SAUDI PAPER MANUFACTURING COMPANY
AND SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH PERIOD MARCH 31, 2016
AND LIMITED REVIEW REPORT

SAUDI PAPER MANUFACTURING COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD MARCH 31, 2016

LIMITED REVIEW REPORT April 21, 2016

To the shareholders of Saudi Paper Manufacturing Company:
(A Saudi Joint Stock Company)

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Saudi Paper Manufacturing Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2016 and the interim consolidated statements of income and cash flows for the three-month period then ended, and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

Except as explained in the observation paragraph below, we conducted our limited review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Observation paragraph

As explained in Note 1 to the accompanying interim consolidated financial statements, a fire incident occurred on March 26, 2016 at the plant site of one of the Group's subsidiaries in Riyadh which affected certain items of "Property, plant and equipment" and "Inventories". The subsidiary's management is currently in the process of assessing the estimated loss which is anticipated to be completed by the end of April 2016 and has also initiated the process of filing a claim with the insurance company. The Group's management believes that the losses due to this incident are adequately covered by the insurance policy and, accordingly, will not eventually result in a significant financial impact on the Group's financial position and operations. The "Property, plant and equipment" and "Inventories" as at March 31, 2016 do not include any adjustments due to this fire incident. Accordingly, we were unable to evaluate the potential impact of this fire incident on the accompanying interim consolidated financial statements.

Review conclusion

Based on our review, except for the possible effects of the matter described in the preceding paragraph, if any, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting standards generally accepted in Saudi Arabia.

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SAUDI PAPER MANUFACTURING COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated balance sheet
(All amounts in Saudi Riyals unless otherwise stated)

	Note	March 31, 2016 *(Unaudited)*	December 31, 2015 *(Audited)*	March 31, 2015 *(Unaudited)*
Assets				
Current assets				
Cash and cash equivalents		13,841,600	39,023,222	76,124,251
Accounts receivable		268,449,450	272,434,926	311,740,411
Inventories	1	222,559,765	233,334,087	196,229,248
Available-for-sale investments		3,259,865	3,259,865	3,259,865
Prepayments and other receivable	3	130,687,832	130,045,588	149,917,192
		638,798,512	678,097,688	737,270,967
Non-current assets				
Investments in an associate		13,544,050	13,544,050	13,544,050
Property, plant and equipment	1	976,234,293	984,213,465	1,020,866,738
Intangible assets		26,870,647	26,614,917	22,316,553
		1,016,648,990	1,024,372,432	1,056,727,341
Total assets		1,655,447,502	1,702,470,120	1,793,998,308
Liabilities				
Current liabilities				
Short-term borrowings	4	196,968,464	172,688,998	381,398,899
Liabilities against letter of credit refinancing facilities		105,503,458	144,106,661	118,732,962
Current maturity of long-term borrowings		97,088,131	116,474,813	71,738,514
Accounts payable		124,745,028	135,749,805	95,883,964
Accrued and other liabilities		98,806,684	95,318,432	59,524,089
Zakat payable		7,091,738	6,816,737	6,829,637
		630,203,503	671,155,446	734,108,065
Non-current liabilities				
Long-term borrowings		472,865,977	472,865,977	356,842,340
Employee termination benefits		24,603,216	25,040,221	25,297,507
Other non-current liabilities		-	-	10,302,303
		497,469,193	497,906,198	392,442,150
Total liabilities		1,127,672,696	1,169,061,644	1,126,550,215
Equity				
Equity attributable to shareholders of the Company:				
Share capital		450,000,000	450,000,000	450,000,000
Statutory reserve		66,248,858	66,248,858	66,734,910
Retained earnings		9,710,078	15,885,280	147,372,867
Currency translation differences		(3,599,408)	(3,966,748)	(1,366,216)
Total shareholders' equity		522,359,528	528,167,390	662,741,561
Non-controlling interests		5,415,278	5,241,086	4,706,532
Total equity		527,774,806	533,408,476	667,448,093
Total liabilities and equity		1,655,447,502	1,702,470,120	1,793,998,308
Contingencies and commitments	6			

The accompanying notes from 1 to 6 form an integral part of these interim consolidated financial statements.

SAUDI PAPER MANUFACTURING COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated income statement
For the three-month period ended March 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2016 *(Unaudited)*	2015 *(Unaudited)*
Sales	5	140,085,289	185,478,473
Cost of sales		(109,440,973)	(138,719,136)
Gross profit		30,644,316	46,759,337
Operating expenses			
Selling and marketing		(14,497,741)	(16,767,738)
General and administrative		(14,535,296)	(14,713,179)
Income from operations		1,611,279	15,278,420
Other (expenses) income, net			
Financial charges, net		(7,978,153)	(8,957,040)
Other		640,865	(423,785)
(Loss) income before zakat and non-controlling interests		(5,726,009)	5,897,595
Zakat		(275,001)	(900,000)
(Loss) income before non-controlling interests		(6,001,010)	4,997,595
Non-controlling interests		(174,192)	(137,072)
Net (loss) income for the period		(6,175,202)	4,860,523
Earnings (loss) per share:	2.22		
• Operating income		0.04	0.34
• Net (loss) income for the period		(0.14)	0.11

The accompanying notes from 1 to 6 form an integral part of these interim consolidated financial statements.

SAUDI PAPER MANUFACTURING COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated cash flow statement
For the three-month period ended March 31, 2016
(All amounts in Saudi Riyals unless otherwise stated)

	2016 *(Unaudited)*	2015 *(Unaudited)*
Cash flow from operating activities		
Net (loss) income for the period	(6,175,202)	4,860,523
Adjustments for non-cash items		
Provision for doubtful debts	1,350,000	2,000,000
Depreciation and amortization	10,708,536	10,614,380
Gain on sale of property, plant and equipment	-	(555,318)
Income applicable to non-controlling interests	174,192	137,072
Changes in working capital		
Accounts receivable	3,002,816	(18,916,012)
Inventories	10,774,322	(16,069,137)
Prepayments and other receivable	(642,244)	1,971,651
Accounts payable	(11,004,777)	6,619,879
Accrued and other liabilities	3,488,252	10,782,031
Zakat payable	275,001	900,000
Employee termination benefits	(437,005)	1,442,235
Net cash generated from operating activities	11,513,891	3,787,304
Cash flow from investing activities		
Purchase of property, plant and equipment, net	(2,985,094)	(12,689,708)
Proceeds from sale of property, plant and equipment	-	2,327,640
Net cash utilized in investing activities	(2,985,094)	(10,362,068)
Cash flow from financing activities		
Changes in short-term borrowings	24,279,466	18,735,778
Liabilities against letter of credit refinancing facilities	(38,603,203)	52,587,855
Changes in long-term borrowings	(19,386,682)	(12,695,191)
Net cash (utilized in) generated from financing activities	(33,710,419)	58,628,442
Net change in cash and cash equivalents	(25,181,622)	52,053,678
Cash and cash equivalents at beginning of period	39,023,222	24,070,573
Cash and cash equivalents at end of period	13,841,600	76,124,251
Supplemental non-cash financial information		
Non-cash investing activity -		
Transfer of capital spares from inventories to property, plant and equipment	491,979	1,856,670

The accompanying notes from 1 to 6 form an integral part of these interim consolidated financial statements.

1 General information

Saudi Paper Manufacturing Company (the "Company" or "SPM") and its subsidiaries (collectively the "Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries. The Group is principally engaged in manufacturing of tissue paper rolls, converting tissue paper rolls into facial, kitchen and toilet tissue papers and collecting, sorting, transporting and pressing waste papers.

The Company is a joint stock company, registered in the Kingdom of Saudi Arabia and operating under commercial registration No. 2050028141 issued in Dammam on 10 Muharram 1415 H (June 20, 1994). The registered address of the Company is P.O. Box 2598, Unit number 2, Dammam 34326-7169, the Kingdom of Saudi Arabia.

A fire incident occurred on March 26, 2016 at the plant site of one of the Group's subsidiaries in Riyadh which affected certain items of "Property, plant and equipment" and "Inventories". The subsidiary's management is currently in the process of assessing the estimated loss which is anticipated to be completed by the end of April 2016 and has also initiated the process of filing a claim with the insurance company. The Group's management believes that the losses due to this incident are adequately covered by the insurance policy and, accordingly, will not eventually result in a significant financial impact on the Group's financial position and operations. The "Property, plant and equipment" and "Inventories" as at March 31, 2016 do not include any adjustments due to this fire incident.

The accompanying interim consolidated financial statements were approved by the Company's Board of Directors on April 21, 2016.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

2.1 Basis of preparation

The accompanying interim consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in compliance with the Standard of Accounting for Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. Significant accounting policies adopted by the Group for preparing such interim consolidated financial statements are consistent with the accounting policies described in the 2015 annual audited consolidated financial statements of the Group.

The accompanying interim consolidated financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Group's management to present a fair statement of the financial position, results of operations and cash flows. The interim results of the operations for three-month period ended March 31, 2016 may not represent a proper indication for the annual results of operations. These interim consolidated financial statements and notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2015.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting standards requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of sales and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

2.3 Investments

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "Intangible assets" in the balance sheet. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any.

Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

(c) Other investments

Other investments are initially recognized at cost and subsequently measured at the fair value, where applicable.

(d) Available-for-sale investments

Available-for-sale investments principally consist of less than 20% equity investments in certain quoted / unquoted investments. These investments are included in non-current assets unless management intends to sell such investments within twelve months from the consolidated balance sheet date.

Available-for-sale investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date as follows:

(i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments;
(ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows; and
(iii) Fair value of unquoted securities for which there are no other indices through which the market value could be reliably determined, cost is considered the most appropriate subjective and reliable alternative for the fair value determination of such investments.

Cumulative adjustments arising from revaluation of these investments are reported as separate component of equity as fair value reserve until the investment is disposed. Losses of fair value reserve resulted from re-measured of available-for-sale investments are recognized in the consolidated income statement when management considered such losses as a permanent decline.

2.4 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

(i) Engaged in revenue producing activities;
(ii) Results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
(iii) Financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.5 Foreign currencies

(a) Reporting currency

These interim consolidated financial statements are presented in Saudi Riyals which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the income statement.

(c) Group companies

Cumulative adjustments resulting from the translations of the financial statements of the foreign subsidiaries into Saudi Riyals are reported as a separate component of shareholders' equity.

Dividends received from subsidiaries are translated at the exchange rate in effect at the transaction date.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

2.7 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the income statement and reported under "Selling and marketing expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited to "Selling and marketing expenses" in the income statement.

2.8 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses

2.9 Insurance recoveries

Insurance recoveries are recognized as an asset when it is virtually certain that an inflow of economic benefits will arise to the Group with the corresponding impact to the income statement of the period in which the recoveries become virtually certain.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except construction in progress which is stated at cost. Land is not depreciated. Depreciation is charged to the income statement, using the straight-line method, to allocate the cost of the related assets to their estimated useful lives.

	Number of years
• Buildings and land improvements	20 - 33
• Plant, machinery and equipment	10 - 25
• Furniture, fixtures and office equipment	5 - 15
• Vehicles	4 - 5

Land improvements are depreciated over shorter of useful life or lease term.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.11 Intangible asset

Costs that are not of benefit beyond the current period are charged to the income statement, while costs that will benefit future periods are capitalized. Intangible assets in the balance sheet, include certain indirect construction costs, computer software and pre-operating expenses which are amortized over periods which do not exceed seven years.

2.12 Impairment

(a) Tangibles and intangible assets

At each fiscal year end, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amounts are determined on the basis of value-in-use calculations. 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 in the income statement.

(b) Financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the income statement. Impairment is determined as follows:

(i) For assets carried at fair value, impairment is the difference between the carrying amount and fair value, less any impairment loss previously recognized in the income statement; and

(ii) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

(iii) For impairment of available for sale investments, the unrealized gain or loss previously reported in shareholders' equity is included in the income statement.

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 the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated income statement. Impairment losses recognized on equity investments classified as available for sale and goodwill are not reversible.

2.13 Borrowings

Borrowings are recognized at the proceeds received net of transaction cost incurred and are subsequently carried at amortized cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period using effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets until such time as the assets are ready for their intended use. Other borrowing costs are charged to the income statement.

2.14 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

2.15 Zakat and tax

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT").

Provision for zakat for the Company and zakat related to the Saudi Arabian subsidiaries is charged to the income statement. Additional amounts payable, if any, at the finalization of assessments are accounted for when such amounts are determined.

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties, as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income tax in their respective countries of domicile which are charged to the income statement.

Deferred income tax are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2.16 Employee termination benefits

Employee termination benefits required by the Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the income statement.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile.

2.17 Sales

Sales are recognized upon delivery of products. Sales are shown net of discounts and rebates and after eliminating sales within the Group.

2.18 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting standards. Allocations between selling, marketing and general and administrative expenses and production costs, when required, are made on a consistent basis.

2.19 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Company.

2.20 Operating leases

Rental expense under operating leases is charged to the income statement over the period of the respective lease.

2.21 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of their net income to a statutory reserve until such reserve equals 50% of share capital. Such transfer is made at the end of the fiscal year. The statutory reserve in the accompanying interim consolidated financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

2.22 Earnings (loss) per share

Earnings (loss) per share for the three-month period ended March 31, 2016 and 2015 has been computed by dividing the operating income and net (loss) income for the periods by weighted average number of 45,000,000 shares outstanding during such periods.

3 Prepayments and other receivable

Prepayments and other receivable at March 31, 2016 include:

- Receivable from a third party against sale of five land parcels in 2012. During December 2014, the Company repurchased a portion of a land parcel in Jeddah for an amount of Saudi Riyals 66.7 million. Under the terms of the purchase agreement with the third party, the purchase price was adjusted against the balance receivable and the remaining amount was rescheduled for repayments in two installments due in 2015 which were not settled in 2015. The Group holds the title deeds of three land parcels, sold in 2012, effectively in its name as collateral. Based on a recent valuation report, the value of these land parcels is higher than the amount receivable and accordingly, management believes that no provision is required as at March 31, 2016. Management also believes that these balances will be collected in 2016.

- A balance amounting to Saudi Riyals 8.9 million receivable from a third party is secured against promissory notes. The Group management, based on advice from its legal counsel, believes that the balance is recoverable. Accordingly, no provision against such amount has been made in the accompanying interim consolidated financial statements for the period ended March 31, 2016.

4 Borrowings

Long-term borrowings at March 31, 2016 include short-term loans amounting to Saudi Riyals 149.5 million (2015: Saudi Riyals 182.0 million) which were classified as long-term by the Group based on the options available to the Group to roll over or refinance such loans for further twelve month period and, accordingly, has classified them as long-term in the accompanying interim consolidated balance sheet as at March 31, 2016.

The covenants of some of the short-term and long-term borrowing facilities require the Group to maintain certain level of financial conditions, require lenders' prior approval for dividends distribution above a certain amount and certain other requirements.

(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information

The Group operates principally in the following business segments:

(i) Manufacturing; and

(ii) Trading, transporting and other.

Selected financial information as of March 31, 2016 and 2015 and for the three-month periods then ended, summarized by the above business segments, was as follows:

	Manufacturing	Trading, transporting and other	Total
2016			
Sales	**130,831,540**	**9,253,749**	**140,085,289**
Net loss	**(5,144,258)**	**(1,030,944)**	**(6,175,202)**
Total assets	**1,514,442,302**	**141,005,200**	**1,655,447,502**

	Manufacturing	Trading, transporting and other	Total
2015			
Sales	165,506,964	19,971,509	185,478,473
Net income (loss)	10,960,373	(6,099,850)	4,860,523
Total assets	1,622,596,275	171,402,033	1,793,998,308

The Group's operations are conducted in Saudi Arabia, other Gulf Cooperation Council (GCC) countries and certain other countries. Selected financial information as of March 31, 2016 and 2015 and for the three-month periods then ended, summarized by the above geographical business segments, was as follows:

	Saudi Arabia	GCC countries	Other countries	Total
2016				
Sales	**123,028,045**	**11,060,578**	**5,996,666**	**140,085,289**
Non-current assets:				
Property, plant and equipment	**881,745,994**	**18,478,233**	**76,010,066**	**976,234,293**
Other non-current assets	**26,809,773**	**13,517,174**	**87,750**	**40,414,697**
2015				
Sales	169,986,848	12,105,517	3,386,108	185,478,473
Non-current assets:				
Property, plant and equipment	920,817,061	18,142,754	81,906,923	1,020,866,738
Other non-current assets	29,882,572	5,164,136	813,895	35,860,603

6 Contingencies and commitments

(i) The Group was contingently liable for bank guarantees issued in the normal course of the business amounting to Saudi Riyals 6.2 million at March 31, 2016 (2015: Saudi Riyals 9.3 million).

(ii) The capital expenditure contracted by the Group but not yet incurred till March 31, 2016 was approximately Saudi Riyals 6.7 million (2015: Saudi Riyals 7.5 million).