

**TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2012**

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2012

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AUDITORS' REPORT

To the stockholders
Takween Advanced Industries
Saudi Arabia

Scope of Audit

We have audited the consolidated balance sheet of Takween Advanced Industries ("the Company") (a Saudi Joint Stock Company) and its subsidiaries ("the Group") as of December 31, 2012, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended and notes 1 to 22 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2012, and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Group, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.

Waleed Moh'd Sobahi
License No. 378
18 Rabi' I, 1434 H
January 30, 2013



TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2012

	Note	2012 SR 000	2011 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	46,084	41,290
Accounts receivable	4	176,227	177,190
Inventories	5	192,192	165,648
Prepaid expenses and other debit balances		28,212	26,550
Total current assets		442,715	410,678
Non-current assets			
Property, plant and equipment	6	411,851	391,877
Intangible assets	7	10,141	4,668
Total non-current assets		421,992	396,545
TOTAL ASSETS		864,707	807,223
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short term borrowings	8	192,362	142,788
Accounts payable and other liabilities	10	122,884	120,750
Current portion of medium and long term loans	9	55,983	87,561
Total current liabilities		371,229	351,099
Non-current liabilities			
Medium and long term loans	9	64,470	60,983
End-of-service indemnities	11	6,236	5,786
Total non-current liabilities		70,706	66,769
Shareholders' equity			
Share capital	1	300,000	300,000
Statutory reserve	12	19,448	11,916
Retained earnings		103,324	77,439
Total stockholders' equity		422,772	389,355
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		864,707	807,223

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2012

	Note	2012 SR 000	2011 SR 000
Sales	13	669,656	694,129
Cost of sales		546,999	565,198
Gross profit		122,657	128,931
Research and development expenses		486	404
Selling and distribution expenses	13,14	15,196	14,029
General and administrative expenses	13,15	22,213	24,855
Operating income		84,762	89,643
Finance charges	8,9	(8,689)	(11,173)
Other income, net		1,265	1,208
Net income before zakat		77,338	79,678
Zakat	16	2,021	3,524
NET INCOME		75,317	76,154
Earnings per share (in SR)	18	2.51	2.54
Earnings per share from continuing main operations (in SR)	18	2.47	2.50
Earnings per share from other operations (in SR)	18	0.04	0.04
Weighted average number of shares	18	30,000,000	30,000,000

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TAKWEEN ADVANCED INDUSTRIES
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CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2012

	Note	Share capital SR 000	Statutory reserve SR 000	Retained earnings SR 000	Total SR 000
January 1, 2011		300,000	4,301	38,900	343,201
Net income for year		-	-	76,154	76,154
Transfer to statutory reserve		-	7,615	(7,615)	-
Dividends	19	-	-	(30,000)	(30,000)
December 31, 2011		300,000	11,916	77,439	389,355
Net income for year		-	-	75,317	75,317
Transfer to statutory reserve		-	7,532	(7,532)	-
Directors' remuneration		-	-	(1,400)	(1,400)
Dividends	19	-	-	(40,500)	(40,500)
December 31, 2012		300,000	19,448	103,324	422,772

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	2012 SR 000	2011 SR 000
OPERATING ACTIVITIES		
Net income before zakat	77,338	79,678
Adjustments for:		
Depreciation and amortization	45,445	46,171
Finance charges	8,689	8,170
End-of-service indemnities	1,753	1,895
Gain on disposal of property, plant and equipment	(76)	(100)
Changes in operating assets and liabilities:		
Accounts receivable, prepaid expenses and other debit balances	(699)	(16,457)
Inventories	(26,544)	(14,121)
Accounts payable and other liabilities	2,369	23,026
Cash from operations	108,275	128,262
Finance charges paid	(8,265)	(7,437)
End-of-service indemnities paid	(1,303)	(666)
Zakat paid	(3,529)	(4,137)
Net cash from operating activities	95,178	116,022
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(63,447)	(73,819)
Additions to intangible assets	(7,746)	(1,260)
Reduction in intangible assets	-	100
Proceeds from disposal of property, plant and equipment	377	181
Net cash used in investing activities	(70,816)	(74,798)
FINANCING ACTIVITIES		
Change in short term borrowings	49,574	42,653
Change in medium and long term loans	(28,091)	(33,871)
Directors' remunerations	(551)	-
Dividends paid (note 19)	(40,500)	(30,000)
Net cash used in financing activities	(19,568)	(21,218)
Net change in cash and cash equivalents	4,794	20,006
Cash and cash equivalents, January 1	41,290	21,284
CASH AND CASH EQUIVALENTS, DECEMBER 31	46,084	41,290
Non-cash transactions:		
Directors' remuneration payable	849	-

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

1. ORGANIZATION AND ACTIVITIES

Takween Advanced Industries (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2051044381 issued in Al Khobar on 9th Muharram 1432H (December 15, 2010). The Company's share capital is SR 300 million divided in to 30 million shares of SR 10 each.

Following approval by the Capital Market Authority ("CMA") the Company made an initial public offering of 9 million shares with a par value of SR 10 each, representing 30% of issued shares, in January 2012. The offering was fully subscribed at an offer price of SR 26 per share and the shares were listed on the Saudi Stock Exchange (Tadawul) on February 7, 2012.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") as listed below:

	Effective ownership 2012	Effective ownership 2011
• Advanced Fabrics Factory Company ("SAAF")	100%	100%
• Ultra Pak Manufacturing Company ("Ultra Pak")	100%	100%

The principal activities of the Group companies, each of which operates under individual commercial registration, are:

- Production of disposable polystyrene cups, lids and other plastic related products
- Production of non-woven plastics
- Production of PET (polyester) pre-forms

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company. All significant inter-company transactions and balances between the companies have been eliminated in preparing the consolidated financial statements.

Revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Research and development expenses

Research and development expenses are charged to the consolidated statement of income in the period in which they are incurred.

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

Selling and distribution and general and administrative expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale 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 production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined based on a weighted average cost basis. Finished goods include cost of materials, labor and an appropriate proportion of direct overheads.

Investments

Investment in associates, in which the Group is in a position to exercise significant influence, is recorded using the equity method. Investment in companies in which the Group neither exercises control nor significant influence is held at cost less allowance for impairment in value.

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 rates of depreciation of the principal classes of assets are as follows:

	%
Buildings and leasehold improvements	3 – 4
Plant, machinery and equipment	10 – 33.3
Vehicles	20 – 25
Furniture, fixtures and office equipment	15 – 33.3

Depreciation for machinery owned by SAAF is determined based on total annual output in proportion to total production capacity.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the qualifying asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Impairment

At each reporting date, the management reviews the carrying amounts of its property, plant and equipment 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 management 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.

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

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.

Intangible assets

Intangible assets anticipated to provide identifiable future benefits are classified as non-current assets. Intangible assets comprise loan appraisal fees, software, system development costs and pre-operating costs.

The loan appraisal fees relate to the loans from Saudi Industrial Development Fund ("SIDF") and banks, which are being amortized over the period of the loans.

Pre-operating costs comprise costs incurred during the development stage of SAAF, which are expected to provide benefits in future periods. These costs are amortized on a straight line basis over a period not exceeding seven years from the commencement of commercial production.

Enterprise resource planning (ERP) system development costs are costs incurred to implement new systems and amortized over 5 year period from the date it is fully implemented.

Proposed dividends

Dividends are recognised as a liability at the time of their approval by the Annual General Assembly.

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 reporting date are translated 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.

End-of-service indemnities

End-of-service indemnities, required by the labor laws of the Kingdom of Saudi Arabia, and are provided in the consolidated financial statements based on the employees' length of service.

Zakat

The Group is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is 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.

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. Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less. At December 31, 2012 and 2011, cash and cash equivalents consist entirely of cash and bank balances.

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

4. ACCOUNTS RECEIVABLE

	2012 SR 000	2011 SR 000
Trade receivables –others	159,887	143,205
Trade receivables –related parties (note 13)	16,264	33,903
Due from related parties (note 13)	76	82
	<u>176,227</u>	<u>177,190</u>

5. INVENTORIES

	2012 SR 000	2011 SR 000
Finished goods	55,599	49,692
Raw and packing materials	96,365	84,365
Spare parts not held for sale	31,042	27,994
Work-in-process	8,238	3,597
Goods-in-transit	948	-
	<u>192,192</u>	<u>165,648</u>

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements SR 000	Plant, machinery and equipment SR 000	Vehicles SR 000	Furniture, fixtures and office equipment SR 000	Capital work- in- progress ("CWIP") SR 000	Total SR 000
Cost						
January 1, 2012	72,177	556,859	4,017	6,917	58,311	698,281
Additions	293	17,376	266	100	45,412	63,447
Disposals	-	(600)	(407)	-	-	(1,007)
Transfers	-	19,378	-	-	(19,378)	-
December 31, 2012	<u>72,470</u>	<u>593,013</u>	<u>3,876</u>	<u>7,017</u>	<u>84,345</u>	<u>760,721</u>
Depreciation						
January 1, 2012	16,248	281,315	3,249	5,592	-	306,404
Charge for year	2,125	40,280	258	509	-	43,172
Disposals	-	(333)	(373)	-	-	(706)
December 31, 2012	<u>18,373</u>	<u>321,262</u>	<u>3,134</u>	<u>6,101</u>	<u>-</u>	<u>348,870</u>
Net book value						
December 31, 2012	<u>54,097</u>	<u>271,751</u>	<u>742</u>	<u>916</u>	<u>84,345</u>	<u>411,851</u>
December 31, 2011	<u>55,929</u>	<u>275,544</u>	<u>768</u>	<u>1,325</u>	<u>58,311</u>	<u>391,877</u>

The Company's and SAAF's buildings and production facilities are constructed on a parcel of land owned by an affiliated company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

Ultra Pak warehouse and administration building are situated on land rented at a nominal rent from Jeddah Chamber of Commerce & Industry for a period of fourteen years from 27 Rabi I, 1419H (July 22, 1998). This lease agreement has been extended up to April 30, 2016. The management of the Company anticipates extending the lease upon its expiry.

Capital work-in-progress at December 31, 2012 is principally related to various additions to the production facilities and other improvements, which were under progress at the year-end. Interest capitalized as part of capital work-in-progress at December 31, 2012 amounted to SR 1.5 million (2011 – SR 0.2 million).

7. INTANGIBLE ASSETS

	2012 SR 000	2011 SR 000
Cost		
January 1	18,421	17,261
Transferred during the year	-	(100)
Addition during the year	7,746	1,260
Adjustment	(1,954)	-
December 31	<u>24,213</u>	<u>18,421</u>
Amortization		
January 1	13,753	10,473
Charge for year	2,273	3,280
Adjustment	(1,954)	-
December 31	<u>14,072</u>	<u>13,753</u>
Net book value		
December 31	<u>10,141</u>	<u>4,668</u>

8. SHORT TERM BORROWINGS

	2012 SR 000	2011 SR 000
Overdraft	-	2,007
Short term loans	<u>192,362</u>	<u>140,781</u>
	<u>192,362</u>	<u>142,788</u>

The Group has credit facilities agreements with local commercial banks comprising of overdrafts, short-term and revolving loans, and letters of credit and guarantee. Borrowings under the facilities bear financing charges at the prevailing market rates and are secured principally by corporate guarantees. The facilities contain covenants requiring the maintenance of certain financial ratios and other covenants.

9. MEDIUM AND LONG TERM LOANS

	2012 SR 000	2011 SR 000
Commercial loans	66,333	60,411
SIDF loans	<u>54,120</u>	<u>88,133</u>
	120,453	148,544
Less: current portion	<u>(55,983)</u>	<u>(87,561)</u>
	<u>64,470</u>	<u>60,983</u>

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

Commercial loans - The Group has entered into various medium term loan agreements with local commercial banks to finance capital expenditure and to restructure its borrowings, out of which SR 66.3 million (2011 - SR 60.4 million) is outstanding at the year-end. The loans are secured principally by promissory notes and corporate guarantees and bear financial charges at the prevailing market rates.

SIDF loans - The Group entered into loan agreements with SIDF to finance the construction of the plant facilities of the Group, out of which SR 54.1 million (2011 - SR 88.1 million) was outstanding at the year end. The loans bear no periodic financing charges. The loans are secured by a mortgage on the property, plant and equipment of the Group companies and two parcels of land owned by an affiliated company. The loan appraisal fees totaling SR 8.2 million are deferred and are being amortized over the term of the loans.

The SIDF and the commercial loans contain covenants requiring the maintenance of certain financial ratios and other covenants.

Aggregate maturities of medium and long term loans outstanding at December 31, 2012 are as follows:

	<u>SR 000</u>
2013	55,983
2014	35,725
2015	18,425
2016	4,500
2017	2,600
After 2017	<u>3,220</u>
	<u><u>120,453</u></u>

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	<u>2012</u>	<u>2011</u>
	<u>SR 000</u>	<u>SR 000</u>
Accounts payable – trade	106,812	81,984
Due to related parties (note 13)	604	4,163
Accrued expenses and other liabilities	11,822	29,449
Zakat payable (note 16)	3,646	5,154
	<u>122,884</u>	<u>120,750</u>

11. END-OF-SERVICE INDEMNITIES

	<u>2012</u>	<u>2011</u>
	<u>SR 000</u>	<u>SR 000</u>
January 1	5,786	4,557
Additional provision in year	1,753	1,895
Utilization of provision	<u>(1,303)</u>	<u>(666)</u>
December 31	<u>6,236</u>	<u>5,786</u>

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

12. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, 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.

13. RELATED PARTY TRANSACTIONS

The Group Companies have related party transactions with each other and with the shareholders and other entities affiliated with the shareholders. Prices and terms of payment are approved by management of each affiliated entity. All significant related party transactions between the entities have been eliminated in the consolidated financial statements.

The significant transactions and the related amounts are as follows:

	2012 SR 000	2011 SR 000
Sales made to affiliates	(58,048)	(61,570)
Cost and expenses charged by affiliates	6,877	8,298
Cost and expenses charged to affiliates	(685)	(601)
Other services received	2,554	3,601
Finance charges	-	593
Remuneration to a director	1,297	583

Amounts due from and due to related parties at December 31, 2012 and 2011 are disclosed in notes 4 and 10 respectively and principally include balances related to the above mentioned transactions.

14. SELLING AND DISTRIBUTION EXPENSES

	2012 SR 000	2011 SR 000
Employee related costs	3,690	4,353
Transportation	10,341	8,227
Depreciation	7	20
Advertising	31	339
Repairs and maintenance	69	71
Others	1,058	1,019
	<u>15,196</u>	<u>14,029</u>

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2012 SR 000	2011 SR 000
Employee related costs	14,550	16,559
Professional and other services	618	682
Communication and other office expenses	3,456	4,509
Depreciation	283	511
Travel and entertainment	620	549
Facility costs	715	833
Others, net	1,971	1,212
	<u>22,213</u>	<u>24,855</u>

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

16. ZAKAT

The Group companies are registered in the Kingdom of Saudi Arabia (note 1), which are subject to zakat in accordance with the regulations of the DZIT. Each entity files its separate zakat declaration.

Components of zakat base

Significant components of the zakat base of each entity are comprised of equity, medium and long term debts and provisions at beginning of the year and adjusted net income less deductions for the net book value of property, plant and equipment and certain other items.

The movement in zakat provision is as follows:

	2012 SR 000	2011 SR 000
January 1	5,154	5,767
Provision for year	2,397	3,458
(Over) under provision for previous year	(376)	66
Payments during year	(3,529)	(4,137)
December 31	3,646	5,154

The charge for the year is as follows:

	2012 SR 000	2011 SR 000
Charge for current year	2,397	3,458
(Over) under provision for previous year	(376)	66
Charge in consolidated statement of income	2,021	3,524

Outstanding assessments

Zakat returns for the Group companies have been filed and paid for all years through 2011 and the zakat certificates have been received.

The Company and its subsidiaries' assessments have been agreed upto different years. The Company and its subsidiaries have filed objection against the assessments. Total additional zakat against which objection have been filed amount to SR 5.7 million. The management is confident of favorable outcome, hence no additional provision has been made.

17. OPERATING LEASE ARRANGEMENTS

	2012 SR 000	2011 SR 000
Payments under operating leases recognized as an expense during year	2,730	2,827

Operating lease payments represent rentals payable by the Company for certain employees' housing, office space and warehouses. Leases are negotiated for an average term of one year. There were no significant future rental commitments outstanding at December 31, 2012.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

18. EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year by the weighted average number of shares outstanding during the year totalling 30 million shares of SR 10 each (December 31, 2011: 30 million shares of SR 10 each).

Earning per share from the continuing main operations is computed by dividing the operating income less finance charges and zakat for the year by the weighted average number of shares outstanding.

Earning per share from other operations is computed by dividing the other income for the year by the weighted average number of shares outstanding.

19. DIVIDENDS

In 2012, the Company proposed and distributed dividends of SR 40.5 million (2011 - SR 30 million).

20. SEGMENTAL INFORMATION

Business segments:

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. Transactions between the business segments are reported as recorded by the Group's transfer pricing system. The Group's revenue, operating income, property and equipment, total assets and total liabilities, by business segment, are as follows:

	Disposable polystyrene cups, lids and other plastic related products SR 000	Non-woven plastics SR 000	Polyethylene Terephthalate (PET) pre- forms SR 000	Total SR 000
2012				
Revenues	243,130	250,880	175,646	669,656
Operating income	22,664	36,693	25,405	84,762
As of December 31, 2012				
Property and equipment	92,158	285,639	34,054	411,851
Total assets	279,007	440,017	145,683	864,707
Total liabilities	204,033	178,394	59,508	441,935
2011				
Revenues	232,421	287,518	174,190	694,129
Operating income	28,227	42,492	18,924	89,643
As of December 31, 2011				
Property and equipment	83,366	277,844	30,667	391,877
Total assets	285,131	401,263	120,829	807,223
Total liabilities	182,650	190,281	44,937	417,868

Geographical segments:

All of Group's operating assets are located in the Kingdom of Saudi Arabia.

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

21. CONTINGENCIES AND COMMITMENTS

At December 31, the Group had the following contingencies and commitments:

	2012	2011
	SR 000	SR 000
Letters of credit	<u>21,096</u>	<u>57,548</u>
Letters of guarantee	<u>30,456</u>	<u>831</u>
Capital commitments	<u>142,900</u>	<u>102,410</u>

22. FAIR VALUES

The fair values of the Group's financial assets and liabilities approximate their carrying amounts.