

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Shareholders
Takween Advanced Industries
(A Saudi Joint Stock Company)
Al-Khobar, Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying condensed consolidated interim statement of financial position of Takween Advanced Industries (the "Company"), a Saudi Joint Stock Company and its subsidiaries (collectively referred to as the "Group") as of March 31, 2021, the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended and notes including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter

We draw attention to Note 1 of the condensed consolidated financial statements which states that management has performed annual impairment testing of Goodwill amounting to SR 323.58 million as of December 31, 2020. The assessment, which was reviewed by an independent party for the reasonableness of the methodology used by management, included assumptions related to the future sales volume, prices, operating assets, growth rates, terminal value and other related assets. The outcome of these assumptions is highly dependent on the success of the future operations of the Group and market conditions as estimated by management and achieving its plans in future. Management considers these assumptions to be realistic and achievable in view of its operational plan and is confident of its ability to meet these future plans. Management believes that the carrying value of cash generating units' assets including goodwill will not exceed their recoverable amount. Accordingly, no impairment was recorded for goodwill as of December 31, 2020 and March 31, 2021.

Al-Bassam & Co.
P.O. Box 4636
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Ibrahim Ahmed Al Bassam
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Al Khobar,
Ramadan 17, 1442H
April 29, 2021

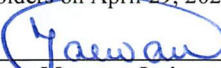


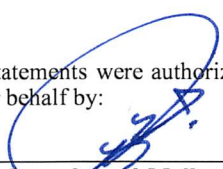
TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2021

		March 31, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		614,442	629,150
Intangible assets		2,234	2,364
Goodwill		323,582	323,582
Total non-current assets		940,258	955,096
Current assets			
Inventories	5	186,662	163,242
Trade receivables	6	205,592	214,320
Prepaid expenses and other assets		63,471	42,875
Investment held at amortized cost		-	14,283
Cash and cash equivalents		30,095	40,040
Assets held for sale	13.1	472,832	470,344
Total current assets		958,652	945,104
TOTAL ASSETS		1,898,910	1,900,200
EQUITY AND LIABILITIES			
Equity			
Share capital	1	950,000	950,000
Other reserves		(42,039)	(42,060)
Accumulated losses		(317,550)	(319,707)
Total equity		590,411	588,233
LIABILITIES			
Non-current liabilities			
Medium and long term loans	7	270,357	309,295
Lease liabilities – non-current portion		5,911	5,996
Employee benefits		29,753	29,358
Total non-current liabilities		306,021	344,649
Current liabilities			
Current portion of medium and long term loans	7	93,649	82,823
Short-term loans	7	471,594	489,727
Lease liabilities – current portion		508	498
Trade payables and other liabilities		320,221	263,484
Liabilities directly associated with assets held for sale	13.2	116,506	130,786
Total current liabilities		1,002,478	967,318
Total liabilities		1,308,499	1,311,967
TOTAL EQUITY AND LIABILITIES		1,898,910	1,900,200

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on April 29, 2021 and signed on their behalf by:


Marwan Jreige
Chief Financial Officer


Jameel A. Al-Molhem
Managing Director


Abdulmohsen Al-Othman
Chairman

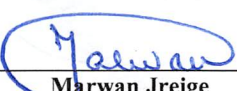
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

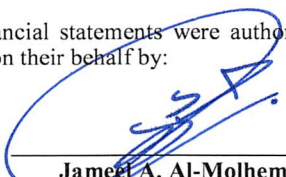
TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	Note	For the three months period ended	
		March 31, 2021 (Un-audited) SR '000	March 31, 2020 (Un-audited) SR '000
Revenue	8, 10	186,313	200,639
Cost of revenue	8	(174,679)	(181,755)
Gross profit		11,634	18,884
Administrative expenses	8	(11,459)	(15,124)
Selling, marketing and distribution expenses		(12,835)	(9,339)
Operating loss		(12,660)	(5,579)
Finance charges	10	(7,343)	(10,787)
Other (expense) / income, net		402	494
Loss before zakat and income tax		(19,601)	(15,872)
Zakat and income tax		-	-
Net loss for the period from continuing operations		(19,601)	(15,872)
Net income / (loss) for the period from discontinued operations		21,758	(2,921)
Net income / (loss) for the period		2,157	(18,793)
Other comprehensive income:			
<i>Item that may be reclassified to statement of profit or loss</i>			
Exchange differences on translation of foreign operation		21	801
Other comprehensive income for the period		21	801
Total comprehensive income / (loss) for the period		2,178	(17,992)
Total comprehensive loss for the period – continued operations		(19,580)	(15,071)
Total comprehensive income (loss) for the period – discontinued Operations		21,758	(2,921)
Total comprehensive income (loss) for the period		2,178	(17,992)
(Loss) earnings per share (SR)			
Basic and diluted loss per share – continued operations	11	(0.21)	(0.17)
Basic and diluted earnings (loss) per share – discontinued operation	11	0.23	(0.03)

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Marwan Jreige
Chief Financial Officer


Jameel A. Al-Molhem
Managing Director


Abdulmohsen Al-Othman
Chairman


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

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

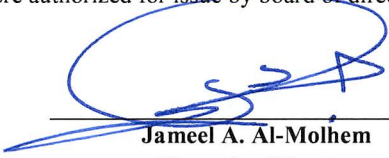
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Share capital SR '000	Other reserves SR '000	Accumulated losses SR '000	Total SR '000
Balance as at January 1, 2020 (audited)	950,000	(43,392)	(313,694)	592,914
Net loss for the period	-	-	(18,793)	(18,793)
Other comprehensive income for the period	-	801	-	801
Total comprehensive income / (loss) for the period	-	801	(18,793)	(17,992)
Balance as at March 31, 2020 (un-audited)	950,000	(42,591)	(332,487)	574,922
Balance as at January 1, 2021 (audited)	950,000	(42,060)	(319,707)	588,233
Net income for the period	-	-	2,157	2,157
Other comprehensive income for the period	-	21	-	21
Total comprehensive income for the period	-	21	2,157	2,178
Balance as at March 31, 2021 (un-audited)	950,000	(42,039)	(317,550)	590,411

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on April 29, 2021 and signed on their behalf by:



Marwan Jreige
Chief Financial Officer



Jameel A. Al-Molhem
Managing Director



Abdulmohsen Al-Othman
Chairman

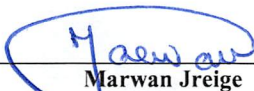


The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	For the three months period ended	
	March 31, 2021 (Un-audited) SR '000	March 31, 2020 (Un-audited) SR '000
OPERATING ACTIVITIES		
Net loss for the period – continuing operations	(19,601)	(15,872)
Net income / (loss) for the period – discontinued operations	21,758	(2,921)
<i>Adjustments for:</i>		
Depreciation and amortization	17,571	24,812
Write off of property, plant and equipment	-	260
Allowance (reversal of allowance) for impairment of trade receivables	2,951	(1,204)
(Reversal of allowance) allowance for inventories	(2,323)	1,130
Finance charges	7,796	13,887
Provision for employee benefits	1,268	830
	29,420	20,922
Movement in working capital:		
Inventories	(28,068)	3,444
Trade receivables	18,141	(31,247)
Prepaid expenses and other assets	(24,388)	16,276
Trade payables and other liabilities	55,070	94,008
Cash generated from operations	50,175	103,403
Finance charges paid	(7,753)	(13,845)
Employee benefits paid	(636)	(1,445)
Net cash generated from operating activities	41,786	88,113
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,556)	(9,130)
Proceeds from disposal of investment held at amortized costs	14,283	7,016
Net cash generated from (used in) investing activities	9,727	(2,114)
FINANCING ACTIVITIES		
Change in short term loans	(18,133)	(60,957)
Repayment of principal of lease liability	-	(295)
Repayment of medium and long term loans	(41,080)	(2,423)
Net cash used in financing activities	(59,213)	(63,675)

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on April 29, 2021 and signed on their behalf by:

 <hr style="width: 100%;"/> Marwan Jreige Chief Financial Officer	 <hr style="width: 100%;"/> Jameel A. Al-Molhem Managing Director	 <hr style="width: 100%;"/> Abdulmohsen Al-Othman Chairman
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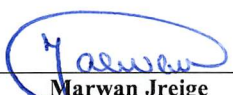
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TAKWEEN ADVANCED INDUSTRIES
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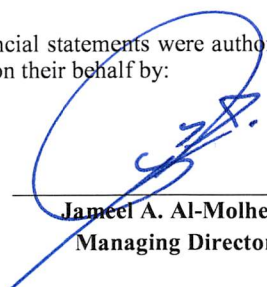
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	For the three months period ended	
	March 31, 2021 (Un-audited) SR '000	March 31, 2020 (Un-audited) SR '000
Net change in cash and cash equivalents	(7,700)	22,324
Cash and cash equivalents at the beginning of the period	40,040	40,274
Net change in cash and cash equivalent of assets held for sale	(2,263)	-
Foreign currency translation reserve	18	610
Cash and cash equivalents at the end of the period	30,095	63,208
NON-CASH AND SUPPLEMENTAL INFORMATION:		
Net assets transfer related to assets held for sale (Note 13)	356,326	-
Amortization of lease liabilities	43	42

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Marwan Jreige
Chief Financial Officer



Jameel A. Al-Molhem
Managing Director



Abdulmohsen Al-Othman
Chairman

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

1. ORGANIZATION AND PRINCIPAL 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 Muharram 9, 1432H (December 15, 2010). The Company’s share capital is SR 950 million divided into 95 million shares of SR 10 each.

The Company’s registered office is located at Al Khobar, Kingdom of Saudi Arabia.

The principal activities of the Company and its subsidiaries (“the Group”), each of which operates under individual commercial registration, are:

- Owning of factories with various plastic products manufacturing together with maintaining, operating and managing;
- Production of disposable polystyrene cups, lids and other plastic related products;
- Production of non-woven fabrics;
- Production of PET (Polyethylene Terephthalate) pre-forms;
- Manufacturing of, and wholesale trading in plastic containers and films;
- Manufacturing of, and wholesale and retail trading in plastic containers and polyethylene cups, rolls and bags;
- Managing and operating of industrial centers;
- Owning of land for the purpose of establishing and developing factories;
- Establishing industrial institutes and providing and coordinating for training courses related to developing of plastic products;
- Import and export, wholesale and retail trade in various kind of plastic products; and
- Establishing, managing, operating and maintaining different industrial project.

Management has performed annual impairment testing of Goodwill amounting to SR 323.58 million as of December 31, 2020. The assessment, which was reviewed by an independent party for the reasonableness of the methodology used by management, included assumptions related to the future sales volume, prices, operating assets, growth rates, terminal value and other related assets. The outcome of these assumptions is highly dependent on the success of the future operations of the Group and market conditions as estimated by management and achieving its plans in future. Management considers these assumptions to be realistic and achievable in view of its operational plan and is confident of its ability to meet these future plans. Management believes that the carrying value of cash generating units’ assets including goodwill will not exceed their recoverable amount. Accordingly, no impairment was recorded for goodwill as of December 31, 2020 and March 31, 2021.

During the year 2020, the Group signed a share purchase agreement with China-based Company JOFO Nonwoven Company Limited to sell 70% of its subsidiary, Advanced Fabrics Factory Company (“SAAF”) (note 13). Accordingly, all the assets of SAAF were reclassified to assets held for sale and its respective liabilities were reflected under liabilities directly associated with assets held for sales.

2. STRUCTURE OF THE GROUP

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries as listed below:

	Effective ownership	
	March 31, 2021	December 31, 2020
• Saudi Plastic Packaging Systems (“Saudi Packaging”)	100%	100%
• Advanced Fabrics Factory Company (“SAAF”)	100%	100%
• Al-Sharq Company for Plastic Industries Limited (“Al-Sharq”)	100%	100%
• New Marina for Plastic Industries Company (S.A.E.) (“New Marina”)	100%	100%
• Ultra Pak Manufacturing Company (“Ultra Pak”)	100%	100%

3. BASIS OF PREPARATION

3.1 Statement of compliance

These condensed consolidated interim financial statements for the three months period ended March 31, 2021 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and hence should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2020.

3.2 Preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements have been prepared on the historical cost convention except for where International Financial Reporting Standards ("IFRSs") requires other measurement basis.

The principal accounting policies applied in the preparation of condensed consolidated interim financial statements are consistent with those of the previous financial year and the respective corresponding interim reporting period.

The preparation of condensed consolidated interim financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

3.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) in thousands, which is the Group's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies applied by the group.

4.1 Basis of consolidation

The condensed consolidated interim financial statements incorporate the financial statements of Takween Advanced Industries and of its subsidiaries (the "Group") as detailed in note 2. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Condensed consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4.1.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the condensed consolidated interim statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified condensed consolidated interim statement of profit or loss and other comprehensive income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded either at fair value on initial recognition for subsequent accounting under IFRS 9, or at the cost on initial recognition of an investment in an associate or a joint venture.

4.2 New Standards, Amendments to Standards and Interpretations

A number of new standards, amendments to standards are effective from January 1, 2021 but they do not have a material effect on the Group's condensed consolidated interim financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

5. INVENTORIES

	March 31, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Finished goods	62,313	53,794
Raw and packaging materials and work in process	107,808	95,695
Spare parts	37,778	37,311
	207,899	186,800
Allowance for inventories	(21,237)	(23,558)
	186,662	163,242

6. TRADE RECEIVABLES

	March 31, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Trade receivables	234,688	252,013
Trade receivables - related parties	22,978	11,427
Due from a related party	17	17
	257,683	263,457
Allowance for impairment of trade receivables	(52,091)	(49,137)
	205,592	214,320

7. BORROWINGS

	March 31, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Medium and long-term loans (a)	364,006	392,118
Short-term loans (b)	471,594	489,727

a) Medium and long-term loans

	March 31, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Commercial loans	364,006	392,118
Less: current portion	93,649	82,823
	270,357	309,295

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

7. BORROWINGS (Continued)

Commercial loan – The Group entered into Murabaha Facilities Agreement of SR 910 million with the Arab National Bank (“the lead bank”), on behalf of Murabaha Facilities Participants, for financing the acquisition of Saudi Plastic Packaging Systems (“Saudi Packaging”) along with its two subsidiaries i.e. Al-Sharq Company for Plastic Industries Limited and New Marina for Plastic Industries Company (S.A.E.). The facility is secured by irrevocable and unconditional assignment of all rights, titles and interests to the sale contract entered into with the Al Othman Agricultural Production and Processing Company (NADA), a related party, revenue accounts of the Saudi Packaging, Advanced Fabrics Factory Company (SAAF) and a corporate guarantee from Al-Othman Holding Company, an affiliate.

In 2016, a repayment of SR 490 million was made in respect of this loan i.e. SR 90 million pertaining to scheduled loan installment and early repayment of SR 400 million. There was no change in the term of the loan, however repayment has been rescheduled accordingly.

The Group was in breach of certain covenants of long term loan which is measured half yearly i.e. June and December every year. Management has taken necessary remedial action including obtaining waiver from the lead bank for the period ended June 30, 2020 and year ended December 31, 2020. In 2020, in continuation of the original Murabaha Facilities Agreement with Arab National Bank, the Company has restructured SR 354.39 million and restructured a loan amounting SR 75 million from National Commercial Bank from short term to medium and long term loans.

SIDF loans - The Group entered into various loan agreements with SIDF to finance the construction of the plant facilities of the Group. The loans bear no periodic financing charges. The loans are secured by mortgage on the property, plant and equipment of the Group companies, two parcels of land owned by an affiliate and corporate guarantees from the Company.

In September 2013, 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 Shawwal 15, 1436H (July 31, 2015). In 2015, an amount of SR 12.5 million and in 2014 SR 113.2 million was drawn down by the SAAF.

In 2020, the Group has restructured the loan amounting SR 67.2 million. The Group was non-compliant with certain covenants of this loan. Further, the management of the Company is currently in the process of restructuring for the loans in order to resolve the breach of covenants.

b) Short term loans

The Group has credit facilities agreements with local commercial banks and financial institutions comprising of overdrafts, short term loans, letters of credit and guarantee etc. Borrowings under the facilities bear financing charges at the prevailing market rates and are secured by demand order note, promissory notes in addition to corporate guarantees from Al-Othman Holding Company, an affiliate, to one local bank.

8. RELATED PARTIES TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

<u>Company</u>	<u>Relationship</u>
Al Othman Group of companies	Affiliates
National Agricultural Development Company (NADEC)	Common directorship
Al Ahsa Medical Services Company	Common directorship
Saudi United Cooperative Insurance Company (Walaa)	Common directorship

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

8. RELATED PARTIES TRANSACTIONS (Continued)

During the period, the Group entered into the following transactions with related parties that are not members of the Group:

<u>Nature of transaction</u>	March 31, 2021 (Un-audited) SR '000	March 31, 2020 (Un-audited) SR '000
Revenue	22,960	23,194
Accommodation, food and other miscellaneous expenses	653	543
IT services	449	280
Purchase of air tickets	247	825
Purchase of materials	161	252

9. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	March 31, 2021 2021 SR '000	March 31, 2020 2020 SR '000
Remuneration	1,993	1,888
House rent allowance	462	447
Employee benefits	130	105
Bonus	215	23
Medical allowance	24	59
Others	301	306
	3,125	2,828
BOD and related committees remuneration	240	280

Payable balance to key management personnel as of period-end amounted to SR 1.29 million (2020: SR 1.68 million).

10. SEGMENTAL INFORMATION

Business segments:

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's principal activities are related to the following main business segments:

- Disposable polystyrene cups, lids, other plastic related products and others: These includes plastic packing and packaging products of polystyrene sheet rolls used in forming, immediate packing and packaging in thermoformed and polystyrene cups and lids, high density bottles used in dairy, food and beverage industry; and
- Non-woven fabrics: These includes the composite fabrics, for use in health, industrial and medical sectors, alcohol resistant and anti-static electricity fabrics used for surgical drapes, medical and protective gowns use and fabrics made for health usages, such as children and adult diapers and women's diapers. SAAF represents non-woven fabrics segment of the Group which is classified as held for sale during the period / year (Note 13).

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
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10. SEGMENTAL INFORMATION (Continued)

The Group's total assets, total liabilities, revenue, income (loss) before zakat, finance costs and depreciation and amortization by business segment, are as follows:

	Disposable polystyrene cups, lids, other plastic-related products and others	Assets and liabilities classified as held for sale/ Discontinued operations	Total
	SR '000	SR '000	SR '000
For the three months period ended March 31, 2021 (Un-audited)			
External revenue	186,313	96,621	282,934
Finance cost	7,343	453	7,796
Depreciation and amortization	17,571	-	17,571
(Loss) income before zakat and income tax	(19,601)	21,758	2,157
As of March 31, 2021 (Un-audited)			
Total assets	1,426,078	472,832	1,898,910
Total liabilities	1,191,993	116,506	1,308,499
For the three months period ended March 31, 2021 (Un-audited)			
Segment revenue	189,461	96,621	286,082
Intersegment revenue	(3,148)	-	(3,148)
External revenue	186,313	96,621	282,934
As of March 31, 2021 (Un-audited)			
Segment assets	3,346,624	670,272	4,016,896
Consolidated adjustments	(1,920,546)	(197,440)	(2,117,986)
Total assets	1,426,078	472,832	1,898,910
Segment liabilities	1,956,366	489,231	2,445,597
Consolidated adjustments	(764,373)	(372,725)	(1,137,098)
Total liabilities	1,191,993	116,506	1,308,499

TAKWEEN ADVANCED INDUSTRIES
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
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10. SEGMENTAL INFORMATION (Continued)

	Disposable polystyrene cups, lids, other plastic-related products and others	Assets and liabilities classified as held for sale/ Discontinued operations	Total
	SR '000	SR '000	SR '000
For the three months period ended March 31, 2020 (Un-audited)			
External revenue	200,639	73,375	274,014
Finance cost	10,787	3,100	13,887
Depreciation and amortization	17,122	7,690	24,812
Loss before zakat and income tax	(15,872)	(2,921)	(18,793)
As of December 31, 2020 (audited)			
Total assets	1,429,856	470,344	1,900,200
Total liabilities	1,181,181	130,786	1,311,967
For the three months period ended March 31, 2020 (Un-audited)			
Segment revenue	202,277	73,375	275,652
Intersegment revenue	(1,638)	-	(1,638)
External revenue	200,639	73,375	274,014
As of December 31, 2020 (audited)			
Segment assets	3,232,582	626,226	3,858,808
Consolidated adjustments	(1,802,726)	(155,882)	(1,958,608)
Total assets	1,429,856	470,344	1,900,200
Segment liabilities	1,835,479	466,942	2,302,421
Consolidated adjustments	(654,298)	(336,156)	(990,454)
Total liabilities	1,181,181	130,786	1,311,967

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
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10. SEGMENTAL INFORMATION (Continued)

The Group's operations are conducted in Saudi Arabia, and the Arab Republic of Egypt. Selected financial information for the period / year then ended summarized by geographic area, was as follows:

	Kingdom of Saudi Arabia	Arab Republic of Egypt	Total
	SR '000	SR '000	SR '000
For the three months period ended March 31, 2021 (Un-audited)			
External revenue	270,177	12,757	282,934
Finance cost	7,687	109	7,796
Depreciation and amortization	17,051	520	17,571
Income (loss) before zakat and income tax	2,143	14	2,157
As of March 31, 2021 (Un-audited)			
Total assets	1,827,499	71,411	1,898,910
Total liabilities	1,293,359	15,140	1,308,499
For the three months period ended March 31, 2021 (Un-audited)			
Segment revenue	273,325	12,757	286,082
Intersegment revenue	(3,148)	-	(3,148)
External revenue	270,177	12,757	282,934
As of March 31, 2021 (Un-audited)			
Segment assets	3,945,485	71,411	4,016,896
Consolidated adjustments	(2,117,986)	-	(2,117,986)
Total assets	1,827,499	71,411	1,898,910
Segment liabilities	2,402,357	43,240	2,445,597
Consolidated adjustments	(1,108,998)	(28,100)	(1,137,098)
Total liabilities	1,293,359	15,140	1,308,499
For the three months period ended March 31, 2020 (Un-audited)			
External revenue	262,024	11,990	274,014
Finance cost	13,805	82	13,887
Depreciation and amortization	24,322	490	24,812
Loss before zakat and income tax	(17,470)	(1,323)	(18,793)
As of December 31, 2020 (audited)			
Total assets	1,836,044	64,156	1,900,200
Total liabilities	1,302,849	9,118	1,311,967

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

10. SEGMENTAL INFORMATION (Continued)

	Kingdom of Saudi Arabia	Arab Republic of Egypt	Total
	SR '000	SR '000	SR '000
For the three months period ended March 31, 2020 (Un-audited)			
Segment revenue	263,662	11,990	275,652
Intersegment revenue	(1,638)	-	(1,638)
External revenue	262,024	11,990	274,014
As of December 31, 2020 (audited)			
Segment assets	3,794,652	64,156	3,858,808
Consolidated adjustments	(1,958,608)	-	(1,958,608)
Total assets	1,836,044	64,156	1,900,200
Segment liabilities	2,266,407	36,014	2,302,421
Consolidated adjustments	(963,558)	(26,896)	(990,454)
Total liabilities	1,302,849	9,118	1,311,967

11. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is calculated by dividing the (loss) earnings attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. With regard to diluted (loss) earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares:

(Loss) earnings per share are represented as follows:

	From January 1 to March 31 2021 (Un-audited)	2010 (Un-audited)
Basic/ Dilutive loss per share (SR) – continuing operations	(0.21)	(0.17)
Basic/ Dilutive earnings (loss) per share (SR) – discontinuing operations	0.23	(0.03)
Loss for the period (SR '000) – continuing operations	(19,601)	(15,872)
Earnings (loss) for the period (SR '000) – discontinuing operations	21,758	(2,921)
Weighted average number of outstanding shares	95,000,000	95,000,000

12. CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	March 31, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Letters of credit	17,745	16,836
Letters of guarantee and others	1,729	1,335
Capital commitments against purchase of property, plant and equipment	18,480	19,235

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
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13. ASSETS HELD FOR SALE

During the year 2020, the Group has signed a share purchase agreement with China-based Company JOFO Nonwoven Company Limited to sell 70% shares of its subsidiary, Advanced Fabrics Factory Company (“SAAF”). The total value of SAAF for the 100% of the shares amounted USD 90 million (SR 337.5 million) subject to certain adjustments based on net debt and working capital at transaction completion date. The net capital gain resulting from the transactions is expected to be SR 57.6 million and the transaction will result in cash inflows amounting SR 293 million. These amounts are subject to change at the transaction completion date. The deal is subject to several conditions, including obtaining the approval of the relevant governmental authorities, in particular, approval of the General Authority for Competition. Takween and JOFO has the right to terminate the Agreement if the conditions are not satisfied by 31 May 2021.

13.1 Assets held for sale

	March 31, 2021 (Un-audited) SR ‘000	December 31, 2020 (Audited) SR ‘000
Property, plant and equipment	321,884	320,053
Intangible assets	360	360
Inventories, net	69,677	62,708
Trade receivables, net	60,443	72,810
Prepaid expenses and other assets	15,814	12,022
Cash and cash equivalents	4,654	2,391
Total assets	472,832	470,344

13.2 Liabilities directly associated with assets held for sale

	March 31, 2021 (Un-audited) SR ‘000	December 31, 2020 (Audited) SR ‘000
Current portion of medium and long term loan	55,671	68,639
Lease liabilities	9,771	9,653
Employee benefits	6,210	5,973
Trade payables and other liabilities	44,854	46,521
Total liabilities	116,506	130,786

14. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors for issuance on April 29, 2021 corresponding to Ramadan 17, 1442H.