

**TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH
PERIOD ENDED JUNE 30, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023
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)

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 at June 30, 2023, and the related condensed consolidated interim statements of profit or loss and other comprehensive income for the three-month and six-months period then ended, changes in equity and cash flows for the six-months period then ended 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 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 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 2 to the accompanying condensed consolidated interim financial statements which indicates that the Group incurred a net loss of SR 55.8 million, net operating cash outflow was SR 64.7 million and net cash outflow was SR 12.5 million during the period ended June 30, 2023, and as of that date the Group's current liabilities exceeded the current assets by SR 438.9 million. Moreover, the Group's accumulated losses were SR 515.4 million, which exceeded the half of the Group's share capital. These events and conditions, along with other matters as outlined in Note 2 to the accompanying condensed consolidated interim financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Group has taken rectification measures following the requirement of the Companies. The Group's board of directors as of March 13, 2023, has submitted a recommendation to the Shareholders for reduction of share capital by absorbing the accumulated losses and a subsequent capital increase through rights issue. The approval of the Capital Market Authority to reduce the capital was received on June 6, 2023, as well as the approval of the General Assembly on July 26, 2023. Our conclusion is not modified in respect of this matter.

For Al-Kharashi & Co.



Abdullah S. Al-Msned

License No. (456)

Riyadh:

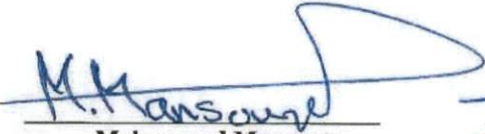
August 3, 2023 G

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TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 30, 2023 (Un-audited) SR '000	December 31, 2022 (Audited) SR '000
ASSETS			
Non-current assets			
Property, plant and equipment		493,180	510,399
Intangible assets		1,134	1,372
Goodwill		323,582	323,582
Investments in an associate		103,168	105,943
Total non-current assets		921,064	941,296
Current assets			
Inventories	3	189,300	187,646
Trade receivables	4	362,764	343,579
Prepaid expenses and other assets		61,939	135,768
Investment held at amortized cost		4,135	6,501
Cash and cash equivalents		17,480	36,866
Total current assets		635,618	710,360
TOTAL ASSETS		1,556,682	1,651,656
EQUITY AND LIABILITIES			
Equity			
Share capital	5	950,000	950,000
Other reserves		(63,145)	(55,777)
Accumulated losses		(515,419)	(459,597)
Total equity		371,436	434,626
LIABILITIES			
Non-current liabilities			
Long-term loans – non-current portion	6	67,390	67,053
Lease liabilities – non-current portion		12,977	16,342
Employee benefits		30,302	29,787
Total non-current liabilities		110,669	113,182
Current liabilities			
Current portion of Long-term loans	6	71,222	60,401
Short-term loans and facilities	6	557,535	505,305
Lease liabilities – current portion		6,417	6,076
Trade payables and other liabilities		437,665	530,328
Zakat payable		1,738	1,738
Total current liabilities		1,074,577	1,103,848
Total liabilities		1,185,246	1,217,030
TOTAL EQUITY AND LIABILITIES		1,556,682	1,651,656


Mohammed Mansour
Chief Financial Officer (A)

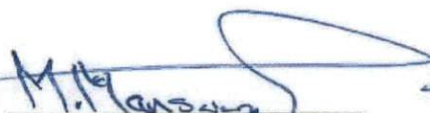

Majed Nofal
Chief Executive Officer


Abdul Mohsen 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-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

	From April 1 to June 30		From January 1 to June 30	
	2023	2022	2023	2022
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Note	SR '000	SR '000	SR '000	SR '000
Revenue	217,612	286,254	450,228	535,905
Cost of revenue	(209,227)	(269,710)	(426,689)	(498,683)
Gross profit	8,385	16,544	23,539	37,222
Administrative expenses	(12,186)	(7,828)	(23,325)	(19,501)
Selling, marketing and distribution expenses	(10,679)	(13,160)	(22,702)	(25,887)
Operating loss	(14,480)	(4,444)	(22,488)	(8,166)
Finance charges	(17,112)	(8,121)	(31,579)	(13,672)
Other income, net	1,769	625	1,054	2,178
Share in result of equity-accounted investment	(242)	(3,250)	(2,809)	(4,506)
Loss before zakat and income tax	(30,065)	(15,190)	(55,822)	(24,166)
Zakat and income tax	-	205	-	205
Net loss for the period	(30,065)	(14,985)	(55,822)	(23,961)
Other comprehensive income:				
Item that may be reclassified to statement of profit or loss				
Exchange differences on translation of foreign operation	(73)	(6,500)	(7,402)	(8,993)
Share of other comprehensive income from associate	34	-	34	-
Other comprehensive loss for the period	(39)	(6,500)	(7,368)	(8,993)
Total comprehensive loss for the period	(30,104)	(21,485)	(63,190)	(32,954)
Loss per share (SR)				
Basic and diluted loss per share	10 (0.32)	(0.16)	(0.59)	(0.25)


Mohammed Mansour
Chief Financial Officer (A)


Majed Nofal
Chief Executive Officer


Abdul Mohsen Al-Othman
Chairman

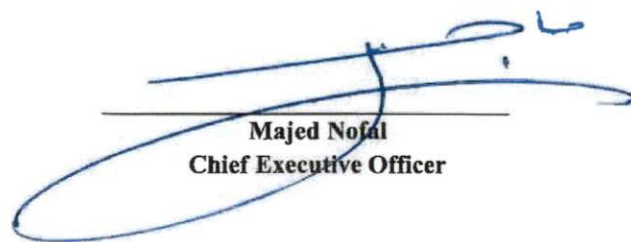
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TAKWEEN ADVANCED INDUSTRIES
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

	Share capital SR '000	Other reserves SR '000	Accumulated losses SR '000	Total SR '000
Balance as at January 1, 2022 (audited)	950,000	(42,351)	(300,681)	606,968
Net loss for the period	-	-	(23,961)	(23,961)
Other comprehensive loss for the period	-	(8,993)	-	(8,993)
Total comprehensive loss for the period	-	(8,993)	(23,961)	(32,954)
Balance as at June 30, 2022 (un-audited)	<u>950,000</u>	<u>(51,344)</u>	<u>(324,642)</u>	<u>574,014</u>
Balance as at January 1, 2023 (audited)	950,000	(55,777)	(459,597)	434,626
Net loss for the period	-	-	(55,822)	(55,822)
Other comprehensive loss for the period	-	(7,368)	-	(7,368)
Total comprehensive loss for the period	-	(7,368)	(55,822)	(63,190)
Balance as at June 30, 2023 (un-audited)	<u>950,000</u>	<u>(63,145)</u>	<u>(515,419)</u>	<u>371,436</u>



Mohammed Mansour
Chief Financial Officer (A)



Majed Nofal
Chief Executive Officer



Abdul Mohsen 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 SIX-MONTH PERIOD ENDED JUNE 30, 2023

	For the six months period ended	
	June 30, 2023 (Un-audited) SR '000	June 30, 2022 (Un-audited) SR '000
OPERATING ACTIVITIES		
Net loss for the period	(55,822)	(23,961)
Adjustments for:		
Depreciation and amortization	25,697	30,909
Write off of property, plant and equipment	-	182
Allowance for / (reversal of) impairment of trade receivables	118	(927)
Reversal of allowance for inventories	(2,234)	(1,742)
Finance charges	31,579	13,672
Provision for employee benefits	1,987	2,060
Interest income on investment held at amortized cost	(243)	-
Share of loss of equity-accounted investees	2,809	4,506
	<u>3,891</u>	<u>24,699</u>
Movement in working capital:		
Inventories	930	(22,985)
Trade receivables	(17,861)	25,165
Prepaid expenses and other assets	74,072	(63,265)
Trade payables and other liabilities	(92,663)	168,115
Cash (used in) / generated from operations	<u>(31,631)</u>	<u>131,729</u>
Finance charges paid	(31,579)	(13,672)
Employee benefits paid	(1,472)	(1,718)
Net cash (used in) / generated from operating activities	<u>(64,682)</u>	<u>116,339</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(10,542)	(18,471)
Proceeds from disposal of property, plant and equipment	-	90
Proceeds from disposal of investment held at amortized costs	2,366	-
Net cash used in investing activities	<u>(8,176)</u>	<u>(18,381)</u>
FINANCING ACTIVITIES		
Net change in short term loans and facilities	52,230	(49,825)
Repayment of principal of lease liability	(3,024)	(284)
Receipt / (repayment) of medium and long-term loans	11,158	(33,879)
Net cash generated from / (used in) financing activities	<u>60,364</u>	<u>(83,988)</u>
Net change in cash and cash equivalents	<u>(12,494)</u>	<u>13,970</u>
Cash and cash equivalents at the beginning of the period	36,866	28,825
Foreign currency translation reserve	(6,892)	(7,495)
Cash and cash equivalents at the end of the period	<u>17,480</u>	<u>35,300</u>


Mohammed Mansour
Chief Financial Officer (A)


Majed Nofal
Chief Executive Officer


Abdul Mohsen 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 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, 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.

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

	Effective ownership	
	June 30, 2023	December 31, 2022
Saudi Plastic Packaging Systems (“Saudi Packaging”)	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%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These condensed consolidated interim financial statements for the six-month period ended June 30, 2023, 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, 2022.

These 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2 Goodwill

Management has performed annual impairment testing of Goodwill amounting to SR 323.58 million as of December 31, 2022. 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, 2022, and June 30, 2023.

2.3 Going Concern

The Group incurred a net loss of SR 55.8 million, net operating cash outflow was SR 64.7 million and net cash outflow was SR 12.5 million during the period ended June 30, 2023, and as of that date, the Group's current liabilities exceeded its current assets by SR 438.9 million.

Moreover, the Group's accumulated losses were SR 515.4 million as of June 30, 2023, which exceeded 50% of the share capital. Following the requirement of Article 132 of the Companies Regulation, the Group is required to take rectification measures to reduce the accumulated losses. The Group's board of directors on March 13, 2023, submitted a recommendation to the shareholders to hold an extraordinary general assembly meeting for share capital reduction by absorbing the accumulated losses and a subsequent capital increase through rights issue.

The approval of the Capital Market Authority to reduce the capital was received on June 6, 2023, as well as the approval of the General Assembly on July 26, 2023

These accumulated losses were mainly attributable to the low selling price of the Group's products along with the increase in material costs.

The Group's management has assessed its going concern assumption based on the Group's future business plan and approved projected cash flows, the Group's management believes that the Group will have the ability to continue its operations and meet its obligations as they fall due within the next twelve months. The Group management assigned an external consultant to improve Group performance and prepare comprehensive business plan, The Group's management expects that the results will gradually start reflecting positively on the Group's financial results, the Group focuses on strengthening the core position of its products in significant segments, by improving prices with key customers, in behind with investing in innovation and modern equipment and restoring competitiveness through cost management. The management continues to monitor the performance indicators of all segments and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary. Accordingly, management believes that the Group's operation will continue for the foreseeable future by the normal course of business and the going concern assumption used in the preparation of this condensed consolidated interim financial statement remains appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 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 1. 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.

2.2.4 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-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 New Standards, Amendments to Standards and Interpretations**

A number of new standards, amendments to standards are effective from January 1, 2023, 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, 2023 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.

3. INVENTORIES

	June 30, 2023 (Un-audited) SR '000	December 31, 2022 (Audited) SR '000
Finished goods	52,587	62,491
Raw and packaging materials and work in progress	114,692	106,357
Spare parts	42,080	41,126
	209,359	209,974
Allowance for inventories	(20,059)	(22,328)
	189,300	187,646

4. TRADE RECEIVABLES

	June 30, 2023 (Un-audited) SR '000	December 31, 2022 (Audited) SR '000
Trade receivables – third parties	349,694	355,302
Trade receivables – related parties	628	2,096
Due from a related party	71,980	46,624
	422,302	404,022
Allowance for impairment for trade receivables	(59,538)	(60,443)
	362,764	343,579

5. SHARE CAPITAL

As at June 30, 2023 the Group's share capital amounted to SR 950 million consisting of 95 million shares of SR 10 each. On May 18, 2023 AD (corresponding to Shawwal 28, 1444 AH), the Board of Directors recommended to the Extraordinary General Assembly meeting to reduce the Group's share capital from SR 950,000,000 to SR 464,646,060, a decrease of 51.09%, and subsequent share capital increase through rights issue with a value of SR 300,000,000 to restructure the Group's share capital to extinguish the accumulated losses. The Group announced that it had submitted the file to the Capital Market Authority requesting approval to reduce the capital.

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****6. BORROWINGS**

	June 30, 2023	December 31, 2022
	(Un-audited)	(Audited)
	SR '000	SR '000
Medium and long-term loans (a)	138,612	127,454
Short-term loans and facilities (b)	557,535	505,305

a) Medium and long-term loans

	June 30, 2023	December 31, 2022
	(Un-audited)	(Audited)
	SR '000	SR '000
Commercial loan	138,612	127,454
Less: current portion	71,222	60,401
	67,390	67,053

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”) (formerly Savola Packaging Systems Company Limited) 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 Product and Production 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.

In 2021, a repayment of SAR 152 million was made in respect of this loan, released all the securities provided by Advanced Fabrics Company (SAAF), Balance is schedule over semi-annual installments till September 2024. There was no change in the term of the loan, however, repayment has been rescheduled accordingly.

During the period, the Group entered into Tawarroq Financing Agreement of SR 40 million with the Banque Saudi Fransi. The loan is repayable by quarterly installments with first installment commencing on March 31, 2023 and final installment on December 31, 2026 as per the repayment schedule.

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, 2023, and year ended December 31, 2022.

b) Short term loans and facilities

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. During the period, the group has added additional short-term facility that was reflected in cash position as of June 30, 2023.

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****7. RELATED PARTY DISCLOSURES**

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
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:

<u>Nature of transaction</u>	June 30, 2023 (Un-audited) SR '000	June 30, 2022 (Un-audited) SR '000
Revenue	45,245	68,406
Accommodation, food and other miscellaneous expenses	534	508
IT services	23	74
Medical service	260	5,100
Purchase of materials	-	346
Rentals	845	-

8. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	June 30, 2023 (Un-audited) SR '000	June 30, 2022 (Un-audited) SR '000
Remuneration	6,265	5,156
House rent allowance	1,409	1,179
Employee benefits	182	300
Bonus	780	812
Medical allowance	59	70
Others	801	674
	9,496	8,191
BOD and related committees' remuneration	278	345

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****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

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
	SR '000
For the six months period ended June 30, 2023 (Un-audited)	
External revenue	450,228
Finance cost	31,579
Depreciation and amortization	25,699
Loss before zakat and income tax	(55,822)
For the three months period from April 1 to June 30, 2023 (Un-audited)	
External revenue	217,612
Finance cost	17,112
Depreciation and amortization	12,924
Loss before zakat and income tax	(30,065)
For the six months period ended June 30, 2023 (Un-audited)	
Segment revenue	455,850
Intersegment revenue	(5,622)
External revenue	450,228
For the three months period from April 1 to June 30, 2023 (Un-audited)	
Segment revenue	220,833
Intersegment revenue	(3,221)
External revenue	217,612
As of June 30, 2023 (Un-audited)	
Total assets	1,556,682
Total liabilities	1,185,246
As of June 30, 2023 (Un-audited)	
Segment assets	3,086,450
Consolidated adjustments	(1,529,768)
Total assets	1,556,682
Segment liabilities	2,092,716
Consolidated adjustments	(907,470)
Total liabilities	1,185,246

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****9. SEGMENTAL INFORMATION (Continued)**

	Disposable polystyrene cups, lids, other plastic-related products and others
	SR '000
For the six months period ended June 30, 2022 (Un-audited)	
External revenue	535,905
Finance cost	13,672
Depreciation and amortization	30,910
Loss before zakat and income tax	(24,166)
For the three months period from April 1 to June 30, 2022 (Un-audited)	
External revenue	286,254
Finance cost	8,121
Depreciation and amortization	16,174
Loss before zakat and income tax	(15,190)
For the six months period ended June 30, 2022 (Un-audited)	
Segment revenue	540,625
Intersegment revenue	(4,720)
External revenue	535,905
For the three months period from April 1 to June 30, 2022 (Un-audited)	
Segment revenue	290,974
Intersegment revenue	(4,720)
External revenue	286,254
As of June 30, 2022 (Un-audited)	
Total assets	1,739,130
Total liabilities	1,165,116
As of June 30, 2022 (Un-audited)	
Segment assets	3,188,752
Consolidated adjustments	(1,449,622)
Total assets	1,739,130
Segment liabilities	1,830,531
Consolidated adjustments	(665,415)
Total liabilities	1,165,116

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****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 SR '000	Arab Republic of Egypt SR '000	Total SR '000
For the six months period ended June 30, 2023 (Un-audited)			
External revenue	436,505	13,723	450,228
Finance cost	31,256	323	31,579
Depreciation and amortization	24,972	727	25,699
Loss before zakat and income tax	(54,576)	(1,246)	(55,822)
For the three months period from April 1 to June 30, 2023 (Un-audited)			
External revenue	211,446	6,166	217,612
Finance cost	16,946	166	17,112
Depreciation and amortization	12,569	355	12,924
Loss before zakat and income tax	(29,310)	(755)	(30,065)
For the six months period ended June 30, 2023 (Un-audited)			
Segment revenue	442,127	13,723	455,850
Intersegment revenue	(5,622)	-	(5,622)
External revenue	436,505	13,723	450,228
For the three months period from April 1 to June 30, 2023 (Un-audited)			
Segment revenue	214,667	6,166	220,833
Intersegment revenue	(3,221)	-	(3,221)
External revenue	211,446	6,166	217,612
As of June 30, 2023 (Un-audited)			
Total assets	1,525,254	31,428	1,556,682
Total liabilities	1,181,985	3,261	1,185,246
As of June 30, 2023 (Un-audited)			
Segment assets	3,055,022	31,428	3,086,450
Consolidated adjustments	(1,529,768)	-	(1,529,768)
Total assets	1,525,254	31,428	1,556,682
Segment liabilities	2,083,078	9,638	2,092,716
Consolidated adjustments	(901,093)	(6,377)	(907,470)
Total liabilities	1,181,985	3,261	1,185,246

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****9. 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 30, 2022 (Un-audited)			
External revenue	504,787	31,118	535,905
Finance cost	13,480	192	13,672
Depreciation and amortization	29,781	1,129	30,910
Loss before zakat and income tax	(22,178)	(1,988)	(24,166)
For the three months period from April 1 to June 30, 2022 (Un-audited)			
External revenue	270,956	15,298	286,254
Finance cost	8,033	88	8,121
Depreciation and amortization	15,678	496	16,174
Loss before zakat and income tax	(13,628)	(1,562)	(15,190)
For the six months period ended June 30, 2022 (Un-audited)			
Segment revenue	509,507	31,118	540,625
Intersegment revenue	(4,720)	-	(4,720)
External revenue	504,787	31,118	535,905
For the three months period from April 1 to June 30, 2022 (Un-audited)			
Segment revenue	275,676	15,298	290,974
Intersegment revenue	(4,720)	-	(4,720)
External revenue	270,956	15,298	286,254
As of June 30, 2022 (Un-audited)			
Total assets	1,684,355	54,775	1,739,130
Total liabilities	1,153,474	11,642	1,165,116
As of June 30, 2022 (Un-audited)			
Segment assets	3,133,977	54,775	3,188,752
Consolidated adjustments	(1,449,622)	-	(1,449,622)
Total assets	1,684,355	54,775	1,739,130
Segment liabilities	1,817,622	12,909	1,830,531
Consolidated adjustments	(664,148)	(1,267)	(665,415)
Total liabilities	1,153,474	11,642	1,165,116

TAKWEEN ADVANCED INDUSTRIES

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE-AND SIX-MONTH PERIOD ENDED JUNE 30, 2023****10. LOSS 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 per share is represented as follows:

	From January 1 to June 30	
	2023 (Un-audited)	2022 (Un-audited)
Basic / Diluted loss per share (SR)	(0.59)	(0.25)
	(55,822	
Loss for the period (SR '000))	(23,961)
Weighted average number of outstanding shares	95,000,000	95,000,000

11. CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	June 30, 2023 (Un-audited) SR '000	June 30, 2022 (Un-audited) SR '000
Letters of guarantee and others	2,190	1,351
Capital commitments against purchase of property, plant and equipment	8,804	11,289

12. SUBSEQUENT EVENTS

Based on the Extraordinary General Assembly meeting held on Muharram 8, 1445 AH, corresponding to July 26, 2023, the shareholders decided to reduce the Group's share capital to absorb the accumulated losses amounting to SR 485,353,940, representing 51.09% of the Group's existing share capital amounting to SR 950,000,000. The impact of the reduction of number of shares and share capital is as follows;

	Number of shares	Share capital (SR)
Existing share capital	95,000,000	950,000,000
Share cancellation	(48,535,394)	(485,353,940)
Share capital after reduction	46,464,606	464,646,060

The rest of the regulatory requirements pertaining to the capital reduction are being completed.

13. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors for issuance on August 3, 2023 corresponding to Muharram 16, 1445 H