

**Arabian Waterproofing Industries
Company and Its Subsidiaries
(A Saudi Joint Stock Company)**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Arabian Waterproofing Industries Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Arabian Waterproofing Industries Company and Its Subsidiaries - A Saudi Joint Stock Company - (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated balance sheet as at 31 March 2017, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 March 2016, were audited by another auditor who expressed an unmodified opinion on those statements on 5 June 2016.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and the provisions of Companies' Law and the Company's by-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Arabian Waterproofing Industries Company (continued)
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young



Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437



Riyadh: 10 Ramadan 1438H
(5 June 2017)

Arabian Waterproofing Industries Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET

As at 31 March 2017

	Notes	2017 SR	2016 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	137,040,864	129,664,059
Accounts receivable	5	151,422,832	137,369,818
Inventories	6	56,604,734	57,803,540
Prepayments and other receivables	7	18,144,079	17,476,097
TOTAL CURRENT ASSETS		363,212,509	342,313,514
NON-CURRENT ASSETS			
Available-for-sale investments	8	23,593	24,838
Investment property	9	34,623,970	33,283,877
Property, plant and equipment	10	84,709,948	90,012,845
TOTAL NON-CURRENT ASSETS		119,357,511	123,321,560
TOTAL ASSETS		482,570,020	465,635,074
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	11	8,327,982	11,004,841
Accrued expenses and other liabilities	12	30,535,831	40,913,456
Zakat payable	13	9,632,917	9,486,390
TOTAL CURRENT LIABILITIES		48,496,730	61,404,687
NON-CURRENT LIABILITY			
Employees' terminal benefits, net	14	11,158,570	8,815,444
TOTAL LIABILITIES		59,655,300	70,220,131
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	16	272,999,780	272,999,780
Statutory reserve	17	16,093,517	8,774,283
Contractual reserve	18	75,192,437	67,873,203
Fair value reserve		767	2,012
Foreign currency translation reserve		(294,818)	(122,924)
Retained earnings		54,635,446	41,347,948
TOTAL SHAREHOLDERS' EQUITY		418,627,129	390,874,302
Minority interests	19	4,287,591	4,540,641
TOTAL EQUITY		422,914,720	395,414,943
TOTAL LIABILITIES AND EQUITY		482,570,020	465,635,074

The attached notes 1 to 31 form part of these consolidated financial statements.

Arabian Waterproofing Industries Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 March 2017

	Notes	2017 SR	2016 SR
Sales		341,026,472	413,279,664
Cost of sales		(214,970,606)	(265,569,009)
GROSS PROFIT		126,055,866	147,710,655
EXPENSES			
Selling and marketing expenses	20	(27,000,707)	(26,611,972)
General and administrative expenses	21	(21,574,364)	(23,615,561)
INCOME FROM MAIN OPERATIONS		77,480,795	97,483,122
Other income, net	22	4,871,238	5,511,591
INCOME BEFORE ZAKAT AND MINORITY INTERESTS		82,352,033	102,994,713
Zakat	13	(9,376,815)	(9,371,595)
INCOME BEFORE MINORITY INTERESTS		72,975,218	93,623,118
Minority interests	19	217,126	(733,437)
NET INCOME FOR THE YEAR		73,192,344	92,889,681
EARNINGS PER SHARE			
Attributable to income from main operations	23	2.84	3.57
Attributable to net income for the year	23	2.68	3.40

The attached notes 1 to 31 form part of these consolidated financial statements.

Arabian Waterproofing Industries Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 SR	2016 SR
OPERATING ACTIVITIES			
Income before zakat		82,352,033	102,994,713
<i>Adjustments for:</i>			
Provision for doubtful debts, net	5	2,456,038	2,493,044
Reversal of slow moving inventory, net	6	(1,135,734)	(31,827)
Provision for employee termination benefits	14	2,562,069	2,035,867
Depreciation on property, plant and equipment	10	9,341,722	10,579,352
Depreciation on investment property	9	547,572	-
Gain on disposal of property, plant and equipment	22	(199,668)	(169,130)
		<u>95,924,032</u>	<u>117,902,019</u>
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable		(16,509,052)	(7,522,275)
Inventories		2,334,540	4,101,867
Prepayments and other current assets		(667,982)	6,378,185
Accounts payable		(2,676,859)	1,065,682
Accrued expenses and other current liabilities		(10,377,625)	(7,568,886)
		<u>68,027,054</u>	<u>114,356,592</u>
Net changes from operations			
Zakat paid	13	(9,230,288)	(7,287,100)
Employee termination benefits paid		(218,943)	(28,781)
		<u>58,577,823</u>	<u>107,040,711</u>
Net cash from operating activities			
INVESTING ACTIVITIES			
Purchase of investment property	9	(1,887,665)	-
Purchase of property, plant and equipment	10	(4,086,373)	(19,186,704)
Proceeds from sale of property, plant and equipment		252,533	1,038,376
		<u>(5,721,505)</u>	<u>(18,148,328)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Dividends paid	27	(43,679,964)	(76,439,927)
Board members' remuneration paid	29	(1,500,000)	(1,500,000)
		<u>(45,179,964)</u>	<u>(77,939,927)</u>
Cash used in financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR			
		<u>7,676,354</u>	<u>10,952,456</u>
Cash and cash equivalents at the beginning of year		129,664,059	119,189,678
Effect of exchange rate changes in cash and cash equivalents		(299,549)	(478,075)
		<u>137,040,864</u>	<u>129,664,059</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
<u>SIGNIFICANT NON-CASH TRANSACTIONS:</u>			
Change in fair value of available for sale investments	8	(1,245)	(7,220)
Transfer from property, plant and equipment to investment property	9	-	33,283,877
		<u>-</u>	<u>33,283,877</u>

The attached notes 1 to 31 form part of these consolidated financial statements.

Arabian Waterproofing Industries Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital SR	Statutory reserve SR	Contractual reserve SR	Fair value reserve SR	Foreign currency translation reserve SR	Retained earnings SR	Total shareholders' equity SR	Minority interest SR	Total SR
Balance at 1 April 2016	272,999,780	8,774,283	67,873,203	2,012	(122,924)	41,347,948	390,874,302	4,540,641	395,414,943
Net income (loss) for the year	-	-	-	-	-	73,192,344	73,192,344	(217,126)	72,975,218
Transfer to statutory reserve (note 17)	-	7,319,234	-	-	-	(7,319,234)	-	-	-
Transfer to contractual reserve (note 18)	-	-	7,319,234	-	-	(7,319,234)	-	-	-
Losses of minority absorbed	-	-	-	-	-	(86,414)	(86,414)	86,414	-
Dividends (note 27)	-	-	-	-	-	(43,679,964)	(43,679,964)	-	(43,679,964)
Board members' remuneration (note 29)	-	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Change in fair value reserve (note 8)	-	-	-	(1,245)	-	-	(1,245)	-	(1,245)
Change in foreign currency translation reserve	-	-	-	-	(171,894)	-	(171,894)	(122,338)	(294,232)
Balance at 31 March 2017	272,999,780	16,093,517	75,192,437	767	(294,818)	54,635,446	418,627,129	4,287,591	422,914,720
Balance at 1 April 2015	181,999,810	66,485,313	75,092,480	9,232	(29,164)	52,467,857	376,025,528	4,210,750	380,236,278
Transfer to share capital (note 16)	90,999,970	(67,000,000)	-	-	-	(23,999,970)	-	-	-
Net income for the year	-	-	-	-	-	92,889,681	92,889,681	733,437	93,623,118
Transfer to statutory reserve (note 17)	-	9,288,970	-	-	-	(9,288,970)	-	-	-
Transfer to contractual reserve (note 18)	-	-	10,182,082	-	-	(10,182,082)	-	-	-
Transfer from contractual reserve (note 18)	-	-	(17,401,359)	-	-	17,401,359	-	-	-
Dividends (note 27)	-	-	-	-	-	(76,439,927)	(76,439,927)	-	(76,439,927)
Board members' remuneration (note 29)	-	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Change in fair value reserve (note 8)	-	-	-	(7,220)	-	-	(7,220)	-	(7,220)
Change in foreign currency translation reserve	-	-	-	-	(93,760)	-	(93,760)	(403,546)	(497,306)
Balance at 31 March 2016	272,999,780	8,774,283	67,873,203	2,012	(122,924)	41,347,948	390,874,302	4,540,641	395,414,943

The attached notes 1 to 31 form part of these consolidated financial statements.

Arabian Waterproofing Industries Company and Its Subsidiaries (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

1 ACTIVITIES

Arabian Waterproofing Industries Company (the "Company") is a Saudi joint stock company which was converted from a limited liability company on 15 Safar 1426H (corresponding to 25 March 2005). The Company commenced its operation on 14 Sha'aban 1401H (corresponding to 17 June 1981) under the Commercial Registration No. 1010039827. The Company has branches in Jeddah and Dammam under Commercial Registration No. 4030045288 and 2050020686, respectively.

The Company and its subsidiaries (collectively the "Group") consists of the Company and its various foreign subsidiaries listed below. The Group is engaged in the manufacture of waterproofing products and heat insulation material and purchasing, processing and selling of stone and marble processing.

The accompanying consolidated financial statements include the financial statements of the Company and its following subsidiaries, operating under individual commercial registrations:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Effective ownership as at 31 March</i>	
		<i>2017</i>	<i>2016</i>
Awazel International Company, LLC	UAE	99%	99%
Awazel Kuwait Company for Building Materials	Kuwait	99%	99%
Awazel Qatar International Company	Qatar	95%	95%
Awazel Indonesia International Company	Indonesia	See note 1.1	95%
Advanced Membrane Company for Industry	Saudi Arabia	90%	90%
Al Sultan Contracting Trading Company Limited	Saudi Arabia	80%	80%
Al Takamal Company for Marble Limited	Saudi Arabia	80%	80%

1.1 During the current year, Awazel Indonesia International Company has been liquidated. The assets, liabilities and results of operations of the Indonesian subsidiary of the Group are not material to the Group and therefore have not been disclosed separately.

During the current year, the Company has made an in-principle decision to seek an initial public offering (IPO). The Board of Directors of the Company has approved the application to the related authorities to obtain an approval on offering 30% of the Company's shares to public by way of an IPO.

As of the date of approval of these consolidated financial statements, the Company has submitted the prospectus for approval to Capital Market Authority for offering 30% of the Company's shares to public by way of an IPO.

2 BASIS OF CONSOLIDATION

These consolidated financial statements include the assets and liabilities and the results of operations of the Company and its subsidiaries (the "Group") listed in note 1 above.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefits generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Subsidiaries' financial statements for the same year are prepared using accounting policies consistent with those used by the Company.

Arabian Waterproofing Industries Company and Its Subsidiaries (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2017

2 BASIS OF CONSOLIDATION (continued)

Minority interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from parent shareholders' equity, if material.

All significant inter-company transactions have been eliminated on consolidation.

3.1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The consolidated financial statements have been prepared under the historical cost convention, as modified by measurement of available-for-sale investments at fair value, on an accrual basis of accounting and in compliance with accounting standards promulgated by the Saudi Organization for Certified Public Accountants. These policies have been consistently applied to all period presented, unless otherwise stated.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and other short term highly liquid investments that are readily convertible into known amounts of cash and have maturities of three months or less from the date of acquisition.

Short-term deposits

Short-term deposits include placements with banks and other short-term highly liquid investments with original maturities of three months or more but not more than one year from the purchase date.

Accounts receivable

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

Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined as follows:

Raw material	purchase cost on a weighted average basis
Finished goods	cost of direct materials and labour plus attributable overheads
Spare parts	purchase price

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

Available-for sale investments

Available-for-sale investments principally consist of investments of less than 20% in the capital of other companies and investments in commission bearing instruments. These investments are included in non-current assets unless management intends to sell such investments within twelve months from the reporting date. These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date as follows:

- i) Fair values of quoted securities are based on available market prices at the reporting date; and
- ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows.

Cumulative adjustments arising from revaluation of these investments are reported as separate component of equity as fair value reserve until the investment is disposed.

Arabian Waterproofing Industries Company and Its Subsidiaries (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2017

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for sale investments (continued)

Where there is an objective evidence that investments may be impaired, the estimated recoverable amount of those investments is determined and any impairment loss for the difference between the recoverable amount and the carrying amount is recognized in the consolidated statement of income. In assessing impairment, expected future cash flows and other factors are taken into consideration.

Investment property

Property held to earn rentals or for capital appreciation or both, which is not occupied by the Group is classified as investment property. Investment property is recorded at historical cost, net of accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset's carrying amount will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. Land is not depreciated. Investment properties are depreciated on a straight line basis over their estimated useful lives.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Freehold lands and construction work in progress are not depreciated. The cost less estimated residual value of other items of property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvements or the term of the lease.

Expenditure for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Impairment of non-current assets

Non-current assets other than goodwill, if any, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, if any, is tested for impairment annually. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than goodwill, if any, that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated income statement. Impairment losses recognized on goodwill are not reversible.

Accounts payable

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

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Arabian Waterproofing Industries Company and Its Subsidiaries (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2017

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat

The Group is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Provision for zakat of the Group, if any, is accrued and zakat is charged to the consolidated income statement. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Employees' terminal benefits

Employees' terminal benefits required by Saudi Arabian Labor Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the consolidated income statement. The liability is calculated; as the current value of the vested benefits to which the employee is entitled, should the employee leave at the reporting date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

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

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be reliably measured. Revenue from sale of goods is recognized when the rewards of ownership of the goods have passed to the buyer upon delivery. Revenue is shown net of discounts and after eliminating sales within the Group.

Selling and marketing and general and administrative expenses

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

Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the Board of Directors based on the authority vested by the shareholders of the Company in the general assembly meeting.

Segment reporting

Business segment

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

- (i) engaged in revenue producing activities;
- (ii) for which results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) for which financial information is separately available.

Geographical segment

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

Foreign currency translation

Reporting currency

These consolidated financial statements are presented in Saudi Riyals (SR) which is the reporting and functional currency of the Company.

Arabian Waterproofing Industries Company and Its Subsidiaries (A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2017

3.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Transactions and balances

Transactions in foreign currencies are recorded in the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency at the rate of exchange prevailing at the reporting date. All differences are taken to the consolidated income statement.

Subsidiary companies

The results and financial position of all the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) items of equity (except retained earnings) are translated at the rate prevailing on the acquisition date;
- (iii) income and expenses are translated at average exchange rates; and
- (iv) all resulting exchange differences are recognized as a separate component of equity.

3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for doubtful debts

A provision for impairment of accounts receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

Provision for inventory obsolescence

Provision for inventory obsolescence is maintained at a level considered adequate to provide for potential loss on inventory items. The level of allowance is determined and guided by the Group's policy and other factors affecting the obsolescence of inventory items. An evaluation of inventories, designed to identify potential charges to provision, is performed on a continuous basis throughout the year. Management uses judgment based on the best available facts and circumstances, including but not limited to evaluation of individual inventory items' future utilization. The amount and timing of recorded expenses for any period would therefore differ based on the judgments or estimates made. An increase in provision for inventory obsolescence would increase the Group's recorded expenses and decrease current assets.

4 CASH AND CASH EQUIVALENTS

	2017 SR	2016 SR
Deposits	70,000,000	-
Bank balances	66,040,570	128,661,444
Cash in hand	1,000,294	1,002,615
	<u>137,040,864</u>	<u>129,664,059</u>

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At 31 March 2017

5 ACCOUNTS RECEIVABLE

	2017 SR	2016 SR
Trade receivables	160,194,292	144,033,183
Less: provision for doubtful debts	(9,179,357)	(6,953,433)
	<u>151,014,935</u>	<u>137,079,750</u>
Due from related parties (note 15.2)	407,897	290,068
	<u>151,422,832</u>	<u>137,369,818</u>

Movement in provision for doubtful debts is as follows:

	2017 SR	2016 SR
At beginning of the year	6,953,433	6,308,388
Charge for the year (note 20)	2,456,038	2,493,044
Written off	(230,114)	(1,847,999)
	<u>9,179,357</u>	<u>6,953,433</u>

6 INVENTORIES

	2017 SR	2016 SR
Raw materials	27,756,295	31,949,268
Finished products	25,637,711	22,876,498
Spare parts	6,779,618	7,126,094
Goods-in-transit	227,994	784,298
	<u>60,401,618</u>	<u>62,736,158</u>
Less: provision for slow moving inventory	(3,796,884)	(4,932,618)
	<u>56,604,734</u>	<u>57,803,540</u>

Movement in provision for slow moving inventory is as follows:

	2017 SR	2016 SR
At beginning of the year	4,932,618	4,964,445
Charge for the year	1,501,295	9,770,857
Reversal during the year	(2,637,029)	(9,802,684)
	<u>3,796,884</u>	<u>4,932,618</u>

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At 31 March 2017

7 PREPAYMENTS AND OTHER RECEIVABLES

	2017 SR	2016 SR
Staff receivable and others	14,593,931	16,506,215
Advances to suppliers	4,992,379	6,941,706
Prepayments	4,297,995	4,466,991
Margin on bank guarantees	558,869	408,910
Receivable on sludge lifting service	444,688	456,902
Others	6,285,987	2,046,609
	<u>31,173,849</u>	<u>30,827,333</u>
Prepayments and other receivables, gross	31,173,849	30,827,333
Less: advance to employees (note 14)	(13,029,770)	(13,351,236)
	<u>18,144,079</u>	<u>17,476,097</u>

8 AVAILABLE FOR SALE INVESTMENTS

	2017 SR	2016 SR
<i>Quoted securities</i>		
At beginning of the year	24,838	32,058
Movement during the year	(1,245)	(7,220)
	<u>23,593</u>	<u>24,838</u>
At end of the year	<u>23,593</u>	<u>24,838</u>

9 INVESTMENT PROPERTY

	2017 SR	2016 SR
<i>Cost:</i>		
At beginning of the year	33,341,907	-
Additions during the year	1,887,665	-
Transfers from property, plant and equipment during the year	-	33,341,907
	<u>35,229,572</u>	<u>33,341,907</u>
At end of the year	<u>35,229,572</u>	<u>33,341,907</u>
<i>Accumulated depreciation:</i>		
At beginning of the year	(58,030)	-
Depreciation charge for the year	(547,572)	-
Relating to transfer	-	(58,030)
	<u>(605,602)</u>	<u>(58,030)</u>
At end of the year	<u>(605,602)</u>	<u>(58,030)</u>
Net book value at end of the year	<u>34,623,970</u>	<u>33,283,877</u>

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At 31 March 2017

10 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are based on the following rates:

Land improvements	3%	Furniture and fixtures	10% - 25%	Motor vehicles	25%
Buildings	3%	Computer and IT equipment	25%	Plant and equipment	7% - 25%
Building improvements	3%				

	Land SR	Land improvements, buildings and building improvements SR	Furniture, fixtures and motor vehicles SR	Computer and IT equipment SR	Plant and equipment SR	Capital work-in- progress SR	Total 2017 SR	Total 2016 SR
Cost:								
At beginning of the year	20,542,472	62,888,940	48,316,149	11,414,749	115,178,879	365,147	258,706,336	274,028,576
Additions during the year	-	421,617	2,304,120	440,261	649,159	271,216	4,086,373	19,186,704
Disposals during the year	-	-	(667,975)	(5,098)	-	-	(673,073)	(1,120,672)
Transfer to investment property	-	-	-	-	197,520	(245,689)	-	(33,341,907)
Transfer	-	48,169	-	-	64	-	4,455	(46,365)
Currency translation difference	3,214	5,659	(4,194)	(288)	-	-	-	-
At 31 March	20,545,686	63,364,385	49,948,100	11,849,624	116,025,622	390,674	262,124,091	258,706,336
Accumulated depreciation:								
At beginning of the year	-	(20,028,087)	(44,398,335)	(6,647,988)	(97,619,081)	-	(168,693,491)	(158,450,729)
Depreciation charge for the year	-	(1,927,514)	(1,792,688)	(1,635,283)	(3,986,237)	-	(9,341,722)	(10,579,352)
Relating to disposals	-	-	615,110	5,098	-	-	620,208	251,426
Relating to transfers	-	-	-	-	-	-	-	58,030
Currency translation difference	-	(3,421)	3,998	-	285	-	862	27,134
At 31 March	-	(21,959,022)	(45,571,915)	(8,278,173)	(101,605,033)	-	(177,414,143)	(168,693,491)
Net book value at 31 March 2017	20,545,686	41,405,363	4,376,185	3,571,451	14,420,589	390,674	84,709,948	
Net book value at 31 March 2016	20,542,472	42,860,853	3,917,814	4,766,761	17,559,798	365,147		90,012,845

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2017

10 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation expense provided during the year has been allocated to the following:

	2017 SR	2016 SR
Cost of sales	6,619,895	7,942,832
Selling and marketing expenses (note 20)	1,004,512	1,026,311
General and administrative expenses (note 21)	1,717,315	1,610,209
	<u>9,341,722</u>	<u>10,579,352</u>

11 ACCOUNTS PAYABLE

	2017 SR	2016 SR
Trade payables	8,270,632	11,004,841
Due to a related party (note 15.2)	57,350	-
	<u>8,327,982</u>	<u>11,004,841</u>

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2017 SR	2016 SR
Accrued custom duty on import (note 12.1)	14,926,877	21,681,786
Employee related accruals	9,063,540	10,939,446
Accrued sales commission	3,378,776	3,431,314
Accrued transportation charges	1,034,275	1,492,537
Retentions payables	998,734	234,079
Accrued professional fees	288,657	282,774
Accrued utilities expenses	251,033	547,190
Accrued sales incentive	200,000	1,860,601
Others	393,939	443,729
	<u>30,535,831</u>	<u>40,913,456</u>

12.1 Accrued custom duty on import

This balance mainly represents custom duty accrued on import of raw materials which are subject to custom duty during prior years.

During the year, the Company has received a claim for SR 6,150,756 for the aforesaid balance from the Saudi Custom Authorities for which a bank guarantee was issued during the year.

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At 31 March 2017

13 ZAKAT PAYABLE

Charge for the year:

The Group's zakat charge for the year consists of current year provision of SR 9,376,815 (2016: SR 9,371,595).

Movement in the provision during the year:

	2017 SR	2016 SR
At beginning of the year	9,486,390	7,401,895
Charge for the year	9,376,815	9,371,595
Payment during the year	(9,230,288)	(7,287,100)
At end of the year	<u>9,632,917</u>	<u>9,486,390</u>

Status of assessments:

The Company has obtained zakat certificates from the General Authority of Zakat and Tax (the "GAZT") up to 31 March 2016. The assessments up to the year 31 March 2011 have been finalised, whereas assessments from the year 31 March 2012 to 31 March 2016 have not yet been raised by the GAZT.

14 EMPLOYEES' TERMINAL BENEFITS, NET

	2017 SR	2016 SR
At beginning of the year	22,166,680	20,159,594
Charge for the year	2,562,069	2,035,867
Payments during the year	(540,409)	(28,781)
Employees' terminal benefits, gross, as at 31 March	<u>24,188,340</u>	<u>22,166,680</u>
Less: advance to employees (note 7)	<u>(13,029,770)</u>	<u>(13,351,236)</u>
At end of the year	<u>11,158,570</u>	<u>8,815,444</u>

15 RELATED PARTY TRANSACTIONS AND BALANCES

The Group enters into certain transactions with related parties for which the terms and conditions are approved by the Group's management.

15.1 Related party transactions

Significant transactions with related parties in the ordinary course of business included in the consolidated financial statements are summarized below:

Related Party	Nature of transactions	Amount of transactions	
		2017 SR	2016 SR
Affiliates	Sales	1,346,523	948,155
	Royalty expense	-	463,813
	Purchases	3,209,574	2,494,585
	Expenses	688,033	526,250
Senior management	Remuneration	6,052,763	8,602,541

Board remuneration is disclosed in note 29 to these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2017

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

15.2 Related party balances

Significant year end balances arising from transactions with related parties are as follows:

(i) Due from related parties:

	2017 SR	2016 SR
Al-Zamil Company	363,737	13,920
Mawana Fast Contracting and Establishment	44,160	276,148
	<u>407,897</u>	<u>290,068</u>

(ii) Due to a related party:

	2017 SR	2016 SR
Bitutrade Industries Co. LLC	57,350	-
	<u>57,350</u>	<u>-</u>

16 SHARE CAPITAL

The share capital of the Company is divided into 27,299,978 shares of SR 10 each (31 March 2016: 27,299,978 of SR 10 each) owned by the following shareholders:

	2017 <i>Number of Shares</i>	2016 <i>Number of Shares</i>
Boubyan Petrochemical Company	5,672,036	5,672,036
Mr. Ibrahim Ali Al Sugair	1,837,547	1,837,547
Mrs. Hela Abdul Rahman Issa Al Remaiah	1,783,023	1,783,023
Samama Investment Company	1,736,949	1,736,949
Mr. Nasir Ali Al Sugair	1,663,740	1,663,740
Mr. Firas Ali Al Sugair	1,493,919	1,493,919
Mr. Mansour Ali Al Sugair	1,493,919	1,493,919
Mr. Sugair Ali Ibrahim Al Sugair	1,386,798	1,386,798
Other shareholders	10,232,047	10,232,047
	<u>27,299,978</u>	<u>27,299,978</u>

The shareholders of the Company in their General Assembly meeting held on 29 September 2015 approved to increase the share capital of the Company from SR 181,999,810 to SR 272,999,780 through the transfer of SR 67,000,000 and SR 23,999,970 from statutory reserve and retained earnings, respectively.

17 STATUTORY RESERVE

As required by Saudi Arabian Regulations for Companies and Company's by-laws, 10% of the income for the year (after zakat and income tax) has been transferred to the statutory reserve. The Group may resolve to discontinue such transfers when the reserve totals 50% of the share capital. The reserve is not available for distribution.

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At 31 March 2017

18 CONTRACTUAL RESERVE

In prior years, the Company established a contractual reserve by appropriation of 10%, 2.5% and 2.5% of net income for future dividend protection, research and development and product liability reserve respectively.

The Shareholders of the Company in the Annual General Assembly meeting held on 29 September 2015 restricted the transfer of accumulated research and development reserve to maximum 5% of the share capital of the Company.

Accordingly, the Company restricted transfer of net income to research and development related reserve only to the extent that it reaches 5% of the Company's capital. In addition to above, the Company has transferred 10% of net income of the year to dividend reserve.

The Shareholders, in the aforementioned Annual General Meeting, also resolved to transfer full amount of product liability reserve to retained earnings. Accordingly, full amount of product liability reserve was transferred from contractual reserve to retained earnings and further transfer from retained earnings to contractual reserve for the purpose of product liability reserve was stopped. The contractual reserve will be used as per Board of Directors decision in the manner as stipulated in the Company's By-laws.

19 MINORITY INTERESTS

This balance represents the share of the minority shareholders in the following consolidated subsidiaries:

<i>Name of the entity</i>	2017		2016	
	<i>Total minority interests</i> SR	<i>Share in net (income)/ loss</i> SR	<i>Total minority interests</i> SR	<i>Share in net (income)/ loss</i> SR
Al Sultan Contracting Trading Company Limited	2,236,776	102,012	2,458,788	(546,563)
Advanced Membrane Company for Industry	842,770	98,369	941,139	25,195
Al Takamal Company for Marble Limited	554,096	75,718	629,814	(109,814)
Awazel International Company, LLC	247,203	(42,828)	204,175	(54,782)
Awazel Kuwait Company for Building Materials	225,713	(25,080)	202,412	(24,048)
Awazel Qatar International Company	181,033	2,992	183,626	(50,961)
Awazel Indonesia International Company	-	5,943	(79,313)	27,536
	<u>4,287,591</u>	<u>217,126</u>	<u>4,540,641</u>	<u>(733,437)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2017

20 SELLING AND MARKETING EXPENSES

	2017 SR	2016 SR
Salaries and employees' benefits	11,809,659	11,986,949
Rental expense	2,761,818	2,646,422
Doubtful debts expense (note 5)	2,456,038	2,493,044
Sales commission expense	2,432,681	3,061,705
Depreciation on property, plant and equipment (note 10)	1,004,512	1,026,311
Advertising and promotion expense	1,353,349	1,420,234
Repairs and maintenance expense	600,072	356,770
Depreciation on investment property (note 9)	547,572	-
Travel expense	345,575	255,681
Communication expense	326,589	302,651
Bank charges	319,085	340,423
Insurance expense	287,203	366,076
Office utilities	235,865	165,628
Other expenses	2,520,689	2,190,078
	<u>27,000,707</u>	<u>26,611,972</u>

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 SR	2016 SR
Salaries and employees' benefits	15,620,837	19,069,688
Professional services	1,799,835	494,570
Depreciation on property plant and equipment (note 10)	1,717,315	1,610,209
Insurance expense	450,480	360,255
Travel expense	151,305	324,633
Bank charges	82,954	37,406
Other expenses	1,751,638	1,718,800
	<u>21,574,364</u>	<u>23,615,561</u>

22 OTHER INCOME, NET

	2017 SR	2016 SR
Income from rental of warehouse and store	1,920,845	1,034,939
Income from short term deposits	1,622,472	3,470
Gain on disposal of property, plant and equipment	199,668	169,130
Foreign currency exchange (loss) gain	(49,675)	571,919
Sale of scrap and raw material	45,520	12,840
Recoveries of bad debts written off	-	1,773,628
Income from lifting of sludge	-	468,116
Others	1,132,408	1,477,549
	<u>4,871,238</u>	<u>5,511,591</u>

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23 EARNINGS PER SHARE

Earnings per share for the year ended 31 March 2017 and 2016 have been computed by dividing the income for the year from main operations and net income for the year by the weighted average number of shares outstanding during the year.

The weighted average number of outstanding shares during the year ended 31 March 2016 have been retrospectively adjusted to reflect the bonus element for the shares issued during the year ended 31 March 2016.

24 FINANCIAL INSTRUMENT AND RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow commission rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by senior management. The most important types of risk are summarized below:

Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally denominated in Saudi Riyals, Qatari Riyals, Kuwaiti Dinars and UAE Dirham. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group has investments in foreign subsidiaries, whose net assets are also exposed to currency translation risk. Management monitors such exposures and believes that Group's exposure to currency risk is not significant as of the balance sheet date. Management mitigates foreign currency risk of the Group by regularly monitoring foreign currency rates of the currencies that the Group deals in.

Fair value and cash flow commission rate risks

Fair value and cash flow commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group's commission rate risks arise mainly from short-term deposits, if any. Management believes that Group's exposure to commission rate risk is not significant.

Price risk

Price risk is the risk that the value of Group's financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The price risk of the Group mainly arises from its available for sale investments which are carried at fair value. Management believes that Group's exposure to price risk is not significant.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. Management assesses the credit quality of the customer by taking into account its financial position, past experience and other factors and accordingly assigns credit limit. Cash is placed with banks with sound credit ratings. Accounts receivable are carried net of provision for doubtful debts.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by management by regularly monitoring that sufficient funds are available through committed credit facilities and other arrangements to meet any future commitments.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The financial instruments consist of financial assets and financial liabilities. The Company's financial assets consist of bank balances and cash, trade and other receivables and available-for-sale investments. Its financial liabilities consist of accounts and other payables, accrued expenses, dividend payable and other liabilities.

The fair values of financial instruments are not materially different from their carrying value at the balance sheet date.

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26 SEGMENT INFORMATION

The Company's operations are conducted mainly in GCC countries. Selected financial information as of year end summarized by geographical area, was as follows:

	<i>GCC countries SR</i>	<i>Rest of the world SR</i>	<i>Total SR</i>
<u>As at and for the year ended 31 March 2017:</u>			
Total assets	481,921,336	648,684	482,570,020
Total liabilities	59,655,300	-	59,655,300
Sales	339,978,422	1,048,050	341,026,472
Gross profit	125,668,468	387,398	126,055,866
Net income	72,750,949	224,269	72,975,218
Depreciation	9,341,722	-	9,341,722
Property, plant and equipment	84,709,948	-	84,709,948
<u>As at and for the year ended 31 March 2016:</u>			
Total assets	464,762,518	872,556	465,635,074
Total liabilities	70,220,131	-	70,220,131
Sales	412,683,794	595,870	413,279,664
Gross profit	147,497,685	212,970	147,710,655
Net income	93,488,131	134,987	93,623,118
Depreciation	10,579,352	-	10,579,352
Property, plant and equipment	90,012,845	-	90,012,845

The Group is organised into the following main business segments:

	<i>Waterproofing and heat insulation material SR</i>	<i>Marble and stone processing SR</i>	<i>Total SR</i>
<u>As at and for the year ended 31 March 2017:</u>			
Total assets	464,508,776	18,061,244	482,570,020
Total liabilities	55,548,418	4,106,882	59,655,300
Sales	322,145,670	18,880,802	341,026,472
Gross profit	124,084,145	1,971,721	126,055,866
Net income (loss)	73,686,136	(710,918)	72,975,218
Depreciation	8,480,699	861,023	9,341,722
Property, plant and equipment	75,629,530	9,080,418	84,709,948
<u>As at and for the year ended 31 March 2016:</u>			
Total assets	446,005,926	19,629,148	465,635,074
Total liabilities	66,033,991	4,186,140	70,220,131
Sales	384,754,700	28,524,964	413,279,664
Gross profit	142,266,144	5,444,511	147,710,655
Net income	90,997,614	2,625,504	93,623,118
Depreciation	9,873,143	706,209	10,579,352
Property, plant and equipment	80,217,098	9,795,747	90,012,845

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27 DIVIDENDS

The General Assembly in its meeting held on 20 July 2016 approved the distribution of dividend for the quarter ended 31 March 2016, at the rate of SR 0.4 per share amounting to SR 10,919,991 which has been paid during the current year.

During October 2016, the Board of Directors approved distribution of dividend for the quarter ended 30 June 2016, at the rate of SR 0.4 per share based on shares outstanding as of 13 October 2016 amounting to SR 10,919,991 which was paid on 18 October 2016.

The Board of Directors in their meeting held on 20 December 2016 approved the distribution of dividend for the quarter ended 30 September 2016, at the rate of SR 0.4 per share based on shares outstanding as of 20 December 2016 amounting to SR 10,919,991 which has been paid during the current year.

The Board of Directors also approved in its meeting held on 27 March 2017 the distribution of dividend for the quarter ended 31 December 2016, at the rate of SR 0.4 per share based on the shares outstanding as of 27 March 2017, amounting to SR 10,919,991 which was paid on 31 March 2017.

The General Assembly of the Company, in its meeting held on 29 September 2015, approved distribution of dividends, at the rate of SR 0.4 per share based on shares outstanding as of 31 March 2015, in respect of the quarter ended 31 March 2015, amounting to SR 7,279,992 which was paid by 31 October 2015. The General Assembly of the Company also approved in its forementioned meeting distribution of special dividend, at the rate of SR 2 per share based on shares outstanding as of 31 March 2015, amounting to SR 36,399,962 which was paid on 31 October 2015.

The Board of Directors of the Company, in their meeting held on 29 September 2015, approved distribution of dividends, at the rate of Saudi Riyals 0.4 per share, for the first quarter ended 30 June 2015, amounting to Saudi Riyals 10,919,991 which was paid on 31 December 2015.

The Board of Directors of the Company, in their meeting held on 5 January 2016, approved distribution of dividends, at the rate of Saudi Riyals 0.4 per share, for the second quarter ended 30 September 2015, amounting to Saudi Riyals 10,919,991 which was paid in January 2016.

The Board of Directors of the Company, in their meeting held on 21 March 2016, approved distribution of dividends, at the rate of Saudi Riyals 0.4 per share based on the shares outstanding as of 21 March 2016, for third quarter ended 31 December 2015, amounting to Saudi Riyal 10,919,991 which was paid on 27 March 2016.

28 CONTINGENT LIABILITIES

The Group had contingent liabilities arising in the normal course of business, in respect of performance guarantees, amounting to SR 14,031,915 (2016: SR 13,720,773). The aforementioned performance guarantees include bank guarantees amounting to SR 6,150,756 (2016: SR 6,545,626) against custom duty raised by Saudi Custom Authorities. This guarantee is valid for one year from date of issue.

29 BOARD MEMBERS' REMUNERATION

The General Assembly in its meeting held on 20 July 2016 approved the board members' remuneration amounting to SR 1,500,000 for the year ended 31 March 2016.

Further, the General Assembly in its meeting held on 29 September 2015 approved the board members' remuneration amounting to SR 1,500,000 for the year ended 31 March 2015.

30 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved these consolidated financial statements in its meeting dated 9 Ramadan 1438H (corresponding to 4 June 2017).

31 COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.