

**TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS AND SIX MONTHS
PERIOD ENDED JUNE 30, 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 JUNE 30, 2021
WITH INDEOPENDENT AUDITOR'S REVIEW REPORT

INDEX	PAGE
Independent auditor's review report on condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of changes in equity	4
Condensed consolidated interim statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6 - 16

**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 June 30, 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 and six 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.

For Al-Kharashi Co.


Sulieman A. Al-Kharashi
 License No. (91)

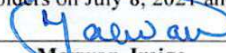
Riyadh:
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 July 8, 2021G



TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

	Note	June 30, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
ASSETS			
Non-current assets			
Property, plant and equipment		602,626	629,150
Intangible assets		2,105	2,364
Goodwill		323,582	323,582
Total non-current assets		<u>928,313</u>	<u>955,096</u>
Current assets			
Inventories	5	192,054	163,242
Trade receivables	6	230,075	214,320
Prepaid expenses and other assets		79,687	42,875
Investment held at amortized cost		-	14,283
Cash and cash equivalents		29,392	40,040
Assets held for sale	13.1	483,966	470,344
Total current assets		<u>1,015,174</u>	<u>945,104</u>
TOTAL ASSETS		<u>1,943,487</u>	<u>1,900,200</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	1	950,000	950,000
Other reserves		(41,915)	(42,060)
Accumulated losses		(309,678)	(319,707)
Total equity		<u>598,407</u>	<u>588,233</u>
LIABILITIES			
Non-current liabilities			
Medium and long term loans	7	255,452	309,295
Lease liabilities – non-current portion		5,565	5,996
Employee benefits		31,002	29,358
Total non-current liabilities		<u>292,019</u>	<u>344,649</u>
Current liabilities			
Current portion of medium and long term loans	7	93,649	82,823
Short-term loans	7	399,706	489,727
Lease liabilities – current portion		511	498
Trade payables and other liabilities		443,227	263,484
Zakat payable		1,038	-
Liabilities directly associated with assets held for sale	13.2	114,930	130,786
Total current liabilities		<u>1,053,061</u>	<u>967,318</u>
Total liabilities		<u>1,345,080</u>	<u>1,311,967</u>
TOTAL EQUITY AND LIABILITIES		<u>1,943,487</u>	<u>1,900,200</u>

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on July 8, 2021 and signed on their behalf by:


Marwan Jreige
 Chief Financial Officer


Jameel A. Al-Molhem
 Managing Director

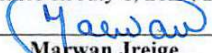

Abdulmohsen Al-Othman
 Chairman

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 JUNE 30, 2021**

	Note	From April 1 to June 30		From January 1 to June 30	
		2021	2020	2021	2020
		(Un-audited) SR '000	(Un-audited) SR '000	(Un-audited) SR '000	(Un-audited) SR '000
Revenue	8, 10	222,050	198,538	408,363	399,177
Cost of revenue	8	(209,956)	(178,176)	(384,635)	(359,931)
Gross profit		12,094	20,362	23,728	39,246
Administrative expenses	8	(11,662)	(11,839)	(23,121)	(26,963)
Selling, marketing and distribution expenses		(10,003)	(9,984)	(22,838)	(19,323)
Operating profit (loss)		(9,571)	(1,461)	(22,231)	(7,040)
Finance charges	10	(711)	(8,882)	(8,054)	(19,669)
Other (expense) / income, net		(1,150)	860	(748)	1,354
Loss before zakat and income tax		(11,432)	(9,483)	(31,033)	(25,355)
Zakat and income tax		-	-	-	-
Net loss for the period from continuing operations		(11,432)	(9,483)	(31,033)	(25,355)
Net income / (loss) for the period from discontinued operations		19,304	19,515	41,062	16,594
Net income / (loss) for the period		7,872	10,032	10,029	(8,761)
Other comprehensive income:					
Item that may be reclassified to statement of profit or loss					
Exchange differences on translation of foreign operation		124	(1,001)	145	(200)
Other comprehensive income for the period		124	(1,001)	145	(200)
Total comprehensive income / (loss) for the period		7,996	9,031	10,174	(8,961)
Total comprehensive loss for the period – continued operations		(11,308)	(10,484)	(30,888)	(25,555)
Total comprehensive income (loss) for the period – discontinued operations		19,304	19,515	41,062	16,594
Total comprehensive income (loss) for the period		7,996	9,031	10,174	(8,961)
(Loss) earnings per share (SR)					
Basic and diluted earnings (loss) per share – continued operations	11	(0,12)	(0,10)	(0,33)	(0,27)
Basic and diluted earnings (loss) per share – discontinued operation	11	0,20	0,21	0,43	0,17

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on July 8, 2021, 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 CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 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	-	-	(8,761)	(8,761)
Other comprehensive income for the period	-	(200)	-	(200)
Total comprehensive income / (loss) for the period	-	(200)	(8,761)	(8,961)
Balance as at June 30, 2020 (un-audited)	950,000	(43,592)	(322,455)	583,953
Balance as at January 1, 2021 (audited)	950,000	(42,060)	(319,707)	588,233
Net income for the period	-	-	10,029	10,029
Other comprehensive income for the period	-	145	-	145
Total comprehensive income for the period	-	145	10,029	10,174
Balance as at June 30, 2021 (un-audited)	950,000	(41,915)	(309,678)	598,407

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on July 8, 2021, 2021 and signed on their behalf by:


Marwan Jreige
Chief Financial Officer


Jameel A. Al-Molhem
Managing Director


Abdulmohsen Al-Othman
Chairman

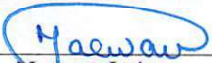
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)


CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Continued)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2021

	For the three months period ended	
	June 30, 2021	June 30, 2020
	(Un-audited)	(Un-audited)
	SR '000	SR '000
OPERATING ACTIVITIES		
Net loss for the period – continuing operations	(31,033)	(25,355)
Net income / (loss) for the period – discontinued operations	41,062	16,594
Adjustments for:		
Depreciation and amortization	33,189	49,909
Write off of property, plant and equipment	170	260
Provision for inventories	(4,594)	-
Allowance (reversal of allowance) for impairment of trade receivables	2,951	1,130
(Reversal of allowance) allowance for inventories	-	(1,204)
Finance charges	9,785	25,406
Provision for employee benefits	3,486	3,025
	<u>55,016</u>	<u>69,765</u>
Movement in working capital:		
Inventories	(42,455)	(1,907)
Trade receivables	(9,753)	(18,523)
Prepaid expenses and other assets	(34,413)	11,049
Trade payables and other liabilities	178,276	143,808
Cash generated from operations	<u>146,671</u>	<u>204,192</u>
Finance charges paid	(9,742)	(24,988)
Employee benefits paid	(1,403)	(2,068)
Zakat paid	(49)	-
Net cash generated from operating activities	<u>135,477</u>	<u>177,136</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(9,693)	(18,817)
Proceeds from disposal of investment held at amortized costs	14,283	7,016
Net cash generated from (used in) investing activities	<u>4,590</u>	<u>(11,801)</u>
FINANCING ACTIVITIES		
Change in short term loans	(90,021)	(134,534)
Repayment of principal of lease liability	(1,234)	(19,300)
Repayment of medium and long term loans	(55,985)	(623)
Net cash used in financing activities	<u>(147,240)</u>	<u>(154,457)</u>
Net change in cash and cash equivalents	<u>(7,173)</u>	<u>10,878</u>
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	(3,589)	-
Foreign currency translation reserve	114	(123)
Cash and cash equivalents at the end of the period	<u>29,392</u>	<u>51,029</u>
NON-CASH AND SUPPLEMENTAL INFORMATION:		
Re-scheduling of short term loans to medium and long term loans	-	75,000

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on July 8, 2021, 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.

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 June 30, 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	
	June 30, 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 six months' period ended June 30, 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 June 30, 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.

5. INVENTORIES

	June 30, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Finished goods	56,764	53,794
Raw and packaging materials and work in process	115,696	95,695
Spare parts	38,577	37,311
	<u>211,037</u>	<u>186,800</u>
Allowance for inventories	(18,983)	(23,558)
	<u>192,054</u>	<u>163,242</u>

6. TRADE RECEIVABLES

	June 30, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Trade receivables	262,392	252,013
Trade receivables - related parties	19,795	11,427
Due from a related party	-	17
	<u>282,187</u>	<u>263,457</u>
Allowance for impairment of trade receivables	(52,112)	(49,137)
	<u>230,075</u>	<u>214,320</u>

7. BORROWINGS

	June 30, 2021 (Un-audited) SR '000	December 31, 2020 (Audited)
Medium and long-term loans (a)	349,101	392,118
Short-term loans (b)	399,706	489,727

a) Medium and long-term loans

	June 30, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Commercial loans	349,101	392,118
Less: current portion	93,649	82,823
	<u>255,452</u>	<u>309,295</u>

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, 2021 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 2021 the Group has restructured the loan amounting SR 55.7 Million till November 2021.

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.

Company	Relationship
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

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

Nature of transaction	June 30, 2021 (Un-audited) SR '000	June 30, 2020 (Un-audited) SR '000
Revenue	44,410	48,991
Accommodation, food and other miscellaneous expenses	1,362	1,287
IT services	793	2,667
Medical Service	6,268	-
Purchase of air tickets	207	799
Purchase of materials	423	865
Rentals	996	877

9. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	June 30, 2021 SR '000	June 30, 2020 SR '000
Remuneration	5,715	5,630
House rent allowance	1,311	1,482
Employee benefits	420	381
Bonus	498	771
Medical allowance	83	251
Others	452	1,005
	<u>8,479</u>	<u>9,520</u>
BOD and related committees remuneration	<u>1,797</u>	<u>1,500</u>

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).

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 six months period ended June 30, 2021 (Un-audited)			
External revenue	408,363	187,242	595,605
Finance cost	8,054	1,731	9,785
Depreciation and amortization	33,190	-	33,190
Loss before zakat and income tax	(31,033)	41,062	10,029
For the three months period from April 1 to June 30, 2021(Un-audited)			
External revenue	222,050	90,621	312,671
Finance cost	711	1,278	1,989
Depreciation and amortization	15,619	-	15,619
Loss before zakat and income tax	(11,432)	19,304	7,872
For the six months period ended June 30, 2021(Un-audited)			
Segment revenue	414,182	187,242	601,424
Intersegment revenue	(5,819)	-	(5,819)
External revenue	408,363	187,242	595,605
For the three months period from April 1 to June 30, 2021 (Un-audited)			
Segment revenue	224,721	90,621	315,342
Intersegment revenue	(2,671)	-	(2,671)
External revenue	222,050	90,621	312,671
As of June 30, 2021(Un-audited)			
Total assets	1,459,523	483,966	1,943,489
Total liabilities	1,230,151	114,930	1,345,081
As of June 30, 2021(Un-audited)			
Segment assets	3,085,442	488,070	3,573,512
Consolidated adjustments	(1,625,919)	(4,104)	(1,630,023)
Total assets	1,459,523	483,966	1,943,489
Segment liabilities	1,694,072	234,725	1,928,797
Consolidated adjustments	(463,921)	(119,795)	(583,716)
Total liabilities	1,230,151	114,930	1,345,081

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2021

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 six months period ended June 30, 2020 (Un-audited)			
External revenue	399,177	167,557	566,734
Finance cost	19,669	5,737	25,406
Depreciation and amortization	34,516	15,393	49,909
Loss before zakat and income tax	(25,355)	16,594	(8,761)
For the three months period from April 1 to June 30, 2020 (Un-audited)			
External revenue	198,538	94,182	292,720
Finance cost	8,882	2,637	11,519
Depreciation and amortization	17,394	7,703	25,097
Loss before zakat and income tax	(9,483)	19,515	10,032
For the six months period ended June 30, 2020 (Un-audited)			
Segment revenue	404,067	167,557	571,624
Intersegment revenue	(4,890)	-	(4,890)
External revenue	399,177	167,557	566,734
For the three months period from April 1 to June 30, 2020 (Un-audited)			
Segment revenue	201,790	94,182	295,972
Intersegment revenue	(3,252)	-	(3,252)
External revenue	198,538	94,182	292,720
As of June 30, 2020 (Un-audited)			
Total assets	1,471,290	476,884	1,948,174
Total liabilities	1,220,639	143,582	1,364,221
As of June 30, 2020 (Un-audited)			
Segment assets	3,052,549	550,647	3,603,196
Consolidated adjustments	(1,581,259)	(73,763)	(1,655,022)
Total assets	1,471,290	476,884	1,948,174
Segment liabilities	1,643,177	434,439	2,077,616
Consolidated adjustments	(422,538)	(290,857)	(713,395)
Total liabilities	1,220,639	143,582	1,364,221

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 SR '000	Arab Republic of Egypt SR '000	Total SR '000
For the six months period ended June 31, 2021 (Un-audited)			
External revenue	571,303	24,301	595,604
Finance cost	9,575	209	9,784
Depreciation and amortization	32,305	885	33,190
Loss before zakat and income tax	10,899	(870)	10,029
For the three months period from April 1 to June 30, 2021 (Un-audited)			
External revenue	301,126	11,544	312,670
Finance cost	1,888	100	1,988
Depreciation and amortization	15,254	365	15,619
Loss before zakat and income tax	8,756	(884)	7,872
For the six months period ended June 30, 2021 (Un-audited)			
Segment revenue	577,122	24,301	601,423
Intersegment revenue	(5,819)	-	(5,819)
External revenue	571,303	24,301	595,604
For the three months period from April 1 to June 30, 2021 (Un-audited)			
Segment revenue	303,797	11,544	315,341
Intersegment revenue	(2,671)	-	(2,671)
External revenue	301,126	11,544	312,670
As of June 30, 2021 (Un-audited)			
Total assets	1,863,254	80,235	1,943,489
Total liabilities	1,320,638	24,444	1,345,082
As of June 30, 2021 (Un-audited)			
Segment assets	3,493,277	80,235	3,573,512
Consolidated adjustments	(1,630,023)	-	(1,630,023)
Total assets	1,863,254	80,235	1,943,489
Segment liabilities	1,875,977	52,821	1,928,798
Consolidated adjustments	(555,339)	(28,377)	(583,716)
Total liabilities	1,320,638	24,444	1,345,082

10. SEGMENTAL INFORMATION (Continued)

	Kingdom of Saudi Arabia SR '000	Arab Republic of Egypt SR '000	Total SR '000
For the six months period ended June 31, 2020 (Un-audited)			
External revenue	544,216	22,518	566,734
Finance cost	25,202	204	25,406
Depreciation and amortization	48,937	972	49,909
Loss before zakat and income tax	(6,327)	(2,434)	(8,761)
For the three months period from April 1 to June 30, 2020 (Un-audited)			
External revenue	282,192	10,528	292,720
Finance cost	11,397	122	11,519
Depreciation and amortization	24,615	482	25,097
Loss before zakat and income tax	11,143	(1,111)	10,032
For the six months period ended June 30, 2020 (Un-audited)			
Segment revenue	549,106	22,518	571,624
Intersegment revenue	(4,890)	-	(4,890)
External revenue	544,216	22,518	566,734
For the three months period from April 1 to June 30, 2020 (Un-audited)			
Segment revenue	285,444	10,528	295,972
Intersegment revenue	(3,252)	-	(3,252)
External revenue	282,192	10,528	292,720
As of June 30, 2020 (Un-audited)			
Total assets	1,876,203	71,971	1,948,174
Total liabilities	1,347,725	16,496	1,364,221
As of June 30, 2020 (Un-audited)			
Segment assets	3,530,513	72,683	3,603,196
Consolidated adjustments	(1,654,310)	(712)	(1,655,022)
Total assets	1,876,203	71,971	1,948,174
Segment liabilities	2,035,981	41,635	2,077,616
Consolidated adjustments	(688,256)	(25,139)	(713,395)
Total liabilities	1,347,725	16,496	1,364,221

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 June 31	
	2021	2020
	(Un-audited)	(Un-audited)
Basic/ Dilutive loss per share (SR) – continuing operations	(0,33)	(0.27)
Basic/ Dilutive earnings (loss) per share (SR) – discontinuing operations	0,43	0,17
Loss for the period (SR ‘000) – continuing operations	(31,033)	(25,355)
Earnings (loss) for the period (SR ‘000) – discontinuing operations	41,062	16,594
Weighted average number of outstanding shares	95,000,000	95,000,000

12. CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	June 30,	December
	2021	31, 2020
	(Un-audited)	(Audited)
	SR ‘000	SR ‘000
Letters of credit	4,709	16,836
Letters of guarantee and others	2,203	1,335
Capital commitments against purchase of property, plant and equipment	35,662	19,235

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 final financial impact will be reflected in Takween financial statements as of 31/07/2021. 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 By 15th of July 2021 being the extended long stop date.

ASSETS HELD FOR SALE

13.1 Assets held for sale

	June 30, 2021	December 31, 2020
	(Un-audited)	(Audited)
	SR ‘000	SR ‘000
Property, plant and equipment	323,242	320,053
Intangible assets	360	360
Inventories, net	80,927	62,708
Trade receivables, net	63,833	72,810
Prepaid expenses and other assets	9,623	12,022
Cash and cash equivalents	5,980	2,391
Total assets	483,966	470,344

13. ASSETS HELD FOR SALE (continued)

13.2 Liabilities directly associated with assets held for sale

	June 30, 2021 (Un-audited) SR '000	December 31, 2020 (Audited) SR '000
Current portion of medium and long term loan	55,670	68,639
Lease liabilities	8,059	9,653
Employee benefits	6,410	5,973
Trade payables and other liabilities	44,791	46,521
Total liabilities	114,930	130,786

14. subsequent event

the company has announced on the 7th of July 2021 the full completion of the transaction and the satisfaction of all the transaction's requirements including notarizing the transfer of shares, the issuance of the commercial register of the company reflecting the update in legal structure to a mixed ownership company after securing all governmental and regulatory approval.

1- The Transaction total cash inflow will be (304.7) million Saudi Riyals between the net purchase price amount of (197.64) million Saudi Riyals and the reimbursement of the working capital of (107.06) million Saudi Riyals.

2- The net capital gain resulting from the transaction after writing off part of the dues to Takween advanced industries as stated in the Agreement is (62.9) Million Saudi Riyals (net result in the income statement).

3- The final financial impact will be reflected in the group's financial statements later after the date of the interim financial position on June 30, 2021 according to the agreement between the two parties that the process will not be Considered as completed until after all legal procedures are fulfilled.

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 July 8, 2021, 2021 corresponding to Dhual-Qa'dah 28,1442H.