muhaidib	0.6%
2	Emad A.K Al Muhaidib & Co.	25.65%
	Emad A.K Al Muhaidib	90.2%
	Suleiman A.K Al Muhaidib	2.5%
	Essam A.K Al Muhaidib	2.5%
	Abdullah Emad Al Muhaidib	0.8%
	Reem Emad Al Muhaidib	0.8%
	Abdulaziz Emad Al Muhaidib	0.8%
	Abdulrahman Emad Al Muhaidib	0.8%
	Khaled Emad Al Muhaidib	0.8%
	Noof Emad Al Muhaidib	0.8%

	Shareholder Name	Percentage
3	Essam A.K Al Muhaidib & Co.	25.65%
	Essam A.K Al Muhaidib	90.1%
	Suleiman A.K Al Muhaidib	2.5%
	Emad A.K Al Muhaidib	2.5%
	Sarah Essam Al Muhaidib	0.7%
	Noura Essam Al Muhaidib	0.7%
	Lulwah Essam Al Muhaidib	0.7%
	Muhammed Essam Al Muhaidib	0.7%
	Dana Essam Al Muhaidib	0.7%
	Abdulqader Essam Al Muhaidib	0.7%
	Deem Essam Al Muhaidib	0.7%
4	Amwal Al-Ajyal Commercial Company	5%
	Suleiman A.K Al Muhaidib	27%
	Emad A.K Al Muhaidib	27%
	Essam A.K Al Muhaidib	27%
	Lulwah Suleiman Saleh Al-Mudaiheem	5%
	Awatif A.K Al Muhaidib	3.5%
	Mariam A.K Al Muhaidib	3.5%
	Haifaa A.K Al Muhaidib	3.5%
	Tumadhar A.K Al Muhaidib	3.5%
5	Lulwah Suleiman Saleh Al-Mudaiheem & Co.	4.75%
	Lulwah Suleiman Saleh Al-Mudaiheem	95%
	Suleiman A.K Al Muhaidib	5%
6	Mariam A.K Al Muhaidib & Co.	3.325%
	Mariam A.K Al Muhaidib	94%
	Haifaa A.K Al Muhaidib	2%
	Awatif A.K Al Muhaidib	2%
	Tumadhar A.K Al Muhaidib	2%
7	Haifaa A.K Al Muhaidib & Co.	3.325%
	Haifaa A.K Al Muhaidib	94%
	Mariam A.K Al Muhaidib	2%
	Awatif A.K Al Muhaidib	2%
	Tumadhar A.K Al Muhaidib	2%
8	Awatif A.K Al Muhaidib & Co.	3.325%
	Awatif A.K Al Muhaidib	94%
	Mariam A.K Al Muhaidib	2%
	Haifaa A.K Al Muhaidib	2%
	Tumadhar A.K Al Muhaidib	2%

	Shareholder Name	Percentage
9	Tumadhar A.K Al Muhaidib & Co.	3.325%
	Tumadhar A.K Al Muhaidib Mariam A.K Al Muhaidib Haifaa A.K Al Muhaidib Awatif A.K Al Muhaidib	94% 2% 2% 2%
	Total	100%

Source: Bawan

f. Al-Fozan Holding Company

Al-Fozan Holding Company is a closed joint stock company registered in Al Khobar under commercial registration number 2051026044 dated 20 Muharram 1423H (corresponding to 3 April 2002G) with a capital of SAR 500,000,000.

The activities of the company include purchase of land and real estate for reconstruction, development and investment through sales or lease for the company, development, management, operation and maintenance of property, general contracting for buildings (construction, demolition, restoration and repair), wholesale trading in building materials (sanitary, power and structural), woodworking tools, cement and decoration materials and general construction contracting (road, bridges, tunnels and drainage works).

The company's ownership is distributed as follows:

Exhibit 4.14: Al-Fozan Holding Company's Ownership Structure

	Shareholder Name	Percentage
1.	Khalid Abdullatif Al-Fozan	10%
2.	Ali Abdullatif Al-Fozan	10%
3.	Abdullah Abdullatif Al-Fozan	10%
4.	Fozan Mohammed Al-Fozan	10%
5.	Abdullatif and Mohammed Al-Fozan Company	60%
	Mohammed Ahmad Al-Fozan Abdullatif Ahmad Al-Fozan Abdullah Abdullatif Al-Fozan Khalid Abdullatif Al-Fozan Ali Abdullatif Al-Fozan Ma'aly Holding Company (see Exhibit 4.10 regarding Ownership Structure)	50% 7% 1% 1% 1% 40%
	Total	100%

Source: Bawan

4 - 3 - 2 Shareholders Holding 5% or more of the Company's Shares

Following are the details of the Shareholders who will own more than 5% of Bawan's share capital:

Exhibit 4.15: Details of the Shareholders Owning More Than 5% of Bawan's Share Capital

Name	Pre-Offer			Post-Offer		
	Shares	Share Capital	Percentage	Shares	Share Capital	Percentage
Atheel Holding Company	33,250,000	332,500,000	66.50%	23,275,000	232,750,000	46.55%
Ma'aly Holding Company	6,500,000	65,000,000	13.00%	4,550,000	45,500,000	9.10%

Source: Bawan

Following are the details of individual shareholders who indirectly own more than 5% of Bawan's share capital:

Exhibit 4.16: Details of Individual Shareholders Indirectly Owning More Than 5% of Bawan's Share Capital

Name	Pre-Offer			Post-Offer		
	Shares	Shares	Shares	Shares	Percentage	Share Capital
Abdullatif Ahmed Al Fozan	10,973,054	21.95%	109,730,540	7,175,000	14.35%	71,750,000
Mohammed Ahmed Al Fozan	5,751,000	11.5%	57,510,000	4,025,000	8.05%	40,250,000
Suleiman A. K Al Muhaideb	5,417,883	10.84%	54,178,830	3,790,500	7.58%	37,905,000
Emad A. K Al Muhaideb	5,367,891	10.74%	53,678,910	3,759,000	7.52%	37,590,000
Esam A. K Al Muhaideb	5,367,891	10.74%	53,678,910	3,752,000	7,50%	37,520,000

4 - 4 Subsidiaries

Bawan serves as a holding company to a group of thirteen (13) Subsidiaries. The table below shows the names of these subsidiaries and Bawan's interest in them:

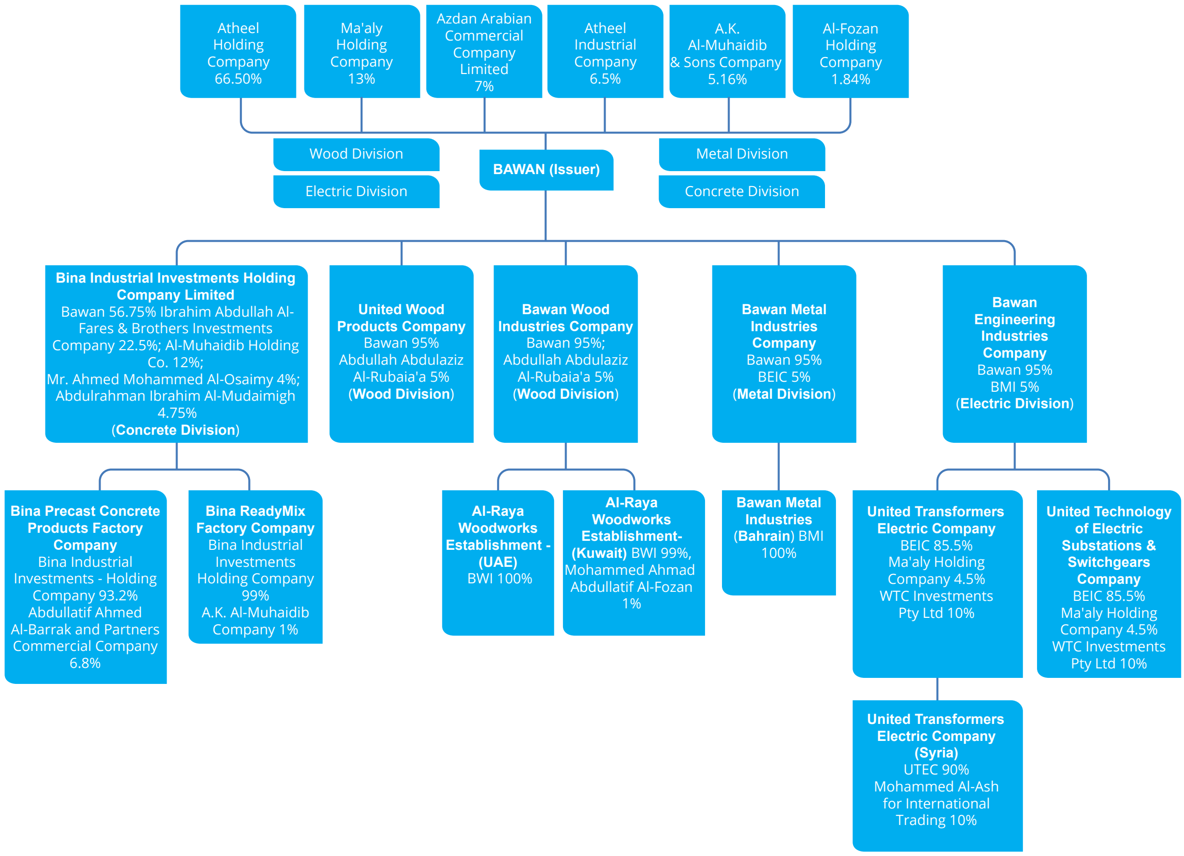
Exhibit 4.17: Names of Bawan's Subsidiaries

No.	Name of Subsidiary	Legal Form	Direct Interest Held by Bawan	Indirect Interest Held by Bawan	Remaining Ownership
1	Bawan Metal Industries Company	Saudi LLC	95%	5% through BEIC which owns 5%	-
2	Bawan Wood Industries Company	Saudi LLC	95%	N/A	5% owned by Abdullah Abdulaziz Al-Rubaia'a
3	United Wood Products Company	Saudi LLC	95%	N/A	5% owned by Abdullah Abdulaziz Al-Rubaia'a
4	Bawan Engineering Industries Company	Saudi LLC	95%	5% through BMI which owns 5%	-

No.	Name of Subsidiary	Legal Form	Direct Interest Held by Bawan	Indirect Interest Held by Bawan	Remaining Ownership
5	United Transformers Electric Company	Saudi LLC	N/A	85.5% through BEIC which owns 85.5%	• 4.5% owned by Ma'aly Holding Company • 10% owned by WTC Investments Pty Ltd (Wilson Investments)
6	United Transformers Electric Company – Syria	Syrian LLC	N/A	76.95% through UTEC which owns 90%	10% owned by Mohammed Al-Ash for International Trading
7	United Technology of Electric Substations & Switchgears Company	Saudi LLC	N/A	85.5% through BEIC which owns 85.5%	• 4.5% owned by Ma'aly Holding Company • 10% owned by WTC Investments Pty Ltd (Wilson Investments)
8	Bina Industrial Investments Holding Company Limited	Saudi LLC	56.75%	N/A	• 22.5% owned by Ibrahim Abdullah Al-Fares & Brothers Investments Company • 12% owned by Al-Muhaidib Holding Co. • 4% owned by Mr. Ahmed Mohammed Al-Osaimy • 4.75% owned by Abdulrahman Ibrahim Al-Mudaimigh
9	Bina Precast Concrete Products Factory Company	Saudi LLC	N/A	52.89% through Bina Industrial Investments Holding Company which owns 93.2%	6.8% owned by Abdullatif Ahmed Al-Barrak and Partners Commercial Company
10	Bina ReadyMix Factory Company	Saudi LLC	N/A	56.18% through Bina Industrial Investments Holding Company which owns 99%	1% owned by A.K. Al-Muhaidib Company
11	Al-Raya Woodworks Establishment	UAE S.P.C	N/A	95% through BWI which owns 100%	-
12	Al-Raya Woodworks Suleiman Ali Al-Mukhaizim & Partner LLC	Kuwaiti LLC	N/A	94% through BWI which owns 99%	1% owned by Mohammed Ahmad Abdullatif Al-Fozan
13	Bawan Metal Industries S.P.C.	Bahrain S.P.C.	N/A	100% through BMI which owns 100%	-

Source: Bawan

The following chart reflects the current structure of the entire Group:



Source: Bawan

4 - 5 Vision, Mission and Company Strategy

Vision

Bawan strives to become the leading manufacturer of building materials in the Kingdom of Saudi Arabia and the Middle East.

Mission

To enhance Bawan's customers' loyalty by providing market-leading and innovative products and services, through its existing sectors and new sectors in the future.

Company's Strategy

The Company has adopted the following business strategy:

- enhance its existing product range by focusing on product development and quality assurance;
- strengthen relationships with existing customers by addressing their demands and maintaining highest quality standards in the same time;
- expand capacity in certain products and add new products while working on entering into selected new markets within Saudi Arabia as well as within the Middle East;
- continue to improve operations through cost rationalization and process optimization;
- invest in new products that leverage Bawan's value and make use of Bawan's advantages to complement the Company's product offering.

Strengths and Competitive Advantages

The Company believes that it has the following strengths and competitive advantages:

- Diverse and unique portfolio of products and services which serve to help stabilize the Group's financial results and reduce the impact of negative economic cycles;

- State-of-the-art manufacturing and production equipment situated in strategic locations owned by the Company;
- Financial strength and proven performance of the Group’s businesses;
- Ability to maintain and develop administrative, technical and financial skills;
- Highly experienced Senior Management with a successful track record in the industrial and construction sectors;
- Strong relationships with a diverse customer base built over a long period of time;
- Experience in successfully launching new products in the industrial and construction sectors;
- Experience in exporting its products outside of Saudi Arabia which enables it to increase its shares in those markets and to add new markets.

4 - 6 Strategic Business Units

The Group’s businesses comprise the following strategic business Units: Wood, Metal, Concrete and Electrical. Each of the subsidiaries falls under one of the foregoing SBUs, as more fully described below.

Despite its current strong presence in the local and regional markets, Bawan is constantly planning to increase its market share and explore new opportunities in other markets. The development of Bawan market share and the penetration of new markets will be supported by the planned expansion of the Group's existing production facilities and the introduction of new products in the building materials sector.

The Company has detailed written policies regarding the production and manufacturing processes of their products which are implemented by their various SBUs. These policies have been applied by the Subsidiaries in their production lines for the last three financial years and are in compliance with ISO international quality standards.

A description of each activity undertaken by the Company, with an overview of its related Subsidiaries, is set out below.

4 - 6 - 1 Wood SBU

The Wood SBU of the Company comprises the following three entities: BWI which was originally established under the name of Al-Fozan Wood Industries Co. Ltd., and registered in the Commercial Register in the city of Dammam under commercial registration certificate No. 2050024533, dated 25/06/1413H (corresponding to 20/12/1992G) as a limited liability company; Al-Raya Woodworks which is affiliated to BWI is a limited liability company established in the state of Kuwait on 04/05/2003G under commercial registration number 68268, and is engaged in carpentry and woodworks; Al-Raya Woodworks Establishment which is a sole establishment registered in the Emirate of Ras Al-Khaimah, UAE under commercial registration no. 25312, and is engaged in carpentry and woodworks; and UWP which was originally established under the name of United Factory for Wood Products, and registered in the Commercial Registry in the city of Riyadh under commercial registration certificate no. 1010070479, dated 02/05/1409H (corresponding to 12/12/1988G) as a limited liability company.

BWI launched its first factory in Dammam followed by the inauguration of its second factory in Jeddah followed by establishment of supporting facilities for these two primary factories in Jubail, Yanbu, Rabigh and Riyadh in order to cover all of KSA regions. UWP’s factories are located in the second industrial zone in Riyadh.

The product range of the Wood SBU includes packaging materials, wooden pallets, laminated panels including laminated wood profiles, film faced plywood, melamine and decorative laminated panels. The Wood SBU also manufactures joinery items, which include doors, cabinets, and other wood products. The production process adopted by the Wood SBU involves manufacturing the product in different shifts and involving separate production lines. It procures timber, nails, Medium Density Fibre Panels ("MDF"), plywood, block board, hard board and lamination paper from different parts of the world.

a. Bawan Wood Industries Company (BWI)

BWI is a Saudi limited liability company with it's head office in Dammam and seven factories in Dammam, Jubail, Jeddah, Yanbu, Riyadh, Kuwait (Al-Raya Woodworks) and the United Arab Emirates (Al-Raya Woodworks Establishment) which are engaged in the production of the following products in the wood based industry area:

- Laminated panels (Decorative melamine, Decorative paper overlay and film faced plywood)
- Packaging and packing materials (Pallets, boxes, crates, cable wheels etc.)

BWI has put in place internal procedures for the research and development of products, in the form of written policies approved by BWI. The aim of these procedures is as follows:

- To design and develop new products and meet market requirements.
- To optimize production by analyzing the production process and identifying areas of development.
- To implement cost-effective methods aimed at increasing the company's profitability.
- To design and select appropriate machinery, and to install and operate new plants.
- To ensure that all products are manufactured within an appropriate time frame and to identify the products' quality and costs requirements.
- To ensure that each product meets the environmental regulations, legal requirements and the highest level of quality control.

The manufacturing process for the various products of BWI is as follows:

Panel Lamination

Decorative melamine

Melamine formaldehyde (MF) impregnated decorative papers are used as the overlay and are imported from leading suppliers around the world mainly Italy, Germany and Belgium. MDF and particle board are the most common substrates used for this product. The product is laminated by a fully automated short cycle hot press which is capable of generating as much as 35 kg/sq.cm specific pressure on the product's panel surface (the associated thermo boiler can produce a steady temperature of above 250 degree centigrade). The substrate is laid into an automatic lay-up station and then fed into the press. The MF resin is the bonding material and it liquefies under heat and pressure. The surface of the final product is then set by stainless steel caul plates.

These decorative papers are used in the manufacture of furniture and interior decoration works

Decorative paper overlay

Decorative papers are low basis weight papers weighing about 30-40 gram per square meter. These papers are generally printed with wood and fantasy designs and top coated with polyurethane resin for increased durability and performance. A variety of substrates like plywood, block board, MDF and hardboard can be used for lamination of these decorative papers. The continuous lamination of these products is carried out by press rollers. A distinct application technique i.e. sequential application of hardener and resin to the substrate is employed as part of the lamination. After cleaning the surface through a brushing machine the panels are moved through the hardened spreaders, then passed through an IR heating zone for drying. Following drying, the panels are passed through the UF resin glue rollers. Paper is continuously fed from a roll and joined with the glue coated substrate in the heated press rollers. The panels are then automatically trimmed in length and width for excess paper.

Film faced plywood

Concrete shuttering that is used in formwork is one example of the use of film faced plywood. Half of the plywood is imported from several countries in Asia, Europe and North America, while the other half is manufactured at the factory by adding special materials subjected to thermal treatment in order to resist moisture. The end result is a retractable product.

The overlay films are prepared by impregnating Kraft paper in phenol formaldehyde resins. The most common substrate used is plywood and it is treated with non-shrinking heat resistant putty for any surface defects. A multi daylight hydraulic hot press is used as the laminating equipment. The film and the panel are brought together at the layup station and fed into the hot press by automatic belt tablet chargers. After the desired pressing time the finished products are sent to the unloading conveyors and then trimmed and stacked.

Wood based packaging production

BWI manufactures different types of wood based packaging, storage and transport materials such as pallets, crates, boxes and cable wheels. Different types of softwood constitute the major supply of raw materials for the products and are imported from Europe, North America and South America. There are two main steps for packaging production, i.e. milling and assembly. In milling, sawn timbers are cut and shaped into different sizes, using different milling machines such as trim saw, band saw, undercut saw, planner, notcher etc. In assembly, previously cut timbers are nailed together to form the desired product as per customer specification.

Pallets are mainly assembled through automatic machinery followed by thermal treatment, so that such products will match the international specifications.

Joinery manufacturing

Joinery products include all types of designs of flush doors, panel doors, fire rated doors, cabinets etc. Flush doors are made from a combination of solid and semi solid wood materials, while panel doors are completely made of kiln dried solid timber with poly vinyl acetate glue. Fire rated flush doors are made by incorporating fire retardant core materials which are bonded together with fire retardant grade adhesive, ethyl vinyl acetate. Production process involves the following three distinct stages, milling; assembly; and finishing. Milled door components are glued and assembled by hot press at specific temperature and pressure. Assembled parts are then moved to the edge banding machine to ensure lipping of the edges. CNC machines prepare the hardware which is later moved to the finishing stage to give suitable finish. Cabinets of any design are produced from solid wood and other wood based laminated products.

The capacity and actual production of each of BWI factories (including those in UAE and Kuwait) as at 30/06/2013G are as follows:

Exhibit 4.18: Capacity and Actual Production of BWI and its Subsidiaries

Factory	Capacity (In Tons)	Actual Production per Annum in 2012G as at 31/12/2012G (In Tons)	Actual Production YTD in 2013G as at 30/06/2013G (In Tons)
Dammam Factory	105,000	76,000	37,000
Jubail Factory	52,000	36,000	18,000
Jeddah Factory	100,000	72,000	33,000
Yanbu Factory	35,000	23,000	11,000
Riyadh Factory	60,000	33,000	13,000
Kuwait	15,000	9,800	4,600
UAE	26,000	17,000	9,000
Total	393,000	266,800	125,600

Source: Bawan

Al-Raya Woodworks LLC - Kuwait

Al-Raya Woodworks LLC is one of BWI subsidiaries. It is a Kuwaiti limited liability company engaged in carpentry and woodworks.

The following table illustrates Al-Raya Kuwait actual production as at 30/06/2013G:

Exhibit 4.19: Capacity and Actual Production of Al-Raya Kuwait

Factory	Capacity (In Tons)	Actual Production per Annum in 2012G as at 31/12/2012G (In Tons)	Actual Production YTD in 2013G as at 30/06/2013G (In Tons)
Al-Raya Woodworks	15,000	9,800	4,600

Source: Bawan

Al-Raya Woodworks Establishment - UAE

Al-Raya Woodworks Establishment is one of BWI subsidiaries. It is an Emirati establishment engaged in carpentry and woodworks.

The following table illustrates Al-Raya UAE actual production as at 30/06/2013G:

Exhibit 4.20: Capacity and Actual Production of Al-Raya UAE

Factory	Capacity (In Tons)	Actual Production per Annum in 2012G as at 31/12/2012G (In Tons)	Actual Production YTD in 2013G as at 30/06/2013G (In Tons)
Al-Raya Woodworks	26,000	17,000	9,000

Source: Bawan

b. United Wood Products Company (UWP)

UWP is a Saudi limited liability company engaged in the manufacture of packaging products, laminated panels, and joinery items, including doors, libraries, furniture, wooden kitchens, wooden furniture and decorations.

The capacity and actual production of UWP factory as at 30/06/2013G are as follows:

Exhibit 4.21: Capacity and Actual Production of UWP

Factory	Capacity (In Tons)	Actual Production per Annum in 2012G as at 31/12/2012G (In Tons)	Actual Production YTD in 2013G as at 30/06/2013G (In Tons)
UWP	102,000	72,000	33,000

Source: Bawan

The manufacturing process for the various products of UWP is much like the process undertaken by BWI as described above.

4 - 6 - 2 Metal SBU

The Metal SBU of the Company comprises BMI and BMI Bahrain. BMI was established under the name of Al-Fozan Steel Industries, and registered in the Commercial Register in the city of Dammam under commercial registration certificate no. 2050030855 dated 12/08/1416H (corresponding to 03/01/1996G) as a limited liability company, while BMI Bahrain is a single person company established in the Commercial Register of Bahrain under commercial registration no. 54348. BMI Bahrain was originally established under the name of "Al-Fozan Steel Industries Co. S.P.C.". The name was subsequently changed to "Bawan Metal Industries S.P.C." pursuant to a shareholder resolution dated 16/12/1430H (corresponding to 03/12/2009G). Due to the unstable market situation as a result of prevailing unrest in Bahrain last year, it was not possible for BMI Bahrain to achieve significant returns, and Senior Management therefore decided to cease operations at the Bawan plant, with a view to selling it or renting it.

The Metal SBU is involved in the production of steel reinforcement cut and bend, cold wire drawing, wire mesh, wheel barrows, decorative pipes, block mesh, chain link fence, general fabrication, aluminum doors and windows, fire rated hollow metal doors and ornamental iron.

Below is an overview of the manufacturing process at BMI:

a. Bawan Metal Industries Company (BMI)

BMI is a Saudi limited liability company with a head office in Dammam as well as seven factories in Dammam, Jeddah, Bahrain (Bawan Metal Industries S.P.C.) and four in Riyadh. It is engaged in straightening, bending and shaping steel, straightening and cutting rolls of steel, mesh steel, pipes of metal cables, straightening and cutting various rolls of saj, straightening and cutting rolls of flat bars, and coating steel with epoxy, in addition to production of wheelbarrows, Aluminum doors and windows and steel and metal doors.

The main raw materials of BMI, namely Rebar, Rebar in coils, wire rod in coils, cold rolled coils, hot rolled coils and GI coils, aluminum cutters and accessories are procured from local and external suppliers. The most important suppliers are SABIC-owned Hadeed Company and Al-Ittefaq Steel Products Company (ISPC).

The manufacturing process for the various products of BMI is as follows:

Cutting and Bending

The cutting and bending operation involves the cutting of Rebar and Rebar in coils as per the specifications and drawing schedules submitted to the subsidiary by the customers. BMI's staff also prepares the bending schedules in case the customer needs BMI to prepare it. BMI has modern automatec machines by which BMI can determine whether to cut a full length bar or to utilize the remnants that BMI has obtained during the metal cutting process. Cut and bend products are used in columns, foundations and bridges. The biggest customers for cutting and bending processes are leading construction and trade companies.

Drawing and Straightening

Wire rods are drawn from coils that are bought from the supplier. The rods are drawn to the required length which is usually 6m and 12m and to the desired thickness of 8mm 10mm and 12mm. The wire rods are then sold to wholesalers as well as to retailers in the market.

Wire Mesh

Drawn bars are cut to short length bars and are passed through welding machines as cross and length bars to produce wire mesh of different sizes and specifications. This wire mesh is then, used in floors and roofs of buildings, before concrete is poured. Customers for these products are usually contractors and building materials dealers.

Wheel Barrows

Cold rolled sheets are pressed to make buckets. Pipes are used to make frames and hot rolled steel is used to make rims. The buckets, the main frame and rims are passed through the oven for powder coating. Tires and tubes are imported. All these components are assembled to make the wheel barrow. Approximately 30% of the wheel barrows produced will be exported to neighboring countries. Wheel barrows are used for loading and transporting construction materials in construction sites and also for disposing of construction waste. Customers for wheel barrows are usually building materials dealers.

Decorative Pipes

Pipes are cut to a length of 0.9m and then passed through the appropriate machines in order to change their shapes. These shaped pipes are then passed through the oven for powder coating. The finished pipes are packed in a wooden box at 500 per box. Decorative pipes are sold to building materials dealers and are used in handrails for stairs and gardens as well as protection for windows and balconies.

Plastering and Block Mesh

GI sheets (purchased from Hadeed Company) are slit to the required width and passed through special machines to make plastering and block meshes of various sizes and specifications. The finished product is then packed in boxes to be exported to customers, and it is used for walls and doors corners before plastering.

Aluminum Doors and Windows

Aluminum profiles procured from the suppliers are cut and fabricated as doors, windows and shutters as per the drawings and designs provided by the customers. BMI's CAD operators work on preparing designs as required by the customers. Glass which is also procured from suppliers is fixed into the doors and windows. These finished products are then installed at customers' sites by BMI's installation teams. Aluminum cladding and glass fixing is also done based on customers' requests.

Steel and Metal Doors

CAD operators prepare the designs, then the GI sheets are cut to make doors and frames by special machines and then passed through the oven and powder paint chamber for painting. The finished products are then packed and taken to customers sites for installation. Approximately 25% of the metal doors are exported to neighboring countries.

The capacity and actual production of each of BMI's factories as at 30/06/2013G are as follows:

Exhibit 4.22: Capacity and Actual Production of BMI

Factory	Capacity	Actual Production per Annum in 2012G as at 31/12/2012G (In Tons)	Actual Production YTD in 2013G as at 30/06/2013G (In Tons)
Dammam Re-enforcement Steel Factory	94,000	70,500	42,561
Jeddah Re-enforcement Steel Factory	40,500	28,600	23,264
Bahrain Re-enforcement Steel Factory	24,000	0	0
Riyadh Re-enforcement Steel Factory	122,000	92,500	53,611
Riyadh Metal Works Factory	4,200	3,542	1,165
Total	284,700	195,142	120,601

Source: Bawan

Exhibit 4.23: Capacity and Actual Production of Aluminum Doors and Windows at BMI

Factory	Capacity	Actual Production per Annum in 2012G as at 31/12/2012G	Actual Production YTD in 2013G as at 30/06/2013G
Riyadh Aluminum Doors and Windows Factory	40,000 m^2	28,750 m^2	15,637 m^2
Riyadh Steel Doors Factory	70,000 m^2	46,875 m^2	15,500 m^2
Total	110,000 m^2	75,625 m^2	31,137 m^2

Source: Bawan

The high production capacity of BMI's plants, which has not been totally utilized till date helps BMI to respond immediately to any sudden increase in demand of its products within the current market thus giving it a lead on its competitors.

BMI Bahrain

BMI Bahrain was originally established and registered in Bahrain pursuant to Commercial Registration No. 54348. It was initially established under the name of "Al-Fozan Steel Industries Co. S.P.C.", and the name was subsequently changed to "Bawan Metal Industries S.P.C." pursuant to a shareholder resolution dated 16/12/1430H (corresponding to 03/12/2009G). Due to the unstable market situation as a result of prevailing unrest in Bahrain last year, it was not possible for BMI Bahrain to achieve significant returns, and Senior Management therefore decided to cease operations at the Bawan plant, with a view to selling it or renting it.

The following table illustrates BMI - Bahrain's actual production as at 30/06/2013G:

Exhibit 4.24: Capacity and Actual Production of BMI - Bahrain:

Factory	Capacity (In Tons)	Actual Production per Annum in 2012G as at 31/12/2012G (In Tons)	Actual Production YTD in 2013G as at 30/06/2013G (In Tons)
BMI Bahrain	24,000	0	0

Source: Bawan

4 - 6 - 3 Electrical SBU

The Electrical SBU of the Company includes BEIC, which was originally established under the name of "Kanzan Limited for Electrical Industries" and registered in the Commercial Registry in the city of Riyadh, under commercial registration certificate no. 1010293170, dated 29/08/1431H (corresponding to 09/08/2010G) as a limited liability company. BEIC serves as a holding company for UTEC and USSG. The Electrical SBU of the Company also includes: UTEC, a limited liability company organized and established under the laws of Saudi Arabia, and which is registered in the Commercial Registry in the city of Riyadh, under commercial registration certificate no. 1010171861, dated 04/09/1422H (corresponding to 19/11/2001G); UTECS, a limited liability company organized and established under the laws of Syria pursuant to resolution no. 1062 issued by the Syrian Prime Minister on 07/03/2007G; and USSG, a limited liability company organized and established under the laws of Saudi Arabia, and which is registered in the Commercial Registry in the city of Riyadh, under commercial registration number 1010278381, dated 06/01/1431H (corresponding to 23/12/2009G).

With primary factories established in Riyadh and Adra industrial city in Syria, the Electrical SBU of the Company has strategically located its facilities to serve its clients across Saudi Arabia and the wider region.

The core activities of the Electrical SBU include full designing, manufacturing and testing of oil filled distribution transformers, development of distribution transformers and marketing and selling transformers locally and abroad with a rating of up to 3150 KVA and voltages up to 36 KV. The product range includes oil filled distribution transformers (IEC Standard) with a capacity of 50KVA to 3,150KVA, hermitically sealed with flexible fins including rigid type radiators with conservator and oil filled distribution transformers (IEC Standards) dead front loop feed type, full designing, manufacturing, and testing of MV/LV package substations and switchgears, development of unconditional power for reliable use with maximum safety, marketing and selling MV/LV package substations and switchgears locally and abroad. The production process adopted by the Electrical SBU involves manufactures of products in several shifts a day using different production lines.

UTEC implements the research and development policies of Wilson Transformer Company[2] for its new electric products, in accordance with a licensing and technical assistance agreement signed with Wilson Transformer Company (for more information on the Agreement, please refer to Section 11.6.4.1). These policies include instructions regarding the development of projects and responsibilities at the company's level and the development stages that must be taken into account. These policies aim to achieve the following:

- To develop and support the technical, operational and commercial processes by proposing, developing and implementing new and approved methodologies and ideas for product development.
- To maintain, and remain focused on, the level of costs, quality and work in order to improve them continuously.
- To work on staff development so as to achieve all production potentials.

In addition, USSG have internal procedures for products research and development, in the form of written policies approved by USSG. The objective of these policies is as follows:

1. To enhance and expand the Company's main businesses by:
    - achieving global competitiveness through the refinement of production techniques' costs for major products;
    - creating the next generation of core businesses, and products from the areas by developing current products;
    - reducing energy consumption and enhancing efficiency; and
    - reducing the impact of environmental hazards by continuing the innovation process.
2. Accelerate the pace of new products' development and marketing by:
    - focusing on growth areas by creating a relationship between market demands, and techniques necessary to achieve the same; and
    - pursuing the refinement of operations through the establishment and introduction of new activities;
3. Improve the quality of the company generally to support its growth by:
    - Developing public safety and environment-friendly technologies;

2 Wilson Transformer Company Pty Ltd. is an Australian company that has specialized over several decades in the development and manufacturing of electrical transformers and with whom UTEC has entered into two partnership and technical support agreements more than 10 years ago. Under these agreements, UTEC was able to benefit from the electrical transformers design software and from developments achieved in that respect by Wilson Transformer Company in Australia through research and development.

a. Bawan Engineering Industries Company (BEIC)

BEIC was originally established under the name of "Kanzan Limited for Electrical Industries" and registered in the Commercial Registry in the city of Riyadh, under commercial registration certificate no. 1010293170, dated 29/08/1431H (corresponding to 09/08/2010G) as a limited liability company. BEIC serves as a holding company for UTEC and USSG, which undertake production.

Bawan acquired 100% of the equity shares of BEIC, the net assets of BEIC acquired were recorded at their book value of SAR 2.3 million. BEIC was acquired to be a holding company to acquire an 85.5% interest in UTEC and an 85.5% interest in USSG from Ma'aly Holding (formerly Kanzan Holding). The purchaser and the seller in this transaction were related parties. (Please refer to section 4.3.1 of the Prospectus for more details on Ma'aly Holding Co.).

The total compensation for UTEC was SAR 351.9 million. An amount of SAR 160.5 million was paid in cash and the remaining amount of SAR 191.4 million was exchanged against 20% of Bawan shares.

The value of UTEC in this transaction was calculated according to the average net income of the three years preceding this transaction (2007G to 2009G) which amounted to SAR 53.4 million for UTEC and SAR 91.7 million for Bawan. Thus, the combined average net income of both parties amounted to SAR 145.1 million. The shareholding percentage of both parties in the combined average net income reached 36.8% and 63.2% for UTEC and Bawan respectively. The shareholding percentage regarding the combined average net income of the three years preceding this transaction was then multiplied by the combined net income of Bawan and UTEC for 2009G, amounting to SAR 106.3 million and the result was multiplied by an agreed multiplier of 9.0x. UTEC was evaluated at SAR 351.9 million, representing around 1.9x the adjusted book value. The adjusted book value was calculated after allocating an amount of SAR 26.7 million to adjust the net book value of the acquired net assets to reflect their fair value. It is worth mentioning that the CAGR of UTEC net revenue from 2009G to 2012G represented 9.5%.

Bawan allocated the purchase price based on the work circumstances of UTEC. The difference of SAR 169.8 million was registered as goodwill, thereby reflecting the difference between the purchase price (SAR 351.9 million), the total net book value (SAR 155.5 million) and the amount allocated to adjust the net book value of the acquired net assets to their fair value (SAR 26.7 million).

The net assets of USSG acquired from Ma'aly Holding Company for SAR 12.8 million were recorded at their book value.

The following table shows the ownership structure of UTEC before and after acquisition:

Exhibit 4.25: Ownership Structure of UTEC Before and After Acquisition

Partner	Ownership Percentage before Acquisition	Ownership Percentage after Acquisition
BEIC	0.0%	85.5%
WT Investments Pty Ltd.	10.0%	10.0%
Ma'aly Holding Company	90.0%	4.5%
Total	100.0%	100.0%

Source: Bawan

The following table shows the ownership structure of USSG before and after acquisition:

Exhibit 4.26: Ownership Structure of USSG Before and After Acquisition

Partner	Ownership Percentage before Acquisition	Ownership Percentage after Acquisition
BEIC	0.0%	85.5%
WTC Investments Pty Ltd.	10.0%	10.0%
Ma'aly Holding Company	90.0%	4.5%
Total	100.0%	100.0%

Source: Bawan

It is worth mentioning that the acquisition of both UTEC and USSG were transactions with related parties. As at the date of acquisition, 90% of both companies were directly and indirectly owned by Abdullatif Ahmad Al-Fozan, Khalid Abdullatif Al-Fozan, Ali Abdullatif Al-Fozan and Abdullah Abdullatif Al-Fozan.

Below is an overview of the manufacturing process at UTEC, UTECS and USSG:

- **United Transformers Electric Company (UTEC)**

UTEC is a Saudi limited liability company based in Riyadh and licensed to produce 15,000 units of electric transformers, 2,500 units of electric substations and 2,500 units of electric switchgears, pursuant to SAGIA license no. 4/1424 dated 03/11/1428H (corresponding to 13/11/2007G).

The electric distribution transformers are produced based on advanced industry technology benefiting from the technical know-how arrangement entered into with the Australian transformers manufacturer leader, Wilson Transformer Company Pty Ltd. (Please refer to Section 11.6 (Material Agreements) for further details.) The process utilizes advanced electrical and mechanical design software for producing transformers.

Although the company is licensed to manufacture electrical transformers, electrical substations and electric switchgears, it is presently exclusively manufacturing electrical transformers in accordance with the manufacturing process detailed below which occurs in one factory:

Core building: The transformer core is built by stacking the cut magnetic electrical steel after it comes out of the automated cut to length line. Special hydraulic tables are used to complete the core and make it ready for the next production phase.

Winding manufacturing: Automated machines with high speed rotating motors are used to build the low voltage section of the coil out of pure copper foils. Afterwards, the coils are moved to the high voltage winding machines to build the high voltage section of the coil using pure enameled copper wires.

Core-coil assembly: Ready coils are then inserted inside the built cores to complete the electrical wiring forming the active part of the transformer.

Drying: Latest technology of low frequency ovens are applied for heating and drying out the active parts.

Tanking: Dried active parts are then fixed inside the transformer tanks which are made completely at the mechanical shop of UTEC. Electric insulators are fixed and then the whole tank goes inside the vacuum chamber for oil filling. The oil is treated by a specializing plant at UTEC before filling it inside the transformer tanks to ensure that it is free from impurities, moisture and to increase its electrical strength characteristics.

Tank: The process includes manufacturing of the transformer radiators in an automated line including cold saj bending and which is followed by automatic welding. This process includes all steel fabrication activities such as cutting, shearing, punching, bending, welding, shot blasting and fluid/powder painting.

Testing: Transformers are tested by applying all the industry standard routine tests and a test certificate is issued for each transformer, which includes all the values that the transformer has been designed for, and the actual values that were recorded during testing.

Delivery: transformers are then ready for dispatch to customers.

Electrical transformers are used to transform high voltage to low voltage and then to distribute it to consumers of electric power in the industrial, commercial, residential and agricultural sectors.

Silicon steel is imported from Japan, South Korea, Germany, Britain, America and Russia, while copper sheets are imported from Germany and Turkey and electric insulators from Italy, Turkey and Britain.

UTEC customers comprise ministries, electricity companies, contractors and manufacturers of electrical distribution stations and lighting stations, in addition to authorized distributors in countries where UTEC exports its products.

The capacity and actual production of UTEC as at 30/06/2013G are as follows:

Exhibit 4.27: Capacity and Actual Production of UTEC

Products	Capacity	Actual Production per Annum in 2012G as at 31/12/2012G	Actual Production YTD in 2013G as at 30/06/2013G
Transformers (MVA)	8,000	5,581	4,282

Source: Bawan

- ### United Transformers Electric Company – Syria (UTECS)

UTECS is a Syrian limited liability company based in Rif Dimashq Governorate and engaged in the manufacturing, production, maintenance, and trading of electric distribution transformers, and the importing of all required supplies for its operations from Saudi Arabia, Japan, South Korea, Germany, Britain, the United States, Russia, Turkey and Italy, including equipment, fixtures, machineries and their spare parts, and all materials needed for the construction and operation of its projects in accordance with the applicable laws. UTECS sells its products in Syria to the Ministry of Electricity, contractors, manufacturers of electrical distribution stations and lighting stations, in addition to authorized distributors.

The manufacturing process utilizes the advanced electrical and mechanical design software used by Wilson Transformer Company for producing high quality transformers.

In addition, the manufacturing process includes all the stages that are described in UTEC section (a) here-above.

The capacity and actual production of UTECS as at 30/06/2013G are as follows:

Exhibit 4.28: Capacity and Actual Production of UTECS

Products	Capacity	Actual Production per Annum in 2012G as at 31/12/2012G	Actual Production YTD in 2013G as at 30/06/2013G
Transformers (MVA)	900	75	36

Source: Bawan

- ### United Technology of Electric Substations and Switchgears Company (USSG)

USSG is a Saudi limited liability company based in Riyadh under Commercial Register No. 1010278381 and engaged in the production of engines' control systems, compact electric substations, low and average voltage switchgears, low and average voltage electrical boards, circuit distribution units.

In terms of the manufacturing process, the projects department prepares all detailed drawings of the products to be made by USSG and issues them to the production department. The products of USSG are manufactured in automated machines. The process comprises different steps which all take place at the same factory:

Mechanical: The mechanical parts are made by cutting, bending, punching, welding and powder painting the steel parts. The prepared steel parts are then shifted to the electric section.

Electric: The copper bus-bars are prepared (cut to length/ bent/ punched) as per the design drawings and shifted to the electric assembly yard. At the electric assembly yard, electric technicians then assemble the mechanical and electric parts of the products.

Testing: Each product is then shifted to the testing station where all tests are carried out in accordance with industry standards. Each product will have its own test certificate prior to being dispatched to the area designated for products which are ready to be shipped.

Copper wires are imported from Malaysia and France. Low voltage switchgears are imported from France, Italy and China, while medium voltage switchgears come from Italy, Britain and the United Arab Emirates.

USSG customers are contractors, real estate developers, ministries and electricity companies outside KSA.

The capacity and actual production of USSG as at 30/06/2013G are as follows:

Exhibit 4.29: Capacity and Actual Production of USSG

Products	Capacity (In units)	Actual Production YTD in 2013G as at 30/06/2013G (In units)
Substations / Switchgears	4,000	1,441
Electrical Boards and Switchgears	4,000	380

Source: Bawan

4 - 6 - 4 Concrete SBU

The Concrete SBU of the Company includes Bina Precast, a limited liability company organized and established under the laws of Saudi Arabia and registered in the Commercial Registry in the city of AlKhobar, under commercial registration certificate no. 2051034279, dated 20/03/1428H (corresponding to 08/04/2007G), and Bina ReadyMix, a limited liability company organized and established under the law of Saudi Arabia, and registered in the Commercial Registry in the city of AlKhobar, under commercial registration certificate no. 2051041313, dated 27/11/1430H (corresponding to 15/11/2009G). These two companies are subsidiaries of Bina Industrial Investments Holding ("**BMI Holding**"), a limited liability company organized and established under the laws of Saudi Arabia, which is registered in the Commercial Registry in the city of Dammam, under commercial registration number 2051041311, dated 26/11/1430H (corresponding to 14/11/2009G) and serves as a holding company for Bina Precast and Bina ReadyMix. The factories are established in the city of Dammam, Saudi Arabia.

The Concrete SBU's core activities include the mixing of cement, gravel and color as required and pouring the mixture into a pre-fabricated form. The products are usually reinforced with steel rebar or steel strands depending on international standard codes. ReadyMix concrete is also manufactured, according to a preset recipe in a batching plant, and then delivered to a worksite by transit trucks, where the mixing process takes place, allowing the concrete mix to be developed and implemented on construction sites. Ready mix concrete consists mainly of cement, construction gravel (gravel/rock), sand and water.

The pre-cast products which are manufactured at Bina Precast are considered customized products depending on the shape and architectural design of buildings. However, they can be generally categorized as follows:

- Hollow Core Slabs: these are widely used as roofing or ceiling products and act as an alternative to cement/clay roofing blocks and solid cast in-situ slabs. Hollow core slabs have a standard width of 1.2 meters and are produced on a 150 meter platform (bed). Bina Precast has 8 hollow core beds with a capacity of 390,000 square meters per annum.
- Wall Panels: these consist of solid materials that vary in length, depth, shape, and also have different types of surfaces i.e. smooth, exposed, roughened, customized, etc. They are manufactured based on customer specifications and can be supplied with or without insulation. The placement of electric conduits, doors, windows, services (such as sewage and water) etc. are customized during the molding process in accordance to the specifications provided by each customer. Wall panels are used as the major construction base for load-bearing and non-load-bearing walls and fences and are produced in different sizes and specifications, based on the customers' designs and requirements. The panels are not included as part of the wholesale or retail trade carried out by the Subsidiaries.
- Columns, Beams and TT slabs: these products are manufactured for construction projects and can be molded into any shape. These products are carefully reinforced with steel rebar or pre-stressed steel strands as they are load bearing and can be manufactured to traditional construction shapes i.e. T-beam, L-beam, I-beam, H-beam etc.
- Other Products: these include stairs, barriers, benches, trash bins, etc., all of which could be produced within Bina Precast's facilities.

Ready mix concrete can be formulated mainly into two types of cement that is commonly used:

- Type-I: which is also called OPC (ordinary Portland cement). This type is for the normal concrete applications.
- Type-II: sulphate resistant cement (SARC) which is suitable for applications that require high resistance to sulphate, especially in foundation pouring.

Both types are also classified according to the compression strength of the concrete which is determined by the quantity of cement in the mixture (e.g. C35 and C40).

The customers of the Concrete SBU are construction contractors, ministries, public bodies and institutions and leading companies in several areas.

Below is an overview of the manufacturing process at Bina Precast and Bina ReadyMix:

a. Bina Industrial Investments Holding Limited (Bina Holding)

Bina Holding is a limited liability company organized and established under the laws of Saudi Arabia, and registered in the Commercial Registry in the city of Dammam, under commercial registration number 2051041311, dated 26/11/1430H (corresponding to 14/11/2009G). Bina Holding serves as a holding company for Bina Precast and Bina ReadyMix:

- **Bina Precast Concrete Products Factory Company (Bina Precast)**

Bina Precast is a Saudi limited liability company with Commercial Register No. 2051034279 based in Dammam and engaged in the production of precast concrete panels, pre-stressed precast parts, insulated cement blocks, cement borders, cement tiles and pavement tiles (interlock), pursuant to the industrial license no. S/977 dated 25/04/1428H, and the production of ready mix precast under industrial license no. S/2880 dated 01/12/1428H.

Bina Precast is engaged in the design, manufacturing and installation of different types of precast and pre-stressed products that are used in construction, such as foundations, hollow core slabs, double T slabs, sandwich panels, staircases, concrete cladding, columns, beams, load and non-load bearing walls and other concrete products.

In terms of manufacturing process, the steps take place at the same factory and involve the following:

Design: This step includes the design or re-design of layouts, architectural design, structure calculation, production capacity, crane capacity, product selection and transformation.

Concrete: concrete mix is a basic material. The dosage of each material depends to a large extent on the design of the structure that is being built. Main raw materials of concrete are gravel, sand, concrete, water and chemical addictives.

Mold Fabrication: Molds that form a design of a bulding are fabricated on a steel plate (tilting table).

Steel reinforcement bars: Steel reinforcement is fixed inside the mold based on the structural design requirements and then concrete is poured in the reinforced molds.

Curing and testing: Materials are treated based on international standards. Then quality control samples are taken and checked.

Storing and delivering: Materials are then moved to the stockyard. Some finishing work might be required such as sandblasting. Materials are then transferred to the construction site to be installed using a mobile or tower crane.

The capacity and actual production of Bina Precast as at 30/06/2013G are as follows:

Exhibit 4.30: Capacity and Actual Production of Bina Precast

Products	Capacity	Actual Production per Annum in 2012G as at 31/12/2012G	Actual Production YTD in 2013G as at 30/06/2013G
Wall Panels (m^2)	50,000	35,630	23,844
Hollow core Slabs (m^2)	320,800	178,088	112,161

Source: Bawan

- **Bina ReadyMix Factory Company (Bina ReadyMix)**

Bina ReadyMix is a Saudi limited liability company based in Al Khobar and engaged in designing, mixing, producing and supplying ready mix concrete via transit mixers and concrete pumps to construction sites.

The manufacturing process in Bina ReadyMix is as follows:

Concrete design mix: Concrete mix is a basic material. The dosage of each material depends to a large extent on the strength of concrete that is required by a client. Main raw materials of concrete are gravel, sand, concrete, water and chemical additives. The raw materials are produced locally while chemical additives are either manufactured locally or imported through the company's agents.

Transit mixers: Concrete is then poured in a liquid (sometimes solid) form into the transit mixers. If in solid form, water will be added once the transit mixer arrives at the construction site.

Concrete pumping: Pumping concrete to a particular part of a building is usually done using a concrete pump.

Collection of Quality Control Samples: While pouring, samples are collected from sites and treated in laboratory water tanks and such samples are tested afterwards using different methods to assure meeting international standards.

Bina ReadyMix customers are contractors, private building owners, ministries and governmental bodies.

The capacity and actual production of Bina ReadyMix as at 30/06/2013G are as follows:

Exhibit 4.31: Capacity and Actual Production of Bina ReadyMix

Products	Capacity	Actual Production per Annum in 2012G as at 31/12/2012G	Actual Production YTD in 2013G as at 30/06/2013G
Ready mix Concrete (m^3)	425,800	205,172	146,427

Source: Bawan

The information included in this section is provided by Bawan while the market study is prepared by the Industry and Market Consultant. The Company confirms that it has no intention to any make material change in the nature of its business activity.

4 - 7 Demand and Sales of the Group's Products

The Group has four main Strategic Business Units, namely Metal, Wood, Electrical and Concrete. Each SBU manufactures a range of products that are sold in the local and international markets, especially in the GCC. The demand for these products is primarily driven by construction activities and Government spending on infrastructure. The strong demand created by Government projects kept the demand buoyant for the various products manufactured by the Group.

The Metal SBU includes: BMI and BMI - SPC (Bahrain). Metal SBU’s sales mainly comprise straight and drawn bars, cut and bend, wire drawing, wire mesh and rebars. This SBU’s sales are driven by the trends in the construction industry, including private as well as public sector infrastructure activities in Saudi Arabia. The Metal SBU customers include, among others, related parties which are mainly the subsidiaries of Al Fozan and AlMuhaidib Group of companies (please see sections 6.7 and 10.11 of this Prospectus for more information on related parties transactions). The largest non-related party customers are the construction companies in KSA. The sales of this SBU grew in the period between 2010 and June 2013G due to increasing demand from major customers and the commencement of commercial activity of the iron bar coating factory in Jeddah in 2012G.

The Wood SBU includes: UWP, BWI, Al-Raya Woodworks (Kuwait) and Al-Raya Woodworks (UAE). Wood SBU’s principal activities include manufacturing of packaging materials and decorative panels and lamination sheets and the demand for its products are linked to the economic activity in KSA and in particular to the petrochemical and industrial sector. The main customers include, without limitation, Aramco, SABIC, and Tasnee. The Wood SBU sales grew in the period between 2010G and end of June 2013G as the commercial activity of the two new units' factories started in Jubail and Yanbu, and demand from its key customers remained high, driven by high oil prices which increased the investment levels in the petrochemical and industrial sector.

The Electrical SBU includes: BEIC, UTEC, UTECS and USSG. Electrical SBU’s sales mainly comprise transformers of various sizes which are sold in the KSA, and in other Arab, European and African countries. The demand is linked to the construction and infrastructure spending in the economy and particularly by local utility providers such as the SEC, which is also one of its key customers. This unit is one of the pre-approved suppliers of transformers to SEC. The Electrical SBU sales grew in the period between 2010G and end of June 2013G due to the beginning of USSG commercial activity in 2011G, which in turn increased the number of sold units and ensured continued high demand from the main customers.

The Concrete SBU includes Bina Precast, Bina Readymix and Bina Holding. The Concrete SBU only started operations in 2007G, to meet domestic demand for pre-cast and readymix concrete.

The Concrete SBU obtained numerous approvals, credits and certificates of quality and customer satisfaction based on the satisfaction of major local and regional companies such as Saudi Arabian Oil Company (Aramco), the Royal Commission for Jubail and Yanbu, SABIC, the Ministry of Water and Electricity, the Saudi Electricity Company, the Ministry of Education, the Ministry of Higher Education, King Fahd University of Petroleum and Minerals, the University of Dammam, King Faisal University, the Saudi Food and Drug Administration, the Civil Aviation Authority and many other Government agencies as well as local and regional contracting companies. Furthermore, the Company has been involved in a number of projects that have been implemented across KSA with cooperation from various major engineering consultants. It is worth mentioning that the main driver of demand for the Concrete SBU’s products are the construction activities comprising housing, commercial, industrial, educational and health projects, which serve the Company's customers in both the public and private sectors. This SBU's sales grew during the period from 2010G until the end of June 2013G due to the beginning of expansion works at the precast and ready-mix concrete factories and the continuously growing demand from key customers and the arrival of new customers. (*For more information, please see Section 3 - Market Description and Overview*).

4 - 8 The Group's Assets Outside KSA

The Company and its subsidiaries have a presence outside KSA, in a number of neighboring countries, namely Bahrain, Syria, the United Arab Emirates and Kuwait. The following table shows the approximate value of the assets of the Company and its subsidiaries outside KSA as of 30/06/2013G.

Exhibit 4.32: Approximate Value of the Group's Assets Outside KSA as at 30/06/2013G

	BMI Bahrain	UTEC Syria	Al-Raya Woodworks - UAE	Al-Raya Woodworks-Kuwait	Total
Property, Plant and Equipment, Net Book Value (SAR)	5,382,000	12,978,000	5,963,000	1,242,000	25,565,000
Total Assets (SAR)	5,400,000	25,216,000	19,349,000	10,277,000	60,242,000
Percentage of Total Bawan Group Property, Plant and Equipment, Net Book Value	1.4%	3.3%	1.5%	0.3%	6.6%
Percentage of Total Bawan Group Assets	0.3%	1.4%	1.1%	0.6%	3.4%

Source: Company

4 - 9 Employees

As of 30/06/2013G the Company had a total of 2,810 employees, including 590 Saudi employees and 2,220 non-Saudi employees. On average, the Company's Senior Management and executives comprise around 3% of total working force. The Company and all of its subsidiaries have been classified under the “green” category of Nitaqat Saudization Program, except for Bina Readymix which falls under the "yellow" category.

Employment in the Company occurs inline with the sponsorship policies and the labor law. The Company does not foresee any negative impact resulting from the expiry of the corrective period set out for violators of the residency and labor law, as the company has been complaint with the respective rules and policies.

Moreover, the Company procures additional occasional labor as needed through contracting licensed companies.

The following table illustrates the number of Company employees for the periods indicated below:

Exhibit 4.33: Number of Company Employees for End of Years 2009G, 2010G, 2011G, 2012G and June 2013G

	December 2009	December 2010	December 2011	December 2012	June 2013
Total Number of Employees	2,388	2,490	2,698	2,589	2,810

Source: Bawan

The table above shows a reduction in the number of employees between 2011G and 2012G. It is common to witness an annual change in the number of employees in companies employing a large staff, given that this change reflects the expiration or termination of contracts with the parties consent or the parties' unwillingness to renew contracts.

The number of workers of Bawan per Subsidiary as of 30/06/2013G is as follows:

Exhibit 4.34: Number of Employees of Bawan's Subsidiaries as of 30/06/2013G

Subsidiary	Number of Employees	Saudi Nationals	Non-Saudi Nationals	Percentage of Saudi Employees
BWI	620	137	483	22%
BMI	397	62	335	15.6%
UWP	326	42	284	13%
UTEC	606	213	393	26.2%
Bina Holding	20	9	11	45%
Bina Precast	467	73	394	16%
Bina ReadyMix	232	25	207	11%
USSG	142	29	113	24%
BEIC	0	0	0	-
Total	2,810	590	2,220	21%

Source: Bawan

4 - 10 Future Prospects

Bawan continuously strives to increase its production capacity and to acquire a bigger share in the local and external markets. The Company has implemented the following expansion projects in the year 2012G to achieve its objectives:

- Building and operating a steel painting production line using Epoxy during the year 2013G in the city of Jeddah through BMI.
- Building and operating the expansions of the transformers production during the year 2013G through UTEC within Saudi Arabia.
- Obtaining a significant portion of the electric substations’ market and low voltage panels, within and outside Saudi Arabia, during the year 2013G through USSG, which was accredited by the SEC at the end of 2012G.
- Expanding the production of precast concrete through Bina Precast Company in 2013G.
- Building and operating the expansion of production of readymix concrete in Jeddah during the year 2013G through Bina ReadyMix.

5. CORPORATE STRUCTURE AND MANAGEMENT

5 - 1 Corporate Structure

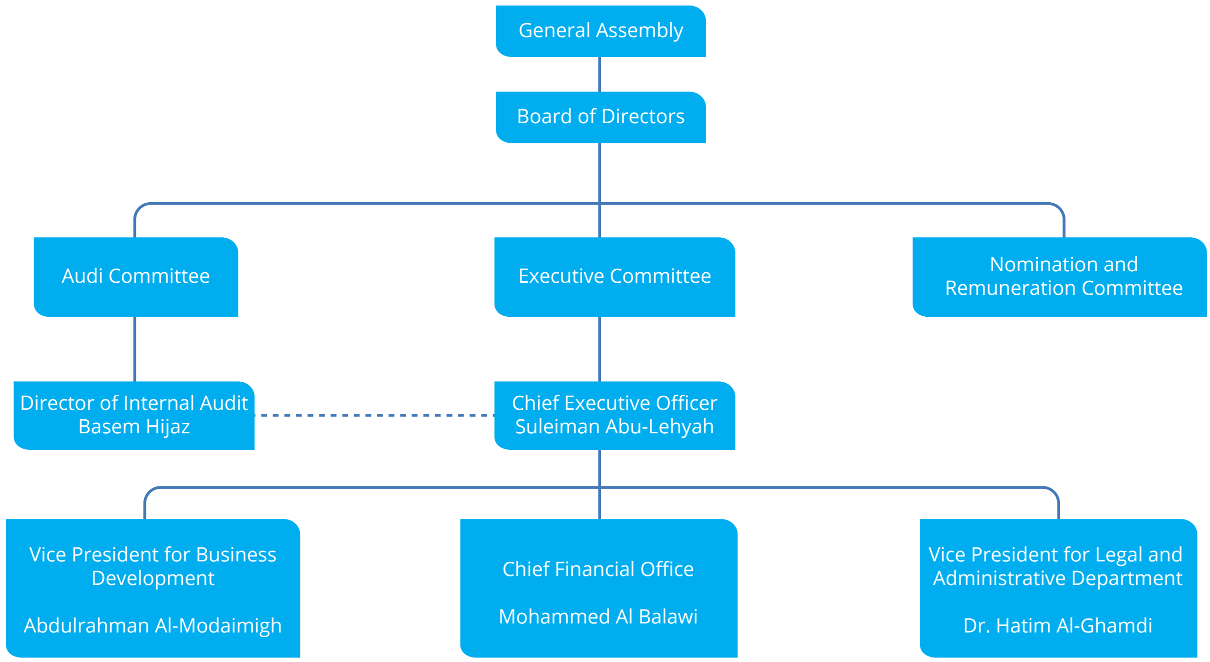
The Company is managed by a Board of Directors that consists of nine (9) directors who are appointed by the Ordinary General Assembly. The Board is supported by three committees: the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee.

Each of the Subsidiaries is managed by a board of managers. The board of managers of these subsidiaries is in charge of selecting executives to undertake day-to-day business. These executives report directly to the board of the Subsidiary.

By virtue of its ownership and control of the Subsidiaries, the Company may examine the Subsidiaries' books and records, and otherwise holds each Subsidiary and its management accountable for the performance of that Subsidiary.

5 - 2 Organizational Structure

The following chart illustrates the Company's organizational Structure:



Source: Bawan

5 - 3 Members of the Board of Directors

The Company's Board of Directors consists of a group of competent members with both local and internal experience. The Board of Directors is ultimately responsible for the policies and management of the Company, and approves strategic, accounting, organizational and financing policies adopted by the Company. Responsibilities of the Board include the appointment of executive officers and authorized signatories of the Company, and supervision over the Company's management. The Board of Directors is also entrusted with organizing Shareholders' meetings and carrying out Shareholders' resolutions, and has the widest powers to manage the Company, create its polices, manage its investments, supervise its activities and funds and manage its affair inside and outside KSA, including, but not limited to, its right to represent the Company in its relationships with third parties such as public and private institutions.

The Chairman's responsibilities include, but are not limited to, convening the Board meetings and Shareholders General Assembly, presiding over and managing the Board and General Assembly meetings and representing the Company at official and press events, as well as carrying out other authorities and duties.

The Board will determine, in its sole discretion, the remunerations of the Chairman and Managing Director, (if appointed), as well as the Directors' remunerations as stipulated in the Company's By-Laws. It should be noted however that Directors are not authorized to conduct business with the Company, since they are all non-executive Board members.

Following are details of the members of the Company's Board of Directors:

Exhibit 5.1: Members of Board of Directors of Bawan

No	Name	Position	Representing	Nationality	Age	Status Executive/ Non-executive	Status Independent/ Non-independent	Direct Ownership	Indirect Ownership Before IPO	Indirect Ownership After IPO	Indirect Ownership Percentage Before IPO	Indirect Ownership Percentage After IPO
1	Abdullah Abdullatif Al-Fozan	Chairman	Al-Fozan Holding Company	Saudi	47	non-executive	non-independent	-	3,410,000	2,387,000	6.8%	4.7%
2	Essam Abdulkader Al-Muhaidib	Vice-chairman	A.K. Al-Muhaidib & Sons Company	Saudi	56	non-executive	non-independent	-	5,367,891	3,752,000	10.74%	7.5%
3	Fozan Mohammed Al-Fozan	Member	-	Saudi	43	non-executive	non-independent	-	1,915,000	1,340,500	3.8%	2.6%
4	Fouad Fahad Al-Saleh*	Member	-	Saudi	67	non-executive	non-independent	-	-	-		
5	Raed Ibrahim Al-Mudaiheem*	Member	-	Saudi	51	non-executive	non-independent	-	-	-		
6	Mazen Ahmed Al-Jubeir*	Member	-	Saudi	38	non-executive	Independent	-	-	-		
7	Basil Mohammed Al-Gadhib*	Member	Atheel Holding Company	Saudi	56	non-executive	non-independent	-	-	-		
8	Fraj Mansour Abu Thneyyin*	Member	-	Saudi	59	non-executive	Independent	-	-	-		
9	Raed Ahmed Al-Mazrooh*	Member	-	Saudi	45	non-executive	Independent	-	-	-		

Source: Bawan

* According to the Company's By-Laws and Companies regulations, every Board member shall own shares totaling at least SAR 10,000 in value ("Qualification Shares"). Such shares shall be deposited with a local bank, and these shares will be transferred after the Offering.

Following are details of the members of the boards of managers of the Subsidiaries:

Exhibit 5.2: Members of Boards of Managers of the Subsidiaries

Subsidiary	Board of Managers
BWI and UWP	Abdullah Abdullatif Al-Fozan
	Abdullah Abdulaziz Al-Rubaia'a
	Mohammed Abdulaziz Al-Ageel
	Suleiman Ayesh Abu- Lehyah

Subsidiary	Board of Managers
BMI	Fozan Mohammed Al- Fozan
	Raed Ibrahim Al Mudaiheem
	Moayed Ibrahim Al-Mazrou
	Suleiman Ayesh Abu-Lehyah
Bina Industrial Investments Holding	Fouad Fahad Saleh
	Abdulrahaman Ibrahim Al Modaimigh
	Ahmed Mohammed Al-Osaimy
	Suleiman Ayesh Abu-Lehyah
BEIC	Abdullah Abdullatif Al-Fozan
	Basil Mohammed Al-Gadhib
	Fathi Mohammed Omar
	Suleiman Ayesh Abu-Lehyah
UTEC	Abdullatif Ahmed Al-Fozan
	Abdullah Abdullatif Al-Fozan
	Khaled Abdullatif Al-Fozan
	Ali Abdullatif Al-Fozan
	Nasser Abdullatif Al-Fozan
	Suleiman Ayesh Abu-Lehyah
	Robert J. C. Wilson
UTECS	Abdullah Abdullatif Al-Fozan
	Nasser Abdullatif Al-Fozan
	Mohammed Abdulaziz Al-Ageel
	Suleiman Ayesh Abu-Lehyah
	Mohammed Anwar Al-Ash
USSG	Abdullatif Ahmed Al-Fozan
	Khaled Abdullatif Al-Fozan
	Ali Abdullatif Al-Fozan
	Nasser Abdullatif Al-Fozan
	Suleiman Ayesh Abu-Lehyah
	Fathi Mohammed Omar
	Robert J. C. Wilson
	Walid Elias Semaan

Source: Bawan

5 - 4 Experience and Qualifications of the Directors

The following is a brief profile of the current Board members and the Board secretary at the Company level:

a. Abdullah Abdullatif Al-Fozan

- Nationality: Saudi
- Age: 47 years
- Position: Chairman of the Board of Directors of Bawan and a member of its Nomination and Remuneration Committee and the General Manager of BEIC
- Qualifications: He holds a Bachelor's degree in Accounting from King Saud University in Riyadh, Saudi Arabia in 13/07/1410H
- Professional Experience:
  - Chairman of Al Fozan Holding since 1995G to date. Al Fozan Holding is a Saudi closed joint-stock company engaged in health, electrical, construction and other investments
  - Managing director of Abdullatif and Mohammad Al-Fozan since 2004G to date. Abdullatif and Mohammad Al-Fozan is a Saudi closed joint-stock company engaged in various investment activities
  - Managing director of Ma'aly Holding Company (previously Kanzan Holding Company) since 1999G to date. Ma'aly Holding Company is a Saudi closed joint-stock company engaged in various investment activities
  - Vice Chairman of the board of directors of Amwal AlKhaleej since 2006G to date. Amwal AlKhaleej is a limited liability company engaged in various investment activities
  - Board member of Emar Middle East Company since 2008G to date. Emar Middle East Company is a limited liability company engaged in real estate activities
  - Board member of Arabian Paper Manufacturing Company Ltd. since 2008G. Arabian Paper Manufacturing Company Ltd. is a limited liability company engaged in paper manufacturing
  - Vice Chairman at Atheel Holding Company since 2008G to date. Atheel Holding Company is a limited liability company engaged in electrical works
  - Board member of Bank Arcapita since 2000G to date. Bank Arcapita is a Bahrain-based closed joint-stock company engaged in banking and various investment activities. (The bank has applied for bankruptcy protection in the United States of America under Chapter XI of the American Bankruptcy Code in March 2012G. The bank has exited the protection of Chapter XI in September 2013G)
  - Board member of Dhahran Exhibition Company since 2001G to date. Dhahran Exhibition Company is a Saudi closed joint-stock company engaged in the establishment, management and organization of exhibitions and markets
  - Board member of Al Oula Holding Company since 2008G to date. Al Oula Holding Company is a Saudi closed joint-stock company engaged in real estate activities
  - Chairman of BlomInvest Saudi Arabia since 2008G to date. Blom Invest Saudi Arabia is a Saudi closed joint-stock company and an Authorized Person authorized by the CMA
  - Board member of Complete Transport Company since 1428H to date. Complete Transport Company is a limited liability company engaged in contracting
  - Board member in Thabat for Real Estate Development since 1429H to date. Thabat for Real Estate Development is a mixed joint-stock company engaged in real estate activities
  - Board member of USSG since 1431H to date. USSG is a limited liability company engaged in the production of electrical substations and switchgears
  - Board member AlFozan for Construction Materials since 1425H to date. AlFozan for Construction Materials is a limited liability company engaged in construction materials trade
  - Board member of Construction and Building Company since 1420H to date. Construction and Building Company is a limited liability company engaged in general contracting
  - Board member of Supplies and Projects Company since 1423H to date. Supplies and Projects Company is a limited liability company engaged in construction materials trade
  - Chairman of Arnon Plastic Industries Company since 2000G to date. Arnon Plastic Industries Company is a limited liability company engaged in plastic industries
  - Board member of UTEC since 2002G to date. UTEC is a limited liability company engaged in the production of electrical substations and transformers
  - Chairman at United Electronics Company since 2010G to date. United Electronics Company is a Saudi public joint-stock company engaged in electronics field

- Member of Saudi Red Crescent Authority in the Eastern Region (governmental body) since 2010G to date
- Member of the Association of Prince Salman Center for Disability Research Founders' Council (governmental body) since 2010G to date
- Chairman of the Board of Trustees for Al-Fozan Community Service (charity) since 2001G to date
- Board member of the Eastern Province Governorate Board (a governmental entity affiliated to the Eastern Province Emirate and involved in the Governorate development) since 1430H to date
- Board Member of the Charity Social Fund (governmental body) since 1432H to date

b. Essam Abdulkader Al-Muhaidib

- Nationality: Saudi
- Age: 56 years
- Position: Board Member of Bawan and a member of its Nomination and Remuneration Committee
- Qualifications: He holds a Bachelor's degree in Science with a specialization in Statistics from King Saud University in Riyadh, in 1982G
- Professional Experience:
    - Managing Director of A. K. Al-Muhaidib and Sons Company since 1996G to date. A. K. Al-Muhaidib and Sons Company is a Saudi closed joint-stock company engaged in various investment activities
    - Board member of A. K. Al-Muhaidib and Sons Company since 1996G to date. A. K. Al-Muhaidib and Sons Company is a Saudi closed joint-stock company engaged in various investment activities
    - Board member of Al-Muhaidib Holding since 1997G to date. Al-Muhaidib Holding is a Saudi closed joint-stock company engaged in various investment activities
    - Board member of the Eastern Province Governorate Board (a governmental entity affiliated to the Eastern Province Emirate and involved in the Governorate development) since 2010G to date
    - Chairman of the Economical Committee of the Eastern Province Governorate Board (a governmental entity affiliated to the Eastern Province Emirate and considered as part of the Governorate Board, which is mainly involved in the Governorate economic development) since 2010G to date
    - Board member of Amwal Al-Khaleej since 2005G to date. Amwal Al-Khaleej is a limited liability company engaged in various investment activities
    - Board member of Saudi Nestle Waters since 2000G to date. Saudi Nestle Waters is a limited liability company engaged in water production, bottling and trade
    - Board member of Panda-AlAzizyah since 2009G to date. Panda-AlAzizyah is a Saudi closed joint-stock company engaged in the trade of consumables
    - Board member of Synthomer Middle East since 2003G to date. Synthomer Middle East is a limited liability company engaged in polymers production
    - Board member of First Company for Real Estate Development since 2003G to date. First Company for Real Estate Development is a limited liability company engaged in real estate activities
    - Board member of Al Salam Bank of Bahrain since 2005G to date. Salam Bank is a Bahraini public joint-stock company engaged in banking activities
    - Board member of Acwa Power Holding since 2008G to date. Acwa Power Holding is a limited liability company engaged in contracting
    - Board member of Allatifa Trading and Contracting Company since 2008G to date. Allatifa Trading and Contracting Company is a limited liability company engaged in contracting
    - Board member of Almasa International - Canada since 1999G to date. Almasa International is a limited liability company engaged in wood industries and paper products and trades in them
    - Board member of Gulf Union for Insurance and Holding Projects Management in Bahrain since 1997G to date. Gulf Union for Insurance and Holding Projects Management is a Bahraini public joint-stock company providing insurance services
    - Board member of Emar Middle East since 2006G to date. Emar Middle East Industries is a limited liability company engaged in real estate activities

c. Fozan Mohammed Al-Fozan

- Nationality: Saudi
- Age: 43 years
- Position: Board Member of Bawan and a member of its Executive Committee
- Qualifications: Holds a Bachelor's degree from the Faculty of Administrative Sciences with a

specialization in Accounting from King Saud University in Riyadh, Saudi Arabia in 1993G

- Professional Experience:
  - General Manager of the Central Region for Abdullatif and Mohammed Al-Fozan Company since 1995G to date. Abdullatif and Mohammed Al-Fozan Company is a Saudi closed joint-stock company engaged in various investment activities
  - Chairman of the Board of Directors at AlFozan Metals since 2005G to date. AlFozan Metals is a limited liability company engaged in the trade of metal products
  - Chairman of the board of AlMada Holding Company since 2005G to date. AlMada Holding Company is a limited liability company engaged in the trade of agricultural crops, consumables and general contracting works
  - Chairman of the board of managers at Cayan International Holding Company Ltd since 2008G to date. Cayan International Holding Company Ltd is a limited liability company engaged in the trade of various products, including steel, glass and consumables
  - Board Member of AlOula Real Estate Company since 2003G to date. AlOula Real Estate Company is a Saudi closed joint-stock company engaged in real estate activities
  - Board Member of Al Yamamah Steel Company Ltd. since 2003G to date. Al Yamamah Steel Company Ltd is a limited liability company engaged in the manufacturing of steel products
  - Board Member of Amwal AlKhaleej Company since 2006G to date. Amwal AlKhaleej Company is a limited liability company engaged in computers trade and general contracting
  - Board Member of Al Fozan Holding since 1430H to date. Al Fozan Holding is a Saudi closed joint-stock company engaged in health, electricity, construction and other investments
  - Board Member of Abdullatif and Mohammad Al Fozan Company Ltd since 1431H to date. Abdullatif and Mohammad Al Fozan Company Ltd is a Saudi closed joint-stock company engaged in various investment activities

d. Fouad Fahad Al-Saleh

- Nationality: Saudi
- Age: 67 years
- Position: Board Member of Bawan
- Qualifications: holds a Bachelor's degree in Civil Engineering in 1969G from Basra University, and a Master's degree in Port Engineering from Manchester University in 1974G, and a PhD in Water Resources in 1984 from Colorado State University in USA
- Professional Experience:
  - General Manager of A.K. Al-Muhaidib and Sons Company from 1989G to 1997G. A.K. Al-Muhaidib and Sons Company is a Saudi closed joint-stock company engaged in various investment activities
  - Board member at A.K. Al-Muhaidib and Sons Company since 2009G to date. A.K. Al-Muhaidib and Sons Company is a Saudi closed joint-stock company engaged in various investment activities
  - Managing Director for Al-Muhaidib Metal Industries (now Bawan) from 1997G to 2004G
  - Managing Director for UWP from 1997G to 2004G. UWP is a limited liability company engaged in the production of wood products
  - General Manager of Al-Muhaidib Metal Industries (now Bawan) and UWP from 1989G to 1997G
  - Chairman of the Board of Dar Al Zahrawi for Medical Equipment Company Ltd. since 2004G to date. Dar Al Zahrawi for Medical Equipment Company is a limited liability company engaged in the import of medical equipment
  - Chairman of the Board of Bina Industrial Investments Holding since 2008G to date. Bina Industrial Investments Holding is a limited liability company investing in concrete companies
  - Chairman of the Board of the United Company for Metal Industries since 2007G to date. United Company for Metal Industries is a Saudi closed joint-stock company that manufactures gypsum products
  - Board member of the Saudi Modern Company for Cables Industry Ltd. since 2005G to date. Saudi Modern Company for Cables Industry is a limited liability company engaged in cable manufacturing
  - Board member of Riyadh Cable Company Ltd. since 2005G to date. Riyadh Cable Company is a limited liability company engaged in cable manufacturing
  - Board member of A.K Al Muhaidib and Sons Company since 2009G to date. A.K Al Muhaidib and Sons Company is a Saudi closed joint-stock company engaged in various investment activities
  - Board member of the Northern Region Cement Company since 2011G to date. Northern Region

Cement Company is a Saudi public joint-stock company producing cement

- Partner and owner of Fouad Fahad Al-Saleh and Khaled Hamad Al Duwailei Company for Engineering Consulting (a general partnership working in the field of engineering consulting) since 2008G to date
- Mr. Al-Saleh served as a member of the Industrial Committee at the Chamber of Industry and Commerce in Riyadh from 1993G to 2009G

e. Raed Ibrahim Al-Mudaiheem

- Nationality: Saudi
- Age: 51 years
- Position: Board Member of Bawan and Member of the Executive Committee.
- Qualifications: holds a Master's degree in Electrical Engineering from King Saud's University, KSA, in 1992G
- Professional Experience:
  - Managing Director of Al Muhaidib Company for Construction Materials, 2005G to date. Al Muhaidib Company for Construction Materials is a limited liability company engaged in the trade of construction materials
  - Member of board of directors of Al Muhaidib Company for Construction Materials, 2005G to date. Al Muhaidib Company for Construction Materials is a limited liability company engaged in the trade of construction materials
  - Member of board of directors of the United Company for Mining Industries, 2006G to date. United Company for Mining Industries is a Saudi closed joint-stock company engaged in the production of gypsum products
  - Member of board of directors of Arabian Company for Pipes, 2006G to date. Arabian Company for Pipes is a Saudi public joint-stock company engaged in the production of iron pipes
  - Member of board of directors of Al-Yamama Company for Metal Industries, 2011G to date. Al-Yamama Company for Metal Industries is a Saudi closed joint-stock company engaged in the production of steel products
  - Member of board of directors of Northern Region Cement Company, 2006G to date. Northern Region Cement Company is a public joint-stock company engaged in cement production
  - Member of board of directors of Northern Cement Company (Jordan), 2010G to date. Northern Cement Company is a public joint-stock company engaged in cement production
  - Member of board of directors of Al Badya Cement Company (Syria) 2007G to date. Al Badya Cement Company is a closed joint-stock company engaged in cement production
  - Member of board of directors of Suez Cement Company (Egypt), 2005G to date. Suez Cement Company is a public joint-stock company engaged in cement production

f. Mazen Ahmed Al-Jubeir

- Nationality: Saudi
- Age: 38 years
- Position: Board Member of Bawan and Chairman of Audit Committee
- Qualifications: Holds a Bachelor's degree, with honors, in Economics from Harvard College in 1998G, and also received his MBA, with high distinction, from Harvard School of Business, in 2003G
- Professional Experience:
  - Communication Manager at McKinsey, Washington, USA, from 2003G till 2006G. McKinsey is a general partnership specializing in consulting services
  - General Manager, Consultant, Saudi Oger, Riyadh, Saudi Arabia, from 2006G till 2007G. Saudi Oger is a limited liability company specializing in contracting works
  - Vice president of the Saudi office of Amwal Alkhaleej from 2007G to 2010G. Amwal AlKhaleej Company is a limited liability company engaged in computers trade and general contracting
  - Managing Director and co-founder of JJ partners in British Virgin Islands, 2010G to date. "JJ partners" is a limited liability company engaged in trading activities for the British Virgin Islands
  - Board member of the National Metal and Manufacturing and Casting Company, from 2007G to date. (a Saudi public joint-stock company specializing in the production and marketing of metal products)
  - Board member of Saudi Sagr Insurance Company, 2007G to date. Sagr Insurance Company is a Saudi public joint-stock company specializing in insurance services

- Board member of Capital Bank of Jordan, 2010G to date. Capital Bank of Jordan is a public joint-stock company specializing in banking services
- Board member of Electronic Payment Solutions Company, 2011G to date. Electronic Payment Solutions Company is a limited liability company specializing in electronic payment services for financial institutions
- Board member of Ibraheem Abu Nayyan and Brothers Company, 2011G to date. Ibraheem Abu Nayyan and Brothers Company is a Saudi closed joint-stock company specializing in investments
- Board member of Sanad Healthcare Company, 2008G to date. Sanad Healthcare Company is a limited liability company specializing in the trade and distribution of medical equipment
- Board member of Al Noor and Inara Company, 2009G to date. Al Noor and Inara Company is a limited liability company specializing in the distribution of lighting equipment and supplies
- Board member of Safi Advanced Water and Power Technology Company, 2010G to date. Safi Advanced Water and Power Technology Company is a limited liability company specializing in the distribution of air conditioners and health products
- Board member of JJ Partners, British Virgin Islands, 2010G to date. "JJ partners" is a limited liability company engaged in trading activities for the British Virgin Islands
- Board member of Safnat Company, Cayman Islands, 2011G to date. Safnat Company is a limited liability company specializing in the trade of physical goods
- Board member of Diyar Al Khuzama Real Estate Development Company (a Saudi closed joint-stock company specializing in real estate development), since 2012G to date
- Board member of Saudi Oger since 2012G to date. Saudi Oger is a limited liability company specializing in contracting works

g. Basil Mohammed Al-Gadhib

- Nationality: Saudi
- Age: 56 years
- Position: Board Member of Bawan and member of the Executive Committee.
- Qualifications: Masters degree in Construction Management from Stanford University in 1985G and a Bachelors degree of Science in Civil Engineering from KFUPM in Dhahran, Saudi Arabia in 1980G and he is also a chartered Financial Analyst (CFA Certificate)
- Professional Experience:
  - Project engineer with Aramco from 1980G to 1986G. Aramco is a State-owned company specializing in the oil business
  - Gulf Investment Corporation in Kuwait between 1986G and 1994G where his last position was Vice President of Investment Banking. Gulf Investment Corporation is a Kuwaiti enterprise specializing in investment, financing and assets management
  - Head of Investment Banking Services at the United Saudi Commercial Bank (a former Saudi bank) between 1994G and 1996G
  - Riyad Bank between 1997G and 2005G where he had different functions, the last of which was Executive Vice President for Treasury and Investment. Riyad Bank is a public joint-stock company specializing in banking services
  - Managing Director of JP Morgan Chase Bank for banking activities in KSA from 2005G till 2006G. JP Morgan Chase Bank is an American public joint-stock company specializing in banking
  - CEO of Capital Group Company, which later became Morgan Stanley Saudi Arabia (a Saudi closed joint-stock financial company) from 2006G and till 2008G
  - CEO of Sadeed for Financial Investment (a former limited liability company) between 2008G and 2010G
  - Managing Director of Atheel Holding Company from 2009G to date. Atheel Holding Company is a limited liability company engaged in investment activities
  - Board member of Al Yusr Installment Sales Company since 2009G to date. Al Yusr Installment Sales Company is a limited liability company specializing in leasing and financing of cars
  - Board Member of Al-Muhaidib Holding Company since 2009G to date. Al-Muhaidib Holding Company is a limited liability company engaged in various investment activities
  - Board Member of Atheel Holding Company since 2009G to date. Atheel Holding Company is a limited liability company engaged in investment activities
  - Board Member of Al Oula Real Estate Holding Company since 2010G to date. Al Oula Real Estate Holding Company is a Saudi closed joint-stock company specializing in real estate investments
  - Board Member of Al Fozan Holding Company since 2010G to date. Al Fozan Holding Company is

- a Saudi closed joint-stock company specializing in investment activities
- Board Member of Saudi Airlines Supply Company since 2011G to date. Saudi Airlines Supply Company is a Saudi public joint-stock company specializing in aircrafts supply
- Board Member of the United Electronics Company since 2011G to date. United Electronics Company is a Saudi public joint-stock company specializing in electronics trade
- Board Member of Al Faisaliya Group since 2011G to date. Al Faisaliya Group is a Saudi closed joint-stock company specializing in investment activities

h. Fraj Mansour Abu Thneyyin

- Nationality: Saudi
- Age: 59 years
- Position: Board Member of Bawan.
- Qualifications: Holds a Bachelor's degree in Industrial management from Milwaukee School for Engineering, United States of America in 1982G
- Professional Experience:
  - Senior Vice president for investments and finance at the National Manufacturing Company (a Saudi public joint-stock company specializing in petrochemical industries), 2009G
  - Member of the board of Saudi Company for Maritime Transport (a Saudi public joint-stock company specializing in the transportation of oil, petrochemicals and goods) from 2008G to date
  - Member of the board of Astra Industrial Group (a Saudi public joint-stock company engaged in industrial investments) from 2009G to date
  - Member of the board of the National Company for Petrochemicals (a Saudi public joint-stock company specializing in petrochemicals production) from 2010G to date

h. Raed Ahmed Al-Mazrooh

- Nationality: Saudi
- Age: 45 years
- Position: Board Member of Bawan and member of the Nomination and Remuneration Committee.
- Qualifications: Holds a Bachelor's degree in Chemistry from King Saud University, Saudi Arabia in 1992G
- Professional Experience:
  - CEO of Adwan Chemical Industries Company Limited (Riyadh, Saudi Arabia) from 2006G to date. Adwan Chemical Industries Company is a limited liability company specializing in chemical industries
  - Managing director of Adwan Chemicals (Haisiya - Syria) 2006G to date. Adwan Chemical Industries Company is a limited liability company specializing in chemical industries
  - Board member of Adwan Chemicals (Mostaganem Province) Algeria from 2006G to date. Adwan Chemical Industries Company is a closed joint-stock company specializing in chemical industries

5 - 5 Senior Management

The Senior Management consists of a strong combination of experienced Saudi and non-Saudi nationals combining the best international practices with local knowledge.

The Chief Executive Officer (CEO) has primary responsibility for running Bawan's business and the performance of the Company in line with the objectives and directives of the Directors and Shareholders.

The Senior Management team consists of the following members:

Exhibit 5.3: Senior Management

Name	Title	Nationality	Age	Interest in the Company	Date of appointment in the Group
Suleiman Ayesh Abu-Lehyah	Chief Executive Officer of Bawan	Jordanian	45	-	4/7/2002G
Moayed Ibrahim Al-Mazrou	General Manager of BMI	Saudi	45	-	1/4/1993G
Abdullah Abdulaziz Al-Rubaia'a	General Manager of BWI and UWP and Managing Director of BMI	Saudi	53	-	1/5/1993G
Ahmed Mohammed Al-Osaimy	CEO of Bina Holding, Bina Precast, Bina ReadyMix	Saudi	33	-	1/1/2007G
Fathi Mohamed Omar	Executive General Manager of UTEC	Jordanian	62	-	1/1/2007G
Walid Elias Semaan	Executive General Manager of USSG	Lebanese	64	-	1/1/2007G
Abdul Rahman Ibrahim Al Modaimegh	Vice Chairman for Business Development of Bawan	Saudi	33	-	8/7/2007G
Hatim Abdullah Al-Ghamdi	Vice Chairman - Administrative and Legal Department, and Secretary of the Board of Bawan	Saudi	37	-	18/9/2010G
Mohammed Ahmed Al Balawi	CFO of Bawan	Jordanian	35	-	10/12/2011G
Basem Hijaz	Internal Audit Manager of Bawan	Jordanian	33	-	23/6/2008G

Source: Bawan

Experience and Qualifications of Senior Management and the Secretary of the Board:

a. Suleiman Ayesh Abu-Lehyah

- Nationality: Jordanian
- Age: 45 years
- Position: Chief Executive Officer of Bawan since 2011G
- Qualifications: Bachelor's Degree in Electrical Engineering from KFUPM, Dhahran, Saudi Arabia in 1989G and a Master's Degree in Business Administration from the same university in 1997G
- Current Professional Experience:
  - Board membership:
    - Chairman of United Company of Electrical Industries since 2009G to date. United Company of Electrical Industries is a limited liability company specializing in electrical copper wires industries
    - Board member of UTEC since 2009G to date. UTEC is a limited liability company specializing in the production of electrical transformers

- Board member of USSG since 2009G to date. USSG is a limited liability company specializing in the production of substations and switchgears
- Board member of UTECS since 2008G to date. UTECS is a limited liability company specializing in the production of electrical transformers
- Board member of BMI since 2011G to date. BMI is a limited liability company specializing in the production of metal products
- Board member of BWI since 2011G to date. BWI is a limited liability company specializing in the production of wood products
- Board member of UWP since 2011G to date. UWP is a limited liability company specializing in the production of wood products
- Board member of Bina Industrial Investments Holding since 2011G to date. Bina Holding is a limited liability company specializing in investing in concrete companies
- Board member of Arnon Plastic Industries since 2010G to date. Arnon Plastic Industries is a limited liability company engaged in plastic industries
- Board member of Supply and Projects Company since 2011G to date
- Board member of United Cable Industries (UCIC) since 2013G to date. UCIC is a Jordanian public joint-stock company working in the electric cables industry
- Deputy-chairman of the Construction Industries Committee at the Chamber of Commerce and Industry in Riyadh since 2008G to date

- Previous professional experience:
  - Executive positions:
    - Engineer Suleiman Abu-Lehyah founded United Transformers Electric Company and worked as the Executive General Manager of that Company, Riyadh from year 2001G till 2008G and worked afterwards as the Chief Executive Officer (CEO) of UTEC Group, a limited liability company specializing in the production of electrical transformers
    - Executive General Manager of Supply and Projects Company from 1999G to 2001G. Supply and Projects Company is a limited liability company engaged in the trade of construction materials
    - Various positions in the Saudi Transformers Company Ltd., the latest of which was Marketing and Sales Manager, and Supplies Manager from 1989G to 1999G. Saudi Transformers Company is a limited liability company specializing in the production of electrical transformers

b. Moayed Ibrahim Al-Mazrou

- Nationality: Saudi
- Age: 45 years
- Position: General Manager of BMI since 1997G
- Qualifications: He holds a Bachelors degree of Science in Mechanical Engineering from King Saud University, in 1993G
- Current Professional Experience:
  - Memberships:
    - Board member of Modern Heaters Co. Ltd. since 2008, and Chairman of the Board of Al Jazeera Company for Home Appliances after the merger of the two companies. It is (after the merger) a limited liability company specializing in the industry of heaters, refrigerators, air conditioners and home appliances
    - Board member of Al-Ayuni for Investments and Contracting Co. (a Saudi closed joint-stock company specializing in road works contracting and buildings contracting and maintenance) since 2013G to date
    - Member of the Sub-Committee of Structural Industries – Riyadh Chamber of Commerce from 2009G to date
    - Member of the Saudi Council of Engineers (a governmental body in charge of developing the engineering profession) from 2006G to date.
  - Executive positions:
    - General Manager of Al-Muhaidib Metal Industries Company (now Bawan Company) from 1997G to 2005G
    - Managing director of Al-Muhaidib Metal Industries Company (now Bawan Company), 2006G.
    - Deputy General Manager of UWP (a limited liability company specializing in the production of wood products) from 2001G to 2004G
    - General Manager of UWP (a limited liability company specializing in the production of wood products) from 2004G to 2006G

- Memberships:
  - Board member of Univest Company from 2006G to 2009G. Univest Company is a limited liability company specializing in the production of paints
  - Board member of United Metal Industries Company (Egypt) from 1999G to 2006G. United Metal Industries Company is a limited liability company engaged in metal industries
  - Member of the Sub-Committee for Metal and Aluminum Industries - Riyadh Chamber of Commerce and Industry, from 2000G to 2003G
  - Deputy Chairman of the Sub-Committee of Construction Materials - Riyadh Chamber of Commerce and Industry, from 2005G to 2007G
  - Chairman of the Technical Committee for Metal Industries – Saudi Arabian Standards Organization (governmental body) from 2001G to 2005G
  - Member of the Executive Council of Saudi Export Development Center- Saudi Chamber of Commerce and Industry, from 2005G to 2007G
  - Member of the Infrastructure and General Services Committee of the "Second Industrial City Management Council" in Riyadh from 1997G to 2000G

c. Abdullah Abdulaziz Al-Rubaia'a

- Nationality: Saudi
- Age: 53 years
- Position: General Manager of BWI and UWP since 1993 and Managing Director of BMI since 2013.
- Qualifications: He holds a Bachelors degree in accounting from King Saud University / Riyadh, 1983G, with post-graduation from City Bank Financial Institute / New York, 1987G
- Current Professional Experience:
  - Executive positions:
    - Mr. Al-Rubaia'a has established AlFozan Wood Industries Company in 1992 (currently Bawan Wood) and its subsidiaries within Saudi Arabia and abroad
    - He has been serving as CEO for Bawan Wood Industries Co. since 20 years to date
    - Managing Director of BMI since 2013G
  - Memberships:
    - Board member of AlFozan Social Foundation Association since 2001G to date. AlFozan Social Foundation Association is a social responsibility center affiliated to AlFozan Group
    - Board member of Arnon Plastic Industries since 2011G to date. Arnon Plastic Industries Company is a limited liability company engaged in plastic industries
    - Board member of BWI since 2011G to date. BWI is a limited liability company specializing in the production of wood products
    - Board member of UWP since 2011G to date. UWP is a limited liability company specializing in the production of wood products
- Previous Professional Experience:
  - Executive Positions:
    - Held various senior positions at Saudi Fund for Development (governmental body) from 1986G to 1991G
  - Memberships:
    - Board member of Eastern Industrial Committee - Chamber of Commerce for two consecutive terms from 2000G to 2008G
    - Board member of the Second Industrial City - Dammam, from 1996G to 2004G

d. Ahmed Mohammed Al-Osaimy

- Nationality: Saudi
- Age: 33 years
- Position: CEO of Bina Holding, Bina Precast and Bina ReadyMix since 2007G
- Qualifications: holds a Bachelor degree in Finance from Prince Sultan University in Riyadh, Kingdom of Saudi Arabia in 2004G. He attended many training courses in administration, marketing and financial accounting
- Current Professional Experience:
  - Executive Positions:
    - Established and became the CEO of Bina Industrial Investments Holding, Bina Precast and Bina ReadyMix since 2007G to date. All of these companies are limited liability companies engaged in the field of concrete products

- Memberships:
  - Board member of Bina Industrial Investments Holding since 2009G to date. Bina Industrial Investments Holding is a limited liability company engaged in the field of concrete products
  - Board member of Inshaa Holding (Syria) since 2010G to date. Inshaa Holding is a limited liability company engaged in factories of readymix concrete
  - Board member of Ibrahim Abdullah Alfares and Brothers Holding Company (a limited liability company serving as a holding company for a number of companies engaged in various activities) since 2004G to date
  - Board member of the Eastern Province Young Businessmen - Eastern Province Chamber, since 2010G to date
  - Board member of the Saudi Indian Business Board- Saudi Chamber of Commerce and Industry, since 2009G to date
  - Board member of Saudi Italian Business Board- Saudi Chamber of Commerce and Industry, since 2009G to date

- Previous Professional Experience:
  - Executive positions:
    - Quality and Projects Manager of Ibrahim Abdullah Alfares and Brothers Holding Company from 2001G to 2006G. Ibrahim Abdullah Alfares and Brothers Holding Company is a limited liability company serving as a holding company for a number of companies engaged in various activities
    - Established Bina ReadyMix, and was the General Manager of the Company from 2006G to 2009G. Bina ReadyMix is a limited liability company engaged in the field of concrete production
    - Established Bina Precast, and was the General Manager of the Company during 2008G-2009G. Bina Precast is a limited liability company engaged in the field of concrete production

e. Fathi Mohamed Omar

- Nationality: Jordanian
- Age: 62 years
- Position: Executive General Manager of UTEC since 2008G.
- Qualifications: holds a Bachelor's degree of Science in Electric Engineering from Sind University, Pakistan, in 1973G
- Previous Professional Experience:
  - Executive Positions:
    - Marketing and Sales Manager at UTEC from 2002G to 2008G. UTEC is a limited liability company engaged in the production of electrical transformers
    - Regional manager for Middle East Specializing Cables (MESC) from 2000G to 2002G. MESC is a Saudi public joint-stock company specializing in cables production
    - General Manager and partner in Hamad AlMutaweh Trade Company from 1979G to 1988G. Hamad AlMutaweh Trade Company is a limited liability company engaged in the trade of generators
    - Operation Engineer in Shweikh Stations (power generation and water distillation stations) in Kuwait from 1975G to 1979G

f. Walid Elias Semaan

- Nationality: Lebanese
- Age: 64 years
- Position: Executive General Manager of USSG since 2008G.
- Qualifications: Holds a Bachelor's degree in History from the Lebanese University, Lebanon in 1973G
- Previous Professional Experience:
  - Executive Positions:
    - General Manager for Projects & Supplies Company from 2006G to 2008G. Projects & Supplies Company is a limited liability company engaged in the trade of construction materials
    - General Manager for Riyadh Factory for Panel Boards Company from 1988G to 2006G. Riyadh Factory for Panel Boards Company is a limited liability company engaged in the production of electrical distribution panels

g. Abdul Rahman Ibrahim Al Modaimegh

- Nationality: Saudi
- Age: 33 years
- Position: Vice President of Business Development in Bawan since 2011G
- Qualifications: Holds a Bachelor's Degree of Science in Finance from Prince Sultan University, Riyadh
- Current Professional Experience:
  - Membership:
    - Board member of Bina Industrial Investments Holding since 2011G to date. Bina Industrial Investments Holding is a limited liability company investing in concrete production companies
- Previous Professional Experience:
  - Executive Positions:
    - Senior Credit Analyst at the Saudi Industrial Development Fund (governmental body) from 2004G, where he underwent an intensive training program in Credit and Risk analysis in New York, and then worked in managing a credit portfolio until 2007G
    - Deputy General Manager of Bina Precast (a limited liability company engaged in the field of concrete production) from 2007G until 2009G
    - General Manager of Bina ReadyMix (a limited liability company engaged in the field of concrete production) from 2009G until 2011G

h. Dr. Hatim Abdullah Al-Ghamdi

- Nationality: Saudi
- Age: 37 years
- Position: Vice President for Legal and Administrative Department in Bawan and the secretary of the Board of Directors of Bawan since 2010G
- Qualifications: Holds a Bachelor's Degree in Shariaa from the Islamic University, Saudi Arabia in 1999G and a Diploma in Studies of Regulations from the Institute of Public Administration in Riyadh, Saudi Arabia, in 2005G, and a PhD in commercial law from Rochville University, 2010G
- Current Professional Experience:
  - Memberships:
    - Member of Governance Committee at Al-Hammadi Development & Investment Co. (a closed joint-stock company specializing in medical investments and trading in medical equipment), in Riyadh, since 2009G to date
    - Board Member and Chairman of the Audit Committee at Al-Baha for Development and Investment Co. (ABDICO) from 2013G to date. ABDICO is a Saudi closed joint-stock company engaging in the development of agricultural and industrial projects and plants
- Previous Professional Experience:
  - Executive Positions:
    - Compliance Officer at Morgan Stanley Saudi Arabia Company (a Saudi financial closed joint-stock company) from 2005G to 2007G
    - Investigator at the Inspection and Investigation Authority (a governmental body) from 2000G to 2005G

j. Mohammed Ahmed AlBalawi

- Nationality: Jordanian
- Age: 35 years
- Position: Chief Financial Officer of Bawan since 2011G
- Qualifications: Certified accountant by the State of California Accounting Board since 2010G.He holds a higher diploma in Business Administration from Amman Arab University for high studies in 2002G and a Bachelor degree in Accounting from Zerka University in Jordan, 2000G
- Previous Professional Experience:
  - Executive Positions:
    - Financial controller in 2011G at Oxide Industrial Group (UAE), a limited liability company engaged in industrial development
    - Audit Manager at Deloitte and Touche Bakr Abulkhair (chartered accountant) from 2005G to 2011G
    - Senior accountant in Al Bassam Accounting office (chartered accountant) from 2003G to 2005G
    - Financial analyst in Al Baraka Financial Consultancy office, a limited liability company in Jordan, from 2001G to 2003G

k. Basem Taiseer Hijaz

- Nationality: Jordanian
- Age: 33 years
- Position: Director of Internal Audit at Bawan since 2008G
- Qualifications: Holds a Bachelor's in Accounting from the faculty of Business Administration at the University of Jordan in 2002G, and is also a Certified Internal Auditor, Certified Financial Auditor, Certified Information System Auditor, Certified in Risk and Information System Control, and a Certified Internal Control Auditor
- Previous Professional Experience:
  - Executive positions:
    - Resource Protection Specialist and Internal Auditor at United Electronics Company (EXTRA) from 2004G to 2008G. EXTRA is a Saudi public joint-stock company engaged in the trade of electronics
    - Senior Internal Auditor at Jordan Electricity Power Company (a public joint-stock company specializing in electrical power) from 2003G to 2004G

5 - 6 Executives Contracts Summary

The following summarizes the executive contracts of the Company's Senior Management:

Exhibit 5.4: Summary of the Executive Contracts of the Company's Senior Management

No.	Name	Position	Contract Date	Contract Expiry Date
1.	Suleiman Ayesh Abu-Lehyah	CEO	01/01/2011G	31/12/2013G
2.	Hatim Abdullah Al-Ghamdi	Vice President for Legal and Administrative Affairs	18/09/2010G	Non-fixed term contract
3.	Abdul Rahman Ibrahim Al Modaimegh	Vice President of Business Development	16/04/2011G	15/4/2014G
4.	Mohammed Ahmed Al-Balawi	Vice President of the Financial Officer	10/12/2011G	9/12/2013G

Source: Bawan

Based on their employment contracts, the above persons shall not conduct any business for their own interests or for others, with or without pay, throughout their employment contracts. Further, they shall not work for any competitor of the Company or conduct any business that competes with the Company business within 2 years after expiry of their contracts.

5 - 7 Declarations of Directors, Senior Management, CFO, and Secretary of the Board

The Directors, Senior Management, and Secretary of the Board declare that

- They have not at any time been declared bankrupt or been subject to bankruptcy proceedings;
- They have not been appointed over the five past years at an administrative or supervision position in an insolvent company (Except as stated under (5-4-a) of this prospectus " Experience and Qualification of the Directors" Section);
- Except as disclosed in section 5.3 of this Prospectus under "Board Members", neither they nor any of their relatives or affiliates have a direct or an indirect interest in the Shares or debt instruments of Bawan;
- Except as disclosed in section 11.10 of this Prospectus under "Related Party Transactions", they do not themselves, nor do any relatives or affiliates, have any material interest in any written or verbal contract or arrangement, in effect or contemplated, at the date of the Prospectus which is significant in relation to the business of Bawan;
- Neither the Director nor the executive officer may vote on a contract or proposal in which he has a material interest;
- They do not have any rights to borrow from the Company;
- Except as otherwise disclosed in this Prospectus, there has been no material change in the financial

or trading position of the Company during the three years immediately preceding the date of submission of the listing application and acceptance of such listing, and in the period between the end of the period covered by the auditor's report and the date of approval of this Prospectus;

- They do not currently have the intention to implement a material change to the Company's activities and there has been no interruption in the Company's and its subsidiaries business that may affect or have a significant impact on its financial situation during twelve months preceding the date of this Prospectus;
- There is no existing scheme to allocate shares to the Company employees, before the Company has applied for listing on the Stock Exchange and the same has been approved, and there is no other arrangement for employees' participation in the company's capital.

5 - 8 Committees and Duties of the Board of Directors

The Board has established a number of committees, as required, to enable it to ensure the best performance of the Company's management. In this respect, the Board has ensured the following:

- All committees have approved function rules that identify their roles and responsibilities.
- Each committee's powers are clearly specified.
- Minutes are prepared for all meetings and they are reviewed and approved by all Directors.

The Company currently has the following committees in place:

5 - 8 - 1 Executive Committee

The Executive Committee is responsible for reviewing the policies and strategic goals of the Company and monitoring their implementation. The Board determines the mechanism of the committee's performance and authorities. The committee takes resolutions relating to emergencies that require urgent resolutions, and takes resolutions relating to the Company's daily activities, as well as periodic review of the strategic plans and operational objectives of the Company and its subsidiaries to ensure their conformity with the Company's objectives.

The Executive Committee has the following members:

Exhibit 5.5: Members of the Executive Committee

	Name	Position
1	Raed Ibrahim Al-Mudaiheem	Chairman
2	Fozan Mohammad Al Fozan	Member
3	Basil Mohammed Al-Gadhib	Member

Source: Bawan

The following is a brief profile of members of the Executive Committee:

Raed Ibrahim Al-Mudaiheem

Mr. Al-Mudaiheem is the Chairman of the Executive Committee and a member of the Board of Directors of Bawan.

Please refer to Section 5.4 for the CV of Mr. Al-Mudaiheem.

Fozan Mohammad Al Fozan

Mr. Fozan is a member of the Executive Committee and a member of the Board of Directors of Bawan.

Please refer to Section 5.4 for the CV of Mr. Al Fozan.

Basil Mohammed Al-Gadhib

Mr. Al-Gadhib is a member of the Board of Directors of Bawan, and a member of its Executive Committee.

Please refer to Section 5.4 for the CV of Mr. Al-Gadhib.

5 - 8 - 2 Audit Committee

The Audit Committee oversees financial, risk management and internal control aspects of the Company's operations. Its responsibilities include the review and discussion of the Company's interim and annual financial statements. The committee also oversees the work on the Company's external auditors and reviews the effectiveness of external and internal audit and has the authority to engage such external experts, as it feels necessary to fulfill its obligations of overseeing on the financial affairs of the Company. The Audit Committee has the responsibility of reviewing the effectiveness of the Company's systems of internal control, accounting information systems and finance department competencies and capabilities in light of compliance with generally accepted accounting standards.

The Audit Committee is comprised of the following members:

Exhibit 5.6: Members of the Audit Committee

	Name	Position
1	Mazen Ahmed Al-Jubeir	Chairman
2	Kenneth Charles Ebrahim	Member
3	Ammar Mohammed Al-Ghoul	Member
4	Walid Yusuf Nasser	Member

Source: Bawan

Mazen Ahmed Al-Jubeir

Mr. Al-Jubeir is a member of the Board of Directors of Bawan and the Chairman of its Audit committee.

Please refer to Section 5.4 for the CV of Mr. Al-Jubeir.

Kenneth Charles Ebrahim

- Nationality: Indian
- Age: 44 years
- Position: member of the Audit Committee for Bawan
- Qualifications: Mr. Ebrahim holds a Bachelor's degree in Commerce from Mumbai University, India in 1988, and an I.C.W.A from India, 1990G, a C.A. degree from India, 1991, and a C.I.A degree from the United States of America, 2001G.

- Professional Experience:
  - Financial controller of Atheel Holding since 2011G to date.
  - Senior manager at Deloitte & Touche, Saudi Arabia from 1997G to 2006G.
  - Senior Finance Manager at Al Fahim, Abu Dhabi, from 2006G to 2009G.
  - Financial Controller at General Trading Company, Saudi Arabia, from 2009G to 2011G.

Ammar Mohammed Al-Ghoul

- Nationality: Jordanian
- Age: 38 years
- Position: member of the Audit Committee for Bawan
- Qualifications: Mr. Al-Ghoul holds a Bachelor's degree in Accounting from Jordan in 1998, and also a Certified Public Accountant (CPA) from the State of Colorado, U.S.A in 2006G.
- Professional Experience:
  - Member of the First Company for Development's Audit Committee since 2012G to date.
  - Chief Financial Officer of Al-Fozan Holding Company since 2010 to date.
  - Member of United Electronics Company's (EXTRA) Audit committee since 2010 to date.
  - Board member of Arnon Plastic Industries Company since 2010 to date.
  - Director of Audit and Assurance Services with Deloitte and Touche Saudi Arabia from 2001G to 2010G.

Walid Yusuf Nasser

- Nationality: Palestinian
- Age: 66 years
- Position: Member of the Audit Committee for Bawan
- Qualifications: Mr. Nasser hold a Master's degree in Accounting from Bowling Green State University, USA, in 1969, a Bachelor's degree in Trade from the Arab University in Lebanon in 1968, and a Certified Public Accountant (CPA) from the State of Massachusetts in the United States of America.
- Professional Experience:
  - Director of the Internal Audit Department in Al Muhaidib Group of Companies since 2010 to date.
  - Partner in AlJureid-PriceWaterhouse in Saudi Arabia from 1992 to 2010.
  - Senior Manager at AlJureid-PriceWaterhouse in Saudi Arabia from 1986 to 1992.
  - Senior Manager at Arthur Andersen, Saba and Co. from 1969 to 1980.

The roles and responsibilities of the Audit Committee include, but are not limited to:

- Supervising the Company's internal audit department to ensure its effectiveness in executing the activities and duties assigned to it by the Board of Directors.
- Reviewing the internal audit controls and procedures and issuing a written report setting out the results of such review and its related recommendations.
- Reviewing internal audit reports and ensuring implementation of corrective measures recommended therein.
- Advising the Board of Directors regarding the appointment, dismissal, and remuneration of external auditors.
- Supervising the activities of the external auditors and approving any activities beyond the scope of the audit work initially assigned to them during the performance of their duties.
- Working with the external auditors to review and evaluate the annual audit and the framework and methodology of the audit plan.
- Reviewing the external auditor’s comments on the financial statements and following up on all recommendations concerning the same.
- Reviewing the interim and annual financial statements prior to their presentation to the Board of Directors and issuing recommendations with respect thereto.
- Reviewing the applicable accounting policies and advising the Board of Directors on recommended updates or amendments.

5 - 8 - 3 Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is: recommending to the Board of Directors appointments for membership on the Board; reviewing the appropriate skills needed for Board membership each year; and verifying annually the independence of the independent Directors.

The Nomination and Remuneration Committee has the following persons:

Exhibit 5.7: Members of the Nomination and Remuneration Committee

	Name	Position
1	Abdullah Abdullatif Al-Fozan	Chairman
2	Essam Abdulkader Al-Muhaidib	Member
3	Raed Ahmed Al-Mazrooh	Member

Source: Bawan

Please refer to Section 5.4 for the CVs of the above members.

The roles and responsibilities of the Nomination and Remuneration Committee include, but are not limited to:

- Recommending to the Board of Directors appointments for membership on the Board in accordance with the approved policies and standards. The Committee shall ensure that no person who has been previously convicted of an act infringing on honesty or integrity is nominated for such membership.
- Reviewing the appropriate skills needed for Board membership each year and generating a description of the capabilities and qualifications required for the membership of the Board, including the amount of time that a Director is required to dedicate to the Board's functions;
- Reviewing the structure of the Board and submitting recommendations on potential changes;
- Identifying the strengths and weaknesses of the Board and proposing corrective actions that are consistent with the Company's interests;
- Verifying annually the independence of the independent Directors and ensuring the absence of any conflict of interest if a Director serves as a member of the Board of another company; and
- Drawing up clear policies for the remuneration of the Board members and senior executives using performance criteria in the determination of such remunerations.

5 - 8 - 4 Company's Undertakings Post Listing

The Company undertakes to fulfill the following, after its listing:

- To apply the accumulative voting method, which has already been adopted, in the General Assemblies in relation to the appointment of the members of the Board of Directors, and provide the Corporate Governance Department with a time schedule for the implementation of the accumulative voting method. The accumulative voting method is a voting method that grants each shareholder a voting right according to the number of shares that he owns, through which he is either entitled to vote for one nominee or to divide his votes among the nominees that the shareholder selects, without any repetition of such votes.
- To provide precise responses to all the paragraphs of Form (8) issued by the CMA, and to state the reasons where there is non-compliance with the Corporate Governance Regulations, and to declare in the Board of Directors report the articles that the Company failed to comply with along with the relevant reasons.
- To abide by the provisions of the Listing Rules and the Corporate Governance Regulation when drafting the Board of Directors' report.
- To comply with all the mandatory Articles contained in the Corporate Governance Regulation within six months from listing.
- To provide the CMA with complete information regarding its related party transactions; display this matter in a detailed manner at the first upcoming General Assembly held by the Company after its listing; and disclose the same in the Board of Directors' report.
- To provide the CMA with a copy of the conflict of interest management policy prepared by the Board of Directors within six months from the Company's listing.
- To provide the Companies Department with the date of convening the first upcoming General Assembly after the listing of the Company, in order for the Department to arrange for its attendance.

- To provide the CMA with copies of the minutes of the General Assemblies within ten days as of the meeting date, and inform the Exchange of the results of the general meetings immediately after their completion.
- To notify the CMA and the Exchange immediately upon termination of the term of a member of the Board of Directors and indicate the reasons for such termination.

5 - 9 Remuneration of the Board of Directors and Senior Management

The Members of the Board of Directors did not receive any remuneration or compensation for the financial years ended 31 December 2011G and 2010G.

Remuneration of independent Members of the Board of Directors amounted to SAR 0.62 million for the year ended 31 December 2012G.

The Members of the Board of Directors did not receive any remuneration or compensation for the financial periods ended 30 June 2012G and 2013G.

The total expenses paid to Senior Management, including the five executive managers and the CEO and the CFO, amounted to SAR 0.73 million, SAR 5.0 million and SAR 5.8 million, respectively for the years ended 31 December 2010G, 2011G and 2012G. This includes basic salaries, housing, and other benefits. The total expenses paid to Senior Management for the financial period ending 30 June 2013G amounted to SAR 4.3 million.

The Chairman and the Board members may not vote for decisions relating to their own remuneration. Board members and Senior Management at the Company do not have any powers enabling them to borrow from the Company or vote on any contract or proposal in which they have a material interest. And, except for what is stated in this Prospectus, the Company declares that there is no contract or arrangement in effect or contemplated at the time of submission of the Prospectus in which any Senior Manager or director or any of their relative is materially interested in the business of the Company.

5 - 10 Corporate Governance

Corporate governance aims at providing a series of relationships between the Company, its senior management, Board of Directors, Shareholders and other related parties, which define the process of clarifying the Company's objectives and methods of achieving such objectives.

The Company has a clear division of responsibilities between the Board of Directors and Senior Management of the Company and, in keeping with the best international practices, all the Company’s directors are non-executives.

The Company’s Senior Management is a highly experienced and skilled team who is given sufficient executive authority to effectively manage the Company within the guidelines laid down by the Board of Directors

On 18/2/2012G corresponding to 26/3/1433H, the Company held its Ordinary General Assembly which approved the Corporate Governance Regulations and internal governance regulations, as well as the Audit Committee and the Nomination and Remuneration Committee regulations, the guidelines for selecting members of these committees, the term of their membership and their working method. On 25/10/1433H corresponding to 12/09/2012G, the Company's Ordinary General Assembly adopted the rules and mechanisms organizing relationships between Bawan Company, its Subsidiaries and the companies owned by members of the Board of Directors. The Company has also amended its governance manual and internal governance policy, including regulations regarding the Audit Committee and the Nomination and Remuneration Committee, to include all the mandatory provisions contained in the Corporate Governance Regulations issued by the CMA. Upon the recommendation of the Board of Directors, the Company's governance manual and internal governance policy were approved by the ordinary general meeting held on 11/05/1434H, corresponding to 11/09/2013G.

The Company undertakes to abide by all the mandatory provisions of the Corporate Governance Regulations issued by the CMA, during a maximum period of 6 months from the listing date.

5 - 10 - 1 Conflict of Interest

According to Article 69 of the Companies Regulations, a Board member may not have any interest, whether directly or indirectly, in the transactions and contracts made for the account of the Company, except with authorization from the Ordinary General Assembly, which shall be renewed annually. Transactions made by way of public bidding shall, however, be excluded from this prohibition, if the Board member has submitted the best offer. Contracts related to those operations are subject to a vote by the shareholders during the Ordinary General Assembly.

The Board member must declare to the Board any personal interest he may have in the transactions or contracts made for the account of the Company. Such declarations must be recorded in the minutes of the Board meeting and the Board member in question shall not vote for the relevant resolution.

The Chairman shall communicate to the Ordinary General Assembly (when it convenes) the transactions and contracts in which any board member has a personal interest. Such communication shall be accompanied by a special report from the auditor.

Article 70 of the Companies Regulations provides that a Board member may not, without an authorization from the Ordinary General Assembly to be renewed annually, participate in any business which competes with that of the Company, or engage in any of the commercial activities carried out by the Company; otherwise, the Company shall have the right either to claim damages from him or to consider the operations he has conducted for his own account as having been conducted for the account of the Company.

Finally, the Chairman and the Board members may not vote for decisions relating to their own wages and allowances. Board members and senior executives shall not have any powers enabling them to vote on their wages during the Assembly meetings. Board members and senior executives at the Company do not have any powers enabling them to borrow from the Company or vote on any contract or proposal in which they have a material interest.

5 - 11 Commitment to Saudization

The Company and its Subsidiaries follow an ambitious policy on Saudization. The Company has been supportive of Saudi Arabia's goal to eliminate unemployment and create job opportunities for its citizens and has been increasing its efforts to support it. As of 30/06/2013G the Group has 590 Saudi employees, and 2,220 non-Saudis. The Company and its subsidiaries are classified under the "green" category of the Nitaqat program, except for Bina Readymix which falls under the "yellow" category.

According to the Nitaqat program, the Saudization requirements for companies are based on comparison of companies within the same industry. Companies are classified under the four following categories:

- Red category: applies to companies that do not comply with Nitaqat program requirements. A company can be classified into this category if it has less than 5% Saudi workers among its staff.
- Yellow category: applies to companies that do not comply with Nitaqat program requirements but have a higher percentage of Saudi workers. A company can be classified into this category if the number of Saudi workers among its staff is over 6% and less than 14%.
- Green category: applies to companies that comply with Nitaqat program requirements. A company can be classified into this category if the number of Saudi workers among its staff is over 15% and less than 29%.
- Premium category: applies to companies that comply with Nitaqat program requirements and where the number of Saudi workers exceeds a certain percentage. A company can be classified into this category if the number of Saudi workers represents more than 30% of its total staff.

6. Management Discussion and Analysis of Financial Condition and Results of Operation

6 - 1 Introduction

The following discussion and analysis of the financial condition and results of the Group is based upon, and should be read together with the consolidated audited financial statements of the Group as at 31 December 2010G, 2011G and 2012G, and the six-month period ending 30 June 2012G and 2013G, and the notes thereto, each of which have been audited by Deloitte & Touche Bakr Abulkhair & Co. in accordance with SOCPA accounting standards.

Deloitte & Touche Bakr Abulkhair & Co. do not themselves, nor do any of their relatives or affiliates have any shareholding or interest of any kind in the Group. They have furnished and not withdrawn their written consent to the reference in the Prospectus to their role as auditors of the Group for the fiscal years ended 31 December 2010G, 2011G and 2012G, and the six-month period ending 30 June 2012G and 2013G.

This section may include forward-looking statements in connection with the Group's future prospects based on the management's current plans and expectations regarding the Group's growth, results of operations, and financial conditions, and as such involve risks and uncertainties. The Group's actual results could differ materially from those expressed or implied in these forward-looking statements as a result of various factors and future events, including those discussed below and elsewhere in the Prospectus, particularly in Section 2 "Risk Factors".

6 - 1 - 1 Directors' Declaration for Financial Information

The Directors declare that the financial information presented in this Prospectus is extracted without material adjustment from the consolidated audited financial statements of the Group for the fiscal years 2010G, 2011G and 2012G, and the six-month period ending 30 June 2012G and 2013G, and that the Group consolidated financial statements have been prepared and audited in accordance with SOCPA accounting standards.

The Directors further declare that there has been no material adverse change in the financial or trading position of the Company and its subsidiaries during the three fiscal years immediately preceding the date of this Prospectus and up to 30 June 2013G; and from 30 June 2013G and up to the date of the Prospectus. The Directors also declare that the Company will have sufficient funds to cover its working capital requirements for the twelve months immediately following the date of the prospectus.

The Directors confirm that all material facts regarding the Company and Subsidiaries and their financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of which would make any statement herein misleading.

The Directors represent that no commissions, discounts, brokerage fees or non-cash compensations were given by the Company or any of its subsidiaries, in the three years immediately preceding the date of submission of its listing application or acceptance of such listing, in relation to the issuance or sale of any securities.

The Directors confirm that neither the Company's capital nor the capital of any subsidiaries is under option.

6 - 1 - 2 Significant Accounting Policies

The Group's audited consolidated financial statements are prepared in compliance with the accounting standards issued by SOCPA. The Group's significant accounting policies are set out in note 3 (2010G and 2011G) and note 2 (for 2012G and the six-month period ending 30 June 2012G and 2013G) to the Group's consolidated financial statements included in Section 17 "Audited Financial Statements".

6 - 1 - 3 Current Trading and Prospects

Up until the end of June 2013G, the Group implemented its strategy of expansion by acquiring companies in similar businesses, no substantial change is expected onwards and the Group will now continue to operate in its current state for the near future.

Furthermore, the Group will now focus on the efficiency of its lines of business as well as reinforcing revenue growth while strengthening margins.

6 - 2 Principal Factors Affecting the Group's Operations

6 - 2 - 1 Macroeconomic Conditions and Public Sector Spending

Demand for the Group's products is determined mainly by the demand for construction and infrastructure in Saudi Arabia. The Saudi Government has been keen on developing the country's infrastructure to meet the growing demands of an increasing population and industrial expansion. Section 3 "Market Description and Overview" provides more details on the key drivers for demand for construction and infrastructure in the KSA as well as a brief analysis of historical trends.

6 - 2 - 2 Demand for the Products

The Group has four main SBU's, namely Metal, Wood, Electric and Concrete. Each SBU manufactures a range of products that are sold in the local and international markets, especially in the GCC and some Arab countries. The demand for these products is primarily driven by construction activities and Government spending on infrastructure. The strong demand created by Government projects kept demand buoyant for the various products manufactured by the Group.

The Metal SBU includes: BMI and BMI - SPC (Bahrain). Metal SBU's sales mainly comprise straight and drawn bars, cut and bend, wire drawing, wire mesh and rebars. This SBU's sales are driven by the trends in the construction industry, including private as well as public sector infrastructure activities in Saudi Arabia. The Metal SBU customers include, among others, related parties which are mainly the subsidiaries of Al Fozan and AlMuhaidib Group of companies. The largest non-related party customers are the construction companies in KSA. The sales of this SBU grew in the period between 2010G and June 2013G due to increasing demand from major customers and the commencement of commercial activity of the iron bar coating factory in Jeddah in 2012G.

The Wood SBU includes: UWP, BWI, Al-Raya Woodworks (Kuwait) and Al-Raya Woodworks (UAE). Wood SBU's principal activities include manufacturing of packaging materials and decorative panels and lamination sheets and the demand for its products are linked to the economic activity in KSA and in particular to the petrochemical and industrial sector. The main customers include, but not limited to, Aramco, SABIC, and Tasnee. The Wood SBU sales grew in the period between 2010G and end of June 2013G as the commercial activity of the two new units' factories started in Jubail and Yanbu, and demand from its key customers remained high, driven by high oil prices which increased the investment levels in the petrochemical and industrial sector.

The Electrical SBU includes: BEIC, UTEC, UTECS and USSG. Electrical SBU's sales mainly comprise transformers of various sizes which are sold in the KSA, and in other Arab, European and African countries. The demand is linked to the construction and infrastructure spending in the economy and particularly by local utility providers such as the SEC, which is also one of its key customers. This unit is one of the pre-approved suppliers of transformers to SEC. The Electrical SBU sales grew in the period between 2010G and end of June 2013G due to the beginning of USSG commercial activity in 2011G, which in turn increased the number of sold units and ensured continued high demand from the main customers.

The Concrete SBU includes Bina Precast, Bina Readymix and Bina Holding. The Concrete SBU only started operations in 2007G, to meet domestic demand for pre-cast and readymix concrete.

The Concrete SBU obtained numerous approvals, credits and certificates of quality and customer satisfaction based on the satisfaction of major local and regional companies such as Saudi Arabian Oil Company (Aramco), the Royal Commission for Jubail and Yanbu, SABIC, the Ministry of Water and Electricity, the Saudi Electricity Company, the Ministry of Education, the Ministry of Higher Education, King Fahd University of Petroleum and Minerals, the University of Dammam, King Faisal University, the Saudi Food and Drug Administration, the Civil Aviation Authority and many other Government agencies as well as local and regional contracting companies. Furthermore, the Company has been involved in a number of projects that have been implemented across KSA with cooperation from various major engineering consultants. It is worth mentioning that the main driver of demand for the Concrete SBU's products are the construction activities comprising housing, commercial, industrial, educational and health projects, which serve the Company's customers in both the public and private sectors. This SBU's sales grew during the period from 2010G until the end of June 2013G due to the beginning of expansion works at the precast and ready-mix concrete factories, the continuously growing demand from key customers and the arrival of new customers. (*For more information, please see Section 3 - Market Description and Overview*).

6 - 2 - 3 Raw Material Prices and Suppliers

The raw materials for the various products manufactured by the four strategic SBUs are either procured locally or from the international markets. The raw materials imported from international markets are mostly in US dollars and thus the Group's exposure to exchange rate risks is minimal.

Steel prices are regulated by Saudi Iron and Steel Company (Hadeed) to a large extent as it is the main source of raw material for the Metal SBU. The raw material is purchased, as per the quota allocation of the Metal SBU, pursuant to the agreement with Hadeed. The dependency on a single supplier for raw material is due to lack of high quality raw material suppliers in the market. Since March 2010G, the Group has been able to buy raw material from other suppliers, such as Ittefaq Steel Products Company (ISPC) and Rajhi Steel Industries Company, pursuant to the new terms of the agreement with Hadeed. Under the new agreement, some restrictions were changed and the purchasing from local importers is now permissible.

The main raw materials used by Wood SBU are timber, wooden based panels such as Medium Density Fiber Panels ("MDF"), block board and plywood. Wood SBU procures timber which is used in the packaging business from Chile, Canada, Brazil, Germany and New Zealand. MDF and lamination sheets are mainly being imported from Malaysia, Thailand, China, Germany and Belgium while plywood is mainly being imported from France and Indonesia. As raw materials are procured from various suppliers, the Metal SBU has minimized the risk of being dependent on only one supplier for its raw material needs. As raw materials are readily available in the international markets and the prices have not seen major changes from 2010G to 30 June 2013G.

Copper is the main raw material used for the manufacturing of the transformers by Electrical SBU. The Electrical SBU procures copper cathode for confirmed orders and signed contracts from the London Metal Exchange via an agent using future contracts which range from one to three months. Copper is then sent to fabricators in different countries including Turkey, China, Italy, Germany and Korea, where it is fabricated into copper sheets and wires according to the Group's requirements. Recently, the Electrical SBU started procuring copper wire from one of its sister companies, United Company for Electrical Industries Limited (UCEIL), at market prices, lowering its dependency on other international suppliers. On average, the prices of copper have shown an upward trend between the years 2009G and 30 June 2013G.

The key raw materials required by Concrete SBU include cement, gravel (different form of rocks and stones) and sand. The Concrete SBU is currently procuring raw materials from different suppliers within Saudi Arabia. The raw materials are purchased pursuant to the contracts with these suppliers, usually at prevailing market prices. The cement prices are regulated to a certain extent by the MoCI in Saudi Arabia. The local cement companies have either expanded their existing capacities or are in the process of doing so, which could lead to a glut in the coming years which will keep the downward pressure on the cement prices. The Concrete SBU has no long-term supply agreements for steel, cement, sand and readymix as per industry practice.

6 - 3 Comparison of the Group Operations

The following table summarizes the Group results of operations for the years ended 31 December 2010G-2012G.

Exhibit 6.1: Results of Operations, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales	Change 2010G-2011G (%)	SAR '000	% of Total Group Sales	Change 2011G-2012G (%)
Sales	1,573,767	100.0	1,856,644	100.0	18.0	2,085,620	100.0	12.3
Cost of sales	(1,298,262)	(82.5)	(1,574,987)	(84.4)	21.3	(1,807,176)	(86.7)	14.7
Gross profit	275,505	17.5	281,657	15.2	2.2	278,444	13.4	(1.1)
General and administrative expenses	(73,833)	(4.7)	(79,019)	(4.3)	7.0	(83,992)	(4.0)	6.3
Selling and distribution expenses	(30,951)	(2.0)	(35,104)	(1.9)	13.4	(37,385)	(1.8)	6.5
Operating income	170,721	10.9	167,534	9.0	(1.9)	157,067	7.5	(6.3)

	2010		2011			2012		
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales	Change 2010-11 (%)	SAR '000	% of Total Group Sales	Change 2011-12 (%)
Other income (expense)	3,162	0.2	4,409	0.2	39.4	10,354	0.5	134.8
Pre-operating expenses	(6,853)	(0.4)	-	-	(100.0)	-	-	-
Finance charges	(10,372)	(0.7)	(13,875)	(0.8)	33.8	(17,697)	(0.9)	27.6
Net income before Zakat and non-controlling interests	156,658	10.0	158,068	8.5	0.9	149,724	7.2	(5.3)
Non-controlling interests	(7,195)	(0.5)	(12,370)	(0.7)	71.9	(13,294)	(0.6)	7.5
Net income before Zakat	149,463	9.5	145,698	7.9	(2.5)	136,430	6.5	(6.4)
Zakat	(9,335)	(0.6)	(10,464)	(0.6)	12.1	(5,255)	(0.3)	(49.8)
Net income	140,128	8.9	135,234	7.3	(3.5)	131,175	6.3	(3.0)

Source: Audited Consolidated Financial Statements

The Group's total sales increased by 18.0% in 2011G from SAR 1.6 billion in 2010G to SAR 1.9 billion in 2011G. The Group's total sales also increased by 12.3% in 2012G from SAR 1.9 billion in 2011G to 2.1 billion in 2012G, as the growth of economic activity led to higher sales across all SBUs during the period between 2010G and 2012G.

The following table illustrates the classification of local and export sales.

Exhibit 6.2: Classification of Local and Export Sales-2010G-2012G

Year	Local Sales		Export Sales	
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales
2012G	1,856,799	89.0	228,821	11.0
2011G	1,650,752	88.9	205,892	11.1
2010G	1,480,007	94.0	93,760	6.0

Source: Bawan

Total Group export sales increased in 2011G by 119.5%, from SAR 93.8 million in 2010G to SAR 205.9 million in 2011G. The main reason for such growth is the increase of BEIC export sales by 147.4%, from SAR 75.5 million in 2010G to SAR 186.7 million in 2011G. Total Group export sales also grew in 2012G by 11.1% from SAR 205.9 million in 2011G to SAR 228.8 million in 2012G, mainly due to the increase of BEIC export sales by 10.2% from SAR 186.7 million in 2011G to SAR 205.6 million in 2012G.

The cost of sales increased by 21.3% from SAR 1.3 billion in 2010G to SAR 1.6 billion in 2011G, and was associated with the increase in sales across all the Group's product lines. The cost of sales also increased by 14.7% in 2012G, from SAR 1.6 billion in 2011G to SAR 1.8 billion in 2012G, and was mainly due to an increase in sales across all the Group's product lines.

Cost of sales remained over 82.5% of total sales during the period between 2010G and 2012G. Over this period the gross profit decreased at a CAGR of 13.4%.

The Group recorded a gross profit margin of 17.5% in 2010G, compared to a gross profit margin of 15.2% in 2011G. The main reason for the gross profit margin increase in 2010G is the fluctuation of raw materials' prices, as the increase of raw material prices in the Metal and Wood SBUs during 2010G had a positive effect on the increase of sale prices, and contributed to the increase of the Metal and Wood SBU's profit margin, due to the use of available stock purchased in 2009G at a lower cost. The Group recorded a gross profit margin of 13.4% in 2012G, mainly due to decreasing export of transformers produced by the Electrical SBU in 2012G; incurred labor costs whilst obtaining approval from Saudi Electrical Company for USSG products, which was granted in late 2012G; decline in prices of the Metal SBU in relation to stock purchased at higher prices; and a general increase in competition.

In 2011G, the Group net income decreased by 3.5% from SAR 140.1 million in 2010G to SAR 135.2 million due to the gross profit margin decrease for both the Metal and Wood SBU's, which led to a decrease in the profit margin and therefore the net profit of the Group. Net income also decreased by 3.0% in 2012G from SAR 135.2 million in 2011G to SAR 131.2 million in 2012G, as a result of a decrease in the gross profit margin for the Metal, Electric and Concrete SBUs.

The following table summarizes the Group results of operations for the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.3: Results of Operations, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of Total Sales	SAR '000	% of Total Sales	Change 2012G - 2013G (%)
Sales	1,089,875	100.0	1,191,420	100.0	9.3
Cost of sales	(955,339)	(87.7)	(1,003,627)	(84.2)	5.1
Gross profit	134,536	12.3	187,793	15.8	39.6
General and administrative expenses	(40,191)	(3.7)	(48,191)	(4.0)	19.9
Selling and distributing expenses	(17,792)	(1.6)	(21,266)	(1.8)	19.5
Operating income	76,553	7.0	118,336	9.9	54.6
Other income (expenses), net	5,922	0.5	(6,154)	(0.5)	(203.9)
Finance charges	(8,332)	(0.8)	(9,196)	(0.8)	10.4
Net income before Zakat and non-controlling interests	74,143	6.8	102,986	8.6	38.9
Non-controlling interests	(3,972)	(0.4)	(12,251)	(1.0)	208.4
Net income before Zakat	70,171	6.4	90,735	7.6	29.3
Zakat	(3,481)	(0.3)	(6,415)	(0.5)	84.3
Net income	66,690	6.1	84,320	7.1	26.4

Source: Consolidated and audited financial statements

The Group's total sales increased by 9.3% from SAR 1.1 billion in the six-month period ending 30 June 2012G to SAR 1.2 billion in the six-month period ending 30 June 2013G, due to the increase in the economic activity during that period, in addition to the commencement of commercial activity at the iron bars coating factory of the Metal SBU, the ready-mix factory of the Concrete SBU and the completion of the expansion works related to the pre-cast factory of the Concrete SBU.

The following table shows the classification of local and export sales for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.4: Classification of Local and Export Sales, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	Local Sales		Export Sales	
	SAR '000	% of Total Sales	SAR '000	% of Total Sales
30 June 2012G	979,581	89.9%	110,294	10.1%
30 June 2013G	1,071,726	90.0%	119,694	10.0%

Source: Bawan

The Group's total export sales increased by 8.5% from SAR 110.3 million in the six-month period ending 30 June 2012G to SAR 119.7 million in the six-month period ending 30 June 2013G, primarily because of the increase in export sales of the Electrical SBU by 7.4% from SAR 100.8 million in the six-month period ending 30 June 2012G to SAR 108.3 million in the six-month period ending 30 June 2013G.

The cost of sales increased by 5.1% from SAR 955.3 million in the six-month period ending 30 June 2012G to SAR 1.0 billion in the six-month period ending 30 June 2013G, as a result of the increase of the Group's sales.

The Group recorded a gross profit margin of 12.3% in the six-month period ending 30 June 2012G, compared to a gross profit margin of 15.8% over the same period in 2013G. The main reason for the profit margin increase in the six-month period ending 30 June 2013G is the improvement of the profit margin of the Electric, Concrete and Metal SBUs.

The net income increased by 26.4% from SAR 66.7 million in the six-month period ending 30 June 2012G to SAR 84.3 million in 2013G. This was mainly due to the improvement of the Group's gross profit margin, as a result of the increase of the gross profit margin of the Electric and Concrete SBUs. The main reason of the increase of the gross profit margin of the Electrical SBU was the increase in the quantities sold from 7,470 units in the six-month period ending 30 June 2012G to 10,540 units in the six-month period ending 30 June 2013G and the increase of the average sale price. The main reason behind the increase of the gross profit margin of the Concrete SBU was the increase of quantities sold of readymix and precast concrete from 114.2 m^3 in the six-month period ending 30 June 2012G to 170.3 m^3 in the six-month period ending 30 June 2013G.

6 - 3 - 1 Sales by SBUs

The following table shows the Group's sales by SBU for the years ended 31 December 2010G-2012G.

Exhibit 6.5: Sales by SBU, 2010G-2012G

Sales	2010G		2011G			2012G		
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales	Change 2010-11 (%)	SAR '000	% of Total Group Sales	Change 2011-12 (%)
Metal	643,700	40.9	849,927	45.8	32.0	900,381	43.2	5.9
Wood	632,389	40.2	639,432	34.4	1.1	700,051	33.6	9.5
Electrical	336,504	21.4	354,031	19.1	5.2	439,218	21.1	24.1
Concrete	81,552	5.2	117,016	6.3	43.5	153,031	7.3	30.8
Inter group adjustments	(120,378)	(7.7)	(103,762)	(5.6)	(13.8)	(107,061)	(5.1)	3.2
Total	1,573,767	100.0	1,856,644	100.0	18.0	2,085,620	100.0	12.3

Source: Audited Consolidated Financial Statements and Bawan

Group sales increased by 18.0% in 2011G from SAR 1.6 billion in 2010G to SAR 1.9 billion in 2011G. Group sales also increased by 12.3% in 2012G from SAR 1.9 billion in 2011G to 2.1 billion in 2012G, as the growth of economic activity led to higher sales across all SBUs during the period between 2010G and 2012G.

In 2011G, the Metal SBU sales increased by 32.0% from SAR 643.7 million in 2010G to SAR 849.9 million in 2011G, as a result of increased demand for cut and bend, wire drawing and mesh products. Sales also increased in 2012G by 5.9% from SAR 849.9 million in 2011G to SAR 900.4 million in 2012G, as a result of higher sales of the same products.

In 2011G, the Wood SBU sales rose by 1.1% from SAR 632.4 million in 2010G to SAR 639.4 million in 2011G, due to increased sales resulting from increased demand for laminated panels. Wood SBU sales also increased in 2012G by 9.5% from SAR 639.4 million in 2011G to SAR 700.1 million in 2012G due to an increase in the average selling price and the number of units sold during that period.

In 2011G, the Electrical SBU sales increased by 5.2% from SAR 336.5 million in 2010G to SAR 354.0 million in 2011G, primarily because of increased sales of power stations, due to the beginning of commercial production at USSG, which in turn contributed to the increased sales of the Electrical SBU by SAR 17.5 million in 2011G, in addition to the increase in the sale of electrical transformers locally and abroad. The Electrical SBU sales also increased in 2012G by 24.1% from SAR 354.0 million in 2011G to SAR 439.2 million in 2012G due to the rise in sales of transformers and power stations during that period.

In 2011G, the Concrete SBU sales increased by 43.5% from SAR 81.6 million in 2010G to SAR 117.0 million in 2011G, mainly due to the commencement of commercial production of readymix concrete operations in October 2010G, which posted results for only three months of sales in 2010G, in comparison to a full year of sales in 2011G. Sales also increased in 2012G by 30.8% from SAR 117.0 million in 2011G to SAR 153.0 million in 2012G, due to increased quantities of readymix and precast concrete sold by the Concrete SBU.

Moreover, the contribution of SBUs in the Group's sales changed during the period from 2010G to 2012G, as the sales of the Wood SBU which represented 40.2% of the Group total sales in 2010G contributed to 34.4% and 33.6% of total sales in 2011G and 2012G respectively.

Inter-group adjustments represent sales achieved among the various SBUs and were deducted during the preparation of the Company's consolidated financial statements, in order to meet the requirements of generally accepted accounting standards. Inter-group adjustments accounted for 7.7%, 5.6%, and 5.1% of the Group total sales for the years ended 31 December 2010G, 2011G and 2012G respectively.

The following table summarizes the Group's sales by SBUs for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.6: Sales by SBUs, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales	Change 2012G - 2013G (%)
Metal	501,357	46.0	516,904	43.4	3.1
Wood	352,860	32.4	324,089	27.2	(8.2)
Electrical	214,092	19.6	307,820	25.8	43.8
Concrete	72,579	6.7	97,760	8.2	34.7
Inter group adjustments	(51,013)	(4.7)	(55,153)	(4.6)	8.1
Total	1,089,875	100.0	1,191,420	100.0	9.3

Source: Audited Consolidated Financial Statements and Bawan

Total Group sales increased by 9.3% from SAR 1,089.9 million in the six-month period ending 30 June 2012G to SAR 1,191.4 million in the six-month period ending 30 June 2013G, due to the increase in the economic activity, in addition to the commencement of commercial activity at the iron bars coating factor of the Metal SBU, the ready-mix factory of the Concrete SBU and the completion of the expansion works related to the pre-cast factory of the Concrete SBU.

The Metal SBU sales increased by 3.1% from SAR 501.4 million in the six-month period ending 30 June 2012G to SAR 516.9 million in the six-month period ending 30 June 2013G, due to the commencement of commercial activity at the iron bars coating factory in Jeddah and the increased demand for cut and bend products, which in turn increased the sold quantities during the six-month period ending 30 June. The sales of the Wood SBU decreased by 8.2% from SAR 352.9 million in the six-month period ending 30 June 2012G to SAR 324.1 million in the six-month period ending 30 June 2013G, due to the decrease of the sold quantities.

The Electrical SBU sales increased by 43.8% from SAR 214.1 million in the six-month period ending 30 June 2012G to SAR 307.8 million in the six-month period ending 30 June 2013G, primarily because of increased demand on electrical transformers and power stations, which, in turn, increased the sold quantities during the six-month period ending 30 June 2013G.

The Concrete SBU sales increased by 34.7% from SAR 72.6 million in the six-month period ending 30 June 2012G to SAR 97.8 million in the six-month period ending 30 June 2013G, mainly due to the increase of sales of readymix and precast concrete, as a result of the commencement of the commercial activity of the readymix concrete factory in Dammam and the completion of the expansion works related to the precast concrete factory.

Moreover, the contribution of SBUs in the Group's sales have also changed in the six-month period ending 30 June, as the sales of the Metal, Wood, Electrical and Concrete SBUs, which represented 46.0%, 32.4%, 19.6% and 6.7% of the total Group's sales in the six-month period ending 30 June 2012G, contributed to 43.4%, 27.2%, 25.8% and 8.2% in the six-month period ending 30 June 2013G respectively.

Inter-group adjustments represent sales achieved from the various SBUs and were deducted during the preparation of the Company's consolidated financial statements, in order to meet the requirements of generally accepted accounting standards. Inter-group adjustments accounted for 4.7% and 4.6% of the total Group's sales during the six-month period ending 30 June 2012G and during the six-month period ending 30 June 2013G respectively.

6 - 3 - 1 - 1 Metal SBU Sales

The table below shows the product-wise sales of Metal SBU for the period 2010G-2012G.

Exhibit 6.7: Product-wise Sales – Metal SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2010G-2011G G(%)	SAR '000	% of SBU Sales	Change 2011G-2012G (%)
Cutting and bending	301,318	46.8	407,437	47.9	35.2	432,353	48.0	6.1
Wire drawing and mesh	270,657	42.1	359,016	42.2	32.7	410,170	45.6	14.3
Others	71,725	11.1	83,474	9.8	16.4	57,858	6.4	(30.7)
Total	643,700	100.0	849,927	100.0	32.0	900,381	100.0	5.9

Source: Bawan

The main products for the Metal SBU are cutting and bending and wire drawing and mesh, which accounted for 90.9% of the total sales of the Metal SBU during the period between 2010G and 2012G.

In 2011G, the sales of cutting and bending increased by 35.2% from SAR 301.3 million in 2010G to SAR 407.4 million in 2011G, because of a 24.7% increase in volumes sold from 109,400 tons in 2010G to 136,500 tons in 2011G and a rise in the average price. In 2012G, the sale from cutting and bending increased by 6.1%, from SAR 407.4 million in 2011G to SAR 432.4 million in 2012G, because of an increase in the number of tons sold by 7.5% from 136,500 tons in 2011G to 146,700 tons in 2012G.

In 2011G, the sales of wire drawing and mesh increased by 32.7% from SAR 270.7 million in 2010G to SAR 359.0 million in 2011G, because of an increase in average prices as well as quantities sold which increased from 100,100 tons to 120,393 tons, i.e. by 20.3%. In 2012G, the sales of wire drawing and mesh increased by 14.3% from SAR 359.0 million in 2011G to SAR 410.2 million in 2012G, mainly because of a 40.7% increase in volumes sold from 100.1 tons in 2011G to 140.8 tons in 2012G.

The sales of other products include those resulting from forming line, steel doors, wheel barrows, aluminum works, metal scaffolding, pipes and scrap iron. Sales of forming line mainly include various sizes of corrugated sheets used for roofing and cladding. In 2011G, the sales of forming line grew by 55.4% from SAR 17.0 million in 2010G to SAR 26.4 million in 2011G due to higher prices as well as an increase of quantities sold by 48.0%. Sales of forming line dropped in 2012G by 92.4%, from SAR 26.4 million in 2011G to SAR 2.0 million in 2012G, due to the sale of lower quantities resulting from increased competition and the manufacturing of similar products by one of the Company's suppliers.

In 2011G, sales of aluminum declined from SAR 20.1 million in 2010G to SAR 20 million in 2011G by 0.5%, as quantities sold declined. Sales of aluminum increased by 8.0% in 2012G, from SAR 20.0 million in 2011G to SAR 21.6 million in 2012G, as quantities sold increased.

In 2011G, sales of steel doors increased by 9.4% from SAR 15.9 million in 2010G to SAR 17.4 million in 2011G as the demand increased in this period, which in turn increased the volume of quantities sold. In the same period, the export sales of steel doors decreased by 7.1%, from 17.7% of sales in 2010G to 14.9% of sales in 2011G. In 2012G, sales of steel doors decreased by 11.5% from SAR 17.4 million in 2011G to SAR 15.4 million in 2012G, due to a decrease of quantities sold.

In 2011G sales of wheel barrows decreased by 6.4% from SAR 7.8 million in 2010G to SAR 7.3 million in 2011G, because the number of wheel barrows sold decreased by 7.6% from 91,200 units in 2010G to 84,300 units in 2011G. In 2012G, sales of wheel barrows fell by 1.4% from SAR 7.2 million in 2011G to SAR 7.1 million in 2012G, because the number of wheel barrows sold decreased by 0.5% from 84,300 units in 2011G to 83,900 units in 2012G and the average selling price also declined.

The total sale resulting from the Metal SBU represented 40.9%, 45.8% and 43.2% of the Group's total sale during the years 2010G, 2011G and 2012G respectively.

The following table summarizes the product-wise sales of the Metal SBU during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.8: Product-wise Sales - Metal SBU, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Cutting and bending	247,623	49.4	272,833	52.8	10.2
Wire drawing and mesh	224,239	44.7	223,444	43.2	(0.4)
Others	29,495	5.9	20,627	4.0	(30.1)
Total	501,357	100.0	516,904	100.0	3.1

Source: Bawan

The sales of cutting and bending increased by 10.2% from SAR 247.6 million in the six-month period ending 30 June 2012G to SAR 272.8 million in the six-month period ending 30 June 2013G, due to the increase of the quantities sold by 9.4% from 84.2 thousand tons in the six-month period ending 30 June 2012G to 92.1 thousand tons in the six-month period ending 30 June 2013G, as a result of the commencement of commercial activity of the new SBU factory in Jeddah.

The sales of wire drawing and mesh decreased by 0.4% from SAR 244.2 million in the six-month period ending 30 June 2012G to SAR 223.4 million in the six-month period ending 30 June 2013G, due to the decrease in the average sale price, despite the increase of the quantities sold by 11.6% from 75.2 thousand tons in the six-month period ending 30 June 2012G to 83.9 thousand tons in the six-month period ending 30 June 2013G.

The sales of other products include mainly those resulting from forming line, steel doors, wheel barrows, aluminum works and metal scaffolding.

The sales of forming line decreased by 28.3% from SAR 3.4 million in the six-month period ending 30 June 2012G to SAR 2.4 million in the six-month period ending 30 June 2013G, due to the decrease in the quantities sold by 28.9% from 854 tons in the six-month period ending 30 June 2012G to 607 tons in the six-month period ending 30 June 2013G.

The sales of steel doors decreased 40.6% from SAR 6.7 million in the six-month period ending 30 June 2012G to SAR 4.0 million in the six-month period ending 30 June 2013G due to the decrease in the quantities sold during the period.

The sales of wheel barrows decreased by 15.8% from SAR 3.6 million in the six-month period ending 30 June 2012G to SAR 3.1 million in the six-month period ending 30 June 2013G, due to the decrease in the quantities sold by 19.8% from 43.1 thousand units in the six-month period ending 30 June 2012G to 34,5 thousand units in the six-month period ending 30 June 2013G.

The sales of aluminum works decreased by 31.3% from SAR 10.1 million in the six-month period ending 30 June 2012G to SAR 6.9 million in the six-month period ending 30 June 2013G due to the decrease in the quantities sold during the period.

The sales of metal scaffolding decreased by 35.1% from SAR 2.2 million in the six-month period ending 30 June 2012G to SAR 1.5 million in the six-month period ending 30 June 2013G, due to the decrease in the quantities sold from 15.9 thousand units in the six-month period ending 30 June 2012G to 10,5 thousand units in the six-month period ending 30 June 2013G.

The total sales of the Metal SBU represented 46.0% and 43.4% of the Group's total sales during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

6 - 3 - 1 - 2 Wood SBU Sale

The table below shows the product-wise sales of Wood SBU for the year ended 31 December 2010G-2012G.

Exhibit 6.9: Product-wise Sales – Wood SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU sale	SAR '000	% of SBU sale	Change 2010G-2011G (%)	SAR '000	% of SBU sale	Change 2011G-2012G (%)
Packaging items	428,991	67.8	385,522	60.3	(10.1)	398,035	56.9	3.3
Laminated panels	165,268	26.1	220,345	34.5	33.3	243,963	34.9	10.7
Joinery items	38,130	6.0	33,565	5.3	(12.0)	58,053	8.2	73.0
Total	632,389	100.0	639,432	100.0	1.1	700,051	100	9.5

Source: Bawan

In 2011G, packaging and wrapping items sales fell by 10.1% from SAR 429.0 million in 2010G to SAR 385.5 million in 2011G, due to lower selling prices of units sold resulting from increased competition, despite the increase in quantities sold by 7.8% from 6.4 million units in 2010G to 6.9 million units in 2011G due to increased demand from the Group's major customers. In 2012G, sales of packaging and wrapping items increased by 3.3% from SAR 385.5 million in 2011G to SAR 398.0 million in 2012, due to the increase of the average selling price in 2012G.

In 2011G, sales of laminated panels, which mainly comprise lamination sheets, melamine sheets and other decor products, increased by 33.3% from SAR 165.3 million in 2010G to SAR 220.3 million in 2011G due to the increase of quantities sold by 30.3% from 3.3 million units in 2010 to SAR 4.3 million units in 2011G due to increased sales to major customers. In 2012G, the sales of laminated panels also increased by 10.7% from SAR 220.3 million in 2011G to SAR 244 million in 2012G due to increased quantities sold by 2.3%, from 4.3 million units in 2011G to 4.4 million units in 2012G, and an increase of the average selling price.

The sales of joinery items, which mainly include different types of doors, cabinets, frames and other wood products, have contributed to around 6.0% of the SBU sales for the period under consideration. In 2011G, the sales of joinery items decreased by 12.0% from SAR 38.1 million in 2010G to SAR 33.6 million in 2011G due to a 22% decrease in the number of units sold from 25,000 units in 2010G to 19,500 units in 2011G. In 2012G, sales of joinery items rose by 73.0% from SAR 33.6 million in 2011G to 58.1 million in 2012G, due to the increase of quantities sold by 56.6% from 19,500 units in 2011G to 30,500 units in 2012G.

Total sales generated by the Wood SBU accounted for 40.2%, 34.4% and 33.6% of the Group total sales for the financial years ending 31 December 2010G, 2011G and 2012G respectively.

The following table shows the product-wise sales of the Wood SBU during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.10: Product-wise Sales - Wood SBU, Six-Month Period Ending 30 June 2012G and Six-month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Packaging items	200,179	56.7	186,534	57.6	(6.8)
Laminated ianels	120,958	34.3	119,711	36.9	(1,0)
Joinery items	31,723	9.0	17,844	5.5	(43.8)
Total	352,860	100.0	324,089	100.0	(8.2)

Source: Bawan

The sales of packaging and wrapping items decreased by 6.8% from SAR 200.2 million in the six-month period ending 30 June 2012G to SAR 186.5 million in the six-month period ending 30 June 2013G, due mainly to the decrease in the quantities sold by 16.1% from 3.1 million units in the six-month period ending 30 June 2012G to 2.6 million units in the six-month period ending 30 June 2013G.

The sales of laminated panels decreased by 1.0% from SAR 121.0 million in the six-month period ending 30 June 2012G to SAR 119.7 million in the six-month period ending 30 June 2013G, due mainly to the decrease in the quantities sold by 3.0% from 2.0 million units in the six-month period ending 30 June 2012G to 1.9 million units in the six-month period ending 30 June 2013G.

The sales of joinery items decreased by 43.8% from SAR 31.7 million in the six-month period ending 30 June 2012G to SAR 17.8 million in the six-month period ending 30 June 2013G, due mainly to the decrease in the quantities sold by 61.3% from 15.4 thousand units in the six-month period ending 30 June 2012G to 6.0 thousand units in the six-month period ending 30 June 2013G.

The total sales of the Wood SBU represented 32.4% and 27.2% of the Group's total sales during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

6 - 3 - 1 - 3 Electrical SBU Sales

The table below shows the product-wise breakdown of Electrical SBU for the years ending on 31 December 2010G-2012G.

Exhibit 6.11: Product-wise Sales – Electrical SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU sale	SAR '000	% of SBU sale	Change 2010G -2011G (%)	SAR '000	% of SBU sale	Change 2011G -2012G (%)
Transformers	335,272	99.6	358,493	101.3	6.9	380,109	86.5	6.0
Substations	442	0.1	18,044	5.1	3,982.4	104,076	23.7	476.8
L/V panels and raw materials	2,895	0.9	213	0.1	(92.6)	815	0.2	282.6
Inter-group adjustments	(2,105)	(0.6)	(22,719)	(6.4)	979.3	(45,782)	(10.4)	101.5
Total	336,504	100.0	354,031	100.0	5.2	439,218	100.0	24.1

Source: Bawan

In 2011G, the sales of transformers increased by 6.9% from SAR 335.3 million in 2010G to SAR 358.5 million in 2011G, because of an increase in the average prices by 5.1%, in addition to the increase in the number of transformers sold from 10,800 units in 2010G to 11,000 units in 2011G. One of the main reasons for the increase in the number of transformers sold in 2011G is the increase in the number of units exported, as exports increased by 132.1% from 2,600 units in 2010G to 6,000 units in 2011G, due to an increase in the number of foreign customers. In 2012G, sales of transformers increased by 6.0% from SAR 358.5 million in 2011G to SAR 380.1 million in 2012G, due to the increase of volumes sold by 15.3% from 11,000 transformers in 2011G to 12,700 transformers in 2012G, despite a lower average selling price by 0.5%

In 2011G, substations sales increased by 3,982.4% from SAR 0.4 million in 2010G to SAR 18.0 million in 2011G, with the beginning of operational activity of USSG in 2011G, which in turn led to an increase in the number of units sold by 7,933.3% from 3 units in 2010G to 241 units in 2011G. The sales of substations increased in 2012G by 476.8%, from SAR 18.0 million in 2011G to SAR 104.1 million in 2012G due to an increase of quantities sold by 585.2% from 241 units in 2011G to 2,100 units in 2012G.

Inter-group adjustments represent sales achieved among the various SBUs and accounted for 0.6%, 6.4% and 10.4% of the Group total sales for the years ended 31 December 2010G, 2011G and 2012G respectively. The main reason for the increase of inter-group adjustments is the increase in the sales of transformers from UTEC to USSG, in order to cover the higher requirements of the production of substations during that period.

The Electrical SBU sales grew at a CAGR of 14.2% during the period from 2010G to 2012G, while overall sales from Electrical SBU accounted for 21.4% and 19.1% and 21.1% of the Group's total sales for the years 2010G, 2011G and 2012G respectively.

The following table shows the product-wise sales of the Electrical SBU during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.12: Product-wise Sales - Electrical SBU, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Transformers	179,127	83.7	275,546	89.5	53.8
Substations	57,373	26.8	108,418	35.2	89.0
Low-voltage panels and other materials	2,409	1.1	2,983	1.0	23.9
Inter-group adjustments	(24,817)	(11.6)	(79,127)	(25.7)	218.8
Total	214,092	100.0	307,820	100.0	43.8

Source: Bawan

The sales of transformers increased during by 53.8% from SAR 179.1 million in the six-month period ending 30 June 2012G to SAR 275.5 million in the six-month period ending 30 June 2013G, due mainly to the increase in the quantities sold from 6.2 thousand transformers in the six-month period ending 30 June 2012G to 8.7 thousand transformers in the six-month period ending 30 June 2013G.

The sales of substations increased by 89.0% from SAR 57.4 million in the six-month period ending 30 June 2012G to SAR 108.4 million in the six-month period ending 30 June 2013G, due mainly to the increase in the quantities sold from 713 units in the six-month period ending 30 June 2012G to 1,400 units in the six-month period ending 30 June 2013G, following the approval of USSG products by the Saudi Electricity Company towards the end of 2012G.

Inter-group adjustments of the Electrical SBU increased by 218.8% from SAR 24.8 million in the six-month period ending 30 June 2012G to SAR 79.1 million in the six-month period ending 30 June 2013G, mainly because of the increase in the sales of transformers from UTEC to USSG in order to cover the requirements of the production of substations during that period.

Sales of low-voltage panels and other materials increased by 23.9% from SAR 2.4 million in the six-month period ending 30 June 2012G to SAR 3.0 million in the six-month period ending 30 June 2013G due mainly to an increase in the average sale price.

The total sales of the Electrical SBU represented 19.6% and 25.8% of the Group's total sales during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

6 - 3 - 1 - 4 Concrete SBU Sales

The table below shows the product-wise breakdown of the Concrete SBU for the years ending on 31 December 2010G-2012G.

Exhibit 6.13: Product-wise Sales – Concrete SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU sale	SAR '000	% of SBU sale	Change 2010G-2011G (%)	SAR '000	% of SBU sale	Change 2011-2012G (%)
Income from construction contracts	10,217	12.5	13,004	11.1	27.3	4,719	3.1	(63.7)
Pre-cast panels and blocks	55,053	67.5	50,397	43.1	(8.5)	89,842	58.7	78.3
Hollow cores	10,988	13.5	22,160	18.9	101.7	24,844	16.2	12.1
Ready mix	13,724	16.8	34,468	29.5	151.2	46,896	30.6	36.1
Inter-group adjustments	(8,430)	(10.3)	(3,013)	(2.6)	(64.3)	(13,270)	(8.6)	340.4
Total	81,552	100.0	117,016	100.0	43.5	153,031	100.0	30.8

Source: Bawan

Concrete SBU's sales include sales from its readymix business, pre-cast panels and blocks, hollow cores, tilts and construction contracts. In 2011G, sales for this SBU increased by 43.5% from SAR 81.5 million in 2010G to SAR 117.0 million in 2011G, due to the effects of the beginning of commercial production of readymix products, which began in October 2010G and thus had an impact on sales for three months only of 2010G, in comparison with a full-year effect in 2011G. In 2012G, the Concrete SBU's sales increased by 30.8%, from SAR 117.0 million in 2011G to SAR 153.0 million in 2012G, as a result of increased sales of readymix and pre-cast products.

The construction contracts revenues are related to a pre-cast supply and construction contract signed in 2009G. Works related to this contract were completed during the six-month period ending 30 June 2013G.

The total sales generated by the Concrete SBU represented 5.2%, 6.3% and 7.3% of the Group's total sales for the years 2010G, 2011G and 2012G respectively.

The following table shows the product-wise sales of the Concrete SBU during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.14: Product-wise Sales - Concrete SBU, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Revenues from construction contracts	3,995	5.5	60	0.1	(98.5)
Pre-cast panels and blocks	33,984	46.8	53,039	54.3	56.1
Hollow cores	11,857	16.3	12,382	12.7	4.4
Ready-mix	22,743	31.3	32,281	33.0	41.9

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Inter-group adjustments	-	-	(1)	0.0	(100.0)
Total	72,579	100.0	97,760	100.0	34.7

Source: Bawan

The Concrete SBU sales increased by 34.7% from SAR 72.6 million in the six-month period ending 30 June 2012G to SAR 97.8 million in the six-month period ending 30 June 2013G, mainly due to the increase of sales of pre-cast panels and blocks by 56.1% from 89.4 thousand m^3 in the six-month period ending 30 June 2012G to 112.2 thousand m^3 in the six-month period ending 30 June 2013, as a result of the completion of the expansion works of the precast concrete factory and the commencement of commercial production at said factory. The sales of readymix concrete increased by 41.9% from 101 thousand m^3 in the six-month period ending 30 June 2012G to 146.4 thousand m^3 in the six-month period ending 30 June 2013, due mainly to the increase of quantities sold and to the commencement of commercial production at the new readymix factory in Dammam.

The total sales of the Concrete SBU represented 6.7% and 8.2% of the Group's total sales during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

6 - 3 - 2 Cost of Sales by SBUs

The following table summarizes the cost of sales for each of the SBUs for the years ended 31 December 2010G-2012G.

Exhibit 6.15: Cost of Sales by SBUs, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2010G -2011G (%)	SAR '000	% of SBU Sales	Change 2011G -2012G (%)
Metal	576,773	89.6	788,570	92.8	36.7	843,858	93.7	7.0
Wood	495,891	78.4	525,369	82.2	5.9	575,595	82.2	9.6
Electrical	280,828	83.5	273,026	77.1	(2.8)	367,321	83.6	34.5
Concrete	65,148	79.9	91,753	78.4	40.8	127,463	83.3	38.9
Inter-group adjustments	(120,378)	(7.7)	(103,762)	(5.6)	(13.8)	(107,061)	(5.1)	3.2
Total	1,298,262	82.5	1,574,987	84.8	21.3	1,807,176	86.6	14.7

Source: Bawan

The cost of sales increased by 21.3% from SAR 1.3 billion in 2010G to SAR 1.6 billion in 2011G, and was associated with the increase in sales across all of the Group’s product lines. The cost of sales also increased by 14.7% in 2012G, from SAR 1.6 billion in 2011G to SAR 1.8 billion in 2012G, and was mainly due to an increase in sales across all of the Group’s product lines.

The following table summarizes the cost of sales for each of the SBUs for the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.16: Cost of Sales by SBUs, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Metal	470,658	93.9	480,016	92.9	2.0
Wood	288,142	81.7	273,805	84.5	(5.0)
Electrical	181,977	85.0	224,759	73.0	23.5
Concrete	65,575	90.3	80,200	82.0	22.3
Inter-group adjustments	(51,013)	(4.7)	(55,153)	(4.6)	8.1
Total	955,339	87.7	1,003,627	84.2	5.1

Source: Bawan

Cost of sales increased by 5.1% from SAR 955.3 million in the six-month period ending 30 June 2012G to SAR 1,003.6 million in the six-month period ending 30 June 2013G, mainly due to the increase of the Group sales, which in turn increased related costs.

The following table summarizes the gross profit and profit margin for the years ended 31 December 2010G-2012G.

Exhibit 6.17: Gross Profit and Profit Margin, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales	Change 2010G -2011G (%)	SAR '000	% of Total Group Sales	Change 2011G-2012G(%)
Sales	1,573,767	100.0	1,856,644	100.0	18.0	2,085,620	100.0	12.3
Cost of sales	(1,298,262)	82.5	(1,574,987)	84.8	21.3	(1,807,176)	86.6	14.7
Gross profit/ Profit margin	275,505	17.5	281,657	15.2	2.2	278,444	13.4	(1.1)

Source: Audited Consolidated Financial Statements

Cost of sales remained over 82.5% of total sales during the period between 2010G and 2012G. Over this period the gross profit decreased at a CAGR of 13.4%. The Group recorded a gross profit margin of 17.5% in 2010G, compared to a gross profit margin of 15.2% in 2011G. The main reason for the higher gross profit margin in 2010G is the fluctuation of raw material prices, as the increase of raw material prices in the Metal and Wood SBUs during 2010G increased sale prices and contributed to the increase of the Metal and Wood SBU's gross profit margin due to the use of available stock purchased in 2009G at a lower cost. The Group recorded a gross profit margin of 13.4% in 2012G, mainly due to decreasing export of transformers produced by the Electrical SBU in 2012G; the late approval of USSG products by the SEC, which was finally obtained in the end of 2012G however labor costs were incurred; in addition to the fluctuation of raw material prices in the Metal SBU during 2012G, which had a negative impact on the sale prices and thus contributed to the decrease of the its gross profit margin due to the use of available stock purchased at a higher price, increased competition.

The following table summarizes the gross profit and profit margin for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.18: Gross Profit and Profit Margin, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of Total Sales	SAR '000	% of Total Sales	Change 2012G - 2013G (%)
Sales	1,089,875	100.0	1,191,420	100.0	9.3
Cost of sales	(955,339)	87.7	(1,003,627)	84.2	5.1
Gross profit/ Profit margin	134,536	12.3	187,793	15.8	39.6

Source: Audited Consolidated Financial Statements

The sales represented 87.7% and 84.2% of the Group's total sales during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

The Group recorded a gross profit margin of 12.3% and 15.8% during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively. The main reason for the increase in the gross profit margin in the six-month period ending 30 June 2013G is the increase of the gross profit margin of the Electrical, Concrete and Metal SBUs, due to the increase of the quantities sold, following the approval of USSG products by the Saudi Electricity Company by the end of 2012G, the completion of the expansion works in the precast factory, the commencement of the commercial production in the iron bars coating factory and the readymix factory, and the improvement in the average sale price in general.

6 - 3 - 2 - 1 Metal SBU Cost of Sales

The following table summarizes the gross profit and profit margin of the Metal SBU for the years ended 31 December 2010G-2012G.

Exhibit 6.19: Gross Profit and Gross Profit Margin - Metal SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2010G-2011G (%)	SAR '000	% of SBU Sales	Change 2011G-2012G (%)
Sales	643,700	100.0	849,927	100.0	32.0	900,381	100.0	5.9
Cost of sales	(576,773)	89.6	(788,570)	92.8	36.7	(843,858)	93.7	7.0
Gross profit/ Profit margin	66,927	10.4	61,357	7.2	(8.3)	56,523	6.3	(7.9)

Source: Audited Consolidated Financial Statements

Cost of Sales for Metal SBU mainly consists of raw material, employee and other production costs. In 2011G, the cost of sales for the Metal SBU increased from SAR 576.8 million in 2010G to SAR 788.6 million in 2011G by 36.7%, as the business volume increased and the employee costs increased by 17.4% from SAR 17.2 million in 2010G to SAR 20.2 million in 2011G, due to the increase of salaries and wages. The other production costs increased by 15%, as a result of higher expenses of repair, maintenance and depreciation.

In 2012G, the cost of sales of the Metal SBU increased by 7.0% from SAR 788.6 million in 2011G to SAR 843.9 million in 2012G due to an increased business volume, which in turn led to the use of larger quantities of raw materials as well as to the increase in employees costs by 4.5%, from SAR 20.2 million in 2011G to SAR 21.1 million in 2012G.

The gross profit margin of the Metal SBU was 10.4% in 2010G, 7.2% in 2011G and 6.3% in 2012G.

The following table shows the gross profit and profit margin of the Metal SBU for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.20: Gross Profit and Profit Margin - Metal SBU, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Sales	501,357	100.0	516,904	100.0	3.1
Cost of sales	(470,658)	93.9	(480,016)	92.9	2.0
Gross profit/ Profit margin	30,699	6.1	36,888	7.1	20.2

Source: Audited Consolidated Financial Statements

The cost of sales of the Metal SBU increased by 2.0% from SAR 470.7 million in the six-month period ending 30 June 2012G to SAR 480.0 million in the six-month period ending 30 June 2013G due mainly to the increase in the quantities sold which in turn led to the use of larger quantities of raw materials.

The profit margin of the Metal SBU increased from 6.1% in the six-month period ending 30 June 2012G to 7.1% in the six-month period ending 30 June 2013G, due mainly to the increase in the quantities sold during the period, and specifically the quantities of cutting and bending products, from 84.2 thousand tons in the six-month period ending 30 June 2012G to 92.1 thousand tons in the six-month period ending 30 June 2013G, and the commencement of commercial production at the iron bars coating factory in Jeddah, in addition to the increase of the average sale price.

6 - 3 - 2 - 2 Wood SBU Cost of Sales

The following table summarizes the gross profit and gross profit margin of the Wood SBU for the years ended 31 December 2010G-2012G.

Exhibit 6.21: Gross Profit and Gross Profit Margin - Wood SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2010G-2011G (%)	SAR '000	% of SBU Sales	Change 2011G -2012G (%)
Sales	632,389	100.0	639,432	100.0	1.1	700,051	100	9.5
Cost of sales	(495,891)	78.4	(525,369)	82.2	5.9	(575,595)	82.2	9.6
Gross profit/ Profit margin	136,498	21.6	114,063	17.8	(16.4)	124,456	17.8	9.1

Source: Audited Consolidated Financial Statements

Costs of sales for the Wood SBU mainly consists of raw materials, employees and other production costs. In 2011G, the cost of sales for Wood SBU increased by 5.9% from SAR 495.9 million in 2010G to SAR 525.4 million in 2011G. The rise in sales costs for the Wood SBU was due to an increase in raw material costs and increased business volume. In 2011G, employees' costs also increased by 5.3% from SAR 34.6 million in 2010G to SAR 36.4 million in 2011G, as Wood SBU hired more employees to meet the needs of the expanding business.

The cost of sales of the Wood SBU increased by 9.6% in 2012G, from SAR 525.4 million in 2011G to SAR 575.6 million in 2012G, due to the use of increased quantities of raw materials to meet the increase in sales. In addition, employees' costs also increased by 2% from SAR 36.4 million in 2011G to SAR 37.2 million in 2012G, because of the increasing number of working hours as a result of SBU increased activity.

Gross profit margin for the Wood SBU was 21.6%, 17.8% and 17.8% in the years 2010G, 2011G and 2012G respectively.

The following table shows the gross profit and the profit margin of the Wood SBU for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.22: Gross Profit and Profit Margin – Wood SBU, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Sales	352,860	100.0	324,089	100.0	(8.2)
Cost of sales	(288,142)	81.7	(273,805)	84.5	(5.0)
Gross profit / Profit margin	64,718	18.3	50,284	15.5	(22.3)

Source: Audited Consolidated Financial Statements

The cost of sales of the Wood SBU decreased by 5.0% from SAR 288.1 million in the six-month period ending 30 June 2012G to SAR 273.8 million in the six-month period ending 30 June 2013G, due mainly to the decrease in the quantities sold which in turn led to the use of smaller quantities of raw materials.

The profit margin of the Wood SBU accounted for 18.3% and 15.5% during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively, mainly due to the decrease in the sold quantities of packaging items from 3.1 million units in the six-month period ending 30 June 2012G to 2.6 million units in the six-month period ending 30 June 2013G.

6 - 3 - 2 - 3 Electrical SBU Cost of Sales

The following table summarizes the gross profit and profit margin of the Electrical SBU for the years ended 31 December 2010G-2012G.

Exhibit 6.23: Gross Profit and Gross Profit Margin - Electrical SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2010G-2011G (%)	SAR '000	% of SBU Sales	Change 2011G-2012G (%)
Sales	336,504	100.0	354,031	100.0	5.2	439,218	100.0	24.1
Cost of sales	(280,828)	83.5	(273,026)	77.1	(2.8)	(367,321)	83.6	34.5
Gross profit/ Profit margin	55,676	16.5	81,005	22.9	45.5	71,897	16.4	(11.2)

Source: Audited Consolidated Financial Statements

Cost o sales mainly include raw materials, employees, repair, maintenance and other expenses.

Raw material costs mainly include copper sheets and wires, silicon steel, and insulation and cooling oil. In 2011G, the cost of raw materials decreased due to the drop of the silicon steel average price as compared to 2010G. Cost of raw materials increased in 2012G, mainly because of the increase in quantities used in the production of transformers and substations which were sold during that year.

In 2011G, the cost of employees increased from SAR 15.2 million in 2010G to SAR 24.9 million in 2011G by 63.8%, primarily because of the reclassification of some of the direct staff costs and administrative expenses to cost of sales, as well as reclassifying overtime, expense allowance and annual increases in the same manner. Employees' costs increased by 48.8% in 2012G from SAR 24.9 million in 2011G to SAR 32.0 million in 2012G, because of overtime allowances paid to employees due to increased activity in the SBU in addition to annual increases.

The other expenses, which mainly comprise consumable items, warranty provisions and insurance decreased in 2011G by 27.2%, due to the reversal of the provisions for slow moving items, due to their use in the production cycle. The other expenses increased in 2012G by 9.8% mainly due to the increased activity of the SBU.

The gross profit margin of the Electrical SBU was 16.5% in 2010, 22.9% in 2011G and 16.4% in 2012G.

The following table shows the gross profit and the gross profit margin of the Electrical SBU for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G

Exhibit 6.24: Gross Profit and Profit Margin - Electrical SBU, the Six-Month Period Ending 30 June 2012G and the Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Sales	214,092	100.0	307,820	100.0	43.8
Cost of sales	(181,977)	85.0	(224,759)	73.0	23.5
Gross profit/ Profit margin	32,115	15.0	83,061	27.0	158.6

Source: Audited Consolidated Financial Statements

The cost of sales of the Electrical SBU increased by 23.5% from SAR 182.0 million in the six-month period ending 30 June 2012G to SAR 224.8 million in the six-month period ending 30 June 2013G due mainly to the increase in the sold quantities of substations and transformers, which in turn led to the increase of the materials used in the production.

The profit margin of the Electrical SBU accounted for 15.0% and 27.0% for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

6 - 3 - 2 - 4 Concrete SBU Cost of Sales

The following table summarizes the gross profit and profit margin of the Concrete SBU for the years ended 31 December 2010G-2012G.

Exhibit 6.25: Gross Profit and Gross Profit Margin - Concrete SBU, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2010G-2011G (%)	SAR '000	% of SBU Sales	Change 2011G-2012G (%)
Sales	81,552	100.0	117,016	100.0	43.5	153,031	100.0	30.8
Cost of sales	(65,148)	79.9	(91,745)	78.4	40.8	(127,463)	83.3	38.9
Gross profit/ Profit margin	16,404	20.1	25,262	21.6	54.0	25,568	16.7	1.2

Source: Audited Consolidated Financial Statements

The Concrete SBU Cost of Sales mainly includes raw materials, employee costs, and other direct costs.

In 2011G, the cost of sales increased by 40.8% from SAR 65.1 million in 2010G to SAR 91.8 million in 2011G, due to a 43.5% increase in the sales volume, as a result of the beginning of the commercial production of readymix concrete and the higher volume of pre-cast concrete sales. In 2012G, the cost of sales rose by 38.9% from SAR 91.8 million in 2011G to SAR 127.5 million in 2012G. This increase is primarily due to increased sales at both Bina ReadyMix factory and Bina Precast Factory, which in turn led to increased related costs.

The gross profit margin of the Concrete SBU was 20.1% in 2010, 20.1% in 2011G and 16.7% in 2012G. The main reason for the gross profit margin decrease in 2012G is the decline of the average selling price of precast and ready-mix panels and molds.

The following table shows the gross profit and profit margin of the Concrete SBU for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.26: Gross Profit and Profit Margin - Concrete SBU, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of SBU Sales	SAR '000	% of SBU Sales	Change 2012G - 2013G (%)
Sales	72,579	100.0	97,760	100.0	34.7
Cost of sales	(65,575)	90.3	(80,200)	82.0	22.3
Gross profit/ Profit margin	7,004	9.7	17,560	18.0	150.7

Source: Audited Consolidated Financial Statements

The cost of sales of the Concrete SBU increased during by 22.3% from SAR 65.6 million in the six-month period ending 30 June 2012G to SAR 80.2 million in the six-month period ending 30 June 2013G, mainly due to the increase of sales by 34.7%, as a result of the commencement of the commercial activity of the readymix concrete factory and the completion of the expansion works of the precast concrete factory.

The profit margin of the Concrete SBU was 9.7% and 18.0% for the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

6 - 3 - 3 General and Administrative Expenses

The following table summarizes the general and administrative expenses for the years ended 31 December 2010G-2012G.

Exhibit 6.27: General and Administrative Expenses, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales	Change 2010G-11 (%)	SAR '000	% of Total Group Sales	Change 2011G-12 (%)
Wages, salaries and related costs	50,707	3.2	54,953	3.0	8.4	60,986	2.9	11.0
Depreciation and amortization expense	6,103	0.4	6,295	0.3	3.2	5,774	0.3	(8.3)
Rent expenses	1,598	0.1	1,377	0.1	(13.8)	1,545	0.1	12.2
Repair and maintenance	1,117	0.1	1,390	0.1	24.4	2,048	0.1	47.3
Communication	1,023	0.1	1,199	0.1	17.2	1,561	0.1	30.2
Travel	1,305	0.1	1,297	0.1	(0.6)	1,737	0.1	33.9
Professional fees	1,108	0.1	2,176	0.1	96.4	1,856	0.1	(14.7)
Others	10,872	0.7	10,332	0.6	(5.0)	8,485	0.4	(17.9)
Total	73,833	4.7	79,019	4.3	7.0	83,992	4.0	6.3

Source: Audited Consolidated Financial Statements

General and administrative expenses are mainly composed of wages, related costs, depreciation, amortization and other expenses.

In 2011G, the general and administrative expenses increased by 7.0% from SAR 73.8 million in 2010G to SAR 79.0 million. The main reason was the increase in wages and related costs as well as professional fees. In 2012G, the general and administrative expenses increased by 6.3% from SAR 79.0 million in 2011G to SAR 84.0 million in 2012G, mainly because of an increase in wages, salaries and related costs.

In 2011G, the Group's wage and salary related costs increased by 8.4% from SAR 50.7 million in 2010 to SAR 55.0 million in 2011. In 2012G, the Group's wage and salary related costs increased by 11.0% from SAR 55.0 million in 2011G to SAR 61.0 million in 2012G.

In 2011G, Metal SBU wage related costs increased by 11.0% from SAR 10.9 million in 2010G to SAR 12.1 million in 2011G. In 2012G, Metal SBU wage related costs increased by 15.4% from SAR 12.1 million in 2011G to SAR 13.9 million in 2012G, due to higher salaries and senior management allowances.

In 2011G, Wood SBU wage related costs decreased by 7.8% to SAR 14.6 million from SAR 15.9 million in 2010G, due to the replacement of existing employees with lower wage employees. In 2012G, Wood SBU wage related costs increased by 11.9% from SAR 14.6 million in 2011G to SAR 17.8 million in 2012G, due to a higher number of staff and annual allowances.

In 2011G, the wage and salary related costs for the Electrical SBU decreased by 17.4% from SAR 12.1 million in 2010G to SAR 10.0 million in 2011G, as financial obligations towards the CEO and CFO were transferred to the Group. In 2012G, the wage and salary related costs for the Electrical SBU increased by 29.0% from SAR 10.0 million in 2011G to SAR 12.9 million in 2012G. This increase is primarily due to the impact of salaries given for a full year of employment to employees who joined USSG (a subsidiary of the Electrical SBU) in the second half of 2011G.

In 2011G and 2012G, the Concrete SBU wage related costs increased mainly due to the increase in the number of employees as a result of the beginning of commercial activity at the readymix factory and the increase of production capacity at the pre-cast factory.

There are no costs recorded for 2010G regarding the salaries of head office employees while in 2011G, these salaries alone amounted to SAR 6.8 million due to the establishment of the Group head office in 2011G. The costs of salaries of the Group head office increased by 22.1% from SAR 6.8 million in 2011G to SAR 8.3 million in 2012G due to the increase in number of employees.

In 2011G, the depreciation and amortization expenses increased by 3.2% from SAR 6.1 million in 2010G to SAR 6.3 million in 2011G, due to additions made in 2011G. In 2012G, the depreciation and amortization expenses decreased by 8.3% from SAR 6.3 million in 2011G to SAR 5.8 million in 2012, due to a decrease of depreciation and amortization expenses for the concrete SBU by %35.0, in the absence of any depreciation expenses on fully depreciated assets.

In 2011G, the professional fees increased by 96.4% to SAR 2.2 million, because of the increase in professional fees in the Electrical SBU. In 2012G, the professional fees fell by 14.7% from SAR 2.2 million in 2011G to SAR 1.9 million in 2012G.

The general and administrative expenses increased at a CAGR of 6.7% from 2010G to 2012G. General and administrative expenses represented 4.7%, 4.3% and 4.0% of the Group's total sales during the period 2010G to 2012G.

The following table summarizes the general and administrative expenses during the six-month period ending on 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.28: General and Administrative Expenses, Six-Month Period Ending 30 June 2012G and the Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of Total Sales	SAR '000	% of Total Sales	Change 2012G - 2013G (%)
Wages, salaries and related costs	27,929	2.6	35,725	3.0	27.9
Depreciation and amortization	3,369	0.3	3,376	0.3	0.2

	30 June 2012G		30 June 2013G		
	SAR '000	% of Total Sales	SAR '000	% of Total Sales	Change 2012G - 2013G (%)
Rent	860	0.1	845	0.1	(1.7)
Repair and maintenance	868	0.1	647	0.1	(25.5)
Communication	708	0.1	639	0.1	(9.7)
Travel	715	0.1	723	0.1	1.1
Professional fees	381	0.0	634	0.1	66.4
Others	5,361	0.5	5,602	0.5	4.5
Total	40,191	3.7	48,191	4.0	19.9

Source: Audited Consolidated Financial Statements

The general and administrative expenses increased by 19.9% from SAR 40.2 million in the six-month period ending 30 June 2012G to SAR 48.2 million in the six-month period ending 30 June 2013G due mainly to the increase of the wages, salaries and related costs.

The Group's wage related costs increased during by 27.9% from SAR 28.0 million in the six-month period ending 30 June 2012G to SAR 35.7 million in the six-month period ending 30 June 2013G, due mainly to the increase of the number of employees at the Electrical, Concrete and Metal SBUs in order to cover the requirements in the increased volume of activity.

The Metal SBU wage and salary related costs increased by 18.8% from SAR 6.4 million in the six-month period ending 30 June 2012G to SAR 7.6 million in the six-month period ending 30 June 2013G, due mainly to the increase of the number of employees because of the commencement of the commercial activity at the new iron bars coating factory in Jeddah.

The Wood SBU wage and salary related costs decreased by 10.7% from SAR 9.1 million in the six-month period ending 30 June 2012G to SAR 8.1 million in the six-month period ending 30 June 2013G, due mainly to the decrease of the number of employees.

The Electrical SBU wage and salary related costs increased by 63.5% from SAR 5.9 million in the six-month period ending 30 June 2012G to SAR 9.8 million in the six-month period ending 30 June 2013G, due mainly to the increase of the number of employees in each of USSG and UTEC in order to cover the increase in the volume of activity.

The Concrete SBU wage and salary related costs increased by 47.8% from SAR 3.4 million in the six-month period ending 30 June 2012G to SAR 5.0 million in the six-month period ending 30 June 2013G, due mainly to the increase of the number of employees because of the completion of the expansion works at the pre-cast factory and commencement of commercial production at the readymix factory.

The depreciation and amortization expenses increased slightly by 0.2% compared to the six-month period ending 30 June 2012G as they reached SAR 3.4 million in the six-month period ending 30 June 2013G because of the additions made during the period.

The professional fees increased by 66.4% from SAR 0.4 million in the six-month period ending 30 June 2012G to SAR 0.6 million the six-month period ending 30 June 2013G, due to the increase of professional fees at the Electrical SBU related directly to the increase of the SBU activity.

The other expenses increased by 4.5% from SAR 5.4 million in the six-month period ending 30 June 2012G to SAR 5.6 million in the six-month period ending 30 June 2013G.

The general and administrative expenses represented 3.7% and 4.0% of the Group's total sales during the period of six month ending on 30 June 2012G and the six-month period ending 30 June 2013G respectively.

6 - 3 - 4 Sale and Distribution Expenses

The following table summarizes the Sale and Distribution Expenses for the years ended 31 December 2010G-2012G.

Exhibit 6.29: Sale and Distribution Expenses, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% of Total Group Sales	SAR '000	% of Total Group Sales	Change 2010G-2011G (%)	SAR '000	% of Total Group Sales	Change 2011G-2012G (%)
Wages, salaries and related cost	13,222	0.8	14,880	0.8	12.5	18,159	0.9	22.0
Shipping and freight	5,176	0.3	4,857	0.3	(6.2)	6,473	0.3	33.3
Depreciation	1,749	0.1	1,843	0.1	5.4	2,040	0.1	10.7
Royalties	3,093	0.2	2,093	0.1	(32.3)	1,946	0.1	(7.0)
Advertising expenses	1,272	0.1	2,610	0.1	105.2	2,211	0.1	(15.3)
Fuel, repair and maintenance expenses	787	0.1	1,387	0.1	76.2	1,561	0.1	12.5
Others	5,652	0.4	7,434	0.4	31.5	4,995	0.2	(32.8)
Total	30,951	2.0	35,104	1.9	13.4	37,385	1.8	6.5

Source: Audited Consolidated Financial Statements

The main components of Sale and Distribution Expenses include wages, shipping and freight, royalty fee and other expenses.

In 2011G the wages and related costs increased by 12.5% from SAR 13.2 million in 2010G to SAR 14.9 million in 2011G, mainly because of an increase in wages and related costs in the Electrical SBU that was due to the increase in the number of employees. The wages and related costs also increased in 2012G by 22.0% from SAR 14.9 million in 2011G to SAR 18.2 million in 2012G, as a result of the increase of wages and bonuses as well as the increase in the number of employees.

In 2011G, Wood SBU employee costs decreased by 4.4% from SAR 7.2 million in 2010G to SAR 6.9 million in 2011G. In 2012G, the Wood SBU employee costs increased by 29.0% from SAR 6.9 million in 2011G to SAR 8.9 million in 2012G, following an increase of employees wages and sales commissions.

In 2011G, Concrete SBU cost of employees slightly rose by 1.4%. In 2012G, Concrete SBU cost of employees increased by 30.8% from SAR 1.3 million to SAR 1.7 million, due to the annual increases in employees' wages and sales commissions.

Wages and salaries represented approximately 0.8% of the Group’s total sales throughout the period of 2010G to 2012G.

Royalties are related to the fees paid to WTC as per the agreement between the Group and WTC. WTC provides technical assistance in the design and manufacturing process and adherence to specific quality levels for the Electrical SBU. As per the agreement, the Group pays a royalty fee agreed upon. In 2011G, the royalty fees decreased by 32.3% from SAR 3.1 million in 2010G to SAR 2.1 million in 2011G, and in 2012G decreased by 7.0% from SAR 2.1 million in 2011G to SAR 1.9 million in 2012G due to the signed agreement which affected part of 2011G and entire 2012G.

In 2011G other expenses3 increased by 31.5%, from SAR 5.7 million in 2010G to SAR 7.4 million due to the increase in sales commissions. Other expenses went down by 32.8% in 2012G from SAR 7.4 million in 2011G to SAR 5.0 million in 2012G.

The Sale and Distribution Expenses represented 2.0%, 1.9% and 1.8% of the Group total sales in 2010G, 2011G and 2012G respectively.

The following table summarizes the sale and distribution expenses for the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G.

Exhibit 6.30: Sale and Distribution Expenses, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% of Total Sales	SAR '000	% of Total Sales	Change 2012G - 2013G (%)
Wages, salaries and related costs	9,084	0.8	10,318	0.9	13.6
Shipping and freight	3,105	0.3	3,707	0.3	19.4
Depreciation	995	0.1	1,069	0.1	7.4
Royalties	942	0.1	1,376	0.1	46.1
Advertising expenses	746	0.1	409	0.0	(45.2)
Fuel, repair and maintenance	769	0.1	632	0.1	(17.8)
Others	2,151	0.2	3,755	0.3	74.6
Total	17,792	1.7	21,266	1.8	19.5

Source: Audited Consolidated Financial Statements

The Group sale and distribution expenses increased by 19.5% from SAR 17.8 million in the six-month period ending 30 June 2012G to SAR 21.3 million in the six-month period ending 30 June 2013G, due mainly to the increase of the wages, salaries and related costs.

The wages, salaries and related costs increased by 13.6% from SAR 9.1 million in the six-month period ending 30 June 2012G to SAR 10.3 million in the six-month period ending 30 June 2013G, due to the increase of the Group's activity, which in turn required the increase of the number of employees, specifically at the Electrical and Concrete SBUs. Wages and salaries represented 0.8% and 0.9% of the Group's total sales during the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G respectively.

Royalties paid to WTC increased by 46.1% from SAR 0.9 million in the six-month period ending 30 June 2012G to SAR 1.4 million in the six-month period ending 30 June 2013G, due mainly to the increase of sales of the Electrical SBU.

The shipping and freight expenses increased by 19.4% from SAR 3.1 million in the six-month period ending 30 June 2012G to SAR 3.7 billion in the six-month period ending 30 June 2013G, due to the increase of the Group's sales.

The other expenses increased by 74.6% from SAR 2.2 million in the six-month period ending 30 June 2012G to SAR 3.8 million in the six-month period ending 30 June 2013G, due to the increase of the other expenses at the Electrical and Concrete SBUs, as a result of the increase of activity.

The sale and distribution expenses represented 1.6% and 1.8% of the Group's total sales during the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G respectively.

3 Other expenses include rent, insurance, electricity, water, stationary, publications, government expenses, travel and transportation expenses, mail expenses, examination fees and sales commission.

6 - 3 - 5 Other Income Statement Items

Other income statement items include bank charges, pre-operating expenses, and other income.

In 2010G, Group pre-operating expenses of SAR 6.9 million include expenses directly attributable to the construction of the factory and premises of USSG, a subsidiary of the Electrical SBU.

Other income comprises foreign currency exchange losses in the Electrical SBU of SAR 1.2 million in 2010G and SAR 0.8 million in 2011G, relating to the amount due to UTEC KSA by UTEC Syria. As this loss was the result of the depreciation of the Syrian pound value against the Saudi riyal.

The losses from derivative financial instruments relate to copper future contracts and were incurred by the Electrical SBU. In 2010G, these losses amounted to SAR 0.2 million. The Group has decided not to engage in any derivative financial instruments in the future, except for raw materials concerning confirmed orders and signed contracts (Please see section 6.2.3 on "Raw Material Prices and Suppliers").

In 2010G, the other income increased to SAR 3.2 million mainly because of an increase in the Electrical SBU scrap sales which represented 37.5% of the total other income in 2010G. In 2011G, the other income increased by 39.4% from SAR 3.2 million in 2010 to SAR 4.4 million in 2011G due to the reversal of the surplus of Zakat provision (SAR 1.7 million) and the provision for bad debt (SAR 0.5 million). In 2012G, other income rose by 134.8%, from SAR 4.4 million in 2011G to SAR 10.3 million in 2012G, which include proceeds from disposal of fixed assets amounting to SAR 0.9 million, refund of the provision for bad debts in the amount of SAR 1.3 million, scrap sales for SAR 2.0 million and other miscellaneous income of SAR 6.1 million.

The other income and expenses decreased by 104.0% from SAR 5.9 million other income in the six-month period ending 30 June 2012G to SAR 6.2 million other expenses in the six-month period ending 30 June 2013G, due mainly to a SAR 12.0 million Group hedging against the exchange rate decrease between the Syrian Pound and the Saudi Riyal.

The Group hedge is considered as unachieved loss, which, in turn, led to the decrease of the Group's gross profit and the reserve balance of foreign currency during that period.

6 - 3 - 6 Operating Income

The operating income is defined as net income before Zakat and financial charges.

The following table illustrates the contribution of the Company and its subsidiaries in the Group Operating Income for the years ending on 31 December 2010G-2012G:

Exhibit 6.31: Contribution of the Company and its Subsidiaries in the Operating Income, 2010G-2012G

	2010G		2011G		2012G	
	SAR '000	Contribution in Total Operating Income of the Group (%)	SAR '000	Contribution in Total Operating Income of the Group (%)	SAR '000	Contribution in Total Operating Income of the Group (%)
BMI	17,565	11.0	42,945	26.9	37,953	24.6
BMI (S.P.C)	(1,297)	(0.8)	(1,236)	(0.8)	(1,316)	(0.9)
UWP	10,117	6.3	9,342	5.9	13,875	9.0
BWI	75,317	47.1	57,321	36.0	60,779	39.4
Al-Raya Woodworks Establishment	3,278	2.1	747	0.5	1,484	1.0
Al-Raya Woodworks Establishment	4,927	3.1	4,880	3.1	4,104	2.7
BEIC	(437)	(0.3)	(458)	(0.3)	(570)	(0.4)

	2010G		2011G		2012G	
	SAR '000	Contribution in Total Operating Income of the Group (%)	SAR '000	Contribution in Total Operating Income of the Group (%)	SAR '000	Contribution in Total Operating Income of the Group (%)
UTEC	33,185	20.8	55,671	34.9	44,270	28.7
UTEC-Syria	(1,745)	(1.1)	(3,557)	(2.2)	1,025	0.7
USSG	(9,577)	(6.0)	(5,663)	(3.6)	(6,931)	(4.5)
Bina Industrial Investments Holding	(421)	(0.3)	483	0.3	(210)	(0.1)
Bina Precast Concrete Products	1,654	1.0	1,023	0.6	3,258	2.1
Bina ReadyMix	(517)	(0.3)	3,360	2.1	5,475	3.6
Bawan (non-consolidated)	27,788	17.4	(5,475)	(3.4)	(9,068)	(5.9)
Bawan and its subsidiaries	159,837	100.0	159,383	100.0	154,128	100,0

Source: Bawan

The following table illustrates the contribution of the Company and its subsidiaries in the Group Operating Income for the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G:

Exhibit 6.32: Contribution of the Company and its subsidiaries in the Operating Income, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	Contribution in Total Operating Income of the Group (%)	SAR '000	Contribution in Total Operating Income of the Group (%)	Growth 2012-20313 (%)
BMI	22,399	28.6	24,178	24.2	7.9
BMI (S.P.C)	(731)	(0.9)	(313)	(0.3)	57.2
UWP	8,892	11.4	2,544	2.5	(71.4)
BWI	31,458	40.2	24,509	24.5	(22.1)
Al-Raya Woodworks Establishment	1,965	2.5	1,546	1.6	(21.3)
Al-Raya Woodworks Establishment	708	0.9	584	0.6	(17.5)
BEIC	(295)	(0.4)	(277)	(0.3)	6.1
UTEC	18,674	23.9	51,571	51.6	176.2
UTEC-Syria	328	0.4	(1,128)	(1.1)	(443.9)

	30 June 2012G		30 June 2013G		
	SAR '000	Contribution in Total Operating Income of the Group (%)	SAR '000	Contribution in Total Operating Income of the Group (%)	Growth 2012-20313 (%)
USSG	(3,203)	(4.1)	(2,491)	(2.5)	22.2
Bina Industrial Investments Holding	(46)	(0.1)	(356)	(0.4)	(673.9)
Bina Precast Concrete Products	(1,332)	(1.7)	2,237	2.2	267.9
Bina ReadyMix	2,670	3.4	3,563	3.6	33.4
Bawan (non-consolidated)	(3,249)	(4.2)	(6,237)	(6.2)	(92.0)
Bawan and its Subsidiaries	78,238	100.0	99,930	100.0	27.0

Source: Bawan

6 - 3 - 7 Zakat and Income Tax

The Group is subject to the regulations of the Department of Zakat and Income Tax ("DZIT"). Zakat and income tax are paid in accordance with the instructions of the DZIT. Zakat is calculated separately for each subsidiary of the group, and each company is expected to file its Zakat Declaration separately. The Company has already submitted its Zakat Declaration and paid its Zakat until 2011G, for which it has received a zakat certificate. The Company also received the final assessment until 2007G, which reflected an additional obligation of SAR 1.1 million for 2006G and 2007G. The management has allocated a provision for such additional Zakat obligation, and simultaneously submitted an objection to the related assessments. The Company believes that the decision will be in its favor. The final assessments for the years 2008G until 2011G are currently being examined by the Department of Zakat and Income Tax.

In 2011G, the Zakat provision increased by 7.9% from SAR 10.7 million to SAR 11.5 million, due to a SAR 2.1 million increase of the Zakat provision and an unpaid amount of SAR 3.3 million for the year.

In 2012G, the Zakat and income tax provision dropped by a percentage of 10.9%, which is equivalent to SAR 1.3 million, as compared to 2011G. This decline is mainly due to the decrease during the year of Zakat provision and paid amount by SAR 3.5 million and SAR 2.2 million respectively.

The movement in the Zakat and income tax provision is provided below for the financial years ending 31 December 2010G-2012G.

Exhibit 6.33: Zakat and Income Tax, 2010G-2012G

	2010G	2011G	2012G
	SAR '000	SAR '000	SAR '000
Opening balance - January 1	8,770	10,682	11,525
Transfers	4,532	-	-
Provision for the year	8,573	10,694	7,167
Paid during the year	(12,758)	(9,461)	(7,226)
Under provisions for prior years	1,564	1,311	(651)
Prepayments	-	(1,700)	(550)

	2010G	2011G	2012G
	SAR '000	SAR '000	SAR '000
Adjustments	-	-	(834)
Closing balance -December 31	10,681	11,525	11,265

Source: Audited Consolidated Financial Statements

The following table illustrates the Zakat and income tax provision for the six-month period ending 30 June 2012G and 2013G.

Exhibit 6.34: Movement in Zakat and Income Tax, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G	30 June 2013G	
	SAR '000	SAR '000	Growth 2012-20313 (%)
Opening balance - January 1	11,525	10,265	(10.9)
Provision for the period	4,407	7,234	64.2
Paid during the period	(7,129)	(8,078)	(13.3)
Under provisions for prior years	(324)	650	300.0
Adjustments	(834)	-	100.0
Closing balance -June 30	7,644	10,071	31.8

Source: Audited Consolidated Financial Statements

The Zakat and income tax provision rose by 31.8% from SAR 7.6 million in the six-month period ending 30 June 2012G to SAR 10.1 million in the six-month period ending 30 June 2013G, mainly due to the increase of the allocated amount by 64.2% from SAR 4.4 million in the six-month period ending 30 June 2012G to SAR 7.2 million in the six-month period ending 30 June 2013G, following the expansion of the Zakat base as a result of net profit increase during that period.

6 - 3 - 8 Net Income

In 2011G, the net income decreased by 3.5% from SAR 140.1 million in 2010G to SAR 135.2 million due to the increase in the cost of sales for both the Metal and Wood SBU's, which led to a decrease in the profit margin and therefore the net profit of the Group. Net income also decreased by 3.0% in 2012G from SAR 135.2 million in 2011G to SAR 131.2 million in 2012G, as a result of a decrease in the profit margin for the Metal, Electrical and Concrete SBUs due to the fluctuations of raw materials' prices and increasing competition.

The following chart illustrates the contribution of the Company and its subsidiaries in the Group Net Income for the period 2010G-2012G:

Exhibit 6.35: Contribution of the Company and its Subsidiaries in the Group Net Income, 2010G-2012G

	2010G		2011G		2012G	
	SAR '000	Contribution in Total Net Income of the Group (%)	SAR '000	Contribution in Total Net Income of the Group (%)	SAR '000	Contribution in Total Net Income of the Group (%)
BMI	15,705	11.2	38,076	28.2	33,156	25.3
BMI (S.P.C)	(1,297)	(0.9)	(1,235)	(0. 9)	(1,316)	(1.0)
UWP	9,126	6.5	8,098	6.0	12,848	9.8
BWI	69,490	49.6	53,206	39.3	55,018	41.9
Al-Raya Woodworks Establishment	3,277	2.3	747	0.6	1,483	1.1
Al-Raya Woodworks Establishment	4,927	3.5	4,880	3.6	4,104	3.1
BEIC	(437)	(0.3)	(458)	(0.3)	(738)	(0.6)
UTEC	29,016	20.7	49,594	36.7	38,754	29.5
UTEC-Syria	(2,989)	(2.1)	(4,567)	(3.4)	970	0.7
USSG	(9,860)	(7.0)	(6,646)	(4.9)	(7,596)	(5.8)
Bina Industrial Investments Holding	(421)	(0.3)	483	0.4	(218)	(0.2)
Bina Precast Concrete Products	875	0.6	(69)	(0.1)	375	0.3
Bina ReadyMix	(568)	(0.4)	2,514	1.9	4,185	3.2
Bawan (non-consolidated)	23,284	16.6	(9,389)	(6.9)	(9,850)	(7.5)
Bawan and its subsidiaries	140,128	100.0	135,234	100.0	131,175	100.0

Source: Bawan

The following chart illustrates the contribution of the Company and its subsidiaries in the Group Net Income for the six-month period ended 30 June 2012G and the six-month period ending 30 June 2013G:

Exhibit 6.36: Contribution of the Company and its subsidiaries in the Group Net Income, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	June 2012G 30		June 2013G 30		
	SAR '000	Contribution in Total Net Income of the Group (%)	SAR '000	Contribution in Total Net Income of the Group (%)	Growth 2012G-2013G (%)
BMI	20,780	31.2	20,221	24.0	(2.7)
BMI (S.P.C)	(731)	(1.1)	(313)	(0.4)	57.1
UWP	8,252	12.4	2,140	2.5	(74.1)
BWI	28,005	42.0	21,047	25.0	(24.9)
Al-Raya Woodworks Establishment	1,962	2.9	1,546	1.8	(21.2)
Al-Raya Woodworks Establishment	705	1.1	580	0.7	(17.7)
BEIC	(378)	(0.6)	(319)	(0.4)	15.6
UTEC	15,499	23.2	46,145	54.7	197.7
UTEC-Syria	274	0.4	(1,141)	(1.4)	(516.4)
USSG	(3,409)	(5.1)	(3,034)	(3.6)	11.0
Bina Industrial Investments Holding	(46)	(0.1)	(356)	(0.4)	(657.5)
Bina Precast Concrete Products	(2,492)	(3.7)	1,121	1.3	145.0
Bina ReadyMix	2,237	3.4	3,290	3.9	47.1
Bawan (non-consolidated)	(3,967)	(5.9)	(6,606)	(7.8)	(66.5)
Bawan and its subsidiaries	66,690	100.0	84,320	100.0	26.4

Source: Management

The Company's net income rose by 26.4% from SAR 66.7 million in the six-month period ending 30 June 2012G to SAR 84.3 million in the six-month period ending 30 June 2013G, due mainly to the increase of UTEC contribution in the Group net income from SAR 15.5 million in the six-month period ending 30 June 2012G to SAR 46.1 million in the six-month period ending 30 June 2013G, due to the increase in the number of units sold and the average selling price.

6 - 4 Cash Flow

The following table sets out the Group cash-flows for the financial years ending on 31 December 2010G-2012G:

Exhibit 6.37: Cash Flow, 2010G-2012G

Cash Flow Statement	2010G	2011G	Growth 2010G-2011G (%)	2012G	Change 2011G-2012G (%)
	SAR '000	SAR '000		SAR '000	
Net income before Zakat	149,463	145,698	(2.5)	136,430	(6.4)
Adjustments for					
Depreciation	30,976	32,512	5	34,856	7.2
Amortization	966	516	(46.6)	1,320	155.8
End of service benefits	7,096	8,470	19.4	8,430	(0.5)
Financial charges	10,372	13,875	33.8	17,697	27.6
Gain on disposal of property, plant and equipment	(407)	(410)	(0.7)	(819)	(100.0)
Non-controlling interests	7,195	12,370	71.9	13,294	7.5
Changes in operating assets and liabilities					
Accounts receivable and other debit balances	(26,047)	(90,747)	248.4	(83,729)	7.7
Inventories	18,347	(81,040)	(541.7)	51,828	164.0
Net dues from/to related parties	(90,822)	(61,017)	(32.8)	(1,646)	(97.3)
Accounts payable and other liabilities	36,433	29,852	(18.1)	50,029	67.6
Cash from operations	143,571	10,079	(93.0)	227,690	2,158.6
Financial charges paid	(10,372)	(13,875)	33.8	(18,058)	(30.2)
Zakat paid	(12,758)	(9,461)	(25.8)	(7,226)	(23.6)
End of service benefits indemnities paid	(2,067)	(1,966)	(4.9)	(1,920)	(2.3)
Net cash from (used in) operating activities	118,375	(15,223)	(112.9)	200,486	1,417.2
Cash flow from investing activities					

Cash Flow Statement	2010G	2011G	Growth 2010G-2011G (%)	2012G	Change 2011G-2012G (%)
	SAR '000	SAR '000		SAR '000	
Purchase of property, plant and equipment	(36,677)	(41,536)	13.2	(85,121)	(104.9)
Proceeds from disposal of property, plant and equipment	1,520	899	(40.9)	2,226	147.6
Net cash flow used for the purchase of subsidiaries	(98,365)	-	100.0	-	-
Additions to intangible assets	-	(2,263)	100.0	(2,616)	15.6
Net cash used in investing activities	(133,522)	(42,900)	(67.9)	(85,511)	99.3
Cash flow from financing activities					
Due to banks	(754)	-	100.0	-	-
Long term loans	8,100	-	(100.0)	9,200	100.0
Short term loans	104,989	163,956	56.2	(76,847)	(146.9)
Obligations under capital leases	543	(111)	(120.3)	(229)	108.2
Obligations under installment purchase	(1,206)	(645)	(46.5)	-	(100.0)
Dividend paid	(53,082)	(127,517)	140.2	(115,000)	(9.8)
Changes in non-controlling interests	(2,975)	(3,436)	15.5	(17,491)	409.1
Repayment of long term loans	-	(5,100)	100.0	(7,000)	37.3
Medium term loans	-	-	-	89,700	100.0
Net cash from (used in) financing activities	55,615	27,148	(51.2)	(117,667)	(533.4)
Net change in cash and cash equivalents	40,468	(30,975)	(176.5)	(2,692)	(91.3)
Cash and cash equivalents, January 1st	33,017	73,485	(122.6)	42,510	(42.2)
Cash and cash equivalents, December 31st	73,485	42,510	(42.2)	39,818	(6.3)

Source: Audited Consolidated Financial Statements

The following table sets out the Group cash-flows for the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G:

Exhibit 6.38: Cash Flow, Six-Month Period Ending 30 June 2012G and 2013G

Cash Flow Statement	30 June 2012G	30 June 2013G	Change 2012G-2013G (%)
	SAR '000	SAR '000	
Net income before Zakat	70,171	90,735	29.3
Adjustments for			
Depreciation	16,943	18,792	10.9
Amortization	641	905	41.2
Gain of disposal of property, plant and equipment	(167)	(3)	(98.2)
Finance charges	8,331	9,196	10.4
End of service indemnities	4,813	5,582	16.0
Currency translation adjustments	-	12,022	100.0
Non-controlling interests	3,973	12,251	208.4
Changes in operating assets and liabilities			
Accounts receivable and other debit balances	(46,104)	(76,375)	65.7
Inventories	93,644	(63,402)	(167.7)
Accounts payable and other liabilities	28,869	14,267	(50.6)
Net dues from/to related parties	8,332	(28,401)	(440.9)
Cash from (used in) operations	189,446	(4,431)	(102.3)
Zakat and income taxes paid	(7,129)	(8,077)	13.3
Finance charges paid	(7,058)	(8,788)	24.5
End of service indemnities paid	(1,041)	(1,587)	52.5
Net cash from (used in) operating activities	174,218	(22,883)	(113.1)
Cash flow from investing activities			
Purchase of property, plant and equipment	(63,990)	(21,680)	(66.1)
Proceeds from disposal of property, plant and equipment	1,118	337	(69.9)
Additions to intangible assets	(1,900)	(85)	(95.5)
Net cash used in investing activities	(64,772)	(21,428)	(66.9)
Cash flow from financing activities			

Cash Flow Statement	30 June 2012G	30 June 2013G	Change 2012G-2013G (%)
	SAR '000	SAR '000	
Short term loans (net)	(31,144)	126,030	504.7
Proceeds from medium term loans	-	12,000	100.0
Reimbursement of medium term loans	-	(7,940)	(100.0)
Proceeds from long term loans	9,200	8,440	(8.3)
Reimbursement of long term loans	(3,000)	(5,500)	83.3
Obligations under capital leases	(114)	(81)	(29.0)
Paid dividends	(75,000)	(85,000)	13.3
Changes in non-controlling interests	(11,527)	(9,698)	(15.9)
Net cash from (used in) financing activities	(111,585)	38,251	134.3
Net change in cash and cash equivalents	(2,139)	(6,060)	183.3
Cash and cash equivalents, January 1st	42,510	39,818	(6.3)
Cash and cash equivalents, June 30	40,371	33,758	(16.4)

Source: Audited Consolidated Financial Statements

6 - 4 - 1 Operating Activities

Operating activities mainly consist of net income before Zakat, changes in operating assets and liabilities and non-cash items like amortization, depreciation, end of service benefits, financial expenses, and non-controlling interests. In 2011G, cash from operating activities decreased by 112.9%, from SAR 118.4 million generated from operating activities in 2010G to SAR 15.2 million used in operating activities in 2011G. The decline in operating cash flows during this period was mainly due to an increase in the cash used in accounts receivable, other debit balances, the purchasing of inventory, other liabilities and dues to related parties. Operating cash flows increased in 2012G by 1,417.3% from SAR 15.2 million used in operating activities in 2011G to SAR 200.5 million generated from operating activities, primarily due to the decrease in inventories in comparison to 2011G, which were used in 2012G to cover production needs, and increase trade accounts payable and other liabilities in comparison to 2011G.

Cash from operating activities decreased by 115.8% from SAR 174.2 million (cash resulting from operating activities) in the six-month period ending 30 June 2012G to SAR 22.9 million, cash used in operating activities in the six-month period ending 30 June 2013G, due mainly to the increase of the cash used in the stock purchases, trade accounts payable and liabilities of the related parties.

(Please refer to the Section 6.5.3 Operating Working Capital for details).

6 - 4 - 2 Investing Activities

Investing activities mainly comprise purchase of property, plant and equipment, proceeds from disposals of property, plant and equipment and additions of intangible assets.

In 2011G, the cash used in investing activities decreased from SAR 133.5 million in 2010G to SAR 42.9 million in 2011G by 67.9% mainly because of the lack of any acquisitions in comparison to 2010G, even though the intangible assets increased to SAR 2.3 million, and property, plant and equipment increased to SAR 45.1 million. In 2012G cash used in investing activities increased by 99.3% from SAR 42.9 million in 2011G to SAR 85.5 million in 2012G, mainly due to the purchase of property and equipment for an amount of SAR 85.1 million in all of the Group's SBUs, in order to increase productive capacity and add new factories.

(Please refer to the Section 6.6 Capital Expenditure for details).

Cash used in investing activities decreased by 66.9% from SAR 64.8 million in the six-month period ending 30 June 2012G to SAR 21.4 million in the six-month period ending 30 June 2013G, due to the decrease of the additions of properties, factory and equipment, compared with the previous period, due to the completion of most of the expansions works, increase of the production capacity, addition of production lines, establishment of new factories and approved addition of assets during the previous period

6 - 4 - 3 Financing Activities

Financing activities mainly include short term and medium term bank loans, dividends paid, long term loans, and changes in non-controlling interests.

In 2011G, cash from financing activities decreased from SAR 55.6 million in 2010G to SAR 27.1 million in 2011G by 51.2% because of an increase in the payment of dividends, from SAR 53.1 million in 2010G to SAR 127.5 million in 2011G, as well as the payment of the current portion of the long term loans amounting to SAR 5.1 million, despite the increase in the amount of short term loans from SAR 105.0 million in 2010G to SAR 164.0 million in 2011G.

Cash generated through financing activities decreased in 2012G by 533.4%, from SAR 27.1 million obtained through financing activities to SAR 117.7 million used for financing activities, mainly because of the payment of short term loans amounting to SAR 76.8 million, the payment of long term loans amounting to SAR 7.0 million, the payment of dividends amounting to SAR 115.0 million, and changes in non-controlling interests amounting to SAR 17.5 million, despite obtaining medium and long term loans during 2012G totaling SAR 89.7 million and SAR 9.2 million respectively.

Cash resulting from financing activities increased by 134.3% from SAR 111.6 million (cash used in financing activities) in the six-month period ending 30 June 2012G to SAR 38.3 million (cash resulting from financing activities) in the six-month period ending 30 June 2013G, due to the increase of financing obtained during the period in order to cover the operational and investment activities.

6 - 5 Liquidity and Capital Resources

6 - 5 - 1 Consolidated Balance-Sheet

The following table summarizes the Group's consolidated balance-sheet as at 31 December 2010G-2012G.

Exhibit 6.39: Consolidated Balance-Sheet, 2010G-2012G

(SAR '000)	2010G	2011G	2012G
Assets			
Current assets			
Cash and cash equivalents	73,485	42,510	39,818
Accounts receivable and other debit balances	374,696	488,851	565,352
Inventories	387,052	468,093	416,265
Total current assets	835,233	999,454	1,021,435
Non-current assets			
Property, plant and equipment	348,297	350,211	391,621
Intangible assets	2,376	4,123	5,420
Goodwill	169,770	169,770	169,770
Total non-current assets	520,443	524,104	566,811
Total Assets	1,355,676	1,523,558	1,588,246

Consolidated Balance-Sheet (SAR '000)	2010G	2011G	2012G
Liabilities, Shareholders' equity and non-controlling interests			
Current liabilities			
Short term loans	275,300	439,256	362,410
Accounts payable and other liabilities	383,203	313,329	363,949
Medium term loans – current portion	-	-	21,436
Long term loans - current portion	4,000	6,000	11,000
Obligations under capital leases - current portion	252	225	200
Total current liabilities	662,755	758,810	758,995
Non-current liabilities			
Medium term loans	-	-	68,265
Long term loans	38,600	31,500	28,700
Obligations under installment purchase	645	-	-
Obligations under capital leases	291	206	2
Due to related parties	5,078	10,707	1,938
End-of-service indemnities	32,262	38,767	45,276
Total non-current liabilities	76,876	81,180	144,181
Shareholders' equity and non-controlling interests			
Share capital	27,700	500,000	500,000
Advances on account of increase in share capital*	451,918	-	-
Statutory reserve	20,382	13,523	26,641
Retained earnings	76,472	128,182	131,240
Currency translation reserve	(202)	(6,846)	(17,323)
Total shareholders' equity	576,270	634,859	640,558
Non-controlling interests	39,775	48,709	44,512
Total shareholders' equity and non-controlling interests	616,045	683,568	685,070
Total liabilities, shareholders' equity and non-controlling interests	1,355,676	1,523,558	1,588,246

Source: Audited Consolidated Financial Statements

*see Exhibit 4.2 for further details.

The following table summarizes the Group's consolidated balance-sheet as at 30 June 2012G and at 30 June 2013G.

Exhibit 6.40: Consolidated Balance-Sheet, as at 30 June 2012G and as at 30 June 2013G

Consolidated Balance-Sheet (SAR '000)	30 June 2012G	30 June 2013G
Assets		
Current assets		
Cash and cash equivalents	40,371	33,758
Accounts receivable and other debit balances	526,823	670,347
Inventories	374,449	479,667
Total current assets	941,643	1,183,772
Non-current assets		
Property, plant and equipment	392,863	389,215
Intangible assets	5,382	5,296
Goodwill	169,770	169,770
Total non-current assets	568,015	564,282
Total Assets	1,509,658	1,748,054
Liabilities, Shareholders' equity and non-controlling interests		
Current liabilities		
Short term loans	408,113	488,439
Accounts payable and other liabilities	340,710	381,545
Medium term loans – current portion	-	37,347
Long term loans - current portion	9,500	11,500
Obligations under capital leases - current portion	265	122
Total current liabilities	758,588	918,953
Non-current liabilities		
Medium term loans	-	56,413
Long term loans	34,200	31,140
Obligations under capital leases	52	-
Due to related parties	11,451	1,412
End-of-service indemnities	42,539	49,271
Total non-current liabilities	88,242	138,236

Consolidated Balance-Sheet (SAR '000)	30 June 2012G	30 June 2013G
Shareholders' equity and non-controlling interests		
Share capital	500,000	500,000
Statutory reserve	20,192	35,073
Retained earnings	113,203	122,128
Currency translation reserve	(11,722)	(13,402)
Total shareholders' equity	621,674	643,799
Non-controlling interests	41,155	47,066
Total shareholders' equity and non-controlling interests	662,828	690,865
Total liabilities, shareholders' equity and non-controlling interests	1,509,658	1,748,054

Source: Audited Consolidated Financial Statements

6 - 5 - 2 Cash and Cash Equivalents

The following table summarizes cash and cash equivalents as at 31 December 2010G-2012G.

Exhibit 6.41: Cash and Cash equivalents, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% Total Sales	SAR '000	% Total Sales	Change 2010G -2011G (%)	SAR '000	% Total Sales	Change 2011G-2012G (%)
Cash and cash equivalents	73,485	4.7	42,510	2.3	(42.2)	39,818	1.9	(6.3)

Source: Audited Consolidated Financial Statements

Cash and cash equivalents include small amounts of petty cash held by the Group for everyday use and to fulfill working capital requirements. These balances also cover funds deposited by the Group in local banks as current accounts.

In 2011G, cash and cash equivalents decreased by 42.2%, from SAR 73.5 million in 2010G to SAR 42.5 million in 2011G, mainly due to the decrease in the cash flows of operational activities, from SAR 118.4 million generated in 2010G to SAR 15.2 million used in 2011G. The main reason for this decline is the placement of a part of available operational cash flows in inventories, accounts receivable and other debit balances.

In 2012G, cash and cash equivalents decreased by 6.3% from SAR 42.5 million in 2011G to SAR 39.8 million in 2012G, mainly due to the increase of cash being used in investing and financing activities, from SAR 42.9 million and SAR 27.1 million respectively in 2011G to SAR 85.5 million and SAR 117.7 million respectively in 2012; despite the increase in cash from operational activities, from SAR 15.2 million in 2011G to SAR 200.5 million.

The following table summarizes cash and cash equivalents as at 30 June 2012G and at 30 June 2013G.

Exhibit 6.42: Cash and Cash equivalents, as at 30 June 2012G and as at 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% Total Sales	SAR '000	% Total Sales	Change 2012G-2013G (%)
Cash and cash equivalents	40,371	3.7	33,758	2.8	(16.4)

Source: Audited Consolidated Financial Statements

The balance of cash and cash equivalents decreased by 16.4% from SAR 40.4 million as at 30 June 2012G to SAR 33.8 million as at 30 June 2013G, due to investment in properties, plant and equipment during that period, in addition to the decrease of cash flows resulting from operating activities by 115.8%, from SAR 174.2 million generated from operating activities six-month period ending 30 June 2012G to SAR 22.9 million used in operating activities in six-month period ending 30 June 2013G. This is mainly due to the increase in the cash used in the purchasing of inventory, trade accounts payable and due to related parties.

6 - 5 - 3 Operating Working Capital

Operating working capital is defined as receivables, other debit balances and inventories less payables, other liabilities, due to related parties, except Zakat, income tax and dividends payable. In 2011G, the operating working capital increased by 46.7%, from SAR 446.7 million in 2010 to SAR 655.1 million in 2011G, mainly due to the increase in sales, which in turn increased the existing trade accounts receivable and inventories in 2011G, and decreased the amounts due to related parties as a result of the payment of these due amounts. In 2012G, the operating working capital decreased by 4.2% from SAR 655.1 million in 2011G to SAR 627.9 million in 2012G, due to the decrease in the level of inventories used to cover production needs, and the increase in trade accounts payable, despite the increase in trade accounts receivable resulting from an increase in the Group's activity.

The following table summarizes the operating working capital as at 31 December 2010G-2012G.

Exhibit 6.43: Operating working capital, 2010G-2012G

In SAR '000	2010G	2011G	Change 2010G-2011G (%)	2012G	Change 2011G-2012G (%)
Trade accounts receivable	269,458	349,159	29.6	413,636	18.5
Inventories	387,052	468,093	20.9	416,265	(11.1)
Due from related parties	56,087	79,495	41.7	72,267	(9.1)
Prepayments	8,952	20,575	129.8	11,325	(45.0)
Unbilled revenues	22,328	6,365	(71.5)	15,398	141.9
Other assets	17,872	33,257	86.1	52,726	58.5
Total current operating assets	761,752	956,944	25.6	981,617	2.6
Trade accounts payable	166,927	204,117	22.3	249,894	22.4
Accrued expenses and other liabilities	99,564	92,387	(7.2)	98,595	6.7
Due to related parties	48,514	5,300	(89.1)	5,195	(2.0)

In SAR '000	2010G	2011G	Change 2010G-2011G (%)	2012G	Change 2011G-2012G (%)
Total current operating liabilities	315,005	301,804	(4.2)	353,685	17.2
Operating working capital	446,744	655,140	46.7	627,933	(4.2)

Source: Audited Consolidated Financial Statements

Account receivables and other debit balances include mainly trade accounts receivable, due to related parties, advances given to suppliers and unbilled revenues. Accounts payable and other liabilities mainly include trade accounts payable, advances from customers, accrued expenses and other liabilities.

Trade accounts receivable include trade customers' accounts, net of provision for doubtful debts. Due to the diverse nature of the SBU activities and the Group customers' segments, the Group periodically examines the status of existing accounts receivable on the basis of an Accounts Receivable Age Analysis. Where there is a significant doubt about the possibility of collecting an amount that has been outstanding for more than 360 days, the Group records an allowance for doubtful accounts. The Company can reverse such allowance, if the related debt is finally paid. In 2011G, trade accounts receivable increased by 29.6%, from SAR 269.5 million in 2010G to SAR 349.2 million in 2011G, due primarily to an 18% increase in sales revenues. In 2011G, days sales outstanding went up from 62.5 days in 2010G to 68.6 days in 2011G. In 2012G, trade accounts receivable grew by 18.5%, from SAR 349.2 million in 2011G to SAR 413.6 million in 2012G, because of an increase in sales revenues by 12.3%. In 2012G, days sales outstanding increased from 68.6 days in 2011G to 72.4 days in 2012G.

Inventories are stated at the lower of cost or net realizable value. Inventories include mainly raw materials, finished goods, and goods in process as per the needs of the Groups' SBUs, in addition to any goods in transit. Due to the nature of activity of the Group SBUs, its inventory mainly consists of multiple purposes and non-perishable raw materials. The Group periodically examines the status of its inventory on the basis of the average age of anventory analysis, where there is a significant doubt about the possibility of using or selling materials that have exceeded 360 days, the Group records an allowance covering the inventory not expected to be used or sold. The Company can reverse such allowance, if the related raw materials are finally used or sold. In 2011G, the inventories increased by 20.9% from SAR 387.1 million in 2010G to SAR 468.1 million in 2011G, primarily because of an increase of 47.3% in the Electrical SBU's inventory level, mainly due to USSG beginning operations which in turn led to an increase in the inventory to meet production requirements. In 2011G, days sales of inventory dropped from 108.8 days in 2010G to 108.5 days in 2011G. In 2012G, the inventories decreased by 11.1% from SAR 468.1 million in 2011G to SAR 416.3 million in 2012G, primarily because of a decrease of 28.7% and 13.0% in Metal and Electrical SBUs' inventories respectively, which were used to meet production requirements resulting from an increase in activity, in addition to the Group's efforts to maintain an adequate level of inventory in order to avoid any price fluctuation. In 2012G, days sales of inventory dropped from 108.5 days in 2011G to 84.1 days in 2012G.

The Group does not have securities or other assets that are subject to fluctuations, other than the inventory being used in the Group's activities.

The amount due from related parties includes sales made by different SBUs, especially the Metal SBU, to Al Fozan and Al Muhaidib Group companies, which are engaged in the sale of contracting and construction materials. In 2011G, the amount due from related parties increased by 41.7% from SAR 56.1 million in 2010 to SAR 79.5 million in 2011G, mainly because of the increase in Metal SBU's sales to the related parties during that period. Amounts due from related parties decreased by 9.1% in 2012G from SAR 79.5 million in 2011G to SAR 72.3 million in 2012G, due to the collection of amounts due from related parties, despite increased sales to related parties during this period by 11.3% in comparison to 2011G.

In 2011G, prepayments increased by 129.8% from SAR 9.0 million in 2010G to SAR 20.6 million in 2011G. In 2012G, prepayments decreased by 45.0% from SAR 20.6 million in 2011G to SAR 11.3 million in 2012G.

Unbilled revenues represent work completed which remained unbilled by year's end, and pertaining mainly to the concrete industries. In 2011G, unbilled revenues decreased by 71.5%, from SAR 22.3 million in 2010G to SAR 6.4 million in 2011G; and in 2012G, unbilled revenues increased by 141.9% from SAR 6.4 million in 2011G to SAR 15.4 million in 2012G, as a result of the expansion of the concrete SBU activity.

Other assets mainly comprise advances given to suppliers, booking receivables and other assets.

In 2011G, other assets increased by 86.1%, from SAR 17.9 million in 2010G to SAR 33.3 million in 2011G, mainly because of the increase in advances given to suppliers, due to more activity. In 2012G, other assets increased by 58.5%, from SAR 33.3 million in 2011G to SAR 52.7 million in 2012G, because of an increase in booking receivables and advances given to suppliers, due to additional activity in the Group's SBUs.

Trade accounts payable relate to the amounts due to the suppliers of raw materials and service providers. In 2011G, accounts payables increased from SAR 166.9 million in 2010G to SAR 204.1 million in 2011G by 22.3%, due to increased payables for Metal and Electrical SBUs as sales volume and activity increased. In 2011G, days payable outstanding increased from 46.9 days in 2010G to 47.3 days in 2011G. In 2012G, accounts payable increased by 22.4% from SAR 204.1 million in 2011G to SAR 249.9 million in 2012G, due to increased payables for Wood and Electrical SBUs by 136.4% and 59.3% respectively, caused by an increase in the use of raw materials needed to satisfy the increase in activity and sales. In 2012G, days payable outstanding decreased from 47.3 days in 2011G to 43.7 days in 2012G.

Amount due to related parties include payments owed by the SBUs to the related parties primarily in relation to the purchase of raw materials. In 2011G, these amounts decreased by 89.1% from SAR 48.5 million in 2010G to SAR 5.3 million in 2011G because of the payment of the accounts payable in 2011G. Amount due to related parties decreased in 2012G by 2.0% from SAR 5.3 million in 2011G to SAR 5.2 million in 2012G because of the payment of the accounts payable in 2012G.

Accrued expenses and other liabilities relate primarily to advances from customers, accrued expenses and other liabilities. In 2011G, other liabilities decreased by 7.2% from SAR 99.5 million in 2010G to SAR 92.4 million in 2011G, due to a decrease in advances from customers. In 2012G, other liabilities increased by 6.7% from SAR 92.4 million in 2011G to SAR 98.6 million in 2012G, mainly due to an increase in advances from customers resulting from the Group's increased activity.

The following table summarizes the operating working capital as at 30 June 2012G and at 30 June 2013G.

Exhibit 6.44: Operating working capital, as at 30 June 2012G and as at 30 June 2013G

	30 June 2012G		30 June 2013G		
	In SAR '000	% of Total Group Sales	In SAR '000	% of Total Group Sales (%)	Change 2012G-2013G (%)
Trade accounts receivable	393,017	36.1	450,840	37.8	14.7
Inventories	374,449	34.4	479,667	40.3	28.1
Due from related parties	71,363	6.6	100,888	8.5	41.4
Prepayments	11,038	1.0	10,909	0.9	(1.2)
Unbilled revenues	8,541	0.8	14,214	1.2	66.4
Other Assets	42,864	3.9	93,497	7.9	118.1
Total current operating assets	901,272	82.7	1,150,015	96.5	27.6
Trade accounts payable	239,330	22.0	251,179	21.1	5.2
Accrued expenses and other liabilities	88,980	8.2	114,355	9.6	28.5
Due to related parties	4,756	0.4	5,940	0.5	24.9
Total current operating liabilities	333,066	30.6	371,474	31.2	11.5
Operating working capital	568,206	52.1	778,541	65.4	37.0

Source: Audited Consolidated Financial Statements

The operating working capital increased by 37.0% from SAR 568.2 million as at 30 June 2012G to SAR 778.5 million as at 30 June 2013G, due mainly to the increase of trade accounts receivable and inventories.

The trade accounts receivable increased by 14.7% from SAR 393.0 million as at 30 June 2012G to SAR 450.8 million as at 30 June 2013G, due mainly to the increase in sales of the Electrical, Concrete and Metal SBUs, which, in turn, contributed in the increase in the Group's sales by 9.3%, despite the decrease of sales of the Wood SBU during the six-month period ending 30 June 2013G compared with the same period in 2012G. Days sales outstanding increased from 65 days as at 30 June 2012G to 68 days as at 30 June 2013G.

The inventory increased by 28.1% from SAR 374.4 million in as at 30 June 2012G to SAR 479.7 million as at 30 June 2013G, due mainly to the increase of the inventories of each of the Electrical and Metal SBUs by 29.5% and 67.8% respectively, because of the increase of business activity that requires to maintain an appropriate balance to cover the business operational needs. Days sales of inventory increased from 71 days as at 30 June 2012G to 86 days as at 30 June 2013G.

Amounts due from related parties increased by 41.4% from SAR 71.4 million as at 30 June 2012G to SAR 100.9 million as at 30 June 2013G, due mainly to the increase of sales of the Metal SBU to the related parties during the six-month period ending 30 June 2013G compared with the same period in 2012G.

The prepaid expenses decreased by 1.2% from SAR 11.0 million as at 30 June 2012G to SAR 10.9 million as at 30 June 2013G, due mainly to the decrease in both the Metal and Wood SBUs prepaid expenses.

The unbilled revenues increased by 66.4% from SAR 8.5 million as at 30 June 2012G to SAR 14.2 million as at 30 June 2013G, due mainly to the increase of the activity of the concrete industry, specifically Bina Precast Concrete Products Company.

The other assets increased by 118.1% from SAR 42.9 million as at 30 June 2012G to SAR 93.5 million as at 30 June 2013G, due mainly to the increase in advances given to suppliers by the Electrical, Metal and Concrete SBUs as a result of the increase of activity, in addition to the increase in booking receivables in the Concrete SBU during the six-month period ending 30 June 2013G compared with the same period in 2012G, due to the increase of sales.

The trade accounts payable increased by 5.2% from SAR 239.3 million as at 30 June 2012G to SAR 251.2 million as at 30 June 2013G, due mainly to the increase of payables for the SBUs as the activity increased and required the increase of inventory. Days payable outstanding remained 45 days as at 30 June 2013G, as it was as at 30 June 2012G.

Amounts due to related parties increased by 24.9% from SAR 4.8 million as at 30 June 2012G to SAR 5.9 million as at 30 June 2013G, due mainly to the increase of purchase and royalties payable to the related parties during this period.

The accrued expenses and other liabilities increased by 28.5% from SAR 89.0 million as at 30 June 2012G to SAR 114.4 million as at 30 June 2013G, due mainly to the increase of advance payments from customers, accrued expenses and other liabilities as a result of the increase of the Group's activity.

6 - 5 - 4 Zakat, Income Tax and Dividends Payable

The following table summarizes Zakat, Income Tax and Dividends Payable as at 31 December 2010G-2012G.

Exhibit 6.45: Zakat, Income Tax and Dividends Payable, 2010G-2012G

	2010G	2011G	Change 2010G-2011G (%)	2012G	Change 2011G-2012G (%)
Zakat and income tax payable	10,681	11,525	7.9	10,265	(10.9)
Dividend payable[4]	57,517	-	(100)	-	-

Source: Audited Consolidated Financial Statements

The Zakat and income tax payable relate to the provision the Group has made in relation to the Zakat and income tax in accordance with the regulations of the DZIT in Saudi Arabia. In 2011G, Zakat and income tax payable increased by 7.9% from SAR 10.7 million in 2010 Gto SAR 11.5 million in 2011G, due to the increase in the provision the Group had set aside during this time period. In 2012G, Zakat and income tax payables decreased by 10.9% from SAR 11.5 million in 2011G to SAR 10.3 million in 2012G, because of the decrease in the Group SBUs' Zakat base, which in turn led to a reduction of the allocated provision during that time period.

Dividends payable amounted to SAR 57.5 million in 2010G, and they were paid in full in 2011G announced dividends for the financial years ending on 31 December 2011G and 2012G have been paid in full.

(Please refer to the Section 7 Dividend Distribution Policy for details).

The following table summarizes Zakat, Income Tax and Dividends Payable as at 30 June 2012G and at 30 June 2013G.

Exhibit 6.46: Zakat, Income Tax, as at 30 June 2012G and as at 30 June 2013G

	30 June 2012G	30 June 2013G	
	In SAR '000	In SAR '000	Change 2010G-2011G (%)
Zakat and income tax payable	7,644	10,071	31.8

Source: Audited Consolidated Financial Statements

Zakat and income tax payable increased by 31.8% from SAR 7.6 million as at 30 June 2012G to SAR 10.1 million as at 30 June 2013G, mainly due to the increase of the Zakat base of the Group SBUs, mainly as a result of net income increase, which in turn led to the increase of the allocated provision during that period.

6 - 5 - 5 Non-Current assets

Non-current assets mainly comprise property, plant, equipment, intangible assets and goodwill.

The following table summarizes non-current assets as at 31 December 2010G-2012G.

Exhibit 6.47: Non-current assets, 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% Total Group Sales	SAR '000	% Total Group Sales	Change 2010G -2011G (%)	SAR '000	% Total Group Sales	Change 2011G -2012G (%)
Property plant and equipment	348,297	22.1	350,211	18.9	0.6	391,621	18.8	11.8

4 Dividends payable are declared dividends that have not been distributed yet and are included under the item of accounts payable and other liabilities.

	2010G		2011G			2012G		
	SAR '000	% Total Group Sales	SAR '000	% Total Group Sales	Change 2010G -2011G (%)	SAR '000	% Total Group Sales	Change 2011G -2012G (%)
Intangible assets	2,376	0.2	4,123	0.2	73.5	5,420	0.3	31.5
Goodwill	169,770	10.8	169,770	9.1	-	169,770	8.1	0.0
Total	520,443	33.1	524,104	28.2	0.7	566,812	27.2	8.2

Source: Audited Consolidated Financial Statements

In 2011G, the non-current assets increased by 0.7%, from SAR 520.4 million in 2010G to SAR 524.1 million in 2011G, due to an increase of investment in property, plant and equipment, as a result of the additions during that year. In 2012G, the non-current assets increased by 8.2%, from SAR 524.1 million in 2011G to SAR 566.8 million in 2012G, due to an increase in investment in property, plant and equipment, as a result of the additions during that year with respect to the establishment of the iron bar coating factory of the Metal SBU in Jeddah, the establishment of the ready-mix factory of the Concrete SBU in Dammam, the production capacity increase, and the expansion works of the Concrete SBU precast factory.

Property, plant and equipment mainly comprise lands, buildings, leasehold improvements, plants and machineries, vehicles and capital work in progress. In 2011G, investment in property, plant and equipment increased from SAR 348.3 million in 2010G to SAR 350.2 million in 2011G by 0.6% primarily because of the additions during 2011G, which amounted to SAR 40.0 million in the different SBUs. In 2012G, investment in property, plant and equipment, increased from SAR 350.2 million in 2011G to SAR 391.6 million in 2012G by 11.8% primarily because of the additions during that year, which amounted to SAR 85.1 million in the different SBUs. (Please refer to Section 6.6 Capital Expenditure).

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over he estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings and leasehold improvements	5 – 33.3
Plant and equipment	4 – 20
Vehicles	4 – 5
Furniture, fixtures and office equipment	4 – 5
Tools	3 – 5

Intangible assets mainly relate to expenses arising from securing the loan from the SIDF and the expenses associated with implementing the company’s asset management system (SAP). The costs associated with securing the loan are amortized over the loan period, and the costs associated with implementing the company’s asset management system are amortized over five years and paid in fixed installments.

Goodwill amounting to SAR 169.8 million was recorded in 2010G when the Group acquired a majority stake in UTEC, which reflected the differential between the acquisition value of SAR 367.0 million and the net assets value of SAR 197.2 million. The goodwill is carried at cost as of the date of the acquisition.

The fair value of acquired identifiable assets and recognized liabilities as of the acquisition date is as follows:

Exhibit 6.48: Acquired Identifiable Assets and Recognized Liabilities as of the Acquisition Date

	SAR '000
Total assets	472,144
Total liabilities	247,288
Non-controlling interests	27,604
Fair value of net identifiable assets	197,253
Goodwill from acquisitions	169,770
Acquisition compensation	367,023

Source: Audited Consolidated Financial Statements

Adjustments to the fair value of the Group and identifiable liabilities are as follows:

- **Land, buildings and leasehold improvements**

Assessing the fair value was based on open market valuation as determined by independent appraisers possessing the required knowledge and expertise to appraise properties.

- **Plant and equipment**

The fair value was determined based upon the expertise and report presented by the appraisers, which took into account the prevailing market conditions and the current condition of the assets and market based information.

The valuation which fulfilled international appraising standards was based upon current values reflected in the open market.

UTEC and its subsidiary contributed SAR 336.1 million, SAR 358.6 million, SAR 380.9 million of total Group sales for the years 2010G, 2011G and 2012G respectively. UTEC and its subsidiary also contributed SAR 174.6 million and SAR 275.6 million of total Group sales during the period ended 30 June 2012G and 2013G respectively.

Goodwill is tested for impairmen by the Company on an annual basis and last test was in 2013G, and resulting in no impairment needed. During 2012G, goodwill was tested for impairment by the Company and an independent third party, both determining that no impairment needed.

The following table summarizes non-current assets as at 30 June 2012G and at 30 June 2013G.

Exhibit 6.49: Non-current Assets, as at 30 June 2012G and as at 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% Total Group Sales	SAR '000	% Total Group Sales	Change 2012G-2013G (%)
Property plant and equipment	392,863	36.1	389,215	32.7	(0.9)
Intangible assets	5,382	0.5	5,297	0.4	(1.6)
Goodwill	169,770	15.6	169,770	14.3	-
Total	568,015	52.1	564,282	47.4	(0.7)

Source: Audited Consolidated Financial Statements

The non-current assets decreased by 0.7% from SAR 568.0 million as at 30 June 2012G to SAR 564.3 million as at 30 June 2013G, due mainly to the decrease in the property, plant and equipment by 0.9% from SAR 392.9 million as at 30 June 2012G to SAR 389.2 million as at 30 June 2013G, as a result of the depreciation and amendment carried forward during the period despite the additions made of SAR 21.7 million.

6 - 5 - 6 Current Liabilities – Short Term Borrowings

The Group has taken bank facilities from local banks during 2010G to 2012G, mainly to finance working capital. These facilities are in the form of short term loans, Islamic murabaha, forward swap contracts, letters of credit, and letters of guarantee. Most of these facilities are secured by promissory notes and corporate guarantees from the Group (please see section 11.8 -*Banking Facilities*- for further information on guarantees). These facilities are redistributed among the different SBUs as per the respective needs and requirements.

In 2011G, the short term borrowings utilized by the Group increased by 59.6% from SAR 275.3 million in 2010G to SAR 439.3 million in 2011G mainly because the Wood, Metal and Electrical SBUs increased borrowing in order to purchase raw materials and meet the requirements of the working capital, as a result of increasing activity. The Metal SBU utilized SAR 40.4 million or 9.2% of the total short term borrowings in 2011G. The Wood SBU utilized SAR 179.1 million or 41.0% of the total short term borrowings in 2011G. The Electrical SBU utilized SAR 92.0 million or 20.9% of the total short term borrowings in 2011G. The concrete SBU used SAR 18.2 million, or 4.0% of the total short-term loans in 2011G, in addition to SAR 109.6 million, or 25.0% of the total short-term loans in 2011G, which is mainly related to the loan used to acquire the Electrical SBU. In 2012G, the short term borrowings utilized by the Group decreased by 17.5%, from SAR 439.3 million in 2011G to SAR 362.4 million in 2012G. This was mainly the result of a payment of short term loans in the net amount of SAR 76.8 million, which were replaced by medium term loans in order to fulfill the Group's financial requirements needed to expand operations. The Wood SBU used SAR 115 million, or 31.7% of the total short term loan amount in 2012G. The Metal SBU utilized SAR 93.6 million, or 25.8% of the total short term loan amount in 2012G. The Electrical SBU used SAR 109.2 million, or 30.1% of the total short term loan amount in 2012G. The Concrete SBU used SAR 21.6 million, or 6.0% of the total short term loan amount in 2012G.

This is in addition to SAR 23.0 million or 6.0% of total long-term loans in 2012G, which are mainly related to remaining of the loan that was utilized for the acquisition of the Electrical SBU.

The following table summarizes the short-term borrowings utilized by the Group, as at 31 December 2010G-2012G.

Exhibit 6.50: Short Term Borrowings Utilized by the Group, as at 31 December 2010G-2012G

In SAR '000	2010G	2011G	2012G
Banque Saudi Fransi	123,000	124,500	54,500
Saudi British Bank	-	89,200	33,997
Al Bilad Bank	-	35,393	86,289
National Commercial Bank	30,000	71,426	91,117
Riyad Bank	57,000	38,000	51,645
SAMBA	18,000	45,000	33,500
Saudi Hollandi Bank	12,300	12,737	11,361
PNB Paribas	35,000	23,000	-
Total	275,300	439,256	362,409

Source: Bawan

On 30 June 2012G and 2013G, the Group has taken bank facilities from local banks mainly to finance the operating working capital. These facilities were distributed among the different SBUs as per the respective needs and requirements. These facilities were secured by promissory notes and corporate guarantees from the Group.

The short term borrowings utilized by the Group increased by the end of June, by 19.7% from SAR 408.1 million in 2012G to SAR 488.4 million in 2013G, due to the increase of activity, which in turn led to the increase of operating working capital requirements.

The following table shows the short-term borrowings utilized by the Group as at 30 June 2012G and at 30 June 2013G.

Exhibit 6.51: Short Term Borrowings Utilized by the Group, as at 30 June 2012G and 2013G

In SAR '000	30 June 2012G	30 June 2013G
Banque Saudi Fransi	135,500	116,623
Saudi British Bank	101,776	53,428
Al Bilad Bank	22,756	82,614
National Commercial Bank	46,581	112,902
Riyad Bank	48,000	30,989
SAMBA	46,500	60,500
Saudi Hollandi Bank	7,000	6,000
Saudi Investment Bank	-	25,384
Total	408,113	488,440

Source: Bawan

Wood SBU utilized SAR 170.5 million, i.e. 34.9%, Metal SBU utilized SAR 163.5 million, i.e. 33.5%, Electrical SBU utilized SAR 129.3 million, i.e. 26.5%, Concrete SBU utilized SAR 25.1 million, i.e. 5.1% of the total short term borrowings as at 30 June 2013G. During the twelve-month period ending 30 June 2013G, the Company settled the remaining balance of the short term borrowings amounting to SAR 23.0 million, related to the acquisition of the Electrical SBU.

The short term borrowings include letters of credit which were financed and are to be reimbursed in the form of short term borrowings. The increase of the short term borrowings utilized by the Group's SBU was accompanied by the increase of activity, which, in turn, led to the increase of the working capital requirements and thus the increase of the borrowings used during the period.

6 - 5 - 7 Non-Current Liabilities

Non-current liabilities mainly include long and medium term loans, and end of service benefits. In 2011G, non-current liabilities increased from SAR 76.9 million in 2010G to SAR 81.2 million in 2011G by 5.6%, primarily due to the increase of end of service benefits and liabilities due to related parties. In 2012G, non-current liabilities increased by 77.6% from SAR 81.2 million in 2011G to SAR 144.2 million in 2012G, as a result of the increase in non-current medium term loans by 100% in 2012G.

The following table summarizes non-current liabilities as at 31 December 2010G-2012G.

Exhibit 6.52: Non-current Liabilities, 31 December 2010G-2012G

	2010G		2011G			2012G		
	SAR '000	% Group Sales	SAR '000	% Group Sales	Change 2010G -2011G (%)	SAR '000	% Group Sales	Change 2011G -2012G (%)
Medium term loans	-	-	-	-	-	68,265	3.3	100.0
Long term loans	38,600	2.5	31,500	1.7	(18.4)	28,700	1.4	(8.9)
Installment purchases	645	0.0	-	0.0	(100.0)	-	-	-
Capital leases	291	0.0	206	0.0	(29.5)	2	0.0	(99.0)

	2010G		2011G			2012G		
	SAR '000	% Group Sales	SAR '000	% Group Sales	Change 2010G -2011G (%)	SAR '000	% Group Sales	Change 2011G -2012G (%)
Due to related parties	5,078	0.3	10,707	0.6	110.9	1,938	0.1	(81.9)
End of service benefits	32,262	2.1	38,767	2.1	20.2	45,276	2.2	16.8
Total	76,876	4.9	81,180	4.4	5.6	144,181	6.9	77.6

Source: Audited Consolidated Financial Statements

In 2012G, the Group obtained medium term loans from local banks, primarily to meet the requirements of capital expenditure. Part of these loans amounting to SAR 50.0 million is to be paid in 9 quarterly installments, starting from the fourth quarter of 2013G, and the second part amounting to SAR 39.7 million is to be paid in 10 quarterly installments, starting from the first quarter of 2013G.

These Islamic-compliant facilities are subject to interest rates in line with the prevailing market rates. These facilities are secured by promissory notes, corporate guarantees from the Group to cover the whole amount. These current loans totaled, as at 31 December 2012G, SAR 21.4 million, or 23.9% of the outstanding medium term loan total. The non-current loan amount totaled, as at 31 December 2012G, SAR 68.3 million, which equates to 76.1% of the outstanding medium term total.

The long term loan represents the loan obtained by the Concrete SBU from the SIDF in 2009G and 2012G. These loans amounted to SAR 39.7 million as at 31 December 2012G, and the current portion of these loans amounted to SAR 11.0 million, or 27.7% of the total loans in 2012G. The balance of the long term loans increased in 2012G by SAR 2.2 million, or 5.9%, mainly due to the loan obtained by Bina ReadyMix, amounting to SAR 9.2 million, despite the SBU's payment of amounts due in 2012G, which totaled SAR 7.0 million. These loans are secured by a promissory note, corporate guarantees, and a mortgage over the property, plant and equipment of Bina Precast and Bina ReadyMix.

In 2011G, the end of service benefits increased from SAR 32.3 million in 2010G to SAR 38.8 million in 2011G by 20.2%, as the total number of employees increased by 8.4% from 2,490 employees in 2010G to 2,698 employees in 2011G. The additional provision for the period amounted to SAR 8.5 million, and SAR 2.0 million was utilized in the same period. In 2012G the end of service benefits increased from SAR 38.8 million in 2011G to SAR 45.3 million in 2012G by 16.8%. The additional provision amounted to SAR 8.4 million while SAR 1.9 million was utilized in the same period.

Installment purchases relate to the purchase of land by Electrical SBU. The agreed payment terms required one third of the total payment as advance and the rest to be paid in semi-annual installments. In 2011G, all due installments were paid.

Capital leases relate to the obligations of the Concrete SBU with regard to asset purchases, which are being reimbursed over a period of 2 to 3 years. Capital leases amounted to SAR 542,700, SAR 431,300, and SAR 202,600 in 2010G, 2011G, and 2012G respectively. The current portion of these obligations amounted to SAR 251,500, SAR 225,400 and SAR 200,400 for the years 2010G, 2011G and 2012G respectively.

In 2011G, capital leases decreased by 20.5% from SAR 542,700 in 2010 to SAR 431,300 in 2011G, due to the payment of due installments over that period. In 2012G, capital leases decreased by 53.0% as a result of the payment of due installments over that period. Capital leases are based on fixed installments and are guaranteed to the lessor in the leaseholds.

The amounts due to related parties relate to the amount due to WTC, which represent franchise fees imposed on the Electrical SBU. There is a charge levied on the amount due at a rate agreed upon with no fixed payment date. WTC provides technical and manufacturing knowhow to the Electrical SBU for which it charges a royalty fee. The amount due to related parties increased from SAR 5.1 million in 2010G to SAR 10.7 million in 2011G by 110.9% due to the increase of payables owed to WTC. The amount due to related parties decreased in 2012G by 81.9% from SAR 10.7 million in 2011G to SAR 1.9 million in 2012G, resulting from the payment of amounts due to WTC for previous years.

The following table summarizes non-current liabilities as at 30 June 2012G and at 30 June 2013G.

Exhibit 6.53: Non-current Liabilities, as at 30 June 2012G and as at 30 June 2013G

	30 June 2012G		30 June 2013G		
	SAR '000	% Group Sales	SAR '000	% Group Sales	Change 2012-213(%)
Medium term loans	-	-	56,413	4.7	100.0
Long term loans	34,200	3.0	31,140	2.6	(8.9)
Capital leases	52	0.0	-	0.0	(100.0)
Due to related parties	11,451	1.1	1,412	0.1	(87.7)
End of service benefits	42,539	3.9	49,271	4.1	15.8
Total	88,242	8.1	138,236	11.6	56.7

Source: Audited Consolidated Financial Statements

The non-current liabilities increased by 56.7% from SAR 88.2 million as at 30 June 2012G to SAR 138.2 million as at 30 June 2013G, due mainly to the increase of the non-current medium term loans.

During the twelve-month period ending 30 June 2013G, the Group obtained medium term loans from local banks to meet the requirements of capital expenditure. The current portion of these loans amounted to SAR 37.7 million, i.e. 39.8%, while the non-current portion amounted to SAR 56.4 million, i.e. 60.2% of the total medium term loans as at 30 June 2013G.

The long term loans decreased by 8.9% from SAR 34.2 million as at 30 June 2012G to SAR 31.1 million as at 30 June 2013G, mainly because of the payment of installments due during the twelve-month period ending 30 June 2013G. Long term loans amounted to SAR 42.6 million as at 30 June 2013G, and the current portion of these loans amounted to SAR 11.5 million, i.e. 27.0%, while the non-current portion amounted to SAR 31.1 million, i.e. 73% of the total long term loan as at 30 June 2013G.

The end of service benefits increased by 15.8% from SAR 42.5 million as at 30 June 2012G to SAR 49.3 million as at 30 June 2013G, due to the increase in the number of employees and the increase of salaries and wages, which in turn, led to the increase of the allocated provision during the period.

The amounts due to related parties decreased by 87.7% from SAR 11.5 million as at 30 June 2012G to SAR 1.4 million as at 30 June 2013G, following the payment of amounts due to WTC for the previous years.

6 - 5 - 8 Shareholders' Equity

Shareholders equity comprises non-controlling interests, share capital, statutory reserves, advances on account of increase in share capital, retained earnings and currency translation differences.

The following table summarizes shareholders' equity as at 31 December 2010G-2012G.

Exhibit 6.54: Shareholders' Equity and Non-Controlling Interests, 2010G-2012G

Shareholders' Equity	2010G		2011G			2012G		
	SAR '000	% Total Sales	SAR '000	% Total Sales	Change 2010G-2011G (%)	SAR '000	% Total Sales	Change 2011G-2012G (%)
Non-controlling Interests	39,775	2.5	48,709	2.6	22.5	44,512	2.1	(8.6)
Share capital	27,700	1.8	500,000	26.9	1.705.1	500,000	24.0	-

Shareholders' Equity	2010G		2011G			2012G		
	SAR '000	% Total Sales	SAR '000	% Total Sales	Change 2010G-2011G (%)	SAR '000	% Total Sales	Change 2011G-2012G (%)
Statutory reserve	20,382	1.3	13,523	0.7	(33.7)	26,641	1.3	97.0
Advance to increase in capital*	451,918	28.7	-	-	(100.0)	-	-	-
Currency translation differences	(202)	(0.0)	(6,846)	(0.4)	(3.289.1)	(17,323)	(0.8)	153.0
Retained earnings	76,472	4.9	128,182	6.9	67.6	131,240	6.3	2,4
Total	616,045	39.1	683,568	36.8	11.0	685,070	32.9	0.2

Source: Audited Consolidated Financial Statements

*For more information, please see Exhibit 4.2

In 2011G, Shareholders' equity grew by 11.0%, from SAR 616.0 million in 2010 to SAR 683.6 million, due to the increase of the Group's retained earnings. In 2012G, Shareholders' equity increased by 0.2%, from SAR 683.6 million in 2011G to SAR 685.1 million in 2012G mainly because of the increase in the retained earnings and statutory reserve.

There was an increase in non-controlling interests representing the non-controlling minority interests in the Wood, Electrical and Concrete SBUs. In 2011G, the minority interest grew by 22.5% from SAR 39.8 million in 2010G to SAR 48.7 million in 2011G due to the increase in the minority interest share of the net income in 2011G, which amounted to SAR 12.4 million in comparison to SAR 7.2 million in 2010G, although adjustments and paid dividends reached SAR 3.4 million. In 2012G, the minority interest decreased by 8.6% from SAR 48.7 million in 2011G to SAR 44.5 million in 2012G due to the changes in non-controlling interests relating to paid dividends, which totaled SAR 17.5 million in 2012G, despite the increase in the minority interest share of the net income in 2012G, which amounted to SAR 13.3 million.

The advances to increase the capital pertain to contributions granted by Shareholders to increase the Share Capital. As a result of decisions taken in 2008G and 2010G, the Shareholders resolved to increase the capital by transferring the amount of SAR 451.9 million from the contributions from shareholders account and retained earnings (for more information, please see Exhibit 4.2). In 2011G, transfer of SAR 20.4 million from the statutory reserve was made to increase the capital to SAR 500 million. Regulatory proceedings to increase the capital were completed in 2011G. Therefore, in 2010G, the suggested increase of capital of the previous years was recorded as advances on account of increase in share capital.

Total profits to be distributed in 2010G, 2011G and 2012G amounted to SAR 58.8 million, SAR 70.0 million, and SAR 115.0 million respectively. However, actual distributed dividends during 2010G, 2011G and 2012G SAR 53.1 million, SAR 127.5 million, and SAR 115.0 million respectively.

Following the Shareholders' decision to increase the Share Capital, the opening provision of the statutory reserve amounting to SAR 20.4 million was transferred to the capital increase account. The provision at the end of 2011G and 2012G represents the transfer of 10% of the net income for the same year as a statutory reserve in accordance with the Companies Law and the Company's By-Laws.

Currency translation reserve mainly represents losses resulting from converting the contributions of UTEC - Syria (UTECS)'s shareholders from the Syrian Pound to the Saudi Riyal, following the decision taken by the shareholders of UTEC (Saudi Arabia) on 08/01/2011G to transfer their contributions in UTECS from long-term commitments to contributions classified as equity, with no specific repayment schedule. This classification has been processed in accordance with the International Financial Reporting Standards, as described in the auditors' report on 18/01/2012G. UTEC (Saudi Arabia) did not assign its contribution in UTECS, due to the presence of non-controlling interests (10%), and UTEC (Saudi Arabia) has no intention to claim its contributions back in the near future.

Pursuant to a partners' decision issued by Bina ReadyMix Factory Company dated 11/5/2010G, share capital was increased from SAR 5.00 million to SAR 13.25 million divided into 26,500 shares of equal value, the value of each share being SAR 500.

Except as detailed above, there has been no significant change in the capital of subsidiaries during the years 2010G, 2011G and 2012G.

The following table summarizes shareholders' equity and non-controlling interests as at 30 June 2012G and as at 30 June 2013G.

Exhibit 6.55: Shareholders' Equity and Non-Controlling Interests, as at 30 June 2012G and at 30 June 2013G

Shareholders' Equity	30 June 2012G		30 June 2013G		
	SAR '000	% Group Sales	SAR '000	% Group Sales	Change 2012-213(%)
Non-controlling Interests	41,155	3.8	47,066	4.0	14.4
Share capital	500,000	45.9	500,000	42.0	0
Statutory reserve	20,192	1.9	35,073	2.9	73.7
Currency translation differences	(11,722)	(1.1)	(13,402)	(1.1)	14.3
Retained earnings	113,203	10.4	122,128	10.3	7.9
Total	662,828	60.8	690,865	58.0	4.2

Source: Audited Consolidated Financial Statements

Shareholders' equity and non-controlling interests increased by 4.2%, from SAR 662.8 million as at 30 June 2012G to SAR 690.9 million as at 30 June 2013G due mainly to the increase of statutory reserves and retained earnings.

Non-controlling interests increased by 14.4% from SAR 41.2 million as at 30 June 2012G to SAR 47.1 million as at 30 June 2013G, due mainly to the increase in the minority interest share of the net income during the period, as a result of the increase of the Group's income, specifically the Electrical SBU, from SAR 4.0 million to SAR 12.3 million during the six-month period ending 30 June 2012G and the six-month period ending 30 June 2013G respectively.

The statutory reserve increased by 73.7% from SAR 20.2 million as at 30 June 2012G to SAR 35.1 million as at 30 June 2013G, due mainly to the provision allocated during the period and amounting to 10% of the net profit, as per the requirements of the Companies' Law and the Company's Articles of Association.

Retained earnings increased by 7.9% from SAR 113.2 million as at 30 June 2012G to SAR 122.1 million as at 30 June 2013G, mainly due to the transfer of the net profit, despite the cash distributions of profits amounting to SAR 85 million during the period.

Total declared and distributed dividends amounted to SAR 75 million and SAR 85 million during the six-monh period ending 30 June 2012G and the six-monh period ending 30 June 2012G respectively.

The currency translation reserve increased by 14.3% from SAR 11.7 million as at 30 June 2012G to SAR 13.4 million as at 30 June 2013G. Such reserve represents mainly unachieved losses resulting from converting the net assets and the partners' contributions in UTEC - Syria from the Syrian Pound to the Saudi Riyal. During the period, the Group hedged against the risk of devaluation of the Syrian Pound against the Saudi Riyal for an amount of SAR 12 million, i.e. 102.6% of the existing balance as at 30 June 2012G. The Group hedging is considered as unrealized loss, which, in turn, led to the decrease of the Group's net profit and opening balance as on 1 January 2013G.

6 - 5 - 9 Contingencies and Commitments

Contingent liabilities primarily relate to existing letters of credit and letters of guarantee of the Group on the date of the consolidated balance-sheet. In 2011G, contingent liabilities and commitments grew by 39.1% from SAR 323.1 million in 2010G to SAR 449.3 million in 2011G due to the increase in the Group's activity and operations that affected its commitments and contingencies. Contingent liabilities decreased by 4.9% in 2012G from SAR 449.3 million in 2011G to SAR 427.5 million in 2012G, as a result of decline on existing letters of credit and letters of guarantee balance in comparison to 2011G.

Contingencies and commitments increased by 58.2% from SAR 410.1 million as at 30 June 2012G to SAR 648.6 million as at 30 June 2013G, as a result of the increasing number of existing letters of guarantee and letters of credit, which were issued to meet the expanding activity of the Group.

6 - 6 Capital Expenditures

The Group has over the years incurred capital expenditure. The capital expenditure historically has been related to land purchases, building and leasehold improvements, plant and machinery additions, furniture and office equipment and capital work in progress. In 2011G the capital expenditure increased by 6.8% from SAR 37.5 million in 2010G to SAR 40.0 million in 2011G mainly because of the purchase of real-estate in the amount of SAR 10.1 million for the expansion of the Metal SBU. Capital expenditures also increased by 112.8% in 2012G from SAR 40.0 million in 2011G to SAR 85.1 million in 2012G. This increase is primarily due to additions to plant and machinery as well as capital work in progress, all of which are mainly related to the establishment of the iron bar coating factory of the Metal SBU, the establishment of the ready-mix factory of the Concrete SBU, the increased production capacity of the Concrete SBU precast factory.

The following table shows additions to Property, Plant and Equipment as at 31 December 2010G -2012G.

Exhibit 6.56: Net Additions to Property, Plant and Equipment, 2010G-2012G

Additions	2010G	2011G	Change 2010G-2011G (%)	2012G	Change 2011G-2012G (%)
	SAR '000	SAR '000		SAR '000	
Land	-	10,147	100.0	-	(100.0)
Building and leasehold improvements	4,781	1,338	(72.0)	7,423	454.8
Plant and machinery	13,485	6,682	(50.5)	32,537	386.9
Vehicles	6,681	4,816	(27.9)	13,364	177.5
Furniture, fixture, and office equipment	3,123	3,526	12.9	2,264	(35.8)
Tools	1,101	1,338	21.5	1,314	(1.8)
Capital work in progress	8,296	12,146	46.4	28,219	132.3
Total	37,467	39,993	6.7	85,121	112.8

Source: Audited Consolidated Financial Statements

In 2011G, the buildings and leasehold improvements decreased from SAR 4.8 million in 2010G to SAR 1.3 million in 2011G by 72.0% due to the decrease in capital expenditure pertaining to maintenance of the Wood and Electrical SBU's buildings in 2011G. Capital expenditures spent on buildings and leasehold improvements related to the refurbishment of the buildings grew by 454.8% in 2012G from SAR 1.3 million in 2011G to SAR 7.4 million in 2012G due to the payment of capital expenditures amounting to SAR 3.6 million and SAR 2.8 million by the Metal SBU and the Wood SBU respectively.

In 2011G capital work in progress increased from SAR 8.3 million in 2010 to SAR 12.1 million in 2011G by 46.4% as the Wood SBU spent SAR 7.0 million in 2011G to buy equipment for the new factory in Jubail. The Concrete SBU spent SAR 2.3 million in 2011G to expand the pre-cast factory.

Capital expenditures spent on capital work in progress increased by 132.3% in 2012G from SAR 12.1 million in 2011G to SAR 28.2 million in 2012G, as the Concrete SBU spent SAR 17.1 million to expand the pre-cast factory and new sites were established for the ready-mix factory. The Electrical SBU also spent SAR 9.4 million on improvements and additions to the production lines.

In 2011G plant and machinery related expenditure decreased by 50.5% from SAR 13.5 million in 2010G to SAR

6.7 million in 2011G due to the spending of SAR 2.8 million by the Wood SBU on the new site in Jubail, and the spending of SAR 2.2 million by the Electrical SBU on the addition and replacement of old machinery in 2011G. In 2012G plant and machinery related expenditure increased by 386.9% from SAR 6.7 million in 2011G to SAR 32.5 million in 2012G due to the expenditures by the Electrical SBU (SAR 3.6 million), Metal SBU (SAR 18.0 million), Wood SBU(SAR 2.2 million) and Concrete SBU (SAR 8.7 million).

In 2011G, expenditures on vehicles decreased by 27.9% from SAR 6.7 million in 2010G to SAR 4.8 million in 2011G. This capital expenditure is associated with the purchase of cars by the Wood SBU for the new factory in the city of Jubail and by the Concrete SBU for the increase in size and activity. Expenditures on vehicles increased by 177.5% in 2012G from SAR 4.8 million in 2011G to SAR 13.4 million in 2012G, mainly due to additions performed by the Concrete SBU, Wood SBU, and Electrical SBU for SAR 8.7 million, SAR 3.9 million and SAR 0.8 million respectively during that year.

The capital expenditure which totaled SAR 37.5 million, SAR 40.0 million and SAR 85.1 million and was paid by the Group in 2010G, 2011G and 2012G respectively is mainly related to the establishment of new plants and increase of the production capacity for all SBUs and therefore to the increasing of the Group's activity and revenue.

Exhibit 6.57: Net Additions to Property, Plant and Equipment in SAR for 2013G:

	Metal SBU	Wood SBU	Electrical SBU	Concrete SBU	Total
Net additions to property, plant and equipment	4,140	12,231	28,155	26,383	70,909

Source: Bawan

In 2013G, the Group plans to invest an amount of SAR 70.9 million on property, plant and equipment. This amount will be used for the Electrical SBU to expand UTEC production capacity and for the Concrete SBU, mainly for the expansion of the production capacity of the pre-cast factory and the establishment of a new site for the ready-mixed factory in Jeddah. The allocated amount will be also used for the Metal SBU and the Wood SBU, mainly for the replacement of some machinery and for regular maintenance.

The following table shows the additions to property, plant and equipment as at 30 June 2012G and as at 30 June 2013G.

Exhibit 6.58: Additions to Property, Plant and Equipment, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G	30 June 2013G	
	SAR '000	SAR '000	Change 2012G - 2013G (%)
Land	-	-	-
Building and leasehold improvements	1,644	179	(89.1)
Plant and machinery	8,021	5,766	(28.1)
Vehicles	1,993	2,897	45.4
Furniture, fixture and office equipment	1,141	558	(51.1)
Tools	774	227	(70.7)
Capital work in progress	50,417	12,053	(76.1)
Total	63,990	21,680	(66.1)

Source: Audited Consolidated Financial Statements

Capital expenditures decreased by 66.1% from SAR 64.0 million during the six-month period ending 30 June 2012G to SAR 21.7 million during the six-month period ending 30 June 2013G, due mainly to the completion of most of the expansion works and establishment of new plants for the Concrete, Metal and Electrical SBUs, which were approved during the previous period.

Capital expenditures paid on building and leasehold improvements decreased by 89.1% from SAR 1.6 million during the six-month period ending 30 June 2012G to SAR 0.2 million during the six-month period ending 30 June 2013G.

Capital work in progress decreased by 76.1% from SAR 50.4 million during the six-month period ending 30 June 2012G to SAR 12.1 million during the six-month period ending 30 June 2013G, due mainly to the completion of most of the expansion works and establishment of new plants for the Concrete, Metal and Electrical SBUs and the transfer of their balance to the Property, Plant and Equipment item.

The plant and machinery related expenditure decreased by 28.1% from SAR 8.1 million during the six-month period ending 30 June 2012G to SAR 5.8 million during the six-month period ending 30 June 2013G.

Expenditures on vehicles increased by 45.4% from SAR 2.0 million during the six-month period ending 30 June 2012G to SAR 2.9 million during the six-month period ending 30 June 2013G.

6 - 7 Related Party Transactions

The Group in the course of business transacts with related parties which include Al Fozan Group of Companies and Al Muhaidib Group of Companies, United Company for Electrical Industries Limited (UCEIL), WT Investement, and PTY Limited (*for more details on the policy applying to related parties transactions, please see Section 11.10 "Related Party Transactions*"). Metal SBUs comprise the bulk of these sales to the related parties.

The following table summarizes the most important transactions and related amounts for the period 2010G-2012G.

Exhibit 6.59: Related Party Transactions, 2010G-2012G

	2010G	2011G	Change 2010G -2011G (%)	2012G	Change 2011G-2012G (%)
	SAR '000	SAR '000		SAR '000	
Sales	244,147	329,645	35.0	366,716	11.3
Purchase of materials	40,092	7,653	(80.9)	57,230	647.8
Royalty fee	3,093	2,093	(32.4)	1,946	(7.0)

Source: Audited Consolidated Financial Statements

In 2011G sales to related parties increased by 35% from SAR 244.1 million in 2010G to SAR 329.6 million in 2011G. Sales also increased by 11.3% in 2012G from SAR 329.6 million in 2011G to SAR 366.7 million in 2012G. Such increase between 2010G and 2012G is primarily due to increase of SBU sales to Al Fozan Group of Companies and Al Muhaidib Group of Companies.

Other main related party sales include sales from Wood SBU to Al Fozan and Al Muhaidib group companies.

The purchase of materials mainly includes the purchase of raw materials from the United Company for Electrical Industries Limited (UCEIL) by the Electrical SBU. They also include the purchase of raw materials from sister companies by the Wood SBU and Metal SBU.

Royalty fees cover technical services provided by WTC to the Electrical SBU. In 2011G, the royalty fees declined from SAR 3.1 million in 2010G to SAR 2.1 million in 2011G, by 32.4%. In 2012G, the royalty fees decreased by 7.0% from SAR 2.1 million to 1.9 million, due to the low percentage of the royalty fees in 2011G, which was partially reflected on the year 2011G and fully on 2012G.

The following table summarizes the most important transactions and related amounts during the six-month period ending 30 June 2012G and six-month period ending 30 June 2013G.

Exhibit 6.60: Related Party Transactions, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	30 June 2012G	30 June 2013G	
	SAR '000	SAR '000	Change 2012G-2013G (%)
Sales	203,096	211,898	4.3
Purchase of materials	17,540	38,245	118.0
Royalty fee	942	1,376	46.1

Source: Audited Consolidated Financial Statements

Sales to related parties increased by 4.3% from SAR 203.1 million in the six-month period ending 30 June 2012G to SAR 211.9 million in the six-month period ending 30 June 2013G due mainly to the increase of sales of the Metal SBU to sister companies, affiliates of Al Fozan and Al Muhaidib Group.

Purchases of raw materials from related parties increased by 118.0% from SAR 17.5 million in the six-month period ending 30 June 2012G to SAR 38.2 million in the six-month period ending 30 June 2013G, due to the increase of the quantities of raw materials purchased by the Electrical SBU from the United Industries Electric Limited due to its increase of activity and sales by 24% during the six-month period ending 30 June 2013G comparedwith the same period in 2012G.

Royalties increased by 46.1% from SAR 0.9 million in the six-month period ending 30 June 2012G to SAR 1.4 million in the six-month period ending 30 June 2013G due to the increase of sales of the Electrical SBU, which, in turn, led to the increase of royalties during the period.

The following table shows the SBUs sales with the related parties during the period between 2010G-2012G, six-month period ending 30 June 2012G and six-month period ending 30 June 2013G.

Exhibit 6.61: SBUs Related Parties Sales, 2010G - 2012G, Six-Month Period Ending 30 June 2012G and Six-Month Period Ending 30 June 2013G

	2010G SAR '000	2011G SAR '000	2012G SAR '000	30 June 2012G SAR '000	30 June 2013G SAR '000
Metal	202,785	301,565	340,936	189,316	200,904
Wood	41,362	28,080	24,048	13,780	10,994
Electrical	-	-	1,732	-	-
Concrete	-	-	-	-	-
Total	244,147	329,645	366,716	203,096	211,898

Source: Bawan

7. DIVIDEND DISTRIBUTION POLICY

It is the intention of the Company to make dividend payments to its Shareholders with a view to maximizing Shareholders' value, depending on the Company's income, its financial position, market conditions, general economic conditions, and other factors, including analysis of available investment opportunities and reinvestment needs, cash and capital needs, business prospects, as well as other legal and regulatory considerations. Dividends will be distributed in Saudi Arabian Riyals.

Although the Company intends to pay annual dividends to its Shareholders, it does not make any assurance that any dividends will actually be paid nor any assurance as to the amount, which will be paid in any given year. The distribution of dividends is subject to certain limitations contained in the Company's By-Laws as follows:

After deducting all general expenses and other costs, the Company's annual net profits (after the general assembly's approval) shall be allocated as follows:

1. Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals one-half (1/2) of the Company's capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage of the annual net profits not to exceed 10% to form an additional reserve to be allocated towards one or more specific purposes.
3. Out of the balance of the profits, Shareholders shall be paid an initial payment of not less than five percent (5%) percent of the paid-up capital.

The balance shall be provisioned to remuneration to the Board of Directors provided that it does not exceed at any time the maximum limit permitted pursuant to the official decisions and instructions issued by the competent authorities in this regard. The balance shall be distributed among Shareholders as an additional share of the profits. In 2013G, the Company has distributed dividends on a quarterly basis, the Company intends to continue to do so unless such distribution would be inconsistent with the dividend distribution policy.

The Shares will be entitled to receive dividends declared by the Company from the date of commencement of the Offer Period and subsequent fiscal years. The total dividends that the Company decided to distribute for the years 2010G, 2011G and 2012G amounted to SAR 70,000,000, SAR 75,000,000, and SAR 100,000,000 respectively.

The Company has announced the distribution of dividends amounting to SAR 50,000,000 for the first half of 2013G.

The table below illustrates dividends distributed by the Company in the last years:

Exhibit 7.1: Dividends Distributed in the Last Years

Amount (SAR)	2010G	2011G	2012G	1st half 2013G	2nd half 2013G
Period End Accrued Dividends	57,517,147*	-	-	-	-
Announced Dividends	70,000,000	75,000,000	100,000,000	50,000,000	-
Distributed Dividends	53,081,920*	127,517,147	115,000,000	85,000,000	25,000,000

Source: Company

*Dividends accrued at year end 2010G and distributed during that period are of previous periods. The difference between distributed dividends and announced dividends for those periods represents SAR 57,517,147 payable as at the end of 2010G.

8. USE OF PROCEEDS

The total proceeds from the Offer are estimated at SAR 540,000,000, of which approximately SAR 26,000,000 will be applied towards expenses, which include the fees of the Financial Advisors, Lead Manager, legal advisors, reporting accountants, underwriting fees, Selling Agents fees, marketing and printing and distribution fees as well as other fees related to the Offer.

The Net Proceeds of approximately SAR 514,000,000 will be distributed to the Selling Shareholders and the Company will not receive any part of the proceeds from the Offer.

The Company's Board of Directors declares that no commissions, discounts, brokerages or other non-cash compensations were granted within the two years immediately preceding the application for listing in connection with the issue or sale of any securities to any current or proposed Directors, executive managers, promoters or experts. The Selling Shareholders will bear all expenses in relation to the Offer.

9. STATEMENTS BY EXPERTS

The advisors whose names are mentioned in pages (F and G) have given and not withdrawn their written consent to the publication of their names in the Prospectus; and do not themselves, or any of their relatives or employees have any shareholding or interest of any kind in the Company.

10. DECLARATIONS

The Directors of the Company declare the following:

1. There has been no interruption in the business of the Company and the Subsidiaries, which may have or have had a significant effect on the financial position in the last 12 months prior to the date of the Prospectus;
2. Except as otherwise described in this Prospectus, no commissions, discounts, brokerages or other non-cash compensations were granted by the issuer or any of its Subsidiaries within the three years immediately preceding the application for listing in connection with the issue or sale of any securities;
3. Unless otherwise stated in this Prospectus, there has been no material adverse change in the financial or trading position of the Company or any of its subsidiaries during the three years preceding the year of listing, in addition to the period since the end of the period covered by the accountant's report and until the date of the Prospectus;
4. Except as otherwise described in this Prospectus, the Directors do not themselves, nor do any of their relatives, have interests or shares in the Company or any of its Subsidiaries.

11. LEGAL INFORMATION

11 - 1 The Company

Bawan was originally established under the name of Al-Muhaidib and Niedermeier & Weibel Company Ltd., and registered in the Commercial Register in the city of Riyadh under commercial registration certificate no. 1010033032, dated 09/10/1400H (corresponding to 20/08/1980G). On 22/04/1429H (corresponding to 28/04/2008G) the name was changed to Bawan following the introduction of Al-Fozan Holding Company as a new shareholder. In a bid to strategically expand, the Al-Muhaidib and Al-Fozan Groups opted to consolidate their steel and wood business interests. To further implement the expansion plan, the Company has added two business units, in particular: concrete and electrical works units. This was accomplished by the direct acquisition by Bawan of 56.75% interest in Bina Holding, and 85.5% interest in UTEC and USSG through BEIC.

In accordance with Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G), the Company was subsequently converted into a closed joint stock company with a capital of SAR 500,000,000 consisting of 50,000,000 shares of equal value of SAR 10 each, pursuant to a partners' resolution dated 06/11/1432H (corresponding to 03/10/2011G) which, in part, provided for the following:

1. Introduction of four new shareholders in addition to A.K. Al-Muhaidib & Sons Company and Al-Fozan Holding Company, namely: Atheel Holding Company, Atheel Industrial Company, Ma'aly Holding Company and Azdan Arabian Commercial Company Limited;
2. Increase in the share capital of Bawan from SAR 27,700,000 to SAR 500,000,000 through the transfer of SAR 451,918,169 from the shareholders' contributions and retained earnings (for more information, please see Exhibit 4.2) and SAR 20,381,831 from the Company's statutory reserves account.

The activities of the Company started in May 1982G and primarily involved several steel industries activities. Today, the Company serves primarily as a holding company to its Subsidiaries and the Group's main activities include the manufacturing of a variety of construction materials (including steel, wood, concrete, transformers, substations and other products).

The Company has 13 Subsidiaries, details of which are set forth in Section 11.3 below.

11 - 2 Shareholding Structure

The current share capital of the Company is SAR 500,000,000 divided into 50,000,000 shares of equal value of ten Saudi Riyals (SAR 10) each.

The following chart describes the shareholding and capital structure of Bawan:

Exhibit 11.1: Names of Selling Shareholders

Selling Shareholders	Pre-Offer			Post-Offer		
	Shares	Share Capital	Percentage	Shares	Share Capital	Percentage
Atheel Holding Company	33,250,000	332,500,000	66.50%	23,275,000	232,750,000	46.55%
Ma'aly Holding Company	6,500,000	65,000,000	13.00%	4,550,000	45,500,000	9.10%
Azdan Arabian Commercial Company Limited	3,500,000	35,000,000	7.00%	2,450,000	24,500,000	4.90%
Atheel Industrial Company	3,250,000	32,500,000	6.50%	2,275,000	22,750,000	4.55%
A.K. Al-Muhaidib & Sons Company	2,580,000	25,800,000	5.16%	1,806,000	18,060,000	3.61%

Selling Shareholders	Pre-Offer			Post-Offer		
	Shares	Share Capital	Percentage	Shares	Share Capital	Percentage
Al-Fozan Holding Company	920,000	9,200,000	1.84%	644,000	6,440,000	1.29%
Public	-	-	-	15,000,000	150,000,000	30%
Total	50,000,000	500,000,000	100%	50,000,000	500,000,000	100%

Source: Bawan

11 - 3 Subsidiaries

11 - 3 - 1 Introduction

Bawan serves as a holding company to a group of 13 Subsidiaries, as follows:

Exhibit 11.2: Bawan's Subsidiaries

No.	Name of Subsidiary	Legal Form	Direct Interest Held by Bawan	Indirect Interest Held by Bawan	Remaining Ownership
1	Bawan Metal Industries Company	Saudi LLC	95%	5% through BEIC which owns 5%	-
2	Bawan Wood Industries Company	Saudi LLC	95%	N/A	5% owned by Abdullah Abdulaziz Al-Rubaia'a
3	United Wood Products Company	Saudi LLC	95%	N/A	5% owned by Abdullah Abdulaziz Al-Rubaia'a
4	Bawan Engineering Industries Company	Saudi LLC	95%	5% through BMI which owns 5%	-
5	United Transformers Electric Company	Saudi LLC	N/A	85.5% through BEIC which owns 85.5%	4.5% owned by Ma'aly Holding Company 10% owned by WTC Investments Pty Ltd (Wilson Investments)
6	United Transformers Electric Company – Syria	Syrian LLC	N/A	76.95% through UTEC which owns 90%	10% owned by Mohammed Al-Ash for International Trading
7	United Technology of Electric Substations & Switchgears Company	Saudi LLC	N/A	85.5% through BEIC which owns 85.5%	4.5% owned by Ma'aly Holding Company 10% owned by WTC Investments Pty Ltd (Wilson Investments)
8	Bina Industrial Investments Holding Company Limited	Saudi LLC	56.75%	N/A	22.5% owned by Ibrahim Abdullah Al-Fares & Brothers Investments Company 12% owned by Al-Muhaidib Holding Co. 4% owned by Mr. Ahmed Mohammed Al-Osaimy 4.75% owned by Abdulrahman Ibrahim Al-Mudaimigh

No.	Name of Subsidiary	Legal Form	Direct Interest Held by Bawan	Indirect Interest Held by Bawan	Remaining Ownership
9	Bina Precast Concrete Products Factory Company	Saudi LLC	N/A	52.89% through Bina Industrial Investments Holding Company which owns 93.2%	6.8% owned by Abdullatif Ahmed Al-Barrak and Partners Commercial Company
10	Bina ReadyMix Factory Company	Saudi LLC	N/A	56.18% through Bina Industrial Investments Holding Company which owns 99%	1% owned by A.K. Al-Muhaidib Company
11	Al-Raya Woodworks Establishment	UAE S.P.C	N/A	95% through BWI which owns 100%	-
12	Al-Raya Woodworks Suleiman Ali Al-Mukhaizim & Partner LLC	Kuwaiti LLC	N/A	90.25% through BWI which owns 95%	5% owned by Suleiman Ali Al-Mukhaizim & Partner LLC
13	Bawan Metal Industries S.P.C.	Bahrain S.P.C.	N/A	100% through BMI which owns 100%	-

Source: Bawan

11 - 3 - 2 Bawan Metal Industries Company (BMI)

BMI was established under the name of Al-Fozan Steel Industries, and registered in the Commercial Register in the city of Dammam under commercial registration certificate No. 2050030855 dated 12/08/1416H (corresponding to 03/01/1996G) as a limited liability company, with a capital of SAR 19,500,000.

On 12/07/1429H (corresponding to 15/07/2008G), BMI's capital has been increased to SAR 22,125,000.

The name was subsequently changed from Al-Fozan Steel Industries to Bawan Metal Industries Company Limited pursuant to a shareholders' resolution dated 28/06/1430H (corresponding to 21/06/2009G).

The current shareholders of BMI are as follows:

Exhibit 11.3: BMI Current Shareholders

Shareholders	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bawan	21,018,750	1	21,018,750	95%
Bawan Engineering Industries Company Limited	1,106,250	1	1,106,250	5%
TOTAL	22,125,000	1	22,125,000	100%

Source: Bawan

The objects of BMI comprise the production of hangars and prefabricated metal buildings, waste containers, cleaning barrels, wheel barrows, straightening and bending and shaping steel, straightening and cutting rolls of steel, mesh steel, pipes of metal cables, straightening and cutting various rolls of saj, straightening and cutting rolls of flat bars, and coating steel with epoxy, as per the resolution of the Ministry of Industry and Electricity No. S/1101, dated 19/08/1420H (corresponding to 27/11/1999G).

BMI currently has two branches within Saudi Arabia, in Jeddah and Riyadh, and it has only one subsidiary outside Saudi Arabia, namely Bawan Metal Industries S.P.C., a company established in the Kingdom of Bahrain.

11 - 3 - 3 Bawan Wood Industries Company (BWI)

BWI was established under the name of Al-Fozan Wood Industries Co. Ltd., and registered in the Commercial Register in the city of Dammam under commercial registration certificate No. 2050024533, dated 25/06/1413H (corresponding to 20/12/1992G), with a capital of SAR 12,850,000.

Pursuant to a shareholders' resolution dated 28/08/1423H (corresponding to 02/11/2002G), the capital was raised to SAR 26,800,000.

The name was subsequently changed from Al-Fozan Wood Industries Co. Ltd. to Bawan Wood Industries Company Limited pursuant to a shareholders' resolution dated 12/07/1429H (corresponding to 15/07/2008G).

The current shareholders of BWI are as follows:

Exhibit 11.4: BWI Current Shareholders

Shareholders	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bawan	254,600	100	25,460,000	95%
Abdullah Al-Rubaia'a	13,400	100	1,340,000	5%
TOTAL	268,000	100	26,800,000	100%

Source: Bawan

The objects of BWI comprise the production of wooden pallets, plywood sheets, medium and high density wooden sheets coated with decoration paper, wooden floors (parquet), and wooden rollers.

BWI has four branches within Saudi Arabia in Jeddah, Jubail, and Yanbu, and it does not have any affiliates or subsidiaries within Saudi Arabia.

On the other hand BWI has two subsidiaries outside Saudi Arabia, Al-Raya Woodworks Establishment which is a sole establishment, established in the Emirate of Ras Al-Khaimah, United Arab Emirates; and Al-Raya Woodworks Suleiman Ali Al-Mukhaizim & Partner LLC, which is a limited liability company established in the State of Kuwait.

11 - 3 - 4 United Wood Products Company

UWP was originally established under the name of United Factory for Wood Products, and registered in the Commercial Registry in the city of Riyadh under commercial registration certificate No. 1010070479, dated 02/05/1409H (corresponding to 12/12/1988G) as a limited liability company with a capital of SAR 5,100,000.

The name was subsequently changed from United Factory for Wood Products to United Wood Products Company pursuant to a shareholders' resolution dated 19/10/1410H (corresponding to 14/05/1990G).

The current shareholders of UWP are as follows:

Exhibit 11.5: UWP Current Shareholders

Shareholders	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bawan	24,396	1,000	24,396,000	95%
Abdullah Al-Rubaia'a	1,284	1,000	1,284,000	5%
TOTAL	25,680	1,000	25,680,000	100%

Source: Bawan

The objects of UWP include the production of doors, kitchens, pressured woods, libraries, furniture, wooden pallets, wooden furniture, decorations, and glue.

UWP has four branches within Saudi Arabia in Riyadh, Jeddah, Khobar, and Jubail. There are also four other branches in Riyadh, Jeddah, Yanbu and Buraidah whoce activities are currently being transferred by UWP to BMI.

UWP does not have any affiliates or subsidiaries within or outside Saudi Arabia.

11 - 3 - 5 Bawan Engineering Industries Company (BEIC)

BEIC was originally established under the name of Kanzan Limited for Electrical Industries and registered in the Commercial Registry in the city of Riyadh, under commercial registration certificate No. 1010293170, dated 29/08/1431H (corresponding to 09/08/2010G) as a limited liability company, with a capital of SAR 500,000.

On 25/12/1431H (corresponding to 01/12/2010), the name of the company was changed from Kanzan Limited for Electrical Industries to Bawan Engineering Industries Company.

The current shareholders of BEIC are as follows:

Exhibit 11.6: BEIC Current Shareholders

Shareholder	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bawan Company Limited	4,750	100	475,000	95%
Bawan Metal Industries Company Limited	250	100	25,000	5%
TOTAL	5,000	100	500,000	100%

Source: Bawan

The objects of BEIC comprise the participation in and establishment of companies, the production of electrical transformers, power stabilizers, battery chargers, iron welding machines, electrical breakers, current and voltage transformers, wholesale and retail trading in electrical transformers, power stabilizers, battery chargers, iron welding machines, electrical breakers, current and voltage transformers, commercial agencies and distribution agents, brokerage except for currency exchange and real estate, importing, exporting and marketing services to third parties, marine and air shipping services, inspection and testing services except for insurance activities, clearance of goods and merchandise services, scaling and weighing services, packaging and padding services, loading and unloading services, and purchasing lands for the construction of buildings and the investment of these buildings through selling or leasing for the benefit of the company.

BEIC does not have any branches within or outside KSA, however BEIC has two subsidiaries within Saudi Arabia, namely: UTEC and USSG. BEIC serves as a holding company on behalf of Bawan to own shares in these two subsidiaries.

11 - 3 - 6 United Transformers Electric Company (UTEC)

UTEC is a limited liability company organized and established under the laws of Saudi Arabia. UTEC is registered in the Commercial Registry in the city of Riyadh, under commercial registration certificate No. 1010171861, dated 04/09/1422H (corresponding to 19/11/2001G) with a capital of SAR 35,000,000.

The current shareholders of UTEC are:

Exhibit 11.7: UTEC Current Shareholders

Name of Shareholders	Number of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bawan Engineering Industries Company Limited (BEIC)	299,250	100	29,925,000	85.5%
WTC Investments Pty Ltd	35,000	100	3,500,000	10%
Ma'aly Holding Company	15,750	100	1,575,000	4.5%
TOTAL	350,000	100	35,000,000	100%

Source: Bawan

The objects of UTEC comprise the production of 15,000 units of electric transformers, 2,500 units of electric substations and 2,500 units of electric switchgears, pursuant to the SAGIA license No. 4/1424 dated 03/11/1428H (corresponding to 13/11/2007G).

UTEC does not have any branches, affiliates or subsidiaries within Saudi Arabia. However, UTEC has one subsidiary in Syria which is UTECS.

11 - 3 - 7 United Transformers Electric Company – Syria (UTECS)

UTEC – Syria ("**UTECS**") is a limited liability company organized and established under the laws of Syria pursuant to resolution no. 1062 issued by the Syrian Prime Minister on 07/03/2007G. UTECS is registered in the Commercial Registry in Rif Dimashq Governorate, under commercial registration No. 7947, dated 27/04/1428H (corresponding to 14/05/2007G), and with a capital of SAR 19,090,909.

The shareholders of UTECS Industries shall be as follows:

Exhibit 11.8: UTECS Shareholders

Name of Shareholders	Number of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
United Transformers Electric Company	225,000	76.4	17,181,818	90%
Mohammed Al-Ash (sole establishment) for International Trading	25,000	76.4	1,909,091	10%
TOTAL	250,000	76.4	19,090,909	100%

Source: Bawan

The objectives of UTECS comprise the manufacturing, production, maintenance, and trading of electric distribution transformers, and the importing of all required supplies for its operations, including equipment, fixtures, machinery and their spare parts, and all materials needed for the construction and operation of its projects in accordance with the applicable laws.

UTECS does not have any branches, affiliates or subsidiaries within or outside Saudi Arabia or Syria.

11 - 3 - 8 United Technology of Electric Substations and Switchgears Company (USSG)

USSG is a limited liability company organized and established under the laws of Saudi Arabia. USSG is registered in the Commercial Registry in the city of Riyadh, under commercial registration No. 1010278381, dated 06/01/1431H (corresponding to 23/12/2009G), with a capital of SAR 15,000,000.

Exhibit 11.9: USSG Current Shareholders

Name of Shareholders	Number of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bawan Engineering Industries Company Limited (BEIC)	128,250	100	12,825,000	85.5%
WTC Investments Pty Ltd	15,000	100	1,500,000	10%
Ma'aly Holding Company	6,750	100	675,000	4.5%
TOTAL	150,000	100	15,000,000	100%

Source: Bawan

The objects of USSG comprise the production of 500 units of circuit distribution units, 800 units of compact electric substations, 500 units of average voltage switchgears, 20,000 units of low voltage switchgears, 200 units of low voltage electrical boards, 150 units of engines control systems, and 350 units of average voltage electrical boards.

USSG does not have any branches, affiliates or subsidiaries within or outside Saudi Arabia.

11 - 3 - 9 Bina Industrial Investments Holding Limited (Bina Holding)

Bina Holding is a limited liability company organized and established under the laws of Saudi Arabia with a capital of SAR 5,000,000. Bina Holding is registered in the Commercial Registry in the city of Dammam, under commercial registration No. 2051041311, dated 26/11/1430H (corresponding to 14/11/2009G).

The shareholders of Bina Holding are as follows:

Exhibit 11.10: Bina Holding Shareholders

Shareholders	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bawan	5,675	500	2,837,500	56.75%
Ibrahim Abdullah Al-Fares & Brothers Investments Company	2,250	500	1,125,000	22.5%
Al-Muhaidib Holding Co.	1,200	500	600,000	12%
Abdulrahman Ibrahim Al-Mudaimigh	475	500	237,500	4.75%
Ahmed Mohammed Al-Osaimy	400	500	200,000	4%
TOTAL	10,000	500	5,000,000	100%

Source: Bawan

The objects of Bina Holding comprise the participation and establishment of companies in a ratio that enables it to control such companies, in addition to the maintenance and repair of laboratory equipment and systems, industrial, electrical and non-electrical machinery and equipment, water purification plants and sewages, gas and oil machineries, marine, industrial, electrical and mechanical works, paints, paintings, thermal and water insulation and rust corrosion works.

Bina Holding does not have any branches or affiliates within or outside Saudi Arabia.

However, Bina Holding has only two subsidiaries within Saudi Arabia, which are Bina Precast and Bina ReadyMix.

11 - 3 - 10 Bina Precast Concrete Products Factory Company (Bina Precast)

Bina Precast is a limited liability company organized and established under the laws of Saudi Arabia. Bina Precast is registered in the Commercial Registry in the city of AlKhobar, under commercial registration certificate No. 2051034279, dated 20/03/1428H (corresponding to 08/04/2007G), and with a capital of SAR 32,000,000.

The shareholders of Bina Precast are as follows:

Exhibit 11.11: Bina Precast Shareholders

Shareholders	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bina Holding	59,648	500	29,824,000	93.2%
Abdullatif Ahmed Al-Barrak and Partners Commercial Company	4,352	500	2,176,000	6.8%
TOTAL	64,000	500	32,000,000	100%

Source: Bawan

The objects of Bina Precast comprise the production of precast concrete panels, pre-stressed precast parts, insulated cement blocks, cement borders, cement tiles and pavement tiles (interlock), pursuant to the industrial license No. S/977 dated 25/04/1428H, and the production of ready mix precast under industrial license No. S/2880 dated 01/12/1428H.

Bina Precast does not have any branches, affiliates or subsidiaries within or outside Saudi Arabia.

11 - 3 - 11 Bina ReadyMix Factory Company (Bina ReadyMix)

Bina ReadyMix is a limited liability company organized and established under the law of Saudi Arabia. Bina ReadyMix is registered in the Commercial Registry in the city of Khobar, under commercial registration certificate No. 2051041313, dated 27/11/1430H (corresponding to 15/11/2009G), and with a capital of SAR 13,250,000.

The shareholders of Bina ReadyMix are as follows:

Exhibit 11.12: Bina ReadyMix Shareholders

Shareholders	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
Bina Holding	26,235	500	13,117,500	99%
A.K. Al-Muhaidib and Sons Company	265	500	132,500	1%
TOTAL	26,500	500	13,250,000	100%

Source: Bawan

The objects of Bina ReadyMix comprise the production of readymix, commercial services of export and marketing.

Bina ReadyMix does not have any branches, affiliates or subsidiaries within or outside Saudi Arabia.

11 - 3 - 12 Al-Raya Woodworks Establishment (Al-Raya UAE)

Al-Raya UAE is a sole establishment registered in the Emirate of Ras Al-Khaimah, UAE under commercial registration No. 25312. Al-Raya UAE is wholly owned by BWI, and is engaged in carpentry and woodworks.

11 - 3 - 13 Al-Raya Woodworks LLC (Al-Raya Kuwait)

Al-Raya Kuwait is a limited liability company established in the state of Kuwait on 04/05/2003G under commercial registration No. 68268, and is engaged in carpentry and woodworks.

The shareholders of Al-Raya Kuwait are as follows:

Exhibit 11.13: Al-Raya Kuwait Shareholders

Shareholders	No. of Shares	Par Value (SAR)	Value of Shares (SAR)	Percentage
BWI	99	29,700	300	99%
Mohammed Ahmad Abdullatif Al-Fozan	1	300	300	1%
TOTAL	100	30,000	300	100%

Source: Bawan

11 - 3 - 14 Bawan Metal Industries S.P.C (BMI Bahrain)

BMI Bahrain is a single person company established in the Commercial Register of Bahrain under commercial registration No. 54348. BMI Bahrain is wholly owned by BMI, and is managed by Mr. Moayed Al-Mazrou, as a single manager.

BMI Bahrain is engaged in the production of iron bars, pre-cut and bent steel, and steel mesh.

Due to the unstable market situation as a result of prevailing unrest in Bahrain last year, it was not possible for BMI Bahrain to achieve significant returns, and management therefore decided to cease operations at the Bawan plant, with a view to selling it or renting it.

11 - 4 Government Consents, Licenses and Approvals

The Company and its Subsidiaries have secured several operational, industrial and other licenses from the competent authorities to be able to carry out their business activities.

Following is the list of the licenses issued to the Company and its Subsidiaries:

11 - 4 - 1 Operational Licenses

The Company and the Subsidiaries including their branches have obtained commercial registration certificates from the MoCI which enable them to engage into commercial activity. These licenses have expiry dates and are periodically renewed.

11 - 4 - 2 Industrial Licenses

The Company, BWI, BMI, UTEC, USSGS, Bina Precast, Bina ReadyMix and UWP have been granted industrial licenses for the purposes of engaging in their business activities.

The activities permitted under the industrial licenses include production of prefabricated hangars and steel buildings, straightening, bending and formation of iron; cutting rolls of flat bars and straightening and cutting a variety of rolls; reinforcing steel mesh, wrapping steel with epoxy and straightening rebar cutting; manufacturing of electric substations, transformers and switchgears; and wooden doors, frames, kitchen and furniture. The objects of BWI comprise the production of wooden pallets, plywood sheets, medium and high density wooden sheets coated with decoration paper, wooden floors (parquet), and wooden rollers.

11 - 5 Summary of By-Laws

Name of the Company

The name of the Company is "*Bawan Company*", a Saudi joint stock company.

Objects of the Company

The objects of the Company are:

- Manufacturing of steel drawn wires, expanded metal and galvanized wires, hangars, construction of metal parts, barb wires, iron wired sheets, mesh fencing, wheelbarrows, stainless steel and fire resistant doors, and cutting, bending and shaping steel, doors, windows, scaffoldings, foundations, pads, aluminum doors and windows, decorated pipes for stairs and aluminum kitchens;
- Iron coating with epoxy and rebar and straightening and cutting rolls of flat bars
- Manufacturing of compressed wood, charcoal wood, wood coating plates, book stands, production of doors, frames,wooden pallets, wooden furniture, decorations and adhesive materials and diverse glues;
- Manufacturing of lumber of medium and high density coated with decoration paper;
- Manufacturing of iron, rolls of wire, and all related materials to the construction industry and its needs;
- Manufacturing of cement, ready mix concrete, precast concrete molds, bricks, ceramics, marble and carpets;
- Manufacturing of glass and fiber glass;
- Manufacturing of internal and external lighting, utility poles and power transmission towers;
- Manufacturing of aluminum partitions, aluminum building facades;
- Manufacturing of power transformers, electricity wires, cables and circuit breakers;
- Manufacturing of dyes and paints;
- Manufacturing of air conditioners;
- Manufacturing of water pipes, reservoirs, pumps, heaters, and sanitary bathroom sets;
- Manufacturing of kitchen cabinets with all the electric accessories of electrical equipment;
- Purchase of lands for constructing buildings and investing in those by the sale or lease for the benefit of the Company;

- Commercial services: commercial and distribution agent, brokerage other than money exchange or real estate, exporting for third parties, marketing services for third parties, freight services, examination services, goods clearance services, weight services, packing and wrapping services, delivery of merchandise and containers at ports and commercial obligations;
- General construction contracting (building, demolition, renovation, reparation), at public buildings, residential buildings, commercial buildings, educational, recreational, and health facilities, airport buildings, prefabricated buildings and other buildings;
- Establishing, operating and maintaining factories;
- Establishing and operating industrial and commercial projects, hotels, restaurants, and central markets;
- Water, power, sanitation, roads, and mechanical works. General and partial contracting for public and private facilities, electrical and industrial work, operating and maintaining and cleaning airports, centers, public facilities, electrical facilities, and storing and refrigerated warehouses.

The Company shall perform its activities after obtaining the necessary licenses from the relevant authorities.

Participation

The Company may have an interest, or otherwise participate in any manner with other entities or companies that carry out similar activities or that may assist the Company in the realization of its objects. The Company may also hold stocks and shares in other existing companies or may merge with or acquire these companies.

The Company may also have an interest or may participate in any manner with other companies provided that such participation shall not exceed twenty percent (20%) of the Company's free reserves and ten percent (10%) of the capital of the Company in which it shall participate, provided that the total amount of such participation shall not exceed the value of those reserves, and that the Ordinary General Assembly shall be so notified at its next meeting.

Head Office of the Company

The head office of the Company is in the city of Riyadh. The Board of Directors may establish branches, offices or agencies for the Company within or outside the Kingdom of Saudi Arabia.

Duration of the Company

The term of the Company shall be ninety nine (99) years commencing from the date of issue of the resolution of the Minister of Commerce and Industry announcing the Company's conversion. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one (1) year prior to the expiration of its term.

Company's Share Capital

The Company's nominal issued and paid up capital shall be 500,000,000 Saudi Riyals, divided into 50,000,000 Shares, each with a nominal value of ten (10) Saudi Riyals, all of which are ordinary shares.

Capital Subscription

The Shareholders have subscribed in all of the Company's 50,000,000 Shares with a total value of SAR 500,000,000. The Shareholders endorse their joint liability within their own money towards any third party in relation to the evaluation of the company's assets.

Unpaid Value of Shares

If a Shareholder fails to pay the value of a Share when it falls due, the Board of Directors may, after giving such Shareholder notice by registered mail sent to his address specified in the Shareholders' Register, sell such Shares in a public auction. Nevertheless a defaulting Shareholder may, up to the date fixed for the public auction, pay the outstanding value of the Share plus all expenses incurred by the Company. The Company shall recover from the proceeds of the sale such amounts as are due to it and shall refund the balance to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the assets of the Shareholder for the unpaid balance. The Company shall cancel the Share so sold and issue the purchaser a new share certificate bearing the serial number of the cancelled Share, and make a notation to that effect in the Shareholders' Register.

Nominal Share Value

The Shares shall be nominal shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A Share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the Share, and they shall be jointly responsible for the obligations arising from the ownership of the Share.

Transferability of the Shares Ownership

All Shares shall be transferable after the certificate issuance. As an exception to the foregoing, the Shares shall not be transferable before the publication of the balance sheet and profit/loss account for two complete fiscal years, each of not less than 12 months, from the date of issuance of the Ministerial Resolution agreeing on the conversion of the Company into a joint stock company or that of the CMA. Such provisions shall apply to any shares subscribed for by the Shareholders in case the capital is increased before the lapse of the lock-up period, for the remaining duration of this period. The certificates shall contain information regarding the nature of the Shares, the date on which the Company was converted into a joint stock company and the duration of the lock-up period. However, title to the cash shares may be transferred during the lock-up period in accordance with the provisions regarding the sale rights, by one shareholder to another or to a member of the Board of Directors to present such Shares as a guarantee for his management or by the heirs of a deceased shareholder to third parties.

Shareholders Register

The nominal Shares shall be transferred by registration in the Shareholders Register, which shall contain the names of the Shareholders, their nationalities, their occupations, their domicile and address, the serial numbers of the Shares and the paid-up value of such Shares. The transfer of title to a Share shall not be effective vis-à-vis the Company or any third party except from the date of such recording in the said Register or the completion of the transfer procedures through Tadawul. The subscription or ownership of the Shares by a Shareholder shall mean the acceptance by the Shareholder of the By-Laws and his submission to the resolutions duly passed by the General Assemblies in accordance with the By-Laws, whether the Shareholder was present or absent and whether the Shareholder agreed to such resolutions or objected to them.

Share Certificates

The Company shall issue share certificates with serial numbers. The share certificates shall be signed by the Chairman of the Board of Directors, or by a member of the Board of Directors authorized on the Chairman's behalf, and stamped with the Company's stamp. The share certificate shall, in particular, show the number and date of the Ministerial Resolution authorizing the conversion of the Company to a joint-stock company, the number and date of the Ministerial Resolution announcing the conversion of the Company, value of the capital, number of distributed Shares, value of nominal Shares, paid amount therefrom, Company objects in brief, head office and term. The Shares may have coupons with serial numbers, and each coupon shall bear the number of the Share to which it is attached.

Increase of Share Capital

The Extraordinary General Meeting may, based on the economic feasibility of a capital increase and after receiving the approval of the competent authorities, resolve to increase the Company's capital once or more by issuing new shares with the same nominal value as the original shares, provided that the original capital shall have been paid up in full with due consideration to the requirements of the Companies Law. Such resolution shall specify the manner in which the capital shall be increased. The Shareholders shall have pre-emptive rights to subscribe for the new cash shares. The original Shareholders shall be notified of the pre-emptive rights vested in them by a notice to be published in a daily newspaper reporting the capital increase resolution and the conditions of subscription, or by written notice to such Shareholder by registered mail. Each such Shareholder shall express the desire to exercise such pre-emptive rights, if they so wish, within fifteen (15) days of the publication of such notice or receipt of such notice by registered mail.

The said new shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original shares owned by them, provided that the number of new shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new Shares shall be allotted to the Shareholders who have asked for more than their proportionate share, in proportion to the original Shares they own, provided that their total allotment does not exceed the number of new Shares they have asked for. Any remaining new Shares shall be offered for public subscription.

Decrease of Share Capital

The Extraordinary General Assembly may, for valid reasons and after obtaining the approval of the competent authorities, resolve to reduce the Company's capital if it proves to be in excess of its needs or if the Company has incurred losses. Such resolution shall not be adopted except after considering the auditor's report on the reasons for such a reduction, with due consideration to the provisions of the Companies Law. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

Board of Directors

The Company shall be managed by a Board of Directors consisting of nine (9) members to be appointed by the Ordinary General Assembly through accumulative voting for a term not exceeding three (3) years. As an exception to the above, the Shareholders have appointed the Company's first Board of Directors for a term of five (5) years commencing as of the date of the Ministerial Resolution announcing the conversion of the Company, as follows:

No.	Name	Position
1	Abdullah Abdullatif Al-Fozan (representing Al-Fozan Holding Company)	Chairman
2	Essam Abdulkader Al-Muhaidib (representing A.K. Al-Muhaidib & Sons Company)	Vice-chairman
3	Fozan Mohammed Al-Fozan	Member
4	Fouad Fahad Al-Saleh	Member
5	Raed Ibrahim Al-Mudaiheem	Member
6	Mazen Ahmed Al-Jubeir	Member
7	Basil Mohammed Al-Gadhib (representing Atheel Holding Company)	Member
8	Raed Ahmed Mubarak Al-Mazrooh	Member
9	Fraj Mansour Mutallaq Abu Thneyyin	Member

Qualification Share

Each member of the Board of Directors shall hold shares with a nominal value of no less than ten thousand Saudi Riyals (SAR 10,000). Such shares shall be deposited in a bank designated by the Minister of Commerce and Industry within thirty (30) days from the date of the appointment of the director. Such shares shall be kept aside to guarantee the liability of the Board members and shall remain non-negotiable until the expiry of the period specified for hearing a liability action provided for under Article 76 of the Companies Law or until a judgment is passed on said action. Should a member of the Board of Directors fail to submit such qualification shares within the period specified therefore, his membership in the Board shall be deemed null and void.

Membership of the Board of Directors

A Director's membership of the Board shall be terminated upon the expiry of the Board's term, on the Director's resignation or death or if he is declared bankrupt, insolvent or requests a settlement with his creditors or stops repaying his debts in accordance with any applicable laws or regulations in KSA. If the seat of Board member becomes vacant, the Board may appoint a temporary member replacing him, provided that such appointment shall be laid before the next Ordinary General Assembly. The term of office of the new member designated to fill a vacancy shall only extend to the term of office of his predecessor.

If the number of the members of the Board of Directors falls below the quorum required for the proper convening of the Board meetings, the General Assembly shall be called for an Ordinary Meeting as soon as possible in order to appoint the necessary number of Board members.

Powers and Duties of the Board

Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with full powers to manage the business of the Company, define its policies, decide on its investments, and supervise of its affairs inside and outside KSA. This may include without limitation the representation of the Company in its relations with third parties, Government agencies, private entities, and also before the MoCI, CMA, Shariah courts of all types and levels, other judicial authorities, the Board of Grievances, administrative courts, notaries public, as well as the Labor Offices, the Preliminary and Supreme Commissions for the Settlement of Labor disputes, arbitration commissions, other judicial committees, the Directorate of Civil Rights, Police Stations, Chamber of Commerce and Industry, in addition to all other commissions, companies, establishments, and firms of different types and at their various levels. This may also include, without limitation, entering into, attending and signing tenders and auctions; awarding contracts; receiving and paying; making, releasing, and accepting mortgage; assigning in whatever forms; donating, accepting, rejecting, guaranteeing and paying; commencing or defending litigation; participating in hearings and responding; presenting evidence; accepting or rejecting reconciliation; demanding, hearing or rejecting an oath; accepting or rejecting judgments; requesting arbitration; asking for, rejecting, and appealing rulings; and receiving the outcome of implementation, whether in cash or cheque. Moreover, the Board may have the right to open branches for the Company, sign all types of contracts, deeds, and documents before the notary public and other competent authorities, including for example the Articles of Association of the companies in which the Company holds shares along with all amendments, appendixes, and amendment decrees thereof, as well as all shareholders resolutions; resolutions regarding company conversion; sale, purchase and assignment of shares; change of management conditions; liquidation, liquidators' appointment and companies write-off; change of company's name; to obtain commercial registrations for the Company and its subsidiaries; amend, write-off and obtain a replacement of the same; and increase or decrease Company's capital. In addition, the Board may sign agreements, attend general assemblies and vote. It may also conclude agreements for loans, warranties, guarantees, and securities, and may furthermore open accounts, make credits, withdraw from and deposit to bank accounts, issue banking guaranties, and sign all notes, checks, documents and banking transactions. The Board may also sign personal guarantees that are presented to the banks on behalf of shareholders to guarantee the Company and the others; issue all types of guarantees; sign commercial papers; issue official powers of attorney in the name of the Company; sell, buy, evacuate, and accept all types of land; buy, sell and trade stocks, bonds, instruments and real estate; assign the same to private and public entities and individuals; ingrate, sort, allocate, plan and amend the same; obtain a replacement of missing and damaged instruments and documents; pick-up and deliver; rent and lease; and to pay and receive payments.

The Board of Directors shall also have the right to conclude and obtain loans with Government funds, financial institutions, banks, and commercial banks regardless of the tenor thereof, as long as its tenure does not exceed the term of the Company.

The Board of Directors shall also have the right to discharge the Company debtors from their obligations provided that the minutes of the meeting of the Board of Directors and the reasons given for the decision shall observe the following:

- Discharge shall be after the lapse of at least one (1) year from the establishment of the debt;
- Discharge shall be for a maximum specified amount for each year for each debtor;
- Discharge shall be a right to be wielded only by the Board of Directors and shall not be delegated to any person.

In addition to the above, the Board may hire and fire employees and agents and give the agents the right to delegate others, request visas, recruit manpower from abroad, sign employment contracts, determine employees' salaries and service benefits, request issuance of residence authorization cards (Iqamas), transfer sponsorships and give releases to terminated employees. The Board has the right to give a proxy to one or more of the members or others to perform the above, the representative has the right to delegate his authorities to others who also has the right to delegate his authorities to another. The Board also has all the other powers granted to him by these by-laws and the conversion resolution.

Remuneration of the Board Members

Remuneration of the members of the Board of Directors shall be determined on the basis of the percentage set forth under Article 43 of the By-Laws, within the limits of the provisions of the Companies Law and the laws or regulations complementary thereto. Directors may in addition be paid an attendance and transportation allowance for every day of meeting, if their permanent place of residence is outside the city where the Board holds its meetings. The report of the Board to the Ordinary General Assembly shall include a comprehensive statement of the salaries, profit shares, attendance allowances, expenses and the other benefits received by the Board's members in the fiscal year, as well as a statement of all amounts received by the Board's members in their capacity as employees or administrators, or for doing any technical, administrative or consultative works previously approved by the General Assembly of the Company.

Chairman and Managing Director

The Board shall appoint one of its members as Chairman and the Board may appoint from among its members a Managing Director, and it shall not be permissible for a member to occupy jointly the office of the chairman and that of the Managing Director.

The Chairman shall have the following authorities:

- To invite the board and the General assembly to meetings;
- To preside and manage the company' board meeting and the General Assembly;
- To represent the Company in official and media forums;
- To represent the Company in its relations with third parties, Government agencies, private entities, and also before Shariah courts, other judicial authorities, the Board of Grievances, notaries public, as well as Labor Offices, the Preliminary and Supreme Commissions, securities commissions, judicial committees, other entities, arbitration committee, the Directorate of Civil Rights, Police Stations, Chamber of Commerce and Industry, in addition to all other commissions, companies, establishments, and firms of different types, inside and outside KSA. This may also include entering into tenders, receiving, paying, declaring, claiming, disclaiming, defending, pleading, replying to claims, disputing, litigating, releasing, accepting or rejecting reconciliation and arbitration rulings on behalf of the Company, as well as asking for or challenging the implementation of rulings. The Chairman may also sign agreements, contracts and deeds, including without limitation, the Articles of Association of the companies in which the Company holds shares along with all amendments and open branches of the Company inside or outside KSA. He may also obtain licenses and authorizations; conclude agreements for loans, warranties, guarantees, and securities with commercial banks and Government funds. He may follow up formalities, defend the Company's rights and discharge its obligations. The Chairman may sell, buy, evacuate, occupy, deliver, accept, create a mortgage and release it, lend, rent, receive, pay, open and close accounts, make credits, withdraw from and deposit to bank accounts, name authorized signatories, and sign all documents, promissory notes, bills, checks and others. Moreover, they may hire and fire employees, determine employees' salaries, appoint Company's attorneys and lawyers for a particular task (s).
- Other authorities granted to him by the board of Directors.

The Chairman may also authorize one of the board of directors or one of the Company's employees or others to carry out certain tasks mentioned above.

The Board of Directors shall choose one of its members as a Managing Director and the appointing resolution shall determine the authorities vested in him.

The Board of Directors shall appoint an executive officer of the Company, through a resolution which shall detail the authorities vested in him.

Upon its discretion the Board of Directors will determine special remuneration given to the Chairman of Board, the Managing Director, and the members of the Board as listed in the By-Laws.

The Board of Directors shall appoint a secretary, whether from among its members or otherwise, and fix his authorities and remuneration.

The term of the office of the Chairman, the Managing Director, and the Secretary shall not exceed their respective term of service as Directors and may be renewed.

Board Meetings and Board Resolutions

The Board shall meet upon the written invitation of the Chairman, at least fifteen (15) days prior to the time set for such a meeting, which shall be served personally, by mail, fax, or electronic mail along with the meeting agenda. The Chairman shall convene a Board meeting if so requested by any three (3) members or by the Auditor.

Quorum and Representation

A meeting of the Board shall be duly convened if attended, in person or by proxy, by at least (5) members of the Board (provided that the number of members attending in person shall not be less than three) at least fifteen (15) days before the date.

In the event that a member of the Board of Directors gives a proxy to another member to attend the Board meetings on his behalf, such proxy shall be given accordance with the following:

- A member of the Board of Directors may not act on behalf of more than one other Board member as to attending the same meeting;
- The proxy shall be in writing; and
- A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting under the law.

Board resolutions shall be adopted with the approval of the majority vote of the members. In case of a tie, the Chairman of the Board or the Board member presiding over the Board in the absence of the Chairman shall have a casting vote. The Board may adopt its resolution by circulation unless one Board member requests in writing a meeting for deliberations on such a resolution. If a resolution is adopted by circulation, such Resolutions shall be submitted to the Board in its first meeting in order to be recorded in the official minutes of that meeting.

Minutes of Meetings

Board deliberations and resolutions shall be drawn in minutes to be circulated to all Board members and signed by the Board Chairman and the Secretary after the signature by all of the present Board members on a copy of such minutes. Such minutes shall be recorded in a special register to be signed by the Chairman and the Secretary. Attendance shall be also recorded in a special register to be signed by present members.

Conflict of Interests

Any member of the Board of Directors having a personal interest, whether direct or indirect, in any matter or proposal made to the Board must declare the nature of such interest in the proposed matter to the Board of Directors and the Company. Such declaration shall be noted in the minutes of meeting. The interested Board member shall not participate in the deliberation or voting on such resolution.

Committees

The Board of Directors may form one or several committees to assist in the implementation of its business or as required by the law. These committees shall be formed pursuant to a Board resolution that shall determine their powers and duties, based on the Company's needs.

Members of such committees may be from amongst the Board members or otherwise. Such committees shall only exercise such functions as assigned by the Board of Directors, in accordance with regulations as may be approved by the Board and the General Assembly, as applicable.

Shareholders Assemblies

General Assembly

A General Assembly duly convened shall be deemed to represent all the Shareholders, and shall be held in the city where the Company's head office is located.

Each Shareholder, regardless of the number of shares held, shall have the right to attend the conversion General Assembly, whether in person or by proxy Any Shareholder holding twenty (20) shares has the right to attend the General Assembly, and may authorize in writing another Shareholder, other than the members of the Board of Directors, to attend the General Assembly on his behalf.

Conversion General Assembly

The Conversion General Assembly shall have the following powers:

1. Ascertain that the capital of the Company has been subscribed in full and that the minimum capital has been paid in full, as required under the Companies Law, and in the amount due for the value of each share;

2. Approve the final text of the Company's By-Laws. However, no material change may be made to the Company's By-Laws unless agreed by all Shareholders represented therein;
3. Appoint the first auditor of the Company; and
4. Deliberation of the shareholders report regarding the work and expenses needed for conversion.

To be validly constituted, the Conversion Assembly must be attended by Shareholders representing at least half of the Company's capital. Each Shareholder shall have a vote for every share subscribed for or represented by him at such meeting.

Ordinary General Assembly

Except for matters falling within the jurisdiction of an Extraordinary General Assembly, an Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first 6 months following the end of the Company's fiscal year. Other Ordinary General Assembly meetings may be called where necessary.

Extraordinary General Assembly

An Extraordinary General Assembly of Shareholders shall be competent to amend the provisions of the By-Laws of the Company, other than those provisions whose amendment is prohibited by law. Furthermore, an Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

Manner of Convening General Assemblies

The General Assembly shall be convened by the Board of Directors. The Board of Directors shall convene a meeting of the Ordinary General Assembly if requested to do so by the Auditors or by a number of Shareholders representing at least 5% of the Company's capital. The notice shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least twenty-five (25) days prior to the time set for such meeting. The notice shall include the agenda of the meeting. However notice may be also given within the time fixed above by registered letters. A copy of the notice and the agenda shall be sent, within the period set for publication, to the Companies Department at the MoCI.

Record of Attendance

When a General Assembly convenes, a list shall be prepared of the names and residence addresses of the Shareholders present or represented therein, showing the number of shares held by each, whether personally or by proxy, and the number of votes allotted thereto. Any interested party shall be entitled to examine such list.

Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50% of the Company's share capital. If such quorum cannot be attained at the first meeting, a notice shall be published in the manner prescribed in Article (31) of the By-Laws, and the second meeting shall be deemed valid irrespective of the number of shares represented therein.

Quorum of the Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened in the same manner provided for in the previous article. The second meeting shall be valid only if attended by a number of Shareholders representing at least 25% of the Company's share capital.

Voting Rights

Each Shareholder shall have a vote for every share represented by him in the Conversion General Assembly. Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be computed based on 1 vote for each share represented at the meeting. Members of the Board shall not vote on resolutions of an Ordinary or Extraordinary General Assembly releasing the Board's members from liability during their term.

Resolutions

Resolutions of the Conversion Assembly shall be adopted by the absolute majority of the shares represented at the meeting. If the resolution to be adopted relates to the evaluation of in-kind shares or special privileges, such resolution shall be adopted by the majority of subscribers to cash shares, which represents two-thirds of the shares, after excluding those shares subscribed to by cash shares owners or special privileges beneficiaries who may not vote on such resolutions, even if they already own cash shares. Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the Shares represented thereat. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified under the Company's by-laws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters of the Shares represented at the meeting.

Discussion of Agenda

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and to the auditors. The members of the Board or the auditors shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If the Shareholder deems the answer to the question unsatisfactory, then he/it may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

Proceedings of the General Assembly

The General Assembly shall be presided over by the Chairman of the Board of Directors, or in his absence, anyone designated by him. The Chairman shall appoint a secretary for the meeting and a canvasser. Minutes shall be written for the meeting which shall include the names of the Shareholders present in person or represented by proxy, the number of the shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the secretary and the canvasser.

Appointment of Auditor

The Company shall have one or more auditors to be selected from among the auditors licensed to work in KSA. The auditor shall be appointed annually and its compensation shall be fixed by the General Assembly. The General Assembly may further reappoint the same auditor in accordance with decisions and instructions in respect thereof.

Auditor Duties

The auditor shall have access at all times to the Company's books, records and any other documents, and may request information and clarification as it deems necessary. It may further check the Company's assets and liabilities.

The auditor shall submit to the annual General Assembly a report showing how far the Company has enabled it to obtain the information and clarifications it has requested and what violations of the Companies Law and the By-Laws it has discovered and his opinion as to whether the Company's accounts accurately reflect the facts.

Fiscal Year

The Company's fiscal year shall begin on 1 January and end on 31 December each year, provided that the first fiscal year shall start on the date of the Ministerial Resolution announcing the conversion of the Company and ends on 31 December of the same Gregorian year.

Company Financial Statements

The Board of Directors shall prepare at the end of each fiscal year an inventory of the Company's assets and liabilities on such date, the Company's balance sheet and profit and loss account, a report on the Company's activities and its financial position for the preceding year. The report shall include the method proposed by the Board for the distribution of net profits for that financial year and shall be ready within a period not exceeding sixty (60) days prior to the date set for holding the annual General Assembly. The Board of Directors shall place such documents at the auditor's disposal at least fifty-five (55) days prior to the date set for convening the General Assembly. Such documents shall be signed by the Chairman of the Board of Directors and a set thereof shall be available at the Company's head office for the Shareholders' review at least twenty-five (25) days prior to the date set for convening the General Assembly. The Chairman of the Board of Directors shall publish the Company's balance sheet, profit and loss account, a comprehensive summary of the Board of Directors' report and the full text of the auditor's report in a newspaper circulated in the city where the Company's head office is located, and shall send copies of such documents to the Companies Department at the MoCI at least twenty-five (25) days prior to the date set for convening the General Assembly.

Distribution of Dividends

After deducting all general expenses and other costs, the Company's annual net profits (after the general assembly's approval) shall be allocated as follows:

1. 10% of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals one-half of the Company's capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage of the annual net profits not to exceed 10% to form an additional reserve to be allocated towards one or more specific purposes.
3. Out of the balance of the profits, Shareholders shall be paid an initial payment of not less than 5% percent of the paid-up capital.
4. The balance shall be provisioned to remuneration to the Board of Directors provided that it does not exceed at any time the maximum limit permitted pursuant to the official decisions and instructions issued by the competent authorities in this regard.

The balance shall be distributed among Shareholders as an additional share of the dividends.

Place and Time of Payment of Dividends

The profits that are resolved to be allocated to Shareholders shall be paid up at the place and time specified by the Board of Directors in accordance with the regulations issued by the MoCI in this respect.

Company's Losses

If the Company's losses total three-quarters of its capital, then the members of the Board of Directors shall call an Extraordinary General Assembly to consider whether the Company shall continue to exist or be dissolved prior to the expiry of the period specified therefore under Article (6) of the By-Laws. In all cases the Assembly's resolution shall be published in the Official Gazette.

Liability Legal Action

Where a Board member has committed an act that has caused personal damage to a Shareholder, such Shareholder shall have the right to sue for liability provided that this right, which is a right of the Company, is valid when the Shareholder exercises it. The Shareholder shall notify the Company of his intention to file such action.

Dissolution and Winding-up of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

11 - 6 Material Agreements

Following are the material agreements entered in to by the Company and the Subsidiaries for the purposes of their business.

11 - 6 - 1 Bawan

Bawan has entered into a:

Distribution Agreement with SABIC

Bawan has entered into a Distribution Agreement with the Saudi Basic Industries Corporation ("**SABIC**") on 07/02/1433H (corresponding to 01/01/2012G). According to this agreement, Bawan purchases agreed quantities of long products quarterly; Bawan has the right to purchase additional quantities if such quantities are made available by SABIC.

The agreement is valid for a term of one (1) Gregorian year, commencing on 07/02/1433H (corresponding to 01/01/2012G) and ending on 18/02/1434H (corresponding to 31/12/2012G) (the "**Initial Term**"). The Initial Term of the Agreement may be renewed, for one Gregorian year ending on 08/02/1435H (corresponding to 31/12/2013G), by both parties exchanging written notices three months prior to the end of the Initial Term. The entire term of the agreement shall not exceed two Gregorian years. This Agreement was effectively renewed by an official notice which is binding on both parties, as was sent by SABIC to the Company in connection with the Agreement renewal until 31/12/2013G.

SABIC shall set its prices according to the internal market prices in addition to transportation fees. Subsequently, Bawan shall pay any amount due to SABIC through one of the following payment methods:

- Prepayments.
- Enhanced Letter of Credit.
- Unconditional and irrevocable Bank Guarantee.

Either party may terminate this agreement immediately in the event that the other party fails to fulfill its obligations or remedy any breach to the agreement despite receiving a thirty (30) days written notice from the other party. Furthermore, SABIC has the right to terminate this agreement in the event that Bawan becomes insolvent or makes any assignment for the benefit of its creditors, or makes any major changes to its legal status such as the transfer of ownership through sale or succession.

Neither party to this agreement shall be entitled to assign its rights or obligations thereof, without the prior written consent of the other.

This agreement shall be governed by the laws of Saudi Arabia and any dispute arising out of or in connection with the execution of this agreement shall be resolved amicably. If the dispute or claim is not resolved amicably, then such a dispute or claim shall be finally settled by arbitration in accordance with the then current rules of arbitration of KSA by three (3) arbitrators, one selected by each party and the third selected in accordance with such rules.

The Company intends to transfer all of its obligations and rights under this Agreement to BMI. After informing SABIC, SABIC replied pursuant to a letter dated 23/2/1434H corresponding to 05/01/2013G that it has modified the official name of the company in all its accounts for the Metal SBU in order to read Bawan Metal Industries (BMI). Accordingly, all future correspondences, transactions and contracts will bear the name of BMI.

11 - 6 - 2 Bawan Metal Industries Company Limited

BMI has entered into a range of arrangements that allow BMI to supply metal products and works to different clients. BMI has put in place the following standard forms:

1. Standard Supply Agreement.
2. Supply and Installation of Aluminum Works Agreements.
3. Purchase Orders.
4. Sales Credit Facility Forms.

Below is the summary of the key provisions of the standard agreements/forms adopted by BMI:

1. Standard Supply Agreement

Following are the key provisions of BMI's standard supply agreement.

Exhibit 11.14: Key Provisions of BMI's Standard Supply Agreement

Document	Supply Agreement.
Parties	BMI and the client.
Term	As agreed between BMI and the client.
Value	As agreed between BMI and the client.
Payment terms	As agreed between BMI and the client; to be paid in installments.
Execution of works	BMI shall supply the works, in accordance with the agreed specifications. Any work supplied which is in accordance with the agreed specifications shall be replaced immediately without any prejudice to the client.
Accounting	The price of the works shall be calculated as per the effective supplied items.
Penalties	A delay penalty shall be applicable. The delay penalty shall not exceed a certain percentage of the value of the delayed works.
Choice of law and dispute resolution/ jurisdiction	N/A

Source: Bawan

2. Standard Supply and Installation of Aluminum Works Agreement

Below are the key provisions of BMI's standard supply and installation of Aluminum works agreement.

Exhibit 11.15: Key Provisions of BMI's Standard Supply and Installation of Aluminum Works Agreement

Document	Agreement for the Supply and Installation of Aluminum Works.
Parties	BMI and the client.
Term and Execution	Manufacturing term: 3 months. The manufacturing shall start from the date of contract signature; from the receipt of the advance payment; the approval of the drawings and the receipt of the final measurements. The manufacturing term shall start on the last addendum amending the contract if applicable. Any delay in the supply caused by the delay of any payment made by the client or any outstanding accessories; BMI has the right to provide another delivery term.
Value	As agreed between BMI and the client in a schedule attached to the agreement, taking into consideration the following: The supplied works are subject to a 10% decrease or increase in the quantities and the amendment of the contract accordingly. In case the client orders the execution of new works exceeding 10% from the supplied works mentioned in the contract, BMI should provide a new price list. BMI has the right to amend the pricing in case the works could not be produced because of a lack in the execution conditions by the client. BMI undertakes that the works shall be conformed to the adopted specifications and samples.

Document	Agreement for the Supply and Installation of Aluminum Works.
Payment terms	As follows: First payment: 50% of the total value of the works; shall be due for payment upon the contract's signature. Second payment: 50% of the total value of the works shall be due for payment upon completion of the manufacturing and before the delivery date.
Object of contract	The supply and execution of the agreed works, in accordance with the following: Attached quantities, prices and specifications which are attached as a schedule 1 to the agreement. Drawings if provided and as adopted by the client and attached as a schedule 2 to the agreement. Client's written instructions as approved by BMI.
Delivery	At the end of the works, the client undertakes to sign on the receipt report. The client should provide his comments in case he refuses to sign on such report; and in the case he refuses to sign on receipt, without providing any comments thereof, the works shall be considered as received after 10 days from the date of delivery notification.
Warranty	BMI guarantees all the manufactured works for one Gregorian year starting from the date of delivery or after 10 days from the date of final installation, and agrees to repair or change any defected item.
Penalties	The Client has the right to deduct 1% from the amount of the works on each day of delay in the execution of such works. The penalty shall not exceed 10% of the value of the works.
Choice of law and dispute resolution/jurisdiction	The agreement is governed by the laws of Saudi Arabia. Any dispute arising from the agreement shall be settled amicably; and in the case that no amicable settlement is reached, it shall be referred to the court of Grievances or any other competent court.

Source: Bawan

3. Purchase Orders ("PO")

The standard purchase orders are used to order various products from BMI. The standard purchase orders record the following key details in respect of each purchase:

- PO number.
- PO date.
- Pro forma invoice number.
- Payment.
- Delivery.
- Item ID.
- Item name.
- Quantity.
- Price.
- Total value.

4. Sales Credit Facility Form

BMI has put in place a standard Sales Credit Facility Form to be filled and applied by its clients. This form includes the following key details:

- Persons authorized to order and receive goods.
- Credit limits.
- Pro forma invoice number.
- Legal status of the applicant.
- Address.
- Partners.

- Directors.
- Applicant's bank details.
- Trade reference.

This form also includes provisions relating to a Credit Facilities Agreement as follows:

- the applicant (client) should confirm that the information provided by it are true and correct.
- the applicant should undertake to pay all dues of BMI in case the applicant stops its activities temporarily or permanently.
- the applicant should pay all its dues to BMI on time.
- in case the applicant exceeds the permitted credit, the applicant should undertake to pay the amount immediately without any reminder or legal action by BMI.
- BMI shall be entitled to investigate the financial status of the applicant with the latter's banks, without requiring its approval.
- BMI reserves its right to stop the credit facility without prior notice to the applicant.
- the purchase orders should be signed and duly stamped by the applicant's authorized person(s).
- the location of site and the name of the person(s) who is/are authorized to receive the material should be shown in the purchase order.
- the applicant authorizes BMI to investigate its credit status in the way BMI sees right.

11 - 6 - 3 Bawan Wood Industries Company Limited

BWI has entered into several agreements, as follows:

1. Two Sale Agreements with SABIC

BWI entered into two sale agreements with Saudi Basic Industries Corporation ("**SABIC**"), one in Dammam and the other in Jeddah.

Pursuant to these agreements, SABIC shall buy from BWI a certain quantities of wooden pallets on terms agreed on in the agreements. These agreements are non-exclusive, and SABIC may therefore contract with any other third party for the provision to SABIC or to any affiliate of SABIC of similar goods and services to those contemplated herein, and/or SABIC or such affiliates may perform such services or obtain such goods for itself or themselves, as the case may be, regardless of the continuity in effect of this agreement or the termination thereof.

Under these Agreements, all pallets shall be delivered by BWI to SABIC's warehouses.

The Agreements shall commence on 01/11/2011G and shall end on 31/10/2012G. Both Agreements have been renewed and shall be effective from 1/11/2012G to 31/10/2013G, BWI is currently finalizing renewal procedures with SABIC.

The Agreements shall be governed by and interpreted in accordance with the laws of KSA. In the event that a dispute arises between the parties concerning this agreement they shall attempt in good faith to settle such dispute by discussion between members of their respective staffs. If within ten business days of the parties commencing discussions, such dispute has not been resolved by discussion between staff representatives of the parties, discussions concerning the dispute shall be referred to the CEO of each of SABIC and BWI, or the designated representative of the respective CEO.

Any dispute which is not settled by agreement between the parties shall be finally settled in accordance with the arbitration Law issued by Royal Decree No. M/46, dated 12/07/1403H as amended.

2. Master Sale Agreement with Rabigh Refining and Petrochemical Company

On 03/11/1432H (corresponding to 01/10/2011G), BWI entered into a Master Sale Agreement with Rabigh Refining and Petrochemical Company ("**Petro Rabigh**").

Pursuant to this agreement, Petro Rabigh shall buy a certain amount of wooden pallets from BWI. BWI shall keep at all times a valid insurance policy with an internationally recognized insurance company, and accepted by Petro Rabigh, to cover all risks which are customary in similar sale and purchase transactions in the petrochemical industry worldwide.

This agreement is not an exclusive agreement and Petro Rabigh may request similar services from others. This agreement shall continue in full force and effect for one year. Thereafter, this agreement shall be renewed automatically for successive one year periods provided that either party may terminate this agreement without cause by giving two months prior written notice to the other party.

All payments shall be made in Saudi Riyal to BWI.

The laws of Saudi Arabia shall control the interpretation and the performance of this agreement and any other agreements arising out or relating to it, regardless of where this agreement shall be entered into or performed.

This agreement expired on 01/09/2012G. BWI has renewed its agreement with Petro Rabigh on 01/05/2013G and the agreement is effective until 30/04/2014G..

3. Supply Agreement with Tasnee National Company

On 14/01/2012G, BWI entered in a supply agreement with Tasnee National Company ("**Tasnee**") for the supply of wooden pallets.

Pursuant to this agreement, BWI shall supply quantities of wooden pallets agreed on with Tasnee through purchase orders, and deliver the same to Tasnee's site in Jubail.

Tasnee shall pay the price to BWI after 45 days of the delivery of wooden pallets and after receiving the invoices.

This agreement is valid from 10/01/2012G till 31/12/2012G. BMI received a letter from Tasnee confirming the renewal of the Agreement from 02/01/2013G until 31/12/2013G.

4. Sale Agreement with National Titanium Dioxide Company

On 23/01/2012G, BWI entered into an agreement with the National Titanium Dioxide Company ("**Cristal**"). Pursuant to this agreement, Cristal shall buy from BWI the agreed quantities of wooden pallets. BWI shall deliver the said wooden pallets to Cristal's plant in Yanbu.

Cristal shall pay the price to BWI within 60 days of the date of the invoice. This agreement is valid until 31/12/2012G. This agreement was renewed and will be effective from 11/02/2013G to 31/12/2013G.

5. Sale Agreement with National Petrochemical Industrial Company

On 08/12/2011G, BWI entered into a sale agreement with National Petrochemical Industrial Company ("**NATPET**"). Pursuant to this agreement, NATPET does not guarantee any quantity purchase, and payment will be done for the actual quantities purchased.

NATPET shall pay the price to BWI within 60 days of the date of the invoice. This agreement is valid from 01/12/2011G to 31/12/2012G.

The Agreement was renewed on 28/11/2012G and is effective from 01/01/2013G to 31/12/2013G.

6. Purchase Orders

BWI carries its business via purchase orders with its customers. The standard purchase order contains the following key details in respect of each purchase:

- Supplier’s name and address.
- Item name.
- Description.
- Quantity.
- Price per unit.
- Total amount.
- Date and place of delivery.
- Payment terms.

11 - 6 - 4 United Transformers Electric Company

UTEC has entered into various agreements as summarized below:

1. License and technical assistance agreements.
2. Miscellaneous agreements and arrangements.
3. Standard Purchase Orders for purchase of raw materials and supplies.

1. License and Technical Assistance Agreement

Abdullatif A. Al-Fozan & Sons Company Limited (the "**Licensee**") and Wilson Transformer Company Pty Ltd. ("**WTC**") (100% owned WTC Investments Pty Ltd) have entered into a License and Technical Assistance Agreement on 09/10/2000G. The parties to this agreement acknowledge that all rights under this agreement shall be novated to UTEC within 14 days of its incorporation, pursuant to a Novation Deed attached to the agreement.

According to the provisions of the agreement, WTC shall assist the Licensee to:

a. Review the existing plant and equipment acquired for the manufacture of three phase distribution transformers up to 3,150kVA in KSA.
b. Refurbish and/or upgrade the plant, and conduct the manufacture of three phase distribution transformers up to 3,150 kVA in KSA.
c. Maximize the production scheduling, materials planning, and other manufacturing efficiencies of three phase distribution transformer production in KSA or any other country that the Licensee and WTC find an interest in expanding their activities into.
d. Obtain accreditation in accordance with the requirements of the International Standard ISO 9001.
e. Consider the selection, acquisition and implementation of a computerized Enterprise Resource Planning (ERP) system, incorporating Manufacturing Resource Planning (MRP II) system and Materials Requirements Planning (MRP) systems.
f. Ascertain the product design technology appropriate to the target markets and obtain the skills and software necessary to provide the customers with the most cost effective, modern designs. and
g. Ascertain optimum production and maintenance settings, techniques and methods for plant and equipment and production and testing systems employed in the production of three phase distribution transformers in KSA.

According to this agreement also, WTC granted a license for appropriate intellectual property rights and to supply appropriate know-how, technical information, technical services and assistance to enable the Licensee to design and manufacture three phase transformers up to 3,150kVA, 36kV in KSA. WTC also granted the Licensee the exclusive, non-transferable right and license:

a. To establish a plant in KSA and to manufacture the products (distribution transformers of any kind in the range 50kVA to 3,150kVA, up to 36kV), making use of the technical information received from WTC.
b. To use and sell the products so manufactured in the territory.
c. To export the products to other countries in the licensed sales territory. WTC shall refrain from manufacturing in or selling the products to the territory during the lifetime of the agreement, unless agreed otherwise between the Licensee and WTC.
d. The Licensee shall not have the right to grant sub-licenses, except with the mutual written agreement between the parties.
e. During the term of the agreement, the Licensee shall be entitled to state and assert in contract documents, tenders, promotional and other material that the products are designed and manufactured in technical collaboration with WTC.
f. WTC grants the Licensee, for the duration of the term of the agreement, a non-exclusive, non-transferable license to use and reproduce the WTC logo and the WILSON trade mark.

The licensed sales territory under this agreement is KSA, Kuwait, UAE, Oman, Bahrain, Qatar, Jordan, Syria, Iraq, Yemen, Lebanon, Egypt, Sudan, Libya, Tunisia, Algeria, Morocco, Somalia, Mauritania, Djibouti, Palestine, Iran and Turkey. While the licensed Manufacturing Territory is KSA and any other country in which the Licensee invests and WTC grants a manufacturing license. The term of the agreement is ten and a half (10.5) years, commencing on the date of its execution.

According to the terms of this agreement, the Licensee shall pay to WTC, apart from other charges invoiced separately, a royalty fee agreed on between UTEC and WTC.

Any dispute arising from this agreement shall be resolved amicably. If such a dispute could not be resolved amicably, then the matter shall be finally settled by arbitration under the Rules of Conciliation and Arbitration of the ICC by a single arbitrator appointed by the Secretary General of the ICC Court of Arbitration. The venue of arbitration shall be London, England and the applicable law shall be the laws of Saudi Arabia.

This agreement was effective until April 2011G. The renewed agreement was signed on 05/10/2012G between UTEC and WTC and took effect on 09/04/2011G. It will expire on 04/09/2016G.

2. Miscellaneous Agreements and Arrangements

a. Purchase Commitment Agreements with SEC

UTEC and SEC entered into Purchase Commitment Agreements (“**PCA**”) in the following dates:

1. 10/06/1433H (corresponding to 01/05/2012G)
2. 03/08/1433H (corresponding to 23/6/2012G)
3. 13/11/1433H (corresponding to 29/09/2012G)
4. 20/01/1434H (corresponding to 04/12/2012G)
5. 16/08/1434H (corresponding to 25/06/2013G)

Pursuant to tenders for the supply of Distribution Transformers by UTEC to SEC.

According to these Agreements, SEC shall, subject to its need, issue purchase orders to UTEC requesting the supply of materials and quantities, and UTEC shall supply the requested basic quantities and materials included in the agreement as per the prices agreed upon and at the same period, specifications and delivery times defined by SEC in the Purchase Orders.

The prices contained in the Material List are considered as a full and complete compensation to UTEC for the cost of materials until delivery to the final destination, as well as all taxes and fees.

The PCAs are valid for one Gregorian year commencing on the abovementioned dates, and may be renewed or extended by both parties for other period(s) subject to mutual written agreement by the parties before thirty (30) days from the date of its expiration. Any outstanding orders and/or orders under execution shall, to the extent necessary for the execution of the obligations pertaining thereto, remain effective even after the expiration of the PCAs.

The PCAs shall be subject to the Saudi Arabian Laws and regulations in force.

3. Standard Purchase Order

UTEC utilizes a standard purchase order with its suppliers. Please refer to Section 11.6.3 for details of the purchase order.

11 - 6 - 5 United Transformers Electric Company – Syria

UTECS utilizes a standard purchase order with its suppliers. Please refer to Section 11.6.3 for details of the purchase order.

11 - 6 - 6 United Technology of Electric Substations and Switchgears Company

USSG has entered into the following contracts for the purposes of its business.

1. Standard Purchase Order

USSG utilizes a standard purchase order with its suppliers. Please refer to Section 11.6.3 for details of the purchase order.

2. Premium Panel Builder Agreement

On 1/4/2010G, USSG and Legrand France SA ("**LFSA**") have entered into a premium panel building agreement, pursuant to which the LFSA will provide technical assistance for the certification of the panel, the panel builder manufacturers under its know-how patent, design and guarantee of proper performance.

Under this agreement, LFSA will invoice USSG for the costs of the technical assistance, which amount shall be paid by USSG within 30 days from the date of the invoice.

Should LFSA propose training of USSG employees in the design and manufacturing, USSG shall bear the cost of such training. Further USSG has undertaken to send two of its employees for a one week training session in factories of Legrand Group as LFSA may deem appropriate. USSG will be responsible for the cost involved of such training for its employees.

USSG has undertaken in the agreement not to obtain type tests certification for its products, fitted with products in competition with LFSA's products. Further LFSA liability arising from damages caused by failure to perform, defective or late performance of this agreement shall be limited to the price that USSG pays to LFSA for the products that are object of a direct claim.

This agreement is set to expire on 31/12/2015G, unless both parties in writing, subject to negotiations, agree on extending it. This agreement is governed under the laws of France. Failing an amicable settlement, all disputes arising in connection with this agreement shall be finally settled under the rules of arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said rules. The seat of arbitration shall be Paris, France. The language of arbitration proceeding will be English language.

3. Agreement with the Saudi Development Fund

On 24/06/1432H (corresponding to 28/05/2011G) USSG and the Saudi Development Fund ("**Fund**"), represented for the signature of the agreement by the Ministry of Electricity and Dams in Sudan ("**Ministry**"), have entered into a Sale Agreement. Pursuant to this agreement, USSG shall sell the Fund integrated stations for an agreed consideration in United States Dollars. The Fund shall pay USSG as per the Ministry's instructions.

The Fund shall pay the total amount in differed payments, in accordance with each shipment. Each Payment shall be made within 10 days of USSG providing the Fund with the following documents for each shipment:

- Official invoice for the purchased products including its description as per this Agreement.
- Shipping document.
- Certificate of origin.

Before manufacturing, USSG shall provide the Fund with the blueprints and catalogues of the products. In case of any delay in delivering the agreed on products, USSG shall pay, as a penalty, 0.014% of the total amount of the Agreement for each day of delay, provided that the total amount to be paid by USSG shall not exceed 10% of the total value of the Agreement.

USSG shall not assign any of its obligations stated under this Agreement to a third party without the prior written consent of the Fund.

The agreement expires upon the delivery of all products to the Fund based on the orders received from the Fund. All orders are expected to be delivered during 2013G.

4. Agreement with Wankong Group Co. LTD

On 15/08/2011G, USSG and Wankong Group Co. LTD ("**Wankong**") entered into an exclusive business cooperation agreement. According to this agreement, Wankong shall provide USSG with exclusive technical, consulting and related services to the manufacturing of switchgears during the term of this agreement, through utilizing the manpower, technical and informatics benefits of Wankong, including:

- Exporting low voltage switch gears cubicles to USSG along with spare parts and accessories;
- USSG shall provide in writing to Wankong the related specifications and requirements in a timely manner;
- Wankong shall provide technical assistance in the form of equipment list, drawings, technical instruction and site training in Wankong's facilities, and assist USSG to develop cubicle and frame structure as to facilitate its domestic production.

The term of this agreement is three years commencing on 15/08/2011G and ending on 14/08/2014G. This agreement is only renewable upon the written consent of both parties.

Any conflict or dispute shall be settled through arbitration at the Hong Kong International Arbitration Center under the UNICITRAL rules.

5. Agreement with Electrical Material Center Co Ltd

On 27/06/2011G, USSG entered with Electrical Material Center Co Ltd ("**ELEMAC**") into a technical cooperation agreement for purchase agreement in the field of medium voltage air insulated switchboards.

According to this agreement, ELEMAC shall appoint USSG a non-exclusive right to use and sell ELEMAC's products in its own name and under its own trademarks. Prices shall be provided on a yearly basis.

The agreement shall be governed by the Saudi law, with the exception of the rules of the UN convention for the International Sale of Goods.

All disputes arising in connection with the agreement, and which cannot be settled amicably within 2 months after arising of the dispute, shall be finally settled by arbitration in accordance with the rules of arbitration of the International Chamber of Commerce.

This agreement shall remain in force for one year from the date of its signature. The agreement was renewed for two more years and which expired on 19/10/2013G, USSG is currently finalizing renewal procedures with ELEMAC.

11 - 6 - 7 Bina Precast

Bina Precast has entered into several agreements to supply and install its products. In addition, Bina Precast succeeded in securing contracts for the supply and installation of its products in strategic projects in KSA, for example: the King Abdullah Charity Residence in Jizan, King Faisal University Educational Staff Residence in Ehsaa, Aramco electricity stations' buildings, residence of the General Organization for Social Insurance in Jubail, parking lots in King Fahad University in the Eastern Province, King Abdullah Center for Petroleum Studies and Researches. The period of these contracts is usually related to the project implementation, which is why most of them are short-term.

Below are the details of the key provisions of the arrangements entered into by Bina Precast.

1. Standard Agreements:

Bina Precast has entered into the following standard agreements for the purposes of its business:

a. Precast Concrete works (Hollow Core Slabs):

Bina Precast uses a standard form agreement with its customers for its business of manufacturing hollow core slabs.

According to this standard form agreement Bina Precast designs, and prepares shop drawings for hollow core slabs and fabricates them, as per the approved shop drawings, at its plant. Bina Precast is responsible for the loading and delivery of hollow core slabs to the customer's site.

The agreement value is based on re-measurable quantity and agreed upon by both parties. The area is re-measurable in accordance with gross area of slabs calculated as total lengths of each slab unit, multiplied by total width of each slab unit. A bill of quantities and unit rates is mentioned in the agreement and is used for invoicing purposes only.

The amount due for payment is based on re-measurable quantities as per the drawings and inquiries from the customer and is payable as follows:

a. 25% as a total payment on placing the order.
b. 75% after the receipt of the approved shop drawings and before starting the production.

These payments must be made within (7) days upon receipt of invoice by the customer.

Any dispute arising out of or in connection with this agreement will be resolved amicably within one month from the date of the notice by either party, specifying the nature of such dispute. If no amicable settlement is reached, the dispute shall be settled in accordance with the laws of Saudi Arabia.

b. Precast Concrete Works (Precast units for Precast Buildings/Compounds):

Bina Precast uses a standard form agreement with its customers for its business of manufacturing precast units for precast buildings and compounds.

According to this standard form agreement, Bina Precast designs and prepares shop drawings for precast concrete elements as per the approved drawings. Bina Precast fabricates, delivers and erects (including maximum of 50 tonner mobile crane) of precast external wall panels, internal load bearing wall, beams, columns, parapets, stairs, footing and hollow core slabs, as per the approved shop-drawings.

The agreement value is based on re-measurable quantity and agreed upon by both parties. The area is re-measurable in accordance with gross area of slabs calculated as total lengths of each slab unit, multiplied by total width of each slab unit.

The amount due for payment is based on re-measurable quantities as per the drawings and inquiries from the customer and is payable as follows:

a. 50% of the total value of the contract shall be paid to the Bina Precast as an advance and mobilization payment at the time of signature of the contract.
b. 50% of the total value of the contract shall be made in progressive payments against the submission of an invoice reflecting the periodic accomplishment of the job. Such payments shall be made within (7) days after receipt of invoice.

Any dispute arising out of or in connection with this agreement shall be resolved amicably within one month from the date of notice by either party specifying the nature of such dispute. If no amicable settlement is reached, the dispute shall be settled in accordance with the laws of Saudi Arabia.

c. Purchase Orders:

Bina Precast receives orders from its customers under purchase orders from the following customers of Bina Precast:

Al-Balha Trading and Marketing Est; Rashed Abdul Rahman Al-Rashed & Sons Co.; Bin Saif Cont. Est; Ibrahim Abdulmohsen Al-Shoeish; Sumam Chemical Trading Co. Ltd and Al-Fozan Building Materials.

The purchase order contains the following key details:

- Supplier’s name and address.
- Number.
- Expected date of arrival.
- Item.
- Description.
- Quantity.
- Unit price.
- Net total.

Payment terms under the purchase orders vary from one supplier to another.

d. Purchase Orders with Suppliers:

Bina Precast utilizes a standard purchase order with its suppliers. The standard purchase order contains the following key details in respect of each purchase:

- Supplier’s name and address.
- Reference.
- Date.
- Item.
- Product Code.
- Description.
- Quantity.
- Unit price.
- Net total.
- Delivery terms.
- Payment terms.

11 - 6 - 8 Bina ReadyMix

Bina ReadyMix has entered into several agreements to supply its products. In addition, Bina ReadyMix succeeded in securing contracts for the supply of its products in strategic projects in KSA, for example: Private

Residential Project of the Ministry of Housing in Dammam, King Fahad Military City in Dammam, university city projects for King Fahd University for Petroleum and Minerals and the University of Dammam, and other commercial, residential and industrial projects. The period of these contracts is usually related to the project implementation, which is why most of them are short-term.

Bina ReadyMix uses two types (2) standard contracts for supplying ready mix. One standard contract is used for cash sales while the other is used for credit sales. Bina ReadyMix also utilizes a standard supplier order to order various materials from different suppliers.

1. Cash Sale Contract for the Sale of Readymix Cement:

Below are the details of the key provisions of the cash sale standard contract:

Exhibit 11.16: Details of the Key Provisions of the Cash Sale Standard Contract

Document	Readymix Cash Sales
Parties	Bina ReadyMix; and the Buyer
Price	As per the quotation. Prices shall by subject to SAR 10 increase, in case resistant cement is requested. Prices are subject to change according to market price.
Payment terms	Payment is in cash or a cheque before delivery of the ready mix to the site.

Source: Bawan

2. Credit Sale Contract for the Sale of Readymix Cement:

Below are the details of the key provisions of the credit sale standard contract:

Exhibit 11.17: Details of the Key Provisions of the Credit Sale Standard Contract

Document	Readymix Credit Sales
Parties	Bina ReadyMix; and the Buyer
Price	As per the quotation. Prices are subject to change according to market price.
Payment terms	Payment shall be due after 15 days of receiving the invoice.

Source: Bawan

3. Standard Supplier Order:

The standard supplier orders are used to order various materials for Bina ReadyMix. The standard supplier orders record the following key details in respect of each purchase:

- Date.
- Reference number.
- Supplier name.
- Item.
- Description.
- Quantity.
- Unit price.
- Net total.
- Name of the person who prepared the order.

11 - 6 - 9 United Wood Products Company

UWP has entered into several agreements to supply and install its products. In addition, UWP succeeded in securing contracts for the supply and installation of its products in strategic projects in KSA, for example: King Abdullah Center for Petroleum Studies and Researches, Samba Bank tower in King Abdullah Financial Center, Phosphate Metals Company of Ras Al-Zor, administrative building of the Ministry of Interior Affairs in Mekkah, the Second Medical Tower of King Saud Complex in Shumaisi, National Hospital in Riyadh, Social Insurance Villas in the Diplomatic Street in Riyadh, Emaar Khobar Lakes, and Al-Nakheel Administrative Complex of the Ministry of Finance. The period of these contracts is usually related to the project implementation, which is why most of them are short-term.

UWP has also entered into contracts for woodworks production, manufacturing, supply and installation. Below is a summary of the most important of these contracts:

1. Contract for the Manufacturing of Wooden Doors for the Mental Health Hospital in Al-Kharj

On 23/05/1433H (corresponding to 15/04/2012G), UWP entered into a contract with Al-Majaal Al-Arabi Group (the "**Group**") which had already contracted with the Ministry of Health to implement a mental health hospital project in Al-Kharj.

Under this contract, UWP manufactures wooden doors for X-ray rooms and other ordinary rooms according to the project specifications and quantities, and based on quotations provided by UWP. UWP delivers a warranty certificate covering contract works against manufacturing defects. Such certificate shall be valid for two years from the date of delivery of materials to the Group.

UWP has undertaken to manufacture wooden doors within a period of three (3) months, but supply will take place gradually.

The contract is governed by the regulations in force in the Kingdom of Saudi Arabia. In the event of a dispute that cannot be resolved amicably, the Group may resort either to Commercial Arbitration under the Riyadh Chamber of Commerce and Industry or to the Saudi competent courts.

Products drawings and samples have been now completed by the Group, and the order will then be transferred to the production department. UWP has now completed the preparation of products approved by the Group and expects to deliver all of these products at the end of May 2013. 50% of the project has now been supplied and the project is expected to be fully delivered during the second half of 2013G.

2. Contract for the Manufacturing of Wooden Doors for the Mental Health Hospital in Najran

On 23/05/1433H (corresponding to 15/04/2012G), UWP entered into a contract with Al-Majaal Al-Arabi Group (the "**Group**") which had already contracted with the Ministry of Health to implement a mental health hospital project in Najran.

Under this contract, UWP manufactures wooden doors for X-ray rooms and other ordinary rooms according to the project specifications and quantities, and based on quotations provided by UWP. UWP delivers a warranty certificate covering contract works against manufacturing defects. Such certificate shall be valid for two years from the date of delivery of materials to the Group.

UWP has undertaken to manufacture wooden doors within a period of three (3) months, but supply will take place gradually.

The contract is governed by the regulations in force in the Kingdom of Saudi Arabia. In the event of a dispute that cannot be resolved amicably, the Group may resort either to Commercial Arbitration under the Riyadh Chamber of Commerce and Industry or to the Saudi competent courts.

UWP has started preparing the subject matter products at the end of May 2013. Project delivery has started in the month of August 2013G, and the project is expected to be fully delivered by the end of 2013G.

3. Contract for the Supply and Installation of Woodworks for Afras - Tilal Project

On 16/05/1433H (corresponding to 08/04/2012G), UWP entered into a contract with Arabian Horses for Urban Development ("**Khuyool Company**") whereby UWP shall execute and supply the woodworks of Afras - Tilal project in the city of Riyadh .

Subject matter woodworks shall be supplied within ten (10) to fourteen (14) days from the date of payment of the supply fees, and installation work shall be terminated within ten (10) days from the date of supply.

All woodworks manufactured by UWP are warrantied against manufacturing defects and UWP undertakes to repair them or replace them for one calendar year from the date of delivery and installation of these works.

All applicable regulations in the Kingdom of Saudi Arabia apply to this contract. If a dispute cannot be resolved amicably, it shall be settled by the competent courts.

UWP already supplied 95% of the products required by Khuyool Company and will supply the remaining products upon Khuyool Company's request. The contract shall remain in force until the supply of all products that are the subject of the contract. UWP expects to complete such supply during the second half of 2013.

4. Contract for the Supply and Installation of Woodworks for Afras - Hitteen Project

On 16/05/1433H (corresponding to 08/04/2012G), UWP entered into a contract with Arabian Horses for Urban Development ("**Khuyool Company**") whereby UWP shall execute and supply the woodworks of Afras - Hitteen project in the city of Riyadh .

Subject matter woodworks shall be supplied within ten (10) to fourteen (14) days from the date of payment of the supply fees, and installation work shall be terminated within ten (10) days from the date of supply.

All woodworks manufactured by UWP are warrantied against manufacturing defects and UWP undertakes to repair them or replace them for one calendar year from the date of delivery and installation of these works.

All applicable regulations in the Kingdom of Saudi Arabia apply to this contract. If a dispute cannot be resolved amicably, it shall be settled by the competent courts.

UWP has started to supply the products ordered by Khuyool Company in May 2013. The contract shall remain effective until all subject matter products have been delivered. Full delivery of products is expected during the second half of 2013G.

11 - 7 Insurance Policies

The Company and the Subsidiaries hold insurance policies covering different types of risks associated with their businesses. These insurance policies have been issued by Gulf Union Cooperative Insurance Company, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, Saudi Arabian Cooperative Insurance Company and Al Sagr Cooperative Insurance Company, depending on the Subsidiary involved. Below are the key details of the insurance policies held by the Company and each Subsidiary:

Exhibit 11.18: Key Details of the Insurance Policies Held by the Company and Each Subsidiary

Company Name	Types of Cover	Range of Coverage Period	Range of Sums Insured	Range of Premium
Bawan	Comprehensive motor vehicle insurance, property all risk and medical insurance	From 01/01/2013G To 30/6/2014G	From SAR 250,00 To SAR 528,986	From SAR 37,032 To SAR 94,600
BMI	Comprehensive motor vehicle insurance and property all risk and medical insurance	From 01/01/2013G To 30/6/2014G	From SAR 250,000 To SAR 241,517,553	From SAR 14,712 To SAR 78,347
BWI	Comprehensive motor vehicle insurance, fidelity insurance, property all risk, money insurance and medical insurance	From 01/01/2013G To 31/12/2013G	From SAR 250,000 to SAR 215,471,217	From SAR 4,163 to SAR 358,760

Company Name	Types of Cover	Range of Coverage Period	Range of Sums Insured	Range of Premium
UTEC	Marine cargo insurance, land transit insurance, property all risk, comprehensive motor vehicle insurance, and public liability insurance	From 01/01/2013G To 30/6/2014G	From SAR 250,000 To SAR 303,679,261	From SAR 11,743 To SAR 94,600
USSG	Comprehensive motor vehicle insurance, property all risk insurance, fidelity insurance, and medical insurance	From 23/03/2012G To 30/06/2014G	From SAR 250,000 To SAR 47,492,726	From SAR 1,619 To SAR 26,358
Bina Precast, Bina ReadyMix, Bina Holding	Medical insurance, and property all risk	From 01/01/2013G To 30/6/2014G	From SAR 250,000 To SAR 158,118,600	SAR 59,191
UWP	Money insurance, fidelity insurance, property all risks, comprehensive private and commercial motor vehicle insurance, and medical insurance	From 01/01/2013G To 31/12/2013G	From SAR 250,000 To SAR 108,088,700	From SAR 2,197 To SAR 179,968

Source: Bawan

11 - 8 Banking Facilities

The Company and its Subsidiaries are parties to loan agreements and credit facilities with several banks. Below is a summary of the facilities being availed by the Company and the Subsidiaries:

11 - 8 - 1 Banque Saudi Fransi

On 18/04/1431H (corresponding to 03/04/2010G), Bawan entered into an Islamic Facilities Letter Agreement with BSF for availing facilities in the amount of SAR 300,000,000. The purpose of these facilities is financing the operations of the Group. This agreement was renewed on 28/02/2011G for the amount of SAR 570,000,000 and was renewed till 13/8/1433H corresponding to 03/07/2012G. It has expired on 30/4/2013G and the Company has recently received the renewed agreement from BSF and it is currently under review by the Company. These facilities remain available for use until the Company completes the renewal procedures.

These credit lines are secured by a promissory note in the amount of SAR 570,000,000, a joint and several guarantee by BWI, UWP, BMI and BEIC, and comfort letters issued by the shareholders.

Bawan has notified BSF on 18/09/2011G of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion (into a closed joint stock company) or the IPO process shall not constitute a breach of the above facilities documents. Approval has been obtained from BSF on 31/01/2012G.

11 - 8 - 2 The Saudi British Bank (SABB)

On 08/01/1432H (corresponding to 14/12/2010G), Bawan entered into an Islamic Facilities Letter Agreement with SABB for availing facilities in the amount of SAR 300,000,000. The purpose of these facilities is financing the operations of the Group. This agreement expired on 31/10/2011G. The term was extended on 29/01/2012G, and the agreement expired on 31/10/2012G. The Agreement has been renewed on 04/30/2013G and expired on 31/10/2013G. These facilities remain available for use until SABB completes the renewal procedures.

BWI and BMI may benefit from certain facilities in accordance with this Agreement.

These credit lines are secured by a promissory note in the amount of SAR 310,000,000.

Bawan has notified SABB on 18/09/2011G of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained from SABB on 30/01/2012G.

11 - 8 - 3 Bank Al-Bilad

On 15/09/1431H (corresponding to 25/08/2010G), Bawan entered into an Islamic Facilities Agreement with Al-Bilad for availing facilities in the amount of SAR 200,000,000. The purpose of these facilities is financing the operations of the Group. This agreement expired on 22/06/2011G, and was renewed on 02/06/1433H (corresponding to 23/04/2012G) till 17/04/2013G. The agreement expired on 17/04/2013G and facilities have been renewed until 06/09/1434H corresponding to 15/07/2013G. These facilities will continue to be available until 09/07/2014G.

According to several agreements attached to the facilities contract, BWI, UWP, BEI, BMI, and USSG may benefit from all these facilities limitations in accordance with this Agreement.

These credit lines are secured by the assignment from Bawan to the bank of all receivables relating to the contracts in which the advance payment exceeds SAR 3,000,000; Bawan shall also provide the bank, upon notice, with comfort letters signed by the shareholders.

Bawan has notified Al-Bilad on 18/09/2011G of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained from Al-Bilad on 29/01/2012G.

11 - 8 - 4 National Commercial Bank

On 21/12/1431H (corresponding to 27/11/2010G), Bawan entered into an Islamic Facilities Agreement with NCB for availing facilities in the amount of SAR 200,000,000. The purpose of these facilities is financing the operations of the Group. This agreement expired on 31/08/2011G, and was renewed for an amount of SAR 205,000,000 on 24/09/1432H (corresponding to 24/08/2011G) till 31/08/2012G. This agreement has been further renewed under two separate agreements for a total amount of SAR 225,000,000 on 14/10/1433H corresponding to 01/09/2012G. These facilities are available under the renewed agreement until the date 31/08/2013G. The company is currently working on renewing these facilities with the bank.

BMI and BWI may benefit from some of the available facilities as described in the above agreements.

These facilities are secured by a promissory note in the amount of SAR 225,300,00, in addition to a joint corporate guarantee provided by BMI and BWI.

Bawan has notified NCB on 18/09/2011G of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion (into a closed Joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained from NCB on 25/02/2012G.

On 22/09/1431H (corresponding to 01/09/2010G), UTEC entered into an Islamic Facilities Agreement with NCB for availing facilities in the amount of SAR 135,115,000. The purpose of these facilities is financing the operations of UTEC. This agreement expired on 31/08/2011G, and was renewed for an amount of SAR 140,000,000 on 24/08/2011G till 31/08/2012G. The agreement has been further renewed in the amount of SAR 160,000,000 on 14/10/1433H corresponding to 01/09/2012G. Under the renewal, these facilities remain available until 31/08/2013G. UTEC is currently working on renewing these facilities with the bank.

UTEC also entered some banking facilities agreement with the National Commercial Bank (NCB) on 22/09/1431H corresponding to 01/09/2010G for an amount of SAR 5,115,000 to finance its commercial operations. These facilities expired on 24/06/2011, and were renewed on 17/08/2011G for an amount of SAR 7,000,000, which ended on 31/08/2012. The facilities have been further renewed pn 14/10/1433H corresponding to 01/09/2012G and will expire on 31/08/2013G. UTEC is currently working on renewing these facilities with the bank.

These credit lines are secured by a promissory note in the amount of SAR 160,000,000 and a promissory note in the amount of SAR 7,000,000 by UTEC which cover all facilities, in addition to a corporate guarantee issued by Bawan covering the total facilities amount.

UTEC has notified NCB on 02/02/2012G of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion of Bawan (into a closed Joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained from NCB on 25/02/2012G.

11 - 8 - 5 BNP Paribas

On 02/11/2009G, Bawan entered into an Islamic Facilities Agreement (Murabaha) with BNP Paribas for availing facilities in the amount of SAR 100,000,000. The purpose of these facilities is financing the operations of the Company. These facilities will be available for an indefinite period, but the Agreement requires the Company to inform BNP Paribas of its desire to use these funds, in which case BNP Paribas would study the request and issue a decision at its sole discretion.

Bawan has notified BNP Paribas of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained from BNP Paribas on 05/03/2012G.

11 - 8 - 6 Samba

On 26/01/1432H (corresponding to 01/01/2011G), BWI entered into an Islamic Facilities Agreement with Samba for availing facilities in the amount of SAR 70,000,000. The purpose of these facilities is financing the operations of BWI. This agreement expired on 31/10/2011G, was renewed for an amount of SAR 100,000,000 and expired on 31/10/2012G. The agreement was further renewed on 20/01/1434H corresponding to 04/12/2012G and expired on 31/07/2013G. BWI is currently working on renewing these facilities with Samba.

These credit lines are secured by a promissory note issued by BWI in the amount of SAR 100,000,000, and by a corporate guarantee by Bawan covering the total amount of the facilities.

BWI has notified Samba of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained from Samba on 31/08/2012G.

On 26/01/1432H (corresponding to 01/01/2011G), UWP entered into an Islamic Facilities Agreement with Samba for availing facilities in the amount of SAR 30,000,000. The purpose of these facilities is financing the operations of UWP. This agreement expired on 31/10/2011G, and was renewed for an amount of SAR 45,000,000 on 05/12/2011G. It then ended on 31/31/2012G, was renewed again on 20/01/1434H corresponding to 12/04/2012G, and now ended on 31/07/2013G. UWP is currently working on renewing these facilities with Samba.

These credit lines are secured by a promissory note issued by UWP in the amount of SAR 45,000,000, and by a corporate guarantee by Bawan covering the total amount of the facilities.

BWI has notified Samba of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained from Samba on 31/08/2012G.

On 26/12/1430H (corresponding to 13/12/2009G), UTEC entered into an Islamic Facilities Agreement with Samba for availing facilities in the amount of SAR 60,000,000. The purpose of these facilities is financing the operations of UTEC. This agreement expired on 31/07/2010G. It was renewed on 02/10/2011G and expired on 31/07/2012G. The agreement was further renewed for an amount of SAR 80,000,000 on 20/01/1434H corresponding to 04/12/2012G and now expired on 31/07/2013G. UTEC is currently working on renewing these facilities with Samba.

These credit lines are secured by a promissory note in the amount of SAR 80,000,000 in addition to a corporate guarantee provided by Bawan Company.

UTEC has notified Samba of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion of Bawan (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has been obtained on 13/08/2012G.

11 - 8 - 7 Riyad Bank

On 12/10/1431H (corresponding to 21/09/2010G), UTEC entered into an Islamic Facilities Agreement with Riyad Bank for availing facilities in the amount of SAR 91,000,000.These facilities were renewed on 25/05/1433H (corresponding to 17/04/2012G) for a total amount of SAR 151,000,000 and are available until 11/02/2015G.

UTEC has notified Riyad Bank of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion of Bawan (into a closed Joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Riyad Bank responded that the financing agreement signed with UTEC does not affect in any way Bawan public offering, and that it therefore saw no justification for giving its consent.

11 - 8 - 8 Saudi Hollandi Bank

On 01/02/2010G, Bina Precast entered into an Islamic Facilities Agreement with SHB for availing facilities in the amount of SAR 15,000,000. The purpose of these facilities is financing the operations of Bina Precast. This agreement expired on 31/01/2011G, and was renewed on 18/01/1433H corresponding to 13/12/2011G for a total amount of SAR 25,000,000. These facilities will be made available for an unlimited period and are subject to periodic review by SHB, which may disable these facilities at any time, on its sole discretion

These credit lines are secured by a promissory note in the amount of SAR 25,000,000, and a guarantee letter issued by A.K. Al-Muhaidib & Sons Company in the amount of SAR 25,000,000, and a letter of undertaking by Bina Precast to transfer at least 30% of its sales to its accounts with SHB.

Bina Precast has notified SHB of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion of Bawan (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities documents. Approval has yet to be obtained.

11 - 8 - 9 The Saudi Investment Bank

Bawan entered into an Islamic facility agreement with the Saudi Investment Bank on 03/09/1433H corresponding to 22/07/2012G for an amount of SAR 200,000,000 in order to finance the Group's operations. These facilities have expired on 31/07/2013G. The Company is currently working on renewing these facilities with the bank. These facilities are available for use until renewal procedures are finalized.

BEIC, BMI, UWP, BWI, and Bina Industrial Investments Holding Company can benefit from some of the available facilities, as set forth in the agreement.

These facilities are secured by permanent joint and several corporate guarantees which are unconditional and irrevocable and are signed by Group companies, in addition to a compensation letter and a promissory note covering the entire value of the facilities.

11 - 8 - 10 Saudi Industrial Development Fund

On 15/10/1430H, (corresponding to 12/01/2009G) Bawan Precast entered into an agreement with SIDF for an amount of SAR 44,500,000 and will be used to finance a precast concrete project. The loan shall be repaid by Bine Precast on semi-annual installments starting from 15/02/1432H until 15/08/1437H (corresponding to 22/05/2016G). The loan is secured by a promissory note and a mortgage letter in favor of SIDF on all buildings already constructed or to be constructed on both plots of land.

On 17/09/1432H (corresponding to 17/08/2011G), Bina ReadyMix entered into a Loan Agreement with the SIDF. The amount of the loan is SAR 25,500,000 and shall be used to finance the construction of Bina ReadyMix factory. Bina ReadyMix shall pay back the loan amount every six months starting on 15/08/1433H and ending on 15/02/1439H (corresponding to 05/11/2017G). The loan is secured by a promissory note and a mortgage letter in favor of SIDF, on all buildings already constructed or to be constructed on the plot of land, and a letter of guarantee from A.K. Al-Muhaidib and Sons Company dated 17/09/1432H of a 20% percentage of liability, and a letter of guarantee from Ibrahim Al-Fares and Brothers Company of a 20% percentage of liability, and a letter of guarantee from Bawan of a 60% percentage of liability, which constitutes an obligation on the Company.

SIDF has been notified of the contemplated IPO, and requested its approval that any event resulting from the implementation of conversion of Bawan (into a closed joint stock company) or the IPO process shall not constitute a breach or an event of default under the above facilities document. Approval has yet to be obtained.

Other than what is mentioned above, the Company or its subsidiaries do not have any other indebtedness, whether issued and on-going or authorized but not yet issued, credit loans, overdrafts, liabilities under acceptance, acceptance credit, lease purchase obligations, mortgages or rights or charges on its properties.

11 - 8 - 11 Guarantees

The Group obtained a number of credit facilities totaling SAR 2,233 million, while the total amount used was SAR 919.3 million as on 31/12/2012G. Details of these facilities and guarantees are stated below:

Exhibit 11.19: Key Details of the Credit Facilities Obtained by the Company and each Subsidiary and the Related Guarantees as on 31/12/2012G

Bank Name	Company Name	Type of Facilities	Total Available Facilities	Amount Used	Type of Guarantees
			SAR '000	SAR '000	
Banque Saudi Fransi	Bawan Co.	Short and medium-term loans, Murabaha, securitization, letters of guarantee, l and refinancing	570,000	418,449	Promissory note and letters of joint and several personal guarantee and comfort letters from the shareholders
Saudi British Bank	Bawan Co.	Murabaha financing, securitization (metals), documentary credits, financing documentary credits through Murabaha and letters of guarantee	300,000	180,972	Promissory note
Bank Albilad	Bawan Co.	Sale on account, participation credits and letters of guarantee	200,000	103,561	Waiver in favor of the bank of all the contracts' entitlements of which the advance payment exceeds SAR 3 million, in addition to comfort letters from some shareholders
National Commercial Bank	Bawan co.	Murabaha Credit (sight and deferred), enhanced collections, trade facilitation, letters of guarantee, purchase of foreign currencies and overdrafts	225,000	146,350	Promissory note and corporate guarantee
National Commercial Bank	United Transformers Electric Company	Credit Murabaha (sight and deferred), enhanced collections, trade facilitation, letters of guarantee, purchase of foreign currencies and overdrafts	167,000	110,794	Promissory note and corporate guarantee
BNP Paribas	Bawan Co.	Murabaha for the financing of the Group's operating transactions	100,000	366	Unspecified
Saudi Investment Bank	Bawan Co.	Murabaha for dealing in goods, documentary letters of credit (sight or deferred), Murabaha facility for the refinancing of documentary letters of credit and letters of guarantee	200,000	79,362	Unconditional and irrevocable joint legal guarantees

Bank Name	Company Name	Type of Facilities	Total Available Facilities	Amount Used	Type of Guarantees
			SAR '000	SAR '000	
Riyad Bank	United Transformers Electric Company	Short-term securitization financing (rotated), overdrafts, documentary credits and refinancing of documentary credits, contracts of trading in foreign exchange and letters of guarantee	151,000	49,777	Corporate guarantee
Samba Financial Group	Bawan Wood Industries Co.	Overdrafts, short-term loans, Murabaha, letters of credit, financing letters of credit and letters of guarantee	100,000	80,500	Promissory note and guarantee by Bawan Co. covering all facilities
Samba Financial Group	United Wood Products Co.	Overdrafts, short-term loans, Murabaha, letters of credit, financing letters of credit and letters of guarantee	45,000	17,525	Promissory note by UWP and guarantee by Bawan Co.
Samba Financial Group	United Transformers Electric Co.	Overdrafts, short-term loans, Murabaha, letters of credit, financing letters of credit and letters of guarantee	80,000	30,201	Promissory note. and guarantee by Bawan Co. covering all facilities
Saudi Hollandi Bank	Bina Precast	Overdrafts, short-term loans, documentary credits sight or deferred, short-term loans for post-import financing , letters of guarantee	25,000	12,901	Promissory note, letter of guarantee and letter of undertaking to transfer 30% of the sales to its bank account
Saudi Industrial Development Fund	Bina Precast	Long-term loan	44,500	27,500	Promissory note and pledge deed in favor of the Fund for all the buildings erected or to be erected on the land and letters of guarantee
Saudi Industrial Development Fund	Bina Precast	Long-term loan	25,500	15,140	Promissory note, pledge deed, and letters of guarantee

Source: Bawan

11 - 9 Real Estate

11 - 9 - 1 Title Deeds

Bawan's Subsidiaries own the following plots of land:

Exhibit 11.20: Major Particulars of the Title Deeds Relating to Real Estate Properties Registered Under Bawan and its Subsidiaries' Names

Company's Name	Date of Issue	Plot Location
BMI	27/07/1432H	South of Jeddah
BWI	Assigned to the Company on 13/1/1422H	South of Jeddah
UTEC*	-	Al-Kharj - Riyadh
UTECS**	-	Industrial City of Adra

Source: Bawan

* A land sale agreement no. 100 dated 06/08/2007G corresponding to 23/07/1428H has been executed between Mohammed Al-Ojaimi, in his capacity as the owner of Al-Ojaimi Industrial City Scheme by virtue of license issued by the MoCI under no. 2/K/S dated 30/07/1426H and title deed no. 25527/12 dated 08/07/1425H, adopted by Saudi Industrial Property Authority where the above-mentioned plots of land are located, and UTEC. The transfer of land will be finalized after the fulfillment by the owner of all requirements of the Saudi Industrial Property Authority.

Also, two lease agreements have been entered into between Mohammed Al-Ojaimi and UTEC in relation to the plots of land no. (23/37/38/39/40) mentioned in the above exhibit, and between Mohammed Al-Ojaimi and USSG for the plots of land no. (24/25/26) mentioned in the above exhibit to facilitate the process of acquiring the required licenses and permits until the transfer of title is completed.

** A land sale agreement no. 517 dated 08/01/2007G has been executed between the Industrial City of Adra and UTECS in relation to the above-mentioned plots of land.

11 - 9 - 2 Lease Agreements

The Company and its Subsidiaries have entered into a number of lease agreements. Below are the key particulars of the lease arrangements entered into by the Company and the Subsidiaries.

Exhibit 11.21: Key Particulars of the Lease Arrangements Entered into by the Group

Lessee	No. of Lease Agreements	Rent Range	Term Range
Bawan	6	From SAR 5,024 to SAR 562,500	1 to 10 Years, starting from 16/02/1430H
BMI	10	From SAR 75 to SAR 150,000	1 to 25 Years, starting from 18/04/1416H
BWI	16	From SAR 24,000 to SAR 500,000	1 to 25 Years, starting from 15/02/1412H
UWP	24	From SAR 120 to SAR 862,500	1 to 25 Years, starting from 03/04/1410H
UTEC	7	From SAR 48,995 to SAR 265,000	1 to 25 Years, starting from 01/04/1425H
Bina Precast	1	SAR 372,360	25 years, starting from 06/07/1427H

Source: Bawan

11 - 10 Related Party Transactions

The Company shall ensure that all transactions between the Company and any of its affiliates or any of its officers, directors or shareholders or any of their subordinates shall be made by consent of the majority of the directors, including the majority of the independent directors and the directors who are not concerned with the resolution subject to voting. Directors having an interest in the mentioned transactions shall refrain from voting on the related resolutions in the Board of Directors.

The Company, its Directors and Shareholders confirm that all related party transactions have been made on commercial basis, and no related party has received a preferential treatment in this regard.

The Company, its Directors and Shareholders confirm that they intend to be committed to Articles 69 and 70 of the Companies Regulation issued by the MoCI and committed to Article 18 of the Corporate Governance Regulation issued by the Capital Market Authority, with respect to the contracts with related parties as follows:

- All related party contracts are to be voted for in the Ordinary General Assembly;
- The Shareholders declare not to participate in any competitive business with that of the Company or deal with related parties on a commercial basis; and
- Except for what has been mentioned below, there are no commercial transactions for the time being with any of the directors, executive management or holders of 5% or more of the Company or any of their relatives who have direct or indirect material interest in those transactions, moreover, there are no powers that give any of them the right to vote on those transactions.

All related party transactions were approved by Shareholders during the General Assembly held on 25/10/1433H corresponding to 12/09/2012G.

The following related party transactions have been noted within the context of Group's business:

License and Technical Assistance Agreement

The License and Technical Assistance Agreement entered into between Abdullatif A. Al-Fozan & Sons Company Limited and Wilson Transformer Company Pty Ltd., which was novated at a later date to UTEC, is the only related party arrangement entered into by the company. Details of this License & Technical Assistance Agreement are set out in Section 11.6.4 of this Prospectus.

Land sale and purchase agreement

USSG entered into a land sale and purchase agreement with UTEC on 22/12/1428H (corresponding to 01/01/2008G). Pursuant to this agreement, USSG purchases the plots no. 24, 25 and 26 in the scheme no. 12/25527, located on the Kharj road.

The total area of the purchased plots is 27,656.92 m2, distributed between the purchased plots as follows:

- Plot no. D-24: 7,262.04 m2;
- Plot no. D-25: 8,940.91 m2; and
- Plot no. D-26: 11,453.97 m2.

According to this agreement, the price of each square meter is SAR 174.25, which means that the total price of the purchased plots amounts to SAR 4,819,218, paid by USSG and received by UTEC.

Insurance policies

Insurance policies held by the Group include comprehensive property all risks insurance; marine cargo insurance, general liability insurance, fidelity insurance, cooperative health insurance, and money insurance (Please refer to "Legal Information", "Insurance Documents" Section, "Exhibit 11.17" in this Prospectus). Such polices have been issued by Gulf Union Cooperative Insurance Company, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, Saudi Arabian Cooperative Insurance Company and Al Sagr Cooperative Insurance Company,. The table Included in "Insurance Documents" Section indicates the premium amount of every policy held by the Group and amounts insured under these documents.

Abdullah Abdullatif Al-Fozan, Chairman of Bawan, is a board member of Gulf Union Cooperative Insurance Company.

Mazen Ahmed Al Jubair -a member of the Board of Bawan and the Chairman of its Audit Committee-is also a board member of Al Sagr Cooperative Insurance Company.

Other Agreements

Currently, the Subsidiaries are in the process of executing several agreements between each other, or with the subsidiaries of the Shareholders. All these agreements are for a renewable term of one year, and the value of each shall be at the prevailing market prices. These agreements concern the exchange of goods and services or the purchase and sale of Bawan Subsidiaries' products. These products and goods may be modified from time to time pursuant to an addendum to the agreement signed by the parties.

The agreements shown below are split between agreements between the Subsidiaries and the Shareholders or their subsidiaries, and agreements between the Subsidiaries. The Exhibit below describes these agreements:

Exhibit 11.22: Details of the Arrangements of Current agreements Between the Subsidiaries and the Shareholders or their Subsidiaries

No.	First Party (Subsidiary)	Second Party (Shareholders or Shareholders' Subsidiaries)	Subject Matter	Number of Signed Agree-ments	Services and Products Delivered under the Agreements	Agreements Date
1	BMI	Al-Muhaidib for Technical Equipment (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	4	The parties provide and sell metal products to each other	07/02/1433H (corresponding to 01/01/2012G)
2	BMI	Al-Muhaidib for Construction Materials (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	4	The parties provide and sell metal products to each other	07/02/1433H (corresponding to 01/01/2012G)
3	BMI	Al-Muhaidib for Contracting (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	2	The First Party provides and sells metal products to the Second Party	07/02/1433H (corresponding to 01/01/2012G)
4	BMI	Al-Khalijya for Construction Materials in Qatar (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	2	The First Party provides and sells metal products to the Second Party	07/02/1433H (corresponding to 01/01/2012G)
5	BMI	Al-Muhaidib for Land Transport (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services and services	3	The Second Party provides products transport services to the First Party	07/02/1433H (corresponding to 01/01/2012G)
6	BMI	Al-Fozan for Metal (a subsidiary of Al-Fozan Holding)	Sale and provision of commercial services	6	The parties provide and sell metal products to each other	07/02/1433H (corresponding to 01/01/2012G)
7	BMI	Al-Fozan for Construction Materials (a subsidiary of Al-Fozan Holding)	Sale and provision of commercial services	10	The parties provide and sell metal products to each other	07/02/1433H (corresponding to 01/01/2012G)
8	BMI	Madar for Construction Materials in UAE (a subsidiary of Al-Fozan Holding)	Sale and provision of commercial services	5	The parties provide and sell metal products to each other	07/02/1433H (corresponding to 01/01/2012G)
9	BWI	Al-Muhaidib for Construction Materials (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	3	The First Party provides and sells wood products and construction materials to the Second Party	07/02/1433H (corresponding to 01/01/2012G)

No.	First Party (Subsidiary)	Second Party (Shareholders or Shareholders' Subsidiaries)	Subject Matter	Number of Signed Agree-ments	Services and Products Delivered under the Agreements	Agreements Date
10	BWI	Al-Fozan for Construction Materials (a subsidiary of Al-Fozan Holding)	Sale and provision of commercial services	3	The First Party provides and sells wood products and construction materials to the Second Party	07/02/1433H (corresponding to 01/01/2012G)
11	BWI	Al-Fozan for Metal (a subsidiary of Al-Fozan Holding)	Sale and provision of commercial services	2	The Second Party provides and sells metal products and construction materials to the First Party	07/02/1433H (corresponding to 01/01/2012G)
12	BWI	Al-Fozan for Devices and Tools (a subsidiary of Al-Fozan Holding)	Sale and provision of commercial services	3	The First Party provides and sells wood products and construction materials to the Second Party	07/02/1433H (corresponding to 01/01/2012G)
13	UWP	Al-Muhaidib for Construction Materials (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	3	Wood products and construction materials	07/02/1433H (corresponding to 01/01/2012G)
14	UWP	Al-Fozan for Construction Materials (a subsidiary of Al-Fozan Holding)	Sale and provision of commercial services	3	Wood products and construction materials	07/02/1433H (corresponding to 01/01/2012G)
15	UWP	A.K Al-Muhaidib & Sons (a shareholder in Bawan)	Exchange of goods agreement		Wood products	
16	UTEC	United Industries Electric Limited (a subsidiary of Al-Fozan Holding and A.K Al-Muhaidib & Sons)	Commercial cooperation agreement	1	The Second Party provides and sells copper wires to the First Party	07/02/1433H (corresponding to 01/01/2012G)
17	Bina Industrial Investments Holding	Ibrahim Abdullah Al-Fares & Brothers for Maintenance (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers holding company which is owned by the same shareholders as those of Ibrahim Abdullah Al-Fares & Brothers, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides and sells information technology services and maintenance of computers and networks to the First Party	07/05/1433H (corresponding to 28/04/2012G)

No.	First Party (Subsidiary)	Second Party (Shareholders or Shareholders' Subsidiaries)	Subject Matter	Number of Signed Agree-ments	Services and Products Delivered under the Agreements	Agreements Date
18	Bina Precast Concrete Products Factory Company	Ibrahim Abdullah Al-Fares & Brothers for Maintenance (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers holding company which is owned by the same shareholders as those of Ibrahim Abdullah Al-Fares & Brothers, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides maintenance works and supplies computers and equipment to the First Party	26/01/1433H (corresponding to 01/01/2011G)
19	Bina Precast Concrete Products Factory Company	Ibrahim Abdullah Al-Fares & Brothers for Trade (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers holding company which is owned by the same shareholders as those of Ibrahim Abdullah Al-Fares & Brothers, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides all industrial supplies, tools and machines to the First Party	26/01/1433H (corresponding to 01/01/2011G)
20	Bina Precast Concrete Products Factory Company	Ibrahim Abdullah Al-Fares & Brothers for Transport (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers holding company which is owned by the same shareholders as those of Ibrahim Abdullah Al-Fares & Brothers, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides transport and freight services as well as supply and rental of machinery and heavy equipment to the First Party	26/01/1433H (corresponding to 01/01/2011G)
21	Bina Precast Concrete Products Factory Company	Saudi Al-Waha Plastic Factory Company (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers for Investments, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides and sells plastic products to the First Party	26/01/1433H (corresponding to 01/01/2011G)
22	Bina Precast Concrete Products Factory Company	Al-Muhaidib for Contracting (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	1	The First Party provides and sells precast concrete pieces and pre-stressed concrete pieces to the Second Party	26/01/1433H (corresponding to 01/01/2011G)

No.	First Party (Subsidiary)	Second Party (Shareholders or Shareholders' Subsidiaries)	Subject Matter	Number of Signed Agree-ments	Services and Products Delivered under the Agreements	Agreements Date
23	Bina Precast Concrete Products Factory Company	Saudi Bea Fasteners Manufacturing (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	1	The Second Party provides wrought steel in all forms and sizes upon request to the First Party	26/01/1433H (corresponding to 01/01/2011G)
24	Bina ReadyMix Factory Company	Ibrahim Abdullah Al-Fares & Brothers for Transport (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers holding company which is owned by the same shareholders as those of Ibrahim Abdullah Al-Fares & Brothers, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides spare parts, tools and equipment to the First Party	07/05/1433H (corresponding to 28/04/2012G)
25	Bina ReadyMix Factory Company	Ibrahim Abdullah Al-Fares & Brothers for Transport (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers holding company which is owned by the same shareholders as those of Ibrahim Abdullah Al-Fares & Brothers, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides technical services, information and maintenance of computers and networks to the First Party	07/05/1433H (corresponding to 28/04/2012G)
26	Bina ReadyMix Factory Company	Ibrahim Abdullah Al-Fares & Brothers for Transport (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers holding company which is owned by the same shareholders as those of Ibrahim Abdullah Al-Fares & Brothers, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The Second Party provides lease services of vehicles and equipment and sells spare parts to the First Party	07/05/1433H (corresponding to 28/04/2012G)
27	Bina ReadyMix Factory Company	Al-Muhaidib for Contracting (a subsidiary of A.K Al-Muhaidib & Sons)	Sale and provision of commercial services	1	The First Party provides and sells parts of readymix concrete products to the Second Party	07/05/1433H (corresponding to 28/04/2012G)
28	Bina ReadyMix Factory Company	Ali Al-Fares for Contracting Company, a sister company of Al-Fares group of companies	Sale and provision of commercial services	1	The First Party provides and sells parts of readymix concrete products to the Second Party	07/05/1433H (corresponding to 28/04/2012G)

No.	First Party (Subsidiary)	Second Party (Shareholders or Shareholders' Subsidiaries)	Subject Matter	Number of Signed Agree-ments	Services and Products Delivered under the Agreements	Agreements Date
29	Bina ReadyMix Factory Company	Saudi Al-Waha Plastic Factory Company (a subsidiary of Ibrahim Abdullah Al-Fares & Brothers for Investments, which is a shareholder in Bina Industrial Investments Holding)	Sale and provision of commercial services	1	The First Party provides and sells parts of readymix concrete products to the Second Party	07/05/1433H (corresponding to 28/04/2012G)

Source: Bawan

Exhibit 11.23: Details of the Arrangements of Current Agreements Between the Company and the Subsidiaries or Between the Subsidiaries

No.	First Party	Second Party	Subject Matter	Number of Signed Agree-ments	Services and Products Delivered under the Agreements	Agreements Date
1	UWP	BMI	Sale and provision of commercial services	5	The First Party provides and sells wood products and construction materials to the Second Party	07/02/1433H (corresponding to 01/01/2012G)
2	UTEC	USSG	Commercial cooperation and financial support	1	The parties exchange electrical distribution transformers, and substations, in addition to the financial support provided by the First Party to the Second Party	07/02/1433H (corresponding to 01/01/2012G)
3	UTEC	UTECS	Exchange of goods	1	The parties exchange electrical distribution transformers and raw materials required for their manufacturing, and exchange technical and manufacturing services	07/02/1433H (corresponding to 01/01/2012G)
4	BWI	BMI	Sale and provision of commercial services	5	The First Party provides and sells wood products and construction materials to the Second Party	07/02/1433H (corresponding to 01/01/2012G)
5	BWI	UWP	Sale and provision of commercial services	2	The parties provide and sell woods and construction materials to each other	07/02/1433H (corresponding to 01/01/2012G)
6	UWP	BWI	Land leases	2	The second party rents lands from the first party located in Jubail city for a period of five (5) years starting from the signing date	01/08/1432H (corresponding to 02/07/2011G)

Source: Bawan

Furthermore, and in relation to the agreements detailed in Exhibits 11.22 and 11.23, Bawan's management confirms that these agreements have been made on commercial basis, and no related party has received a preferential treatment in this regard. The Company, its Directors and Shareholders confirm that they intend to be committed to Articles 69 and 70 of the Companies Regulation issued by the MoCI and committed to Article 18 of the Corporate Governance Regulation issued by the Capital Market Authority, and to vote on all related party agreements in the Ordinary General Assembly.

11 - 11 Intellectual Property

The Company and its Subsidiaries have secured and protected their intangible assets by registering their trademarks which are material in relation to their businesses and profitability, in many categories, in order to protect their intellectual property rights, inside and outside the Kingdom of Saudi Arabia.

The competitive position of the Company and its Subsidiaries depends, among others, on their ability to protect and use their intangible assets. Accordingly, their inability to protect these assets, or in some cases the need to take legal action to protect them, may adversely affect the company and its subsidiaries' trademarks, which makes business more expensive and adversely affects the Company and its Subsidiaries results of operations.

Following are the key details of the various trademarks registered by the Company and its Subsidiaries. It should be noted that the other subsidiaries have already registered their trademarks, due fees were paid and receipts were delivered and the procedures are now being completed to register these trademarks:

Exhibit 11.24: Key Details of the Various Trademarks Registered by the Company and its Subsidiaries

Company Name	Trademark	Status	Class
Bawan	Bawan	Valid until 10/05/1443H (corresponding to 15/12/2021G)	42
Bawan	Bawan	Valid until 10/05/1443H (corresponding to 15/12/2021G)	6
BEIC	Bawan	Valid until 10/05/1443H (corresponding to 15/12/2021G)	9
UTEC	UTEC	Valid until 01/11/1442H (corresponding to 11/06/2021G)	9
BWI	Bawan Wood Indust. co	Valid until 12/04/1443H (corresponding to 18/11/2021G)	20
UWP	Wood	Valid until 02/12/1441H (corresponding to 23/07/2020G)	20
	Sidco	Valid until 02/12/1441H (corresponding to 23/07/2020G)	20

Source: Bawan

11 - 12 Litigation

The management of the Company confirms that, as of the date of this Prospectus, it does not stand as a party in any litigation, arbitrational or administrative proceedings that would, individually or in aggregate, have a material adverse effect on the financial condition and results of operations of the Company, and that as far as the Directors and Senior Management of the Company are aware, no such litigation, arbitration or administrative proceedings are threatened or pending against the Company and its Subsidiaries, other than the ones mentioned below.

1. Bawan Company case with a former employee

A former employee sued the Company before the Labor Office in Riyadh on 16/03/2010, claiming compensation after his employment was terminated due to absence from work for more than one month without any excuse. The employee claimed before the Labor Office all his salaries as of the date of employment termination until the date of the case expiry, as well as compensation for the material and psychological damage caused by the employment termination, and the payment of treatment expenses. After a number of hearings, the Commission decided to dismiss all allegations, and this decision was not accepted by the employee, but so far no notification has been provided by the Labor Office.

2. The case of Bina ReadyMix with a Contracting Company

Bina ReadyMix sued the contracting Company for a financial claim before the Board of Grievances on 05/03/1432H. On 09/01/2012H a judgment was rendered in favor of Bina ReadyMix. The verdict was appealed by the defendant, and the appeal and its validity are currently under study.

3. United Transformers Electric Company cases with former employees

A former employee sued UTEC before the Preliminary Commission for the Settlement of Labor Disputes claiming his remaining salaries from United Transformers Electric Company, after his employment was terminated due to his absence from work for more than 20 days. The Commission rejected this complaint after it was revealed that the employee did not present any excuses for his absence from work and decided that the employee did not deserve any compensation from United Transformers Electric Company. This judgment is subject to appeal, but the company has not received any further notification from the Labor Office or the Preliminary Commission for Settlement of Labor Disputes in this regard.

Another former employee sued UTEC claiming compensation for labor issues before the Preliminary Commission for Settlement of Labor Disputes. However, the defendant did not attend any of the hearings after being notified about their dates. The Commission indicated that it would notify UTEC of any reply it receives from the defendant. However the company has to date not received any notification from the Labor Office or the Preliminary Commission for Settlement of Labor Disputes.

11 - 13 Description of Shares

Share Capital

The Share Capital of the Company is five hundred million Saudi Riyals (SAR 500,000,000) consisting of 50,000,000 shares with nominal value of SAR 10 each.

Increase of Share Capital

The Extraordinary General Meeting may, based on a reliable feasibility study and after receiving the approval of the competent authorities, resolve to increase the Company's capital once or more by issuing new shares with the same nominal value as the original shares, provided that the original capital shall have been paid up in full with due consideration to the requirements of the Companies Law and its implementing regulation. The said resolution shall specify the mode of increasing the capital, and the Shareholders shall have pre-emptive rights to subscribe for the new Shares where these Shares are issued for consideration. The new Shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original Shares owned by them, provided that the number of Shares allotted to them shall not exceed the number of new Shares they have applied for. The remaining new Shares shall be allotted to the Shareholders who have asked for more than their proportionate share, in proportion to the original Shares they own, provided that their total allotment does not exceed the number of new Shares they have asked for. Any remaining new Shares shall be offered for public subscription.

Decrease of Share Capital

The Extraordinary General Assembly may, for valid reasons and after obtaining the approval of the competent authorities, resolve to reduce the Company's capital if it proves to be in excess of its needs or if the Company has incurred losses. Such resolution shall not be adopted except after considering the auditor's report on the reasons for such a reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations, with due consideration to the provisions of the Companies Law. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

Shares

The Shares shall be nominal shares and may not be issued at less than their nominal value. However, the Shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A Share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the Share, and they shall be jointly responsible for the obligations arising from the ownership of the Share.

Transfer of Shares

Transfer of Shares is subject to the rules and regulations applicable to companies listed on Tadawul.

Voting Rights

A General Assembly duly convened shall be deemed to represent all the Shareholders, and shall be held in the city where the Company's head office is located. Each Shareholder owning 20 or more Shares shall have the right to attend the General Assembly, and may authorize in writing another Shareholder, other than the members of the Board of Directors or employees of the Company, to attend the General Assembly on his/its behalf.

Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the Shares represented thereat. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds of the Shares represented at the meeting.

Shareholders Rights

Each Share shall give its holder equal rights in the Company's assets and dividends as well as the right to attend and vote at meetings of the General Assembly.

Shareholders Assemblies

General Assembly duly convened shall be deemed to represent all the Shareholders, and shall be held in the city where the Company's head office is located.

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within s6 months following the end of the Company's fiscal year. Extraordinary General Assemblies may be convened in accordance with the same rules as applicable with regard to Ordinary General Assemblies.

A notice of the date and agenda of the General Assembly shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least 25 days prior to the time set for such meeting.

The General Assembly shall be convened by the Board of Directors. The Board of Directors shall convene a meeting of the Ordinary General Assembly if requested to do so by the Auditors or by a number of Shareholders representing at least 5% of the Company's capital. The meeting of the Ordinary General Assembly shall not be quorate unless attended by Shareholders holding at least 50% of the Company's Share Capital. If such quorum cannot be attained at the first meeting, an invitation should be sent out for a second meeting to be held within thirty days following the previous meeting. The second meeting shall be deemed valid irrespective of the number of shares represented.

To have a quorum, the meeting of the Extraordinary General Assembly should be attended by Shareholders representing at least 50% of the Company's capital. If such requirement is not met in the first meeting, a second meeting shall be convened within 30 days. An invitation should be sent out for the second meeting to be held within thirty days following the previous meeting. Such notice shall be published in the same manner described above. The second meeting shall be deemed valid only if attended by a number of shareholders representing at least (1/4) of the Company's Share Capital.

The General Assembly shall be presided over by the Chairman of the Board of Directors, the Vice-Chairman or in their absence, the Director designated by them. The Chairman shall appoint a secretary for the meeting and a canvasser.

Duration of the Company

The term of the Company shall be ninety nine (99) years commencing from the date of issue of the resolution of the Minister of Commerce and Industry announcing the Company's conversion. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one (1) year prior to the expiration of its term.

Dissolution and Winding-up of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

12. UNDERWRITING

Saudi Fransi Capital Limited ("Underwriter") has entered into an Underwriting Agreement with the Company in connection with the Offering before the subscription period. The agreed principal terms of the Underwriting Agreement are set out below:

12 - 1 Summary of Underwriting Arrangements

Under the terms and subject to the conditions contained in the Underwriting Agreement between the Company and the Underwriter:

1. The Company and the Selling Shareholders undertake to the Underwriter that, on the first business day after the CMA approves the allocation of the Offer Shares following the end of the Subscription Period, they will:
   i. sell and allocate the Offer Shares to any Individual Investor or Institutional Investor whose application for Offer Shares has been accepted by a Selling Agent.
   ii. sell and allocate to the Underwriter any Offer Shares that are not purchased by successful Applicants pursuant to the Offer; and

The Underwriter undertakes to the Company and the Selling Shareholders that it will purchase the Offer Shares that are not subscribed for by successful Applicants in the proportions stated below:

Underwriter	Number of Offer Shares Underwritten
Saudi Fransi Capital P.O. Box 23454, Riyadh 11426 Kingdom of Saudi Arabia Tel: +966 (11) 282 6666 Fax: +966 (11) 282 6823 www.sfc.sa MALHASSOUN@FransiCapital.com.sa	15,000,000 shares

The Company has committed to meet all the provisions of the Underwriting Agreement.

12 - 2 Underwriting Costs

The Selling Shareholders will pay to the Underwriter an underwriting fee based on the total value of the Offer.

13. Expenses

The Selling Shareholders will be responsible for all costs associated with the Offer, which are estimated at approximately SAR 26,000,000. This figure includes the fees of each of the financial advisor, underwriter, legal advisor to the Company and reporting accountants, in addition to Selling Agents' expenses, marketing expenses, printing and distribution expenses and other related expenses.

14. SUBSCRIPTION TERMS AND CONDITIONS

The application for admission and listing has been submitted, pursuant to the Listing Rules issued by the Authority in the Kingdom of Saudi Arabia.

All investors must read the subscription terms and conditions carefully before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to the Selling Agent is deemed as acceptance of the subscription terms and conditions.

Subscription for Offer Shares

The Offer will consist of 15,000,000 Shares with a nominal value of SAR 10 per share representing 30% of the Share Capital of the Company at an Offer Price of SAR 36 per Share. The Offer is restricted to:

Tranche (A): Institutional Investors

This tranche includes a number of institutions (For more information, please see the Section: "Definitions and Abbreviations"). The amount of shares allocated to Institutional Investors is 15,000,000 Shares representing 100% of the Offer. In the event that the Individual Investors (known as Tranche (B)) subscribe to the Offer Shares, the Lead Manager may exercise its right to reduce the number of shares allocated to Institutional Investors to 7,500,000 Offer Shares representing 50% of the Offer, subject to CMA's approval. 70% of the Offer Shares in the institutional tranche will be allocated to mutual funds, such percentage is subject to amendment in the event that the other institutions (excluding mutual funds) do not fully subscribe to the remaining percentage (30%), or in the event that the mutual funds do not fully subscribe to the percentage allocated to them (70%).

Tranche (B): Individual Investors

This tranche comprises individuals having the Saudi Arabian nationality, including a Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe in the names of her minor children for their own benefit, on the condition that she provide proof of motherhood. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against the concerned applicant. The amount of Shares allocated to Individual Investors is 7,500,000 Shares representing 50% of the Offer. In the event that the Individual Investors do not subscribe to full amount of Offer Shares allocated to them, the Lead Manager may exercise its right to reduce the number of shares allocated to Individual Investors to match the number of shares that they had subscribed for

Applicants must sign and submit subscription applications in order to acquire Offer Shares. A signed Subscription Application Form submitted to any of the Selling Agents represents a legally binding agreement between the Selling Shareholder and the Applicant.

The Selling Shareholders own 100% of the Company Capital now. Potential Saudi investors may obtain both the main and mini Prospectuses in addition to the Subscription Application Form from the following Selling Agents:

البنك السعودي الفرنسي Banque Saudi Fransi	Banque Saudi Fransi Ma'ather Road P.O. Box 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 (11) 404 2222 Fax: +966 (11) 404 2311 www.alfransi.com.sa communications@alfransi.com.sa
NCB الأهلي	National Commercial Bank King Abdulaziz Road P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 (2) 649 3333 Fax: +966 (2) 643 7426 www.alahli.com contactus@alahli.com

	Riyad Bank King Abdulaziz Road P.O. Box 22622, Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 (11) 4013030 Fax: +966 (11) 4042618 www.riyadbank.com customercare@riyadbank.com
	Samba Financial Group King Abdulaziz Road P.O. Box 833, Riyadh 11421 Kingdom of Saudi Arabia Tel: +966 (11) 477 4770 Fax: +966 (11) 479 9402 www.samba.com CustomerCare@samba.com
	The Saudi Investment Bank Ma'ather Road P.O. Box 3533, Riyadh 11431 Kingdom of Saudi Arabia Tel: +966 (11) 4786000 Fax: +966 (11) 4776781 www.saib.com.sa ir@saib.com.sa

The Selling Agents will commence receiving Subscription Application Forms at their branches throughout Saudi Arabia from 24/01/1435H (corresponding to 27/11/2013G) to 30/01/1435H (corresponding to 03/12/2013G). Once the Subscription Application Form is signed and submitted, the Selling Agents will stamp it and provide the Applicant with a copy of the completed Subscription Application Form. In the event the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Selling Agents, the Subscription Application Form will be considered void.

Each Applicant is required to specify the number of Offer Shares applied for in the Subscription Application Form, in addition to sufficient funds in an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR 36 per Share.

Subscriptions for less than 10 Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of 10. The maximum number of Shares to be applied for is 250,000 Shares.

Subscription Application Forms should be submitted during the offering period and accompanied (where applicable) with the following documents. The Selling Agents will verify all copies against the originals and will return the originals to the Applicant:

- Original and copy of the national identification card (for Individual Investors).
- Original and copy of the family identification card (for family members).
- Original and copy of the power of attorney (for family members).
- Original and copy of the power of custody (for orphans).
- Original and copy of the divorce certificate (for the children of Saudi female divorcees).
- Original and copy of the death certificate (for the children of Saudi female widows).
- Original and copy of the birth certificate (for the children of Saudi female divorcees or widows).

Power of attorney is only allowed for family members (parents and children only). In the event an application is made on behalf of an Applicant (parents and children only), the name of the person signing on behalf of the Applicant should be stated in the Subscription Application Form. The power of attorney must be issued before a notary public for those who are in Saudi Arabia and must be legalized through a Saudi embassy or consulate in the relevant country for the individual investors residing outside Saudi Arabia.

One Subscription Application Form should be completed for each head of family applying for himself and members appearing on his family identification card if dependent Applicants apply for the same number of

Offer Shares as the prime Applicant. In this case:

- i. all Offer Shares allocated to the prime Applicant and dependent Applicants will be registered in the prime Applicant's name.
- ii. the prime Applicant will receive any refund in respect of amounts not allocated and paid for by himself and dependent Applicants.
- iii. the prime Applicant will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Applicants (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- i. the Shares that will be allocated are to be registered in a name other than the name of the prime Applicant/head of family.
- ii. dependent Applicants apply for a different quantity of Offer Shares than the prime Applicant.
- iii. the wife subscribes in her name adding allocated shares to her account (she must complete a separate Subscription Application Form as a prime Applicant). In the latter case, applications made by the husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Selling Agent.

A Saudi female divorcee or widow who has children from a marriage to a non-Saudi can subscribe on behalf of those children in shares offered by companies in public offering provided she submits proof of motherhood.

During the Offer Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign Government must be notarized (attested) by a Saudi consulate or embassy in the relevant country.

Each Applicant agrees to subscribe for and purchase the number of Offer Shares specified in the Subscription Application Form submitted by the Applicant for an amount equal to the number of Shares applied for multiplied by the Offer Price of SAR 36 per Share. Each Applicant shall have purchased the number of Offer Shares allotted to him/her upon:

- i. delivery by the Applicant of the Subscription Application Form to the Selling Agents.
- ii. payment in full by the Applicant to the Selling Agents of the total value of Offer Shares subscribed for.
- iii. delivery to the Applicant by the Selling Agents of the allotment letter specifying the number of Offer Shares allotted to him/her.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Selling Agents by authorizing a debit of the Applicant's account held with the Selling Agent where the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Applicant shall accept any number of Offer Shares allocated to him or her other than if allocated shares exceed the number of Offer Shares he has applied for.

Allocations and Refunds

The Selling Agents shall open and operate escrow accounts named ("Bawan-IPO"). Each of the Selling Agents shall deposit all amounts received by the Applicants into the escrow accounts mentioned above.

Notification of the final allotment and refund of subscription monies, if any, will be made by 07/02/1435H (corresponding to 10/12/2013G) as follows:

Allocation of Offer Shares to Individual Investors

Each Individual Investor will receive a minimum of 10 Offer Shares with the remaining Offer Shares, if any, being allocated on a pro-rata basis. If the Offer is oversubscribed, the Lead Manager reserves the right to increase the allocation of Offer Shares allocated to Individual Investors to 50% and reduce the allocation of Offer Shares allocated to Institutional Investors to 50% In the event that the number of Applicants exceeds (750,000), the Company will not guarantee the minimum allocation of Offer Shares per Applicant and will allocate the Offer Shares among all Applicants equally. If the number of Applicants exceeds the number of Offer Shares, the allocation will be determined at the discretion of the CMA.

Allocation of Offer Shares to Institutional Investors

After the allocation of Offer Shares to Individual Investors, the Company will allocate the Offer Shares to Institutional Investors as it sees fit. 70% of the Offer Shares in the institutional tranche will be allocated to mutual funds, such percentage is subject to amendment in the event that the other institutions (excluding mutual funds) do not fully subscribe to the remaining percentage (30%), or in the event that the mutual funds do not fully subscribe to the percentage allocated to them (70%).

Individual Investors and Institutional Investors

The final number of Offer Shares allocated to each Applicant, together with any refunds due to the Applicants in full without any charge or withholding by the Selling Agents, is expected no later than 07/02/1435H (corresponding to 10/12/2013G). The Company will notify the Applicants of the date on which the excess subscription monies will be refunded by the publication of a notice in local newspapers in Saudi Arabia and will instruct the Selling Agents to refund the excess subscription to the Applicants on such date.

The Selling Agents will send confirmation/notification letters, to the Applicants informing them of the final number of Offer Shares allocated together with the amounts, if any, to be refunded. The Selling Agents will also refund to the Applicants any monies in respect of which no Offer Shares have been allocated to the relevant Applicants, as provided in the confirmation/notification letters. Applicants should communicate with the branch of the Selling Agents where they submitted their Subscription Application Form for any information.

Times and Circumstances when Listing may be Suspended or Cancelled

Listing Suspension or Cancellation

a. The Capital Market Authority (CMA) may at any time suspend or cancel the listing as it deems fit, in any of the following circumstances:
   1. the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;
   2. the issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law and its Implementing Regulations, including a failure to pay on time any fees or fines due to the CMA;
   3. the liquidity requirements set out in paragraph (a) of Article 13 of the Listing Rules are no longer met;
   4. the CMA considers that the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued trading of its securities on the Exchange;
   5. the CMA considers that the issuer or its business is no longer suitable to warrant the continued listing of its securities on the Exchange; or
   6. in the case of crossly-listed securities, the listing of the foreign issuer's securities has been suspended or cancelled elsewhere.

b. Where a suspension of an issuer continues for six (6) months, without the issuer taking appropriate action to resume its trading, the CMA may cancel the listing.

c. Upon an announcement of an extraordinary general assembly's approval on a capital increase resulting in a reverse takeover, the issuer's listing shall be cancelled. The issuer must submit a new application for registration and admission to listing in accordance with these Rules, should it wish to list its securities.

Voluntary Cancellation or Suspension of a Listing

a. An issuer whose securities have been admitted to listing may not suspend or cancel the listing of its securities on the Exchange without the prior approval of the CMA. The issuer must provide the following to the CMA:
   1. Specific reasons for the request for the suspension or cancellation;
   2. A copy of the form of the announcement described at paragraph (c) of this Article; and
   3. If the cancellation is to take place as a result of a takeover or other corporate action by the issuer, a copy of the relevant documentation and a copy of each related communication to shareholders.

b. Once approval from the CMA has been obtained for the cancellation of listing, an issuer must obtain the consent of its extraordinary general assembly.

c. Where a suspension or cancellation is made at the issuer's request, the issuer must announce as soon as possible the reason for the suspension or cancellation, the anticipated period of the suspension, the nature of the event resulting in the suspension or the cancellation which affects the issuer's activities.

d. The CMA may accept or reject the request for suspension or cancellation in its discretion.

Temporary Trading Halt

a. An issuer may request a temporary trading halt upon the occurrence of an event that occurs during trading period which requires immediate disclosure under the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period.

b. To enable the CMA to assess the need for the trading halt and the appropriate duration of the trading halt, the request must be supported by:
   1. Specific reasons for the request for the trading halt and the duration of the requested trading halt; and
   2. A copy of the announcement described at paragraph (c) of this Article.

c. Where a trading halt is made at the issuer's request, the issuer must announce, as soon as possibly practicable, the reason for the trading halt, the anticipated period of the trading halt, the event affecting the issuer's activities and the current state of events with respect to the issuer's activities.

d. The CMA may accept or reject the request for trading halt in its discretion.

e. The CMA may impose a trading halt without a request from the issuer where the CMA becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to a trading halt must continue to comply with the Capital Markets Law and its Implementing Regulations.

f. A trading halt will be lifted following the elapse of the period referred to in the announcement specified in paragraph (c) of this Article, unless the CMA decides otherwise.

Lifting of Suspension

a. Where a listing has been suspended, the lifting of such suspension will depend on:
   1. the events which led to the suspension have been sufficiently remedied, and the suspension is no longer necessary for the protection of investors; and
   2. the issuer complying with any other conditions that the CMA may require.

b. The CMA may lift a suspension even where the issuer has not requested it.

Re-listing of Cancelled Securities

An issuer is required to submit a new application for registration and admission to listing in order to re-list securities which have been cancelled.

Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

The current Shareholders shall be subject to a lock-in period of six (6) months from the date on which trading of the Offer Shares commences on the Saudi Exchange. During that period, the current Shareholders may not dispose of any of their shares. After the 6 month share restriction period has elapsed, the Shareholders may only dispose of their Shares after obtaining CMA approval.

The Prospectus has been released in both Arabic and English languages. In the event of a discrepancy between the English and Arabic text, the Arabic text of the Prospectus will prevail.

15. ACKNOWLEDGMENTS RELATING TO THE OFFER AND THE ALLOCATION PROCESS AND DETAILS OF THE CAPITAL MARKET

Acknowledgments and Declarations Relating to the Offer

By completing and delivering the Subscription Application Form, the Applicant:

- agrees to subscribe for the Company's Shares in the number of such Shares specified in the Subscription Application Form;
- warrants that he/she has read the Prospectus and understood all its contents;
- accepts the By-Laws of the Company and all subscription instructions and terms mentioned in the Prospectus;
- retains his/her right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or by omitting major information that should have been part of the Prospectus and could affect his/her decision to purchase the Shares;
- declares that neither himself nor any of his family members included in the Subscription Application Form has previously subscribed for Shares and the Company has the right to reject all duplicate applications;
- accepts the number of shares allocated to him and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- warrants not to cancel or amend the Subscription Application Form after submitting it to the Selling Agents.

The Offer

The initial public offering of 15,000,000 Offer Shares with a fully paid nominal value of SAR 10 each and at a price of SAR 36 per share, representing 30% of the issued share capital of Bawan. The Offer is restricted to two tranches of investors, Tranche (A) Institutional Investors (please see the Section: "Definitions and Abbreviations") and Tranche (B) Individual Investors. Please refer to "*Subscription Terms and Conditions*" Section of this Prospectus for additional details.

The Saudi Arabian Stock Exchange (Tadawul)

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In 1990, full electronic trading in Saudi Arabian equities was introduced.

The market capitalization was SAR 1,699 billion by the close of business on 17/01/1435H (corresponding to 20/11/2013G) and 157 companies were listed and traded on Tadawul as of that date.

Entering Orders

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade order through settlement. Trading occurs each business day between 11:00 am to 3:30 pm, during which orders are executed. However, during other than those times, orders can be entered, amended or deleted from 10:00 am until 11:00 am, orders can also be amended or deleted from 3:30 pm until 4:30 pm. New entries and inquiries can be made from 10:00 am of the opening phase (starting at 11:00 am).

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link. The Tadawul Information Link supplies trading data in real time to information providers such as Reuters.

Exchange transactions are settled on a T+0 basis, meaning that ownership transfer takes place immediately after the trade is executed. Issuers are required to report all material announcements via Tadawul for onward dissemination to the public. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of the supervision is to ensure fair trading and an orderly market.

Trading on Tadawul

It is expected that dealing in the Shares will commence on Tadawul after finalization of the allocation process. Tadawul will announce the start date of trading once determined. Dates and times included in this Prospectus are indicative and may be changed or extended subject to the approval of the CMA.

Furthermore, Shares can only be traded after allocated Shares have been credited to Applicant' accounts at Tadawul, the Company has been registered in the Official List and its Shares listed on the Exchange. Pre-trading is strictly prohibited and Applicants entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in such an event.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the head office of the Company, from 8:30 am to 5:00 pm two weeks prior to and during the Offer Period:

- CMA approval to the Offer.
- Company's commercial registration certificate issued by the MoCI.
- Shareholders resolution in relation to the conversion of the Company from a limited liability company to a joint stock company.
- Ministerial Resolution Number 420/Q dated 24/12/1432H (corresponding to 20/11/2011G) announcing the conversion of the Company from a limited liability to a Saudi Joint Stock.
- The Company's By-Laws, together with any amendments thereto.
- Valuation Report prepared by the Financial Advisor.
- Audited consolidated Financial Statements for the Company and its Subsidiaries as at and for the years ended 31 December 2010G, 2011G and 2012G, and the financial period ending on 30 June 2012G and 2013G.
- Written consent from Legal Advisors, in association with Baker & McKenzie Limited, to the reference to them as legal advisors to the Offer in the Prospectus.
- Written consent from PricewaterhouseCoopers to the reference to them as Market Consultant in the Prospectus.
- Written consent from KPMG to the reference to them as Financial Due Diligence Advisor in the Prospectus.
- Written consent from Law Office of Salman Bin Muteb Al-Sudairi, in association with Latham & Watkins LLP to the reference as underwriter's legal counsel in the Prospectus.
- Auditor's written consent to the publication in the Prospectus of their Accountant's Report.
- The Market Reports prepared by PricewaterhouseCoopers.
- Contracts and agreements with related parties.
- Agreement for the opening of the Offer account.
- The Underwriting Agreement.
- Agreements with Selling Agents.

17. AUDITED FINANCIAL STATEMENTS

BAWAN COMPANY LIMITED AND SUBSIDIARIES

(LIMITED LIABILITY COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

BAWAN COMPANY LIMITED AND SUBSIDIARIES

(LIMITED LIABILITY COMPANY)

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2010

	Note	2010 SR	2009 SR
ASSETS			
Current assets			
Cash and cash equivalents	4	73,484,529	33,017,426
Accounts receivable and other debit balances	5	318,609,500	153,862,074
Due from related parties	18	56,086,888	61,323,115
Inventories	6	387,052,667	207,232,958
Total current assets		835,233,584	455,435,573
Non-current assets			
Property, plant and equipment	7	348,296,640	118,247,786
Intangible assets	8	2,375,694	462,318
Goodwill	2	169,770,472	-
Total non-current assets		520,442,806	118,710,104
TOTAL ASSETS		1,355,676,390	574,145,677
liabilities, shareholders' equity AND NON-CONTROLLING INTERESTS			
Current liabilities			
Due to banks	9	-	753,554
Short term loans	9	275,300,000	40,000,000
Accounts payable and other liabilities	10	334,689,488	208,289,337
Long term loan – current portion	11	4,000,000	-
Obligations under capital leases - current portion	13	251,473	-
Due to related parties	18	48,513,925	24,067,148
Total current liabilities		662,754,886	273,110,039

BAWAN COMPANY LIMITED AND SUBSIDIARIES

(LIMITED LIABILITY COMPANY)

CONSOLIDATED BALANCE SHEET (Continued)

AS OF DECEMBER 31, 2010

	Note	2010 SR	2009 SR
Non-current liabilities			
Long term loan	11	38,600,000	-
Obligations under installment purchase	12	645,227	-
Obligations under capital leases	13	291,216	-
End-of-services indemnities	15	32,262,406	22,953,155
Due to related parties	18	5,077,564	-
Total non-current liabilities		76,876,413	22,953,155
Shareholders' equity and non-controlling interests			
Share capital	1	27,700,000	27,700,000
Advances on account of increase in share capital	1	451,918,169	122,300,000
Statutory reserve	16	20,381,831	13,850,000
Contributions from shareholders	17	-	32,100,687
Retained earnings		76,472,122	65,318,310
Currency translation differences		(202,015)	-
Total shareholders' equity		576,270,107	261,268,997
Non-controlling interests	19	39,774,984	16,813,486
total liabilities, shareholders' equity and NON-CONTROLLING INTERESTS		1,355,676,390	574,145,677

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

BAWAN COMPANY LIMITED AND SUBSIDIARIES

(LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	2010 SR	2009 SR
Sales and revenue	18	1,573,766,810	945,604,485
Cost of sales and revenue	18	(1,298,262,083)	(806,561,029)
Gross profit		275,504,727	139,043,456
Selling and distribution expenses	20	(30,950,619)	(19,395,091)
General and administrative expenses	18,21	(73,833,278)	(39,726,800)
Operating income		170,720,830	79,921,565
Other income, net		4,569,950	3,668,151
Pre-operating costs	22	(6,853,095)	-
Foreign currency exchange loss		(1,243,480)	-
Loss from derivative financial instruments	24	(164,044)	-
Finance charges	9,11,12,13	(10,371,681)	(4,877,834)
Net income before non-controlling interests and zakat		156,658,480	78,711,882
Non-controlling interests	19	(7,195,075)	(6,620,377)
Net income before zakat		149,463,405	72,091,505
Zakat	14	(9,335,809)	(6,773,195)
NET INCOME		140,127,596	65,318,310

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

BAWAN COMPANY LIMITED AND SUBSIDIARIES

(LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	Share capital SR	Advances on account of increase in share capital SR	Statutory reserve SR	Contributions from shareholders SR	Retained earnings SR	Currency translation differences SR	Total SR
January 1, 2009		27,700,000	122,300,000	13,850,000	29,964,096	91,812,588	-	285,626,684
Net income for 2009		-	-	-	-	65,318,310	-	65,318,310
Dividends		-	-	-	-	(91,812,588)	-	(91,812,588)
Contributions from shareholders	2,17	-	-	-	2,136,591	-	-	2,136,591
December 31, 2009		27,700,000	122,300,000	13,850,000	32,100,687	65,318,310	-	261,268,997
Net income for 2010		-	-	-	-	140,127,596	-	140,127,596
Dividends		-	-	-	-	(58,786,479)	-	(58,786,479)
Transfer to statutory reserve	16	-	-	6,531,831	-	(6,531,831)	-	-
Currency translation differences		-	-	-	-	-	(202,015)	(202,015)
Contributions from shareholders	2,17	-	-	-	233,862,008	-	-	233,862,008
Transfers to advances on account of increase in share capital		-	329,618,169	-	(265,962,695)	(63,655,474)	-	-
December 31, 2010		27,700,000	451,918,169	20,381,831	-	76,472,122	(202,015)	576,270,107

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

BAWAN COMPANY LIMITED AND SUBSIDIARIES

(LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 SR	2009 SR
OPERATING ACTIVITIES		
Income before zakat	149,463,405	72,091,505
Adjustments for:		
Depreciation/adjustments	31,765,590	12,550,975
Amortization	966,485	199,719
End-of-service indemnities	7,096,245	4,324,592
Finance charges	10,371,681	4,877,834
Gain on sale of property, plant and equipment	(407,032)	(67,740)
Non-controlling interests	7,195,075	6,620,377
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(26,046,561)	12,034,114
Inventories	18,347,114	32,353,231
Accounts payable and other liabilities	36,432,454	(4,201,715)
Due from / to related parties	(90,822,331)	16,449,452
Cash from operations	144,362,125	157,232,344
Finance charges paid	(10,371,681)	(4,877,834)
Zakat and income tax paid	(12,758,194)	(3,421,030)
End-of-services indemnities paid	(2,067,186)	(2,674,126)
Net cash from operating activities	119,165,064	146,259,354
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net	(37,466,613)	(25,993,500)
Net cash outflow on acquisition of subsidiaries	(98,364,515)	-
Proceeds from sale of property, plant and equipment	1,518,249	3,170,579
Net cash used in investing activities	(134,312,879)	(22,822,921)

BAWAN COMPANY LIMITED AND SUBSIDIARIES

(LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 SR	2009 SR
FINANCING ACTIVITIES		
Due to banks	(753,554)	753,554
Short term loans	104,988,745	-
Long term loan	8,100,000	(60,421,588)
Obligations under installment purchase	(1,205,697)	-
Obligations under capital leases	542,689	-
Dividends paid	(53,081,920)	(40,000,000)
Dividends distribution to non-controlling interests	(2,975,345)	(11,981,296)
Net cash from (used in) financing activities	55,614,918	(111,649,330)
Net change in cash and cash equivalents	40,467,103	11,787,103
Cash and cash equivalents, January 1	33,017,426	30,263,922
Transfers (note 2)	-	(9,033,599)
CASH AND CASH EQUIVALENTS, DECEMBER 31	73,484,529	33,017,426

Supplemental cash flow information (note 25)

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

1. ORGANIZATION AND ACTIVITIES

Bawan Company Limited ("Bawan" or "the Company") is a Saudi limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number **1010033032 dated 9 Shawwal 1400**, corresponding to August 20, 1980. The share capital of the Company is SR 27.7 million divided into 27,700 shares of SR 1,000 each.

On December 31, 2008, the shareholders resolved to increase the Company's share capital by transferring an amount of SR 122.3 million from contributions from shareholders. Also on December 29, 2010, the shareholders resolved to increase the Company's share capital by transferring SR 265.9 million from contributions from shareholders and SR 63.7 million from retained earnings.

Legal formalities associated with the increase in share capital are still in progress. Accordingly, the increase of share capital has been recorded as advances on account of increase in share capital.

During the year, a new shareholder "Kanzan Holding Company" has been admitted to the Company through a share-swap agreement and cash consideration whereby in return the Company acquired additional shares of United Transformers Electric Company ("UTEC", a subsidiary of Kanzan Electrical Industries Company Limited). As of December 31, 2010, the legal formalities associated with the transfer of shares are still in progress.

The consolidated financial statements of the Company include the financial statements of the following subsidiaries:

	Effective ownership percent-age	
	2010	2009
Bawan Metal Industries Company and its subsidiary	100%	90%
Kanzan Electrical Industries Company Limited and its subsidiaries	100%	-
Bawan Wood Industries Company Limited and its subsidiaries	95%	90%
United Wood Products Company Limited	95%	90%
Bina Holding for Industrial Investments Company and its subsidiaries	56.75%	-

Subsequent to the year end, the name of the subsidiary, Kanzan Electrical Industries Company Limited, has been changed to Bawan Engineering Industries Company.

Bawan Company Limited and its subsidiaries ("the Group") are engaged in metal and steel works, manufacturing of aluminum products, steel doors and ornamental steel, production of premade hangars and steel buildings in addition to forming and bending rebars, the manufacturing of wooden pallets, plywood panels and boards, medium and high density coated in decoration paper, manufacturing of platforms, wooden bowls and boxes and all acts of carpentry and decorations, manufacturing of compressed wood and wooden coal, lamination of wooden boards, doors and frames, pallets, kitchens, wooden furniture and decoration, whole and retail sale in electrical transformers, voltage stabilizers, batteries chargers, welding caustics, electric substations, electric stations equipments and voltage transformers, trading and distribution, import and export, testing and inspection services, goods and commodities clearance and double-weight services and the production and supply of ready mix concrete and concrete products.

2. BUSINESS COMBINATIONS

On August 10, 2010, a new subsidiary, Kanzan Electrical Industries Company Limited (Saudi Limited Liability Company) was incorporated as the holding company for the acquisition of 85.5% of the shares of United Transformers Electric Company ("UTEC") and 85.5% of the shares of United Technology of Electric Substations & Switchgears Company ("UTEC SS&SG").

The total consideration of SR 351,920,231 was partially paid in cash in the amount of SR 160,558,682 and the remaining amount of SR 191,361,549 was swapped for 20% of the shares of Bawan Company limited.

On the basis of business acquisition agreement, the business activities and results of operations of UTEC and UTEC SS&SG from January 1, 2010 to the date of commercial registration had also been included in the financial statements of Kanzan Electrical Industries Company Limited.

The net assets of UTEC SS&SG amounting to SR 12,825,000 were acquired by Kanzan Electrical Industries Company Limited at carrying value and accounted for as a contribution from shareholders.

The net assets of Kanzan Electrical Industries Company Limited amounting to SR 2,278,075 were transferred at carrying value to Bawan Company Limited and accounted for as a contribution from shareholders.

The fair value of the identifiable assets acquired and liabilities recognized at the date of acquisition were as follows:

	UTEC SR	UTEC SS & SG SR	Kanzan Electrical Industries Company Limited SR	Total SR
Assets				
Cash and cash equivalents	20,312,637	15,010,000	500,000	35,822,637
Accounts receivable and other debit balances	110,794,710	56,616	-	110,851,326
Inventories	192,688,509	61,170	-	192,749,679
Investment in company	-	-	1,778,075	1,778,075
Property, plant and equipment	107,764,578	23,178,087	-	130,942,665
Total assets	431,560,434	38,305,873	2,278,075	472,144,382
Liabilities				
Short term loans	116,011,255	-	-	116,011,255
Accounts payable and other liabilities	42,765,348	-	-	42,765,348
Obligations under installment purchase	1,850,924	-	-	1,850,924
Due to related parties	59,633,988	23,305,873	-	82,939,861

	UTEC SR	UTEC SS & SG SR	Kanzan Electrical Industries Company Limited SR	Total SR
End-of-services indemnities	3,720,129	-	-	3,720,129
Total liabilities	223,981,644	23,305,873	-	247,287,517
Non-controlling interest	25,429,031	2,175,000	-	27,604,031
Total identifiable net assets at fair value	182,149,759	12,825,000	2,278,075	197,252,834
Goodwill recognized from business acquisition	169,770,472	-	-	169,770,472
Acquisition consideration transferred	351,920,231	12,825,000	2,278,075	367,023,306
Acquisition consideration				
Cash consideration	160,558,682	-	-	160,558,682
Contribution from shareholders	191,361,549	12,825,000	2,278,075	206,464,624
Total consideration	351,920,231	12,825,000	2,278,075	367,023,306
Cash outflow on acquisition of subsidiaries				
Cash consideration	160,558,682	-	-	160,558,682
Consideration settled through due to related parties	(10,558,682)	-	-	(10,558,682)
Cash and cash equivalent balances Acquired	(20,312,637)	(15,010,000)	(500,000)	(35,822,637)
Net cash outflow on acquisition of subsidiaries	129,687,363	(15,010,000)	(500,000)	114,177,363

UTEC and UTEC SS&SG have contributed SR 336.57 million of Group's revenue and net income of SR 18.35 million in the Group's net income.

The fair value adjustments to the identifiable assets and liabilities are as follows:

Land, Buildings and leasehold improvements

The fair value has been arrived at on the basis of an open market valuation prepared by independent valuers having the qualification and recent experience in valuation of properties.

Plant and machinery

The fair value has been determined on the basis of the best of the valuers' professional knowledge and belief, taking into account prevailing market conditions, current conditions of the assets and the sources of market information.

The valuations, which conform to International Valuation Standards, were arrived at by reference to the open market value models.

In 2010, the shareholders of the Company entered into a business acquisition agreement to acquire 56.75% of the shares of Bina Holding for Industrial Investments Company effective January 1, 2010, at their carrying value and such transaction was funded by the shareholders and accounted for as a contribution from shareholders. The net assets transferred are as follows:

	SR
Assets	
Cash and cash equivalents	15,812,848
Accounts receivable and other debit balances	27,849,539
Due from related parties	2,833,766
Inventories	5,417,144
Property, plant and equipment	96,337,085
Intangible assets	2,879,861
Total assets	151,130,243
Liabilities	
Short term loans	14,300,000
Accounts payable and other liabilities	44,320,484
Due to related parties	1,135,089
Long term loan	34,500,000
End-of-services indemnities	560,063
Total liabilities	94,815,636
Non-controlling interest	2,509,927
Net assets	53,804,680

Bina Holding for Industrial Investments Company has contributed SR 81.55 million of Group's revenue and a loss of SR 0.1 million in the Group's net income.

In 2010, the shareholders directly contributed additional shares of 5% in Bawan Wood Industries Co. Ltd., Bawan Metal Industries Co. and United Wood Products Co. Ltd. to the Company. Net equity of these additional shareholdings amounting to SR 5.12 million has been accounted for as contributions from shareholders.

In 2009, and based on the shareholders agreement in Bawan Metal Industries (a subsidiary), an acquisition took place of all of the shares of Bawan Metal Industries ("Metal Bahrain") (registered in the Kingdom of Bahrain under commercial registration number 54348001 dated August 15, 2004), using the net book value of Metal Bahrain as of January 1, 2009 as shown below:

	SR
Current assets	7,714,330
Non-current assets	11,225,040
Total assets	18,939,370
Current liabilities	9,010,530
Non-current liabilities	7,054,850
Total liabilities	16,065,380
Net assets	2,873,990

The Company's share in Metal Bahrain's net assets as of January 1, 2009 amounted to SR 2,586,591. An amount of SR 2,136,591 was recorded as contribution from shareholders.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company and its subsidiaries:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and subsidiaries controlled by the Company as of December 31. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed off during the year are included in the consolidated statement of income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant inter-group transactions and balances between group enterprises have been eliminated in preparing the consolidated financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net value of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Use of estimates

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

Sales and Revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discount.

Revenue on contracts is recognized based on the value of work completed per contract terms.

Revenue from fixed price construction contracts is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When current estimates of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Expenses

Selling and distribution expenses principally consist of costs incurred in the distribution and selling of the Company's and subsidiaries products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and production costs, when required, are made on a consistent basis.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

Intangible assets

Intangible assets anticipated to provide further benefits are classified as non-current assets and principally comprise incorporation cost related to one of the subsidiaries and amortized using the straight-line method from the date of starting commercial production.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings and leasehold improvements	33.3 - 5
Plant and machinery	20 - 4
Vehicles	5 - 4
Furniture, fixtures and office equipment	5 - 4
Tools	5 - 3

Impairment

At each balance sheet date, the Company and its subsidiaries reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

The results and financial position of a foreign subsidiary having reporting currency other then Saudi Riyals are translated in Saudi Riyals as follows:

(i) Assets and liabilities for the balance sheet are translated at the closing exchange rate at the date of that consolidated balance sheet

(ii) Income and expenses for each consolidated income statement are translated at average exchange rates; and

(iii) Components of the equity accounts are translated at the exchange rates in effect at the dates of the related items originated.

Cumulative adjustments resulting from the translations of the financial instruments of the financial statements of the foreign subsidiaries into Saudi Riyals are reported as a separate component of equity.

Dividends received from the foreign subsidiary are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated income statement.

When an investment in a foreign subsidiary is disposed off or sold, currency translation differences that were recorded in equity are recognized in the consolidated income statement as part of gain or loss on disposal or sale.

Derivative financial instruments

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the consolidated statement of income as they arise.

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is already recognized in the consolidated balance sheet. The gain or loss from the change in the fair value of the hedging instrument is recognized immediately in the consolidated statement of income. At the same time, the carrying amount of the hedged item is adjusted for the corresponding gain or loss since the inception of the hedge, which is also immediately recognized in the consolidated statement of income.

A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a recognized asset or liability, an unrecognized firm commitment or a forecasted transaction. To the extent that the hedge is effective, the portion of the gain or loss on the hedging instrument is recognized initially directly in equity. Subsequently, the amount is included in the consolidated statement of income in the same period or periods during which the hedged item affects net profit or loss. For hedges of forecasted transactions, the gain or loss on the hedging instrument will adjust the recorded carrying amount of the acquired asset or liability.

Provision for obligations

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividends

Dividends are recorded in the consolidated financial statements in the year in which they are approved by shareholders of the Company.

Zakat and income tax

The Group is subject to zakat and income tax in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Zakat and income taxes are provided on an accruals basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge, if any, in the consolidated financial statements represents the zakat for the Company and the Company's share of zakat in a subsidiary. The income tax, if any, assessable on the non-controlling shareholder, is included in non-controlling interest.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease. Finance costs, which represent the difference between the total leasing commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease, in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to consolidated statement of income on a straight line basis over the term of the operating lease.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. At December 31, 2010 and 2009, cash and cash equivalents comprise entirely of cash and bank balances.

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2010 SR	2009 SR
Accounts receivables – trade	269,457,911	141,458,883
Revenue in excess of billing	22,327,989	-
Prepaid expenses	8,951,669	8,563,243
Advances to suppliers	7,555,959	3,839,948
Derivative financial instruments	2,190,834	-
Retentions receivable	1,365,379	-
Due from employees	1,272,728	-
Others	5,487,031	-
	318,609,500	153,862,074

6. INVENTORIES

	2010 SR	2009 SR
Raw materials	289,907,926	136,795,601
Finished goods	41,511,903	38,145,258
Goods in transit	23,882,954	15,019,300
Work-in-progress	17,821,535	9,470,444
Spare parts and consumables	11,565,915	7,784,805
Others	2,362,434	17,550
	387,052,667	207,232,958

Spare parts inventory primarily relates to machinery and equipment and, accordingly, this inventory is expected to be utilized over a period exceeding one year.

7. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings and leasehold improvements SR	Plant and machinery SR	Vehicles SR	Furniture fixtures and office equipment SR	Tools SR	Capital work-in-progress SR	Total SR
Cost								
January 1, 2010	1,443,200	81,757,944	136,850,588	21,560,425	15,976,905	3,071,684	8,135,330	268,796,076
Additions	-	4,780,542	13,484,710	6,681,053	3,122,764	1,101,088	8,296,456	37,466,613
Transfers (note 2)	33,863,540	92,113,784	92,935,257	11,080,245	7,108,395	1,662,741	17,918,471	256,682,433
Disposals	-	(74,527)	(1,621,767)	(1,620,660)	(214,508)	(24,730)	-	(3,556,192)
Transfers	-	5,301,554	7,779,852	(114,166)	88,002	-	(15,232,140)	(2,176,898)
Adjustments	(115,786)	(257,182)	(369,809)	(4,051)	(12,965)	(26,044)	(55,080)	(840,917)
December 31, 2010	35,190,954	183,622,115	249,058,831	37,582,846	26,068,593	5,784,739	19,063,037	556,371,115
Depreciation								
January 1, 2010	-	39,032,974	82,901,857	14,077,832	12,042,103	2,493,524	-	150,548,290
Charge for year	-	8,037,335	14,087,811	4,714,914	3,512,898	623,034	-	30,975,992
Transfers (note 2)	-	7,672,640	16,972,152	1,153,298	3,372,431	232,163	-	29,402,684
Disposals	-	(37,053)	(1,088,588)	(1,147,475)	(149,681)	(22,178)	-	(2,444,975)
Transfers	-	-	-	-	(356,197)	-	-	(356,197)
Adjustments	-	(7,142)	(37,333)	(307)	(3,275)	(3,262)	-	(51,319)
December 31, 2010	-	54,698,754	112,835,899	18,798,262	18,418,279	3,323,281	-	208,074,475
Net book value								
December 31, 2010	35,190,954	128,923,361	136,222,932	18,784,584	7,650,314	2,461,458	19,063,037	348,296,640
December 31, 2009	1,443,200	42,724,970	53,948,731	7,482,593	3,934,802	578,160	8,135,330	118,247,786

The Groups' vehicles include vehicles obtained under capital leases which have a cost of SR 795,112 (2009 - nil) and accumulated depreciation of SR 82,187 (2009 - nil).

Certain Groups' property, plant and equipment are mortgaged against the long term loan from Saudi Industrial Development Fund ("SIDF") obtained by one of the Company's subsidiaries (Bina Advanced Concrete Products Co.)

Certain Groups' facilities are constructed on land leased from the government in Dammam and Riyadh Second Industrial City. The rent contracts are renewable at the option of both parties.

Capital work-in-progress represents the amount paid to construct buildings, software implementation cost, expansion of new production lines and factory expansion.

8. INTANGIBLE ASSETS

	SR
Cost	
January 1, 2010	462,318
Transfers (note 2)	3,300,000
December 31, 2010	3,762,318
Amortization	
Transfers (note 2)	420,139
Charge for year	966,485
December 31, 2010	1,386,624
Net book value	
December 31, 2010	2,375,694
December 31, 2009	462,318

9. BANK FACILITIES

The Group obtained bank facilities ("the Facilities") from local banks in the form of overdrafts, short term loans, Islamic Murabaha, forward exchange contracts, letters of credit and guarantee. The Facilities carry interest at the prevailing market rates. The Facilities are secured by promissory notes, personal and corporate guarantees of a shareholder and a related party.

The Facilities' agreements contain covenants requiring maintenance of certain financial ratios.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2010 SR	2009 SR
Accounts payable – trade	166,926,593	99,894,029
Dividends payable	57,517,147	64,031,278
Zakat and income tax payable (note 14)	10,681,254	8,770,164
Advances from customers	53,336,822	20,652,096
Accrued expenses and other liabilities	46,227,672	14,941,770
	334,689,488	208,289,337

11. LONG TERM LOAN

	2010 SR	2009 SR
Saudi Industrial Development Fund ("SIDF")	42,600,000	-
Less: current installments	4,000,000	-
	38,600,000	-

During 2009, Bina Advanced Concrete Products Co. a subsidiary of Bina Holding for Industrial Investments Company, obtained a long term loan from Saudi Industrial Development Fund ("SIDF") amounting to SR 44.5 million for the construction of its plant. As of December 31, 2010, an amount of SR 42.6 million was drawn down. This loan is guaranteed by a promissory note, personal and corporate guarantees of shareholders and a mortgage of property, plant and equipment of Bina Advanced Concrete Products Company. The loan agreement contains covenants requiring maintenance of certain financial ratios during the loan period.

12. OBLIGATIONS UNDER INSTALLMENT PURCHASE

During 2007, United Transformers Electric Company a subsidiary of Kanzan Electrical Industries Company Limited, entered into an installment purchase agreement to acquire a plot of land in Syria for SR 4,858,550, which is payable in semi-annual installments through June 2012. The cost of the acquired land and corresponding obligations are recorded at the present value of the future installment payments using the effective imputed interest rate method.

13. OBLIGATIONS UNDER CAPITAL LEASES

Commitments for minimum lease payments under capital leases are as follows:

	2010 SR
Within one year	338,364
Year two	234,304
Year three	182,562
Minimum lease payments	755,230
Less: finance charges	(212,541)
Net minimum lease payments	542,689
Less: current portion	(251,473)
	291,216

Bina Advanced Concrete Products Co. a subsidiary of Bina Holding for Industrial Investments Company leases certain vehicles under capital leases. The average lease term is 2 to 3 years. All leases are on a fixed repayment basis. The Group's obligations under the capital leases are secured by the lessor's charge over the leased assets.

14. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2010 SR	2009 SR
Non-current assets	599,821,973	171,089,879
Non-current liabilities	8,080,699	6,824,880
Opening shareholders' equity	261,268,997	285,626,684
Net income before zakat	141,627,596	68,853,168
Dividends paid	56,057,265	51,981,296
Spare parts inventory	1,677,982	1,484,396

The above represent the unconsolidated elements related to the Company. Some of these amounts have been adjusted in arriving at the Company's zakat charge for the year.

Movement in zakat provision is as follows:

	2010 SR	2009 SR
Zakat		
January 1,	8,770,164	5,417,999
Transfers (note 2)	3,886,828	-
Provision for the year	7,873,241	7,021,451
Payment during the year	(11,513,394)	(3,421,030)
Advance payments	(335,925)	-
Under (over) provision for previous years	1,564,743	(248,256)
December 31	10,245,657	8,770,164

Movement in income tax provision is as follows:

	2010 SR	2009 SR
Income tax		
Transfers (note 2)	644,941	-
Provision for the year	699,531	-
Payment during the year	(610,275)	-
Advance payments	(298,600)	-
December 31	435,597	-

The charge for the year is as follows:

	2010 SR	2009 SR
Zakat for the current year - Bawan Company Limited	1,500,000	3,783,172
Zakat for the current year - Subsidiaries	6,271,066	3,238,279
	7,771,066	7,021,451
Under (over) provision for previous years	1,564,743	(248,256)
	9,335,809	6,773,195

- Zakat provision is provided separately in each of the Company's subsidiaries and each company independently submits its zakat return to the DZIT.
- Differences between the provisions and final assessments are recorded when the final assessments are received.
- The zakat and income tax provisions for the minority shareholders amounting to SR 102,175 and SR 699,531 respectively, have been included in share of non-controlling equity interest.

15. END-OF-SERVICE INDEMNITIES

	2010 SR	2009 SR
January 1,	22,953,155	21,247,839
Additional provision for the year	7,096,245	4,324,592
Transfers (note 2)	4,280,192	54,850
Utilization of provision	(2,067,186)	(2,674,126)
December 31	32,262,406	22,953,155

16. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's article of association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 50% of the share capital. This reserve is not available for dividend distribution. During the year the shareholders resolved to appropriate additional amounts to such reserve.

17. CONTRIBUTIONS FROM SHAREHOLDERS

This represents contributions made by the shareholders to invest in new subsidiaries.

In 2010, the shareholders directly contributed additional shares of 5% in Bawan Wood Industries Co. Ltd., Bawan Metal Industries Co. and United Wood Products Co. Ltd. to the Company. Net equity of these shares amounting to SR 5.12 million has been accounted for as contributions from shareholders.

Additionally, the Company's share from the business acquisition made during the year for Kanzan Electrical Industries Company and Bina Holding for Industrial Investments Company amounted to SR 228.74 million.

The shareholders resolved to transfer the balance to advances on account of increase in share capital.

18. RELATED PARTY TRANSACTIONS

During the year, the Company and its subsidiaries transacted with the following related parties:

Name	Relationship
Al-Fozan group of companies	Owned by a shareholder
Al-Muhaidib group of companies	Owned by a shareholder
Kanzan Holding Company	Shareholder

The significant transactions and the related approximate amounts are as follows:

	2010 SR	2009 SR
Sales	244,146,563	220,942,485
Purchase of materials	40,092,110	11,922,123
Property, plant and equipment transferred to related parties	(1,820,701)	-
Expenses charged to affiliates	1,242,263	1,315,478

19. NON-CONTROLLING INTERESTS

The non-controlling interests represent the holding share by minority shareholders in the following companies:

Name	Percentage	
	2010	2009
Bina Holding for Industrial Investments Company	43.25%	-
United Wood Products Company	5%	10%
Bawan Wood Industries Company Limited	5%	10%
Bawan Metal Industries Company	-	10%

20. SELLING AND DISTRIBUTION EXPENSES

	2010 SR	2009 SR
Wages, salaries and related costs	13,222,010	9,663,005
Shipping and freight	5,176,298	3,825,596
Depreciation	1,748,693	1,587,497
Royalties	3,093,413	-
Advertising expenses	1,271,959	866,087
Bad debt expenses	202,883	734,733
Fuel, repair and maintenance expenses	786,759	531,283
Others	5,448,604	2,186,890
	30,950,619	19,395,091

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2010 SR	2009 SR
Wages, salaries and related costs	50,707,304	28,913,688
Depreciation and amortization expenses	6,102,587	2,916,938
Rent expenses	1,597,601	1,141,382
Bad debt expenses	409,576	1,007,630
Repair and maintenance	1,116,858	858,445
Communication	1,022,642	779,728
Travel	1,304,997	672,419
Professional fees	1,108,175	-
Management fees	-	549,859
Expenses charged to affiliates (note 18)	(1,242,263)	(1,315,478)
Others	11,705,801	4,202,189
	73,833,278	39,726,800

22. PRE-OPERATING COSTS

	2010 SR	2009 SR
Salaries, wages and other related expenses	4,544,244	-
Financing expenses	614,776	-
Depreciation	459,305	-
Travel and transportation	356,821	-
Inspection, research and development	275,128	-
Communication, electricity and water	66,998	-
Professional fees	65,075	-
Maintenance expenses	54,529	-
Others	416,219	-
	6,853,095	-

23. OPERATING LEASE ARRANGEMENTS

	2010 SR	2009 SR
Payments under operating leases recognized as an expense during the year	2,537,916	1,859,847

Operating lease payments represent rentals payable by the Company and subsidiaries for certain land, properties and employees' accommodations. Leases are negotiated for an average term of one to twenty-five years and rentals are fixed during the lease period.

24. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2010, the Company has forward contracts to purchase copper for use in its future normal operations amounting to SR 23 million and the fair value of such commitments amounts to SR 25.6 million (2009: SR 15.2 million and fair value of SR 13.4 million).

25. SUPPLEMENTAL CASH FLOW INFORMATION

	2010	2009
Net assets transferred (note 2)	420,827,986	-
Dividends payable	57,517,147	51,812,588
Due from / to related parties through contributions from shareholders	35,604,485	-
Consideration on acquisition of subsidiaries settled through due to related parties	10,558,682	-
Property, plant and equipment transferred to related parties	(1,820,701)	-

26. COMMITMENTS AND CONTINGENCIES

As of December 31, the Group had the following commitments and contingencies:

	2010 SR	2009 SR
Letters of credit and guarantees	323,116,174	182,172,450

27. FAIR VALUES

The fair values of the Groups' financial assets and liabilities approximate their carrying amounts.

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2011

	Note	2011 SR	2010 SR
ASSETS			
Current assets			
Cash and cash equivalents	4	42,510,230	73,484,529
Accounts receivable and other debit balances	5	488,850,927	374,696,388
Inventories	6	468,092,775	387,052,667
Total current assets		999,453,932	835,233,584
Non-current assets			
Property, plant and equipment	7	350,210,976	348,296,640
Intangible assets	8	4,122,944	2,375,694
Goodwill	2	169,770,472	169,770,472
Total non-current assets		524,104,392	520,442,806
TOTAL ASSETS		1,523,558,324	1,355,676,390
liabilities, SHAREHOLDERS' equity AND NON-CONTROLLING INTERESTS			
Current liabilities			
Short term loans	9	439,256,129	275,300,000
Accounts payable and other liabilities	10	308,028,606	334,689,488
Long term loan – current portion	11	6,000,000	4,000,000
Obligations under capital leases - current portion	13	225,386	251,473
Due to related parties	18	5,300,117	48,513,925
Total current liabilities		758,810,238	662,754,886

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET (Continued)

AS OF DECEMBER 31, 2011

	Note	2011 SR	2010 SR
Non-current liabilities			
Long term loan	11	31,500,000	38,600,000
Obligations under installment purchase	12	-	645,227
Obligations under capital leases	13	205,894	291,216
Due to related parties	18	10,706,888	5,077,564
End-of-service indemnities	15	38,766,845	32,262,406
Total non-current liabilities		81,179,627	76,876,413
Shareholders' equity and non-controlling interests			
Share capital	1	500,000,000	27,700,000
Advances on account of increase in share capital	1	-	451,918,169
Statutory reserve	16	13,523,365	20,381,831
Retained earnings		128,182,404	76,472,122
Currency translation reserve		(6,846,498)	(202,015)
Total shareholders' equity		634,859,271	576,270,107
Non-controlling interests	19	48,709,188	39,774,984
Total shareholders' equity and non-controlling interests		683,568,459	616,045,091
total liabilities, SHAREHOLDERS' equity and NON-CONTROLLING INTERESTS		1,523,558,324	1,355,676,390

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

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011 SR	2010 SR
Sales and revenue	18	1,856,644,484	1,573,766,810
Cost of sales and revenue	18	(1,574,986,870)	(1,298,262,083)
Gross profit		281,657,614	275,504,727
Selling and distribution expenses	20	(35,103,562)	(30,950,619)
General and administrative expenses	21	(79,019,473)	(73,833,278)
Operating income		167,534,579	170,720,830
Other income, net		4,408,898	3,162,426
Pre-operating costs	22	-	(6,853,095)
Finance charges	9,11,12,13	(13,875,062)	(10,371,681)
Net income before non-controlling interests and zakat		158,068,415	156,658,480
Non-controlling interests	19	(12,370,025)	(7,195,075)
Net income before zakat		145,698,390	149,463,405
Zakat	14	(10,464,743)	(9,335,809)
NET INCOME		135,233,647	140,127,596
Earnings per share	25	2.70	2.80
Earnings per share from continuing main operations	25	2.61	2.74
Earnings per share from other operations	25	0.09	0.06
Weighted average number of shares outstanding	25	50,000,000	50,000,000

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

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	Share capital SR	Advances on account of increase in share capital SR	Statutory reserve SR	Contributions from shareholders SR	Retained earnings SR	Currency translation reserve SR	Total SR
January 1, 2010		27,700,000	122,300,000	13,850,000	32,100,687	65,318,310	-	261,268,997
Net income for 2010		-	-	-	-	140,127,596	-	140,127,596
Dividends		-	-	-	-	(58,786,479)	-	(58,786,479)
Transfer to statutory reserve	16	-	-	6,531,831	-	(6,531,831)	-	-
Currency translation differences		-	-	-	-	-	(202,015)	(202,015)
Contributions from shareholders	2,17	-	-	-	233,862,008	-	-	233,862,008
Transfers to advances on account of increase in share capital		-	329,618,169	-	(265,962,695)	(63,655,474)	-	-
December 31, 2010		27,700,000	451,918,169	20,381,831	-	76,472,122	(202,015)	576,270,107
Net income for 2011		-	-	-	-	135,233,647	-	135,233,647
Transfers to share capital	1	472,300,000	(451,918,169)	(20,381,831)	-	-	-	-
Dividends		-	-	-	-	(70,000,000)	-	(70,000,000)
Transfer to statutory reserve	16	-	-	13,523,365	-	(13,523,365)	-	-
Currency translation differences		-	-	-	-	-	(6,644,483)	(6,644,483)
December 31, 2011		500,000,000	-	13,523,365	-	128,182,404	(6,846,498)	634,859,271

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

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 SR	2010 SR
OPERATING ACTIVITIES		
Net income before zakat	145,698,390	149,463,405
Adjustments for:		
Depreciation	32,512,274	30,975,992
Amortization	516,165	966,485
End-of-service indemnities	8,470,034	7,096,245
Finance charges	13,875,062	10,371,681
Gain on sale of property, plant and equipment	(409,573)	(407,032)
Non-controlling interests	12,370,025	7,195,075
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(90,746,522)	(26,046,561)
Inventories	(81,040,108)	18,347,114
Accounts payable and other liabilities	29,852,144	36,432,454
Due from / to related parties	(61,017,089)	(90,822,331)
Cash from operations	10,080,802	143,572,527
Finance charges paid	(13,875,062)	(10,371,681)
Zakat and income tax paid	(9,460,622)	(12,758,194)
End-of-service indemnities paid	(1,965,595)	(2,067,186)
Net cash (used in) from operating activities	(15,220,477)	118,375,466
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net	(41,535,782)	(36,677,015)
Net cash outflow on acquisition of subsidiaries	-	(98,364,515)
Additions to intangible assets	(2,263,415)	-
Proceeds from sale of property, plant and equipment	898,850	1,518,249
Net cash used in investing activities	(42,900,347)	(133,523,281)

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 SR	2010 SR
FINANCING ACTIVITIES		
Due to banks	-	(753,554)
Short term loans	163,956,129	104,988,745
Long term loan	(5,100,000)	8,100,000
Obligations under installment purchase	(645,227)	(1,205,697)
Obligations under capital leases	(111,409)	542,689
Dividends paid	(127,517,147)	(53,081,920)
Changes in non-controlling interests	(3,435,821)	(2,975,345)
Net cash from financing activities	27,146,525	55,614,918
Net change in cash and cash equivalents	(30,974,299)	40,467,103
Cash and cash equivalents, January 1	73,484,529	33,017,426
CASH AND CASH EQUIVALENTS, DECEMBER 31	42,510,230	73,484,529

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

1. ORGANIZATION AND ACTIVITIES

Bawan Company ("Bawan" or "the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number **1010033032 dated 9 Shawwal 1400**, corresponding to August 20, 1980. The share capital of the Company is SR 500 million divided into 50 million shares of SR 10 each.

The Company was registered as a Saudi limited liability company with a share capital of SR 27.7 million. Based on resolutions passed in 2008 and 2010, the shareholders proposed to increase the share capital by SR 451.9 million by transferring from contributions from shareholders and retained earnings. In 2011, the share capital of the Company was increased to SR 500 million by transferring SR 20.4 million from statutory reserve. Legal formalities relating to the increase in share capital were completed in 2011. Accordingly, in 2010, the proposed increase in share capital in prior years was recorded as advances on account of increase in share capital.

In 2011, the shareholders of the Company resolved to revise their shareholdings by admitting new shareholders to convert the Company from a Limited Liability Company to a Closed Joint Stock Company. The Company obtained the ministerial approval on the conversion on 18 Dhu-al-Qa'dah, 1432, corresponding to October 16, 2011. The commercial name of the Company has been also changed from Bawan Company Limited to Bawan Company.

The Company obtained the ministerial approval on the official announcement of the conversion on 24 Dhu-al Hijjah, 1432, corresponding to November 20, 2011.

As per the articles of association, the first fiscal period of the Company is to commence from the date of the ministerial approval on the official announcement of the conversion of the Company to a Closed Joint Stock Company to December 31 of the same year. The Company's management believes that the conversion transaction will not affect the continuation of the business and decided accordingly, to present the financial statements from January 1, 2011 to December 31, 2011 to better reflect the operations of the Company on a consistent and comparable basis.

The shareholders of the Company and their respective shareholding as of December 31 are as follows:

Name	Shareholding percentage 2011	Shareholding percentage 2010
Atheel Holding Company	66.50	-
Ma'ali Holding Company (formerly Kanzan Holding Company)	13.00	20.00
Arabian Azdan Trading Company Limited	7.00	-
Atheel Industrial Company	6.50	-
Abdulkader Al-Muhaideb & Sons Company	5.16	41.66
Al-Fozan Holding Company	1.84	38.34
	100.00	100.00

The consolidated financial statements of the Company include the financial statements of the following subsidiaries:

	Effective ownership percentage	
	2011	2010
Bawan Metal Industries Company and its subsidiary	100.00	100.00
Bawan Engineering Industries Company (formerly Kanzan Electrical Industries Company Limited) and its subsidiaries	100.00	100.00
Bawan Wood Industries Company and its subsidiaries	95.00	95.00
United Wood Products Company Limited	95.00	95.00
Bina Holding for Industrial Investments Company and its subsidiaries	56.75	56.75

In 2010, a shareholder "Kanzan Holding Company", presently known as Ma'ali Holding Company, has been admitted to the Company through a share-swap agreement and cash consideration whereby in return the Company acquired shares in United Transformers Electric Company – Saudi ("UTEC", a subsidiary of Bawan Engineering Industries Company). The legal formalities associated with the transfer of shares were completed during 2011.

In 2011, the name of the subsidiary, Kanzan Electrical Industries Company Limited, has been changed to Bawan Engineering Industries Company ("Bawan Engineering"). The consolidated financial statements of Bawan Engineering and its subsidiaries include United Transformers Electric Company – Saudi ("UTEC - Saudi") and its 90% owned subsidiary United Transformers Electric Company – Syria ("UTEC - Syria") and United Technology of Electric Substations & Switchgears Company ("UTEC SS&SG"). The outstanding shares of UTEC - Saudi and UTEC SS&SG are each owned 85.5% by Bawan Engineering as of December 31, 2011 and 2010 (note 2).

Also, consolidated financial statements of Bina Holding for Industrial Investments Company ("Bina Holding") and its subsidiaries include Bina Ready Mix Concrete Products Company ("Bina Ready Mix") and Bina Advanced Concrete Products Company ("Bina Precast"). The outstanding shares of Bina Ready Mix and Bina Precast are owned 100% and 93.2% respectively by Bina Holding as of December 31, 2011 and 2010 (note 2).

Bawan Company and its subsidiaries ("the Group") are engaged in metal and steel works, manufacturing of aluminum products, steel doors and ornamental steel, production of premade hangars and steel buildings in addition to forming and bending rebars, the manufacturing of wooden pallets, plywood panels and boards, medium and high density coated in decoration paper, manufacturing of platforms, wooden bowls and boxes and all acts of carpentry and decorations, manufacturing of compressed wood and wooden coal, lamination of wooden boards, doors and frames, pallets, kitchens, wooden furniture and decoration, whole and retail sale in electrical transformers, voltage stabilizers, batteries chargers, welding caustics, electric substations, electric stations equipments and voltage transformers, trading and distribution, import and export, testing and inspection services, goods and commodities clearance and double-weight services and the production and supply of ready mix concrete and concrete products.

2. BUSINESS COMBINATIONS

On August 10, 2010, Bawan Engineering was incorporated as the holding company for acquiring 85.5% of the shares of United Transformers Electric Company and its subsidiary ("UTEC") and 85.5% of the shares of United Technology of Electric Substations & Switchgears Company ("UTEC SS&SG").

The total consideration of SR 351,920,231 was partially paid in cash in the amount of SR 160,558,682 and the remaining amount of SR 191,361,549 was swapped for 20% of the shares of Bawan Company (formerly Bawan Company Limited) to Ma'ali Holding Company (formerly Kanzan Holding Company).

On the basis of the business acquisition agreement, the business activities and results of operations of UTEC - Saudi and UTEC-Syria and UTEC SS&SG from January 1, 2010 to the date of commercial registration had been included in the financial statements of Bawan Engineering.

The net assets of UTEC SS&SG amounting to SR 12,825,000 were acquired by Bawan Engineering at the carrying net book value and accounted for as a contribution from shareholders.

Additionally, in 2010, as part of the acquisition of UTEC and UTEC SS&SG, the former shareholders transferred their 5% investment in the equity of Bawan Wood Industries Co, Bawan Metal Industries Co. and United Wood Products Co. Ltd. to the Company at their carrying net book value. Net equity of these additional shareholdings transferred to the Company amounting to SR 5.12 million was accounted for as contributions from the shareholders.

The net assets of Bawan Engineering amounting to SR 2,278,075 were transferred at carrying net book value to Bawan Company Limited and accounted for as a contribution from shareholders. The fair value of the identifiable assets acquired and liabilities recognized at the date of acquisition were as follows:

	UTEC SR	UTEC SS & SG SR	Bawan Engineering SR	Total SR
Assets				
Cash and cash equivalents	20,312,637	15,010,000	500,000	35,822,637
Accounts receivable and other debit balances	110,794,710	56,616	-	110,851,326
Inventories	192,688,509	61,170	-	192,749,679
Investment in company	-	-	1,778,075	1,778,075
Property, plant and equipment	107,764,578	23,178,087	-	130,942,665
Total assets	431,560,434	38,305,873	2,278,075	472,144,382
Liabilities				
Short term loans	116,011,255	-	-	116,011,255
Accounts payable and other liabilities	42,765,348	-	-	42,765,348
Obligations under installment purchase	1,850,924	-	-	1,850,924
Due to related parties	59,633,988	23,305,873	-	82,939,861

	UTEC SR	UTEC SS & SG SR	Bawan Engineering SR	Total SR
End-of-service indemnities	3,720,129	-	-	3,720,129
Total liabilities	223,981,644	23,305,873	-	247,287,517
Non-controlling interest	25,429,031	2,175,000	-	27,604,031
Total identifiable net assets at fair value	182,149,759	12,825,000	2,278,075	197,252,834
Goodwill recognized from business acquisition	169,770,472	-	-	169,770,472
Acquisition consideration transferred	351,920,231	12,825,000	2,278,075	367,023,306
Acquisition consideration				
Cash consideration	160,558,682	-	-	160,558,682
Contribution from shareholders	191,361,549	12,825,000	2,278,075	206,464,624
Total consideration	351,920,231	12,825,000	2,278,075	367,023,306
Cash outflow on acquisition of subsidiaries				
Cash consideration	160,558,682	-	-	160,558,682
Consideration settled through due to related parties	(10,558,682)	-	-	(10,558,682)
Cash and cash equivalent balances acquired	(20,312,637)	(15,010,000)	(500,000)	(35,822,637)
Net cash inflow (outflow) on acquisition of subsidiaries	129,687,363	(15,010,000)	(500,000)	114,177,363

UTEC and its subsidiary and UTEC SS&SG have contributed SR 376.75 million (2010 - SR 336.57 million) of the Group's revenue and SR 37.92 million (2010 - SR 15.73 million) of the Group's net income.

The fair value adjustments to the identifiable assets and liabilities are as follows:

Land, Buildings and leasehold improvements

The fair value has been arrived at on the basis of an open market valuation prepared by independent valuers having the qualification and recent experience in valuation of properties.

Plant and machinery

The fair value has been determined on the basis of the best of the valuers' professional knowledge and belief, taking into account prevailing market conditions, current conditions of the assets and the sources of market information.

The valuations, which conform to International Valuation Standards, were arrived at by reference to the open market value models.

In 2010, the former shareholders of the Company entered into a business acquisition agreement to acquire 56.75% of the shares of Bina Holding for Industrial Investments Company effective January 1, 2010, at its carrying net book value and such transaction was funded by the former shareholders and accounted for as a contribution from shareholders. The net assets transferred are as follows:

	SR
Assets	
Cash and cash equivalents	15,812,848
Accounts receivable and other debit balances	27,849,539
Due from related parties	2,833,766
Inventories	5,417,144
Property, plant and equipment	96,337,085
Intangible assets	2,879,861
Total assets	151,130,243
Liabilities	
Short term loans	14,300,000
Accounts payable and other liabilities	44,320,484
Due to related parties	1,135,089
Long term loan	34,500,000
End-of-services indemnities	560,063
Total liabilities	94,815,636
Non-controlling interest	2,509,927
Net assets	53,804,680

Bina Holding for Industrial Investments Company has contributed SR 108.76 million (2010 - SR 81.55 million) of the Group's revenue and SR 5.16 million (2010 - a loss of SR 0.2 million) of the Group's net income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company and its subsidiaries:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and subsidiaries controlled by the Company as of December 31. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed off during the year are included in the consolidated statement of income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant inter-group transactions and balances between group enterprises have been eliminated in preparing the consolidated financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net value of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated profit or loss as a bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Use of estimates

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

Sales and revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discount.

Revenue on contracts is recognized based on the value of work completed per contract terms.

Revenue from fixed price construction contracts is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When current estimates of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Revenue in excess of billing represents the value of work performed but not yet billed as at the year end. Billing in excess of revenue earned represents the excess of amounts billed over the value of work performed at year end.

Expenses

Selling and distribution expenses principally consist of costs incurred in the distribution and selling of the Group's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales and revenue as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales and revenue, when required, are made on a consistent basis.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

Intangible assets

Intangible assets anticipated to provide further benefits are classified as non-current assets and principally comprise of debt arrangement costs from Saudi Industrial Development Fund and ERP implementation costs. Debt arrangement costs are amortized over the period of the loan and the ERP implementation costs are amortized over five years using the straight-line method.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings and leasehold improvements	5 – 33.3
Plant and machinery	4 – 20
Vehicles	4 – 5
Furniture, fixtures and office equipment	4 – 5
Tools	3 – 5

Impairment

At each consolidated balance sheet date, the Company and its subsidiaries reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Provision for obligations

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian labor law, are provided in the consolidated financial statements based on the employees' length of service.

Dividends

Dividends are recorded in the consolidated financial statements in the year in which they are approved by the shareholders of the Company.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

The results and financial position of a foreign subsidiary having reporting currency other then Saudi Riyals are translated in Saudi Riyals as follows:

(i) Assets and liabilities for the balance sheet are translated at the closing exchange rate at the date of that consolidated balance sheet

(ii) Income and expenses for each consolidated income statement are translated at average exchange rates; and

(iii) Components of the equity accounts are translated at the exchange rates in effect at the dates of the related items originated.

Cumulative adjustments resulting from the translations of the financial instruments of the foreign subsidiaries into Saudi Riyals are reported as a separate component of equity.

Dividends received from the foreign subsidiary are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated income statement.

Derivative financial instruments

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the consolidated statement of income as they arise.

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is already recognized in the consolidated balance sheet. The gain or loss from the change in the fair value of the hedging instrument is recognized immediately in the consolidated statement of income. At the same time, the carrying amount of the hedged item is adjusted for the corresponding gain or loss since the inception of the hedge, which is also immediately recognized in the consolidated statement of income.

A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a recognized asset or liability, an unrecognized firm commitment or a forecasted transaction. To the extent that the hedge is effective, the portion of the gain or loss on the hedging instrument is recognized initially directly in equity. Subsequently, the amount is included in the consolidated statement of income in the same period or periods during which the hedged item affects net profit or loss. For hedges of forecasted transactions, the gain or loss on the hedging instrument will adjust the recorded carrying amount of the acquired asset or liability.

Zakat and income tax

The Group is subject to zakat and income tax in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Zakat and income taxes are provided on an accruals basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge, if any, in the consolidated financial statements represents the zakat for the Company and the Company's share of zakat in subsidiaries. The income tax, if any, assessable on the non-controlling shareholder, is included in non-controlling interests.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease. Finance costs, which represent the difference between the total leasing commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease, in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to consolidated statement of income on a straight line basis over the term of the operating lease.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. At December 31, 2011 and 2010, cash and cash equivalents comprise entirely of cash and bank balances.

5. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2011 SR	2010 SR
Accounts receivable – trade	349,159,403	269,457,911
Due from related parties (note 18)	79,494,905	56,086,888
Prepaid expenses	20,574,744	8,951,669
Advances to suppliers	17,082,726	7,555,959
Revenue in excess of billing	6,364,627	22,327,989
Retentions receivable	4,825,171	1,365,379
Due from employees	1,235,078	1,272,728
Derivative financial instruments	-	2,190,834
Others	10,114,273	5,487,031
	488,850,927	374,696,388

6. INVENTORIES

	2011 SR	2010 SR
Raw materials	303,630,864	289,907,926
Finished goods	60,412,578	41,511,903
Goods-in -transit	53,763,599	23,882,954
Work-in-progress	36,114,420	17,821,535
Spare parts	12,145,668	11,565,915
Consumables and others	2,025,646	2,362,434
	468,092,775	387,052,667

Spare parts inventory primarily relates to machinery and equipment and, accordingly, this inventory is expected to be utilized over a period exceeding one year.

7. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings and leasehold improvements SR	Plant and machinery SR	Vehicles SR	Furniture fixtures and office equipment SR	Tools SR	Capital work-in-progress SR	Total SR
Cost								
January 1, 2011	35,190,954	183,622,115	249,058,831	37,582,846	26,068,593	5,784,739	19,063,037	556,371,115
Additions	10,147,265	1,338,335	6,681,873	4,815,973	3,525,745	1,337,829	12,146,305	39,993,325
Disposals	-	-	(3,374,320)	(1,670,834)	(175,673)	(102,538)	-	(5,323,365)
Transfers/ reclassifications	-	9,900,787	145,971	121,842	(71,840)	322,179	(10,394,351)	24,588
Adjustments	(805,277)	(1,791,829)	(2,807,114)	(83,800)	(48,650)	(192,837)	(395,327)	(6,124,834)
December 31, 2011	44,532,942	193,069,408	249,705,241	40,766,027	29,298,175	7,149,372	20,419,664	584,940,829
Depreciation								
January 1, 2011	-	54,698,754	112,835,899	18,798,262	18,418,279	3,323,281	-	208,074,475
Charge for year	-	8,748,412	14,633,493	5,514,734	2,602,005	1,013,630	-	32,512,274
Disposals	-	-	(3,308,560)	(1,283,536)	(224,781)	(17,211)	-	(4,834,088)
Transfers/ reclassifications	-	2,699	-	-	(25,172)	22,473	-	-
Adjustments	-	(137,783)	(755,549)	(42,175)	(18,177)	(69,124)	-	(1,022,808)
December 31, 2011	-	63,312,082	123,405,283	22,987,285	20,752,154	4,273,049	-	234,729,853
Net book value								
December 31, 2011	44,532,942	129,757,326	126,299,958	17,778,742	8,546,021	2,876,323	20,419,664	350,210,976
December 31, 2010	35,190,954	128,923,361	136,222,932	18,784,584	7,650,314	2,461,458	19,063,037	348,296,640

As of December 31, 2011, the Groups' vehicles include vehicles obtained under capital leases which have a cost of SR 1,095,231 (2010 - SR 795,112) and accumulated depreciation of SR 264,731 (2010 – SR 82,187).

As of December 31, 2011, certain Groups' property, plant and equipment which have a cost of SR 91,457,170 (2010 - SR 86,914,557) and accumulated depreciation of SR 16,474,443 (2010 – SR 10,822,392) are mortgaged against the long term loan from Saudi Industrial Development Fund ("SIDF") of SR 38.6 million obtained by one of the Company's subsidiaries (Bina Precast) (note 11).

Certain Groups' facilities are constructed on land leased from the government in Dammam and Riyadh. The rent contracts are renewable at the option of both parties.

Capital work-in-progress represents the amounts paid to construct buildings, software implementation cost, expansion of new production lines and factory expansion.

8. INTANGIBLE ASSETS

	SR
Cost	
January 1, 2011	3,762,318
Additions	2,263,415
December 31, 2011	6,025,733
Amortization	
January 1, 2011	1,386,624
Charge for year	516,165
December 31, 2011	1,902,789
Net book value	
December 31, 2011	4,122,944
December 31, 2010	2,375,694

9. BANK FACILITIES

The Group obtained bank facilities ("the Facilities") from local banks in the form of overdrafts, short term loans, Islamic Murabaha, forward exchange contracts, letters of credit and guarantee. The Facilities carry interest at the prevailing market rates. The Facilities are secured by promissory notes, personal and corporate guarantees of a shareholder and a related party.

The Facilities' agreements contain covenants requiring maintenance of certain financial ratios.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2011 SR	2010 SR
Accounts payable – trade	204,116,883	166,926,593
Advances from customers	43,596,278	53,336,822
Zakat and income tax payable (note 14)	11,524,883	10,681,254
Billing in excess of revenue	2,805,856	-
Dividends payable	-	57,517,147
Accrued expenses and other liabilities	45,984,706	46,227,672
	308,028,606	334,689,488

11. LONG TERM LOAN

	2011 SR	2010 SR
Saudi Industrial Development Fund ("SIDF")	38,600,000	42,600,000
Less: additional payment during the year	1,100,000	-
Less: current installments	6,000,000	4,000,000
	31,500,000	38,600,000

During 2009, Bina Advanced Concrete Products Co., a subsidiary of Bina Holding for Industrial Investments Company, obtained a long term loan from Saudi Industrial Development Fund ("SIDF") amounting to SR 44.5 million for the construction of its plant. As of December 31, 2011, an amount of SR 42.6 million (2010 – SR 42.6 million) was drawn down. This loan is guaranteed by a promissory note, personal and corporate guarantees of the shareholders and a mortgage on the property, plant and equipment of Bina Advanced Concrete Products Company. The loan agreement contains covenants requiring maintenance of certain financial ratios during the loan period.

12. OBLIGATIONS UNDER INSTALLMENT PURCHASE

During 2007, UTEC-Saudi, entered into an installment purchase agreement to acquire a plot of land in Syria for SR 4,858,550, which was payable in semi-annual installments. The balance has been paid during 2011.

13. OBLIGATIONS UNDER CAPITAL LEASES

Commitments for minimum lease payments under capital leases are as follows:

	2011 SR	2010 SR
Within one year	311,964	338,364
Year two	266,642	234,304
Year three	25,215	182,562
Minimum lease payments	603,821	755,230
Less: finance charges	(172,541)	(212,541)
Net minimum lease payments	431,280	542,689
Less: current portion	(225,386)	(251,473)
	205,894	291,216

Bina Precast, a subsidiary of Bina Holding, leases certain vehicles under capital leases. The average lease term is 2 to 3 years. All leases are on a fixed repayment basis. Bina Precast's obligations under the capital leases are secured by the lessor's charge over the leased assets.

14. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2011 SR	2010 SR
Non-current assets	524,104,392	520,442,806
Non-current liabilities	81,179,627	76,876,413
Opening shareholders' equity	576,270,107	261,268,997
Net income before zakat	145,698,390	149,463,405
Dividends paid	127,517,147	58,786,479
Spare parts	12,145,668	11,565,915

The above represents the consolidated elements related to the Company and subsidiaries. Some of these amounts have been adjusted in arriving at the Company's zakat charge for the year.

Movement in zakat provision is as follows:

	2011 SR	2010 SR
Zakat		
January 1,	10,245,657	8,770,164
Transfers (note 2)	-	3,886,828
Provision for the year	9,475,990	7,873,241
Payment during the year	(8,646,015)	(11,849,319)
Under provision for prior years	1,241,136	1,564,743
Adjustment	(1,700,000)	-
December 31	10,616,768	10,245,657

Movement in income tax provision is as follows:

	2011 SR	2010 SR
Income tax		
January 1,	435,597	-
Transfers (note 2)	-	644,941
Provision for the year	1,218,377	699,531
Payment during the year	(814,607)	(908,875)
Under provision for previous year	68,748	-
December 31	908,115	435,597

The charge for the year is as follows:

	2011 SR	2010 SR
Zakat for the current year - Bawan Company	-	1,500,000
Zakat for the current year - Subsidiaries	9,223,607	6,271,066
	9,223,607	7,771,066
Under provision for previous years	1,241,136	1,564,743
	10,464,743	9,335,809

The zakat and income tax provisions for the minority shareholders in subsidiaries for the year ended December 31, 2011 amounting to SR 252,383 (2010 - SR 102,175) and SR 1,287,125 (2010 - SR 699,531) respectively, have been included in share of non-controlling equity interest.

Zakat provision is provided separately in each of the Company's subsidiaries and each group company independently submits its zakat return to the DZIT. Zakat returns for the Company have been filed and paid for all years through 2010 and zakat certificates have been received. The Company received its final assessments up to 2005 and the final assessments for the years 2006 to 2010 are currently under review by the DZIT.

The status of the final zakat assessment details of the subsidiaries are disclosed in the respective financial statements of the subsidiaries.

15. END-OF-SERVICE INDEMNITIES

	2011 SR	2010 SR
January 1,	32,262,406	22,953,155
Additional provision for the year	8,470,034	7,096,245
Transfers (note 2)	-	4,280,192
Utilization of provision	(1,965,595)	(2,067,186)
December 31	38,766,845	32,262,406

16. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's article of association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. During 2010, the former shareholders resolved to appropriate additional amounts to such reserve. During the year, the former shareholders of the company resolved to transfer the balance as of December 31, 2010 amounting to SR 20.38 million to the share capital (note 1).

17. CONTRIBUTIONS FROM SHAREHOLDERS

This represents contributions made by the former shareholders to invest in new subsidiaries.

In 2010, the former shareholders directly contributed additional shares of 5% in each of Bawan Wood Industries Co., Bawan Metal Industries Co. and United Wood Products Co. Ltd. to the Company. Net equity of these shares amounting to SR 5.12 million has been accounted for as contributions from former shareholders.

Additionally, the Company's share from the business acquisition made during 2010 for Bawan Engineering and Bina Holding amounted to SR 228.74 million has been accounted for as a contribution from former shareholders.

In 2010, the former shareholders resolved to transfer SR 265.96 million from contributions from the shareholders to advances on account of increase in share capital to increase the share capital to SR 500 million (note 1).

18. RELATED PARTY TRANSACTIONS

During the year, the Company and its subsidiaries transacted with the following related parties:

Name	Relationship
Al Muhaidib Building Materials Company	Affiliate
Al Muhaidib Building Supplies Company	Affiliate
Al Muhaidib Contracting Company	Affiliate
Al Fozan Metal Company Limited	Affiliate
Al Fozan Building Materials Company	Affiliate
Madar Holding FZCO and its subsidiaries	Affiliate
Ma'ali Holding Company	Shareholder

The significant transactions and the related approximate amounts are as follows:

	2011 SR	2010 SR
Sales	(329,645,308)	(244,146,563)
Purchase of materials	7,653,208	40,092,110

The above related parties' transactions are made during the normal course of business and the terms and conditions are approved by the management.

Amounts due from and due to related parties at December 31, 2011 and 2010 disclosed in the consolidated balance sheet, principally include balances related to the above mentioned transactions.

19. NON-CONTROLLING INTERESTS

The non-controlling interests represent the holding share by minority shareholders in the following companies:

Name	Ownership percentage	
	2011	2010
Bina Holding	43.25%	43.25%
United Wood Products Company Limited	5%	5%
Bawan Wood Industries Company	5%	5%

20. SELLING AND DISTRIBUTION EXPENSES

	2011 SR	2010 SR
Wages, salaries and related costs	14,880,004	13,222,010
Shipping and freight	4,857,063	5,176,298
Advertising expenses	2,609,730	1,271,959
Royalties	2,092,952	3,093,413
Depreciation	1,842,572	1,748,693
Fuel, repair and maintenance expenses	1,386,969	786,759
Others	7,434,272	5,651,487
	35,103,562	30,950,619

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2011 SR	2010 SR
Wages, salaries and related costs	54,953,065	50,707,304
Depreciation and amortization expenses	6,294,543	6,102,587
Professional fees	2,176,168	1,108,175
Repair and maintenance	1,390,493	1,116,858
Rent expenses	1,376,500	1,597,601
Travel	1,297,157	1,304,997
Communication	1,198,762	1,022,642
Bad debt expenses	283,590	409,576
Others	10,049,195	10,463,538
	79,019,473	73,833,278

22. PRE-OPERATING COSTS

	2011 SR	2010 SR
Salaries, wages and other related expenses	-	4,544,244
Financing expenses	-	614,776
Depreciation	-	459,305
Travel and transportation	-	356,821
Inspection, research and development	-	275,128
Communication, electricity and water	-	66,998
Professional fees	-	65,075
Maintenance expenses	-	54,529
Others	-	416,219
	-	6,853,095

23. OPERATING LEASE ARRANGEMENTS

	2011 SR	2010 SR
Payments under operating leases recognized as an expense during the year	4,618,143	2,537,916

Operating lease payments represent rentals payable by the Group for certain land, properties and employees' accommodations. Leases are negotiated for an average term of one to twenty five years and rentals are fixed during the lease period.

24. SEGMENTAL ANALYSIS

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's revenue, operating profit, property, plant and equipment, total assets and total liabilities, by business segment, are as follows:

2011	Metal	Wood	Electrical	Concrete	Others	Total
	SR	SR	SR	SR	SR	SR
For year ended December 31						
Revenues	849,132,432	544,719,707	354,030,865	108,761,480	-	1,856,644,484
Operating income	39,334,916	75,015,426	53,671,277	6,687,916	(7,174,956)	167,534,579
As of December 31						
Property, plant and equipment	43,693,591	91,158,227	118,425,772	96,603,434	329,952	350,210,976
Total assets	371,449,567	399,764,479	583,258,778	165,638,951	3,446,549	1,523,558,324
Total liabilities	257,497,377	261,553,521	156,980,588	104,254,699	59,703,680	839,989,865
2010						
For year ended December 31						
Revenues	643,699,149	512,011,191	336,504,435	81,552,035	-	1,573,766,810
Operating income	42,420,166	97,638,557	30,253,681	408,426	-	170,720,830
As of December 31						
Property, plant and equipment	34,586,558	86,619,426	127,802,184	99,288,472	-	348,296,640
Total assets	262,900,995	378,812,277	541,691,291	172,271,827	-	1,355,676,390
Total liabilities	273,166,873	220,626,010	129,799,109	116,039,307	-	739,631,299

Geographical segments:

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

Effective January 1, 2011, the Metal operations of Bawan Company have been transferred to Bawan Metal Industries Company and the remaining common assets and liabilities at Bawan Company have been grouped as part of "Others".

25. EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year by the weighted average number of shares outstanding at December 31, 2011 of 50 million shares (2010: 50 million shares). Though the increase in share capital was legally formalized in 2011, for computing the earnings per share for the year 2010, 50 million shares have been considered as outstanding.

Earnings per share from the continuing main operations are computed by dividing the operating income less zakat, finance charges, pre-operating costs and minority interest for the year by the weighted average number of shares outstanding during the year.

Earnings per share from other operations are computed by dividing the other income for the year by the weighted average number of shares outstanding during the year.

26. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2010, the Company had forward contracts to purchase copper for use in its future normal operations amounting to SR 23.0 million and the fair value of such commitments amounted to SR 25.6 million.

27. SUPPLEMENTAL CASH FLOW INFORMATION

	2011 SR	2010 SR
Net assets transferred (note 2)	-	420,827,986
Dividends payable	-	57,517,147
Due from / to related parties through contributions from shareholders	-	35,604,485
Consideration on acquisition of subsidiaries settled through due to related parties	-	10,558,682
Property, plant and equipment transferred from (to) related parties	24,588	(1,820,701)

28. COMMITMENTS AND CONTINGENCIES

As of December 31, the Group had the following commitments and contingencies:

	2011 SR	2010 SR
Letters of credit and guarantee	449,297,765	323,116,174

29. FAIR VALUES

The fair values of the Groups' financial assets and liabilities approximate their carrying amounts.

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

BAWAN COMPANY AND SUBSIDIARIES
(CLOSED JOINT STOCK COMPANY)
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2012

	Note	2012 SR	2011 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	39,818,159	42,510,230
Accounts receivable and other debit balances	4	565,352,133	488,850,927
Inventories	5	416,264,627	468,092,775
Total current assets		1,021,434,919	999,453,932
Non-current assets			
Property, plant and equipment	6	391,621,472	350,210,976
Intangible assets	7	5,419,580	4,122,944
Goodwill	8	169,770,472	169,770,472
Total non-current assets		566,811,524	524,104,392
TOTAL ASSETS		1,588,246,443	1,523,558,324
liabilities, SHAREHOLDERS' equity AND NON-CONTROLLING INTERESTS			
Current liabilities			
Short term loans	9	362,409,466	439,256,129
Accounts payable and other liabilities	10	363,949,411	313,328,723
Medium term loans - current portion	11	21,435,556	-
Long term loans - current portion	12	11,000,000	6,000,000
Obligations under capital lease - current portion	13	200,360	225,386
Total current liabilities		758,994,793	758,810,238

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET (Continued)

AS OF DECEMBER 31, 2012

	Note	2012 SR	2011 SR
Non-current liabilities			
Medium term loans	11	68,264,444	-
Long term loans	12	28,700,000	31,500,000
Obligations under capital lease	13	2,247	205,894
Due to related parties	17	1,938,442	10,706,888
End-of-service indemnities	15	45,276,185	38,766,845
Total non-current liabilities		144,181,318	81,179,627
Shareholders' equity and non-controlling interests			
Share capital	1	500,000,000	500,000,000
Statutory reserve	16	26,640,886	13,523,365
Retained earnings		131,240,090	128,182,404
Currency translation reserve		(17,322,957)	(6,846,498)
Total shareholders' equity		640,558,019	634,859,271
Non-controlling interests	18	44,512,313	48,709,188
Total shareholders' equity and non-controlling interests		685,070,332	683,568,459
total liabilities, SHAREHOLDERS' equity and NON-CONTROLLING INTERESTS		1,588,246,443	1,523,558,324

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

BAWAN COMPANY AND SUBSIDIARIES
(CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 SR	2011 SR
Sales and revenue	17	2,085,620,334	1,856,644,484
Cost of sales and revenue	17	(1,807,175,558)	(1,574,986,870)
Gross profit		278,444,776	281,657,614
Selling and distribution expenses	17,19	(37,385,565)	(35,103,562)
General and administrative expenses	17,20	(83,992,011)	(79,019,473)
Operating income		157,067,200	167,534,579
Other income, net		10,353,795	4,408,898
Finance charges	9,11,12,13	(17,696,964)	(13,875,062)
Net income before non-controlling interests and zakat		149,724,031	158,068,415
Non-controlling interests	18	(13,293,749)	(12,370,025)
Net income before zakat		136,430,282	145,698,390
Zakat	14	(5,255,075)	(10,464,743)
NET INCOME		131,175,207	135,233,647
Earnings per share from net income	23	2.62	2.70
Earnings per share from continuing main operations	23	2.41	2.61
Earnings per share from other operations	23	0.21	0.09
Weighted average number of shares outstanding	23	50,000,000	50,000,000

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

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Share capital SR	Advances on account of increase in share capital SR	Statutory reserve SR	Retained earnings SR	Currency translation reserve SR	Total SR
January 1, 2011		27,700,000	451,918,169	20,381,831	76,472,122	(202,015)	576,270,107
Net income for 2011		-	-	-	135,233,647	-	135,233,647
Transfers to share capital	1	472,300,000	(451,918,169)	(20,381,831)	-	-	-
Transfer to statutory reserve	16	-	-	13,523,365	(13,523,365)	-	-
Dividends	24	-	-	-	(70,000,000)	-	(70,000,000)
Currency translation differences		-	-	-	-	(6,644,483)	(6,644,483)
December 31, 2011		500,000,000	-	13,523,365	128,182,404	(6,846,498)	634,859,271
Net income for 2012		-	-	-	131,175,207	-	131,175,207
Transfer to statutory reserve	16	-	-	13,117,521	(13,117,521)	-	-
Dividends	24	-	-	-	(115,000,000)	-	(115,000,000)
Currency translation differences		-	-	-	-	(10,476,459)	(10,476,459)
December 31, 2012		500,000,000	-	26,640,886	131,240,090	(17,322,957)	640,558,019

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

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 SR	2011 SR
OPERATING ACTIVITIES		
Net income before zakat	136,430,282	145,698,390
Adjustments for:		
Depreciation	34,856,257	32,512,274
Amortization	1,319,641	516,165
Gain on disposal of property, plant and equipment	(819,345)	(409,573)
Finance charges	17,696,964	13,875,062
End-of-service indemnities	8,429,556	8,470,034
Non-controlling interests	13,293,749	12,370,025
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(83,728,785)	(90,746,522)
Inventories	51,828,148	(81,040,108)
Accounts payable and other liabilities	50,029,293	29,852,144
Due from / to related parties, net	(1,645,985)	(61,017,089)
Cash from operations	227,689,775	10,080,802
Zakat and income tax paid	(7,225,656)	(9,460,622)
Finance charges paid	(18,058,055)	(13,875,062)
End-of-service indemnities paid	(1,920,216)	(1,965,595)
Net cash from (used in) operating activities	200,485,848	(15,220,477)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(85,121,313)	(41,535,782)
Additions to intangible assets	(2,616,277)	(2,263,415)
Proceeds from disposal of property, plant and equipment	2,225,631	898,850
Net cash used in investing activities	(85,511,959)	(42,900,347)

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 SR	2011 SR
FINANCING ACTIVITIES		
Short term loans	(76,846,663)	163,956,129
Medium term loans obtained	89,700,000	-
Long term loans obtained	9,200,000	-
Repayment of long term loans	(7,000,000)	(5,100,000)
Obligations under installment purchase	-	(645,227)
Obligations under capital lease	(228,673)	(111,409)
Dividends paid	(115,000,000)	(127,517,147)
Changes in non-controlling interests	(17,490,624)	(3,435,821)
Net cash (used in) from financing activities	(117,665,960)	27,146,525
Net change in cash and cash equivalents	(2,692,071)	(30,974,299)
Cash and cash equivalents, January 1	42,510,230	73,484,529
CASH AND CASH EQUIVALENTS, DECEMBER 31	39,818,159	42,510,230

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

1. ORGANIZATION AND ACTIVITIES

Bawan Company ("Bawan" or "the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number **1010033032 dated 9 Shawwal 1400**, corresponding to August 20, 1980. The share capital of the Company is SR 500 million divided into 50 million shares of SR 10 each as of December 31, 2012 and 2011.

The Company was registered as a Saudi limited liability company with a share capital of SR 27.7 million. Based on resolutions passed in 2008 and 2010, the shareholders proposed to increase the share capital by SR 451.9 million by transferring from contributions from shareholders and retained earnings. Accordingly, the proposed increase in share capital was recorded as advances on account of increase in share capital. During the fourth quarter of 2011, the share capital of the Company was increased to SR 500 million by transferring SR 20.4 million from statutory reserve and SR 451.9 million from advances on account of increase in share capital. Legal formalities relating to the increase in share capital were completed during the fourth quarter of 2011.

Also during the fourth quarter of 2011, the shareholders of the Company resolved to revise their shareholdings by admitting new shareholders and to convert the Company from a Limited Liability Company to a Closed Joint Stock Company. The Company obtained the ministerial approval on the conversion on 18 Dhu-al-Qa'dah, 1432, corresponding to October 16, 2011. The commercial name of the Company has also been changed from Bawan Company Limited to Bawan Company.

The Company obtained the ministerial approval on the official announcement of the conversion on 24 Dhu-al Hijjah, 1432, corresponding to November 20, 2011.

As per the Company's articles of association, the first fiscal period of the Company is to commence from the date of the ministerial approval on the official announcement of the conversion of the Company to a Closed Joint Stock Company to December 31 of the same year. The Company's management believes that the conversion transaction will not affect the continuation of the business and decided accordingly, to present 2011 financial statements from January 1, 2011 to December 31, 2011.

The shareholders of the Company and their respective shareholdings as of December 31, 2012 and 2011 are as follows:

Name	Shareholdings
Atheel Holding Company	66.5%
Ma'ali Holding Company	13%
Arabian Azdan Trading Company Limited	7%
Atheel Industrial Company	6.50%
Abdulkader Al-Muhaidib & Sons Company	5.16%
Al-Fozan Holding Company	1.84%
	100%

The consolidated financial statements as of December 31, 2012 and 2011 include the financial statements of the Company and the following subsidiaries:

	Effective ownership
Bawan Metal Industries Company and its subsidiary ("Bawan Metal")	100%
Bawan Engineering Industries Company and its subsidiaries ("Bawan Engineering")	100%
Bawan Wood Industries Company and its subsidiaries ("Bawan Wood")	95%
United Wood Products Company Limited ("United Wood")	95%
Bina Holding for Industrial Investments Company and its subsidiaries ("Bina Holding")	56.75%

The consolidated financial statements of Bawan Metal include Bawan Metal Industries Co. S.P.C. - Bahrain (Single Person Company), a 100% owned subsidiary as of December 31, 2012 and 2011.

Consolidated financial statements of Bawan Engineering include United Transformers Electric Company-Saudi ("UTEC-Saudi") and its 90% owned subsidiary United Transformers Electric Company-Syria ("UTEC-Syria") and United Technology of Electric Substations & Switchgears Company ("USSG"). The outstanding shares of UTEC-Saudi and USSG are each owned 85.5% by Bawan Engineering as of December 31, 2012 and 2011.

Consolidated financial statements of Bawan Wood include Al-Raya Wood Works Establishment-UAE and Al-Raya Company for Wood Works-Kuwait, 100% owned subsidiaries as of December 31, 2012 and 2011.

Consolidated financial statements of Bina Holding include Bina Ready Mix Concrete Products Company ("Bina Ready Mix") and Bina Advanced Concrete Products Company ("Bina Precast"). The outstanding shares of Bina Ready Mix and Bina Precast are owned 100% and 93.2% respectively by Bina Holding as of December 31, 2012 and 2011.

Bawan Company and its subsidiaries ("the Group") are engaged in metal and steel works, manufacturing of aluminum products, steel doors and ornamental steel, production of premade hangars and steel buildings in addition to forming and bending rebars, the manufacturing of wooden pallets, plywood panels and boards, medium and high density coated in decoration paper, manufacturing of platforms, wooden bowls and boxes and all acts of carpentry and decorations, manufacturing of compressed wood and wooden coal, lamination of wooden boards, doors and frames, pallets, kitchens, wooden furniture and decoration, wholesale and retail in electrical transformers, voltage stabilizers, batteries chargers, welding caustics, electric substations, electric stations equipment and voltage transformers, trading and distribution, import and export, testing and inspection services, goods and commodities clearance and double-weight services and the production and supply of ready mix concrete and concrete products.

The Company's principal place of business is in Riyadh, Kingdom of Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Group:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and subsidiaries controlled by the Company as of December 31. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed-off during the year, if any, are included in the consolidated statement of income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant inter-group transactions and balances between group enterprises have been eliminated in preparing the consolidated financial statements.

Use of estimates

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

Sales and revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Revenue on contracts is recognized based on the value of work completed as per contract terms.

Revenue from fixed price construction contracts is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When current estimates of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Revenue in excess of billing represents the value of work performed but not yet billed as at the year end. Billing in excess of revenue earned represents the excess of amounts billed over the value of work performed at year end.

Expenses

Selling and distribution expenses principally consist of costs incurred in the distribution and selling of the Group's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales and revenue as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales and revenue, when required, are made on a consistent basis.

Trade receivables

Trade receivables are carried at their original amount less provision made for doubtful accounts. An allowance for doubtful accounts is established when there is significant doubt that the Group will be able to collect all amounts due according to the original terms of trade receivables.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods and work-in-process, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings and leasehold improvements	5 – 33.3
Plant and machinery	4 – 20
Vehicles	4 – 5
Furniture, fixtures and office equipment	4 – 5
Tools	3 – 5

Intangible assets

Intangible assets anticipated to provide future benefits are classified as non-current assets and principally comprise of debt arrangement costs from Saudi Industrial Development Fund ("SIDF") and Enterprise Resource Planning System implementation costs ("ERP"). Debt arrangement costs are amortized over the period of the loan and the ERP implementation costs are amortized over five years using the straight-line method.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly as loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment

At each consolidated balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods when risks and rewards attributable to goods are transferred to the Group or services are received, whether or not billed to the Group.

End-of-service indemnities

End-of-service indemnities, required by labor law, are provided in the consolidated financial statements based on the employees' length of service.

Dividends

Dividends are recorded in the consolidated financial statements in the year in which they are approved.

Provision for obligations

A provision is recognized in the consolidated financial statements when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

The results and financial position of a foreign subsidiary having reporting currency other than Saudi Riyals are translated in Saudi Riyals as follows:

(i) Assets and liabilities for the balance sheet are translated at the closing exchange rate at the date of that consolidated balance sheet;

(ii) Income and expenses for each consolidated statement of income are translated at average exchange rates; and

(iii) Components of the shareholders' equity accounts are translated at the exchange rates in effect at the dates of the related items originated.

Cumulative adjustments resulting from the translations of the financial instruments of the foreign subsidiaries into Saudi Riyals are reported as a separate component of consolidated statement of changes in shareholders' equity.

Dividends received from the foreign subsidiary, if any, are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of income.

Zakat and income tax

The Group is subject to zakat and income tax in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Each of the Company and Saudi subsidiaries of the Group files separate zakat and income tax returns individually. Zakat and income taxes are provided on an accruals basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and the Company's share of zakat in subsidiaries. The income tax assessable on the non-controlling shareholder is included in non-controlling interests.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Leasing

Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating lease. Assets held under capital leases are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease. Finance costs, which represent the difference between the total leasing commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease, in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. As of December 31, 2012 and 2011, cash and cash equivalents comprise entirely of cash and bank balances.

4. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2012 SR	2011 SR
Accounts receivable - trade	413,636,161	349,159,403
Due from related parties - trade (note 17)	72,267,326	79,494,905
Advances to suppliers	21,196,056	17,082,726
Revenue recognized in excess of billings	15,397,671	6,364,627
Prepaid expenses	11,325,051	20,574,744
Retentions receivable-trade	8,747,680	4,825,171
Due from employees	4,115,914	1,235,078
Others	18,666,274	10,114,273
	565,352,133	488,850,927

5. INVENTORIES

	2012 SR	2011 SR
Raw materials	280,944,523	303,630,864
Finished goods	55,685,737	60,412,578
Work-in-process	35,243,447	36,114,420
Goods-in-transit	27,309,699	53,763,599
Spare parts	14,249,310	12,145,668
Consumables	2,831,911	2,025,646
	416,264,627	468,092,775

Spare parts inventory primarily relates to plant and machinery and accordingly, this inventory is expected to be utilized over a period exceeding one year.

6. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings and leasehold improvements SR	Plant and machinery SR	Vehicles SR	Furniture, fixtures and office equipment SR	Tools SR	Capital work-in-progress SR	Total SR
Cost								
January 1, 2012	44,532,942	193,069,408	249,705,241	40,766,027	29,298,175	7,149,372	20,419,664	584,940,829
Additions	-	7,422,709	32,537,088	13,363,769	2,264,327	1,314,449	28,218,971	85,121,313
Disposals	-	(159,667)	(2,750,148)	(3,191,951)	(231,482)	(395,726)	(279,705)	(7,008,679)
Transfers/ reclassifications	-	12,366,553	10,965,038	928,863	(2,722,785)	967,478	(22,505,147)	-
Adjustments	(1,192,876)	(2,658,359)	(4,184,001)	(81,564)	(72,463)	(286,499)	(585,607)	(9,061,369)
December 31, 2012	43,340,066	210,040,644	286,273,218	51,785,144	28,535,772	8,749,074	25,268,176	653,992,094
Depreciation								
January 1, 2012	-	63,312,082	123,405,283	22,987,285	20,752,154	4,273,049	-	234,729,853
Charge for the year	-	9,335,822	15,453,124	6,227,196	2,717,749	1,122,366	-	34,856,257
Disposals	-	(69,561)	(2,118,354)	(2,812,240)	(217,064)	(385,174)	-	(5,602,393)
Transfers/ reclassifications	-	294,438	1,299,375	(134,215)	(2,469,800)	1,010,202	-	-
Adjustments	-	(218,851)	(1,204,449)	(51,699)	(27,768)	(110,328)	-	(1,613,095)
December 31, 2012	-	72,653,930	136,834,979	26,216,327	20,755,271	5,910,115	-	262,370,622
Net book value								
December 31, 2012	43,340,066	137,386,714	149,438,239	25,568,817	7,780,501	2,838,959	25,268,176	391,621,472
December 31, 2011	44,532,942	129,757,326	126,299,958	17,778,742	8,546,021	2,876,323	20,419,664	350,210,976

As of December 31, 2012, certain Group's property, plant and equipment are mortgaged against outstanding long term loans from SIDF (note 12).

Certain Group's facilities are constructed on land leased from the government. The lease contracts are renewable at the option of both parties.

Capital work-in-progress mainly represents the amounts paid to construct buildings, expansion of production lines and purchase of plant and machinery.

7. INTANGIBLE ASSETS

	2012 SR	2011 SR
Cost		
January 1	6,025,733	3,762,318
Additions	2,616,277	2,263,415
December 31	8,642,010	6,025,733
Amortization		
January 1	1,902,789	1,386,624
Charge for the year	1,319,641	516,165
December 31	3,222,430	1,902,789
Net book value	5,419,580	4,122,944

8. GOODWILL

In 2010, the Company acquired 85.5% of the shares of UTEC-Saudi. Goodwill of SR 169.8 million recognised on the acquisition represents the excess consideration paid over the net book value of net assets acquired and after allocation of SR 26.7 million to adjust the net book value of net assets acquired to their fair values.

9. BANK FACILITIES

The Group obtained bank facilities ("the Facilities") from local banks in the form of short term loans, Islamic Murabaha, forward exchange contracts, letters of credit and guarantee. The Facilities carry interest at the prevailing market rates. The Facilities are secured by promissory notes and corporate guarantees of the Group covering the entire facility amount. The Facilities' agreements contain covenants requiring maintenance of certain financial ratios.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2012 SR	2011 SR
Accounts payable-trade	249,894,465	204,116,883
Due to related parties (note 17)	5,194,999	5,300,117
Advances from customers	50,053,367	43,596,278
Zakat and income tax payable (note 14)	10,264,561	11,524,883
Billing in excess of revenue earned	-	2,805,856
Accrued expenses and other liabilities	48,542,019	45,984,706
	363,949,411	313,328,723

11. MEDIUM TERM LOANS

During the year, the Company obtained a medium term loan from a local bank amounting to SR 50 million. The loan is repayable in 9 equal quarterly installments commencing in the fourth quarter of 2013. The loan carries interest at the prevailing market rates. The outstanding balance as of December 31, 2012 was SR 50 million including a current portion of SR 5.56 million. The loan is secured by a promissory note and a corporate guarantee of the Group covering the entire facility amount.

Also during the year, the Company obtained medium term loans from a local bank amounting to SR 70 million to cover its subsidiaries' capital expenditure requirements. The utilized portion as of December 31, 2012 amounted to SR 39.7 million. The loans are repayable in 10 equal quarterly installments commencing in the first quarter of 2013. The loans carry interest at the prevailing market rates. The outstanding balance as of December 31, 2012 was SR 39.7 million including a current portion of SR 15.88 million. The loans are secured by promissory notes and corporate guarantees of the Group covering the entire facility amount.

As of December 31, 2012, the repayment schedule of utilized medium term loans is as follows:

	SR
2013	21,435,556
2014	38,102,222
2015	30,162,222
Total	89,700,000

12. LONG TERM LOANS

	2012 SR	2011 SR
SIDF	31,500,000	38,600,000
Obtained during the year	9,200,000	-
Additional payment during the year	(1,000,000)	(1,100,000)
Current installments	(11,000,000)	(6,000,000)
	28,700,000	31,500,000

Bina Precast and Bina Ready Mix obtained long term loans from SIDF for the construction of their plants. These loans are guaranteed by promissory notes, corporate guarantees and mortgage of their property, plant and equipment. The loans' agreements contain covenants requiring maintenance of certain financial ratios during the loans' period.

13. OBLIGATIONS UNDER CAPITAL LEASE

Commitments for minimum lease payments under capital lease are as follows:

	2012 SR	2011 SR
Within one year	289,610	311,964
Year two	2,247	266,642
Year three	-	25,215
Minimum lease payments	291,857	603,821
Less: finance charges	(89,250)	(172,541)
Net minimum lease payments	202,607	431,280
Less: current portion	(200,360)	(225,386)
	2,247	205,894

Bina Precast leased certain vehicles under capital lease. The average lease term is 2 to 3 years. All leases are on a fixed repayment basis. Obligations under the capital lease are secured by the lessor's charge over the leased assets.

14. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2012 SR	2011 SR
Non-current assets	718,163,977	695,883,489
Non-current liabilities	70,785,850	1,995,586
Opening shareholders' equity	634,859,271	576,270,107
Net income before zakat	136,430,282	145,698,390
Dividends paid	(115,000,000)	(127,517,147)

The above represents the Company's unconsolidated elements. Some of these amounts have been adjusted in arriving at the Company's zakat charge for the year.

Movement in zakat provision is as follows:

	2012 SR	2011 SR
January 1	10,616,768	10,245,657
Provision for the year	6,171,774	9,475,990
Payment during the year	(6,329,264)	(8,646,015)
(Over) under provision for prior years	(639,546)	1,241,136
Adjustment	(549,811)	(1,700,000)
December 31	9,269,921	10,616,768

Movement in income tax provision is as follows:

	2012 SR	2011 SR
January 1	908,115	435,597
Provision for the year	994,640	1,218,377
Payment during the year	(896,392)	(814,607)
(Over) under provision for prior years	(11,723)	68,748
December 31	994,640	908,115

The charge for the year is as follows:

	2012 SR	2011 SR
Zakat for the current year - Subsidiaries	5,894,621	9,223,607
(Over) under provision for prior years	(639,546)	1,241,136
	5,255,075	10,464,743

No provision for zakat was made for the year ended December 31, 2012 as the Company had a negative zakat base and reported a net loss, excluding the Company's share of subsidiaries' income which is subject to zakat separately.

The zakat and income tax provisions for the non-controlling shareholders in subsidiaries for the year ended December 31, 2012 amounting to SR 277,153 (2011-SR 252,383) and SR 982,917 (2011-SR 1,287,125) respectively, have been included in share of non-controlling interests.

Zakat is provided separately in each of the Group's subsidiaries and each subsidiary submits its zakat return to the DZIT independently. Zakat returns for the Company have been filed and paid for all years through 2011 and zakat certificates have been received. The Company received its final assessments up to 2007 claiming additional zakat liability of SR 1.1 million for the years 2006 and 2007 and the management has provided for the same. The management raised an objection against the assessments and believes that the decision will be in the favor of the Company. Final assessments for the years 2008 to 2011 are currently under review by the DZIT.

The status of the final zakat assessment details of the subsidiaries is disclosed in the respective financial statements of the subsidiaries.

15. END-OF-SERVICE INDEMNITIES

	2012 SR	2011 SR
January 1	38,766,845	32,262,406
Additional provision for the year	8,429,556	8,470,034
Utilization of provision	(1,920,216)	(1,965,595)
December 31	45,276,185	38,766,845

16. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

17. RELATED PARTY TRANSACTIONS

During the year, the Group mainly transacted with the following related parties:

Name	Relationship
Al-Muhaidib Building Materials Company	Affiliate
Al-Muhaidib Building Supplies Company	Affiliate
Al-Muhaidib Contracting Company Ltd.	Affiliate
Al-Muhaidib Hardware Company	Affiliate
Al-Fozan Metal Company Limited	Affiliate
Al-Fozan Building Materials Company	Affiliate
Madar Holding FZCO and its subsidiaries	Affiliates
Al-Fozan Hardware Company	Affiliate
Al-Fozan Electrical Materials	Affiliate
Al-Muhaidib Land Transport	Affiliate
Al-Muhaidib Technical Supplies	Affiliate
United Company for Electrical Industries	Affiliate
WTC Investments Pty. Ltd. Company	Affiliate

The significant transactions and the related approximate amounts are as follows:

	2012 SR	2011 SR
Sales	(366,715,633)	(329,645,308)
Purchase of materials	57,230,411	7,653,208
Royalties	1,946,320	2,092,952

The above transactions are conducted during the normal course of business and the terms and conditions are approved by the management.

Amounts due from and due to related parties at December 31, 2012 and 2011 disclosed in the consolidated financial statements, principally include balances related to the above mentioned transactions.

During 2012, compensation paid to independent board members amounted to SR 0.62 million (2011: nil). Also, the Company's senior management incentives amounted to SR 5.8 million (2011: SR 5.0 million).

18. NON-CONTROLLING INTERESTS

As of December 31, 2012 and 2011, non-controlling interests represent the holding share by non-controlling shareholders in the following companies:

Name	Ownership percentage
Bina Holding	43.25%
Bina Precast	6.8%
United Wood	5%
Bawan Wood	5%
UTEC-Syria	10%

19. SELLING AND DISTRIBUTION EXPENSES

	2012 SR	2011 SR
Wages, salaries and related costs	18,158,567	14,880,004
Shipping and freight	6,473,618	4,857,063
Advertising	2,210,912	2,609,730
Royalties (note 17)	1,946,320	2,092,952
Depreciation	2,039,632	1,842,572
Fuel, repair and maintenance	1,561,017	1,386,969
Others	4,995,499	7,434,272
	37,385,565	35,103,562

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2012 SR	2011 SR
Wages, salaries and related costs	60,986,262	54,953,065
Depreciation and amortization	5,774,167	6,294,543
Professional fees	1,856,244	2,176,168
Repair and maintenance	2,047,853	1,390,493
Rent	1,544,949	1,376,500
Traveling	1,737,054	1,297,157
Communications	1,561,033	1,198,762
Others	8,484,449	10,332,785
	83,992,011	79,019,473

21. OPERATING LEASE ARRANGEMENTS

	2012 SR	2011 SR
Payments under operating leases recognized as an expense during the year	5,586,884	4,618,143

Operating lease payments mainly represent rentals payable by the Group for certain land, properties and employees' accommodations. Leases are negotiated for an average term of one to twenty five years and rentals are fixed during the lease period.

21. SEGMENTAL ANALYSIS

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's sales and revenue, operating income, property, plant and equipment, total assets and liabilities, by business segment, are as follows:

	Metal	Wood	Electrical	Concrete	Others	Total
	SR	SR	SR	SR	SR	SR
2012						
For year ended December 31						
Sales and revenue	899,927,665	593,443,532	439,218,056	153,031,081	-	2,085,620,334
Operating income (loss)	33,315,220	82,935,450	39,932,930	10,501,333	(9,617,733)	157,067,200
As of December 31						
Property, plant and equipment	61,702,913	89,602,878	116,670,443	123,245,348	399,890	391,621,472
Total assets	406,553,433	352,221,572	590,084,891	218,705,704	20,680,843	1,588,246,443
Total liabilities	195,370,055	190,927,601	162,865,437	103,644,016	250,369,002	903,176,111
2011						
For year ended December 31						
Sales and revenue	849,132,432	544,719,707	354,030,865	108,761,480	-	1,856,644,484
Operating income (loss)	39,334,916	75,015,426	53,671,277	6,687,916	(7,174,956)	167,534,579
As of December 31						
Property, plant and equipment	43,693,591	91,158,227	118,425,772	96,603,434	329,952	350,210,976
Total assets	371,449,567	399,764,479	583,258,778	165,638,951	3,446,549	1,523,558,324
Total liabilities	257,497,377	261,553,521	156,980,588	104,254,699	59,703,680	839,989,865

Geographical segments:

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

Bawan Company results, total assets and liabilities have been grouped as part of others.

23. EARNINGS PER SHARE

Earnings per share from net income are computed by dividing net income for the year by the weighted average number of shares outstanding during the year. Outstanding number of shares as of December 31, 2012 and 2011 were 50 million shares.

Earnings per share from the continuing main operations are computed by dividing net income excluding other income, net for the year by the weighted average number of shares outstanding during the year.

Earnings per share from other operations are computed by dividing the other income, net for the year by the weighted average number of shares outstanding during the year.

24. DIVIDENDS

In 2012, the Company declared dividends of SR 115 million (2011: SR 70 million).

25. COMMITMENTS AND CONTINGENCIES

As of December 31, the Group had the following outstanding commitments and contingencies:

	2012 SR	2011 SR
Letters of credit and guarantee	427,533,453	449,297,765

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of cash and cash equivalents and accounts receivables and its financial liabilities consist of short term loans, medium term loans and accounts payable.

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Cash is substantially placed with banks with sound credit ratings. Trade receivables are carried net of provision for doubtful debts and are stated at their estimated realizable values.

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risk arises mainly from those short term and medium term borrowings, which are at floating rates of interest. All debts with floating rates of interest are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flow rate risks to the Group are not significant.

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to their fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet future commitments.

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's significant transactions are mainly in Saudi Riyals and United States Dollars. Management monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE PERIOD FROM JANUARY 1, 2013 TO JUNE 30, 2013

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2013

	Note	2013 SR	2012 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	33,757,743	40,371,039
Accounts receivable and other debit balances	4	670,347,479	526,823,290
Inventories	5	479,667,046	374,448,484
Total current assets		1,183,772,268	941,642,813
Non-current assets			
Property, plant and equipment	6	389,215,116	392,863,218
Intangible assets	7	5,296,302	5,381,500
Goodwill	8	169,770,472	169,770,472
Total non-current assets		564,281,890	568,015,190
TOTAL ASSETS		1,748,054,158	1,509,658,003
liabilities, shareholders' equity AND NON-CONTROLLING INTERESTS			
Current liabilities			
Short term loans	9	488,439,539	408,112,619
Accounts payable and other liabilities	10	381,545,141	340,710,414
Medium term loans - current portion	11	37,346,667	-
Long term loans - current portion	12	11,500,000	9,500,000
Obligations under capital lease - current portion	13	121,653	265,174
Total current liabilities		918,953,000	758,588,207

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2013

	Note	2013 SR	2012 SR
Non-current liabilities			
Medium term loans	11	56,413,333	-
Long term loans	12	31,140,000	34,200,000
Obligations under capital lease	13	-	51,769
Due to related parties	17	1,412,276	11,450,700
End-of-service indemnities	15	49,271,020	42,538,640
Total non-current liabilities		138,236,629	88,241,109
Shareholders' equity and non-controlling interests			
Share capital	1	500,000,000	500,000,000
Statutory reserve	16	35,072,869	20,192,366
Retained earnings		122,127,932	113,203,408
Currency translation reserve		(13,401,894)	(11,721,940)
Total shareholders' equity		643,798,907	621,673,834
Non-controlling interests	18	47,065,622	41,154,853
Total shareholders' equity and non-controlling interests		690,864,529	662,828,687
total liabilities, shareholders' equity and NON-CONTROLLING INTERESTS		1,748,054,158	1,509,658,003

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIOD FROM JANUARY 1, 2013 TO JUNE 30, 2013

	Note	2013 SR	2012 SR
Revenue	17	1,191,420,424	1,089,875,491
Cost of revenue	17	(1,003,627,069)	(955,338,815)
Gross profit		187,793,355	134,536,676
Selling and distribution expenses	17,19	(21,266,564)	(17,792,302)
General and administrative expenses	20	(48,190,806)	(40,191,150)
Operating income		118,335,985	76,553,224
Other (expense) income, net		(6,153,856)	5,921,585
Finance charges	9,11,12,13	(9,196,391)	(8,331,544)
Net income before non-controlling interests and zakat		102,985,738	74,143,265
Non-controlling interests	18	(12,250,895)	(3,972,678)
Net income before zakat		90,734,843	70,170,587
Zakat	14	(6,415,018)	(3,480,582)
NET INCOME		84,319,825	66,690,005
Earnings per share from net income	23	1.69	1.33
Earnings per share from continuing main operations	23	1.81	1.22
(Loss) earnings per share from other operations	23	(0.12)	0.11
Weighted average number of shares outstanding	23	50,000,000	50,000,000

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM JANUARY 1, 2013 TO JUNE 30, 2013

	Note	Share capital SR	Statutory reserve SR	Retained earnings SR	Currency translation reserve SR	Total SR
January 1, 2012		500,000,000	13,523,365	128,182,404	(6,846,498)	634,859,271
Net income for the period		-	-	66,690,005	-	66,690,005
Transfer to statutory reserve	16	-	6,669,001	(6,669,001)	-	-
Dividends	24	-	-	(75,000,000)	-	(75,000,000)
Currency translation differences		-	-	-	(4,875,442)	(4,875,442)
June 30, 2012		500,000,000	20,192,366	113,203,408	(11,721,940)	621,673,834
January 1, 2013		500,000,000	26,640,886	131,240,090	(17,322,957)	640,558,019
Net income for the period		-	-	84,319,825	-	84,319,825
Transfer to statutory reserve	16	-	8,431,983	(8,431,983)	-	-
Dividends	24	-	-	(85,000,000)	-	(85,000,000)
Currency translation differences		-	-	-	(6,357,400)	(6,357,400)
Currency translation adjustment		-	-	-	10,278,463	10,278,463
June 30, 2013		500,000,000	35,072,869	122,127,932	(13,401,894)	643,798,907

BAWAN COMPANY AND SUBSIDIARIES
(CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2013 TO JUNE 30, 2013

	2013 SR	2012 SR
OPERATING ACTIVITIES		
Net income before zakat	90,734,843	70,170,587
Adjustments for:		
Depreciation	18,792,240	16,942,502
Amortization	904,897	641,444
Gain on disposal of property, plant and equipment	(3,028)	(167,208)
Finance charges	9,196,391	8,331,544
End-of-service indemnities	5,581,939	4,813,157
Currency translation adjustment	12,021,595	-
Non-controlling interests	12,250,895	3,972,678
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(76,374,825)	(46,104,419)
Inventories	(63,402,419)	93,644,291
Accounts payable and other liabilities	14,266,889	28,868,722
Due from/to related parties, net	(28,401,310)	8,332,113
Cash (used in) from operations	(4,431,893)	189,445,411
Zakat and income tax paid	(8,077,405)	(7,129,088)
Finance charges paid	(8,787,748)	(7,057,581)
End-of-service indemnities paid	(1,587,104)	(1,041,362)
Net cash (used in) from operating activities	(22,884,150)	174,217,380

BAWAN COMPANY AND SUBSIDIARIES

(CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 1, 2013 TO JUNE 30, 2013

	2013 SR	2012 SR
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(21,679,740)	(63,990,168)
Additions to intangible assets	(85,229)	(1,900,000)
Proceeds from disposal of property, plant and equipment	337,170	1,118,457
Net cash used in investing activities	(21,427,799)	(64,771,711)
FINANCING ACTIVITIES		
Short term loans, net	126,030,073	(31,143,510)
Medium term loans obtained	12,000,000	-
Repayment of medium term loans	(7,940,000)	-
Long term loan obtained	8,440,000	9,200,000
Repayment of long term loans	(5,500,000)	(3,000,000)
Obligations under capital lease	(80,954)	(114,337)
Dividends paid	(85,000,000)	(75,000,000)
Change in non-controlling interests	(9,697,586)	(11,527,013)
Net cash from (used in) financing activities	38,251,533	(111,584,860)
Net change in cash and cash equivalents	(6,060,416)	(2,139,191)
Cash and cash equivalents, January 1	39,818,159	42,510,230
CASH AND CASH EQUIVALENTS, JUNE 30	33,757,743	40,371,039

1.ORGANIZATION AND ACTIVITIES

Bawan Company ("Bawan" or "the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number **1010033032 dated 9 Shawwal 1400**, corresponding to August 20, 1980. The share capital of the Company is SR 500 million divided into 50 million shares of SR 10 each as of June 30, 2013 and 2012.

The shareholders of the Company and their respective shareholdings as of June 30, 2013 and 2012 are as follows:

Name	Shareholdings
Atheel Holding Company	66.5%
Ma'ali Holding Company	13%
Arabian Azdan Trading Company Limited	7%
Atheel Industrial Company	6.50%
Abdulkader Al-Muhaidib & Sons Company	5.16%
Al-Fozan Holding Company	1.84%
	100%

The consolidated financial statements as of June 30, 2013 and 2012 include the financial statements of the Company and the following subsidiaries:

	Effective ownership
Bawan Metal Industries Company and its subsidiary ("Bawan Metal")	100%
Bawan Engineering Industries Company and its subsidiaries ("Bawan Engineering")	100%
Bawan Wood Industries Company and its subsidiaries ("Bawan Wood")	95%
United Wood Products Company Limited ("United Wood")	95%
Bina Holding for Industrial Investments Company and its subsidiaries ("Bina Holding")	56.75%

The consolidated financial statements of Bawan Metal include Bawan Metal Industries Co. S.P.C. - Bahrain (Single Person Company), a 100% owned subsidiary as of June 30, 2013 and 2012.

Consolidated financial statements of Bawan Engineering include United Transformers Electric Company-Saudi ("Utec-Saudi") and its 90% owned subsidiary United Transformers Electric Company-Syria ("Utec-Syria") and United Technology of Electric Substations & Switchgears Company ("USSG"). The outstanding shares of Utec-Saudi and USSG are each owned 85.5% by Bawan Engineering as of June 30, 2013 and 2012.

Consolidated financial statements of Bawan Wood include Al-Raya Wood Works Establishment-UAE and Al-Raya Company for Wood Works-Kuwait, 100% owned subsidiaries as of June 30, 2013 and 2012.

Consolidated financial statements of Bina Holding include Bina Ready Mix Concrete Products Company ("Bina Ready Mix") and Bina Advanced Concrete Products Company ("Bina Precast"). The outstanding shares of Bina Ready Mix and Bina Precast are owned 100% and 93.2% respectively by Bina Holding as of June 30, 2013 and 2012.

Bawan Company and its subsidiaries ("the Group") are engaged in metal and steel works, manufacturing of aluminum products, steel doors and ornamental steel, production of premade hangars and steel buildings in addition to forming and bending rebars, the manufacturing of wooden pallets, plywood panels and boards, medium and high density coated in decoration paper, manufacturing of platforms, wooden bowls and boxes and all acts of carpentry and decorations, manufacturing of compressed wood and wooden coal, lamination of wooden boards, doors and frames, pallets, kitchens, wooden furniture and decoration, wholesale and retail in electrical transformers, voltage stabilizers, batteries chargers, welding caustics, electric substations, electric stations equipment and voltage transformers, trading and distribution, import and export, testing and inspection services, goods and commodities clearance and double-weight services and the production and supply of ready mix concrete and concrete products.

The Company's principal place of business is in Riyadh, Kingdom of Saudi Arabia.

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Group:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and subsidiaries controlled by the Company as of June 30. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed-off during the period, if any, are included in the consolidated statement of income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant inter-group transactions and balances between group enterprises have been eliminated in preparing the consolidated financial statements.

Use of estimates

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

Revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Revenue on contracts is recognized based on the value of work completed as per contract terms.

Revenue from fixed price construction contracts is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When current estimates of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Revenue in excess of billing represents the value of work performed but not yet billed as at the period end. Billing in excess of revenue, if any, represents the excess of amounts billed over the value of work performed at period end.

Expenses

Selling and distribution expenses principally consist of costs incurred in the distribution and selling of the Group's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of revenue as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

Trade receivables

Trade receivables are carried at their original amount less provision made for doubtful accounts. An allowance for doubtful accounts is established when there is significant doubt that the Group will be able to collect all amounts due according to the original terms of trade receivables.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods and work-in-process, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings and leasehold improvements	5 – 33.3
Plant and machinery	4 – 20
Vehicles	4 – 5
Furniture, fixtures and office equipment	4 – 5
Tools	3 – 5

Intangible assets

Intangible assets anticipated to provide future benefits are classified as non-current assets and principally comprise of debt arrangement costs from Saudi Industrial Development Fund ("SIDF") and Enterprise Resource Planning System implementation costs ("ERP"). Debt arrangement costs are amortized over the period of the loan and the ERP implementation costs are amortized over five years using the straight-line method.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly as loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment

At each consolidated balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized as income immediately.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods when risks and rewards attributable to goods are transferred to the Group or services are received, whether or not billed to the Group.

End-of-service indemnities

End-of-service indemnities, required by labor law, are provided in the consolidated financial statements based on the employees' length of service.

Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved.

Provision for obligations

A provision is recognized in the consolidated financial statements when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

The results and financial position of a foreign subsidiary having reporting currency other than Saudi Riyals are translated in Saudi Riyals as follows:

(i) Assets and liabilities for the balance sheet are translated at the closing exchange rate at the date of that consolidated balance sheet;

(ii) Income and expenses for each consolidated statement of income are translated at average exchange rates; and

(iii) Components of the shareholders' equity accounts are translated at the exchange rates in effect at the dates of the related items originated.

Cumulative adjustments resulting from the translations of the financial instruments of the foreign subsidiaries into Saudi Riyals are reported as a separate component of consolidated statement of changes in shareholders' equity.

Dividends received from the foreign subsidiary, if any, are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of income.

Zakat and income tax

The Group is subject to zakat and income tax in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Each of the Company and Saudi subsidiaries of the Group files separate zakat and income tax returns individually. Zakat and income taxes are provided on an accruals basis. The zakat charge is computed on the higher of zakat base or adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and the Company's share of zakat in subsidiaries. The income tax assessable on the non-controlling shareholder is included in non-controlling interests.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Leasing

Leases are classified as capital lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating lease. Assets held under capital lease are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease. Finance costs, which represent the difference between the total leasing commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease, in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Rentals payable under operating lease are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

3.CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. As of June 30, 2013 and 2012, cash and cash equivalents comprise entirely of cash and bank balances.

4.ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2013 SR	2012 SR
Accounts receivable - trade	450,840,146	393,016,864
Due from related parties - trade (note 17)	100,887,847	71,362,849
Advances to suppliers	57,870,239	15,215,432
Revenue recognized in excess of billings	14,213,874	8,541,246
Retentions receivable - trade	12,274,337	5,263,341
Prepaid expenses	10,908,988	11,037,715
Due from employees	4,690,691	3,247,607
Others	18,661,357	19,138,236
	670,347,479	526,823,290

5.INVENTORIES

	2013 SR	2012 SR
Raw materials	325,249,040	241,172,496
Finished goods	58,360,323	33,629,843
Work-in-process	45,214,941	35,549,648
Goods-in-transit	32,641,219	47,743,304
Spare parts	13,936,313	13,144,915
Consumables	4,265,210	3,208,278
	479,667,046	374,448,484

Spare parts inventory primarily relates to plant and machinery and accordingly, this inventory is expected to be utilized over a period exceeding one year.

6.PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings and leasehold improvements SR	Plant and machinery SR	Vehicles SR	Furniture, fixtures and office equipment SR	Tools SR	Capital work-in-progress SR	Total SR
Cost								
January 1, 2013	43,340,066	210,040,644	286,273,218	51,785,144	28,535,772	8,749,074	25,268,176	653,992,094
Additions	-	179,500	5,765,501	2,897,127	557,505	226,664	12,053,443	21,679,740
Disposals	-	-	(127,000)	(1,289,146)	-	-	-	(1,416,146)
Transfers/ reclassifications (note 7)	-	8,080,479	18,796,019	2,034,235	(915,148)	84,783	(29,121,786)	(1,041,418)
Currency translation adjustments	(743,485)	(1,656,880)	(2,607,769)	(31,147)	(45,557)	(178,850)	(364,992)	(5,628,680)
June 30, 2013	42,596,581	216,643,743	308,099,969	55,396,213	28,132,572	8,881,671	7,834,841	667,585,590
Depreciation								
January 1, 2013	-	72,653,930	136,834,979	26,216,327	20,755,271	5,910,115	-	262,370,622
Charge for the period	-	4,769,170	8,735,449	3,345,199	1,326,566	615,856	-	18,792,240
Disposals	-	-	(119,248)	(962,756)	-	-	-	(1,082,004)
Transfers/ reclassifications (note 7)	-	-	-	-	(345,028)	-	-	(345,028)
Currency translation adjustments	-	(197,481)	(1,007,880)	(32,477)	(25,821)	(101,697)	-	(1,365,356)
June 30, 2013	-	77,225,619	144,443,300	28,566,293	21,710,988	6,424,274	-	278,370,474
Net book value								
June 30, 2013	42,596,581	139,418,124	163,656,669	26,829,920	6,421,584	2,457,397	7,834,841	389,215,116
June 30, 2012	43,981,341	135,840,710	132,370,555	25,747,916	7,948,188	3,091,156	43,883,352	392,863,218

As of June 30, 2013, certain Groups' property, plant and equipment are mortgaged against outstanding long term loans from SIDF (note 12).

Certain Group's facilities are constructed on land leased from the government. The lease contracts are renewable at the option of both parties.

Capital work-in-progress mainly represents the amounts paid to construct buildings, expansion of production lines and purchase of plant and machinery.

7.INTANGIBLE ASSETS

	2013 SR	2012 SR
Cost		
January 1	8,642,010	6,025,733
Additions	85,229	1,900,000
Transfer (note 6)	1,041,418	-
June 30	9,768,657	7,925,733
Amortization		
January 1	3,222,430	1,902,789
Charge for the period	904,897	641,444
Transfer (note 6)	345,028	-
June 30	4,472,355	2,544,233
Net book value		
June 30	5,296,302	5,381,500

8.GOODWILL

In 2010, the Company acquired 85.5% of the shares of Utec-Saudi. Goodwill of SR 169.8 million recognised on the acquisition represents the excess consideration paid over the net book value of net assets acquired after allocation of SR 26.7 million to adjust the net book value of net assets acquired to their fair values.

9.BANK FACILITIES

The Group obtained bank facilities (“the Facilities”) from local banks in the form of short term loans, medium term loans, Islamic Murabaha, letters of credit and guarantee. The Facilities carry interest at the prevailing market rates. The Facilities are secured by promissory notes and corporate guarantees of the Group covering the entire facility amount. The Facilities’ agreements contain covenants requiring maintenance of certain financial ratios.

10.ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2013 SR	2012 SR
Accounts payable-trade	251,178,908	239,329,998
Advances from customers	62,444,058	53,428,204
Zakat and income tax payable (note 14)	10,070,939	7,643,918
Due to related parties (note 17)	5,940,376	4,756,362
Accrued expenses and other liabilities	51,910,860	35,551,932
	381,545,141	340,710,414

11.MEDIUM TERM LOANS

During 2012, the Company obtained a medium term loan facility from a local bank amounting to SR 50 million. The loan is repayable in 9 equal quarterly installments commencing in the fourth quarter of 2013. The outstanding balance as of June 30, 2013 was SR 50 million including a current portion of SR 16.7 million.

Also during 2012, the Company obtained medium term loans facility from a local bank amounting to SR 70 million to cover its subsidiaries' capital expenditure requirements. The utilized portion as of June 30, 2013 amounted to SR 49.7 million. The loans are repayable in 10 equal quarterly installments commenced in the first quarter of 2013. The outstanding balance as of June 30, 2013 was SR 41.8 million including a current portion of SR 19.9 million.

Also during 2012, the Group obtained medium term loans facility from a local bank amounting to SR 50 million to cover its subsidiaries' capital expenditure requirements. The utilized portion as of June 30, 2013 amounted to SR 2 million. The loan is repayable in 10 equal quarterly installments commencing in the third quarter of 2013. The outstanding balance as of June 30, 2013 was SR 2 million including a current portion of SR 0.8 million.

The loans carry interest at the prevailing market rate. The loans are secured by promissory notes and corporate guarantees of the Group.

As of June 30, 2013, the repayment schedule of utilized medium term loans is as follows:

	SR
Within one year	37,346,667
Two to three years	56,413,333
Total	93,760,000

12.LONG TERM LOANS

	2013 SR	2012 SR
SIDF	34,200,000	34,500,000
Obtained during the period	8,440,000	9,200,000
Less: current installments	11,500,000	9,500,000
	31,140,000	34,200,000

Bina Precast and Bina Ready Mix obtained long term loans from SIDF for the construction of their plants (note 6). The loans are guaranteed by promissory notes, corporate guarantees and mortgage of their property, plant and equipment. The loans' agreements contain covenants requiring maintenance of certain financial ratios during the loans' period.

13.OBLIGATIONS UNDER CAPITAL LEASE

Commitments for minimum lease payments under capital lease are as follows:

	2013 SR	2012 SR
Within one year	126,973	351,751
Year two	-	96,088
Minimum lease payments	126,973	447,839
Less: finance charges	5,320	130,896
Net minimum lease payments	121,653	316,943
Less: current portion	121,653	265,174
	-	51,769

Bina Precast leased certain vehicles under capital lease. The average lease term is 2 to 3 years. All leases are on a fixed repayment basis. Obligations under the capital lease are secured by the lessor's charge over the leased assets.

14.ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2013 SR	2012 SR
Non-current assets	728,325,301	568,015,190
Non-current liabilities	59,125,535	88,241,109
Opening shareholders' equity	640,558,019	634,859,271
Net income before zakat	90,734,843	70,170,587
Dividends paid	(85,000,000)	(75,000,000)

The above represents the Company's unconsolidated elements. Some of these amounts have been adjusted in arriving at the Company's zakat charge for the period.

Movement in zakat provision is as follows:

	2013 SR	2012 SR
January 1	9,269,921	10,616,768
Provision for the period	6,105,318	4,178,559
Payment during the period	(7,079,499)	(6,232,696)
Under (over) provision for prior periods	646,259	(561,365)
Adjustments	-	(834,326)
June 30	8,941,999	7,166,940

Movement in income tax provision is as follows:

	2013 SR	2012 SR
January 1	994,640	908,115
Provision for the period	1,128,940	228,395
Payment during the period	(997,906)	(896,392)
Under provision for prior periods	3,266	236,860
June 30	1,128,940	476,978

The charge for the period is as follows:

	2013 SR	2012 SR
Zakat for the current period - Subsidiaries	5,768,759	4,041,947
Under (over) provision for prior years	646,259	(561,365)
	6,415,018	3,480,582

No provision for zakat was made for the period ended June 30, 2013 and 2012 as the Company had negative zakat base and reported net loss, excluding the Company's share of subsidiaries' net income which is subject to zakat separately.

The zakat and income tax provisions for the non-controlling shareholders in subsidiaries for the period ended June 30, 2013 amounting to SR 336,559 (2012: SR 136,612) and SR 1,132,206 (2012: SR 465,255) respectively, have been included in share of non-controlling interests.

Zakat is provided separately in each of the Group's subsidiaries and each subsidiary submits its zakat return to the DZIT independently. Zakat returns for the Company have been filed and paid for all years through 2011 and zakat certificates have been received. The Company received its final assessments up to 2007 claiming additional zakat liability of SR 1.1 million for the years 2006 and 2007 and the management has provided for the same. The management raised an objection against the assessments and believes that the decision will be in the favor of the Company. Final assessments for the years 2008 to 2011 are currently under review by the DZIT.

15.END-OF-SERVICE INDEMNITIES

	2013 SR	2012 SR
January 1	45,276,185	38,766,845
Additional provision for the period	5,581,939	4,813,157
Utilization of provision	(1,587,104)	(1,041,362)
June 30	49,271,020	42,538,640

16.STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

17.RELATED PARTY TRANSACTIONS

During the period, the Group mainly transacted with the following related parties:

Name	Relationship
Al-Fozan Hardware Company	Affiliate
Al-Fozan Metal Company Limited	Affiliate
Al-Fozan Building Materials Company	Affiliate
Al-Muhaidib Technical Supplies	Affiliate
Al-Muhaidib Building Materials Company	Affiliate
Al-Muhaidib Building Supplies Company	Affiliate
Al-Muhaidib Contracting Company Ltd.	Affiliate
Madar Holding FZCO and its subsidiaries	Affiliates
United Company for Electrical Industries	Affiliate
Wilson Transformers Company Pty. Ltd.	Affiliate

The significant transactions and the related approximate amounts are as follows:

	2013 SR	2012 SR
Sales	211,897,763	203,095,873
Purchase of materials	38,244,866	17,539,613
Royalties	1,376,158	942,487

The above transactions are conducted during the normal course of business and the terms and conditions were approved by the management.

Amounts due from and due to related parties at June 30, 2013 and 2012 disclosed in the consolidated financial statements, principally include balances related to the above mentioned transactions.

During the period, the Company's senior management incentives amounted to SR 4.3 million (2012: SR 2.6 million).

18.NON-CONTROLLING INTERESTS

As of June 30, 2013 and 2012, non-controlling interests represent the holding share by non-controlling shareholders in the following companies:

Name	Ownership percentage
Bina Holding	43.25%
Utec-Syria	10%
Bina Precast	6.8%
Bawan Wood	5%
United Wood	5%

19.SELLING AND DISTRIBUTION EXPENSES

	2013 SR	2012 SR
Wages, salaries and related costs	10,317,643	9,083,850
Shipping and freight	3,707,499	3,104,812
Royalties (note 17)	1,376,158	942,487
Depreciation	1,068,808	994,594
Fuel, repair and maintenance	631,605	769,483
Advertising	409,544	745,882
Others	3,755,307	2,151,194
	21,266,564	17,792,302

20.GENERAL AND ADMINISTRATIVE EXPENSES

	2013 SR	2012 SR
Wages, salaries and related costs	35,725,362	27,929,300
Depreciation and amortization	3,375,605	3,368,683
Professional fees	634,142	381,392
Repair and maintenance	647,430	867,538
Rent	844,492	860,031
Travelling	722,581	715,495
Communications	639,353	707,694
Others	5,601,841	5,361,017
	48,190,806	40,191,150

21.OPERATING LEASE ARRANGEMENTS

	2013 SR	2012 SR
Payments under operating leases recognized as an expense during the period	2,750,757	2,588,214

Operating lease payments mainly represent rentals payable by the Group for certain land, properties and employees' accommodations. Leases are negotiated for an average term of one to twenty five years and rentals are fixed during the lease period.

22.SEGMENTAL ANALYSIS

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's revenue, operating income, property, plant and equipment, total assets and liabilities, by business segment, are as follows:

	Metal	Wood	Electrical	Concrete	Others	Total
	SR	SR	SR	SR	SR	SR
2013						
For the six months ended June 30						
Revenue	512,614,178	273,951,333	307,094,625	97,760,288	-	1,191,420,424
Operating income (loss)	23,975,838	30,275,444	61,803,252	8,518,808	(6,237,357)	118,335,985
As of June 30						
Property, plant and equipment	67,076,208	90,061,872	111,017,286	120,629,539	430,211	389,215,116
Total assets	486,244,901	373,780,342	637,837,961	234,089,045	16,101,909	1,748,054,158
Total liabilities	398,319,023	241,653,293	232,881,910	126,623,314	57,712,089	1,057,189,629
2012						
For the six months ended June 30						
Revenue	501,203,805	302,000,394	214,091,946	72,579,346	-	1,089,875,491
Operating income (loss)	19,560,194	44,454,309	15,814,694	523,054	(3,799,027)	76,553,224
As of June 30						
Property, plant and equipment	58,430,222	91,331,233	121,950,762	120,748,584	402,417	392,863,218
Total assets	371,334,636	350,807,174	573,288,972	198,984,231	15,242,990	1,509,658,003
Total liabilities	272,338,572	210,026,336	177,012,094	136,234,931	51,217,383	846,829,316

Geographical segments:

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

Bawan Company results, total assets and liabilities have been grouped as part of others.

23.EARNINGS PER SHARE

Earnings per share from net income are computed by dividing net income for the period by the weighted average number of shares outstanding during the period.

Earnings per share from the continuing main operations are computed by dividing net income excluding other (expense) income, net for the period by the weighted average number of shares outstanding during the period.

(Loss) earnings per share from other operations are computed by dividing the other (expense) income, net for the period by the weighted average number of shares outstanding during the period.

Outstanding number of shares as of June 30, 2013 and 2012 were 50 million shares.

24.DIVIDENDS

During the period, the Company declared and paid dividends of SR 85 million (2012: SR 75 million).

25.COMMITMENTS AND CONTINGENCIES

As of June 30, the Group had the following outstanding commitments and contingencies:

	2013 SR	2012 SR
Letters of credit and guarantee	648,557,013	410,098,260

26.FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of cash and cash equivalents and accounts receivables and its financial liabilities consist of term loans and accounts payable.

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Cash is substantially placed with banks with sound credit ratings. Trade receivables are carried net of provision for doubtful debts and are stated at their estimated realizable values.

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risk arises mainly from those short term and medium term borrowings, which are at floating rates of interest. All debts with floating rates of interest are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flow rate risks to the Group are not significant.

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to their fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet future commitments.

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's significant transactions are mainly in Saudi Riyals and United States Dollars. Management monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

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