TAKWEEN ADVANCED INDUSTRIES AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE MONTHS AND TWELVE MONTHS PERIOD ENDED DECEMBER 31, 2016

TAKWEEN ADVANCED INDUSTRIES AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND AUDITORS' REPORT (LIMITED REVIEW)
FOR THE THREE MONTHS AND TWELVE MONTHS PERIOD ENDED DECEMBER 31, 2016

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PKF
Audit – Consultants – Zakat & Tax

Al-Bassam & Al-Nemer
Allied Accountants
(Member firm of PKF International)

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

To the shareholders
Takween Advanced Industries
Saudi Joint Stock Company
Al-Khobar, Saudi Arabia

Scope of Review

We have reviewed the consolidated interim balance sheet of Takween Advanced Industries ("the Company"), a Saudi Joint Stock Company, and its subsidiaries (collectively referred to as the "Group") as of December 31, 2016, and the related consolidated interim statements of income for the three and twelve months period then ended and cash flows for the twelve months period then ended, and notes 1 to 12 which form an integral part of these consolidated interim condensed financial statements as prepared by the Company and presented to us with all the necessary information and explanations. These consolidated interim condensed financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the Auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review Results

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying consolidated interim condensed financial statements for them to be in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia.

PKF Al-Bassam & Al-Nemer
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TAKWEEN ADVANCED INDUSTRIES AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM BALANCE SHEET
AS OF DECEMBER 31, 2016

	Note	2016 SR 000 (Un-audited)	2015 SR 000 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		41,664	106,794
Accounts receivable, net		362,128	412,732
Inventories, net		314,247	456,705
Prepaid expenses and other current assets		117,483	114,891
Total current assets		835,522	1,091,122
Non-current assets			
Property, plant and equipment	8,9	1,195,873	1,212,975
Intangible assets	3	337,116	347,751
Total non-current assets		1,532,989	1,560,726
TOTAL ASSETS		2,368,511	2,651,848
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short term borrowings	4	610,435	811,686
Current portion of medium and long term loans	4	83,502	217,617
Accounts payable and other liabilities		227,390	344,607
Total current liabilities		921,327	1,373,910
Non-current liabilities			
Medium and long term loans	4	424,760	781,992
End-of-service indemnities		36,867	40,925
Total non-current liabilities		461,627	822,917
Stockholders' equity			
Share capital	1	950,000	350,000
Statutory reserve	1	14,037	29,419
Retained earnings		49,055	82,041
Foreign currency translation		(27,535)	(6,439)
Total stockholders' equity		985,557	455,021
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		2,368,511	2,651,848

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

TAKWEEN ADVANCED INDUSTRIES AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE THREE MONTHS AND TWELVE MONTHS PERIOD ENDED DECEMBER 31, 2016

		From October 1 to December 31		From January 1 to December 31	
	Note	2016 SR 000 (Un-audited)	2015 SR 000 (Un-audited)	2016 SR 000 (Un-audited)	2015 SR 000 (Audited)
Sales	6	288,813	362,645	1,424,335	1,718,467
Cost of sales		(243,069)	(345,482)	(1,195,049)	(1,538,853)
Gross profit		45,744	17,163	229,286	179,614
Research and development expenses		(260)	(357)	(1,113)	(2,116)
Selling and distribution expenses		(13,554)	(16,901)	(52,316)	(72,220)
General and administrative expenses		(39,009)	(21,296)	(102,416)	(91,585)
Operating (loss) income	6	(7,079)	(21,391)	73,441	13,693
Finance charges		(19,718)	(13,107)	(67,129)	(49,237)
Other (expenses) income, net	9	(37,940)	(1,704)	(42,874)	12,309
Net loss before zakat and income tax		(64,737)	(36,202)	(36,562)	(23,235)
Zakat and income tax		6,565	(1,532)	3,577	(3,887)
NET LOSS		(58,172)	(37,734)	(32,985)	(27,122)
Earnings per share	5				
Loss per share from net loss (SR)		(1.19)	(0.99)	(0.67)	(0.71)
(Loss) earnings per share from continuing main operations (SR)		(0.42)	(0.94)	0.20	(1.03)
(Loss) earnings per share from other operations (SR)		(0.77)	(0.05)	(0.87)	0.32
Weighted average number of shares		49,052,740	38,150,000	49,052,740	38,150,000

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

TAKWEEN ADVANCED INDUSTRIES AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS AND TWELVE MONTHS PERIOD ENDED DECEMBER 31, 2016

	December 31, 2016 SR 000 (Un-audited)	December 31, 2015 SR 000 (Audited)
OPERATING ACTIVITIES		
Net loss before zakat and income tax	(36,563)	(23,235)
Adjustments for:		
Depreciation	116,299	138,103
Amortization of intangible assets	3,344	9,169
Gain on disposal of property, plant and equipment	-	(53)
Gain on sale of investments held for trading	-	(14,165)
End-of-service indemnities	9,191	12,533
Finance charges	67,129	49,237
Write off of intangible assets	9,997	-
Changes in operating assets and liabilities:		
Accounts receivable	50,604	61,447
Inventories	114,023	76,273
Prepaid expenses and other current assets	(2,592)	1,622
Accounts payable and other liabilities	(111,872)	(2,244)
Cash from operations	219,560	308,687
Finance charges paid	(67,129)	(49,237)
End-of-service indemnities paid	(13,249)	(10,241)
Zakat and income tax paid	(1,768)	-
Net cash from operating activities	137,414	249,209
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(89,254)	(132,387)
Proceeds from disposal of property, plant and equipment	-	324
Proceeds from disposal of investments held for trading	-	70,456
Acquisition of subsidiaries, net (note 3)	-	(910,000)
Additions to intangible assets	(2,706)	(45,782)
Net cash used in investing activities	(91,960)	(1,017,389)
FINANCING ACTIVITIES		
Right share issued	600,000	-
Change in short term borrowings	(201,251)	(109,931)
Change in medium and long term loans	(491,347)	908,268
Right issue transaction cost	(15,382)	-
Net cash (used in) from financing activities	(107,980)	798,337
Net change in cash and cash equivalents	(62,526)	30,157
Cash and cash equivalents, January 1	106,794	31,037
Cash and cash equivalents on acquisition (note 3)	-	45,600
Foreign currency translation reserve	(2,604)	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	41,664	106,794
Non–cash transactions:		
Transfer of inventories to property, plant and equipment	28,435	-

١. 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 350 million divided in to 35 million shares of SR 10 each.

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

	Effective ownership	
	December 2016	December 2015
• Advanced Fabrics Factory Company ("SAAF")	**100%**	**100%**
• Ultra Pak Manufacturing Company ("Ultra Pak")	**100%**	**100%**
• Saudi Plastic Packaging Systems (formerly Savola Packaging System Company Limited) ("Saudi Packaging")	**100%**	**100%**
• Al-Sharq Company for Plastic Industries Limited ("Al-Sharq")	**100%**	**100%**
• New Marina for Plastic Industries Company (S.A.E.) ("New Marina")	**100%**	**100%**

All of the above subsidiaries operate in Kingdom of Saudi Arabia with the exception of New Marina, which is registered in Alexandria, Arab Republic of Egypt. The principal activities of the Group companies, each of which operates under individual commercial registration, are:

- Production of polystyrene cups, lids and other plastic related products;
- Production of non-woven fabrics;
- Production of PET (Polyethylene Terephthalate) pre-forms;
- Manufacturing of, and wholesale trading in plastic containers and films; and
- Manufacturing of, and wholesale and retail trading in plastic containers and polyethylene cups, rolls and bags.

The Board of Directors in their meeting held on December 17, 2015 proposed to increase the share capital by SR 600 million by issuance of right shares to its existing shareholders. In the Extraordinary General Assembly held on September 21, 2016, it was decided to issue the shares at par value i.e. SR 10. Right issue first subscription period commenced from September 27, 2016 with second subscription concluded on October 11, 2016. The rights issue was limited to the shareholders who were registered in the shareholders register at the close of trading on the extraordinary general assembly day. The remaining shares were subscribed through the Rump Offering as described in the prospectus. Right issue was subscribed in full and shares were issued to the shareholders effective October 23, 2016. As a result of the right issue during the year ended December 31, 2016, the share capital of the Company was increased to SR 950 million comprising of 95 million shares of SR 10 each. All the legal formalities for increase in share capital were completed during the current quarter. The right issue transaction cost amounting to SR 15.38 million was treated as an equity component and adjusted against the statutory reserve. On December 25, 2016, another extraordinary meeting was held whereby the bylaws of the Company were amended to reflect the increase in the share capital in addition to the amendment of the activities of the Company and other related matters.

٢. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim condensed 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 attached consolidated interim condensed 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. The current period results may not be an accurate reflection of the results for future periods due to any potential impact of the current local and global market and economic conditions.

The following is a summary of significant accounting policies applied by the Group:

2.1 Accounting convention

These consolidated interim condensed financial statements are prepared under the historical cost convention, using the accrual basis of accounting.

2.2 Principles of consolidation and business combination

These consolidated interim condensed financial statements incorporate the financial statements of the Company and subsidiaries (mentioned in note 1 above) controlled by the Company up to December 31, 2016. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The non-controlling interests, if any, is stated at the non-controlling interests' proportion of the fair value of the assets and liabilities recognized.

Income and expenses of subsidiaries acquired or disposed-off during the period are included in the consolidated interim 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, if any, 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 interim condensed financial statements.

2.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of non-controlling interests in the acquire, if any. For each business combination, the acquirer measures the non-controlling interests in the acquire either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill represents the excess cost of investments over the fair value of the net assets acquired in a business combination. Goodwill is tested annually for impairment and is carried at cost net of accumulated impairment losses. Impairment losses on goodwill are not reversed once recorded. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

Negative goodwill represents the excess of the fair value of the net assets acquired and the cost of investments in a business combination. Negative goodwill is recognized in the consolidated interim statement of income.

2.4 Use of estimates

The preparation of consolidated interim 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. These estimates are reviewed on continued basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

2.5 Revenue recognition

Revenue is recognized to the extent of the following recognition requirements:

- it is probable that the economic benefits will flow to the Group;
- it can be reliably measured, regardless of when the payment is being made; and
- The cost incurred to date and expected future costs are identifiable and can be measured reliably.

Revenue is measured at the fair value of the consideration received or the contractually defined terms of payment. The specific recognition criteria described below must also be met before the revenue is recognized.

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates. Other income is recognized when earned.

2.6 Research and development expenses

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

2.7 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.

2.8 Cash and cash equivalents

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

2.9 Accounts receivable

Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Group will not be able to collect any of the amounts due according to the original terms of the invoice. Such provision is charged to the consolidated interim statement of income.

2.10 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.

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

2.11 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, leasehold and other improvements	2 – 5
Plant, machinery and equipment	3 - 33.33
Vehicles	20 - 25
Furniture, fixtures and office equipment	6.25 - 33.3

Depreciation for machinery owned by SAAF was previously determined based on total annual output in proportion to total production capacity. During the period, the Group changed its method of depreciation to straight line method with effect from January 1, 2016. The change was accounted as a change in accounting estimate and the carrying amount of assets will be depreciated over the remaining useful life of the asset. The Group has considered the useful life of the plant to be 20 years.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising in the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated interim statement of income.

The Group has revised the estimated useful life of its property, plant and equipment across all categories based on report of the technical expert to better reflect the useful life of its assets. Effect of revisions in accounting estimates are recognized in the period in which the estimates are revised and in future periods affected (note 10).

Further during the period, the Group has change the classification of its strategic spares which were previously classified under non-resalable inventory to property, plant and equipment and will be depreciated effective January 1, 2016 (note 8).

2.12 Borrowing costs

Borrowing costs directly attributable to the project under construction are added to the cost of the project until such time as the asset is ready for its intended use. Investment income earned on temporary investment of specific borrowings pending their expenditure on the project under construction is deducted from the borrowing costs eligible for capitalization. All other interest costs are charged to statement of income.

2.13 Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in consolidated interim income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non- financial assets
The carrying amounts of non-financial assets of the Group, except inventories, are reviewed at the date of the consolidated interim condensed financial statements to ascertain whether there is an event or changes in circumstances indicating that the carrying amount of an asset exceeds its recoverable amount. When such an indicator exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. The impairment calculated as the difference between the carrying amounts and estimated recoverable amount, discounted using an appropriate rate.

A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in respect of cash generating units are allocated first to reduce the carrying amounts of the asset affected or the cash generating units a pro rata basis of its assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.14 Intangible assets
Intangible assets anticipated to provide identifiable future benefits are classified as non-current assets. Intangible assets comprise goodwill, software and system development costs and right of use of leased land. Enterprise resource planning (ERP) system development costs represent costs incurred to implement new system and are amortized over 5-year period from the date it is fully implemented. The right of use of leased land is amortized over the lease period using the straight-line method. For goodwill, refer to business combination and goodwill policy above.

2.15 Dividends
Dividends are recognized as liability at the time of their approval in the Annual General Assembly meeting. Interim dividends are recorded as and when approved by the board of directors.

2.16 Foreign currency translation

These consolidated interim condensed financial statements are prepared in Saudi Riyals, which is the functional and reporting currency of the Group. 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 interim 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 interim statement of income.

The results and financial position of a foreign subsidiary having reporting currency other than Saudi Riyals are translated into 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 interim balance sheet;
(ii) Income and expenses for consolidated interim statement of income are translated at average exchange rates for the period; 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 share shareholders' equity.

2.17 End-of-**service indemnities**

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

2.18 Accounts payable and accruals

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

2.19 Zakat and income tax

The Saudi based subsidiaries of the Group are subject to the Regulations of the General Authority for Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat for the Company and its subsidiaries is filed with the GAZT on a consolidated basis by the Company. Zakat is provided for in the consolidated interim statement of income on an accruals basis for the Group. The Zakat charge is computed on the higher of Zakat base or adjusted net income. Any difference in the estimate is recorded in the consolidated interim statement of income when the final assessment is approved, at which time the provision is cleared. The Zakat charge in the consolidated interim condensed financial statements represents the Zakat for the Company and its subsidiaries. Foreign income tax is provided for in accordance with foreign fiscal regulations in which the Group's foreign subsidiary operates.

Deferred tax assets and liabilities are recognized for all temporary differences at current rates of taxation. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the near future to allow all or part of the deferred tax asset to be utilized.

2.20 Leasing

The Group accounts for tangible assets acquired under finance lease arrangements by recording the assets and the related liabilities. The amounts are determined on the basis of lower of fair market value of assets and present value of minimum lease payments. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are amortized over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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.

2.21 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in producing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

٣. **INTANGIBLE ASSETS**

	December 31 2016 SR '000	December 31 2015 SR '000
	(Un-audited)	(Audited)
Goodwill	**323,582**	323,582
Computer softwares, system development costs and right use of lease land	**13,534**	24,169
	337,116	347,751

The Company entered into an agreement with Savola Group on December 30, 2014, for the acquisition of Saudi Plastic Packaging Systems ("Saudi Packaging") (formerly Savola Packaging Systems Company Limited), a wholly owned subsidiary of Savola Group, along with two wholly owned subsidiaries of Saudi Packaging (Al-Sharq Company for Plastic Industries Limited ("Al-Sharq") and New Marina for Plastic Industries Company ("New Marina")) for a total purchase price of SR 910 million. As a result of this business acquisition and control acquired through sale agreement, the Company consolidated newly acquired subsidiaries with effect from January 1, 2015. In 2015, Council of Competition Protection approved the proposed acquisition of Saudi Packaging and consequently the consideration of SR 910 million was paid in full. A goodwill of SR 323.58 million was recognized on the acquisition that represented the excess consideration paid over the net book value of net assets acquired, after carrying out valuation of the assets and liabilities as per the requirements of SOCPA.

The fair value of the assets acquired and liabilities assumed under business combination, pursuant to final purchase price allocation are as follows:

	Fair value SR '000
ASSETS	
Cash and cash equivalents	45,600
Accounts receivable	264,115
Inventories	261,519
Prepaid expenses and other current assets	65,901
Fixed assets	616,317
Intangible assets	8,686
TOTAL ASSETS	1,262,138
LIABILITIES	
Short term borrowings	413,123
Accounts payable and other current liabilities	205,056
Current portion of medium and long term loans	26,958
Medium and long term loans	1,850
End-of-service benefits	28,733
TOTAL LIABILITIES	675,720
NET IDENTIFIABLE ASSETS	586,418
Acquisition consideration paid	910,000
Goodwill recognized from business acquisition	323,582

٤. BORROWINGS

Commercial loan – The Group entered into Murabaha Facilities Agreement of SAR 910 million with the Arab National Bank, on behalf of Murabaha Facilities Participants, for financing the acquisition of Saudi Plastic Packaging Systems (formerly Savola Packaging Systems Company Limited) along with its two subsidiaries i.e. Al-Sharq Company for Plastic Industries Limited and New Marina for Plastic Industries Company (S.A.E.). The facility is secured by irrevocable and unconditional assignment of all rights, titles and interests to the sale contract entered into with the Al Othman Agricultural Product and Production Company (NADA), a related party, revenue accounts of the Company and two of its subsidiaries i.e. Advanced Fabrics Factory Company and Ultra Pak Manufacturing Company and a corporate guarantee from Al-Othman Holding Company, an affiliate. The loan appraisal fee totaling SR 38.2 million is deferred and being amortized over the term of the loan. During the period, a repayment of SR 490 million was made in respect of this loan i.e. SR 90 million pertaining to scheduled loan installment and early repayment of SR 400 million. There was no change in the term of the loan, however repayment has been rescheduled accordingly. The Group is in breach of certain covenants of long term loan which is measured half yearly i.e. June and December every year. However, management has taken necessary remedial action including obtaining waiver from the lead bank as on December 31, 2015 and June 30, 2016 and the Group is in the process of obtaining waiver as on period end. Accordingly, this loan continues to be classified as non-current.

Saudi Industrial Development Fund ("SIDF") loans - The Group entered into various loan agreements with SIDF to finance the construction of the plant facilities of the Group. The loans bear no periodic financing charges. The loans are secured by mortgage on the property, plant and equipment of the Company and its two subsidiaries i.e. Ultra Pak Manufacturing Company and Advanced Fabrics Factory Company, two parcels of land owned by an affiliate and corporate guarantees from the Company. The loan appraisal fees are deferred and amortized over the term of the loans. During the period, a repayment of SR 7.5 million (2015: nil) was made in respect of these loans. The Group is non-compliant with certain covenants of these loans. Accordingly, an amount of SR 106 million had been reclassified as current portion as on December 31, 2015 and March 31, 2016. During the June 30, 2016 quarter ended, the Company has received the waiver against the application for waiver of non-compliance of financial covenants for the year ended December 31, 2015 made to SIDF and accordingly management has disclosed the loan as current portion and non-current portion based on terms of contract of loan / repayment schedule.

Short term borrowings
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 amounting to SR 1,186 million. Borrowings under the facilities bear financing charges at the prevailing market rates and are secured by demand order note, promissory notes and corporate guarantees.

٥. EARNINGS PER SHARE

Loss per share is computed by dividing net loss for the periods by the weighted average number of shares outstanding during three months and twelve months ended December 31, 2016 totaling 49.05 million shares (2015: 38.15 million shares).

The weighted average number of shares as at December 31, 2016 and 2015 has been determined as follows:

	December 31 2016	December 31 2015
	(Un-audited)	(Audited)
Weighted Number of outstanding shares before right issues	**38,150,000**	35,000,000
Add: Effects of right issue	**10,902,740**	3,150,000
Weighted average number of shares outstanding after right issue	**49,052,740**	38,150,000

Weighted average number of shares and earning per share for the period ended December 31, 2015 has been restated due to effect of the right issue during the period.

(Loss) earnings per share from the continuing main operations is computed by dividing the operating income less zakat and income tax and finance charges for the periods by the weighted average number of shares outstanding.

(Loss) earnings per share from other operations is computed by dividing the other income and gain on investments held for trading for the periods by the weighted average number of shares outstanding.

٦. 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. The Group's principal activities are related to the following main business segments:

- Polystyrene cups, lids and other plastic related products: These includes plastic packing and packaging products of polystyrene sheet rolls used in forming, immediate packing and packaging, in thermoformed and polystyrene cups and lids, high density bottles used in dairy, food and beverage industry; and

- Non-woven fabrics: These includes the composite fabrics, for use in health, industrial and medical sectors, alcohol resistant and anti-static electricity fabrics used for surgical drapes, medical and protective gowns-use and fabrics made for health usages, such as children and adult diapers and women's diapers.

The Group's revenue, operating income, net income, property, plant and equipment, total assets and total liabilities, by business segment, are as follows:

2016	Polystyrene cups, lids and other plastic related products SR 000	Non-woven fabrics SR 000	Total SR 000
For the period ended December 31, 2016	**(Un-audited)**	**(Un-audited)**	**(Un-audited)**
Revenues	1,184,145	240,190	1,424,335
Operating income (loss)	85,806	(12,365)	73,441
Net loss	(16,279)	(16,706)	(32,985)
As of December 31, 2016			
Property, plant and equipment	779,895	415,978	1,195,873
Total assets	1,766,178	602,332	2,368,511
Total liabilities	985,486	397,467	1,382,953
2015			
For the period ended December 31, 2015			
Revenues	1,392,604	325,863	1,718,467
Operating income (loss)	47,995	(34,302)	13,693
Net loss	(2,438)	(24,684)	(27,122)
As of December 31, 2015			
Property, plant and equipment	788,265	424,710	1,212,975
Total assets	1,979,464	672,384	2,651,848
Total liabilities	1,750,650	446,181	2,196,827

Geographical segments:
The Group's revenue, operating income, net income, property, plant and equipment, total assets and total liabilities, by geographical segment, are as follows:

2016	Kingdom of Saudi Arabia SR 000	Arab Republic of Egypt SR 000	Total SR 000
For the period ended December 31, 2016	**(Un-audited)**	**(Un-audited)**	**(Un-audited)**
Revenues	1,327,397	96,938	1,424,335
Operating income	61,299	12,142	73,441
Net loss	(4,709)	(28,275)	(32,985)
As of December 31, 2016			
Property, plant and equipment	1,164,751	31,122	1,195,873
Total assets	2,309,074	59,436	2,368,511
Total liabilities	1,344,583	38,370	1,382,953

2015	**Kingdom of Saudi Arabia SR 000**	**Arab Republic of Egypt SR 000**	**Total SR 000**
For the period ended December 31, 2015	**(Un-audited)**	**(Un-audited)**	**(Un-audited)**
Revenues	**1,616,873**	**101,594**	**1,718,467**
Operating income	**13,093**	**600**	13,693
Net loss	(22,354)	(4,768)	(27,122)
As of December 31, 2015			
Property, plant and equipment	**1,154,323**	**58,652**	**1,212,975**
Total assets	**2,537,150**	**114,698**	**2,651,848**
Total liabilities	2,144,230	**52,597**	**2,196,827**

The Company's foreign subsidiary is subject to restrictions on outward foreign currency remittance.

٧. CONTINGENCIES AND COMMITMENTS

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

	2016 **SR 000**	2015 SR 000
	(Un-audited)	(Audited)
Letters of credit	10,003	113,148
Letters of guarantee and others	10,913	46,483
Capital commitments against purchase of property, plant and equipment	31,324	22,372

٨. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group has change the classification of its strategic spares which were previously classified under non-resalable inventory to property, plant and equipment amounting to SR 28.4 million. This resulted in increase in depreciation charge of SR 5.5 million for the period.

٩. OTHER (EXPENSES) INCOME, NET

Other (expenses) income for the current period includes foreign exchange loss amounting to SR 46.52 million which is mainly on account of foreign exchange losses in New Marina, a subsidiary Company operating in Arab Republic of Egypt. The loss was a result to the devaluation in the Egyptian Pound.

١٠. CHANGE IN ACCOUNTING ESTIMATES

a) During the period, the Group has revised estimated useful life of its property, plant and equipment across all categories based on report of the technical expert to better reflect the useful life of its assets. Effect of revisions in accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. If the above estimated useful life would have not been made the depreciation for the period would have increased by SR 21.4 million.

b) Depreciation for machinery owned by SAAF was determined based on total annual output in proportion to total production capacity. During the period, the Group changed its method of depreciation to straight line method with effect from January 1, 2016. The change was accounted as a change in accounting estimate and the carrying amount of assets will be depreciated over the remaining useful life of the asset. The Group has considered the useful life of the plant to be 20 years.

١١. RESULTS OF INTERIM PERIOD

The results of the interim period are not audited and therefore it may not give accurate indication of the results of the full statutory financial year.

١٢. APPROVAL OF FINANCIAL STATEMENTS

These consolidated interim condensed financial statements were approved by the Board of Directors for issuance on January 18, 2017 corresponding to Rabi II 20, 1438H.