

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2013**

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2013

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AUDITORS' REPORT

To the stockholders
Takween Advanced Industries
Al-Khobar, 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, 2013, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended and notes 1 to 24 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 statements 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, 2013, 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.


Nasser M. Al-Sagga
License No. 322
12 Rabi' II, 1435H
February 12, 2014



TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2013

	Note	2013 SR 000	2012 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	66,963	46,084
Investments held for trading		4,812	-
Accounts receivable	4	199,536	176,227
Inventories	5	188,079	192,192
Prepaid expenses and other debit balances		40,251	28,212
Total current assets		499,641	442,715
Non-current assets			
Property, plant and equipment	6	560,014	411,851
Intangible assets	7	12,851	10,141
Total non-current assets		572,865	421,992
TOTAL ASSETS		1,072,506	864,707
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short term borrowings	8	469,845	192,362
Accounts payable and other liabilities	10	43,546	122,884
Current portion of medium and long term loans	9	10,725	55,983
Total current liabilities		524,116	371,229
Non-current liabilities			
Medium and long term loans	9	88,745	64,470
End-of-service indemnities	11	7,486	6,236
Total non-current liabilities		96,231	70,706
Stockholders' equity			
Share capital	1	350,000	300,000
Statutory reserve	12	23,887	19,448
Retained earnings		78,272	103,324
Total stockholders' equity		452,159	422,772
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,072,506	864,707



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, 2013

	Note	2013 SR 000	2012 SR 000
Sales	13	731,022	669,656
Cost of sales		(635,711)	(546,999)
Gross profit		95,311	122,657
Research and development expenses		570	486
Selling and distribution expenses	13,14	20,038	15,894
General and administrative expenses	13,15	28,066	21,515
Operating income		46,637	84,762
Finance charges	8,9	(12,945)	(8,689)
Other income, net	16	13,655	1,265
Net income before zakat		47,347	77,338
Zakat	17	2,960	2,021
NET INCOME		44,387	75,317
EARNINGS PER SHARE	19		
Earnings per share from net income (SR)		1.27	2.15
Earnings per share from continuing main operations (SR)		0.88	2.11
Earnings per share from other operations (SR)		0.39	0.04
Weighted average number of shares		35,000,000	35,000,000



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TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2013

	Note	Share capital SR 000	Statutory reserve SR 000	Retained earnings SR 000	Total SR 000
January 1, 2012		300,000	11,916	77,439	389,355
Net income for year		-	-	75,317	75,317
Transfer to statutory reserve	12	-	7,532	(7,532)	-
Directors' remuneration		-	-	(1,400)	(1,400)
Dividends	20	-	-	(40,500)	(40,500)
December 31, 2012		300,000	19,448	103,324	422,772
Net income for year		-	-	44,387	44,387
Transfer to statutory reserve	12	-	4,439	(4,439)	-
Increase in share capital	1	50,000	-	(50,000)	-
Dividends	20	-	-	(15,000)	(15,000)
December 31, 2013		350,000	23,887	78,272	452,159



TAKWEEN ADVANCED INDUSTRIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	2013 SR 000	2012 SR 000
OPERATING ACTIVITIES		
Net income before zakat	47,347	77,338
Adjustments for:		
Depreciation	45,227	43,172
Amortization of intangible assets	1,622	2,273
Finance charges (net of amortization)	11,323	6,416
End-of-service indemnities	2,137	1,753
Gain on disposals of property, plant and equipment	(57)	(76)
Gain on sale of investments held for trading	(18,953)	-
Changes in operating assets and liabilities:		
Accounts receivable	(23,309)	963
Inventories	4,113	(26,544)
Prepaid expenses and other debit balances	(12,039)	(1,662)
Accounts payable and other liabilities	(79,392)	2,369
Cash (used in) from operations	(21,981)	106,002
Finance charges paid	(10,665)	(5,992)
End-of-service indemnities paid	(887)	(1,303)
Zakat paid	(2,715)	(3,529)
Net cash (used in) from operating activities	(36,248)	95,178
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(193,391)	(63,447)
Proceeds from disposal of property, plant and equipment	58	377
Additions to intangible assets	(4,332)	(7,746)
Net movement in investments held for trading	14,141	-
Net cash used in investing activities	(183,524)	(70,816)
FINANCING ACTIVITIES		
Change in short term borrowings	277,483	49,574
Change in medium and long term loans	(20,983)	(28,091)
Directors' remunerations	(849)	(551)
Dividends paid (note 20)	(15,000)	(40,500)
Net cash from (used in) financing activities	240,651	(19,568)
Net change in cash and cash equivalents	20,879	4,794
Cash and cash equivalents, January 1	46,084	41,290
CASH AND CASH EQUIVALENTS, DECEMBER 31	66,963	46,084
Non - cash transactions:		
Increase in share capital by transferring from retained earnings (note 1)	50,000	-
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, 2013

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 the 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 Board of Directors in their meeting held on February 17, 2013 proposed to increase the share capital of the Company from SR 300 million to SR 350 million by capitalizing part of the retained earnings by distributing one bonus share for every six existing shares held at the closing of trading on the day of the Extra Ordinary General Assembly Meeting. On April 8, 2013, the bonus shares have been approved by the shareholders at their Extra Ordinary General Assembly Meeting and the legal formalities to obtain the revised commercial registration have been completed.

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

	Effective ownership	
	2013	2012
• 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 (Polyethylene Terephthalate) 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, modified to include the measurement at fair value of held for trading investments.

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 group companies have been eliminated in preparing the consolidated financial statements.

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia 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 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.

Research and development expenses

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

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.

Investments in financial instruments

Investments in financial instruments are classified according to the Company's intent with respect to those investments. The Company classified its investment as held for trading, as it has been acquired principally for the purpose of selling it in the near term. Held for trading securities are stated at fair value, realized and unrealized gains and losses thereon are included in the consolidated statement of income.

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.

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:

	Rate %
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.

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

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.

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 and system development costs.

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

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

Dividends

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

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, are provided in the consolidated financial statements based on the employees' length of service.

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

Zakat

The Group is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat for the Company and its subsidiaries is filed with the Department of Zakat and Income Tax ("DZIT") on a consolidated basis by the Company, Takween Advanced Industries. Zakat is provided on an accruals basis for the Group. 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 its subsidiaries.

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.

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.

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, 2013 and 2012, cash and cash equivalents consist entirely of cash and bank balances.

4. ACCOUNTS RECEIVABLE

	2013 SR 000	2012 SR 000
Trade receivables – others	171,759	159,887
– related parties (note 13)	27,588	16,264
Due from related parties (note 13)	189	76
	199,536	176,227

5. INVENTORIES

	2013 SR 000	2012 SR 000
Finished goods	42,437	55,599
Raw, work-in-process and packing materials	105,997	104,603
Spare parts not held for sale	32,505	31,042
Goods-in-transit	7,140	948
	188,079	192,192

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

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, 2013	72,470	593,013	3,876	7,017	84,345	760,721
Additions	163	2,721	143	348	190,016	193,391
Disposals	-	-	(227)	-	-	(227)
Transfer	-	19,055	-	284	(19,339)	-
December 31, 2013	72,633	614,789	3,792	7,649	255,022	953,885
Depreciation						
January 1, 2013	18,373	321,262	3,134	6,101	-	348,870
Charge for year	1,771	42,750	305	401	-	45,227
Disposals	-	-	(226)	-	-	(226)
December 31, 2013	20,144	364,012	3,213	6,502	-	393,871
Net book value						
December 31, 2013	52,489	250,777	579	1,147	255,022	560,014
December 31, 2012	54,097	271,751	742	916	84,345	411,851

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

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 Ultra Pak anticipates extending the lease upon its expiry.

Capital work-in-progress at December 31, 2013 is principally related to various additions to the production facilities and other improvements, which were under progress at the year-end. The new production facilities are expected to commence its commercial production from the first quarter of 2014. Interest capitalized as part of capital work-in-progress at December 31, 2013 amounted to SR 2.4 million (2012 – SR 0.8 million).

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

7. INTANGIBLE ASSETS

	2013	2012
	SR 000	SR 000
Cost		
January 1	24,213	18,421
Addition during the year	4,332	7,746
Adjustment	-	(1,954)
December 31	28,545	24,213
Amortization		
January 1	14,072	13,753
Charge for year	1,622	2,273
Adjustment	-	(1,954)
December 31	15,694	14,072
Net book value		
December 31	12,851	10,141

8. BANK FACILITIES

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

9. MEDIUM AND LONG TERM LOANS

	2013	2012
	SR 000	SR 000
Commercial loans	70,000	66,333
SIDF loans	29,470	54,120
	99,470	120,453
Less: current portion	(10,725)	(55,983)
	88,745	64,470

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 70.0 million (2012 - SR 66.3 million) is outstanding at the year-end. The loans are secured principally by demand order note, promissory notes and corporate guarantees and bear financial charges at the prevailing market rates.

Subsequently in 2014, SAAF received a new SIDF loan of SR 56.4 million and used SR 56 million of the SIDF loan to partially settle this medium term commercial loan.

SIDF loans - The Group entered into various loan agreements with SIDF to finance the construction of the plant facilities of the Group, out of which SR 29.47 million (2012 - SR 54.1 million) was outstanding at the year end. The loans bear no periodic financing charges. The loans are secured by 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 11.7 million are deferred and are being amortized over the term of the loans.

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

SIDF approved a new loan of SR 125.7 million to finance the construction of SAAF's new production facilities. Repayment of the loan is in 14 unequal semi-annual installments commencing from 15 Shawwal 1436H (corresponding to July 31, 2015). Subsequent to year end, an amount of SR 56.4 million out of total facility of SR 125.7 million was drawn down by SAAF. The loan is secured against the mortgage of the property, plant and equipment of SAAF, the Company and its affiliates and a corporate guarantee from the Company. SR 56 million from the amount drawn down from the SIDF loan has been used to partially settle the medium term commercial loan.

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, 2013 are as follows:

	SR 000
2014	10,725
2015	10,925
2016	26,000
2017	14,600
2018	27,800
After 2018	9,420
	99,470

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2013	2012
	SR 000	SR 000
Accounts payable – trade	23,980	106,812
Due to related parties (note 13)	130	604
Accrued expenses and other liabilities	15,545	11,822
Zakat payable (note 17)	3,891	3,646
	43,546	122,884

11. END-OF-SERVICE INDEMNITIES

	2013	2012
	SR 000	SR 000
January 1	6,236	5,786
Additional provision in year	2,137	1,753
Utilization of provision	(887)	(1,303)
December 31	7,486	6,236

12. STATUTORY RESERVE

In accordance with the 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.

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

13. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group transacts with related parties. Prices and terms of payment are approved by management of each affiliated entity. During the year, the Group transacted with the following related parties:

<u>Name</u>	<u>Relationship</u>
Al Othman Group of companies	Affiliates
Senior executive	Shareholder

The significant transactions and the related amounts are as follows:

	<u>2013</u>	<u>2012</u>
	<u>SR 000</u>	<u>SR 000</u>
Sales made to affiliates	(66,337)	(58,048)
Cost and expenses charged by affiliates	7,053	6,877
Cost and expenses charged to affiliates	(245)	(685)
Other services received	3,700	2,554
Remuneration to a director	1,900	1,297

All significant related party transactions between the group entities have been eliminated in the consolidated financial statements.

Amounts due from and due to related parties at December 31, 2013 and 2012 are disclosed in notes 4 and 10 respectively and principally include balances related to the above mentioned transactions.

14. SELLING AND DISTRIBUTION EXPENSES

	<u>2013</u>	<u>2012</u>
	<u>SR 000</u>	<u>SR 000</u>
Employee related costs	4,227	3,690
Transportation	12,289	10,341
Bad and doubtful debts	1,950	698
Others	1,572	1,165
	<u>20,038</u>	<u>15,894</u>

15. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2013</u>	<u>2012</u>
	<u>SR 000</u>	<u>SR 000</u>
Employee related costs	17,969	14,550
Professional and other services	1,184	618
Communication and other office expenses	5,471	3,456
Depreciation	274	283
Travel and entertainment	733	620
Facility costs	1,169	715
Others, net	1,266	1,273
	<u>28,066</u>	<u>21,515</u>

16. OTHER INCOME, NET

Other income, net of other expenses, mainly includes gain on sale of investments held for trading amounting to SR 18.95 million.

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

17. ZAKAT

The principal elements of the zakat base are as follows:

	2013 SR 000	2012 SR 000
Non-current assets	572,865	421,992
Non-current liabilities	96,231	70,706
Spare parts	32,505	31,042
Opening shareholders' equity	422,772	389,355
Net income before Zakat	47,347	77,338
Dividends paid	15,000	40,500

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in zakat provision is as follows:

	2013 SR 000	2012 SR 000
January 1	3,646	5,154
Provision for year	2,960	2,397
Over provision for previous year	-	(376)
Payments during year	(2,715)	(3,529)
December 31	3,891	3,646

The charge for the year is as follows:

	2013 SR 000	2012 SR 000
Charge for current year	2,960	2,397
Over provision for previous year	-	(376)
Charge in the consolidated statement of income	2,960	2,021

Outstanding assessments

Zakat returns for the Group companies have been filed independently and paid for all years through 2011 and the zakat certificates have been received. Zakat for the Company and its subsidiaries has been filed on a consolidated basis by the Group for 2012 and zakat certificate has 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 amounted to SR 6.8 million (2012: SR 5.7 million). The management is confident of favorable outcome, hence no additional provision has been made.

18. OPERATING LEASE ARRANGEMENTS

	2013 SR 000	2012 SR 000
Payments under operating leases recognized as an expense during year	2,995	2,730

Operating lease payments represent rentals payable by the Company for certain employees' housing, office space, warehouses and factory land. Leases are negotiated for an average term of one year. There were no significant future rental commitments outstanding at December 31, 2013.

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

19. 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 35 million shares of SR 10 each (2012: the number of shares have been adjusted to 35 million of SR 10 each to accommodate increase in share capital (note 1)).

Earnings 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.

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

20. DIVIDENDS

In 2013, the Company proposed and distributed dividends of SR 15 million (2012 - SR 40.5 million).

21. 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, plant 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
2013				
Revenues	280,897	266,647	183,478	731,022
Operating income	939	30,226	15,472	46,637
As of December 31, 2013				
Property, plant and equipment	100,296	429,882	29,836	560,014
Total assets	361,962	594,162	116,382	1,072,506
Total liabilities	234,817	340,424	45,106	620,347
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, plant 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

Geographical segments:

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

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22. CONTINGENCIES AND COMMITMENTS

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

	2013	2012
	SR 000	SR 000
Letters of credit	5,273	21,096
Letters of guarantee	33,005	30,456
Capital commitments	25,680	142,900

23. FAIR VALUES

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

24. COMPARATIVE FIGURES

Certain figures for 2012 have been reclassified to conform to the presentation in current year.