



*In the name of Allah
the compassionate
the most merciful*



His Majesty
Salman ibn 'Abd Al-'Aziz Al Sa'ud
The Custodian of the Two Holy Mosques



His Royal Highness
Prince Miqren bin Abdulaziz
The Crown Prince, Deputy Minister
and Minister of Defense



His Royal Highness
Prince Mohammed bin Nayef bin Abdulaziz
Advisor and Special Envoy of
The Custodian of the Two Holy Mosques





**His Royal Highness
Prince Saud bin Nayef bin Abdulaziz**
Governor of the Eastern Province of the Kingdom of
Saudi Arabia





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Corporate Vision

Takween Advanced Industries aims to become a major international producer of downstream polymer packaging products for the Fast Moving Consumer Goods (FMCG) and the consumer products' industries

Corporate Values

1. Integrity and Respect

Working with integrity and transparency and dealing with clients, partners, employees and management with utmost respect.

2. Quality and Excellence

Ensuring that production is in accordance with the highest quality standards and offering the best services to our customers in the Kingdom and overseas.

3. Teamwork

Hiring employees with high qualifications and securing a safe, sound, and collaborative working environment.

4. Efficiency and Effectiveness

Utilizing our resources in the most efficient and effective way, to avoid waste and achieve the best results possible.

5. Social Responsibility

Applying all the rules and regulations in accordance with social responsibility standards and supporting community causes and activities.

6. Environmental Responsibility:

Adhering to environmental standards in all our operations and activities.

Corporate Mission

Takween specializes in acquiring, developing, and utilizing the latest polymer technology to produce high-quality packaging products as well as nonwoven fabrics used in fast moving consumer goods and consumer products in the Middle East and worldwide- and is focused on becoming the chosen partner for the most renowned international brands



Mr. Abdulmohsen M. Al-Othman
Managing Director



Mr. Abdullah M. Al-Othman
Chairman



Mr. Khalid A. Al-Rajhi
Member



Mr. George Abraham
Member



Dr. Solaiman A. Al-Tawijri
Member



Mr. Abdulaziz S. Al-Rebdi
Member



Mr. Mousa A. Al-Mousa
Member



Chairman's Message 2014

With extreme pleasure, I would like to introduce to shareholders this 2014 Annual Report of Takween. It highlights achievements and success in plastic, polymers and nonwoven Industries which is value added to industrial sector in the Kingdom.

The Board of Directors do their best towards future prospects and have high ambition towards the growth of the company's investment and equity.

I would like to extend my thanks and appreciation to our government under the leadership of the Custodian of the Two Holy Mosques and the Crown Prince and the Second Deputy Premier for their continuous support to developmental and manufacturing projects. I would also like to extend my sincere thanks and gratitude to His Royal Highness Prince Saud bin Nayef bin Abdul Aziz Al Saud, Governor of the Eastern Province, may Allah Almighty bless them all for their efforts to support the company's projects as part of the support for economic development in this integral part of our country.

The Board is also pleased to extend its thanks to shareholders of the company for their continued confidence in Board of Directors and thanks all employees.



Mr. Abdullah M. Al-Othman
Chairman


Mr. Abdullah M. Al-Othman



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**Board of Directors Report
to Shareholders for the
Fiscal Year Ended on 31/12/2014G**

Board of Directors Report to Shareholders

We are pleased to present to you the annual report that shows the Company's business and statement of financial affairs for the financial year ended on 31/12/2014 and all factors affecting the Company's business, as stipulated in the applicable laws and disclosure requirements contained in Article 43 of the Listing Rules and Article 9 of the Corporate Governance Regulations.

Introduction

Takween Advanced Industries ("Takween") and its subsidiaries, Plastic Packaging Advanced Fabrics Plant Company (SAAF) and Ultrapak Manufacturing Company Limited continued the development in the manufacture and sale of plastic packaging products and non-woven fabrics for its local and international clients. The Company sells its manufactured plastic packaging

products to a variety of industrial sectors such as dairy industries, foods, juices and soft drinks, while it sells its manufactured products of non-woven fabrics to the medical and health sector. The Company's customers are pioneers in their respective sectors.

The year 2014 witnessed sales increase estimated at around 5% compared to the previous year and the commencement of commercial operation of the third line project for the production of non-woven fabrics (SAAF – Rabigh Factory), which commissioning began in the beginning of the second quarter of the year 2014.

We are pleased to present to our valued shareholders the Company's business activities, its statement of financial affairs and the information that must be disclosed under the Corporate Governance Regulation as follows:



- (1) A description of the types of principal activities of the Company and its subsidiaries, a statement of each activity and its impact on the volume of the Company's business as well as its contribution to the outcomes.

The Company's activities are divided into three main segments as follows.

First: Plastic Packaging: Takween's Plastic Packaging Company in Al Ahsa

Products:

- Plastic packing and packaging products of polystyrene sheet rolls used in the forming, immediate packing and packaging and in the thermoformed cups that are used once mainly in the dairy, foods and beverage industry.
- Thermoformed polystyrene cups and lids used for packaging yogurt, juices, dairy, food, beverages and water.
- High Density Polyethylene (HDPE) bottles used in packaging yogurt, milk, juices and other beverages.
- PET Preforms for packaging juices and dairy products.
- Caps and lids used in dairy and beverage bottles.

Second: Nonwoven Fabrics: Advanced Fabrics Plant Company (SAAF): Al Ahsa and Rabigh:

Products:

- Composite fabrics for use in health, industrial and medical sectors.
- Alcohol resistant and anti-static electricity fabrics which are used for surgical drapes, medical and protective gowns.
- Fabrics made for health usages, such as children and adult diapers and women's diapers.

Third: Polyethylene Terephthalate Products - Polymers (PET Preform) - Ultrapak Manufacturing Company Limited – Jeddah

Products:

- PET Preform products with a capacity of 180 ml to 2.25 liters for juice, beverage and water plant usage.



Fourth: Summary of the impact of every activity in terms of volume and contribution to the company's results during the year 2014 (in Saudi million Riyals).

Description	Impact on the Volume of work		Impact on the results	
	Revenues	Percentage	Activity Profit	Percentage
Packing and packaging products	274.74	35.8%	14.79	26.1%
Health, Industrial and Medical products	311.94	40.6%	23.68	41.65%
PET Preform products for water and soft drinks	181.0	23.6%	18.39	32.34%
Total	767.68	100%	56.86	100%

Most significant performance milestones during 2014:

- Commencement of commercial production for the third line products of SAAF Factory in Rabigh in the second quarter of the year 2014, which contributed to increasing the factory production capacity from 28,000 metric tons to 42,000 metric tons of fabrics annually.
- Advanced Fabrics Plant Company (SAAF) received Al Ahsa Chamber Award for Distinction for the year 2014.
- An increase of around 9% in production growth rate at the group level during 2014 compared to the previous year.
- Sales increased by around 5% at the group level during 2014 compared to the previous year.
- The Company and its subsidiaries continued to obtain and renew the ISO Certification for its products, including ISO 9001, ISO 22000 Certification and BRC Food Certification.
- On 5 August 2014, the Company won the tender that was offered by Al Ahsa Development Company for SAR 31.5 million for the purchase of whole fabrics plant and its facilities, including personnel housing. Under the said tender, the Saudi Industrial Cities Authority approved to assign the agreement of the land plot on which the factory is constructed in favor of Takween. The Company's strategy through this deal aims to utilize the operation of the factory in the development and expansion of its manufacturing activities taking advantage of some existing equipment and facilities, which the Company will requalify to increase their operational efficiency.
- Signing an agreement with Savola group on 8/3/1436H corresponding to 30/12/2014G to acquire all Savola Packaging Systems company capital shares for a total value of SAR 910 million.



(2) Description of the Company's significant plans and resolutions, (including structural changes, business expansion or cease of operations), future prospects and any risks that may be encountered:

First: Future Plans

- Takween strives to benefit significantly from its leading position in various market segments, both locally and internationally, to implement further expansions through manufacturing increased value-added products, and acquisition, as much as possible, of more plastic sector facilities in the Kingdom and GCC region. This will improve the product mix, increase sales and boost the growth of profit margins, thereby enhancing shareholders' return on equity.
- Takween adopts a prudent strategy that is based on carefully drawn expansion plans in all sectors; hence, it has developed expansion plans for all of its plants to boost production capacity and meet the market requirements, add new plants and machineries, new products and develop products in a way that helps in optimizing the cost of the products and enhancing quality and sales.
- Takween's consistent focus on research and development activities is the cornerstone of all innovations that have strengthened its market leadership, and achieve further innovations in the future to strengthen this leadership and profitability.
- Takween's policies in dealing with its employees, customers, and suppliers are

the main driver of success. Such dealing is pivoted around the principles of transparency, honesty, mutual interest, teamwork and other basic pillars upon which the Company's goals, strategic plans and future forecasts are based.

Secondly: Important Resolutions and Future Prospects

- The Company acquired the Textile Plant and its associated facilities, which will be re-qualified and run in a manner that suits Takween Advance Industries. The assignment contract procedures by MODON have been finalized during the December 2014G. The Company plans during 2015 to utilize operation of the Plant in the development and expansion of its plastic industry. It is worth mentioning that the plant is located in the Al Oyoun Industrial Zone in Al Ahsa on an area of 43,200 square meters in addition to the labor housing building of an area of around 2400 square meters.
- Implementation of acquisition and ownership transfer procedures after signing an agreement with SAVOLA Group to purchase all of Savola Packaging Systems Company share Capital on 30/12/2014 after completion of the required due diligence testing, planning for the completion of acquisition process, payment of purchase price of SAR 910 million after finalizing some legal terms and procedures which have been agreed upon by both parties as well as obtaining approval of relevant governmental authorities.
- Finalize the process of financing 100% of the purchase price of Savola Packaging Systems Company by a syndicate of Saudi banks after completion of the financing negotiations with

the banks and approval of the Ordinary General Assembly of Takween shareholders scheduled on 1/3/2015. It is worth mentioning that Savola Packaging Systems Company owns two subsidiaries (Middle East Plastic Industries and New Marina Plastic Industries Company, Egypt). The company production capacity is 200,000 tons annually and produces and manufactures containers, barrels, packs, bottles, plastic lids and film. Since the purchase process is in line with the Takween's strategic goals, it aspires through this process to achieve a quality leap in its future expansions, profits and financial results. It is expected that all procedures and transfer of ownership will be finalized during 2015.

- Continue investment in the portfolio created by the Company in the amount of SAR 30 million in 2014 to diversify its investment and Company income resources, which has had a positive outcome on the financial statements of 2014



Thirdly: Risks

The company's business, its financial condition, results of operations and cash flows may be adversely affected upon occurrence of any of the risks that the board believes at the present time that they are not significant, or upon occurrence of any other risks that the board has not identified, or other risks that the board considered immaterial, or, if the latter becomes material.

The company's Board of Directors was keen to support the Risk Management and Compliance Section. It developed the policies, regulations and procedures for the section to contribute to the Company's business, and to reduce possible occurrence of any type of risks.

The Company may face the following types of risks, in line with its operations and the nature of business.

(A) Strategic Risks:

(1) Regional Situations

The region is witnessing some political instability, which may adversely affect the competitiveness to reach some customers in such areas. However, the Company seeks always as part of its strategic objectives and risk management policy to access new markets and diversify its sources of income.

(2) Current Economic Conditions

Takween's operations and performance depend on worldwide economic conditions, which are reflected in the global financial turmoil that prevails from time to time. Such conditions make it difficult for existing and potential customers to accurately forecast and plan future business

activities and could cause them to slow or reduce spending on Takween's products and affect consequently its profitability. The Company cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery.

(3) Competitive Environment

The markets in which Takween operates are highly competitive. In the past, the company, encountered pricing pressures in its markets and could experience declines in prices of its products as a result of competition. Such decline may result in losing business opportunities and squeeze the profit margins. Nevertheless, the company's policy focuses on the quality and distinction of its products and services more than competing in prices. Further, the company has been able over time to partially offset pricing pressures by improving its cost structure and making the manufacturing process more efficient by providing new and innovative technology.

(B) Risks Relating to the Company's Operations

(1) Reliance on Key Suppliers

The Company mostly relies on SABIC as its raw material supplier (e.g. Polypropylene, Polystyrene, polyethylene and PET). Other than the Polypropylene that is produced by other local companies, SABIC is the only main local supplier of all raw materials used by the company and its subsidiaries. In fact, this reliance on SABIC products may adversely affect Takween capability to manufacture its products. Should SABIC cease to provide the required raw materials,

the company's profitability may be affected.

If the company has decided to import raw materials from international markets and in order to avoid duties imposed on imports, it should obtain approval of the competent authorities, which is difficult with the availability of the local products

(2) High Prices and Availability of Raw Materials

As a manufacturer, Takween's sales and profitability are dependent upon the availability and cost of raw materials, which are subject to price fluctuations. Inflationary and many other increases in the prices of raw materials have occurred in the past and are expected to recur. The company's performance depends in part on its capability to reflect changes in costs in product selling prices. The company cannot guarantee stability of raw material prices.

(3) Limited Expansion Capacity

The company's capability to expand is contingent upon the availability of manufacturing floor space to add incremental manufacturing lines. Since Takween has acquired the Textile Plant and Savola Packaging Systems Company, such risk factor longer exist in the company. However, it might be necessary to relocate the equipment to the new plants. The potential relocation may temporarily disrupt operations and may adversely affect the company's production performance. However, none of the company's three plants as well as its subsidiaries, SAAF and Ultrapak have never experienced any

significant stoppage of operations other than scheduled maintenance shutdowns.

(4) Risks of Unexpected Disruption of Operation:

The company's business depends on the continuous and effective operation of the factories. The factories are planned to operate seamlessly on all days of the week. There are some risks that may adversely affect the operational efficiency of the company, such as natural disasters, breakdowns in machinery or computers, key personnel-related accidents and power or water outages. Disruption of production may lead to increased costs and reduced revenues and profits. The company cannot provide any guarantees of non- disruption in its operations despite its continued performance of periodic and preventive maintenance.

(5) Continuous Technological Changes

The company uses sophisticated and expensive technologies and systems to manufacture its products. The industry is characterized by frequent product improvements and evolving technologies. The company has in place research and development policies and ongoing product development programs that aim at improving product quality, which could, at times, lead to earlier than planned redundancy of the company's technologies and systems, which may impair the company's capability to manufacture required products to its customers as anticipated.

(C) Risks Relating to the Market

(1) Risks of International Sales

The company executes its business with suppliers and customers in many countries, including England, Japan, United States of America, East Asian and some Arab countries. The company's revenues and profits may be adversely affected by the economic conditions and/or political conditions and changing laws or regulations in foreign countries, which is beyond the company's control. Any confusion in the domestic and international stock markets and financial markets affects adversely the local economy and global markets in which the company carries out its business. The company is currently unable to exactly assess or predict the future effects of other market disorders on the liquidity and consolidated statements of its financial position and the results of its operations and cash flows.

(2) Risk relating to Currency Exchange and Interest Rates:

The company deals in all of its international imports and exports in U.S. Dollar that is linked with Saudi Riyals and Euro. Any fluctuation in the exchange rates between Saudi Riyal, U.S. Dollar and Euro may have a negative impact on the company's profits. Any negative shift in exchange rates in the markets that are not dominated by the U.S. dollar could have a negative impact on the profitability of the company due to the linkage between the Saudi Riyal to the U.S. dollar. Moreover, the fluctuations

in Saudi Interbank interest rates (SIBOR) could increase the borrowing costs and have a negative impact on the results of operations. Therefore, the increases in short-term interest rates or Islamic Murabaha Transactions will directly affect the amount of interest/costs paid by the company.

(D) Financial Risks:

(1) Risks related to Insurance Obligations:

The company's operations are subject to risks related to its business in the field of transformational industries. Although the company maintains several types of insurance coverage, but those insurance policies may not provide full insurance against all potential risks relating to the company's business. As a result of changing market conditions, the rates of insurance premiums and the deductibles in some insurance policies may increase substantially in some cases. This could lead to a significant increase in the operational costs whereby profitability will be reduced.

(2) Risks Related to Liquidity and Distribution of Dividends

Payment of dividends in the future will be dependent on, amongst other things, the company's capability to make profits, its financial position, capital requirements, legal reserves requirements, available credit of the company, liquidity, general economic conditions, and other factors relating to board of directors sole discretion to declare dividends as it deems appropriate. The company does not make any assurance that any dividend will actually be paid, or any

assurance as to the amount which will be paid in any given year. The distribution of dividends is subject to certain limitations contained in the company's bylaws.

(E) Risk of compliance

(1) Legislations, Laws, and Regulatory Environment

The company's business is subject to the laws and regulations in force in the Kingdom of Saudi Arabia in particular as well as other countries where it operates. Such laws and regulations are subject to change. Legal changes that may be caused by political, economic, technical or environmental factors may materially affect the company's operations and financial results. The company may adjust its products or operations to be consistent with any future changes in those laws and legislation, which may have an impact on the company's future revenues and cash flows.

In line with the information available to the company, there have been no signs until the date of this report of any change in the legislations and laws, which could have material impact on the company's activities and prospective projects.

(2) Compliance with Work Laws and Regulations

All industrial firms, including the company, should comply with the Ministry of Labor regulations and resolutions regarding the required Saudization percentage, which shall not fall below 20% of its total workforce. As at 31 December 2014,

on average, the percentage of Saudi employees in Takween and its subsidiaries was around 22%, while in some subsidiaries this percentage amounted to 28%. The company has developed training programs and recruitment plans to ensure the availability of appropriate skills and competencies required in the workforce. As the company is keen to comply with Ministry of Labor regulations, training and development of Saudi staff's skills and competencies constitute a top priority for the company. The Board of Directors believes that there are no risk factors in this respect as the company is keen to hire Saudi Nationals and adhere to Saudization.

(3) Environment and Public Safety

Forcing factories in the future to apply more stringent criteria to provide preventative safety requirements may increase the company's costs, which could adversely affect the results of its operations and financial position. The company's business, financial results and financial position may adversely be affected in the event of physical loss or damage that may result from dealing with hazardous and toxic materials, or in the event of accidents during production operations that are not covered by insurance policies or resulted from accidents not covered by insurance policies



(3) Company's Assets and Liabilities and Results of Operations for the last 5 years

Takween is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Ministerial Resolution No. 391/Q on 28/12/1431H (corresponding to 12/04/2010G). The company was listed on the Saudi Exchange (Tadawul) in February 2012.

Following is a statement of assets, liabilities and financial results of the company:

Statement of Income (SAR million)

Description	2014	2013	2012	2011	2010
Sales	767.7	731.02	669.66	694.13	608.75
Cost of Sales	(646.4)	(635.71)	(546.99)	(565.19)	(481.13)
Total Profit	121.3	95.31	122.66	128.93	127.61
R&D Expenses	(2.7)	(0.570)	(0.486)	(0.404)	(1.74)
S&D Expenses	(19.47)	(20.04)	(15.20)	(14.03)	(15.7)
Administrative Expenses	(42.28)	(28.07)	(22.22)	(24.68)	(22.63)
Financial Expenses	(15.22)	(12.62)	(8.68)	(11.17)	(11.88)
Other Income	19.89	13.33	1.27	1.21	1.99
Zakat	(6.21)	(2.96)	(2.02)	(3.52)	(7.22)
Net Profits	55.3	44.4	75.32	76.15	70.41

Statement of Financial Position (SAR million)

Description	2014	2013	2012	2011	2010
Current Assets	626.96	499.64	442.72	410.68	361.44
Fixed Assets	630.39	560.01	411.85	391.87	361.03
Intangible Assets	11.51	11.14	10.14	4.67	6.79
Total Assets	1,268.86	1,070.81	864.71	807.22	729.26
Current Liabilities	657.18	524.12	371.23	351.10	267.62
Total Liabilities	780.28	618.64	441.194	417.87	386.06
Shareholders' Equity	488.58	452.15	422.77	389.35	343.20
Liabilities and Shareholders' Equity	1,1268.86	1,070.8	864.71	807.22	729.26



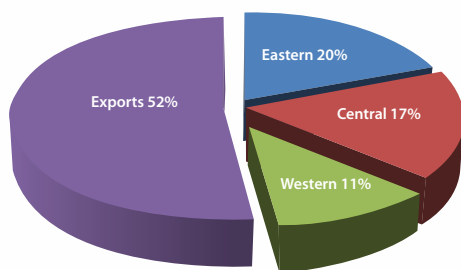
(4) Geographical Analysis of Total Revenues for the Company and its subsidiaries

4-A 2014 Total Sales (SAR million)

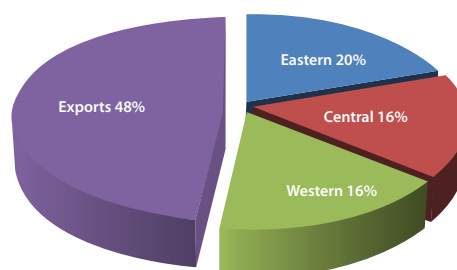
Products	Year	Total Sales	Geographical Distribution			
			Eastern Region	Central Region	Western Region	Exports
Plastic Packing and Packaging Products, Health, Medical and PET Preform Products	2014	767.68	147.68	133	86	401
	2013	731.0	143.6	117.5	117.8	352.0

4-B Diagram of Company Sales

Geographical Analysis of Company Revenues in 2014



Geographical Analysis of Company Revenues in 2013



(5) Material differences of operating results compared to last year's results or any forecasts announced by the company

Operating Results (SAR million)

Item	2014	2013	Change (±)	Change %
Sales	767.7	731.02	+36.18	+5%
Cost of Sales	(646.4)	(635.71)	+10.69	+ 1.68%
Total Profits	121.3	95.31	- (25.99)	+27.27%
R&D Expenses	(2.7)	(0.570)	+2.13	+ 373.68%
S&D Expenses	(19.47)	(20.04)	-0.57	- 2.84%
Administrative Expenses	(42.28)	(28.07)	+14.21	+50.62%
Financial Expenses	(15.22)	(12.62)	+2.6	+20.60
Other Revenues	19.89	13.33	+6.56	+49.21
Zakat	(6.21)	(2.96)	+3.25	+109.8
Net Profits	55.3	44.4	+ 10.9	+24.55

The most important reasons of operating results variation from last year

- 1) The increase in sales by 5% is attributed to the implementation of the company's plans in developing products and expansion in the local and global markets despite the fact that sales activity in the Middle East was adversely impacted due to the events witnessed the region.
- 2) The increase in total profit by 27.27% is attributed to increase of sales and maintaining sales cost as the increase represents only 1.7%.
- 3) Increase of research and development by 373.68% is attributed to the company's focus on the importance of developmental researches and production innovations, particularly after the purchase of new factories and signing of acquisition contracts with Savola.
- 4) The decrease in selling and distribution expenses by 2.84% is attributed to the good follow up with clients, collection, maintaining the company's clients' tranche as well as fixed shipping cost.
- 5) The increase in administrative expenses by 50.62% is attributed to the company's filling of senior management positions that contribute to the operational, marketing and administrative growth as part of advancing the principles of good governance.
- 6) The increase of financial expenses by 20.6% is due to the increase in follow up expenses fees with the Saudi Industrial Development Fund and increase of short-term loans turnover rate to finance some of the operational stages.

- 7) The increase of other revenues by 49.21% is attributed to operating the additional investment portfolio, which has been set by the Investment Committee during the year 2014, with a positive impact despite the reduction that occurred at the end of the fourth quarter.
- 8) The increase in net profit by 24.55% is attributed to increase of sales and other income.

(6) Clarification of deviations from SOCPA Standards

There has been no deviation in the procedures of preparing the financial statements of the company from the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). The company is committed to preparing its financial statements for the year ended 31/12/2014 in line with such standards.

(7) Names of subsidiaries, their capital, ownership percentage, main activities, business, place of operations and place of incorporation

Takween has 2 subsidiaries as follows:

Subsidiary Name	Subsidiary Capital (SR million)	Ownership %		Principal business	Main Location	Country of Incorporation
		2014	2013			
PET Plant (Ultrapak Manufacturing Company Limited)	25	99%	99%	Production of PET Preform	KSA Jeddah	KSA Jeddah
Advanced Fabric Factory Company (SAAF)- Rabigh Branch	131.8	99%	99%	Production of polypropylene non-woven fabrics	KSA Al Ahsa with branch in Rabigh	KSA Al Ahsa with branch in Rabigh

(8) Details of shares and issued debt instruments to every subsidiary

In 1914, subsidiaries have not issued any issues, shares or debt instruments within or outside the Kingdom.

(9) Description of the Company's Dividend Distribution Policy

Articles 42 and 43 of the Company's Bylaws stipulate that the company's net profits shall be distributed net of any general expenses and other costs in the following manner:

1. Set aside 10% of the net profits to form a statutory reserve, and the Ordinary General Assembly may stop such provisioning should the said reserve reach half of the share capital.
2. From the remaining amount and after a resolution approved by the General Assembly to distribute profits, first payment will be distributed to shareholders equivalent to no less than 5% of the paid-up capital.
3. 10% of the remaining net profit will be distributed as bonuses to Board of Directors in compliance with the rules and regulations of the competent authorities. The remaining

portion will be distributed to shareholders as an additional share of profits.

- Dividends, decided to be distributed, shall be paid to shareholders in the place and time specified by the Board of Directors in accordance with the instructions of the Ministry of Commerce and Industry.
- On 30/04/2014, Takween announced approval of the third Ordinary General Meeting held on 2/4/2014 on the recommendation of the Board of Directors to distribute SR17.5 million (17,500,000)





in cash profits for fiscal year 2013, at SAR 0.5 per share, representing 5% of the share nominal value. The eligibility of the dividends was for shareholders recorded in the company's shareholders' register with Tadawul at the end of the trading session of the day on which the Ordinary General Meeting was held. The company paid dividends to shareholders as of 29/4/2014 and profits were paid in line with the legal measures.

(10) Description of any interests in the class of shares that is eligible to vote and belongs to persons (other than

members of the Company's Board of Directors and senior executives and their relatives) who have informed the company of such rights under Article (45) of the Registration and Listing Rules and any change to those rights during the last financial year.

None during the year 2014.

(11) Description of any interest, contractual securities and subscription rights belonging to members of the board of directors and senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries and any change to such interests or rights during the last fiscal year.

The following table depicts the number of shares held by the company's board members, senior executives and their relatives:

Board Members and Senior Executives						
Name	No. of shares held at the beginning of the year	Percentage of holding at the beginning of the year	Net change during the year	Percentage of change during the year	Number of shares held at year end	percentage of shares held at the year end
1. Abdullah Mohammed Al-Othman	490,719	1.402%	130,080	26.51%	620,799	1.774%
2. Abdulmohsen Mohammed Al-Othman	10,000	10.029%	(316,226)	(3162.35%)	326,229	2,390%
3. Khalid Abdulrahman Saleh Al-Rajhi	836,434	2.390%	-	-	836,434	2.390%
4. George Antionios Abraham	1,166	0,0033%	-	-	1,166	0.0033%
5. Abdulaziz Saleh Al Rebdi	1,166	0,0033%	-	-	1,166	0.0033%
6. Moussa Al Moussa	1,66	0,0033%	-	-	1,166	0.0033%
7. Dr. Sulaiman Abdulaziz Saleh Al Tuwaijri	1,166	0,0033%	-	-	1,166	0.0033%

- Except as stated above, there was no interest and contractual securities and subscription rights that belong to Board members and senior executives and their relatives in shares or debt instruments either of the company or any of its subsidiaries.

(12) Information relating to any outstanding Company loans (whether payable on demand or otherwise) and a statement of the total indebtedness of the Company and its subsidiaries and any amounts paid by the Company in settlement of loans during the year:

A) Outstanding Loans as at 31/12/2014 (SAR millions)

Loan Provider	Loan Date	Loan Period	Principal Amount		First Installment Date	Last Installment Date	Loan Balance as at January 2014	Paid in 2014	Loan Balance as at December 2014
			Short Term	Long Term					
Local Commercial Banks Short-term loans and Bridge loans	Dec-14	A year or less	1698.5	-	-	-	496.8	1670	498.3
SIDF	Jan-10	Six years		29.2	Jun-10	May-16	14.4	6.6	7.8
SIDF	Dec-12	7 years	-	23.95	Dec-13	Oct-10	16.7	4.1	12.6
SIDF	Dec-13	7 years	-	125.7	July-15	Nov-21	113.1	0	113.1

On 16 January 2013, SIDF approved to grant SAAF, a subsidiary of Takween, a loan in the amount of SAR 125.7 million. The loan is payable on semi-annual installments over a seven-year period starting from 1436H secured by mortgage of the project's fixed assets in addition to a corporate guarantee by Takween that covers the entire SIDF loan while keeping the mortgage over fixed assets for each of SAAF and Ultrapak (Takween's subsidiaries) until the full payment of the SIDF loan. The company received payments under this loan, which until the end of 2014 amounted to SAR 113.1 million, with remaining installments in the amount of SAR 12.6 million and will be received during 2015.

Funding from commercial banks relies on the company's solvency, volume of its trading activities and its ongoing cash flows.





(13) A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right memoranda or similar rights issued or granted by the company during the financial year ended 31.12.2014.

The company has neither issued nor granted any convertible debt instruments during the year 2014 or any contractual securities or memoranda of rights to subscribe or similar rights.

(14) A description of any conversion or subscription under convertible debt instruments, contractual securities, memoranda of rights to subscribe or similar rights issued or granted by the company.

The company has neither issued nor granted during 2014 any convertible debt instruments, contractual securities or memoranda of right to subscribe or similar rights.

(15) A description of any redemption, purchase or revocation transactions made by the company for any redeemable debt instruments, and the value of remaining securities with distinction between the listed securities purchased by the company and those purchased by its subsidiaries.

There are no redemption, purchase or revocation transactions made by the company or its subsidiaries for any redeemable debt instruments during 2014.

(16) Number of Board meetings and attendance record of every meeting outlining the names of attendees during the year 2014



The Board held 4 meetings during 2014. Following is the list of the attendees:

		<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Members of the Board		First Meeting 17/02/2014	Second Meeting 02/04/2014	Third Meeting 27/10/2014	Fourth Meeting 17/12/2014
1.	Abdullah Mohammed Al-Othman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.	Abdalmohsen Mohammed Al-Othman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.	Khalid Abdulrahman Al-Rajhi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.	George Antonios Abraham	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5.	Abdulaziz Saleh Al Rebdi	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6.	Moussa Abdulmuhsen Al Moussa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7.	Dr. Sulaiman Abdulaziz Al Tuwajiri	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



(17) A Description of any transaction between the company and a related party

Following is a description of the approved transactions with related parties in which the company is a party and on which the legal accountant submitted his report to the Third Ordinary General Meeting held on 2/4/2014 in accordance with Article 69 of the Companies Regulations. These contracts are renewed annually by the General Assembly.

Description of Business and Contracts	Contract Period	Contract Value (SAR million) in 2014	Paid during 2014	Balance as at 31/12/2014 (SAR million)
A contract to provide IT management services with Strategic Solution Business Systems (SSBS) Company, which is a related party and an affiliate of Al-Othman Holding Company, in which the Chairman Abdullah Mohammad Al Othman and board member Abdul Mohsen Mohammed Al-Othman own a percentage.	Three Years	4.00	4.00	0
A contract to purchase plastic packs and covers with Al-Othman Agricultural Production Industries Company (NADA), which is a related party and an affiliate of Al-Othman Holding Company, in which the Chairman Abdullah Mohammad Al Othman and board member Abdul Mohsen Mohammed Al-Othman own a percentage.	Five Years	71.96	62.3	22.9
A contract to provide employees housing and general support and maintenance services with Al-Othman Agricultural Production Industries Company (NADA), which is a related party and an affiliate of Al-Othman Holding Company, in which the Chairman Abdullah Mohammad Al Othman and board member Abdul Mohsen Mohammed Al-Othman own a percentage.	Yearly	4,31	4,08	0.23
A contract for renting the land of Takween Plastic Packaging Plant and a contract for renting the land of Advanced Fabrics Plant Company (SAAF) for a period of 20 years starting 1/4/2005 with Mohammed Al-Othman, (a shareholder of Al Othman Holding Company and first degree relative to two board members). The two contracts are approved on yearly basis.	20 Years	0.0086	0.0086	0

Except as stated above, the company does not presently have any commercial transactions with any of its directors, executive managers or those who hold a share of 5% or more in the company, or any of their relatives, or those who have direct or indirect financial interest in these transactions. They do not have any powers which give them the right to vote on such transactions.

It is noteworthy that all of these contracts with related parties are made on commercial basis, without any preferential terms and in the interests of the company. They do not adversely impact the company's performance or constitute a financial burden on it, but rather they increase the profitability of shareholders. In addition, the prices specified in such contracts provide savings to the company compared to similar services in the local markets. Therefore, they are in the interest of shareholders and considered to be at preferential rates to the company.

Under the provision of articles (69 and 70) of the Companies Regulations, and in line with the disclosure regarding conflict of interest policy adopted by the Company for the sake of organizing the relationship between the Company and its Directors and Senior Executives as outlined in Article 7 of Takween's conflict of interest policy and regulation, the directors (related parties) have informed the Board of their personal interest in transactions made for the company. This was documented in the sixth item of the sixteenth minutes of meeting of the Board of Directors held on 17/2/2015. The said transactions are the same as those transactions approved by the General Assembly in its third ordinary meeting held on 02/04/2014 and documented in the minutes of

Description of Business and Contracts	Contract Period	Contract Value (SAR million) in 2014	Paid during 2014	Balance as at 31/12/2014 (SAR million)
A contract to obtain travel tickets for Takween's companies and employees with Al-Othman Travel and Tourism company, which is a related party and an affiliate of Al-Othman Holding Company, in which the Chairman Abdullah Mohammad Al Othman and board member Abdul Mohsen Mohammed Al-Othman own a percentage.	Yearly	2.73	2.73	0
A Consultation and advertisement expenses for Savola project, paid by Al Othman Holding Company – a related party, in which the Chairman Abdullah Mohammad Al Othman and board member Abdul Mohsen Mohammed Al-Othman own a percentage	One Transaction	0.379	0.379	0
A contract to purchase the Fabrics Plant in Al Ahsa Industrial City, which is an affiliate of al Ahsa Development Company. Abdulmohsen Al Othman, Takween board member, is a board member of Al Ahsa Development Company.	One Transaction	31.5	28	3.5
Assignment fees paid to the Industrial Cities Authority (MODON) by Al Ahsa Development Company, in which Abdulmohsen Bin Mohammed al Othman, Takween board member, is a board member.	One Transaction	0.864	-	0.864

meeting of the General Meeting. Transactions with which the legal accountant limited examination report dated 16/2/2015 is attached will be referred to the next General Assembly for approval.



(18) Information related to any works and contracts in which the Company is a party, and in which a company's board member or the Chief Executive Officer or the Chief Financial Officer or any person relating to any of them has an interest

Business/Contracts	Name of Company	Type of Relationship	Name of Stakeholder	Position
Information services agreement	Strategic Business Solutions Company	A subsidiary to Al-Othman Holding Company	Abdullah Mohammed Al-Othman Abdulmohsen Mohammed Al-Othman	Chairman Managing Director
Supply agreement of plastic packaging products	Al-Othman Company for Agricultural Production	A subsidiary to Al-Othman Holding Company	Abdullah Mohammed Al-Othman Abdulmohsen Mohammed Al-Othman	Chairman Managing Director
Lease Agreement of employees residence	Nada Residential Compound	A subsidiary to Al-Othman Holding Company	Abdullah Mohammed Al-Othman Abdulmohsen Mohammed Al-Othman	Chairman Managing Director
Travel Tickets Issuance Transactions	Mohammad Al-Othman Travel and Tourism Agency Company	A subsidiary to Al-Othman Holding Company	Abdullah Mohammed Al-Othman Abdulmohsen Mohammed Al-Othman	Chairman Managing Director

Except as stated above, Takween's Advanced Industries Board of Directors declares that during the year 2014, there was not any businesses or contracts of which the company is a party, in which a board member, the Chairman, the CEO or the CFO or any person having a relationship with any of them has an interest.

(19) A statement of any arrangement or assignment agreement under which a company's board member or a senior executive has assigned any salary or remuneration.

There is no arrangement or agreement of assignment during the year 2014.

(20) A statement of any arrangements or assignment agreement under which a company's shareholder has assigned any other rights in the profits

There is no arrangement or agreement of assignment during the year 2014.

(21) A statement of the value of due statutory payments of any zakat, tax, fee, or any other entitlements with a brief description of them and a clarification of the reasons.

A. The company has paid the following entitlements to governmental agencies as follows:

S/N	Agency	Amount in (SAR millions)	Summary and Reason
1	General Organization for Social Insurance (GOSI)	2,575	The employees subscription in pensions and risks per GOSI regulation
2	SIDF	11,077	Repayment of SIDF loan and the loan's follow up fees calculated by SIDF
3	Saudi Exchange -TADAWUL	0.300	Shareholders register service fees and shares register reports request
4	Passports	2,094	Fees for visas and Iqamas of workers and work permits in accordance with the established approved costs.
5	Department of Zakat and Income Tax	2,186	Payment under Zakat Status Settlement Account and finalize the annual company Zakat assessment.
6	Customs Authority	1,442	Customs Duties on the imports of the company
	Total	19,674	

B. Zakat status

Zakat base is calculated in accordance with the regulations in force in the Kingdom of Saudi Arabia at the end of each fiscal year and added to the Zakat provision shown in the financial statements, from which the company is paying when settling zakat returns with the Department of Zakat and Income Tax. The company settled its Zakat position until the end of the fiscal year 2013, and obtained the zakat assessment and the final Zakat certificate that is valid until the end of April 2015. There are no outstanding dues with the Department of Zakat and Income Tax.

The following table shows Zakat status as at the end of financial year 2014.

Description	Amount (SR million)
Zakat Provision Balance as at 01/01/2013	3,892
Additions during the year 2014	6,096
Payments during the year 2014	(2,186)
Zakat Provision Balance as at 31/12/2014	7,802

(22) A statement of investments or reserves established for the benefit of Company's employees.

There are no investments or reserves established for the benefit of Company's employees during the year 2014.

(23) Board of Directors Declarations:

Takween's Advanced Industries Company Board declares that::

1. Proper books of account have been maintained.
2. The internal control system has been prepared on a sound basis and effectively implemented.

3. There is no significant doubt concerning the issuer's ability to continue its business.

(24) Information to be disclosed under Corporate Governance Regulations:

A. Compliance with Corporate Governance Regulations

The company adheres to the provisions of the

Corporate Governance Regulations issued under the CMA Board Resolution No. 1-212-2006, dated 12.11.2006, and subsequent resolutions of the mandatory compliance with a number of articles. The table below shows the corporate governance non-binding clauses and paragraphs that have not been applied by the company until 31/12/2014, and the reasons for non-compliance are outlined as follows:

Non-binding paragraphs of the Corporate Governance Regulations which are still not implemented by the company and the reasons for non-compliance:

Article	Paragraph Number	Statement	Reasons for non-compliance
Article 6 Voting Rights	Paragraph (b)	In voting in the General Assembly for the nomination to the board members, the accumulative voting method shall be applied	The company's By-Laws has not provided for accumulative voting method. This item was presented for approval to the Extraordinary General Assembly in its session on 18/04/2012, but it did not pass the voting.

- The company has disclosure policies, internal governance regulations and a conflict of interest policy approved by the board and is being followed by Investment Relations and Legal Affairs



B. The names of the joint stock companies of which Takween directors are board members

Following are the joint stock companies of which Takween directors are board members as of 31 December 2014 are as follows:

Members of the Board of Directors	Name and description of company
1. Abdullah Mohammed Al-Othman	<ul style="list-style-type: none"> - Saudi United Cooperative Insurance Company (Wala'a) (Listed) - GIP Financial Services – Bahrain (Closed) - Al Othman Holding Company (Closed)
2. Abdulmohsen Mohammed Al-Othman	<ul style="list-style-type: none"> - Al Ahsa Development Company (Listed) - Bayan Real Estate Company (Closed) - Al Othman Holding Company (Closed)
3. Khalid Abdulrahman Al-Rajhi	<ul style="list-style-type: none"> - Saudi Cement Company (Listed) - Al-Bilad Bank (Listed) - Saudi United Cooperative Insurance Company (Wala'a) (Listed)
4. George Antonios Abraham	<ul style="list-style-type: none"> - Al Othman Holding Company (Closed)
5. Abdulaziz Saleh Al Rebdi	<ul style="list-style-type: none"> - Saudi United Cooperative Insurance Company (Wala'a) (Listed) - Abdullah Al Othaim Markets Company (Listed) - Al Hammadi Development and Investment Company (Listed) - Al Obaikan Glass Company (Closed) - Abdu Muhseen Al Hukair Tourism and Development Group Company (Listed)
6. Moussa Abdulmuhsen Al Moussa	<ul style="list-style-type: none"> - Saudi Steel Pipe Company (Listed)
7. Dr. Sulaiman Abdulaziz Al Tuwajri	<ul style="list-style-type: none"> - Saudi United Cooperative Insurance Company (Wala'a) (Listed) - Amiantit (Listed) - Chemical Development Company (Listed) - Property Company (Closed)

C. Composition of the Board of Directors and classification of its members as (executive/non-executive/independent)

Under Article 17 of the Company By-Laws, the board of directors of Takween is composed of 7 directors, categorized as at 31/12/2014 as follows:

Composition of the Board of Directors and classification of its members		
Name	Title	Status
1. Abdullah Mohammed Al-Othman	Chairman	non-executive
2. Abdulmohsen Mohammed Al-Othman	Managing Director	executive
3. Khalid Abdulrahman Al-Rajhi	Director	non-executive
4. George Antonios Abraham	Director	non-executive
5. Abdulaziz Saleh Al Rebdi	Director	Independent
6. Moussa Abdulmuhsen Al Moussa	Director	Independent
7. Dr. Sulaiman Abdulaziz Al Tuwajri	Director	Independent



D. A brief description of the major board committees' names, duties and responsibilities, Chairmen, members and number of meetings

The Company's Board Committees were formed, and their members were reelected with the advent of the second Board tenure as follows:

D-1 Executive Committee

D-1-1 The Executive Committee is formed as follows:

Members of the Executive Committee	
Committee Members	Position
1. Abdulmohsen Bin Mohammed Al-Othman	Chairman
2. George Antonios Abraham	Member
3. Ali Bin Abdul Razzaq Al Shaeer	Membership ended 31.8.2014
4. Ali Bin Hassan Al Jameel	Membership ended 30.4.2014

- Prepare and review Board recommendations that are linked to the financial long and short term goals.
- Review important financial issues and metrics, including financing suitability, for Takween and its subsidiaries.
- Review and prepare board recommendations on company dividend policy.

- Review and make recommendations to the Board of Directors with regard to the strategic decisions relating to the opportunities available to the company, which aim to improve the quality of products and services offered by the company and rationalize the costs related thereto.
- Periodic review of capital expenditures.
- The committee's term will expire with the existing board term

D-1-3 Committee meetings

The Executive Committee held (6) meetings during the year and were attended by all members.

D-1-2 Duties and responsibilities of the Executive Committee and its term are as follows:

- Practice all powers, responsibilities and duties of the Board in the interim periods between board meetings.
- Discuss and take decisions on urgent matters.
- Review of strategic planning operations and handling; ensure strategic plans are translated into tangible actions directed to achieve the company's goals and review of relevant recommendations with regard to resource distribution used for strategic planning.
- Review and make recommendations on strategic plans that address operational priorities including expansion in new markets and countries or exit from current markets and countries.



D-2 Audit Committee

D-2-1 The Audit Committee is formed as follows:

Audit Committee		
Committee Members		Position
1.	Dr. Sulaiman Abdulaziz Al Tuwaijri	Chairman
2.	Dr. Sulaiman Abdullah Al Sakran (not a board member and specialized in financial and accounting affairs)	Member
3.	Waleed Ibraheem Shukri (not a board member and specialized in financial and accounting affairs)	Member

D-2-2 Duties and responsibilities of the Audit Committee and its term:

The duties of the Committee are as follows:

- Ensure that financial reports have been prepared in accordance with accounting policies followed by the company.
- Identify and review the accounting problems that affect the financial reporting process and understand the extent of their impact on the health of such reports.
- Study the draft financial statements before submission to the Board of Directors and express an opinion and recommendations.
- Prepare recommendations to the Board of Directors with respect to the appropriateness of applied the accounting policies to the nature of the company, and the evaluation of financial reports issued by the company and the nature of the review process.
- Prepare recommendations to the Board of Directors with respect to the annual report of the company prior to the adoption by the board.
- Develop recommendations regarding the establishment, improvement and deployment of the control environment within the company.
- Prepare an assessment for each of the control systems.
- Make recommendations on the selection of auditors, which include a review by the Committee of the professional competence and independence of the auditor and perceived risk emanating from the conflict of interest, and determine their fees.
- Conduct an annual review of the performance of the auditor, and make recommendations relating to his appointment, re-appointment or termination.
- Work with the auditor to cooperate in the preparation of the audit plan and procedures for the current year, taking into account the current circumstances of the company and any changes occurred in the conditions required by the legal supervisory authorities.
- Discuss significant findings and recommendations concluded by the auditor and the degree of management response, as well as the corrective actions carried out on the basis of such recommendations.

- Develop specific recommendations to the policy of the company with respect to services performed by the auditor represented in regular audit services and non-audit services, which include consulting and training programs and the like, which may affect its independence in the performance of regular audit services.
- Develop recommendations for company policy regarding the identification of the period necessary for changing the auditor.
- Develop recommendations for the establishment of the company's internal audit function and its budget and appointing the function's head, as well as the degree of independence of internal auditors.
- Prepare an evaluation of the performance of the Internal Audit Department and prepare recommendations for improving its effectiveness.



- Discuss deviations and errors contained in the reports prepared by the Internal Audit Department and make sure that management takes the appropriate corrective actions.
- Ensure that the executive management adopts the company's rules and regulations and ensure that there are not any irregularities.
- The committee's term will expire with the existing board term.

D-2-3 Committee meetings

The Audit committee held four (4) meetings during the year and all Committee members attended the meetings.

D-3 Nominations and Remunerations Committee

D-3-1 The Nominations and Remunerations Committee is formed as follows:

Nominations and remunerations Committee	
Committee Members	Position
1. Khalid Abdulrahman Al-Rajhi	Chairman
2. Abdullah Mohammed Al-Othman	Member
3. Abdul Aziz Saleh Al Rebdi	Member
4. Mousa Abdul Mohsen Al Mousa	Member

D-3-2 Duties and responsibilities of the Nominations and Remunerations Committee and its term:

The duties of the Committee are as follows:

- Annually review the requirements of the appropriate skills needed for the Board membership and generate a description of the capabilities and qualifications required for the membership of the Board.
- Review the structure of the Board of Directors

and submit recommendations on potential changes;

- Identify the vulnerabilities and strengths of the Board of Directors and propose remedies that are consistent with the company's interests;
- Determine independence criteria of the board members and verify annually the independence of the independent directors and the absence of any conflict of interests if the director serves as an incumbent director to the board of another company;
- Prepare recommendations to the Board of Directors with regard to identifying specific criteria for the selection of persons for the position of Chief Executive Officer and key department heads;
- Prepare a preliminary assessment of the persons nominated for the post of Chief Executive Officer and heads of departments and units of the company and the development of appropriate standards and procedures for performance evaluation;
- Organize training programs for executives related to the topics of corporate governance and ethical behavior;
- Draw up a policy for the remuneration and incentives of the board Directors and senior executives, aiming to boost value of the company; and
- The Committee's term will expire with the existing board term.

D-3-3 Committee meetings

The committee held three (3) meetings during the year that were attended by all of its members.

D-4 Investment Committee

D-4-1 The Investment Committee is composed as follows:

Investment Committee	
Committee Members	Position
1. Abdullah Mohammed Al-Othman	Chairman
2. Abdul Mohsen Bin Mohammed Al-Othman	Member
3. George Antonios Abraham	Member

D-4-2 Duties and responsibilities of the Investment Committee are as follows:

The duties of the Committee are as follows:

- Assist the Board of Directors in performing its duties related to the review of investment policies and criteria.
- Study the investment opportunities and their compatibility with the company's strategy.
- Look for higher-yielding investment opportunities such as, but not limited to (contracting to manage the local stock portfolios - buy units in the local stock funds - buy units in real estate funds - engage in the IPOs of new companies and initial subscriptions- buy and sell real estate, etc.).
- Monitor and evaluate the Company's existing and future investments and oversee the consulting business related to the work of the Committee.
- Any other duties as directed by the Board of Directors.
- The committee's term will expire with the existing board term.

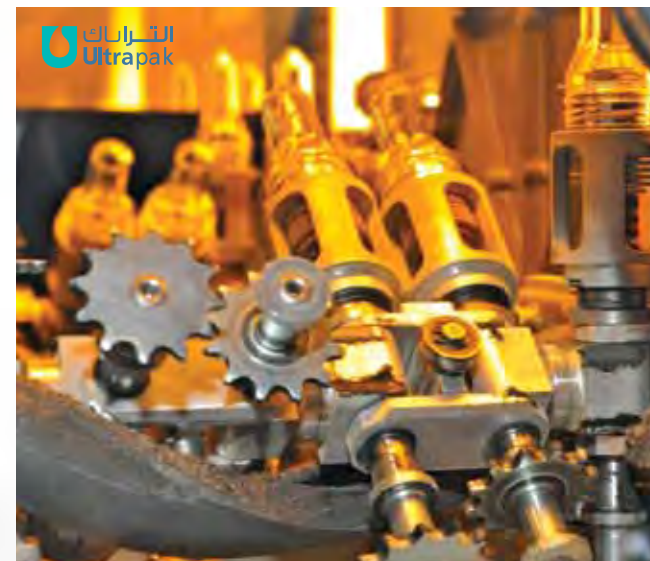
D-4-3 Committee meetings

The Committee held two (2) meetings during the year attended by all of its members.

E- Details of remunerations and compensations paid to each board member and senior executive

In line with the company records as at 3/12/2014:

E-1: Details of Board of Directors compensations (SA R million)						
Name	Title	Salaries	Allowances and Compensations	Remunerations	Incentive Plans	Total
1. Abdullah Mohammed Al-Othman	non-executive	-	0.027	0.200	0.075	0.302
2. Abdulmohsen Mohammed Al-Othman	executive	14	0.012	0.200	-	1.612
3. Khalid Abdulrahman Al-Rajhi	non-executive	-	0.012	0.200	0.075	0.296
4. George Antonios Abraham	non-executive	-	0.036	0.200	0.075	0.311
5. Abdulaziz S. Al Rebdi	Independent	-	0.015	0.200	0.075	0.290
6. Moussa Abdulmuhsen Al Moussa	Independent	-	0.021	0.200	0.075	0.296
7. Dr. Sulaiman Abdulaziz Al Tuwaijri	Independent	-	0.018	0.200	0.075	0.293



A List of compensations and remunerations for the top 5 senior executives including CEO and CFO

Description of compensations and remunerations for 5 senior executives	salaries
Salaries	3,458
Remunerations and Allowances	1,467
Rewards	1.20
Incentive Plans	0,055
Total	6,125.05



F- Penalties or reserve restrictions imposed on the company by CMA or any other regulatory or supervisory authority

No penalties or reserve restrictions have been imposed on the company by CMA or other supervisory, regulatory or judicial authority.

G- Results of the annual audit for the effectiveness of the company's internal control procedures

First: Basis of internal control and implementation of control process within the company

The Audit Committee, in light of the internal control reporting, reviews the control processes of all activities of the company and its subsidiaries in accordance with the following principles:

- Ensure properness of implementation of laws and regulations to enhance confidence in the reports of the Company and its subsidiaries.
- Assess policies and administrative, financial, operational and marketing procedures for the company and its subsidiaries.
- Ensure the accuracy of information contained in the periodic reports of these companies.
- Ability to make informative decisions by identifying problems and obstacles to avoid their impact.

The Audit Committee follows up the commitment to implement the internal audit program that is approved by the Board of Directors for the control of operational performance of the company and its subsidiaries. The committee discusses also the audit plan and annual results through reports

raised by the head of internal audit function to the committee. The Audit Committee ensured that the head of internal audit function and his team are empowered to perform their duties during the year 2014, and examine the work of all sections and departments of the company and its subsidiaries.

That internal audit work of the company is fully independent from the work of the executive management. The head of internal audit function and his team report to the Audit Committee, to which they raise internal audit reports directly. The role of internal audit aims at serving the objectives of senior management to provide feasible recommendations through the reports filed.

Internal Audit Department has pursued the following to undertake its duties:

- Internal Audit Department has taken all measures to address the contents and observations of audit reports.
- Internal audit activities have been directed to high-risk activities and functions and to increase the effectiveness and efficiency of operations and profitability of the company.
- Internal Audit Department has fully coordinated with the external auditor in a satisfactory and effective manner.

Second: Results of the annual audit of internal control function:

Scope of Work:

In implementation of its work, Internal Audit Department has adopted a systematic approach to evaluate and improve the effectiveness of internal control so it can achieve the company's goals and protect its assets.

The scope of work of internal audit included examining the adequacy and effectiveness of the company's internal control system and the quality of management to ascertain whether the company's internal systems provide reasonable assurance of achieving the objectives of the company. The scope of internal audit department included:

- Audit and periodic review of all departments operating in the company at appropriate intervals.
- Inform officials in various audited departments of the results of the audits carried out by the Internal Audit Department for the purpose of verification to take the necessary actions regarding the deficiencies identified during the process.
- Assess plans and procedures provided by officers in various relevant departments to address the observations and recommendations contained in the audit report. In case of inadequacy of measures taken, issues are discussed with the officers to ensure the efficiency and adequacy of actions taken.

The Audit Committee emanating from the Board of Directors oversees the internal audit work of the group and examines adequacy and effectiveness of the internal control system. The Audit Committee has held four meetings during the year, which discussed most of the work of internal audit. The Committee has implemented many internal and periodic audits focusing on all group's operations. All necessary actions have been taken to tackle most of the issues identified in the internal audit reports.

Following are the most significant fundamental procedures and observations:

The effectiveness of internal audit reports and observations during the year 2014, has comprehensively contributed to improving performance in different units and departments of the company and its subsidiaries, and making informative and corrective decisions to a number of units and departments. Following are the most significant observations of the internal audit:

- **Sales and Trade Receivables:** During the year 2014, there was a development in the follow up and matching of customers' balance on semi-annual basis. Updating some customers' sales contracts, credit terms and credit limits are underway.
- **Inventory:** Follow up the monthly inventory movement, including raw materials and items available for sale. The executive committee ensured that allowed limits of all types of inventory are not exceeded.
- **Product costs statement:** The situation was rectified in light of applying the automated system for the direct or indirect production costs program.
- **Safety and Security:** The company witnessed a general reduction in accident and work injuries as a result of continuous follow up and enhancement of Safety and Security Section with competent personnel and advanced follow up tools.
- **Running the Comprehensive SAP System:** SAP systems has been finalized in all company locations and factories during the year 2014. Completion of training, granting privileges

to users, setting control principles and risk assessment are followed up.

Updating procedures as referenced in the internal audit report and the management is acting upon

- Ongoing update of policies and procedures:
 - The ongoing workshop, represented by the team composed of Internal Audit, Risks, Compliance and Legal Affairs, is continuing to review the policies and procedures for all sections and departments through organizing numerous meetings and inviting everyone to participate in the discussion and comment on such policies and procedures.
 - The company believes in the importance of dialogue and acceptance of all employees to these policies and procedures putting the interests of the company at the forefront by taking into account all possible factors.
 - The accomplishments during this year include approving risk management and compliance policies, working on preparing information systems policies and procedures which are still under review as well as updating human resources policy in light of expansion of the company business. After finalizing ownership transfer of the Savola Packaging Systems Company, all procedures will be reviewed and updated in line with the updated organizational structure.
- **Update of authority/powers procedures in the light of management changes in the company and business expansion:** During the year 2014,

the financial authority matrix has been updated and amended in line with work requirements.

- **Development of Governance Practices:** The Investor Relations and Legal Affairs Department continues to play its supervisory role to ensure that administrative and management processes and decisions are characterized by responsibility and transparency and serve the interests of all shareholders, while observing the statutory instructions and legislations and best practices in this area. The company is constantly working to update governance policies and procedures in line with any new regulatory instructions in this regard.

(25) The Auditor's report has not included any qualifications or negative remarks on the financial statements for the financial year ended on 31/12/2014.

(26) Recommendation from the Board of Directors to replace the certified auditor:

Under the Capital Market Authority circular No. S/2/4/11367/14, dated 27/11/2014 calling upon companies not to deal with the auditor (Deloitte & Touche Bakr Abulkhair & Partners) as of 1/6/2015, the Board of Directors and the Audit Committee recommended the replacement of the certified auditor for the financial year 2015, as from the date stated above, in compliance with the CMA's resolution.

(27) Recommendation with regard to net profits:

According to Article (123) of the Companies Regulations, which stipulate that **(this report should propose the method for distribution of net profits)**; therefore, the Board of Directors submits to the shareholders the following recommendation regarding the net profits:

2014 (SAR thousand)	Description
55,323	Net profits after Zakat
(5,532)	Less: Statutory Reserve
49,791	Net profit after setting aside the statutory reserve
78,272	Add: retained earnings as at 01/01/2014
(17,500)	Dividends distributed and paid to the shareholders during 2014G
(1,400)	Board Remunerations, 2014
109,163	Net profits retained as at 31/12/2014 will be carried forward to next year.

Finally:

The Board of Directors is pleased to extend its sincere gratitude and appreciation to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince, His Royal Highness the Crown Prince, the Government of the Kingdom of Saudi Arabia and all state bodies that effectively contribute to promoting our national economy through their support and collaboration to the transformational industry projects of which Takween Advanced Industries is a member.

The Board is also pleased to extend its thanks to all shareholders and investors of the Company for their confidence entrusted in us in the service of the Company. Thanks also to all employees of the Company for their sincere efforts exerted in the performance of their responsibilities and duties.









**Consolidated
Financial Statements
and Auditors' Report for
Year Ended December 31, 2014**

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2014

	Note	2014 SR 000	2013 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	31,037	66,963
Investments held for trading		56,291	4,812
Accounts receivable	4	217,560	199,536
Inventories	5	271,459	188,079
Prepaid expenses and other debit balances	6	50,612	40,251
Total current assets		626,959	499,641
Non-current assets			
Property, plant and equipment	7	630,396	560,014
Intangible assets	8	11,509	11,141
Total non-current assets		641,905	571,155
TOTAL ASSETS		1,268,864	1,070,796

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Short term borrowings	9	508,494	469,845
Accounts payable and other liabilities	11	137,908	43,546
Current portion of medium and long term loans	10	10,775	10,725

Total current liabilities

657,177	524,116
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Non-current liabilities

Medium and long term loans	10	113,205	87,035
End-of-service indemnities	12	9,900	7,486

Total non-current liabilities

123,105	94,521
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Stockholders' equity

Share capital	1	350,000	350,000
Statutory reserve	13	29,419	23,887
Retained earnings		109,163	78,272

Total stockholders' equity

488,582	452,159
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

1,268,864	1,070,796
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CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2014

	Note	2014 SR 000	2013 SR 000
Sales	14	767,679	731,022
Cost of sales		(646,389)	(635,711)
Gross profit		121,290	95,311
Research and development expenses		2,682	570
Selling and distribution expenses	14,15	19,472	20,038
General and administrative expenses	14,16	42,278	28,066
Operating income		56,858	46,637
Finance charges	9,10	(15,221)	(12,615)
Unrealized gain on investments held for trading		9,471	4,921
Realized gain on investments held for trading		10,086	14,032
Other income (expenses), net		337	(5,628)
Net income before zakat		61,531	47,347
Zakat	17	6,208	2,960
NET INCOME		55,323	44,387
EARNINGS PER SHARE	19		
Earnings per share from net income (SR)		1.58	1.27
Earnings per share from continuing main operations (SR)		1.01	0.89
Earnings per share from other operations (SR)		0.57	0.38
Weighted average number of shares		35,000,000	35,000,000

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2014

	Note	Share capital SR 000	Statutory reserve SR 000	Retained earnings SR 000	Total SR 000
January 1, 2013		300,000	19,448	103,324	422,772
Net income for year		-	-	44,387	44,387
Transfer to statutory reserve	13	-	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
Net income for year		-	-	55,323	55,323
Transfer to statutory reserve	13	-	5,532	(5,532)	-
Directors' remuneration	14	-	-	(1,400)	(1,400)
Dividends	20	-	-	(17,500)	(17,500)
December 31, 2014		350,000	29,419	109,163	488,582

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	2014	2013
	SR 000	SR 000
OPERATING ACTIVITIES		
Net income before zakat	61,531	47,347
Adjustments for:		
Depreciation	62,245	45,227
Amortization of intangible assets	1,003	276
Finance charges	15,221	12,615
End-of-service indemnities	3,036	2,137
Gain on disposals of property, plant and equipment	(107)	(57)
Unrealized gain on investments held for trading	(9,471)	(4,921)
Realized gain on investment held for trading	(10,086)	(14,032)
Changes in operating assets and liabilities:		
Accounts receivable	(18,024)	(23,309)
Inventories	(83,380)	(4,113)
Prepaid expenses and other debit balances	(10,361)	(12,039)
Accounts payable and other liabilities	(71,899)	(79,013)
Cash from (used in) operations	(83,506)	(21,656)
Finance charges paid	(12,680)	(10,990)
End-of-service indemnities paid	(622)	(887)
Zakat paid	(2,187)	(2,715)
Net cash from (used in) operating activities	(68,017)	(36,248)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(114,906)	(193,391)
Proceeds from disposal of property, plant and equipment	257	58
Additions to intangible assets	(1,761)	(4,332)
Net movement in investments held for trading	(31,922)	14,141
Net cash used in investing activities	(148,332)	(183,524)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2014

	2014	2013
	SR 000	SR 000
FINANCING ACTIVITIES		
Change in short term borrowings	38,649	277,483
Change in medium and long term loans	(24,640)	(20,983)
Directors' remunerations	(1,400)	(849)
Dividends paid (note 20)	(17,500)	(15,000)
Net cash from financing activities	44,389	240,651
Net change in cash and cash equivalents	(35,926)	20,879
Cash and cash equivalents, January 1	66,963	46,084
CASH AND CASH EQUIVALENTS, DECEMBER 31	31,037	66,963
Non - cash transactions:		
Capital expenditure payable	17,481	-
Increase in share capital by transferring from retained earnings (note 1)	-	50,000

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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 350 million divided in to 35 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	
	2014	2013
• Advanced Fabrics Factory Company (“SAAF”)	100%	100%
• Ultra Pak Manufacturing Company (“UltraPak”)	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

During the year, the Company agreed to purchase the textile plant along with its right to use the leasehold land and improvements from Al Hasa Development Company, a Saudi joint stock company, for a total value of SR 31.5 million. The legal formalities and obtaining approvals from related authorities have been completed during the year.

The Company signed a non-binding memorandum of understanding (“MOU”), with Savola Group, a Saudi Joint Stock Company, on July 22, 2014 in relation to the proposed acquisition of Savola Packaging, a wholly owned subsidiary of Savola Group. The MOU had an initial term of 16 weeks and was subject to various conditions and approvals including the Company’s completion of a detailed due diligence, completion of the negotiation resulting in definitive agreement in relation to the proposed acquisition, approval of both the companies’ board of directors, stockholders and the approval of relevant Saudi Arabian regulatory authorities.

The Company reached an agreement with Savola Group after completing a detailed due diligence and signed an agreement on December 30, 2014 to purchase the entire shareholding of Savola Packaging for a total purchase price of SR 910 million. The completion of the purchase transaction and payment of the said purchase price is subject to satisfaction of various conditions before 31 March 2015 which include completing certain regulatory procedures, obtaining consents from the concerned government agencies, including the Competition Council, and the satisfaction of certain commercial conditions agreed between the parties. Subsequently in 2015, Competition Council has approved the proposed acquisition of Savola Packaging by Takween.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

100% of the purchase price will be financed through a syndicate of Saudi banks, which will be announced upon concluding all financing negotiations with the banks, and which is subject to the approval of the ordinary general assembly of the Company.

Savola Packaging owns two subsidiaries (Al-Sharq Plastic Company and New Marina Plastics Company in Egypt) and is engaged in production of plastic containers, barrels, bottles and covers, with a production capacity of 200,000 tons per year.

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.

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.

Investments

Investments in marketable equity securities are classified according to the Group's intent with respect to those securities. Marketable equity securities held to maturity are stated at amortized cost, adjusted for the related premium or discount. Marketable equity securities held for trading are stated at fair value and unrealized gains and losses thereon are included in the consolidated statement of income. Marketable equity securities available for sale are stated at fair value and unrealized gains and losses thereon are included in consolidated stockholders' equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

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.

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.

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 balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent

of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the 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 years. 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 software and system development costs.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

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.

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 and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less.

At December 31, 2014 and 2013, cash and cash equivalents consist entirely of cash and bank balances.

4. ACCOUNTS RECEIVABLE

	2014 SR 000	2013 SR 000
Trade receivables – others	194,770	171,759
Trade receivables – related parties (note 14)	22,125	27,588
Due from related parties (note 14)	665	189
	217,560	199,536

5. INVENTORIES

	2014 SR 000	2013 SR 000
Finished goods	113,168	42,437
Raw, work-in-process and packing materials	119,909	105,997
Spare parts not held for sale	38,136	32,505
Goods-in-transit	246	7,140
	271,459	188,079

6. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	2014 SR 000	2013 SR 000
Prepaid expenses	7,444	6,520
Rebates receivables	19,869	13,993
Advances to suppliers	11,050	14,405
Other debit balances	12,249	5,333
	50,612	40,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

7. 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, 2014	72,633	614,789	3,792	7,649	255,022	953,885
Additions	39,342	26,961	1,441	1,105	63,538	132,387
Disposals	(5)	(186)	-	-	-	(191)
Transfer/reclassified	35,363	212,051	1,202	2,386	(250,612)	390
December 31, 2014	147,333	853,615	6,435	11,140	67,948	1,086,471
Depreciation						
January 1, 2014	20,144	364,012	3,213	6,502	-	393,871
Charge for year	3,630	55,754	1,986	875	-	62,245
Disposals	(1)	(40)	-	-	-	-
December 31, 2014	23,773	419,726	5,199	7,377	-	456,075
Net book value						
December 31, 2014	123,560	433,889	1,236	3,763	67,948	630,396
December 31, 2013	52,489	250,777	579	1,147	255,022	560,014

The Company's buildings and production facilities are constructed on a parcel of land in Al Hasa owned by an affiliate and building of textile plant is constructed on land leased from Saudi Industrial Property Authority (MODON) for a period of 20 years commencing from 27 Muharram, 1436H (November 24, 2014).

SAAF's buildings and production facilities are constructed on a parcel of land in Al Hasa owned by an affiliate and a piece of land leased from Saudi Arabian Oil Company in Western Province of Saudi Arabia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

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 Ultra Pak anticipates extending the lease upon its expiry.

Capital work-in-progress at December 31, 2014 is principally related to various additions to the production facilities and other improvements, which were under progress at the year-end. Interest capitalized as part of capital work-in-progress at December 31, 2014 amounted to SR 0.3 million (2013: SR 2.4 million).



8. INTANGIBLE ASSETS

Cost

January 1
Addition during the year
Reclassified
December 31

Amortization

January 1
Charge for year
December 31

Net book value

December 31

2014	2013
SR 000	SR 000
12,270	7,938
1,761	4,332
(390)	-
13,641	12,270
1,129	853
1,003	276
2,132	1,129
11,509	11,141

9. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

10. LONG TERM LOANS

	2014	2013
	SR 000	SR 000
Commercial loans	-	70,000
SIDF loans	133,510	29,470
	133,510	99,470
Less: current portion	(10,775)	(10,725)
Less: loan appraisal fees	(9,530)	(1,710)
	113,205	87,035

The Commercial loans - In 2012, the SAAF obtained a medium term loan of SR 45.0 million out of the total facility of SR 80 million from a local bank. In 2013, the SAAF availed the remaining facility of SR 35 million. These carry interest at commercial rates with outstanding balance repayable in eight unequal semi-annual installments commencing from June 2013. The loans are secured principally by demand order note, promissory notes and corporate guarantees. In 2014, the SAAF received a new SIDF loan and used SR 70 million of the SIDF loan to 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 133.5 million (2013 - SR 29.47 million) before adjusting loan appraisal fees 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, two parcels of land owned by an affiliate and corporate guarantees from the Company. The loan appraisal fees totaling SR 21.1 million (2013: SR 11.7 million) are deferred and are being amortized over the term of the loans.

The Company obtained two loans from SIDF in 2007 and 2010 to finance the new expansion of its production facility. These loans have been consolidated into one facility of SR 27 million which is payable in 11 unequal semi annual installments commencing from 15/8/1432H (corresponding to July 16, 2011) and final payment is due on 15/8/1437H (corresponding to May 22, 2016).

In 2013, the SAAF entered into a loan agreement with SIDF to finance the construction of its new production facilities for an amount of SR 125.7 million. Repayment of the loan is in 14 unequal semi-annual installments commencing from 15 Shawwal 1436H (corresponding to July 31, 2015). During the year, an amount of SR 113.1 million out of total facility of SR 125.7 million was drawn down by the SAAF.

SIDF sanctioned a loan to the Ultrapak for SR 12.85 million to finance the modernization and expansion of production facilities. The loan is repayable in twelve unequal semi-annual installments commencing 1 Rabi' I, 1431 (January 31, 2010). In 2012, the Ultrapak entered into a further loan agreement with SIDF, to finance the expansion of production facilities for an additional amount of SR 13.9 million due in 13 unequal semi-annual installments, commencing 15 Safar, 1435 (December 18, 2013). The facility was reduced to SR 12.7 million and the Ultrapak has withdrawn SR 12.7 million (2013: SR 11.1 million) out of total amount sanctioned. During the year, these loans have been consolidated into one facility of SR 25.5 million with an additional drawdown of SR 1.6 million which is payable in 11 unequal semi annual installments commencing from 15 Safar, 1436 (December 7, 2014) and final payment is due on 15 Safar, 1441 (October 14, 2019).

The SIDF and the commercial loans contain covenants requiring the maintenance of certain financial ratios and other covenants. As at December 31, 2014 and 2013, the Company and SAAF are not in compliance with certain covenants.

Aggregate maturities of medium and long term loans outstanding at December 31, 2014 before adjusting loan appraisal fees are as follows:

	SR 000
2015	10,775
2016	11,813
2017	14,356
2018	27,538
2019	25,898
After 2020	43,130
	133,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2014	2013
	SR 000	SR 000
Accounts payable – trade	87,727	23,980
Capital expenditure payable	17,481	-
Due to related parties (note 14)	4,690	130
Accrued expenses and other liabilities	20,098	15,545
Zakat payable (note 17)	7,912	3,891
	137,908	43,546

12. END-OF-SERVICE INDEMNITIES

	2014	2013
	SR 000	SR 000
January 1	7,486	6,236
Additional provision in year	3,036	2,137
Utilization of provision	(622)	(887)
December 31	9,900	7,486

13. 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.

14. 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:

Name	Relationship
Al Othman Group of companies	Affiliates
Al Hasa Development Company	Affiliate
Senior executives	Shareholders

The significant transactions and the related amounts are as follows:

	2014	2013
	SR 000	SR 000
Sales made to affiliates	(71,962)	(66,337)
Cost and expenses charged by affiliates	8,378	7,053
Cost and expenses charged to affiliates	(96)	(245)
Other services received	4,000	3,700
Remuneration to a directors	1,400	-
Purchase of property, plant and equipment	31,500	-

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, 2014 and 2013 are disclosed in notes 4 and 11 respectively and principally include balances related to the above mentioned transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

15. SELLING AND DISTRIBUTION EXPENSES

	2014	2013
	SR 000	SR 000
Employee related costs	3,671	4,227
Transportation	12,458	12,289
Bad and doubtful debts	1,748	1,950
Others	1,595	1,572
	19,472	20,038

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	SR 000	SR 000
Employee related costs	27,463	17,969
Professional and other services	1,141	1,184
Communication and other office expenses	8,228	5,471
Depreciation	776	274
Amortization (note 8)	1,003	276
Travel and entertainment	849	733
Facility costs	948	1,169
Others, net	1,870	990
	42,278	28,066

17. ZAKAT

The principal elements of the zakat base are as follows:

	2014	2013
	SR 000	SR 000
Non-current assets	641,905	571,155
Non-current liabilities	123,105	94,521
Spare parts	38,136	32,505
Opening shareholders' equity	452,159	422,772
Net income before Zakat	61,531	47,347
Dividends paid	17,500	15,000

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

The movement in zakat provision is as follows:

	2014	2013
	SR 000	SR 000
January 1	3,891	3,646
Provision for year	5,436	2,960
Over provision for previous year	772	—
Payments during year	(2,187)	(2,715)
December 31	7,912	3,891

The charge for the year is as follows:

	2014	2013
	SR 000	SR 000
Charge for current year	5,436	2,960
Over provision for previous year	772	—
Charge in the consolidated statement of income	6,208	2,960

Outstanding assessments

Zakat returns for the Group companies have been filed independently and paid for all years through 2010 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 2011 and onwards and zakat certificates have been received.

The Company and its subsidiaries' assessments have been agreed upto different years. The Company and its subsidiaries have filed objection against the assessments. Total additional zakat against which objection have been filed amounted to SR 6.3 million (2013: SR 6.3 million). The management is confident of favorable outcome, hence no additional provision has been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

18. OPERATING LEASE ARRANGEMENTS

	2014 SR 000	2013 SR 000
Payments under operating leases as an expense during year	3,921	2,995

Operating lease payments represent rentals payable by the Group for certain employees' housing, office space, warehouses and factory lands. Leases, except for lands, are negotiated for an average term of one year and rentals are fixed over the lease period. Leases for lands are negotiated for a period of 20 to 30 years and rentals are fixed over the lease period.

Commitments for minimum lease payments under non-cancelable operating leases are as follows:

	2014 SR 000	2013 SR 000
Year 1	773	687
Year 2	773	687
Year 3	773	687
Year 4	773	687
Year 5	773	687
After 5 years	14,329	13,720
Net minimum lease payments	18,194	17,155

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 (2013: the number of shares have been adjusted to 35 million of SR 10 each to accommodate increase in share capital by issuing bonus shares (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, unrealized and realized gains on investments held for trading for the year by the weighted average number of shares outstanding.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

20. DIVIDENDS

In 2014, the Company distributed a cash dividend of SR 0.50 per share totalling SR 17.50 million for the year 2013 (2013: SR 0.50 for total shares of 30 million totalling SR 15 million for the year 2012).

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
2014				
Revenues	274,738	311,940	181,001	767,679
Operating income	14,791	23,679	18,388	56,858
As of December 31, 2014				
Property, plant and equipment	158,637	444,269	27,490	630,396
Total assets	395,405	731,893	141,566	1,268,864
Total liabilities	322,826	384,144	73,312	780,282
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	361,089	594,162	115,545	1,070,796
Total liabilities	233,944	340,424	44,269	618,637

Geographical segments:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

22. CONTINGENCIES AND COMMITMENTS

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

	2014 SR 000	2013 SR 000
Letters of credit	317	4,256
Letters of guarantee	30,497	33,005
Capital commitments	10,043	26,697

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.





To the stockholders
Takween Advanced Industries
Al-Khobar, Saudi Arabia

AUDITORS' REPORT

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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, 2014, 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, 2014, 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
27 Rabi’ II, 1436H
February 16, 2015

