

**TAKWEEN ADVANCED INDUSTRIES**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020  
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, 2020**  
**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, 2020, 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 performed annual impairment testing of Goodwill amounting to SR 323.58 million as of December 31, 2019. 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 those 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 the 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 does not exceed their recoverable amount. Accordingly, no impairment was recorded for goodwill as of December 31, 2019 and March 31, 2020.

**Al-Bassam & Co.**  
P.O. Box 4636  
Al Khobar 31952  
Kingdom of Saudi Arabia

**Ibrahim Ahmed Al Bassam**  
License No. 327/  
Al Khobar,

Ramadan 13, 1441H  
May 6, 2020

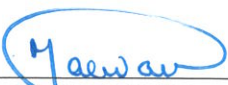



**TAKWEEN ADVANCED INDUSTRIES**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2020**

	Note	March 31, 2020 (Un-audited) SR '000	December 31, 2019 (Audited) SR '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		993,775	1,009,262
Intangible assets		4,764	4,934
Goodwill		323,582	323,582
<b>Total non-current assets</b>		<b>1,322,121</b>	<b>1,337,778</b>
<b>Current assets</b>			
Inventories	5	236,259	240,863
Trade receivables	6	321,703	289,316
Prepaid expenses and other assets		34,886	51,162
Investment held at amortized cost		-	7,016
Cash and cash equivalents		63,208	40,274
<b>Total current assets</b>		<b>656,056</b>	<b>628,631</b>
<b>TOTAL ASSETS</b>		<b>1,978,177</b>	<b>1,966,409</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	950,000	950,000
Other reserves		(42,591)	(43,392)
Accumulated losses		(332,487)	(313,694)
<b>Total equity</b>		<b>574,922</b>	<b>592,914</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Medium and long term loans	7	100,990	173,934
Lease liabilities – non-current portion		16,189	16,147
Employee benefits		35,154	35,769
<b>Total non-current liabilities</b>		<b>152,333</b>	<b>225,850</b>
<b>Current liabilities</b>			
Current portion of medium and long term loans	7	244,941	174,420
Short-term loans	7	634,356	695,313
Lease liabilities – current portion		1,114	1,409
Trade payables and other liabilities		370,511	276,503
<b>Total current liabilities</b>		<b>1,250,922</b>	<b>1,147,645</b>
<b>Total liabilities</b>		<b>1,403,255</b>	<b>1,373,495</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,978,177</b>	<b>1,966,409</b>

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on May 6, 2020 and signed on their behalf by:

  
\_\_\_\_\_  
**Marwan Jreige**  
Chief Financial Officer

  
\_\_\_\_\_  
**Jameel A. Al-Molhem**  
Managing Director

  
\_\_\_\_\_  
**Abdulmohsen Al-Othman**  
Chairman

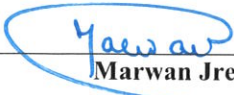
The accompanying notes form an integral part of these condensed consolidated interim financial statements.


**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, 2020**

	Note	For the three months periods ended	
		March 31, 2020 (Un-audited) SR '000	March 31, 2019 (Un-audited) SR '000
Revenue	8, 9	274,014	303,470
Cost of revenue	8	(248,539)	(270,490)
<b>Gross profit</b>		<b>25,475</b>	<b>32,980</b>
Administrative expenses	8	(16,533)	(19,303)
Selling, marketing and distribution expenses		(14,313)	(13,804)
Research expenses		(406)	(305)
<b>Operating loss</b>		<b>(5,777)</b>	<b>(432)</b>
Finance charges	9	(13,887)	(14,125)
Other income, net		871	2,218
<b>Loss before zakat and income tax</b>		<b>(18,793)</b>	<b>(12,339)</b>
Zakat and income tax		-	(209)
<b>Net loss for the period</b>		<b>(18,793)</b>	<b>(12,548)</b>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified to statement of profit or loss</i>			
Exchange differences on translation of foreign operation		801	1,131
<b>Other comprehensive income for the period</b>		<b>801</b>	<b>1,131</b>
<b>Total comprehensive loss for the period</b>		<b>(17,992)</b>	<b>(11,417)</b>
<b>Loss per share (SR)</b>			
Basic and diluted loss per share	10	(0.20)	(0.13)

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on May 6, 2020 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 MARCH 31, 2020**

	Share capital SR '000	Other reserves SR '000	Accumulated losses SR '000	Total SR '000
Balance as at January 1, 2019 (audited)	950,000	(49,495)	(216,977)	683,528
Net loss for the period	-	-	(12,548)	(12,548)
Other comprehensive income for the period	-	1,131	-	1,131
Total comprehensive income (loss) for the period	-	1,131	(12,548)	(11,417)
Balance as at March 31, 2019 (un-audited)	950,000	(48,364)	(229,525)	672,111
<b>Balance as at January 1, 2020 (audited)</b>	<b>950,000</b>	<b>(43,392)</b>	<b>(313,694)</b>	<b>592,914</b>
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)
<b>Balance as at March 31, 2020 (un-audited)</b>	<b>950,000</b>	<b>(42,591)</b>	<b>(332,487)</b>	<b>574,922</b>

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on May 6, 2020 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.




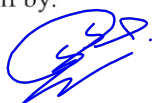
**TAKWEEN ADVANCED INDUSTRIES**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

	For the three months periods ended	
	March 31, 2020 (Un-audited) SR '000	March 31, 2019 (Un-audited) SR '000
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(18,793)	(12,548)
<i>Adjustments for:</i>		
Depreciation and amortization	24,812	26,109
Provision for zakat and income tax	-	209
Write off of property, plant and equipment	260	-
Reversal for impairment of trade receivables	(1,204)	-
Allowance (reversal of allowance) for inventories	1,130	(967)
Finance charges	13,887	14,125
Provision for employee benefits	830	1,224
	<b>20,922</b>	<b>28,152</b>
<b>Movement in working capital:</b>		
Inventories	3,444	12,831
Trade receivables	(31,247)	174
Prepaid expenses and other assets	16,276	(23,317)
Trade payables and other liabilities	94,008	10,276
<b>Cash generated from operations</b>	<b>103,403</b>	<b>28,116</b>
Finance charges paid	(13,845)	(14,125)
Employee benefits paid	(1,445)	(1,216)
Zakat and income tax paid	-	(172)
<b>Net cash generated from operating activities</b>	<b>88,113</b>	<b>12,603</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(9,130)	(5,835)
Proceeds from disposal of investment held at amortized costs	7,016	-
<b>Net cash used in investing activities</b>	<b>(2,114)</b>	<b>(5,835)</b>
<b>FINANCING ACTIVITIES</b>		
Change in short term loans	(60,957)	83,160
Repayment of principal of lease liability	(295)	-
Repayment of medium and long term loans	(2,423)	(67,941)
<b>Net cash (used in) generated from financing activities</b>	<b>(63,675)</b>	<b>15,219</b>

These condensed consolidated interim financial statements were authorized for issue by board of directors, on behalf of shareholders on May 6, 2020 and signed on their behalf by:

  
\_\_\_\_\_  
**Marwan Jreige**  
Chief Financial Officer

  
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**Jameel A. Al-Molhem**  
Managing Director

  
\_\_\_\_\_  
**Abdulmohsen Al-Othman**  
Chairman

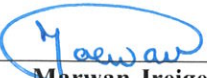
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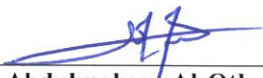
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

	For the three months period ended	
	March 31, 2020 (Un-audited) SR '000	March 31, 2019 (Un-audited) SR '000
<b>Net change in cash and cash equivalents</b>	<b>22,324</b>	21,987
Cash and cash equivalents at the beginning of the period	40,274	9,943
Foreign currency translation reserve	610	983
<b>Cash and cash equivalents at the end of the period</b>	<b>63,208</b>	32,913
<b>NON-CASH TRANSACTIONS:</b>		
Recognition of right of use assets and lease liabilities on adoption of IFRS 16	-	11,186
Amortization of lease liabilities	42	-

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**Marwan Jreige**  
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\_\_\_\_\_  
**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, 2020**

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**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.

As at March 31, 2020, the current liabilities of the Group exceeded its current assets by SR 593.4 million (December 31, 2019: SR 519 million) mainly on account of short term loans and current portion of medium and long term loans amounting to SR 634.4 million and SR 244.9 million, respectively (December 31, 2019: SR 695.3 million and SR 174.4 million, respectively). Additionally, as mentioned in note 7, the Group was in breach of its loans’ financial covenants as of March 31, 2020. The Group is currently negotiating with commercial banks and SIDF for the restructuring of these loans in order to resolve the breach in covenants. Management of the Company believes that it would be successful in restructuring these loans and resolving the breach in the near future in addition to availing new facilities as required. Accordingly, these condensed consolidated interim financial statements have been prepared on going concern basis and loans are continued to be classified as per their original terms of repayment.

Management performed annual impairment testing of Goodwill amounting to SR 323.58 million as of December 31, 2019. 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 those 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 does not exceed their recoverable amount. Accordingly, no impairment was recorded for goodwill as of December 31, 2019 and March 31, 2020.

**2. STRUCTURE OF THE GROUP**

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

	<b>Effective ownership</b>	
	<b>March 31, 2020</b>	<b>December 31, 2019</b>
• Saudi Plastic Packaging Systems (“Saudi Packaging”)	<b>100%</b>	100%
• Advanced Fabrics Factory Company (“SAAF”)	<b>100%</b>	100%
• Al-Sharq Company for Plastic Industries Limited (“Al-Sharq”)	<b>100%</b>	100%
• New Marina for Plastic Industries Company (S.A.E.) (“New Marina”)	<b>100%</b>	100%
• Ultra Pak Manufacturing Company (“Ultra Pak”)	<b>100%</b>	100%

### **3. BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

These condensed consolidated interim financial statements for the three months period ended March 31, 2020 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, 2019.

#### **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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4.1 Basis of consolidation (Continued)**

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 year 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.

**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, 2020**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4.2 New Standards, Amendments to Standards and Interpretations**

A number of new standards, amendments to standards are effective from January 1, 2020 but they do not have a material effect on the Group's condensed consolidated interim financial statements.

**5. INVENTORIES**

	<b>March 31, 2020</b> <b>(Un-audited)</b> <b>SR '000</b>	December 31, 2019 <b>(Audited)</b> <b>SR '000</b>
Finished goods	<b>89,560</b>	95,042
Raw and packaging materials and work in process	<b>121,215</b>	120,293
Spare parts	<b>52,290</b>	51,174
	<b>263,065</b>	266,509
Allowance for inventories	<b>(26,806)</b>	(25,646)
	<b>236,259</b>	240,863

**6. TRADE RECEIVABLES**

	<b>March 31, 2020</b> <b>(Un-audited)</b> <b>SR '000</b>	December 31, 2019 <b>(Audited)</b> <b>SR '000</b>
Trade receivables	<b>354,770</b>	337,484
Trade receivables - related parties	<b>16,263</b>	2,302
Due from a related party	<b>17</b>	17
	<b>371,050</b>	339,803
Allowance for impairment of trade receivables	<b>(49,347)</b>	(50,487)
	<b>321,703</b>	289,316

**7. BORROWINGS**

	<b>March 31, 2020</b> <b>(Un-audited)</b> <b>SR '000</b>	December 31, 2019 <b>(Audited)</b> <b>SR '000</b>
Medium and long-term loans (a)	<b>345,931</b>	348,354
Short-term loans (b)	<b>634,356</b>	695,313

**a) Medium and long-term loans**

	<b>March 31, 2020</b> <b>(Un-audited)</b> <b>SR '000</b>	December 31, 2019 <b>(Audited)</b> <b>SR '000</b>
Commercial loans	<b>278,482</b>	280,989
Saudi Industrial development fund ("SIDF") Loans	<b>67,449</b>	67,365
	<b>345,931</b>	348,354
Less: current portion	<b>244,941</b>	174,420
	<b>100,990</b>	173,934

**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, 2020**

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**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. During 2018, in continuation of the original Murabaha Facilities Agreement with Arab National Bank, the Company has restructured SR 150 million from short term loan to medium and long term loan.

The Group is 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 year ended December 31, 2018 and the period ended June 30, 2019. The Group is currently negotiating with commercial banks for the restructuring of these loans in order to resolve the breach in covenants. Management of the Company believes that it would be successful in restructuring these loans and resolving the breach in the near future in addition to availing new facilities as required. Accordingly, this loan continues to be classified as non-current.

**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.

The Group is in breach of certain covenants of this loan which are measured on yearly basis. The management of the Company is currently in discussion with SIDF for the restructuring of the loan. Management of the Company believes that it would be successful in restructuring of this loan. Accordingly, as of March 31, 2020, this loan is continued to be classified as per its original terms of repayment.

**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

**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, 2020**

**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>	<b>March 31, 2020</b> <b>(Un-audited)</b> <b>SR '000</b>	March 31, 2019 (Un-audited) SR '000
Revenue	<b>13,994</b>	12,824
IT services	<b>280</b>	893
Purchase of air tickets	<b>825</b>	348
Purchase of materials	<b>252</b>	220
Accommodation, food and other miscellaneous expenses	<b>543</b>	19

**9. 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.

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

	<b>Disposable polystyrene cups, lids, other plastic-related products and others</b>	<b>Non-woven fabrics</b>	<b>Total</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
<b>For the three months period ended March 31, 2020 (Un-audited)</b>			
External revenue	<b>200,639</b>	<b>73,375</b>	<b>274,014</b>
Finance cost	<b>10,787</b>	<b>3,100</b>	<b>13,887</b>
Depreciation and amortization	<b>17,122</b>	<b>7,690</b>	<b>24,812</b>
Loss before zakat and income tax	<b>(15,872)</b>	<b>(2,921)</b>	<b>(18,793)</b>
<b>As of March 31, 2020 (Un-audited)</b>			
Total assets	<b>1,490,741</b>	<b>487,436</b>	<b>1,978,177</b>
Total liabilities	<b>1,270,188</b>	<b>133,067</b>	<b>1,403,255</b>
<b>For the three months period ended March 31, 2020 (Un-audited)</b>			
Segment revenue	<b>202,277</b>	<b>73,375</b>	<b>275,652</b>
Intersegment revenue	<b>(1,638)</b>	<b>-</b>	<b>(1,638)</b>
External revenue	<b>200,639</b>	<b>73,375</b>	<b>274,014</b>



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**9. SEGMENTAL INFORMATION (Continued)**

	<b>Disposable polystyrene cups, lids, other plastic-related products and others</b>	<b>Non-woven fabrics</b>	<b>Total</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
<b>As of March 31, 2020 (Un-audited)</b>			
Segment assets	3,006,704	536,712	3,543,416
Consolidated adjustments	(1,515,963)	(49,276)	(1,565,239)
Total assets	<u>1,490,741</u>	<u>487,436</u>	<u>1,978,177</u>
Segment liabilities	1,601,737	440,019	2,041,756
Consolidated adjustments	(331,549)	(306,952)	(638,501)
Total liabilities	<u>1,270,188</u>	<u>133,067</u>	<u>1,403,255</u>
<b>For the three months period ended March 31, 2019 (Un-audited)</b>			
External revenue	230,443	73,027	303,470
Finance cost	11,843	2,282	14,125
Depreciation and amortization	17,964	8,145	26,109
Loss before zakat and income tax	(10,662)	(1,677)	(12,339)
<b>As of December 31, 2019 (audited)</b>			
Total assets	1,465,072	501,337	1,966,409
Total liabilities	1,246,115	127,380	1,373,495
<b>For the three months period ended March 31, 2019 (Un-audited)</b>			
Segment revenue	231,899	73,027	304,926
Intersegment revenue	(1,456)	-	(1,456)
External revenue	<u>230,443</u>	<u>73,027</u>	<u>303,470</u>
<b>As of December 31, 2019 (audited)</b>			
Segment assets	2,939,120	534,624	3,473,744
Consolidated adjustments	(1,474,048)	(33,287)	(1,507,335)
Total assets	<u>1,465,072</u>	<u>501,337</u>	<u>1,966,409</u>
Segment liabilities	1,504,403	435,010	1,939,413
Consolidated adjustments	(258,288)	(307,630)	(565,918)
Total liabilities	<u>1,246,115</u>	<u>127,380</u>	<u>1,373,495</u>

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

**9. 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
<b>For the three months period ended March 31, 2020 (Un-audited)</b>			
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)
<b>As of March 31, 2020 (Un-audited)</b>			
Total assets	1,903,923	74,254	1,978,177
Total liabilities	1,386,913	16,342	1,403,255
<b>For the three months period ended March 31, 2020 (Un-audited)</b>			
Segment revenue	263,662	11,990	275,652
Intersegment revenue	(1,638)	-	(1,638)
External revenue	262,024	11,990	274,014
<b>As of March 31, 2020 (Un-audited)</b>			
Segment assets	3,468,451	74,965	3,543,416
Consolidated adjustments	(1,564,528)	(711)	(1,565,239)
Total assets	1,903,923	74,254	1,978,177
Segment liabilities	1,999,792	41,964	2,041,756
Consolidated adjustments	(612,879)	(25,622)	(638,501)
Total liabilities	1,386,913	16,342	1,403,255
<b>For the three months period ended March 31, 2019 (Un-audited)</b>			
External revenue	282,217	21,253	303,470
Finance cost	13,422	703	14,125
Depreciation and amortization	25,604	505	26,109
(Loss) income before zakat and income tax	(13,081)	742	(12,339)
<b>As of December 31, 2019 (audited)</b>			
Total assets	1,896,810	69,599	1,966,409
Total liabilities	1,361,916	11,579	1,373,495

**TAKWEEN ADVANCED INDUSTRIES**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

**9. SEGMENTAL INFORMATION (Continued)**

	Kingdom of Saudi Arabia	Arab Republic of Egypt	Total
	SR '000	SR '000	SR '000
<b>For the three months period ended March 31, 2019 (Un-audited)</b>			
Segment revenue	283,673	21,253	304,926
Intersegment revenue	(1,456)	-	(1,456)
External revenue	282,217	21,253	303,470
<b>As of December 31, 2019 (audited)</b>			
Segment assets	3,403,432	70,312	3,473,744
Consolidated adjustments	(1,506,622)	(713)	(1,507,335)
Total assets	1,896,810	69,599	1,966,409
Segment liabilities	1,902,786	36,627	1,939,413
Consolidated adjustments	(540,870)	(25,048)	(565,918)
Total liabilities	1,361,916	11,579	1,373,495

**9. LOSS PER SHARE**

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. With regard to diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, if any. Loss per share are represented as follows:

	<b>From January 1 to March 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
Basic and dilutive loss per share (SR)	(0.20)	(0.13)
Loss for the period (SR '000)	(18,793)	(12,548)
Weighted average number of outstanding shares	95,000,000	95,000,000

**10. CONTINGENCIES AND COMMITMENTS**

The Group had the following contingencies and commitments:

	<b>March 31, 2020</b>	December 31, 2019
	<b>(Un-audited)</b>	(Audited)
	<b>SR '000</b>	SR '000
Letters of credit	31,585	32,149
Letters of guarantee and others	2,099	2,404
Capital commitments against purchase of property, plant and equipment	48,898	41,830

**TAKWEEN ADVANCED INDUSTRIES**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

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**11. SUBSEQUENT EVENT**

Coronavirus disease (COVID-19) has spread nationwide, causing disruption to businesses and economies. The government of the Kingdom of Saudi Arabia announced additional decisions to control the impact of outbreak which include the 24 hours' curfew across some cities in the Kingdom. Further the Government through its Royal decrees also announced to support the private sector to limit the impact of the precautionary actions taken.

The Group believe that, at this stage, it is not possible to accurately estimate the potential financial impact of this disruption and support from the Government on the Group as of now. The Group is currently assessing the financial impacts and the results will be reflected in year ended December 31, 2020 financial statements, if any.

**12. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved by the Board of Directors for issuance on May 6, 2020 corresponding to Ramadan 13, 1441H.