Rights Issue Prospectus

تكوين المتطورة للصناعات
Takween Advanced Industries

Takween Advanced Industries

Takween Advanced Industries is a Saudi Joint Stock Company established by Ministerial Resolution number (391/S), dated 28/12/1431H (corresponding to 04/12/2010G), with the commercial register number (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G) issued in Al-Khobar.

Offering (60,000,000) sixty million ordinary shares with issue price of SAR (10) ten per share through rights issue, representing an increase in the Company's capital by 171.43% to become SAR (950,000,000) nine hundred and fifty million.

First Subscription Period: from 25/12/1437H to 04/01/1438H (corresponding to: from 27/09/2016G to 06/10/2016G)

Second Subscription Period: from 07/01/1438H to 09/01/1438H (corresponding to: from 09/10/2016G to 11/10/2016G)

Takween Advanced Industries (the "Company" or "Takween") was established as a Joint Stock Company by Ministerial Resolution number (391/S), dated 28/12/1431H (corresponding to 04/12/2010G), with commercial register number (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G) issued in Al-Khobar. The Company's current share capital is SAR 350,000,000 (three hundred fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary shares, fully paid up, with nominal value of SAR 10 (ten Saudi Riyals) each (referred to collectively as the "Current Shares" and each a "Current Share"). On 05/05/1414H (corresponding to 21/10/1993G), the Company started its operations as Al Othman Factory for Plastic Products, which was a branch of an establishment owned by Mr. Mohamed Abdullah Zaid Al Othman. The capital of the Factory was SAR 1,000,000 (one million Saudi Riyals) at that time. On 06/02/1422H (corresponding to 30/04/2001G), the branch of Al Othman Factory for Plastic Products was converted into a Limited Liability Company with a share capital of SAR 32,000,000 (thirty-two million Saudi Riyals). In conjunction with the conversion process, the name of Al Othman Factory for Plastic Products was changed to Al Othman Plastic Products Company, a Limited Liability Company. On 14/04/1431H (corresponding to 30/03/2010G), Al Othman Plastic Products Company acquired 99% of share capital of Ultrapak Manufacturing Company Limited at book value. On 25/05/1431H (corresponding to 09/05/2010G), it acquired an additional 53% of shares in share capital of Advanced Fabrics (SAAF) at the book value. Therefore, Al Othman Plastic Products Company's ownership share in Advanced Fabrics (SAAF) increased from 46% to 99%. On 25/10/1431H (corresponding to 04/10/2010G), and due to those two acquisitions, the share capital of Al Othman Plastic Products Company increased to SAR 97,539,000 (ninety seven million five hundred thirty-nine thousand Saudi Riyals). On 28/12/1431H (corresponding to 04/12/2010G), a Ministerial Resolution was issued converting Al Othman Plastic Products Company into a Closed Joint Stock Company from a Limited Liability Company. Additionally, the trade name of the company was changed from Al Othman Plastic Products Company to Takween Advanced Industries. On 01/02/1432H (corresponding to 05/01/2011G), the Extraordinary General Assembly (the "EGA") of the shareholders of the Company was held to approve the Company's capital increase to SAR 300,000,000 (three hundred million Saudi Riyals). The increase value was covered by capitalizing SAR 202,461,000 (two hundred and two million four hundred sixty-one thousand Saudi Riyals) from the shareholders' account, statutory reserve, and retained earnings as at 21/10/1431H (corresponding to 30/09/2010G). On 27/05/1434H (corresponding to 08/04/2013G), the EGA of the shareholders was held to approve the Company's capital increase to SAR 350,000,000 (three hundred fifty million Saudi Riyals). The increase value was covered by capitalizing SAR 50,000,000 (fifty million Saudi Riyals) from retained earnings as at 18/02/1434H (corresponding to 31/12/2012G). On 14/05/1436H (corresponding to 05/03/2015G), Takween Advanced Industries acquired most of the shares in the share capital of Savola Packaging Systems, a Limited Liability Company, under shareholders' resolution made and notarized at the notary public at Jeddah Chamber of Commerce and Investment, numbered (36756336), dated 24/05/1436H (corresponding to 15/03/2015G). Presently, Takween owns 99% of the share capital while Advanced Fabrics (SAAF) owns the remaining 1%. After completion of acquisition process, partners decided to change the Savola Packaging Systems ‹s trade name to "Saudi Plastic Packaging Systems". It is noteworthy that Saudi Plastic Packaging Systems used to own two subsidiaries: (1) Al Sharq Plastic Industries Company, a Saudi Limited Liability Company; and (2) New Marina Plastic Industries, a Closed Joint Stock Company, headquartered in Egypt. On 27/01/1437H (corresponding to 09/11/2015G), shareholders' share ownership in Al Sharq Plastic Industries Company changed in order for Takween to own 99% of share capital while Advanced Fabrics (SAAF) owns the remaining 1%. On 28/09/1436H (corresponding to 15/07/2015G), shareholders' shares ownership in New Marina Plastic Industries changed so that Takween would own 99% while the remaining 1% was acquired by SAAF and Ultrapak (each acquired 0.5%).

As at the date of this Prospectus, there are no shareholders in the Company owning 5% or more of its shares except for major shareholders, namely, Al Othman Holding, owning 46.37% of the Company's shares, and Abdulrahman Saleh Al Rajhi and Partners Company Limited, owning 13.99% of the Company's shares as set out on page P of this Prospectus.

On 06/03/1437H (corresponding to 17/12/2015G), the Company's Board of Directors recommended that the Company's capital would be increased through rights issue of SAR 600,000,000 (six hundred million Saudi Riyals) after obtaining the necessary regulatory approvals. On 19/12/1437H (corresponding to 21/09/2016G), the EGA approved the increase of Company's capital through rights issue (the "Rights Issue"). Rights Issue is to offer (60,000,000) sixty million new share (the "New Shares") with an offer price of (10) ten Saudi Riyal per share (the "Offer Price") with the objective of increasing the Company's capital from SAR 350,000,000 (three hundred fifty million Saudi Riyals) to (950,000,000) nine hundred and fifty million Saudi Riyals, divided into (95,000,000) ninety five million ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) each.

The Rights Issue will be conducted through the issue of tradable securities (referred to collectively as the "Rights" and each a "Right") to registered shareholders of the Company as at the close of trading on the date of the EGA on 19/12/1437H (corresponding to 21/09/2016G) ("the Eligibility Date") (referred to collectively as the "Registered Shareholders" and each a "Registered Shareholder") in the amount of (1.71) Right(s) for every (1) Current Shares held on such date, with such Rights being deposited into the Registered Shareholders' portfolios within two days of the Eligibility Date in the ratio of (1.71) Rights per (1) each Company's share owned by shareholder at that date. Each Right grants its holder the right to subscribe for (1) New Shares at the Offer Price. Registered Shareholders and public, institutional and individual investors may trade the Rights on the Saudi Stock Exchange ("Tadawul") from Tuesday 25/12/1437H (corresponding to 27/09/2016G), and will continue until the close of Thursday 04/01/1438H(corresponding to 06/10/2016G) (the "Trading Period").

The subscription for the New Shares will be in two periods as follows:

a) **First Subscription Period:** From Tuesday 25/12/1437H (corresponding to 27/09/2016G) and until the close of Thursday 04/01/1438H(corresponding to 06/10/2016G) (the "First Subscription Period"), during which only the Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their portfolios after the EGA. The subscription for the New Shares will only be approved for the number of qualified shares, subject to the number of Rights available in the relevant portfolio at the end of the Trading Period. Such period coincides with the Rights Issue Trading Period during which the Registered Shareholders and the public, institutional and individual investors may trade in the Rights. The Registered Shareholders can subscribe for additional shares after purchasing new Rights during the Trading Period. The new additional shares acquired through purchasing new Rights may only be subscribed for during the Second Subscription Period.

b) **Second Subscription period:** From Sunday 07/01/1438H (corresponding to 09/10/2016G) until the close of Tuesday 09/01/1438H (corresponding to 11/10/2016G) (the "Second Subscription Period"). During this period, all Rights' holders, whether Registered Shareholders or public, institutional and individual investors, who purchased Rights during the Trading Period (referred to collectively as the "Eligible Persons" and each an "Eligible Person"), may exercise their Rights to subscribe for shares. Rights may not be traded during the Second Subscription Period.

For the First and Second Subscription Periods, the Subscription Application Forms shall be available at the Receiving Agents' branches specified on page M of this Prospectus (the "Receiving Agents"). In the event that any shares remain unsubscribed for (the "Rump Shares") during the First and Second Subscription Period, they will be offered to a number of institutional investors (referred to as the "Institutional Investors"), provided that such Institutional Investors submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on Sunday 14/01/1438H (corresponding to 16/10/2016G) until the following day at 10:00 AM on 15/01/1438H (corresponding to 17/10/2016G). This offering will be referred to as the "Rump Offering". The Rump Shares will be allocated to the Institutional Investors in order of priority based on the price per share offered by the relevant Institutional Investor with New Shares being allocated on a proportional basis among those Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. Total Offer Price of the Rump Shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of the Rump Shares and Fractional Shares (in excess of the Offer Price) shall be distributed to the Eligible Persons no later than Thursday 16/02/1438H (corresponding to 17/11/2016G).

In the event that any Rump Shares are not purchased by the Institutional Investors, such Shares will be allocated to the Underwriters, who will purchase such shares at the Offer Price (see Section 18 "Subscription Terms and Instructions"). HSBC Saudi Arabia Limited (Lead Underwriter) and ANB Invest (Co-underwriter) are the sole underwriters for this Subscription (see Section 15 "Underwriting"). After completion of the Subscription, the Company's share capital will become (950,000,000) nine hundred and fifty million Saudi Riyals divided into (95,000,000) ninety five million shares. Net proceeds shall be primarily used to reach the optimal capital structure and reduce the value of the debt (see Section 10 "Use of Proceeds"). Notification of the final allocations will be made no later than Thursday 18/01/1438H (corresponding to 20/10/2016G) (the "Allocation Date") (see Section 18 "Subscription Terms and Instructions").

The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid up and will equal exactly the Current Shares. Each share entitles its holder to one vote and each of Takween's shareholder (the "Shareholder") with at least (20) twenty shares has the right to attend and vote at the general assembly meetings (the "General Assembly Meetings"). The New Shares will be entitled to receive their portion of any dividends declared by the Company as of the date of offering and for the following financial years, if any (see Section 8 "Dividend Distribution Policy" and Section 2 "Risk Factors"). The Company listed 30,000,000 (thirty million) ordinary shares on Tadawul through offering them for public subscription on 15/03/1433H (corresponding to 07/02/2012G). where 30% of the shares were offered for public subscription. On 27/05/1434H (corresponding to 08/04/2013G), the EGA of the shareholders was held to approve the Company's capital increase to SAR 350,000,000 (three hundred fifty million Saudi Riyals). As at the date of this Prospectus, number of listed shares is 35,000,000 (thirty five million) shares. The Company's shares are currently traded on Tadawul. An application has been made to the Capital Market Authority (the "CMA") for the listing and admission of the New Shares. The Prospectus has been approved and all requirements have been met. Trading in the New Shares is expected to commence on the Exchange soon after the final allocation of the New Shares and refund of extra subscriptions (see page X "Key Dates for Subscribers"). Following the commencement of trading in the shares, Saudi nationals, non-Saudi nationals holding valid residence permits in Saudi Arabia, GCC nationals, Saudi companies, banks and funds, GCC companies and establishments, and foreign investors from outside the Kingdom (through swap agreements or as qualified investors) will be permitted to trade in the New Shares. Moreover, Qualified Foreign Investors and Approved QFI Clients will be permitted to trade in the shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Shares. The "Important Notice", and "Risk Factors" (Section 2) of this Prospectus together with the whole Prospectus should be read carefully prior to making a decision to invest in the New Shares offered hereby.

Financial Adviser and Lead Manager

HSBC

Lead Underwriter

HSBC

Co-Underwriter

العربي للاستثمار anb invest

Receiving Agents

بنك الرياض riyad bank · NCB الأهلي · Al Rajhi Bank · العربي anb · samba سامبا

This Prospectus includes information provided in compliance with the Listing Rules of the Capital Market Authority in the Kingdom of Saudi Arabia (the "CMA"). The Directors, whose names appear on page H, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Saudi Stock Exchange (Tadawul) do not accept any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 23/12/1437H (corresponding to25/09/2016G).

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Takween Advanced Industries

Important Notice

This Prospectus provides full details of information relating to the Company and the rights issue offered for subscription. When applying for the New Shares, investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, Lead Manager and the Receiving Agents or by visiting the Company's website (www.takweenai.com), Capital Market Authority's website (www.cma.org.sa), or the Financial Adviser's (HSBC Saudi Arabia Limited) website (www.hsbcsaudi.com).

The Company has appointed HSBC Saudi Arabia Limited as the Financial Adviser (the "Financial Adviser") and Lead Manager (the "Lead Manager"). Moreover, the Company appointed HSBC Saudi Arabia Limited (Lead Underwriter) and ANB Invest (Co-underwriter) as the sole underwriters for this subscription Rights Issue in order to increase the Company's share capital as set out in this Prospectus.

This Prospectus includes details given in compliance with the listing rules issued by the CMA pursuant to Resolution number 3-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G) and amended by CMA Resolution number 1-38-2016, dated 22/06/1437H (corresponding to 31/03/2016G) (the "Listing Rules"). The Directors, whose names appear on page H, jointly and severally, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. The CMA and the Saudi Stock Exchange (Tadawul) do not accept any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable inquiries to confirm the accuracy of the information contained in this Prospectus at the date hereof, a substantial portion of the information related to the market and industry in which the company operates are derived from external sources, and while none of the Company, its members of the board of directors, HSBC Saudi Arabia Limited or any of the Advisers ("the Advisers") whose names appear on page K of this Prospectus have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified and therefore no representation is made as to the accuracy and completeness of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Offer Shares may be adversely affected by future developments in inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (see Section 2 "Risk Factors"). Neither the delivery of this Prospectus nor any oral, or written interaction in relation to the new shares offered is intended to be, nor should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

This Prospectus shall not be regarded as a recommendation on the part of the Company or any of its Directors or Advisers to participate in the Subscription. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining professional advice from a financial adviser licensed by CMA in relation to the Offering of the New Shares to examine the appropriateness of the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs.

Subscription by the Registered Shareholders as well as public, institutional and individual investors, will be during the period from Tuesday 25/12/1437H (corresponding to 27/09/2016G) and until the close of Tuesday 09/01/1438H (corresponding to 11/10/2016G). The New Shares will be subscribed in two periods as follows:

a) The First Period:

From Tuesday 25/12/1437H (corresponding to 27/09/2016G) and until the close of Thursday 04/01/1438H(corresponding to 06/10/2016G) ("First Subscription Period"), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their portfolios after the convening of the EGA. The subscription for the New Shares will only be approved, on the basis of the number of Rights available in the relevant portfolio at the end of the Trading Period. The First Subscription Period coincides with the Rights Trading Period, during which Registered Shareholders and public, institutional and individual investors may trade in the Rights.

b) The Second Period:

From Sunday 07/01/1438H (corresponding to 09/10/2016G), and until the close of Tuesday 09/01/1438H (corresponding to 11/10/2016G) ("Second Subscription Period"). During this period, all Rights' holders, whether Registered Shareholders or public, institutional and individual investors, who purchased Rights during the Trading Period (referred to collectively as "Eligible Persons" and each an "Eligible Person"), may exercise their Rights to subscribe for the New Shares. Rights may not be traded during the Second Subscription Period.

In the event that any shares remain unsubscribed for (the "Rump Shares") within the First and Second Subscription Periods in addition to Fractional Shares (if any), they will be offered to a number of institutional investors (referred to as "Institutional Investors"), provided that such Institutional Investors submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on Sunday 14/01/1438H (corresponding to 16/10/2016G) until the following day at 10:00 AM on 15/01/1438H (corresponding to 17/10/2016G) This offering shall be referred to as the "Rump Offering". The Rump Shares will be allocated to the Institutional Investors in order of priority based on the price per Share offered by the relevant Institutional Investor with Shares being allocated on a proportional basis among those Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. Offering price shall be for the minimum subscription in the Rump Shares within the Rump Offering Period. If the sale price of the Rump Shares is higher than the offering price, the difference (if any) will be distributed as an indemnity to the holders of tradable Rights who did not subscribe to the New Shares, in whole or in part, in proportion to the Rights they own. Moreover, these proceeds resulting from the sale of Rump Shares and Fractional Shares (in excess of the Offer Price) shall be distributed to the Eligible Persons no later than Thursday 16/02/1438H (corresponding to 17/11/2016G).

As for the EGA, it shall not be deemed valid unless attended by the shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum is not met in the first meeting, a second meeting shall be convened within the following thirty (30) days. The second meeting shall be considered as valid if attended by a number of shareholders representing at least one-quarter (25%) of the Company's capital. The votes in the EGA shall be counted on the basis of one vote for every share. The EGA resolutions relating to the increase of the Company's share capital shall be passed by a majority vote of 75% of the shares represented at the meeting.

A notice of EGA to be held for the purpose of approving the Rights Issue in order to increase the Company's share capital as per regulations issued by Ministry of Commerce and Investment in this regard was sent on 07/11/1437H (corresponding to 10/08/2016G). It should be noted that if no approval is obtained from the shareholders, the Rights Issue shall be automatically terminated. Furthermore, the Prospectus shall be considered null and the shareholders shall be notified thereof.

Industry and Market Data

In this Prospectus, information regarding the plastic packaging market and data regarding market segments in which the Company and its subsidiaries (collectively, the "Group") operate have been obtained from: (i) the Company's estimates, internal reports and studies; (ii) data and analysis obtained from various publicly available third party sources and materials; (iii) industry report provided exclusively for the Company by the Market Consultant, ERAS Consulting Limited ("ERAS"), which was issued in February 2016G; and (iv) industry reports prepared by Price Hanna Consultants LLC ("Price Hanna"), which were issued on February 2014G and on August 2014G.

ERAS was founded in 1987G and is headquartered in London, UK. It provides professional consulting services for the public and private sectors in various industrial and commercial fields. ERAS has provided and not withdrawn its written consent to include its name, logo and statements, as well as the use of the information supplied by it to the Company in the manner and format set out in this Prospectus.

Price Hanna was founded in 2011G and is headquartered in West Chester, Pennsylvania, USA. It provides professional consulting services in the nonwoven fabrics sector and related industries. Price Hanna has provided and not withdrawn its written consent include its name, logo and statements, as well as the use of the information supplied by it to the Company in the manner and format set out in this Prospectus.

The Company believes that information and data obtained and derived from the market reports prepared by ERAS and Price Hanna are reliable. However, the Company, the directors or any of the advisers, whose names appear on page K of this Prospectus, have not independently verified such information and data, and no guarantee can be provided as to its accuracy or completeness.

ERAS is an independent consulting firm; neither ERAS, nor any of its shareholders, directors or their relatives hold any shares or any interest of any kind in the Company or any of its subsidiaries.

Price Hanna is also an independent consulting firm; neither Price Hanna, nor any of its shareholders, directors or their relatives hold any shares or any interest of any kind in the Company or any of its subsidiaries.

Presentation Of Financial Information

The audited consolidated financial statements for the financial years 2013G, 2014G, and 2015G, for the Company and its subsidiaries, and notes thereto have been prepared in accordance with the generally accepted accounting standards issued by Saudi Organization for Certified Public Accountants ("SOCPA"). The consolidated financial statements for 2013G and 2014G have been audited by Deloitte & Touche Bakr Abulkhair & Co., and the consolidated financial statements for 2015G have been audited by KPMG Al Fozan & Partners. The Company publishes its financial statements in Saudi Riyals.

The Company's financial year ends on 31 December, and references in this Prospectus to any specific year are to the

12-month period ended on 31 December of that year.

Certain numbers and percentages contained in this Prospectus have been subject to rounding adjustments. Accordingly, values presented for the same item may vary slightly in different tables, and totals in certain tables may not equal the addition of the individual items.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain assumptions based on information provided by the Company (derived from its market expertise), as well as publicly available market information. Future operating conditions may differ from the assumptions used and consequently no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the information contained in this Prospectus has been prepared with due care.

Certain forecasts in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their usage of words that indicate future prospects such as "plans", "determines", "intends", "believes", "estimates", "anticipates", "could", "should", "guess", "expects", "is expected", "may", "possibly", "will", "would be" or the contrary thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of actual future performance. Many factors could cause the actual results, performance or achievements of the Company to be materially different from that which may be expressed or implied by such forward--looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see Section 2 "Risk Factors"). Should any one or more of these factors materialize or any underlying assumptions or estimates prove to be inaccurate or incorrect, actual results of the Company may vary materially from those expected, estimated, believed, or planned for in this Prospectus.

In compliance with the requirements of the Listing Rules, the Company commits to submitting a supplementary prospectus to the CMA if at any time after the Prospectus has been approved by the CMA and before admission of the shares on Tadawul, the Company becomes aware of any of the following: (1) there has been a significant change in material matters contained in the Prospectus or any document required by the Listing Rules; or (2) additional significant matters have become known which would have been required to be included in the Prospectus.

With the exception of the two aforementioned situations the Company does not plan to update or otherwise revise any industry or market information or forward-looking statements contained in this Prospectus, whether as a result of new information, future events or otherwise. As a result of this, as well as other risks, uncertainties and assumptions, future expectations and circumstances discussed in this Prospectus might not occur in the manner expected by the Company, or may not occur at all. Prospective subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Board Members

No.	Name*	Position	Nationality	Age	Membership Status	Membership Date	Representation/ Representative Name	Shares Held**	
								Directly	Indirectly
1	Abdullah Mohamed Al Othman	Chairman	Saudi Arabia	45	Non-executive/ non-independent	22/11/2013G (corresponding to 18/01/1435H)	-	901,000	2,272,522
2	Abdulmohsen Mohamed Al Othman	Managing Director	Saudi Arabia	43	Executive/ non-independent	22/11/2013G (corresponding to 18/01/1435H)	-	303,000	2,272,522
3	Khalid Abdulrahman Al Rajhi	Director	Saudi Arabia	46	Non-executive/ non-independent	22/11/2013G (corresponding to 18/01/1435H)	-	837,434	979,608
4	Georges El Khoury Antonios Abraham	Director	Australian	57	Non-executive/ non-independent	22/11/2013G (corresponding to 18/01/1435H)	Al Othman Holding	1,166	N/A
5	Mousa Abdulmohsen Al Mousa	Director	Saudi Arabia	66	Non-executive / Independent	22/11/2013G (corresponding to 18/01/1435H)	-	1,996	N/A
6	Sulaiman Abdulaziz Al Tawijri	Director	Saudi Arabia	52	Non-executive / Independent	22/11/2013G (corresponding to 18/01/1435H)	-	1,000	N/A
7	Abdulaziz Saleh Al Rabdi	Director	Saudi Arabia	55	Non-executive / Independent	22/11/2013G (corresponding to 18/01/1435H)	-	1,166	N/A

Source: The Company

* As at 29/06/1437H (corresponding to 07/04/2016G), the ordinary general assembly was held and new board members were elected for the third term of three years, which begins as of 22/11/2016G. Mr. Abdullah Mohamed Al Othman, Abdulmohsen Mohamed Al Othman, Khalid Abdulrahman Al Rajhi, Georges El Khoury Antonios Abraham, Sulaiman Abdulaziz Al Tawijri, Jamil Abdullah Al-Melhem, and Khaled Nasser Al Muammar were elected as members of the Board of Directors.

** As at 19/04/2016G.

The Company's address, authorized representatives, and Board Secretary

The Company's Address	
Takween Advanced Industries Al-Khobar, King Fahd Street, Al Tuwairqi Tower, Second Floor - Dammam Khobar Highway - Al Raka District P.O. Box 2500, Al-Khobar 31952 Kingdom of Saudi Arabia Tel: +966 13 8534307 Fax: +966 13 8534343 E-mail: info@takweenai.com Website: www.takweenai.com	
First authorized Company representative	**Second authorized Company representative**
Abdulmohsen Mohamed Al Othman Managing Director Takween Advanced Industries Al-Khobar, King Fahd Street, Al Tuwairqi Tower, Second Floor - Dammam Khobar Highway - Al Raka District P.O. Box 2500, Al-Khobar 31952 Kingdom of Saudi Arabia Tel: +966 13 8145532 Fax: +966 13 8534343 E-mail: alothman@al-othman.com Website: www.takweenai.com	**Ahmed Ali Al Zayat** Manager of Investor Relations and Legal Affairs Takween Advanced Industries Al-Khobar, King Fahd Street, Al Tuwairqi Tower, Second Floor - Dammam Khobar Highway - Al Raka District P.O. Box 2500, Al-Khobar 31952 Kingdom of Saudi Arabia Tel: +966 13 8534335 Fax: +966 13 8534343 E-mail: zayyat@takweenai.com Website: www.takweenai.com
Board Secretary	
Abdulaziz Mohamed Al-Sadoun Takween Advanced Industries Al-Khobar, King Fahd Street, Al Tuwairqi Tower, Second Floor - Dammam Khobar Highway - Al Raka District P.O. Box 2500, Al-Khobar 31952 Kingdom of Saudi Arabia Tel: +966 13 8534307 Fax: +966 13 8534343 E-mail: aalsaadoun@takweenai.com Website: www.takweenai.com	
Stock Exchange	
Saudi Stock Exchange (Tadawul) Towers of the National Company for Cooperative Insurance, Northern Tower 700 King Fahd Road, Riyadh P.O. Box 60612 Riyadh 11555 Kingdom of Saudi Arabia Tel: +966 11 2189999 Fax: +966 11 2189090 E-mail: webinfo@tadawul.com.sa Website: www.tadawul.com.sa	

Advisers

The Financial Adviser and Lead Manager
HSBC Saudi Arabia Limited 7267 Olaya - Morouj, Riyadh 12283- 2255 Kingdom of Saudi Arabia Tel: +966 11 2992313 Fax: +966 11 2992424 E-mail: saudiarabia@hsbc.com Website: www.hsbcsaudi.com

Underwriters

Lead Underwriter
HSBC Saudi Arabia Limited 7267 Olaya - Morouj, Riyadh 12283- 2255 Kingdom of Saudi Arabia Tel: +966 11 2992313 Fax: +966 11 2992424 E-mail: saudiarabia@hsbc.com Website: www.hsbcsaudi.com
Co-Underwriter
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Chartered accountants for the financial years ending on 31 December 2013G and 2014G
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Note:

All of the aforementioned Advisers have given and not withdrawn, as at the date of this Prospectus, their written consent to the publication of their names, logos and statements in the manner set forth in this Prospectus. Neither the Advisers nor any of their employees or relatives hold any shares or any interest of any kind in the Company or any of its subsidiaries.

Receiving Agents

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Kingdom of Saudi Arabia
Tel: +966 11 4774770
Fax: +966 11 4799402
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Arab National Bank
King Faisal Street - Riyadh
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Kingdom of Saudi Arabia
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Fax: +966 11 402 7747
Website:www.anb.com.sa
Email: info@anb.com.sa

Al Rajhi Bank
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Kingdom of Saudi Arabia
Tel: +966 11 2116000
Fax: +966 11 4600705
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

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Email: contactus@alahli.com.sa

Riyad Bank
King Abdul Aziz Road - Riyadh
P.O. Box: 22622 Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 11 4013030
Fax: +966 11 4042618
Website:www.riyadbank.com
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Commercial banks with which the company interacts

SABB
Prince Abdulaziz Bin Musaed Bin Jlawy Street - Riyadh
P.O Box: 9084 Riyadh 11413
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Kingdom of Saudi Arabia
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Fax: +966 11 4799402
Website: www.samba.com.sa
Email: customercare@samba.com.sa

Arab National Bank
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Kingdom of Saudi Arabia
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Fax: +966 11 402 7747
Website: www.anb.com.sa
Email: info@anb.com.sa

Banque Saudi Fransi
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P.O Box: 56006 Riyadh 11554
Kingdom of Saudi Arabia
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Fax: +966 11 4022311
Website:.sawww.alfransi.com
Email: communications@alfaransi.com.sa

Al Rajhi Bank
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Fax: +966 11 4600705
Website: rajhibank.com.sawww.al
Email: contactcenter1@alrajhibank.com.sa

National Commercial Bank (NCB)
King Abdul Aziz Road - Jeddah
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Fax: +966 12 6437426
Website: www.alahli.com.sa
Email: contactus@alahli.com.sa

Commercial banks with which the company interacts	
Riyad Bank King Abdul Aziz Road - Riyadh P.O. Box: 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 11 4013030 Fax: +966 11 4042618 Website: www.riyadbank.com Email: customercare@riyadbank.com	
Bank Al-Bilad Salahudeen Road - Riyadh P.O. Box: 140 Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 11 4798888 Fax: +966 11 4798898 Website: www.bankalbilad.com Email: bbg_phone_ib@bankalbilad.com	

Summary of the Offer

This Prospectus should be read in full by the recipients before deciding to invest in the Company's shares offered set out in this Prospectus.

The Company or Takween	Takween Advanced Industries is a Saudi Joint Stock Company established by Ministerial Resolution number (391/S), dated 28/12/1431H (corresponding to 4/12/2010G), and with the commercial registration number (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G) issued in Al-Khobar.
Summary of Company Business Activities	The Company's main activities are producing various cup covers and bottle caps - various bottles and cups - Polypropylene rolls - Polystyrene rolls - Polyethylene Terephthalate, nonwoven fabric made of Polypropylene and preforms made of Polyethylene Terephthalate together with introduction of new plastic products that would serve the local market and generate a good revenue for the Company and the national economy.
Major Shareholders	Shareholders owning 5% or more of the Company's shares. Major Shareholders submitted commitment letters to subscribe for the New Shares, subject to their respective rights, and the following table shows the ownership of Major Shareholders:

Shareholder	Number of shares	Ownership (%)
Al Othman Holding	16,232,304	46.37%
Abdulrahman Saleh Al Rajhi and Partners Company Limited.	4,898,040	13.99%

Offer Nature	Capital increase through a Rights Issue.
Offer Price	(10) ten Saudi Riyals per share and representing the subscription value in the New Share.
The Modified Share Price	The Company's share price on the Stock Exchange has been modified to SAR (12.98) twelve Saudi Riyals and ninety eight halalas per share at the close of trading on the day of the EGA, and after approval of the capital increase by the Shareholders. This represents a SAR (5.12) five Saudi Riyals and twelve halalas per share decrease in the share price.
Nominal Value Per Share	SAR 10 (ten Saudi Riyals) per share.
Number of Outstanding Shares Issued Before Subscription	35,000,000 (thirty-five million) ordinary shares.
Company's Current Share Capital	SAR 350,000,000 (three hundred and fifty million Saudi Riyals).
Total Number of Offered Shares	(60,000,000) sixty million Ordinary shares.
Company's Total Number of Shares Post Offering	(95,000,000) ninety five million Ordinary shares.
Company's Share Capital After Share Capital Increase	(950,000,000) nine hundred and fifty million Saudi Riyals.
Percentage Increase in the Share Capital	The Company's share capital shall be increased by 171.43%.
Total Value of Offering	(SAR 600,000,000) six hundred million Saudi Riyals.
Offering costs	((SAR 17,000,000) seventeen million Saudi Riyals.)
Net Subscription Proceeds after Deduction of Offering Costs	((SAR 583,000,000) five hundred and eighty three million Saudi Riyals)
Number of Underwritten Shares	(60,000,000) sixty million ordinary shares.
Total Underwritten Sum	SAR 600,000,000 (six hundred million Saudi Riyals).
Eligibility Date	Close of trading on the date of the EGA that will vote on the proposed capital increase as per the recommendation of the Board of Directors on 06/03/1437H (corresponding to 17/12/2015G).
Allocation Date	Notification of the share allotment will be made no later than Thursday 18/01/1438H (corresponding to 20/10/2016G).
Registered Shareholders	A Shareholder listed in the Company's Register as at the close of trading on the day of the EGA..

Rights Issue	Rights are issued as tradable securities giving their holders the priority to subscribe for the New Shares offered, upon approval of the capital increase. All shareholders registered in the Company's Register at the end of trading on the day of the EGA will be entitled to receive the Rights. Each Right grants its holder eligibility to subscribe for one New Share at the Offer Price. Rights Issue will be deposited within two days after the EGA. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue.. The Registered Shareholders will be notified of the deposit of the Rights in their portfolios.
New Shares	Are the shares offered for subscription by Registered Shareholders resulting from the Company's capital increase.
Rights Issue Ratio	(1.71) Right for every (1) outstanding share owned by the Registered Shareholders. Such ratio is the outcome of dividing the new issued shares by the Company's current shares.
Number of Issued Rights	(60,000,000) sixty million Rights.
First subscription period	From Tuesday 25/12/1437H (corresponding to 27/09/2016G) and until the close of Thursday 04/01/1438H(corresponding to 06/10/2016G). During this period, only the Registered Shareholders may exercise their Rights, subscribing (in whole or in part) for the New Shares up to the number of Rights deposited in their portfolios after the EGA. The subscription for the New Shares will only be approved, subject to the number of Rights available in the relevant portfolio at the end of the Trading Period. The First Subscription Period coincides with the Rights Trading Period, during which the Registered Shareholders and public, institutional and individual investors may trade in the Rights.
Rights Trading Period	From Tuesday 25/12/1437H (corresponding to 27/09/2016G) and until the close of Thursday 04/01/1438H(corresponding to 06/10/2016G). During this period, the Registered Shareholders and public, institutional and individual investors may trade in the rights.
Second Subscription Period	From Sunday 07/01/1438H (corresponding to 09/10/2016G) and until the close of Tuesday 09/01/1438H (corresponding to 11/10/2016G). During this period, all Rights' holders, whether Registered Shareholders or public, institutional and individual investors, who purchased Rights during the Trading Period may exercise their Rights to subscribe for the New Shares, and no trading of Rights will be permitted during this period.
Subscription Procedure	Qualified shareholders who are willing to subscribe for the New Shares must complete the application forms available at the Receiving Agents and submit them to the same, during the First and Second Subscription Periods. Subscription can be made via telephone, phone banking, or ATM with the Receiving Agents allowing one or more of such services to subscribers, under two basic conditions: 1- The subscribing "Eligible Person" must have an account with the Receiving Agent through which the subscription is made; 2- No changes should have occurred to the personal information of the subscribing "Eligible Person" (by deleting or adding any family member) since the latest offering he subscribed for, unless these changes have been communicated to and adopted by the Receiving Agent.
Rump Shares	The shares, if any, which were not subscribed for during the First and Second Subscription Periods.
Rump Offering	Rump Shares will be offered to a number of institutional investors (referred to as the "Institutional Investors"), provided that such Institutional Investors submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on Sunday 14/01/1438H (corresponding to 16/10/2016G) until the following day at 10:00 AM on 15/01/1438H (corresponding to 17/10/2016G). This offering is referred to as the "Rump Offering". The Rump Shares will be allocated to the Institutional Investors in order of priority based on the price per Share offered by the relevant Institutional Investor with Shares being allocated on a proportional basis among those Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner.
Eligible Persons	All Rights Shareholders, whether they are the Registered Shareholders or those who purchased Rights during the Rights Trading Period.

Listing of and trading in the Subscription Rights Issue	Tadawul shall prepare the mechanisms regulating Rights Issue trading in its systems. A separate symbol (independent from the symbol of the Company shall be displayed on Tadawul screen). The Registered Shareholders shall have the following options during the offering and the Rights Trading Period: 1- Maintaining the Rights as at the Eligibility Date and exercising their Rights to subscribe for New Shares. 2- Selling the Rights or a part thereof through Tadawul. 3- Purchasing additional Rights on Tadawul. 4- Taking no action in respect of the Rights whether by selling them or exercising subscription right thereafter. In this case, the Rump Shares resulting from failure to exercise or sell these Rights will be offered during the Rump Offering. The Registered Shareholders and public, institutional and individual investors may, during the Trading Period, purchase and sell Rights in Tadawul and provided the Rights are held until the close of the First Subscription Period may exercise the right to subscribe for the New Shares during the Second Subscription Period only. "The Tadawul" system will stop displaying the Company's Rights Issue symbol on the trading screen after the close of Rights Trading Period. Therefore, the Rights Trading Period will end.
Indicative Value of the Right	The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. Tadawul will continuously calculate and publish the indicative value of a Right during the trading Period on its website with 5 minutes' delay. The market information service providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering the orders.
Right Trading Price	The price at which the Right is traded, noting that such price is set through the offer and demand mechanism; therefore, it may differ from the Indicative Value of the Right.
Exercising the Issued Rights	The Eligible Persons may subscribe for the New Shares by completing a Subscription Application Form and paying the relevant fee at the Receiving Agents' branches or by subscribing electronically through such Receiving Agents providing subscribers with such services. Eligible Persons may exercise their Rights as follows: 1- During the first period, only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their portfolios after the EGA. The subscription for the New Shares will only be approved for the number of qualified shares, subject to the number of Rights available in the relevant portfolio at the end of the Trading Period. The First Subscription Period coincides with the Rights Trading Period, during which the Registered Shareholders and other Right holders may trade in the Rights. 2- During the second period, all Rights' holders, whether they are the Registered Shareholders or those who purchased Rights during the Trading Period may exercise their rights to subscribe. In the event that Rights have not been exercised by the Eligible Persons before the end of the Second Subscription Period, the Rump Shares resulting from the unexercised Rights or failure to sell such Rights will be offered in the Rump Offering.
The Public	According to the rules of registration and listing, the Public means the persons not mentioned below.: 1- Affiliates of the issuer; 2- Major Shareholders of the issuer. 3- Directors and senior executives of the issuer; 4- Directors and senior executives of the affiliates of the issuer; 5- Directors and senior executives of the Major Shareholders of the issuer; 6- Any relatives of the persons referred to in (1, 2, 3, 4, 5) above; 7- Any company controlled by any person referred to in (1, 2, 3, 4, 5, 6) above; or 8- Persons working together and, collectively, holding (5%) or more of the share class to be listed.
Share Allocation	The shares will be allocated to each investor based on the number of Rights properly and fully exercised by it. As for those entitled to the Fractional Shares (if any), the Fractional Shares will be collected and offered to Institutional Investors during the Rump Offering. Total Offer Price of the Rump Shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of the Rump Shares and the Fractional Shares (in excess of the Offer Price) shall be distributed to the Eligible Persons no later than Thursday 16/02/1438H (corresponding to 17/11/2016G) (see Section 18 "Subscription Terms and Instructions").

Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to the Eligible Persons who did not subscribe wholly or partially for the New Shares, as well as to the holders of the Fractional Shares with no deduction no later than Thursday 16/02/1438H (corresponding to 17/11/2016G) (see Section 18 "Subscription Terms and Instructions"). The compensation amounts represent the remaining proceeds of the sale of the Rump Shares and the Fractional Shares (in excess of the Offer Price) resulting from the Rump Offering.
Entitlement to Dividends	The New Shares will entitle holders to receive any dividends declared by the Company as of commencement of the subscription period and the subsequent financial year.
Use of Proceeds	The net subscription proceeds after deducting the offering expenses are expected to reach SAR 583,000,000 (five hundred eighty-three million Saudi Riyals). The Company intends to use the net proceeds primarily to optimize the capital structure and reduce the overall debt position of the Company. The Shareholders will not obtain any of the subscription proceeds (see Section 10 "Use of Proceeds"). Total expected offering costs will be covered by the proceeds of subscription for the New Shares.
Voting Rights	The Company has one class of shares and no shareholder has any preferential rights. Each of the shares entitles its holder to one vote and each shareholder with at least 20 (twenty) shares has the right to attend and vote at the General Assembly.
Share Trading	Trading in the Shares is expected to commence on Tadawul after the final allocation of shares and completion of all relevant regulatory procedures.
Risk Factors	There are certain risks relating to an investment in this Subscription, which can be generally categorized into: (A) Risks relating to the Company activities and operations; (B) Risks associated with the market and regulatory environment; (C) Risks relating to the shares. These risks are described in Section 2 "Risk Factors" of this Prospectus.
Previously listed Shares	The Company listed 30,000,000 (thirty million) ordinary shares on Tadawul by offering them for public subscription dated 15/03/1433H (corresponding to 07/02/2012G) 30% of the shares were offered for public subscription. On 27/05/1434H (corresponding to 08/04/2013G), the Company's shareholders approved at an EGA to increase the capital of the Company by SAR 50,000,000 (fifty million Riyals) to achieve a total capital of SAR 350,000,000 (three hundred and fifty million Saudi Riyals). Accordingly, the number of shares increased to 35,000,000 (thirty-five million) ordinary shares. The number of free shares is 13,869,656 (thirteen million eight hundred and sixty nine thousand six hundred and fifty six) shares as of the date of this Prospectus. The Company is committed to declaring any change in the ownership of the major founding shareholders.
Restrictions on Shares	Takween Advanced Industries was incorporated as a Joint Stock Company pursuant to the Ministerial Resolution number (391/S), dated 28/12/1431H (corresponding to 04/12/2010G). The Company's shares were listed on Tadawul on 15/03/1433H (corresponding to 07/02/2012G). Accordingly, the lock-up period has ended and all shares are tradable in accordance with the rules, regulations, and instructions issued by the CMA. However, the Company's founding shareholders must obtain the approval of CMA before being able to dispose of their shares.
Restrictions on Rights Issue	There are no restrictions on shareholders subscribing for the New Shares. Major Shareholders (Al Othman Holding, and Abdulrahman Saleh Al Rajhi and Partners Company Limited.) submitted commitment letters to exercise their respective full rights to subscribe for the Rights Issue. In case of non-compliance with such commitment, an announcement will be made on Tadawul website.
Terms of Subscription for New Shares	Subscription for New Shares shall be limited to the shareholders registered in the Company's register as at the close of trading on the day of the EGA, on 19/12/1437H (corresponding to 21/09/2016G). The Company reserves the right to reject - in whole or in part - any subscription form that does not fulfill all the terms and requirements of subscription. The Subscription Application Forms must be fully completed in accordance with the instructions set out in Section 18 "Subscription Terms and Instructions". After submission, no amendment or withdrawal can be made in respect of the Subscription Application Forms. Acceptance of the form by the Company represents a binding agreement between the subscriber and the Company (see Section 18 "Subscription Terms and Instructions").

The "Important Notice" and Section 2 "Risk Factors" of this Prospectus should be considered carefully prior to making a decision to invest in the Offer of Shares pursuant to this Prospectus.

Key Dates for Subscribers

Expected Offering Timetable	Date
EGA Meeting, Setting the Eligibility Date and Registered Shareholders	Wednesday 19/12/1437H (corresponding to 21/09/2016G).
First Subscription Period and Rights Trading Period Date	From Tuesday 25/12/1437H (corresponding to 27/09/2016G) until the close of Thursday 04/01/1438H(corresponding to 06/10/2016G).
Second Subscription Period Date	From Sunday 07/01/1438H (corresponding to 09/10/2016G), until the close of Tuesday 09/01/1438H (corresponding to 11/10/2016G).
Subscription Period End Date and Deadline for Submitting the Subscription Applications Forms	Tuesday 09/01/1438H (corresponding to 11/10/2016G).
Rump Subscription Period Date	From 10:00 AM on Sunday 14/01/1438H (corresponding to 16/10/2016G) until the following day at 10:00 AM on 15/01/1438H (corresponding to 17/10/2016G)
Final Allocation Notification for all Subscribers	On Thursday 18/01/1438H (corresponding to 20/10/2016G).
Payment of Compensation Amounts (if any) to the Eligible Persons who did not participate in the Offering and those entitled to the Fraction Shares.	Compensations amounts, if any, will be paid no later than Thursday 16/02/1438H (corresponding to 17/11/2016G).
Date of Commencement of Trading in the New Shares	Trading in the New Shares shall commence after completing all related regulatory procedures, and will be announced through local newspapers and on the Tadawul website.

Key Announcement Dates

Announcement	Announced by	Announcement Date
Announcement of convening of the EGA on 19/12/1437H (corresponding to 21/09/2016G) (Eligibility Date)	The Company	On Sunday 23/12/1437H (corresponding to 25/09/2016G).
Announcement regarding the EGA results, including the approval of the Company's capital increase	The Company	On Sunday 23/12/1437H (corresponding to 25/09/2016G).
Announcement regarding the change in Company's share price, Rights' deposit and announcement regarding the Indicative Value of the Right	Tadawul	On Sunday 23/12/1437H (corresponding to 25/09/2016G).
Announcement regarding the New Shares subscription and trading periods	The Company	On Sunday 23/12/1437H (corresponding to 25/09/2016G).
Reminder announcement regarding the First Subscription Period and the Rights Trading Period	The Company	On Tuesday 25/12/1437H (corresponding to 27/09/2016G).
Reminder announcement of the last Trading day for the Rights Issue and the importance of selling Rights for those not willing to exercise such Rights	Tadawul	On Thursday 04/01/1438H (corresponding to 06/10/2016G).
Announcement regarding the commencement of the Second Subscription Period	The Company	On Sunday 07/01/1438H (corresponding to 09/10/2016G).
Reminder announcement about the last day for submitting Subscription Application Forms for the Second Subscription Period	The Company	On Tuesday 09/01/1438H (corresponding to 11/10/2016G).
Announcement regarding: • the results of the First Subscription Period and the Second Subscription Period. • Details of the sale of unsubscribed Shares (if any) and commencement of the Rump Offering.	The Company	On Thursday 11/01/1438H (corresponding to 13/10/2016G).
Announcement regarding the results of the Rump Offering and notification of the final allocation	The Company	On Thursday 18/01/1438H (corresponding to 20/10/2016G).
Announcement regarding the deposit of the New Shares in the investors' portfolio	Tadawul	On Sunday 21/01/1438H (corresponding to 23/10/2016G).
Announcement of the compensation distribution (if any) to the Eligible Persons	The Company	On Thursday 16/02/1438H (corresponding to 17/11/2016G).

Note: The above-mentioned timetables and dates are indicative. Actual dates will be announced through local daily newspapers and on the Tadawul website (www.tadawul.com.sa).

How to apply

Initially, subscribing for the New Shares shall be limited to the Eligible Persons. In the event that the Eligible Persons do not exercise their rights, all the unsubscribed Rump Shares shall be offered to the Eligible Persons to Institutional Investors through the Rump Offering Period.

The Eligible Persons wishing to subscribe for the New Shares shall fill out the Subscription Application Forms available at the Receiving Agents' branches during the First and Second Subscription Periods (as applicable) then deliver the same to any of these Receiving Agents during the Second Subscription Period (even if they do not have accounts with the Receiving Agents). It is also possible to subscribe through the Internet, phone banking or ATMs at the Receiving Agents that offer one or more of these services to the Eligible Persons, provided that the subscribing Eligible Person has an account with the Receiving Agent offering such services and that the Eligible Person's data is up to date.

The Subscription Application Forms must be completed in accordance with the instructions set out in Section 18 "Subscription Terms and Instructions" of this Prospectus. Each Subscriber must complete and accept all relevant clauses specified in the Subscription Application Form. The Company reserves the right to reject, in full or in part, any application for the New Shares that does not comply with any of the subscription terms or requirements. No amendment or withdrawal can be made to the Subscription Application Form after submission to any of the branches of the Receiving Agents. Once accepted by the Company, a Subscription Application Form shall represent a binding contract between the Company and the Eligible Person (see Section 18 "Subscription Terms and Instructions" of this Prospectus).

Question and Answers related to new Rights Issue mechanism

What is a Rights Issue?

Rights are tradable securities that give their holders priority to subscribe for the New Shares offered, upon approval of the capital increase. All shareholders registered in the Company's Register at the end of the day of the EGA at which the capital increase has been approved will be entitled to receive the Rights. Each Right grants its holder eligibility to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

All Registered Shareholders recorded in the Company's Register at the close of trading on the date of the EGA at which the capital increase has been approved.

When are the Rights deposited?

The Rights are deposited within two days following the EGA at which the capital increase has been approved, and the Rights will appear in the portfolios of the Registered Shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the First Subscription Period and the Rights Trading Period.

How are the Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website.

How many Rights can be acquired by a Registered Shareholder?

The number is subject to the Rights Issue Ratio and the number of the Current Shares held by the Registered Shareholder as at the close of trading on the date of the EGA at which the capital increase has been approved.

What is the Rights Issue ratio?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Current Shares that he/she already owned on the date of the EGA at which the capital increase has been approved. For example, if a company has issued 1,000 (one thousand) shares and increased its capital by offering 200 (two hundred) new shares, its number of shares becomes 1,200 (one thousand and two hundred) and the rights issue ratio is then 1 to 5 (i.e. one new share for every five shares owned).

Would these Rights be tradable and would they be added to the Shareholders' portfolios under the same name/symbol as the Company's shares; or would they be assigned a new name?

The Rights will be deposited in Shareholders' portfolios under a new symbol specially assigned to the Rights Issue.

What is the Right's value upon the commencement of trading?

The opening price is the difference between the Company's share closing price on the day preceding such Right's listing, and the Offer Price. For example, (using hypothetical prices): if the closing price of a share on the preceding day is SAR 25 (twenty-five Saudi Riyals) and the Offer Price is SAR 10 (ten Saudi Riyals), the opening price of the Rights will, at the beginning of trading, be SAR 15 (fifteen Saudi Riyals) (which is the difference between the above mentioned two prices).

Can the Registered Shareholders subscribe for additional shares?

The Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Rights Trading Period. The right to subscribe for the new additional shares acquired through purchasing new Rights may only be exercised during the Second Subscription Period.

How does the Offering take place?

The Subscription will take place as it currently does by submitting the Subscription Application Forms to any of the branches of the Receiving Agents or any other channels (in accordance with the relevant requirements set out in this Prospectus) and only during the two subscription periods.

Is it allowed to subscribe more than once through more than one receiving bank?

Yes, provided that the number of shares subscribed for does not exceed the number of Rights held at the end of the Rights Trading Period, otherwise the subscription application will be canceled.

If the Company's shares are owned through more than one portfolio, in which portfolio the Rights will be deposited?

Rights will be deposited into the same portfolio where the related shares exist. For example, if a shareholder owns 1000 (one thousand) shares in the Company, 800 of them in portfolio (A) and 200 in portfolio (B), then the total number of rights to be deposited are 1000 (one thousand) rights (1 right per share in this example). In this case, 800 (eight hundred) rights will be deposited in portfolio (A) and 200 (two hundred) rights will be deposited in portfolio (B).

In case of subscription through more than one portfolio, where will the New Shares be deposited after allocation?

The New Shares will be deposited to the portfolio stated on the first Subscription Application Form.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment portfolios through the Receiving Agents or the Tadawul's depository center and submitting the requisite documents.

What happens if the New Shares are subscribed for, and then the Rights have been sold after that?

If a Registered Shareholder subscribes for New Shares, then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights before the end of the Rights Trading Period, then the Subscription Application Form will be rejected entirely, if all the Rights have been sold, or partly in an amount equal to the number of sold Rights. The Registered Shareholder will be notified by its Receiving Agent and the value of the rejected subscription will be refunded.

Are additional Rights' purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights during the Rights Trading Period only.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the New Shares with the remaining part.

Is it possible to subscribe during the weekend between the First and Second Subscription Periods?

Not possible.

When can the shareholder subscribe for the Rights he/she purchased during the Trading Period?

Only during the Second Subscription Period and after the end of the Rights Trading Period.

Can the Eligible Person sell the Right after expiry of the Rights Trading Period?

That is not possible. After the expiry of the Rights Trading Period, the Eligible Person may only exercise the right to subscribe for the capital increase. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment account.

What happens to the Rights that are unsold or unsubscribed for during the Rights Trading Period as well as the First and Second Subscription Periods?

The Rump Shares resulting from failure to exercise or sell these Rights will be offered during the Rump Offering, organized by the Lead Manager according to the standards set forth in this Prospectus.

Will there be any other fees for the trading in Rights?

The same commissions applying to the sale and purchase of the shares will also apply on sale and purchase operations, without a minimum commission being imposed.

Summary Of Key Information

This summary is a brief overview of the information contained in this Prospectus, and since it is a summary, it does not contain all of the information that may be important to the Subscribers. Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the New Offer Shares. All terms contained in this Prospectus have been defined in Section 1 "Terms and Definitions" and elsewhere in this Prospectus.

Company Overview

The Company started its operations on 05/05/1414H (corresponding to 21/10/1993G) as Al Othman Factory for Plastic Products which was a branch of an establishment owned by Mr. Mohamed Abdullah Zaid Al Othman. The capital of the branch was SAR 1,000,000 (one million Saudi Riyals) at that time. On 06/02/1422H (corresponding to 30/04/2001G) the branch of Al Othman Factory for Plastic Products was converted into a Limited Liability Company with share capital of SAR 32,000,000 (thirty two million Saudi Riyals). As part of the conversion process, the name of Al Othman Factory for Plastic Products was changed to Al Othman Plastic Products Company, a Limited Liability Company.

On 28/12/1431H (corresponding to 04/12/2010G), the Minister of Commerce and Investment passed the Ministerial Resolution No. (391/S) converting Al Othman Plastic Products Company from a Limited Liability Company to a Closed Joint Stock Company named Takween Advanced Industries, with Commercial Registration No. (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G) and issued in Al-Khobar. At that time, the Company's capital was SAR 97,539,000 (ninety-seven million, five hundred and thirty-nine thousand Saudi Riyals).

On 01/02/1432H (corresponding to 05/01/2011G), the Extraordinary General Meeting (EGA) of shareholders was held to approve the Company's capital increase up to the amount of SAR 300,000,000 (three hundred million Saudi Riyals). The increase value was covered by capitalizing SAR 202,461,000 (two hundred two million, four hundred sixty-one thousand Saudi Riyals) from the shareholders' account, statutory reserve, and retained earnings as at 21/10/1431H (corresponding to 30/09/2010G). Having obtained the required regulatory approvals from the CMA, the Company listed 30,000,000 (thirty million) ordinary shares in Tadawul on 15/03/1433H (corresponding to 07/02/2012G), offering 30% of the shares for public subscription.

On 27/05/1434H (corresponding to 08/04/2013G), the Extraordinary General Meeting (EGA) of shareholders was held to approve the Company's capital increase up to the amount of SAR 350,000,000 (three hundred fifty million Saudi Riyals). The increase value was covered by capitalizing SAR 50,000,000 (fifty million Saudi Riyals) from retained earnings as at 18/02/1434H (corresponding to 31/12/2012G).

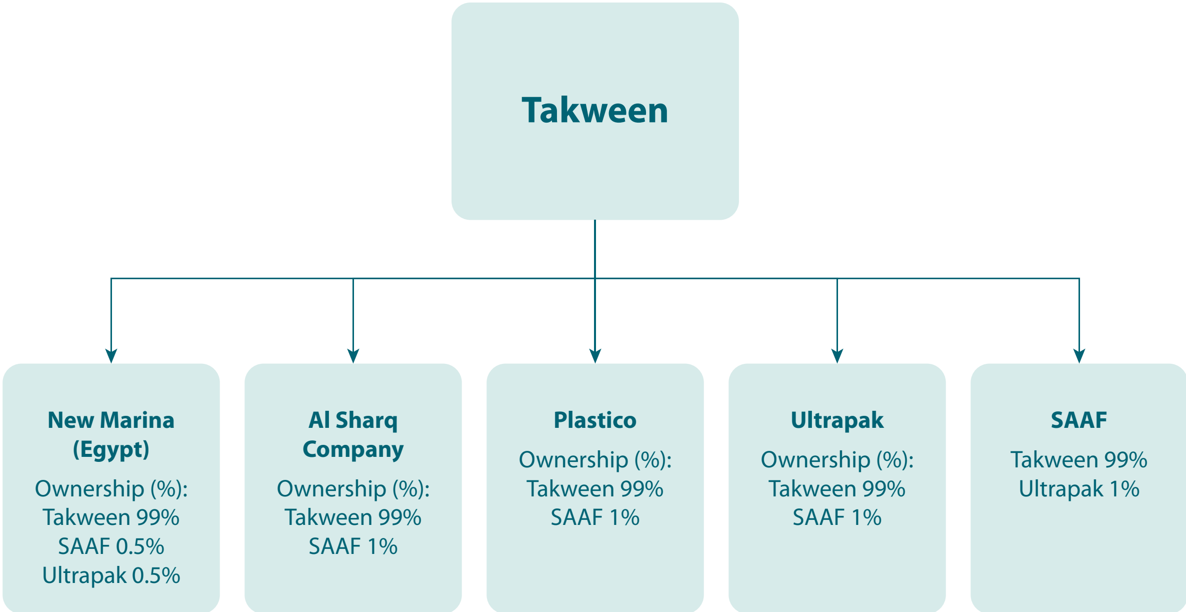
The Company's current share capital is SAR 350,000,000 (three hundred and fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary shares, fully paid up, with a nominal value of SAR 10 (ten Saudi Riyals) each.

The Company conducts its business in the Kingdom through its headquarters in Al-Khobar and its factory in Al-Ahsa, which is registered under the commercial registration No. (2250021688). The Company also acquired a factory in Al-Oyoun City, Al-Ahsa, after it was awarded the tender to purchase this factory, which was previously owned by Al Ahsa Development Company and was shut down. Takween's offer, which amounted to SAR 31,500,000 (thirty one million and five hundred thousand Saudi Riyals), was appropriate based on the evaluation prepared by a specialized committee from MODON and included the purchase of the whole factory and its facilities, including the staff residential building. MODON has supervised general tender procedures in its capacity as the competent authority responsible for managing failing factories, whether by reopening or selling them. The Company signed the Contract of Sale on 09/10/1435H (corresponding to 05/08/2014G).

The Company exercises its activity inside the Kingdom through its subsidiaries, namely, Ultrapak and SAAF. Takween acquired Savola Packaging Systems Company (currently trading under the name "Plastico"), which owned two subsidiaries, namely, Al Sharq in Saudi Arabia and New Marina in Egypt. Al Sharq owns three factories in the Kingdom and New Marina owns two factories in Egypt. (For more information, see Section 4 "The Company and the Nature of its Business" - "The Organizational Structure of the Group").

The following diagram illustrates the Group's structure:

FIGURE 1: The Company and Its Subsidiaries



On 06/03/1437H (corresponding to 17/12/2015G), the Company's Board of Directors, pursuant to the minutes of the meeting number (08/2), recommended that the Company's capital be increased through rights issue of SAR 600,000,000 (six hundred million Saudi Riyals).

As at 19/12/1437H (corresponding to 21/09/2016G), the shareholders attending the EGA approved the recommendation made by the Board of Directors to increase the share capital from SAR 350,000,000 (three hundred fifty million Saudi Riyals) through a Rights Issue to reach SAR (950,000,000) nine hundred and fifty million, divided into (95,000,000) ninety five million ordinary shares with a nominal value of SAR10 (ten Saudi Riyals) each.

Company Business Activities

The Company's main activities are production of various cup covers and bottle caps, various plastic bottles and cups, Polypropylene rolls, Polystyrene rolls, Polyethylene Terephthalate rolls, nonwoven fabric made of Polypropylene and preforms made of Polyethylene Terephthalate (PET) as well as the introduction of new plastic products that would serve the local market and generate a good revenue to the Company and the national economy.

Through its factories in Saudi Arabia and Egypt, the Group manufactures and sells plastic packaging products and nonwoven fabric to a large group of GCC and international clients. The Company sells its plastic packaging products to different industrial sectors such as dairy, food, juice and soft drinks producers. As for the Company's nonwoven fabric, it sells them to medical and sanitation sectors. The Company's clients are pioneers in their sectors. The Company maintains a significant and growing market share in a number of markets where it competes (33.6% in preform and bottle market inside Saudi Arabia and 30% in spunbond nonwovens fabrics market inside the Middle East). The Board believes that the Company's industrial systems have contributed to maintaining a sustainable and significant growth, making it a pioneer in plastic packaging products market and nonwovens fabrics industries.

Summary of Company's projects

Projects are summarized as follows:

1) Plastic Packaging Factory in Al-Ahsa (Takween Branch)

The factory produces Polystyrene sheets, thermoformed Polystyrene plastic bottles and caps, high density Polyethylene (HDPE) bottles (blow molded), and injection-molded lids and films. It also produces cups, packs, caps, bottles, films and sheet rolls used in packaging dairy, juice, food, water and refreshment products. The Company's products are sold to clients in Saudi Arabia and the Middle East. The Company's sales have benefited from the end consumer's increasing trend towards transparent and light plastic packaging which preserves the product for longer periods.

2) Plastic Bottles Factory in Al-Oyoun Industrial City, Al-Ahsa (Takween branch)

Takween is re-establishing plastic bottles factory in Al-Oyoun City, Al-Ahsa. This factory will be one of the biggest factories producing plastic bottles and preforms in Saudi Arabia. The factory's products will include cups, packs, caps, bottles, films and sheet rolls used in packaging dairy, juice, food, water and refreshment products.

3) PET Preform Factory in Jeddah (Ultrapak)

The factory is specialized in producing Polyethylene Terephthalate preforms (PET preform) with capacities ranging from 330 milliliters to 2.25 liter. The factory focuses on selling to refreshment bottling companies. Such refreshments include mineral water and soft drinks. It also sells to companies producing dairy and juice in Saudi Arabia, and the Middle East and North Africa (MENA region).

4) Plastic Packs Factory in Jeddah (Plastico branch)

The factory is specialized in producing packs, drums, bottles, caps, plastic cups, preforms, films, plastic rolls and boards, as well as importing and exporting different plastic products.

5) Plastic Packs Factory in Riyadh (Plastico Branch)

This factory is specialized in producing packs, drums, bottles, caps, plastic cups, preforms, films, plastic rolls and boards, as well as importing and exporting different plastic products.

6) Al Sharq Factory in Riyadh

This factory is specialized in producing packaging films, plastic rolls, bags, cups, packs, plates, single-use food tools, barrels, drums, various housewares, polyethylene bags for heavy use, bins, crates, profiles, sanitary materials and plastic chips. It also produces platforms, pallets, garbage trucks, chairs, plastic tables, and imports and exports all of the Company's plastic products.

7) New Marina Factory in Egypt

This factory is specialized in manufacturing, selling and exporting various plastic products and spare parts.

8) Nonwoven fabrics Factory in Al-Ahsa (SAAF) - First and second production lines.

SAAF's nonwoven fabric factory produces complex fabrics to be used in sanitary, industrial and medical sectors, and anti-alcohol and anti-static fabrics used in surgical drapes as well as medical and protective clothing, and fabrics used for sanitary sector such as baby and adult diapers as well as sanitary pads.

9) Nonwoven Fabrics Factory in Rabigh (SAAF Branch) - Third production line

SAAF's nonwoven fabric factory produces complex fabrics to be used in sanitary, industrial and medical sectors, and anti-alcohol and anti-static fabrics used in surgical drapes as well as medical and protective clothing, and fabrics used for the sanitary sector such as baby and adult diapers as well as sanitary pads. This factory is also equipped with processing lines.

Company's Vision, Mission and Strategy:

Company's Vision

Takween seeks to occupy a leading position in the transformational industries of wrapping polymers used in fast-circulated consumer goods and the manufacturing of consumer goods in the middle east and world markets. The Company also seeks to become a leading and distinguished company with regard to realizing profitable investments, developing and growing its activities, enhancing its relationships with its partners, customers and acquiring their satisfaction and loyalty.

Company's Mission

Takween specializes in owning, developing and employing the latest polymer technology for the production of high quality product packs, as well as non-woven textiles used for fast-circulated consumer goods and consumer goods in the middle east and the world. The Company's main focus is becoming the partner of choice for major world advanced textile producers. In addition, the Company seeks to accomplish its mission through understanding the needs of its customers and motivating its staff to meet the needs of the market and the customers by using the latest technologies and equipment to develop production and quality methods. The Company focuses on long-term partnership with its customers in world and local markers and has a positive influence on its stakeholders through professional work by optimizing the use of its manufacturing facilities and constant supervision of its production lines in KSA and abroad.

The Company's Values

The core values of the Company mainly depend on working to achieve leadership in transformational industries in KSA through the provision of various high quality products and contributing to the conservation of the environment. The strategy of the Company depends on a number of main elements through which it seeks to achieve its strategy:

- **Integrity and Respect**

The Company is keen on working with integrity and transparency and enhancing relationships based on mutual confidence and respect with customers and partners.

- **Quality and Excellence**

Upgrading the production efficiency of the Company according to the best quality standards to promote its financial results and revenues, provide best services to customers in KSA and abroad and enhance their satisfaction and loyalty to the Company.

- **Collaborative Team**

Attracting highly competent staff, securing a sound and collaborative work environment, ensuring staff welfare and training them to assume their job duties at optimal levels, developing our HR and focusing on staff training to achieve good management principles that combine Company growth with partner welfare.

- **Effectiveness and Efficiency**

Allocating resources with the most effective and efficient methods to avoid waste and achieve best results.

- **Social Responsibility**

To comply with all laws and regulations according to corporate social responsibility standards and supporting social activities.

- **Environmental Responsibility**

To comply with environmental standards in all activities and operations.

Company's Strategy

Takween seeks to leverage on its leading position in various sectors, both locally and globally, to further expand by manufacturing value-added products. In line with its strategy, Takween acquired Plastico, which owns a controling market share in the plastics sector in Saudi Arabia and Gulf countries, to diversify and improve Takween's plastic products' portofolio, increase sales, boost profit margins.

Takween's strong reputation enables it to achieve operational efficiency and improve capabilities on a continuos basis. The Company also aims to increase its local and global market share and enhance financial results and profits for the benefit of shareholders and the economy.

Takween adopts a strategy based on well-designed plans to expand across different sectors. Accordingly, Takween developed expansion plans for all of its factories to increase production capacity, meet market requirements, and equip factories with state of the art machinery to diversfy its product portofolio in a manner that would reduce manufacturing costs, improve product quality and increase sales.

As a part of its strategy, Takween focuses on research and development activities that are the cornerstone of Takween's strong market reputation and leading position.

Takween also seeks to enhance and improve projects and factories to keep up with the latest industry standards and create new job opportunities and achieving high level of Saudization retes. The Company continously seek to develop a safe business enviroment, focus on risk management and leverage on global experience to become a market leader. Takween is also working on developing projects inside and outside Saudi Arabia as a part of its long-term growth plan.

Takween's policy in respect of dealing with its employees, clients and suppliers is one of the main elements of its success which is based on transparency, honesty, mutual interest, team work and other key pillars on which Takween's goals, strategic plans and prospects are based.

Strengths and Competitive Advantages

Takween believes that it has the following key strengths and competitive advantages (For more information, see Section 4 "The Company and the Nature of its Business"- "Key Strengths"

1-Strong growth opportunities
2-Benefit from long-term fundamentals
3-Experienced Management Team
4-Diversified business
5-Synergies between divisions
6-Latest machinery and technology
7-Leading market share in plastic packaging in Saudi Arabia
8-Long-standing and stable relationships with key clients
9-Governmental support for industrial development

Market Overview

Introduction of Plastic Packaging Market

Petroleum and natural gas products are the building blocks of petrochemical industries and manufacturing plastic materials used in a number of products such as bottling, packaging, construction, industrial and consumer products. In manufacturing plastics, oil and gas feedstocks are first converted into ethylene, propylene, butanes and aromatics building blocks. Then, these building blocks can be polymerized into basic plastics, namely polyethylene, polypropylene, polystyrene, PVC and PET resins.

The manufacturing of final packaging products and choosing the plastic materials vary according to the specifications required for the end product. PET is often the material of choice for high quality, translucent and light weight bottles; HDPE and polypropylene may be preferred for rigid container, caps, lids and pallets; and polystyrene is often used for thin walled cups. In general, injection molding is a process suitable for manufacturing rigid and solid products, while blow molding is a process suited to manufacturing bottles. Extrusion is a process suited to manufacturing thin packaging films.

The Saudi and GCC packaging markets will continue to offer solid growth opportunities on the back of favorable demographics, rising incomes and changing consumer tastes that favor higher quality packaging with visual appeal. In addition, nearby export markets are expected to be an increasing source of growth for certain product segments.

PET Preforms and bottles

Over the past five years, the Saudi perform and bottles market has grown at 5.3% CAGR and 5.7% CAGR in volume (tonnage) and in value (SAR), respectively. Sales in 2015G was estimated to be 258,000 tons, valued at SAR 2.04 billion. Preform and bottles market has grown at 5.3% CAGR and 5.7% CA

Based on net imports of PET material and industry presentations, the Egyptian PET bottles market in 2015G reached 92,000 tons, valued at SAR 1 billion.

Flexible Packaging Materials

Over the past five years, the Saudi flexible packaging films market grew at 3.5% CAGR and at 4.0% CAGR in volume (tonnage) and in value (SAR), respectively. Sales in 2015G were estimated to be 307,421 tons, valued at SAR 2.4 billion. The slower growth of the Saudi flexible packaging market, relative to the GCC and MENA, indicates that it has reached maturity.

In 2015G, demand for packaging films in Egypt was estimated at 101,000 tons, valued at SAR 1.2 billion, compared with the total demand for polyethylene of 500,000 tons. From 2011G-2015G, the annual growth for demand of flexible packaging materials has averaged 2.9%, slightly higher than the average annual GDP growth of 2.5% for the same period.

Caps and Closures

Over the past five years, the Saudi caps and closures market has grown at a rate of 5.7% per year and at 5.9% per year in volume (tonnage) and value (SAR), respectively. Sales in 2015G were estimated at 35,600 tons, valued at SAR 374 million. Saudi is the fastest-growing market in the MENA region, with a robust local beverages and dairy industry.

In 2015G, demand for caps and closures in Egypt was estimated at 11,500 tons, valued at SAR 303 million.

Thin Walled Packs

From 2010G-2015G, the Saudi market for thin walled cups and containers has witnessed a CAGR of 4.5% and 4.3% in volume (tonnage) and value (SAR), respectively, due to weaker prices.

Plastic Drums, Crates and Pallets

From 2010G-2015G, the Saudi market for polyethylene drum has increased by an average rate of 3.1% per year, compared with expectations north of 5% annual growth (according to IMES and Euromonitor reports). Among other things, the less-than-expected growth was due to the slowdown of oil and chemicals market activity in 2014G and 2015G.

From 2010G-2015G, demand for crates and pallets in the Saudi market has increased by annuals average rates of 4.4% and 4.2% in volume (tonnage) and value (SAR), respectively. The difference in growth was due to weaker prices.

Nonwoven Fabrics

According to Price Hanna Consultants LLC, in 2015G, the global market for Spunmelt and Spunbond nonwoven fabrics made of PP was estimated to be approximately 2,350 thousand tons. Europe, China and North America together accounted for approximately 65% of the total market, each having nearly an equal share of the demand.

During 2015G, demand in the Middle East was estimated to be approximately 114,000 tons, achieving a CAGR of 3.7% over the preceding two years. Growth is expected to maintain a steady rate over the next three years, as demand is expected to increase to 125,000 tons in 2018G, representing a 3.1% CAGR.

Summary of Company's Financial Information

The Company's summary of financial statements and KPIs tables set forth below should be read together with the audited financial statements for the financial years ended 31 December 2013G, 2014G and 2015G, and the notes thereto as well as those included elsewhere in this Prospectus.

In the case of historical financial information as at 31 December 2013G, the information has been extracted from the Audited Financial Statements for the period ended 31 December 2014G. Further, the historical financial information as at 31 December 2014G and 31 December 2015G has been extracted from the Audited Financial Statements for the period ended 31 December 2015G. The audited consolidated financial statements have been prepared in conformity with accounting standards promulgated by SOCPA.

Prospective subscribers should read the following summary financial information section in conjunction with the information contained in the section 6 "Management's Discussion and Analysis of Financial Condition and Results of Operations", and section 20 "Auditors Report".

The Consolidated Income Statement

The following table shows the Company's consolidated income statement data for the years ended 31 December 2013G, 2014G and 2015G:

TABLE 1: The Company's Consolidated Income Statement for the years ending 31 December 2013G, 2014G and 2015G:

Currency: SAR '000	2013G	2014G	2015G	Change 2013G-2014G	Change 2014G-2015G
Sales	731,022	767,679	1,718,467	5.0%	123.9%
Cost of sales	**(635,711)**	**(646,389)**	**(1,538,853)**	**1.7%**	**138.1%**
Gross profit	95,311	121,290	179,614	27.3%	48.1%
General and administrative expenses	(28,066)	(42,278)	(91,585)	50.6%	116.6%
Selling and marketing expenses	(20,038)	(19,472)	(72,220)	(2.8%)	270.9%
Research expenses	(570)	(2,682)	(2,116)	370.5%	(21.1%)
Operating income	**46,637**	**56,858**	**13,693**	**21.9%**	**(75.9%)**
Financial charges	(12,615)	(15,221)	(49,237)	20.7%	223.5%
Realized gain on investments held for trading	14,032	10,086	14,165	(28.1%)	40.4%
Unrealized gain on investments held for trading	4,921	9,471	-	92.5%	(100.0%)

Currency: SAR '000	2013G	2014G	2015G	Change 2013G-2014G	Change 2014G-2015G
Other (expenses) / income, net	(5,628)	337	(1,856)	(106.0%)	(650.7%)
Net (loss) / income before Zakat	**47,347**	**61,531**	**(23,235)**	**30.0%**	**(137.8%)**
Zakat	(2,960)	(6,208)	(3,887)	109.7%	(37.4%)
Net (loss) / income	**44,387**	**55,323**	**(27,122)**	**24.6%**	**(149.0%)**

Source: The Audited Consolidated Financial Statements

The Consolidated Statement of Financial Position

The following table shows the Company's consolidated statement of financial position data as at 31 December 2013G, 2014G and 2015G.

TABLE 2: December 2013G, 2014G, And 2015G

Currency: SAR '000	As at 31 December 2013G	As at 31 December 2014G	As at 31 December 2015G
Current assets	499,641	626,959	1,091,122
Non-current assets	571,155	641,905	1,560,726
Total assets	**1,070,796**	**1,268,864**	**2,651,848**
Current liabilities	524,116	657,177	1,373,910
Non-current liabilities	94,521	123,105	822,917
Total liabilities	**618,637**	**780,282**	**2,196,827**
Total shareholders' equity	**452,159**	**488,582**	**455,021**
Total liabilities and shareholders' equity	**1,070,796**	**1,268,864**	**2,651,848**

Source: The Audited Consolidated Financial Statements

Consolidated Statement of Cash Flows

The following table shows the Group's consolidated statement of cash flows for the years ended 31 December 2013G, 2014G and 2015G.

TABLE 3: The Company's Consolidated Statement Of Cash Flows For The Years Ending 31 December 2013G, 2014G And 2015G:

Currency: SAR '000	2013G	2014G	2015G
Net cash provided by operating activities	(36,248)	36,095	319,665
Net Cash used in investing activities	(183,524)	(116,410)	(1,042,245)
Net cash flows from financing activities	240,651	44,389	798,337
Net change in cash and cash equivalents	**20,879**	**(35,926)**	**75,757**
Cash and cash equivalents at the beginning of the year	46,084	66,963	31,037
Cash and cash equivalents at the end of the year	**66,963**	**31,037**	**106,794**

Source: The Audited Consolidated Financial Statements

Key performance indicators

The following table shows the Company's key performance indicators as at, and for the years ended, 31 December 2013G, 2014G and 2015G:

TABLE 4: The Company's Key Performance Indicators As At, And For The Years Ending 31 December 2013G, 2014G And 2015G:

	2013G	2014G	2015G
Sales growth rate	9.2%	5.0%	123.9%
Net (loss) / Income growth rate	(41.1%)	24.6%	(149.0%)
Gross profit margin(1)	13.0%	15.8%	10.5%
Net (loss) / Income margin(2)	6.1%	7.2%	(1.6%)
Current assets / Current liabilities	95.3%	95.4%	79.4%
Debt / Total capital(3)	53.0%	49.8%	68.3%
Total liabilities / Equity	136.8%	159.7%	482.8%
Interest coverage ratio(4)	369.7%	373.5%	27.8%
Return on assets(5)	4.1%	4.4%	(1.0%)
Return on equity(6)	9.8%	11.3%	(6.0%)

Source: Company's Management

1. Gross profit / Sales
2. Net (loss) income / Sales
3. Total short term loans+ current portion of medium term and long term debt+ medium term and long term debt]/ Total assets
4. Operating profits / Financial charges
5. Net (loss) income / Total assets
6. Net (loss) income / Total shareholder equity

SUMMARY OF RISK FACTORS

There is a number of risks associated with investing in the New Shares. Such risks are summarized in three main groups as follows:

- **Risks Related to the Company's Activities and Operations**
  - Failure to obtain and renew the required licenses, permits and certificates.
  - Risks related to failure of the Group to implement expansion strategies.
  - Risks related to transportation of Ultrapak's equipment from Jeddah to Al-Ahsa.
  - Risks related to failure of the Company to develop and implement projects in a timely manner.
  - Lack of capital required for financing the Company's plans, businesses, and investments.
  - Relying on financing and credit facilities.
  - Risks related to non-completion of the Offering given the high level of indebtedness of the Company.
  - Risks related to reliance of the Group on Senior Management experience and capabilities.
  - Risks related to lack of qualified foreign workers.
  - Risks of employee misconduct and error.
  - Risks related to transportation.
  - Customer concentration risk.
  - Risks related to failure of third parties to comply with contractual obligations.
  - Risk of reliance on major suppliers.
  - Risks of unpredictable catastrophic events.
  - Risks related to cessation or suspension of government incentives supporting industrial sector in Saudi Arabia.
  - Risks related to failure of the Company to keep up with technological developments.
  - Risks related to unstable raw material, energy, and water prices on which the Company relies.
  - Risks related to operational and IT systems.
  - Risks related to the impact of the Group's operations due to acquiring Savola Packaging Systems.
  - Risks of claims, disputes, and litigation.
  - Risks of increase in doubtful debts.
  - Risks related to protection of the trademark and intellectual property.
  - Risks related to differences in Zakat, and due taxes.
  - Risks of reliance on transactions with related parties.
  - Risks related to agreements governed by foreign laws, the jurisdiction of foreign courts or international arbitration.
  - Risks related to the adequacy of insurance coverage.
  - Risks arising from failure to renew insurance policies.
- **Risks Related to the Market and Regulatory Environment**
  - Risks related to modification of laws and regulations.
  - Risks related to environmental laws and regulations.
  - Risks related to withdrawal of the industrial license.
  - Risks related to fluctuations in currency exchange rates.
  - Risks related to the operations of New Marina in Egypt.
  - Risks related to transferring profits of New Marina from Egypt to abroad.
  - Risks related to the Saudi and global economy.
  - Risks related to changes in plastics market.
  - Risks of non-compliance with the new Companies Regulations.
  - Risks resulting from joining the World Trade Organization by Saudi Arabia.
  - Risks related to competition.
  - Risks related to ineffective internal controls in combating dishonesty, theft and fraud.
  - Political risks.
  - Risks related to export and import.
  - Risks of failure to comply with Saudization requirements.
  - Risks related to foreign employees.

- **Risks related to the shares**
    - Risks related to the distribution of dividends.
    - Risks of potential fluctuations in the share price.
    - Risks of potential fluctuations in the price of the Rights Issue.
    - Risks related to lack of demand for the Company's New Shares and Rights.
    - Risk of trading in Rights.
    - Risks of decline in non-subscribing shareholder percentage.
    - Risks related to failure to exercise the rights in a timely manner.
    - Risks related to forward-looking statements.
    - Risks related to absence of prior market for the Rights.
    - Risks related to offering new shares in the future.
    - No assurance that the Eligible Persons will have compensation.
    - Risks related to non-exercise of Rights by Major Shareholders.

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1. Terms and Definitions

The following table shows a list of the terms and definitions used throughout this Prospectus:

TABLE 5: Terms And Definitions

Defined Term or Abbreviation	Definition
Underwriting Agreement	Underwriting agreement concluded between the two underwriters, HSBC Saudi Arabia Limited. (Lead Underwriter), ANB Invest (Co-underwriter) and the Company.
Aramco	Saudi Arabian Oil Company, a Limited Liability Company, established pursuant to Royal Decree number 8/M, dated 04/04/1409H.
Subscription Shares	(60,000,000) sixty million of Takween's new ordinary shares.
Rump Shares	The New Shares which were not subscribed for during the First and Second Subscription Periods.
Management or Senior Management	Takween Management Team.
Listing	Listing the New Shares on Tadawul and, within the context thereof, submitting the application for listing.
Receiving Agents	The Receiving Agents whose names are mentioned on page O of this Prospectus.
Official Gazette	Umm Al-Qura, the Official Gazette of the Government of Saudi Arabia
General Assembly	The general assembly of the Company's shareholders.
The Public	According to the rules of registration and listing, the Public means the persons not mentioned below: 1- Affiliates of the issuer; 2- Major Shareholders of the issuer. 3- Directors and senior executives of the issuer; 4- Directors and senior executives of the affiliates of the issuer; 5- Directors and senior executives of the Major Shareholders of the issuer; 6- Any relatives of the persons referred to in (1, 2, 3, 4, 5) above; or 7- Any company controlled by any person referred to in (1, 2, 3, 4, 5, 6) above. 8- Persons working together and, collectively, holding (5%) or more of the share class to be listed.
The Government	The Government of the Kingdom of Saudi Arabia.
General Authority for Meteorology	General Authority for Meteorology and Environment Protection in Saudi Arabia.
Offering or Subscription for New Shares	Offering (60,000,000) sixty million ordinary shares of the New Shares to the Company's shareholders as at the Eligibility Date.
Rump Offering	Offering any Rump Shares unsubscribed for by the Eligible Persons, if any, to a number of Institutional Investors during the Rump Offering Period. The Fractional Shares will be added to the Rump Shares and treated in the same manner.
The Eligible Person or Persons	The Registered Shareholder(s) and those who purchased the Rights during the Rights Trading Period.
Financial Statements	Audited Financial Statements for the financial years ending on 31 December 2013G, 2014G and 2015G.
Nominal Value	Ten (10) Saudi Riyals per share.
Saudization	The requirements under the employment regulations of Saudi Arabia that companies operating in the Kingdom employ a specific percentage of Saudi nationals.
Financial Year	The year ending on 31 December of every calendar year.
Share	A share of the Company with a nominal value of SAR10 (ten Saudi Riyals), fully paid up.
Tadawul	The Saudi Stock Exchange, the automated system for trading in Saudi shares.

Defined Term or Abbreviation	Definition
Control	The ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: A. Holding 30% or more of the voting rights in the Company. B. The right to appoint 30 % or more of the administrative staff. The words "controlling" and "controlled" shall be construed accordingly.
Person	A natural or legal entity so designated by the laws of the Kingdom.
Subsidiaries	Companies where the Company owns a controlling interest in, namely, as at the date of this Prospectus: SAAF, Ultrapak, Plastico, Al Sharq, New Marina.
Manufacturing Industries	Industries engaged in the mechanical or chemical transformation of organic and inorganic materials to products including chemical industries and basic derivatives thereof, refined petroleum products industry, plastics, food, paper and printing industries as well as others.
Related Party	According to the listing Rules, the Related Party means: 1- Affiliates of the issuer; 2- Major Shareholders of the issuer. 3- Directors and senior executives of the issuer; 4- Directors and senior executives of the affiliates of the issuer; 5- Directors and senior executives of the Major Shareholders of the issuer; 6- Legal Adviser and Financial Adviser of the issuer; 7- Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above; 8- Any company controlled by any person referred to in (1, 2, 3, 4, 5, 6 or 7) above.
The Board or Board of Directors	The board of directors of the Company
The Group	Consisting of the Company and its subsidiaries (i.e. Takween, SAAF, Ultrapak, Plastico, Al Sharq, and New Marina).
Shareholders	Shareholders of the Company at any time.
Registered Shareholders	Shareholders registered in the Company's Register at the close of trading on the date of the EGA at which the proposed capital increase was voted on and approved by the Company's shareholders.
Major Shareholder	Any person who owns 5% or more of the Company's share capital.
Major Shareholders	The Shareholders owning 5% or more of the Company's total shares. They are: Al Othman Holding, Abdulrahman Saleh Al Rajhi and Partners Company Limited.
Founding Shareholders	According to the Articles of Association, there are 5 (five) founding shareholders.
Financial Adviser and Lead Manager	HSBC Saudi Arabia Limited appointed by the Company as a financial adviser and lead manager.
Advisers	Parties that provide subscription-related services and whose names are listed on page H of this Prospectus.
International Financial Reporting Standards (IFRS)	A set of accounting standards and the interpretations thereof issued by the International Accounting Standards Board (IASB)
Subscriber	Each Eligible Person who subscribes or applies for subscription for New Shares.
The Kingdom	The Kingdom of Saudi Arabia.
Products	Industrial products produced by the Group.
Institutional Investors	Including the following institutions: 1- Publicly offered mutual funds established in Saudi Arabia which invest in the securities if such activity is permitted by the fund's terms and conditions and subject to the provisions and restrictions specified in the Investment Funds Regulations. 2- Persons licensed to trade securities as a principal subject to meeting financial solvency requirements. 3- Companies listed on Tadawul through their portfolios which are managed by authorized persons, and companies in banking and insurance sectors listed on Tadawul in accordance with the rules issued by the CMA, provided that the Company's participation shall not cause any conflict of interests.

Defined Term or Abbreviation	Definition
GDP	Gross domestic product of Saudi Arabia.
Articles of Association	The Company's articles of association including all the amendments made to the same, as approved by the shareholders at the EGA held on 27/05/1434H (corresponding to 08/04/2013G).
Saudi Standards, Metrology and Quality Organization (SASO)	A governmental authority assigned to organize and monitor the specifications, standards and quality.
Ministry of Commerce	The Ministry of Commerce and Investment in Saudi Arabia.
Takween or the Company	Takween Advanced Industries, a Saudi Public Joint Stock Company.
Eligibility Date	Date of the EGA at which the shareholders voted on and approved the Company's capital increase.
Egyptian Pound	Egyptian pound, the local currency of Egypt.
Voting Rights	The Company has one class of shares and no shareholder has any preferential rights. Each of the shares entitles its holder to one vote and each shareholder with at least 20 (twenty) shares has the right to attend and vote at the General Assembly.
U.S. Dollar	The United States Dollar, the local currency of the United States
Saudi Riyal	Saudi Riyal, the local currency of the Kingdom of Saudi Arabia.
SABIC	Saudi Basic Industries Corporation, a Public Joint Stock Company by Royal Decree number 66/M, dated 13/09/1396H (corresponding to 06/09/1976G).
Subscription Price	(10) ten Riyals for every New Share.
SAAF	Advanced Fabrics - a Limited Liability Company with the commercial registration number (2250027835) issued in Al-Ahsa on 04/04/1423H (corresponding to 14/06/2002G).with the commercial registration
Ultrapak	Ultrapak Industries Company Limited - a Limited Liability Company with the commercial registration number (4030126251) issued in Jeddah on 16/10/1419H (corresponding to 02/02/1999G).with the commercial registration
Savola Packaging Systems Company	Savola Packaging Systems Company - a Closed Joint Stock Company with the commercial registration number (4030047166) issued in Jeddah on 09/04/1405H (corresponding to 01/01/1985G).with the commercial registration
Al Sharq	Al Sharq Plastic Industries Company - a Limited Liability Company with the commercial registration number (1010008540) issued in Al Riyadh on 14/08/1395H (corresponding to 21/08/1975G).with the commercial registration
Plastico	Saudi Arabia Plastic Packaging Systems Company - a Limited Liability Company with the commercial registration number (2250063668) issued in Al-Ahsa on 09/04/1405H (corresponding to 01/01/1985G).with the commercial registration
New Marina	New Marina Plastic Industries - a Closed Joint Stock Company incorporated in accordance with the laws of the Arab Republic of Egypt with the commercial registration number (171) issued in Alexandria on 04/03/1997G.with the commercial registration
Board Members	Members of the Board of Directors appointed by the Company's General Assembly and whose names appear in Table 56 of Section 5 "Management Structure and Governance of the Company"- "Board Members and the Secretary."
Risk Factors	A set of potential influences that should be understood and hedged against before taking the investment decision.
Subscription Period	The period starting on Tuesday 25/12/1437H (corresponding to 27/09/2016G) and ending on Tuesday 09/01/1438H (corresponding to 11/10/2016G).
Rump Offering Period	The period starting from 10:00 AM on Sunday 14/01/1438H (corresponding to 16/10/2016G) until the following day at 10:00 AM on 15/01/1438H (corresponding to 17/10/2016G).
Rights Issue Trading Period or Rights Trading Period	The period during which trading in the Rights will be open. The period will start in conjunction with the First Subscription Period on Tuesday 25/12/1437H (corresponding to 27/09/2016G).

Defined Term or Abbreviation	Definition
Listing Rules	The Listing Rules issued by CMA under Article (6) of Capital Market Law promulgated by Royal Decree number (M/30), dated 02/06/1424H (corresponding to 31/07/2003G) as amended by Capital Market Authority Board Resolution number 1-38-2016, dated 22/06/1437H (corresponding to 31/30/2016G).
Net Proceeds	The net proceeds of the Offering after deduction of the Offering expenses.
The International Monetary Fund (IMF)	A specialized agency formed at the Bretton Woods Conference, and affiliated with the United Nation. It was established pursuant to an international treaty in 1945 to enhance the health of the global economy. It is headquartered in Washington D.C, and managed by members representing most of the countries in the world.
Saudi Industrial Development Fund (SIDF) or Development Fund	SIDF is a governmental body affiliated to the Ministry of Finance. It was established in 1394H (1974G) to develop industry in the Kingdom and to help establish, develop, and expand factories by providing Shari'ah-compliant low cost long term loans.
Senior Executives	The Company's executives whose names appear in Section 5 "Management Structure and Governance of the Company" - "Senior Management".
Fractional Shares	Any New Shares' fractions resulting from rounding of the share entitlements under the Rights down to the nearest integer.
Corporate Governance Regulations	The Corporate Governance Regulations of Saudi Arabia, issued by the CMA pursuant to Resolution number 1-212-2006, dated 21/10/1427H (corresponding to 12/11/2006G) as amended.
Subscription Proceeds	The total value of the New Shares subscribed for.
Underwriters	HSBC Saudi Arabia Limited (Lead Underwriter) and ANB Invest (Co-underwriter) appointed by the Company as underwriters.
GCC	The Cooperation Council for the Arab States of the Gulf
SAVOLA Group	Savola Group is a Public Joint Stock Company with the commercial registration number (4030019708) issued in Jeddah on 21/07/1399H (corresponding to 16/09/1999G).with the commercial registration
MODON	Saudi Industrial Property Authority established in 2001G and responsible for developing serviced industrial lands.
First Subscription Period	From Tuesday 25/12/1437H (corresponding to 27/09/2016G) and until the close of Thursday 04/01/1438H(corresponding to 06/10/2016G) (the First Subscription Period). During this period, only the Registered Shareholders may exercise their Rights, subscribing (in whole or in part) for New Shares up to the number of Rights deposited in their portfolios after the EGA. The subscription for the New Shares will only be approved on the basis of the number of Rights available in the relevant portfolio at the end of the Rights Trading Period. The First Subscription Period coincides with the Rights Trading Period, during which the Registered Shareholders and public, institutional and individual investors may trade in the Rights.
Second Subscription Period	From Sunday 07/01/1438H (corresponding to 09/10/2016G) and until the close of Tuesday 09/01/1438H (corresponding to 11/10/2016G), during which all Rights holders (the Registered Shareholders or those who bought the Rights during the Rights Trading Period) will exercise their rights to subscription. Rights may not be traded during the Second Subscription Period.
Exercising the Issued Rights	The Eligible Persons' subscription for the New Shares.
Prospectus	This Prospectus which is prepared by the Company for the purpose of subscription.
The Previous Companies Regulations	The Companies Regulations promulgated by Royal Decree number M/6 dated 22/03/1385H (corresponding to 22/07/1965G), as amended.
Companies Regulations/ New Companies Regulations	The Companies Regulations issued pursuant to Royal Decree number (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended and which came into force on 25/07/1437H (corresponding to 02/05/2016G).
Subscription Application Form	An application form to subscribe for the New Shares.
Capital Market Authority (CMA)	The Capital Market Authority of the Kingdom of Saudi Arabia.
Business Day	Any business day except for Friday and Saturday and public holidays.

Defined Term or Abbreviation	Definition
Association for the Advancement of Medical Instrumentation (AAMI)	Association for the Advancement of Medical Instrumentation (AAMI) is a union which provides specific criteria and specifications for the standards of materials related to medical use with quality degrees starting from 1st degree up to 5th degree, with the 5th degree being the highest.
Blow Molding	Blow molding is used to produce white polyethylene bottles and the bottles made by PET.
PET	The abbreviation of Polyethylene Terephthalate, a plastic substance made by the reaction between Terephthalate acid and ethylene alcohol.
PET Preform	PET preforms are injection molded plastic pieces that are fed into blow molding machines to manufacture drinks and personal care bottles and containers.
Thermoforming	Thermoforming is a manufacturing process where a plastic sheet is heated to a pliable temperature, formed to a specific shape in a mold, and trimmed to create the desired product.

2. Risk Factors

In addition to the information contained in this Prospectus, all prospective investors should carefully consider all information contained in this Prospectus, including the risk factors described below, before taking a decision with regard to investment in the shares offered for subscription. The risk factors described below are not inclusive of all the risks that the Group may encounter; there could be other risks currently unknown to or considered immaterial by the Company, which may preclude its operations and the operations of its subsidiaries. The Group's business, prospects, financial position, operating results and cash flows could be materially and adversely affected if any of the following risks actually occur.

The Directors acknowledge, to the best of their knowledge and belief, that there are no unidentified material risks that may affect the decision of the shareholders as at the date of this Prospectus, except as disclosed within this Section.

Investment in shares is only suitable for those investors who are able to evaluate the risks and the benefits of the investment and those who have sufficient resources to sustain any loss resulting from such an investment. Any prospective investor who is doubtful about taking the decision to invest in the Company must seek advice from a financial adviser licensed by the CMA in relation to such investments.

If any of these risks, which the Company currently deems material, actually occur, or if any other risks that the Company and its subsidiaries have failed to identify or currently deem immaterial occur, the market price of the shares may decline and prospective investors could lose part or all of their investment.

The risks set forth below are not provided in the order of their importance, and the currently unknown additional or immaterial risks may have the effects set out in this Prospectus.

2-1 Risks Related to the Company's Activity and Operation

2-1-1 Failure to obtain and renew the required licenses, permits and certificates.

The Group is required to obtain and maintain the necessary regulatory licenses, permits and approvals in relation to its activities. The Company currently holds a number of licenses, certificates, permits and approvals related to its activities, including but not limited to industrial licenses obtained by the Company, its branches and subsidiaries from the Ministry of Commerce and Investment, the registration certificates issued by the Ministry of Commerce and Investment, as well as environmental licenses, the certificates of membership in various Chambers of Commerce, trademark registration certificates, municipal licenses, civil defense permits, and Saudization certificates, Zakat and social insurance certificates. In addition, most of the Company's licenses, permits and certificates are governed by requirements, under which the licenses, permits, certificates or approvals may be suspended or terminated, if the Company failed to meet and comply with such requirements.

It should be noted that the environmental licenses of SAAF, Ultrapak, and Al Sharq companies have expired and renewal procedures are being followed up with the competent authorities. Failure to complete the renewal of the environmental licenses will expose these companies to the penalties provided for in clause 2 of Article 18 of the Public Environmental Law, which sets a fine not exceeding SAR10,000 (ten thousand Saudi Riyals) for any person violating any of the provisions of this law. Such penalty can be doubled. The facility may be closed for a period not exceeding ninety days.

In addition, Zakat certificates for SAAF, Ultrapak, Plastico, and Al Sharq have expired. These companies submitted applications for renewal thereof, and such applications are still pending as at the date of this Prospectus. The issuance of new certificate could be delayed due to additional requirements that might be requested by the General Authority for Zakat and Income Tax, which would delay the renewal of the certificates.

If the Group fails to renew its current licenses or obtain any of its business licenses, any of the Company's licenses are suspended or expire, such licenses are renewed on terms unfavorable to the Company and its subsidiaries or if the Company fails to obtain the additional licenses that may be required in the future, this will expose the Group to suspension and prevention from conducting its business, e.g. through closure of some of the factories. This would lead to disruption of the Group's operations and incurring of additional costs, which will have an adverse impact on the Company's operating results and financial position.

2-1-2 Risks related to failure of the Group to implement expansion strategies

The Group's performance in the future depends on effective execution of business plans and growth strategies, which include manufacturing new products, expanding the products range manufactured by the Group through building, preparing and developing production lines. Failure by the Group to execute the business plans, and growth strategies and build the necessary production lines as appropriate or withdrawal or neglect by the supervising companies will adversely and materially affect the Group's business and financial position.

The ability of the Group to manage business expansion in the future relies on its ability to continue the efficient and timely execution and improvement of operational, financial, and administrative information systems and on its capability to increase, train, encourage and manage its qualified workforce. The ability of the Group to expand its business is subject to consent of the regulatory authorities required to increase the licensed production capacity.

There are no guarantees that the staff recruited by the Group or systems utilized, or as procedures and controls put in place would be sufficient to support future growth and expansion. Additionally, there are no guarantees that the Group would be able to obtain regulatory approvals necessary to increase the licensed production capacity. Moreover, failure by the Group to manage its expansion plans would, in turn, lead to increased costs caused by hiring new competent and knowledgeable employees and Advisers to prepare alternative plans for expansion and put in place related management mechanisms, which would result in low profitability. In addition, any business expansion plans the Group intends to execute in the future are subject to costs estimates and the timely execution of planned schedule. The Group may also need additional financing to undertake any expansion plans. Where the Group cannot undertake expansion plans in line with a schedule specified in such plans, the intended economic benefit would be lost during the period of any delay, which would adversely affect the Group's competitive position and, hence, its business results and profitability.

2-1-3 Risks related to transportation of Ultrapak's equipment from Jeddah to Al-Ahsa

As at 09/09/1437H (corresponding to 14/ 06/2016G), the Company announced that Ultrapak has gradually started to move its equipment from the plant in Jeddah Province to Al-Ahsa in order to be re-installed at a new location at the Al-Oyoun plant, which is owned by Takween. In this respect, Ultrapak obtained the approval of MODON pursuant to the letter dated 02/05/1437H (corresponding to 11/02/2016G) as well as the approval of the Saudi Industrial Development Fund pursuant to the letter dated 04/06/1437H (corresponding to 13/03/2016G) in preparation for commencing the transfer process in a timely manner.

The cost of industrial equipment transportation, from the Jeddah Province to Al-Ahsa, is estimated at approximately SAR 400,000 (four hundred thousand Saudi Riyals). In addition, Ultrapak, must start the process of obtaining permits, licenses and regulatory approvals related to its activities. Such licenses include but are not limited to a certificate of registration of a new branch in Al-Ahsa from the Ministry of Commerce and Investment, an environmental license, the Chamber of Commerce membership certificate, a municipal license and other operational licenses.

Failure by Ultrapak to obtain the necessary licenses for its activities from its new location in Al-Oyoun City, would expose it to suspension and prevent it from conducting its business. Furthermore, this might lead to closure of the factory and disruption of production, and therefore result in additional costs, which would have an adverse effect on its operating results and financial position. Although the process of transporting equipment is implemented gradually, thus if an accident or an unexpected obstacle occurs, this would result in a delay of transportation procedures and therefore Ultrapak would not be able to meet its obligations towards its customers in a timely manner. If this resulted in a violation to the contractual conditions, Ultrapak would incur a financial penalty, which would have a material adverse effect on Ultrapak's operating results and its relationship with its customers. Hence, the Group's financial position would be adversely affected.

2-1-4 Risks related to failure of the Company to develop and implement projects in a timely manner

The Company acquired a factory in Al-Oyoun City, Al-Ahsa, which was owned by Al-Ahsa Development Company. The factory's area is 43,200 square meters. This acquisition is part of the Company's expansion plan within the field of plastics industries, following the award of the tender to purchase this defunct factory. The offer made by Takween, which amounted to SAR 31,500,000 (thirty-one million five hundred thousand Saudi Riyals), was appropriate based on the evaluation prepared by a specialized committee of MODON. The offer covered the purchase of the whole factory and its facilities, including the staff residential building. MODON has supervised general tender procedures in its capacity as the competent authority responsible for managing failing factories, whether by reopening or selling them. The Company signed a contract of sale on 09/10/1435H (corresponding to 05/08/2014G). As at 20/04/1436H (corresponding to 09/02/2015G), the Company re-established production halls, utilities and services, and adjusted freight, load and storage area. The Company signed a factory expansion, initialization and construction agreement with Mohammed Abdullah Al Othman Trading and Contracting Company in order to carry out electrical, mechanical and construction works, preparation of the floors, air-conditioning, develop support services buildings and related utilities, and adjust and develop the administration building. The project workflow will be adversely affected by an unexpected shortage of equipment, materials and workforce or contractor's failure to perform the works on time and according to the specifications determined by the Company.

This will subsequently affect the performance and schedule of project implementation and increase the allocated budget, which will generally affect the Company's operations and its financial position, as the Company will not be able to commence operations on time in line with the established expansion plan. A decrease in the revenues will result from this delay, which will have a material and adverse effect on the Company's prospects, operating results and financial position.

2-1-5 Lack of capital required for financing the Company's plans, businesses and investments

The funding needs of the Group depend on its capital, financial position, operating results and cash and funding flow, which it receives from finance authorities and banks. The Group does not guarantee that it would receive the required funding in a timely manner with acceptable conditions when necessary. This would adversely affect its operations.

The Group may incur the capital expenses for carrying out continuous maintenance and repair works to its assets and equipment, whether to comply with any new legal or regulatory requirements that require performance of such works, to comply with new production standards approved by the Company's management, or to face any unexpected responsibilities.

According to the studies conducted by the Company in this regard, the actual cost of the projects carried out by the Company may exceed the Company's estimated cost. If the actual cost of the projects increases, the finances of such projects will be adversely affected and operations will be suspended until the required financing for covering the additional cost is obtained. The Company, in turn, would incur new financing costs in addition to the impact on its profits. In case of failure or delay in receiving financing when needed or availability of finance only on terms unsuitable for the Company and its subsidiaries, there will be a material and adverse impact on the Company's ability to implement its projects, operating results and financial position.

2-1-6 Relying on financing and credit facilities

The Company relies mainly on financing and credit facilities for expansion of its businesses and operation of its facilities. The total credit provided to the Company as at 31 December 2015G reached 2.6 billion Saudi Riyals (2.5 billion Saudi Riyals received in Saudi Riyals, 53.9 billion Saudi Riyals received in Egyptian Pounds (112.0 million Egyptian Pounds) and 36.8 million Saudi Riyals received in U.S Dollar (9.8 million U.S Dollar). On 31 December 2015G, SAR 1.8 billion was repaid to various banks in respect of short and long term loans received by the Company (for more information on loans' and facilities' value, see Section 6 "Legal Information"). As at 31 December 2015G, the ratio of debt to equity reached 4 to 1. It is worth mentioning that the amount of long term loans, payable within 11 months commencing at of 31 December 2015G, reached 102 million Saudi Riyals. It should also be noted that the part of long-term loans due for repayment within 1 year does not include SAR 123.1 million, which was classified as short and medium term loans due for repayment within 1 year in the audited financial statements as at 31 December 2015G. This amount is a part of a medium-term loan received by the Company from Saudi Industrial Development Fund (SIDF). It was classified in this way by the Company's financial Auditor because the Company did not receive a letter of exemption from the lender in respect of some of the loan conditions and subsequently it was considered payable.

The Company received finance from SIDF on 26/07/1432H (corresponding to 18/06/2011G) in the amount of SAR 60,335,000 (sixty million three hundred thirty-five thousand Saudi Riyals). The Company has mortgaged the buildings, facilities and equipment of the Company's branch in Al-Ahsa as a guarantee for repaying the this loan. The Saudi Industrial Development Fund has also financed SAAF on 11/11/1434H (corresponding to 17/09/2013G) in the amount of SAR 125,700,000 (one hundred twenty-five million seven hundred thousand Saudi Riyals). As a guarantee for repaying this loan, SAAF has mortgaged the buildings, facilities and equipment of the factory leased from Aramco and Rabigh Company for Manufacturing Industries and Services Department in Rabigh. Moreover, SIDF has financed Ultrapak on 12/02/1434H (corresponding to 25/12/2012G) in the amount of SAR 26,750,000 (twenty-six million seven hundred fifty thousand Saudi Riyals). As a guarantee for repaying this loan, Ultrapak has mortgaged the buildings, facilities and equipment of the factory leased from TetraPak in Jeddah. If SAAF or Ultrapak fail to pay the premiums on time, the Company guaranteed to pay all the required or payable amounts. If the Company, SAAF or Ultrapak fails to fulfill in the future any of the obligations related to the loan payable to SIDF under the concluded agreements or any included obligations, the fund will claim full payment of the loan immediately and take legal steps against the assets mortgaged in its favor and sell them, recovering the amounts due to it from sales proceeds.

On 20/05/1436H (corresponding to 11/03/2015G), the Company obtained a Sharia-complaint Islamic syndicated loan, structures as a Murabaha facility, from a number of banks and financial institutions (Arab National Bank [ANB], Samba Financial Group and Bank Albilad) with a total amount of the loan being SAR 1,300,000,000 (one billion three hundred million Saudi Riyals), in order to finance the acquisition of Plastico (and its subsidiaries), and to finance the working capital requirements of the Company (the "Murabaha Facility"). The Murabaha Facility is secured by an assignment and pledge of revenue accounts (entered into separately by the Company, Ultrapak, SAAF, Plastico and Al Sharq), an assignment of contracts (entered into separately by the Company and Plastico), a share pledge and dividends assignment (entered into separately by the Company and SAAF) in relation to the shares in Plastico owned by the Company and SAAF and a guarantee for the full repayment of facilities granted by Al Othman Holding Company.

If the Company fails to meet any of the obligations to any bank or the SIDF or if other banks decide not to renew facilities, this will affect the availability of the finance required for the Company's businesses, production lines development and expansion plans which will adversely affect the Company's expected profits.

If the Group cannot meet its payment obligations set out in the above mentioned agreements or faces a reduction in its revenues for any reason or cannot meet in the future any of its debt obligations or covenants, the banks will claim repayment of the debt immediately and enforce the securities given by the Company, its subsidiaries and/or the guarantor. In this case, there is no guarantee that the Group would be able to receive sufficient alternative funding to make such repayments. Any of these factors would have an adverse effect on the Group's business and financial position. (For more information, see Section 14 "Legal Information"- "Credit Facilities and Loans").

2-1-7 Risks related to non-completion of the Offering given the high level of indebtedness of the Company.

On 31 December 2013G, the Company's indebtedness reached SAR 500,000,000 (five hundred million Saudi Riyals) and SAR 601,000,000 (six hundred one million Saudi Riyals) as at 31 December 2014G. As at 31 December 2015G, the Company's indebtedness increased to SAR 1,700,000,000 (one billion seven hundred million Saudi Riyals) after obtaining a long-term loan of SAR 910,000,000 (nine hundred ten million Saudi Riyals) from ANB and a consortium of banks, in order to finance the acquisition of Savola, Al Sharq and New Marina companies. Additionally, the Company obtained a loan of SAR 390,000,000 (three hundred ninety million Saudi Riyals) in 2015G (within short-term loans) in order to finance the working capital requirements.

The increase in the Company's indebtedness from 2014G to 2015G led to high indebtedness ratio to the total equity from 1:1.3 as at 31 December 2014G to 1:4 in 31 December 2015G. Additionally, the finance costs incurred by the Company increased from SAR 2.15 million Saudi Riyals in 2014G to 2.49 million Saudi Riyals in 2015G.

The Company's indebtedness will be directly affected by the Offer, as the Company is intending to use the proceeds of the Offer to reduce its total indebtedness. If the Company cannot complete the Offer and, subsequently, reduce the total indebtedness for any reason, the Company may continue to pay high financing costs, which would have an adverse impact on the Company's expected profits.

2-1-8 Risks related to reliance of the Group on Senior Management experience and capabilities

The Group relies on the senior management and the leading staff experience and capabilities. Accordingly, the Group's success depends on its ability to ensure retention of such talent in the long run and finding suitable replacements for those leaving the Company. There is no guarantee that the Group can retain the staff or raise their skill level, the Group may also need to increase salaries to ensure retention of its staff and attraction of new qualified cadres. If the Company loses one or more of the members of its senior management, departments or administrations, this may obstruct the implementation of its strategy, which would adversely affect its businesses, financial position and operating results.

2-1-9 Risks related to lack of qualified foreign workers

The business of the Group, its financial position and operating results will be adversely affected, if it cannot retain qualified foreign personnel, find alternatives with the same level of experience and skill or if there is a change in the recruitment policies (whether in relation to salaries or working hours) of India, Pakistan, Philippines, or any other country upon which the Group relies for recruiting trained non-Saudi personnel or if the Company is unable to employ other alternative candidates with the same level of experience and management skills.

2-1-10 Risks of employee misconduct and error

The Company has in place internal work regulations approved by the Ministry of Labor and Social Development number (519/1/1/p) on 07/02/1433H (corresponding to 01/01/2012G), as well as policies, control systems and internal regulations. The Company has also obtained insurance policies with Al Alamiya for Cooperative Insurance to cover staff fidelity and handling of money as it seeks to cover all the risks to the business from its staff. However, the Company cannot guarantee that it can always deter or prevent employee misconduct or errors, such as fraud, intentional errors, embezzlement, theft, forgery, misuse of property and acting on the Company's behalf without obtaining the due administrative authorizations. Accordingly, such acts may have consequences and result in additional liabilities incurred by the Company, regulatory sanctions, or financial responsibility, which would adversely affect the Group's reputation. Therefore, the Company cannot guarantee that the misconduct of its employees will not materially affect its financial position or operating results.

Both SAAF and Ultrapak have internal work regulations that are compliant with the latest amendments of the Labor Law but these are still pending approval by the Ministry of Social Affairs. Failure to approve the regulation by the Ministry of Social Affairs will expose the Company to fines set out in Article 229 of the Labor Law which imposes penalties not exceeding SAR 100,000 (one hundred thousand Saudi Riyals).

2-1-11 Risks related to transportation

The Company does not have its own transportation fleet to transport its products to the clients, accordingly, this task is assigned to specialized transportation companies. Any amendment or change to the transportation systems or regulatory requirements applicable for transporting the Company's products will affect its ability to supply products to markets and clients. This will have an adverse impact on the Company's results, operations, prospects and financial position. The Company's product prices include the costs of shipping and transportation. The Company pays the shipping costs directly to the transport service providers. If there is an issue with transportation of the products sold, the transportation costs will increase as a result of the need to engage alternative transport service providers. Consequently, the Company will not be able to adjust the products' prices to include the additional cost within the products' prices. As a result, the profit margin will decrease which will adversely affect its profits, operations, prospects and financial position.

2-1-12 Customer concentration risk

The Group businesses sold 52.0%, 53.0% and 66.9% of total sales to 10 main clients during 2013G, 2014G and 2015G respectively. Any decline in the demand from the Group's main clients will decrease the sales and profits, reducing the net profit, which will have a material and adverse effect on the Group's future condition, financial results, prospects, financial position and price of its shares.

2-1-13 Risks related to failure of third parties to comply with contractual obligations

The Company concluded a number of contracts and agreements with various third parties to meet its business requirements for services. The third parties include suppliers, service providers and contractors. Therefore, the Company faces the risk of failure by a contracting party to fulfill its contractual obligations. If these parties default on their obligations for any reason including as a result of bankruptcy, insolvency or operational failure, the risks arising from dealing with third parties will increase given the difficult market conditions which increase the probability of these parties failing to meet its contractual obligations toward the Company.

Nothing can guarantee that these parties will live up to the Company's expectations. If the Company or the contracted parties failed to comply with the terms of contracts between them or in case of occurrence of any future disputes or claims resulting in the Company losing such disputes, the Company's financial position, cash flows, operating results and prospects will be adversely affected (for more information, see Section 14 "Legal Information" - "Summary of Material Contracts").

2-1-14 Risk of reliance on major suppliers

The Group relies mostly on SABIC as a supplier of raw materials (such as polypropylene, polystyrene, polyethylene, and PET). With the exception of polypropylene, which is manufactured by other local companies, SABIC is the only local major supplier of all raw materials used by the Group. The Group is also buying PET from international suppliers in addition to SABIC. After acquiring Plastico, Al Sharq and New Marina, Takween began to purchase raw materials centrally from SABIC and distribute them to subsidiaries in order to take advantage of bulk purchase discounts. SABIC accounts for the largest share of the amounts due to suppliers (109.5 of total accounts payable out of SAR 253.5 million as at 31 December 2015G, or 43.2%). This reliance on products of SABIC leads to an adverse impact, whether in terms of prices or on the Company's ability to manufacture its products in the event that SABIC stopped providing the necessary raw materials. If the Company decided to import raw materials from international markets, such imports would be subject to import duties and other fees and the Company will only be able to avoid paying such fees by obtaining regulatory approval, which is difficult to obtain in light of the availability of the products locally.

2-1-15 Risks of unpredictable catastrophic events

Industrial enterprises of the Group consist of several production lines and machines of a high degree of complexity required to manufacture plastic materials and nonwoven fabrics. Any defect, malfunction or sudden disruption in operation of these lines or machines would have an adverse impact on the Company's production for the duration of the defect, failure or disruption. Thus, this shall adversely affect the Company's business and prospects and operating results for the duration of the cessation of production. This effect will be substantial if continued for a long time or if more than one production line stops working at the same time. The Group also relies on specialized technological applications in its operations, and there are no guarantees for success and effectiveness of these applications to continue to achieve operational objectives and expectations or maintain the quality of products.

Accidents in one of the Group's manufacturing facilities will result in disrupting operating process, which would adversely affect other production facilities associated with it.

Accordingly, operating and financial results of the Group rely totally on the continuous operation of its factories. Anything that would adversely affect its business, either for technical reasons (e.g. interruption of electricity supply, energy or water), exposure to any accident or emergency that affects the continuity of its works, either temporarily or permanently or any natural disasters (e.g. floods) will adversely and materially affect the operational and financial results.

2-1-16 Risks related to cessation or suspension of government incentives supporting industrial sector in Saudi Arabia

The Group has historically benefited from the incentives offered by the Government to investors in order to support industrialization in the Kingdom, including providing funding through Saudi Industrial Development Fund, which provides low cost loans to support industrial sector and infrastructure, and providing land, energy and water at lower prices in the industrial cities. These incentives played an important role in the success of the projects implemented by the Company. Any cessation or suspension of these incentives will result in negative impact on the Company's operations and prospects, its financial position and operating results.

2-1-17 Risks related to failure of the Company to keep up with technological development

The Company uses sophisticated and expensive technologies in manufacturing its products. In order to keep abreast of the developments in the industrial sector, regular improvements must be made to the products in addition to using advanced technologies. In this context, the Company has policies in the field of research and development and continuous programs for products development in order to improve the quality of its products. However, the Company does not guarantee its ability to rapidly provide new technologies and apply its own systems to its products in a timely manner. In addition, the Company will incur high costs in this area, which would affect its ability to manufacture products requested by customers at any given time, adversely affecting the results of its future operations and prospects.

2-1-18 Risks related to unstable raw material, energy, and water prices on which the Company relies

Following the Government's decision to increase prices of fuel, electricity and water, which resulted in the increased prices of raw materials, electricity, fuel and support services, and given that the Company is operating in manufacturing sector, its sales and profitability are affected by the availability and cost of raw materials, which are subject to price fluctuations. Given that high inflation will lead to increased prices and costs of raw material, the Company's performance will depend partly on its ability to absorb these changes in costs within the sale prices of products. The Company does not guarantee to control the price stability of raw materials or prevent their increase. If such occurs, it would adversely affect its business, prospects, financial position and operating results.

Prices of plastic materials used in manufacturing consumer goods are linked to the prices of oil and natural gas, from which the plastic materials are derived, especially so in the global markets, where governments do not control the prices of these raw materials. Prices of plastic materials in Saudi Arabia, the GCC, Egypt and MENA region are linked to international prices.

In general, prices of Takween's products slightly declined over the past five years, mostly because of the decline in oil and gas prices, affecting the sales growth in terms of value - despite the increase in sales volume.

The continued decline in oil and gas prices will hinder Takween's ability to increase the growth of its sales' value, which would adversely affect the Company's business and financial position and operating results.

2-1-19 Risks related to operational and IT systems

The Company relies on IT systems to support its operations, but it may be exposed to risks that disrupt it, including system malfunction or inability of virus protection systems to cope with penetrations, human errors, natural disasters, fires, communication errors or lack of skilled labor necessary to operate and manage these systems. In case of a major malfunction, or a recurring failure, the Company's revenues will be adversely and substantially affected and the Group will not be able to issue its periodic financial reports in a timely manner. This would expose the Group to sanctions and penalties and, therefore, affect its operating results.

2-1-20 Risks related to the impact of the Group's operations due to acquiring Savola Packaging Systems

The Company does not guarantee that the operating results will grow in accordance with the projected levels and estimates or that they are reached following its acquisition of Savola Packaging Systems and its subsidiaries. The Company cannot also ensure that the acquisition would achieve the expected benefits and a return on the investment within a reasonable period of time, especially since it is conditional on availability of several factors, including the Company's ability to manage all of its subsidiaries (including the newly acquired companies) and supervise production lines, as well as its ability to effectively integrate the newly acquired companies into the Group's operations. In addition, increase of the Group's business requires an effective regulatory system, and the Company's inability to implement that regulatory system will lead to increase in costs and difficulty of identifying revenue. This would adversely affect the Company's business, prospects, financial position and operating results.

In addition, the actual cost and the time required to complete integrating Takween's operations with Savola Packaging Systems may exceed the Company's estimates. If the actual cost of this integration rises, it will adversely affect the Company's business and profitability.

2-1-21 Risks of claims, disputes, and litigation

In the conduct of its operations, the Group may be exposed to cases and claims related to its operations. The Company does not guarantee that it will be able to prevent disputes with other parties, such as suppliers, distributors, customers and others. This could lead to initiating litigation proceedings with the competent judicial authorities. As a result, the Group is subject to legal claims at judicial and quasi-judicial committees. Of course, the Company cannot anticipate results of such claims as they are made and doesn't guarantee that such claims will not have a material effect on its financial position and operating results The Group cannot accurately estimate the cost of legal claims or proceedings that may be made by or against it, or the final results of these claims or judgments passed in respect thereof, including damages and penalties; therefore, any negative results of such cases will adversely affect the Company.

As at the date of this Prospectus, the total value of claims in cases brought against the Group has reached SAR 533,133 (five hundred thirty-three thousand one hundred thirty-three Saudi Riyals), while the total value of claims in cases brought by the Group against third parties has reached SAR 25,683,487 (twenty-five million six hundred eighty-three thousand four hundred eighty-seven Saudi Riyals) (for more information on the claims, see Section 14 "Legal Information" - "Litigation and Claims").

2-1-22 Risks of increase in doubtful debts

As at 31 December 2015G, the Company was making a general provision for bad and doubtful debts in addition to provisions in respect of specific customers' balances that the Company considers uncollectible and are estimated by the management. The Company is currently developing a specific policy to make provisions for bad or doubtful debts, and has obtained approval of the Board of Directors to develop and approve such a specific policy.

Since this policy will only be applied from July 2016G (for more information, see Section 6 "Management Discussion and Analysis of Financial Position and Operating Results"), it is possible that, in the future, the Company amends debt provisions which should be set aside to cover the value of doubtful debts. This could affect the Company's profitability.

2-1-23 Risks related to protection of trademarks and intellectual property

The Group's ability to market its products and develop its business relies on using its name, logo and trademark. All the Group's companies have registered their trademarks with the competent authorities (for more information on trademarks, see Section 14 "Legal Information" - "Trademarks"). Any violation of intellectual property rights or illegal use of the Group's trademarks will lead to institution of lawsuits and claims before the competent courts for protecting these rights, which could be time-consuming and expensive, as well as the effort exerted by the management to follow them. The Group's failure to prevent violation of its rights in this regard will adversely affect the value of its trademarks and make its operations more expensive, affecting its operating results. The Group's business will be further affected if there are similar trademarks within the major markets in which it operates and does not have registered ownership rights.

2-1-24 Risks related to differences in Zakat and due taxes

According to the Regulations of the General Authority for Zakat and Income Tax, the Group is subject to Zakat in the Kingdom in connection with the contribution rate of the shareholders/partners. Zakat and income tax are accrued and charged to the statement of changes in shareholders/partners' rights respectively. Any additional due amounts, if any, are calculated upon completion of the assessments and determination those amounts. The Company cannot guarantee that these Regulations would remain as is in the future, and any increase in the income tax rate would affect the profitability of the Company.

The Company cannot guarantee the absence of additional Zakat payments that the General Authority for Zakat and Income Tax may ask to be paid. If these such payments are of high value, it will have an adverse impact on the Company's business, financial position and operating results.

The Company is exposed to the possibility of incurring additional Zakat payments amounting to SAR 14.8 million for 2013G and 2014G as a result of adding short-term loans, payables and other liabilities within calculating Zakat as currently applied by the General Authority for Zakat and Income Tax. If the General Authority for Zakat and Income Tax decides to review the Zakat payments and issues a decision mandating additional payments, such payments must be paid by the Company. This would adversely and materially affect its profitability and operating results.

In addition, the Company is exposed to claims by General Authority for Zakat and Income Tax to pay tax expenses for the contracts that have been signed and that exceed SAR 100,000 but have not reported to General Authority for Zakat and Income Tax. In addition, if the Company has paid certain amounts to non-residents in the Kingdom of Saudi Arabia and withholding tax has not been calculated and reported to General Authority for Zakat and Income Tax in respect of these amounts. The Company would incur late charges if any withholding tax is payable, which will have an adverse impact on the profitability of the Company and the operating results.

2-1-25 Risks of reliance on transactions with related parties

Currently, the Company has entered into a number of agreements with related parties covering purchasing of products from the Company's factories while generated revenues reached a total amount of SAR 70,142,622 (seventy million one hundred forty-two thousand six hundred twenty-two Saudi Riyals) for 2015G. There are also agreements for contract work, IT, services, supply of industrial equipment and consulting, at a total cost of SAR 56,139,400 (fifty-six million one hundred thirty-nine thousand four hundred Saudi Riyals) for 2015G (for more information on the agreements with related parties, see Section 14 "Legal Information" - "Contracts with Related Parties"). The Company does not guarantee the continuity of agreements and transactions the execution of which extends for a period of time in the future; as the Company's Board of Directors or General Assembly may not approve the renewal of these contracts and agreements, or a related party does not agree to their renewal on the basis of conditions specified by the Company. This would expose the Company to the risks of not having an immediate alternative to those contracts and agreements or on the basis of the same conditions, which would adversely affect the Company's business, financial and operational performance, especially since it relies on those agreements in the conduct of its business.

2-1-26 Risks related to agreements governed by foreign laws, the jurisdiction of foreign courts or international arbitration

In the conduct of its business, the Group has entered into several agreements the interpretation of which is subject to foreign non-Saudi laws (for more information on these agreements and contracts, see Section 14 "Legal Information" - "Summary of Material Contracts"). These agreements provide that any dispute arising therefrom shall be referred to foreign courts or foreign arbitration. In case of a dispute with a contracted party with a judgment rendered by a foreign court or arbitration against the Company and its subsidiaries based on the applicable foreign law, the legal and financial consequences from such a judgment may be greater than if the judgment were rendered by Saudi courts, according to the applicable Saudi law. This would adversely affect the Company's operating results and financial position.

2-1-27 Risks related to the adequacy of insurance coverage

Failure of the Group to obtain the adequate insurance coverage may limit its capacity to properly operate its business and consequently affect the Company's operations. The Company, its businesses, or its affiliated industrial facilities may be exposed to several incidents beyond its control and which could affect its operations. This includes natural disasters, accidents, acts of sabotage, and events associated with wars which have no adequate insurance coverage or which may not be compensated on commercially reasonable terms. Besides, recurrence of other incidents, such as sudden incidents, business interruptions, or potential damage to its facilities, property and equipment caused by inclement weather, human error, labor disputes, or natural disasters shall result in the Company incurring large losses or exposing it to liabilities in excess of its insurance coverage. The Company cannot give assurance to investors that its insurance coverage will be sufficient to cover losses arising from any, or all, of such events.

In addition, the Company's insurance policies include deductibles and exclusions from insurance coverage as well as other limitations related to insurance coverage to be negotiated with the insurers. The ability of the Company to obtain due compensation from related insurers relies on the Company's solvency together with its ability to obtain the compensation. Therefore, the insurance may not cover all losses incurred by the Company. No assurance is given that the Company will not suffer losses beyond the limits of, or outside the coverage provided by, its insurance policies. Should no adequate insurance coverage be provided for any particular incident, the Company may lose the capital invested in, and the expected future revenues relating to, any properties damaged or destroyed. In some cases, the Company may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against the Company in excess of any related insurance coverage that it may maintain, its assets could be subject to attachment or confiscation under various judicial procedures. Any of these occurrences could have a material adverse effect on the Company's future business, production capacity, and affiliated industrial facilities.

The Company maintains insurance coverage including losses or sudden or unexpected material damage to equipment as well as loss of profits resulting from business interruption owing to breakdown of equipment covered by insurance. Moreover, the Company maintains various insurance policies (for more information on insurance coverage, see Section 14 "Legal Information"-"Insurance Contracts"). It is possible that the claims against an insurance policy will exceed its insurance value as maintained by the Company, or that a claim made by the Company against the relevant insurer may be rejected, or that a claim and compensation period be prolonged. This would materially affect the Company's operations together with its ability to sustain amounts resulting from losses as well as temporary business interruption. This, in turn, would have an impact on its financial results and profits.

2-1-28 Risks of failure to renew insurance policies

The Group's insurance policies are generally limited in their term as they periodically require renewal. Insurance premiums may increase on renewal. Further, the Group does not give assurance that it will be able to renew existing insurance coverage on commercially reasonable terms. This, in turn, would have a material and adverse effect on the future operating results and its financial results.

2-2 Risks Related to the Market and Regulatory Environment

2-2-1 Risks related to modification of laws and regulations

The Company's operations are governed by the applicable laws of Saudi Arabia. The regulatory environment in which the Company operates is subject to change. Regulatory changes resulting from political, economic, technological and environmental factors may affect the Company's operations and pose a constraint on the development of the Company and its operations. If the new laws or regulations placed additional requirements that would be difficult to comply with, or if the Company or its subsidiaries had to modify its products or operations to comply with such laws, this would result in an increase in the cost of products. Consequently, this would have an adverse effect on the Company's profits, cash flows, business, operating results, financial position and the prices of its shares.

Laws and regulations specifying the operating licenses required for projects in Egypt are not fixed as they are continually modified. Administrative authorities do have the power to grant operating licenses without these modifications being publicly published. This, in turn, does limit the ability of New Marina to keep up with the new regulatory requirements. New Marina does not give assurances that it would be able to apply the new regulations and instructions in the timely manner or obtain additional operating licenses as a result of changes in the applicable regulatory procedures. This, in turn, would result in imposition of financial penalties and fines on New Marina causing temporary business interruption. Consequently, this would have an adverse on the Company's business, financial position and operating results.

2-2-2 Risks related to environmental laws and regulations

The Group's operations related to manufacturing industries require compliance with applicable environmental laws and instructions which govern certain aspects, including environmental standards, occupational health, and safety of industrial buildings and their workers. The Group factories could generate a number of waste materials and emitted pollutants that if not controlled and managed correctly, or if left untreated or unmanaged, could give rise to the risk of pollution of water sources and air quality, which would harm the environment and human health.

Some of the environmental licenses of the Group have expired and have not been renewed as at the date of this Prospectus. Although the Group is renewing them, there are additional obstacles and requirements which delay the process of renewing these as fast as required. This includes there being a limited number of specialized companies with which agreements could be made in order to prepare the necessary environmental reports and studies, or promulgation of new requirements by the General Authority for Meteorology, with which the Group should comply. This would significantly delay renewal of environmental licenses and make the Company incur financial losses achieve compliance. Failure to fully comply with the environmental legislation and regulations would result in closure of the industrial facilities of the Group. Besides, this would expose the Group to fines and penalties that may be imposed by the supervisory authorities. This would adversely affect its operations as to limitation of revenue growth, suspension of work or licenses. Further, this would affect the Group's ability to carry out its business activities and adversely affect its financial results and profits.

2-2-3 Risks of withdrawal of the industrial license

The Group conducts its industrial activity through its licensed factories which produce plastic and nonwoven fabric in Al-Ahsa, Rabigh, Riyadh, Jeddah, and Egypt. The Company conducts its industrial activity under the industrial license number (184), dated 30/01/1435H (corresponding to 03/12/2013G). SAAF conducts its industrial activity under the industrial license number (2445), dated 08/08/1436H (corresponding to 26/05/2015G) and license number (1628), dated 23/05/1437H (corresponding to 03/03/2016G). Ultrapak conducts its industrial activity under the industrial license number (1016), dated 07/04/1437H (corresponding to 17/01/2016G). Plastico conducts its industrial activity under the industrial license number (489), dated 14/02/1437H (corresponding to 26/11/2015G), and industrial license number (1889), dated 21/06/1437H (corresponding to 30/03/2016G). The Company conducts its industrial activity under the industrial license number (2456), dated 13/11/1435H (corresponding to 08/09/2014G). New Marina conducts its industrial activity as per the industrial license number (7174/B - 26/11/2014), dated 30/11/2014G. The Group in the Kingdom should comply with the instructions and conditions imposed by Ministry of Commerce on companies holding industrial licenses. The licensee should immediately submit an application to Ministry of Commerce after commencing the construction process of the factory in order to complete the industrial information. This shall be through providing information on the total finance, production capacity, materials, equipment, and required labor in order for the Ministry of Commerce to provide the necessary support as per the license terms. The Ministry may revoke the license in the following cases:

1- Failure to comply with standards applicable in Saudi Arabia. In the event that there are no standards, there should be a coordination between the project owner and the Saudi Arabian Standards Organization (SASO) in order to choose the most appropriate international standards until the issuance of Saudi standards.
2- Failure to take the measures required for protecting the environment from pollution.
3- Failure to obtain the approval of the competent municipality or to strictly follow the instructions related to establishing the factory outside the licensed industrial cities.
4- Having other partners prior to obtaining the approval of the Ministry of Commerce and Investment.

5- Collecting funds or changing the ownership of the license prior to obtaining the approval of the Ministry of Commerce and Investment.
6- Failure to comply with the Ministerial Resolution number (902/1404H), dated 21/03/1404H, issued by Ministry of Interior (Civil Defense), on applying the regulatory rules of safety and industrial security in all industrial facilities.

Failure to provide the minimum total finance required for granting the industrial licenses by the industrial activity.

Failure of the license owner to submit the renewal application before its expiry. In this case, the license shall be deemed void.

All companies licensed by the Ministry of Commerce and Investment should apply to amend their licenses following any amendments to their data, including the ownership, increase of capital, change of the trade name, increase of labor, or others. If the license is withdrawn from the Company or its subsidiaries, then it cannot continue to conduct its business. This shall have a material and adverse impact on the Company's business, results of operation, financial position, and its share price.

2-2-4 Risks of fluctuations in currency exchange rates

Since June 1986G, the Saudi Riyal has been pegged to the U.S. Dollar ("U.S.$"), at an exchange rate of SAR 3.75 to U.S.$1.00, in accordance with the Government's current monetary policy. There is no guarantee that the said exchange rate shall remain at this rate. Currently almost all of Company's revenues are derived from sales denominated in U.S.$. While a number of its operating costs and capital expenditures are also incurred in U.S.$, some of its operating costs and capital expenditures are incurred in Saudi Riyals. Therefore, the Company is exposed to the potential impact of any alteration to, or abolition of, this foreign exchange peg. In addition, the Company does not currently hedge its exposure to any foreign exchange rate fluctuations. While some of Company's projects are pegged to the exchange rates between US dollars and other currencies, the Company is exposed to the risk of unfavorable exchange rates. Thus, the project costs could increase and adversely affect the Company's operating margins which could have a material adverse effect on the Company's business, prospects, operating results and financial position and/or on its share price.

The results of the subsidiary, New Marina, in Egypt may be adversely affected due to depreciation of the Egyptian Pound against the US Dollar with more restrictions in trading in the US Dollar as per the Egyptian monetary policy which was the reason behind low profitability in 2015G. The concerned government authorities in Egypt did not develop a clear policy in order to maintain or improve US Dollar availability levels in the Egyptian Banks and companies. This could restrict transactions in US Dollars and would make the Company's ability to purchase the imported materials required for production operations (paid for in US dollars) or rapidly and easily strike business deals more difficult. In the event that the Egyptian pound continues to decline with no US dollars available in the Egyptian banks, the Company's profitability and operating results will be adversely affected.

2-2-5 Risks related to the operations of New Marina in Egypt

As the headquarters of New Marina are in Egypt, it is more likely to be exposed to a number of risks affecting the operating results, especially shortage of US dollars in the Egyptian banks. The Egyptian Central Bank imposed restrictions on the Egyptian companies, namely, on the deposit and withdrawal of foreign currency from banks. This, in turn, affected the importers and exporters who could not pay in US dollars for commodities and raw materials they use in their industries. New Marina depends in its industrial process on the raw materials which are paid for in US dollars. It would be difficult for New Marina to import the industrial components and to transfer profits to the Kingdom of Saudi Arabia due to lack of US dollars in Egypt. This shall adversely affect the Company's business and its financial position.

2-2-6 Risks related to transferring profits of New Marina from Egypt abroad

Transferring profits abroad, after the end of the production cycle, is one of the main obstacles encountered by the companies operating in Egypt. The reason behind this is the serious shortage in US dollars. Therefore, the local banks cannot fulfill requests to transfer companies' profits abroad. Failure of New Marina to transfer its profits to the Kingdom of Saudi Arabia will adversely affect the returns of investors. Consequently, it shall affect the Group's operating results and its financial position.

2-2-7 Risks related to the Saudi and global economy

Most of the Company's assets are at Saudi Arabia. Therefore, the Company's operations and its ability to develop its businesses shall be affected by the actual general, financial and economic developments in the Kingdom of Saudi Arabia. It is expected that oil income will continue to play a pivotal role in planning and economic development in Saudi Arabia. Consequently, continuous low oil prices could affect the economy of the Kingdom or the Government's spending plans, which would have an adverse impact on the Kingdom's overall economy, with adverse effects at all micro-levels of the economy.

In addition, although the Kingdom generally enjoys domestic political stability and healthy international relations, countries in the Middle East region have been historically affected by political and social unrest in the region. It can be difficult to predict the likelihood of instability in one country or territory contributing to instability in other countries or territories within the region, and political and social unrest could have significant long-term adverse implications for the region.

Given the fact that the Company has a subsidiary in Egypt and exports some of its products outside Saudi Arabia, the Company's performance is also contingent on the economic and political conditions prevailing in Egypt and countries to which it exports its products.

There can be no assurance that economic conditions in the Kingdom and/or such countries will not worsen in the future, which could have a material adverse effect on the Company's business, prospects, operating results and financial position and/or on its share price.

2-2-8 Risks related to changes in plastics market

Fluctuations in a number of market factors could adversely affect the Company's results. Such factors include the local economic conditions and consumption patterns. Periods of economic recession or weak sustainable growth could result in limitation of demand for food products, juices, or dairy products. Therefore, they limit demand for the Company's plastic packaging products. Given that the future vision is limited, this shall have an adverse effect on the Company's sales, results, and/or its share price. This is related to any decline in demand for its products.

2-2-9 Risks of non-compliance with the new Companies Regulations

The Council of Ministers recently released new Companies Regulations to replace the previous regulations, which have come into force on 25/07/1437H (corresponding to 02/05/2016G). The current Regulations may impose some new regulatory requirements that have to be met by the Group. This requires that the Group takes the measures required for compliance with such requirements within a period of time not exceeding one year, from the effective date of the regulations, as per the Article 224 of the current regulations. Such measures could take longer time, and thus affect its business plan. The current regulations also imposed even more strict sanctions for violations against its applicable provisions and rules. Accordingly, the Group may be subject to such penalties in case of failure to comply with the such provisions and rules, with fines of up to SAR 500,000 (five hundred thousand Saudi Riyals). This, in turn, would adversely and materially affect the Group's business, its financial position, operating results and prospects.

2-2-10 Risks resulting from joining the World Trade Organization by Saudi Arabia

Saudi Arabia joined the World Trade Organization in 2005G. Changes in the policy of WTO regarding importing and exporting the Group's products and raw materials may arise in a way that adversely affects the capability of the Group to provide raw materials or export its products, which will have an adverse effect on its business, prospects, operating results, financial position and its share price.

2-2-11 Risks related to competition

The Company operates in a competitive environment. There is no guarantee that the Company would continue to effectively compete with other companies in the market. In addition, the pricing policies adopted by competitive companies affect the Group's performance. Increase of supply of products manufactured compared to demand for them shall result in exerting a negative pressure on prices. This, in turn, would adversely affect the Company's business, prospects, operating results, and financial position.

The Company's competitive ability relies on the distinct products of subsidiaries compared to other products in the market through providing high quality products with reasonable prices.

In the event that the current or potential competitors provide higher quality products or more competitive prices than that provided by the Company, the Company does not guarantee that it would rapidly keep up with the advanced industry trends or changing market requirements, which would have an adverse impact on the Company's financial results and profitability.

2-2-12 Risks related to ineffective internal controls in combating dishonesty, theft and fraud

The Company faces several risks resulting from dishonesty, theft, fraud and misuse of position. The Company does not guarantee that the internal regulations applied in combating such illegal and criminal acts under the law would succeed.

Such illegal acts which could affect the Company, its assets of raw materials, equipment, or inventory, may pose significant risks to the Company's operations, and may have adverse consequences including financial loss, damage to its facilities or key infrastructure, disruptions to its operations, production delays and injuries to its employees, contractors, customers and the public. The Company does not guarantee that the steps it has taken to combat these risks have succeeded or will continue to succeed. In addition, the Company may experience industrial unrest or action leading to increased costs and disruptions to its operations in the event that it seeks to tighten security procedures or otherwise curtail the behavior of employees, contractors and others at its operational sites, and the attendant publicity may cause reputational harm. Any of the foregoing shall have a material adverse effect on the Company's business, prospects, operating results and financial position and/or on its share price.

2-2-13 Political risks

The tense political situation in the Middle East may have an adverse impact on the Kingdom's economy, and thus on the Company's customers' intention to renew their relationship with it and its ability to obtain new customers which would consequently have adverse impacts on the Company's revenues, profits and operating results. Such risks would have an adverse impact on capital markets and thus would lead to a substantial adverse impact on the Company's share price and the investor's loss of all or part of the value of his investment. It should be noted that one of the Group's companies, namely, New Marina, is headquartered in Egypt. Therefore, there are no guarantees that the unstable economic and political conditions in Egypt or neighboring countries would have no adverse effect on the Egyptian market operations in general, and on the Company's business, operations and its financial position.

2-2-14 Risks related to export and import

Imposition of new legal or regulatory requirements, such as, anti-dumping and countervailing duties, import quotas, tariffs, sanctions, boycotts and other measures adopted by government authorities may have an impact on the competitive position of the products manufactured by the Group or preclude the sale of such products into certain countries, which could have a material adverse effect on the Company's operating results, prospects, and financial position.

2-2-15 Risks of failure to comply with Saudization requirements

In recent years, the Government has imposed a requirement on the private sector that a percentage of each company's employees should be Saudi nationals "Saudization". The required percentages range from 5-90% based on the nature of the business, qualifications required for the job, availability of Saudi nationals who can assume such jobs. Therefore, thresholds of Saudization requirements vary from entity to entity on a case-by-case basis. Compliance with Saudization requirements is currently obligatory. Pursuant to the circular issued by the Ministry of Labor ("MOL"), dated 01/05/1423H (Corresponding to 10/08/2002G), the Company must obtain a Saudization certificate from the MOL. The Ministry of Labor may decide to impose stricter Saudization policies in the future.

The Nitaqat Program, which classifies companies' compliance with Saudization requirements, was instituted by the Ministerial Resolution number (4040), dated 12/10/1432H (corresponding to 10/09/2011G) and Ministerial Resolution number (50), dated 21/05/1415H (corresponding to 27/10/1994G) in order to increase Saudi participation in the Kingdom's employment market. There is no guarantee that the Company will be able to comply with the requirements of the Nitaqat Program. The Company's inability to meet Saudization requirements would lead to a poor classification in the Nitaqat Program and would subject the Company to a number of negative consequences, which would adversely impact the Company's business, operations, and financial performance.

There is no guarantee that the Ministry of Labor and Social Development will not impose higher financial penalties or more strict regulations, and that the number of qualified Saudi employees will not decrease, which will adversely affect the Company's business, operations, and financial performance. The Company's ability to meet its obligations and request governmental loans, in addition to its financial performance and ability to hire additional numbers of foreign employees will be adversely affected in the event that the Company fails to comply with the Saudization policies and ratios as issued and applied by the MOL. In addition, the Company's failure to comply with the Saudization policies and ratios would result in the Company being unable to recruit sufficient non-Saudi employees for its new projects, which, in turn, would adversely affect the Company's ability to operate such projects, as well as its profitability and financial results.

The Company, SAAF, Al Sharq, and Plastico have achieved the required Saudization ratio as it is categorized within the "high green category" of Nitaqat program according to Nitaqat certificates of each company. However, there is no assurance that the Company will continue to maintain Saudization percentage required within the prescribed regulatory levels. This, in turn, may subject the Company to penalties for non-compliance with the resolutions issued in this regard, including suspension of applications for employment visas required by the Company, or the transfer of sponsorship for non-Saudi employees or the exclusion of the Company from bidding for Government tenders, which would adversely affect the business and operating results of the Company, SAAF, Al Sharq, and Plastico.

Ultrapak is also categorized within the "low green category" of Nitaqat program according to its Nitaqat certificate. As Ultrapak is categorized within the "low green category", it shall experience the following restrictions: (1) inability to issue new visas; (2) obtaining one alternative visa for each two workers who permanently left the country; (3) inability to transfer the sponsorship of any worker; (4) the possibility of transferring Ultrapak's employee sponsorship to any other company categorized within the platinum and green categories without obtaining the approval of Ultrapak (the Sponsor), which would have a direct effect on Ultrapak's operations and a general effect on the Group's financial results.

2-2-16 Risks related to foreign employees

The government of Saudi Arabia has taken measures and issued procedures to regulate the employment of foreign workers, according to the Labor Law and Residence Regulations, under which it seeks to take action against companies and foreign employees who do not work for the employers who sponsor them or carry out works not compatible with their job titles according to their residence permits.

According to the Group's foreign employee residence permits and when being compared to their actual jobs, it became evident that the job titles of twenty one (21) employees in the Group are different from those stated in their employment contracts, which would subject the Company to a fine ranging between SAR 2,000 (two thousand Saudi Riyals) to SAR 5,000 (five thousand Saudi Riyals) for each employee violating these rules as per the Facility Inspection Manual issued by the Ministry of Labor.

Imposition of fine or sanctions on the Company in case of non-compliance with the applicable regulations and instructions in this regard will adversely affect its business and operating results.

2-3 Risks related to the Shares

2-3-1 Risks related to the distribution of dividends

Share dividend distribution in the future will depend on a number of factors, including the financial position, future profits, capital requirements, distributable reserves of the Company, general economic conditions, and any other related factors, which the Board of Directors deems important from time to time. Accordingly, the Company does not guarantee in any way the distribution of any dividends in the future.

2-3-2 Risks of potential fluctuations in the share price

The market price of the Company's shares in the period of Rights Issue may not be an indication of the market price of the Company's shares after the Offering. The Company's share price may not be stable and may be exposed to a high degree of volatility due to the change in Tadawul trends with respect to the Rights Issue or the Company's existing shares. In addition, such fluctuations may result from many Tadawul conditions related to shares, or changes in the conditions and trends in the sector in which the Company operates, deterioration of the Company's performance and inability to implement future plans, entry of new competitors and announcements by the Company or its competitors related to mergers, acquisitions, strategic alliances, joint ventures and changes in the financial performance estimates by experts and securities analysts.

The sale of a large number of the Company's shares in Tadawul or expectation thereof may adversely impact the share prices on Tadawul in general and the Company's shares in particular. In addition, there may not be demand for the Company's shares on Tadawul when investors are willing to sell.

There is no guarantee that the market price of the Company's shares will not be less than the issue price. If this occurs after the exercise by investors of Rights, such practice cannot be canceled or amended. Accordingly, investors may immediately suffer from unrealized losses. Moreover, there is no guarantee that the investor will be able to sell his shares at a price equal or higher than the issue price after exercising the Rights.

2-3-3 Risks of potential fluctuations in the price of the Rights Issue

The market price of the Rights may be subject to considerable fluctuations due to the change in Tadawul trends in respect of the Company's shares. Such fluctuations may be considerable because of a different scope of allowable change in the prices of Rights trading compared to the scope of change allowed for the shares. In addition, and because the Rights trading price depends on the Company's trading price and the perception of the potential market of the price of the New Shares, these factors in addition to the factors mentioned in the aforementioned risk factors and the risks of potential fluctuation in the share price may affect the Rights price.

Sale of a large number of the Company's shares on Tadawul or expectation thereof may adversely affect the share prices on Tadawul in general and the Company's shares in particular.

2-3-4 Risks related to lack of demand for the company's Shares and Rights

There is no guarantee that there will be sufficient demand for the Company's Rights during the Rights Trading period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and realize a profit, or enable him to sell these Rights at all. There is also no guarantee that there will be sufficient demand for the Company's Rump Shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe for the Rump Shares at a high price, the compensation amount may not be sufficient in order to be distributed to the holders of unexercised Rights. Moreover, there can be no assurance that there will be sufficient market demand for the New Shares obtained by the subscriber either: (a) through subscription to the Rights, (b) during the Rump Offering or (c) in the open market.

2-3-5 Risk of trading in Rights

Speculation relating to the Rights Issue may cause material losses. The limits of price change allowed for the trading of the Rights ("Indicative value of the right") exceeds the percentage allowed for the share prices (by 10% upward or downward). There is also a direct correlation between the Company's share price and the share's indicative value. Accordingly, the daily price limits for the trading of a Right will be affected by the daily price limits for share trading.

In case a speculator fails to sell the Rights before the end of the Rights Trading Period, he will be forced to exercise these Rights to subscribe for the New Shares and may incur some losses. Thus, the investors should review the full details of the mechanism of listing and trading of the Rights and the New Shares and the functioning method thereof and should be aware of all the factors affecting them, to make sure that any investment decision will be based on complete awareness and understanding.

2-3-6 Risks of decline in non-subscribing shareholder percentage

If the holders of the Rights do not fully exercise their Rights with respect to the acquisition of the New Shares in the Offering, their shareholding percentage and voting rights will be reduced. In case the registered holder of the Rights wishes to sell its Rights during the Rights Trading Period, there can be no assurance that its returns will be sufficient to fully compensate for the drop of its shareholding percentage in the Company as a result of its capital increase.

2-3-7 Risks related to failure to exercise the Rights in a timely manner

The Eligible Persons and financial intermediaries representing them should take the appropriate measures to fulfill all the instructions of the required practice and certificates to be received prior to the expiry of the exercise period. If the holders of the Rights and the financial intermediaries are not able to properly follow the procedures for the trading of the Rights, the Subscription Application Form may be rejected (see Section 18 "Subscription Terms and Instructions"). If the Eligible Persons are not able to exercise their subscription rights properly by the end of the Second Subscription Period, according to the Rights held by them, there can be no assurance that a compensation amount will be distributed to the eligible shareholders who did not subscribe, or who did not exercise properly underwriting procedures, which will in turn lead to a decrease in their ownership percentage.

2-3-8 Risks related to forward-looking statements

Some of statements contained in this Prospectus constitute forward-looking statements and involve known and unknown risks, and some uncertainties that affect the Company's results. Such statements include but not limited to the statements related the financial position, business strategy and the Company's plans and objectives for future operations (see Section 4 "The Company and the Nature of its Business" and Section 6 "Management Discussion and Analysis of Financial Position and Operating Results") (including development plans and goals relating to the Company's business). If any of the assumptions are incorrect or invalid, the actual results may be materially different from the results mentioned in this Prospectus. This could result in the investors losing their entire investment in the Company's shares or in any part thereof.

2-3-9 Risks related to absence of prior market for the Rights

Rights Issue is a new market for investors on Tadawul. As such, many investors may not know much about the mechanism of trading in rights. This will adversely affect their willingness to invest and trade in the Rights. Accordingly, the percentage of their ownership in the Company will be reduced, which will lead to an adverse impact on those who have not exercised their rights to subscription, particularly in case of no compensations being distributed to them, when Institutional Subscribers do not offer higher prices for the Rump Shares.

2-3-10 Risks related to offering new shares in the future

Nothing prevents the Company from issuing new shares in the future after obtaining the required approvals. Accordingly, the ownership of the shareholders not participating in the subscription and their voting rights will decline, and dividends for each share will also decline due to the increase in the number of shares, which will reduce the shareholders' profitability before the issuance of the shares.

2-3-11 No assurance that Eligible Persons will have compensation

The subscription period will start on Tuesday 25/12/1437H (corresponding to 27/09/2016G) and will end on Tuesday 09/01/1438H (corresponding to 11/10/2016G). The Eligible Persons and financial intermediaries representing them should take the appropriate measures to comply with all required instructions and subscribe for the New Shares prior to the expiry of the subscription period.

If the Eligible Persons are not able to exercise their subscription rights properly by the end of the Offering Period, according to the Rights held by them, there can be no assurance that a compensation amount will be distributed to the Eligible Persons who did not participate or did not properly subscribe for the New Shares.

2-3-12 Risks related to non-exercise of Rights by Major Shareholders

If the Major Shareholders do not fully exercise their Rights with respect to the acquisition of New Shares in the Offering, their shareholding percentage and voting rights will be reduced. Hence, the revenue received by them shall decline as a result of the decrease in their ownership percentage in the capital after its increase. The decrease in the Major Shareholders' voting rights will affect their support, the extent of their influence, effectiveness, and control over making significant decisions of the Company, which will materially affect the Company's decisions and financial position.

3. Industry and Market Data

3-1 Introduction

- Takween appointed ERAS to conduct a market study. The information in this section has been obtained from the industry report prepared by ERAS for the Company as well as from the industry reports prepared by Price Hanna
- ERAS was founded in 1987G and is headquartered in London, UK. It provides professional consulting services for the public and private sectors in various industrial and commercial fields. Price Hanna was founded in 2011G and is headquartered in West Chester, Pennsylvania, USA. It provides professional consulting services in the nonwoven fabrics sector and related industries. ERAS and Price Hanna have provided, and not withdrawn, their written consent to include their name, logo and statements, as well as the use of the information supplied by them to the Company in the manner and format set out in this Prospectus.
- ERAS and Price Hanna are independent consulting firms; neither the consulting firms (ERAS and Price Hanna), nor any of their shareholders, directors or their relatives hold any shares or any interest of any kind in the Company or any of its subsidiaries.

3-1-1 Introduction to Plastics Packaging

- Petroleum and natural gas products are the building blocks for petrochemicals and plastics that are used in a vast range of applications including packaging, construction, consumer and industrial products. In manufacturing plastics, oil and gas feedstock are first converted into ethylene, propylene, butanes and aromatics building blocks. Then, these building blocks can be polymerized into basic plastics – primarily polyethylene, polypropylene, polystyrene, PVC and PET resins.
- The Saudi Arabian Oil Company ("Aramco"), Saudi Arabia Basic Industries Corporation ("SABIC"), and other petrochemicals behemoths dominate the chemicals and plastics manufacturing segment of the value chain; however, they tend not to be involved in the downstream stage of processing such segment into end-products that are sold to the packaging, food and beverage, construction, consumer and industrial products and other end-use sectors. Takween, on the other hand, occupies the downstream stage of processing plastics materials into end-products such as bottles, containers, cups, caps, packaging films, crates, pallets and drums.
- The manufacturing process of packaging the end-products and the choice of plastic material vary according to the properties required for the end-product. PET is often the material of choice for high quality, translucent light weight bottles; HDPE and polypropylene may be preferred for rigid container, caps, lids and pallets; and polystyrene is often used for thin-walled cups. In general, injection molding is a process well-suited to manufacturing rigid products, while extrusion is a process suited to producing thin packaging films and blow molding is used for bottles.

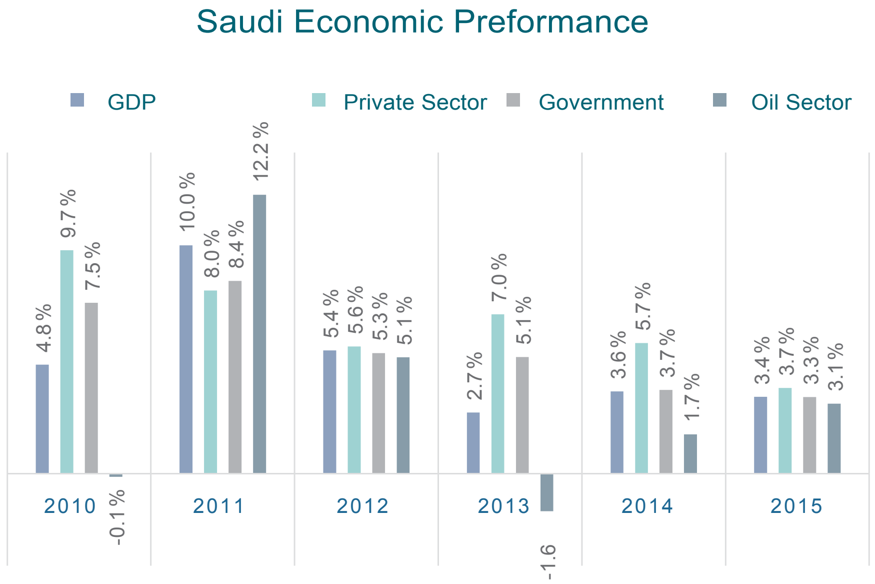
3-1-2 Demographics: pressures on KSA income and spending growth

- Saudi Arabia has experienced high population growth (2.8% per annum from 2000G-2015G), but the growth has been slowing in recent years to less than 2.4% per annum from 2010-15.
- Such a high rate of population growth exerts pressure on continuing spending to sustain income growth, job creation and investment in productive industries, utilities, infrastructure and services that address the aspirations and expectations of the expanding population.
- The demographic profile of Saudi Arabia is salient – more than 50% of the population is under 25-years old. Such a structure increases demand for jobs and housing that is already in short supply.

3-1-3 Macroeconomic performance of Saudi Arabia

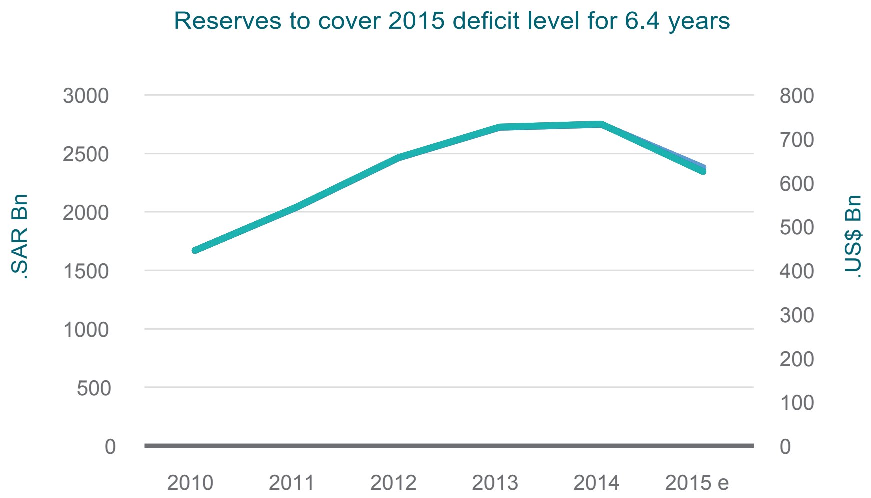
- Income per capita is relatively high at $24,165 in 2014G (source: World Bank Report)
- From 2010-15, the Saudi real GDP growth has averaged a robust 4.9% per annum, with the private sector expanding at 6.6% per year compared with the oil sector at 3.4% per annum.
- The Saudi population growth and expectations of increasing incomes is a constant driver for future public spending and economic growth.
- During the 2010G-2014G period, substantial budget surpluses and foreign exchange reserves have accumulated, providing a cushion to continue public spending at current 2015G levels for seven years without major increases in revenues or borrowing. Saudi public debt is low by world standards at just over 5.8% of GNP (up from 2.2% in 2014G), allowing significant room for borrowing to counteract cyclical economic trends.
- After 2016G, oil prices are expected to increase due to: 1) stronger demand resulting from higher economic growth and oil demand – in China and the Far East in particular – and 2) tighter supply due to lower drilling activity resulting from low prices.
- According to the IMF outlook, Saudi Arabia is expected to sustain high levels of private and public spending post-2016G, and for economic growth to return to more than 4%, after slowing to 2.2% in 2014G.

FIGURE 2: Saudi Economic Performance



Source: Market Report prepared by ERAS

FIGURE 3: Reserves to cover 2015G deficit level for 6.4 years



Source: Market Report prepared by ERAS

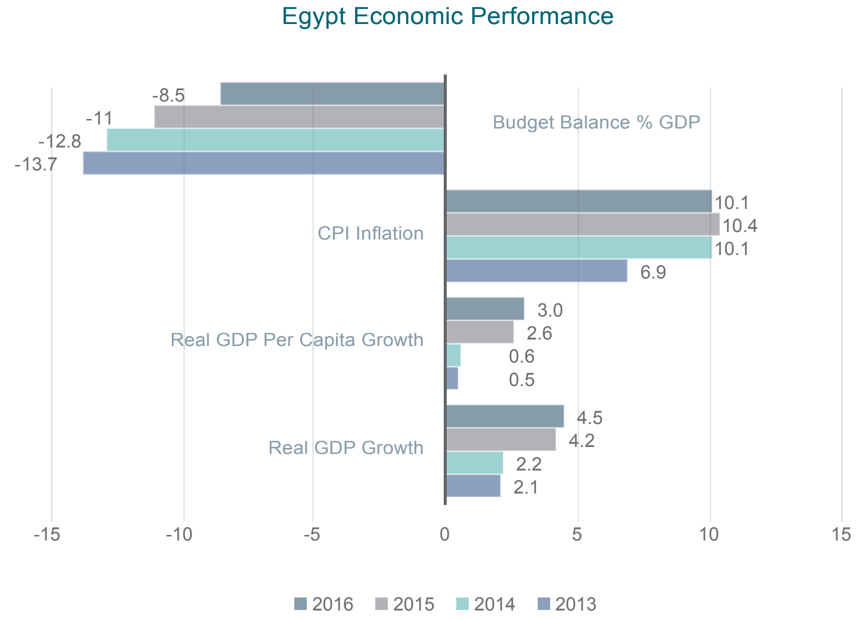
3-1-4 Demographics of Egypt

- Egypt's population reached 85 million in 2015G and could reach 100 million by 2027G.
- Egypt is the largest market in the MENA region; however, it is not growing as rapidly as Saudi Arabia, as the country suffers from political and social unrest and low incomes. Nonetheless, the economic outlook since 2014G has improved in light of the recent political and economic reforms.
- In 2014G, Egypt's income per capita was only $3,200, compared with Saudi Arabia's income per capita of $24,165 (source: World Bank Report, 2015G).
- Similar to Saudi Arabia's demographic structure, Egypt has a large young demographic that exerts increasing demand for jobs, housing and social services. These pressures are expected to abate somewhat after 2020G, as evidenced by a recent trend of lower population growth.

3-1-5 Macroeconomic performance of Egypt

- Since 2014G, the Egyptian government has initiated reforms to reduce energy subsidies, broaden the tax base, reduce the deficit and improve allocative efficiency and the targeting efficiency of social safety nets. However, more remains to be done.
- Economic progress is fragile but evident. Real GDP growth has increased from just over 2% in 2013G-2014G to an estimated 4.2% in 2015G and a projected 4.5% in 2016G. This implies rising real incomes for the population and a foundation for broader-based spending and sustainable economic growth, should these trends continue. Low foreign exchange reserves and high debt-to-GDP are impediments.

FIGURE 4: Egypt Economic Performance



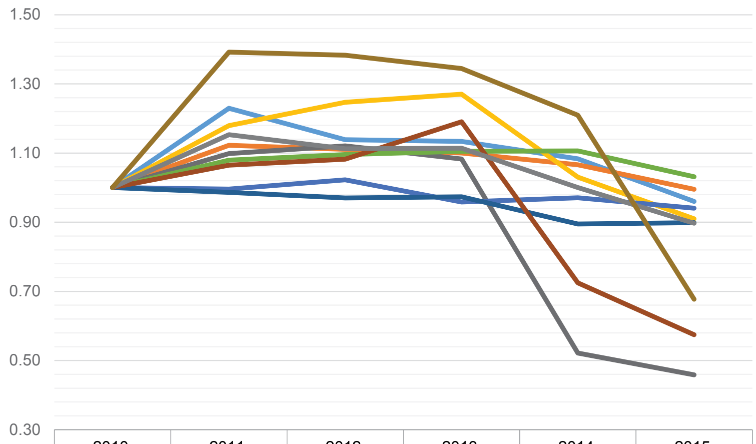
Source: Market Report prepared by ERAS

3-1-6 Plastics prices have trended downwards

Plastics feedstock prices are considered one of the most important cost factors for the Takween companies, which are known to be volatile.

- Commodity plastics prices are related to the petroleum and natural gas feedstock prices as these are the most important cost factors. These feedstock prices are not government-controlled. Plastics prices in Saudi Arabia, the GCC, Egypt and MENA are related to world prices. Plastic material prices have begun to trend downward since 2013G, due to lower oil and natural gas prices on world markets.
- In general, Takween's product prices have shown a slight downward trend over the past five years, thereby dampening sales growth in value terms – even when volumes have increased.

FIGURE 5: Product Price Index (2010=1.0)



	2010	2011	2012	2013	2014	2015
PET Preforms	1.00	1.23	1.14	1.13	1.08	0.96
HDPE & PET Bottles	1.00	1.12	1.11	1.10	1.07	1.00
Ca-ps and Closures	1.00	1.10	1.12	1.08	0.52	0.46
Thin Wall Containers	1.00	1.18	1.25	1.27	1.03	0.91
PE Drums	1.00	1.00	1.02	0.96	0.97	0.94
Films	1.00	1.08	1.10	1.10	1.11	1.03
Crates and Pallets	1.00	0.99	0.97	0.97	0.89	0.90
Stretch Films	1.00	1.07	1.08	1.19	0.72	0.57
Total	1.00	1.15	1.11	1.11	1.00	0.90
Brent Oil	1.00	1.39	1.38	1.34	1.21	0.68

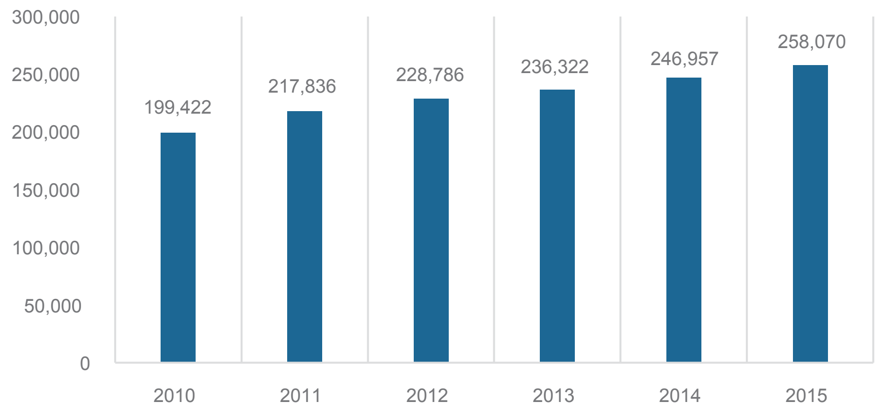
Source: Market Report prepared by ERAS

3-2 PET Preforms And PET & HDPE Bottles Products

3-2-1 Demand for PET preforms and PET & HDPE bottles products

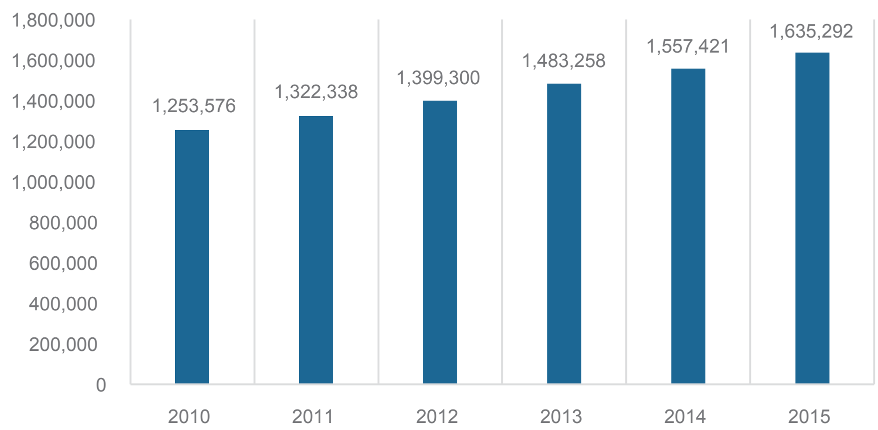
- Over the past five years, the Saudi preforms and bottles market has grown at a rate of 5.3% per year and 5.7% per year in volume (tonnage) and in value (SAR), respectively. Sales in 2015G were estimated to be 258,000 tonnes, valued at SAR 2.04 billion. Takween's sales have remained fairly constant over this period.
- GCC sales by volume have grown at 5.7% per year since 2010G to 383,200 tonnes or to SAR 3 billion ($820 million).
- MENA sales volumes have averaged 5.5% per year since 2010G to reach a value of about SAR 10.6 billion ($2.8 billion).
- Based on net imports of PET material and industry presentations, the Egyptian PET bottles market was estimated to be 92,000 tonnes (SAR 1 billion) in 2015G. PET bottles demand growth has been in line with manufacturing and beverage demand in the past few years, which reflects the weak economy and social turmoil. As PET resin plant commenced operations in 2014G, it consequently limited the imports of PET material.

FIGURE 6: KSA PET Preforms and Bottles Demand



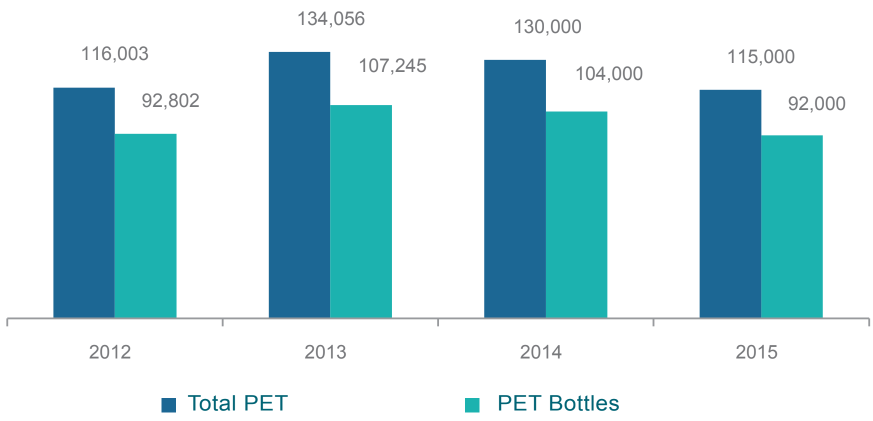
Source: Market Report prepared by ERAS

FIGURE 7: MENA PET Preforms and Bottles Demand



Source: Market Report prepared by ERAS

FIGURE 8: Egypt PET Bottles Demand (Tonne)



Source: Market Report prepared by ERAS

3-2-2 PET preforms, PET & HDPE bottles demand by segments

- The Saudi carbonated soft drinks, mineral water and juices fillers dominate PET bottle use, encompassing 76% of demand.
- Dairy products are the other large segment, accounting for 14% of demand.
- It is typical to achieve a demand growth of more than 5.5% per year and 4.5% per year for beverages and dairy products, respectively; on the other hand, other market segments' demands grew relatively slower.
- Based on discussions with industry sources, Egypt's PET bottle demand is heavily skewed towards water and soft drinks, which are driven by fillers with global brands. The start-up of the new EIPET plant should stimulate demand.

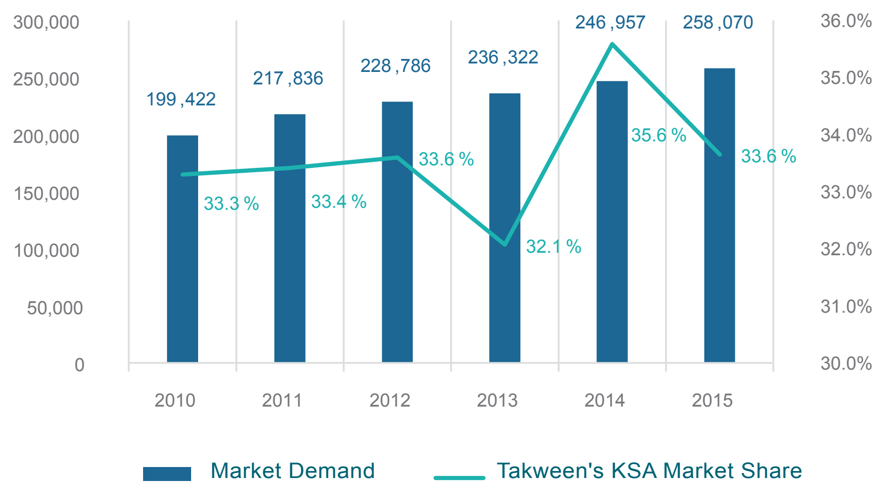
TABLE 6: KSA PET Preforms & PET and HDPE Bottles Main End-Use Sectors by Volume

KSA PET Preforms & PET and HDPE Bottles Main End-Use Sectors by Volume						
tons	2010G	2011G	2012G	2013G	2014G	2015G
Beverages (CSD, Water, Juices)	148,152	163,042	173,288	177,137	186,106	195,503
Dairy products	28,111	30,866	31,359	34,841	35,991	37,178
Other foods (edible oils, sauces & dressings, etc)	11,959	12,961	12,594	13,287	13,632	13,987
Home & Personal Care Products	8,163	7,976	8,396	8,400	8,518	8,637
Lube oils, Petrochemicals, other industrials	3,037	2,991	3,149	2,657	2,710	2,764
TOTAL	**199,422**	**217,836**	**228,786**	**236,322**	**246,957**	**258,070**

Source: Market Report prepared by ERAS

- Over the past five years, Takween has maintained a share of about a third of the Saudi market.

FIGURE 9: Takween's KSA Market Share-PET and HDPE Bottles (Tons)



Source: Market Report prepared by ERAS

3-2-3 Demand drivers for PET and HDPE bottles

Although PET and HDPE bottles and containers markets experience high growth rates, such markets are relatively mature. The demand growth drivers in Saudi Arabia, the GCC and the MENA region are related to sales activity across the broad range of food and beverages, retail, agricultural, and industrial sectors.

- While PET should continue to displace HDPE and PP bottles in the beverages sector, HDPE and PP will continue to displace glass, carton, aluminum and other metals in other applications. In the non-beverage markets where packaging spend per unit of product is lower – especially among smaller, local manufacturers of food and industrial products – HDPE and PP products have a cost as well as ease of handling appeal.
- Despite the maturity of the market, bottles and containers will continue to achieve demand growth that exceeds real GDP growth. This will be achieved by a relatively high population and its expected growth in the next decade – in particular, the formation of new households – as well as the continuing substitution of plastics for paper, glass and metals.

3-2-4 Competing products and substitutes – pet bottles

- Takween's Ultrapak preforms are sold directly to beverage and dairy fillers and thus competes directly with fillers who have integrated preform injection molding and filling operations.
- PET bottles compete with HDPE bottles as well as aluminum, glass and cartons in the beverages, food and personal care products markets. The advantages of PET bottles are its light weight, its translucency to attract the eyes of consumers, and the relatively competitive cost due to the local manufacturing and pricing of PET raw material.
- PET bottles dominate the large mineral water market – with some competition from HDPE bottles.
- PET bottles compete mainly with HDPE, glass, and cans in the carbonated soft drinks (CSD) market and with glass and cartons in the dairy and juices markets, where PET penetration rates are low (less than 20%) but nonetheless growing.
- In sum, PET bottles growth will continue to be boosted by substitution of other products in the beverages markets.

3-2-5 Competing products and substitutes – HDPE bottles

- The HDPE and PP bottles and containers compete with PET, glass, and cartons in the beverages, dairy, juices, food, and home and personal care markets.
- PET bottles will continue to displace HDPE and other plastic containers in the beverages market where translucent and lighter weight bottles are sufficiently important to justify the higher cost of PET compared with HDPE. However, HDPE containers will continue to achieve solid growth in the food, home care and industrial markets, where such properties are often less important and HDPE is a lower-cost material.
- In the lube oil and industrial markets, HDPE and PP containers compete with other plastic and metal containers, but the strength, weight and durability of plastics containers compared with metals are significant advantages, thus driving further substitution.

3-2-6 Supply side considerations and competition – PET preforms and bottles

The Saudi PET preforms and bottles market is competitive and well-balanced, without any serious concerns for the existing manufacturers.

- Barriers to entry are not significant as the technology for manufacturing is widely available. The major barrier is the capital cost of equipment but low cost investment finance from the SIDF and other sources even mitigate this obstacle. KSA has a 5% tariff on PET bottle imports but no quotas or other quantity limits as the local industry is globally competitive with local PET material coming from SABIC.
- The Saudi market has four major and a larger number of smaller manufacturers but none of them has a dominant position in the market. For manufacturers, plant efficiency and product flexibility are the main competitive factors as materials and labour costs are similar.
- Prices are determined by the market activity of the respective cost of the related-materials. This is evidenced by similar the prices among manufacturers. Prices are determined by:
  - The price of the PET raw material that is posted by SABIC and other suppliers;
  - A conversion factor to reflect the cost of transforming the raw material into the final product;
  - Contractual commitments by suppliers to buyers to realize efficiency gains / cost reductions over time; and
  - Freight and other transportation costs
- Current production capacity-utilization is at 75% – 80% with exports, implying that adequate spare capacity exists to stimulate competition and accommodate future growth over the next few years.

3-2-7 Supply side considerations and competition – HDPE bottles

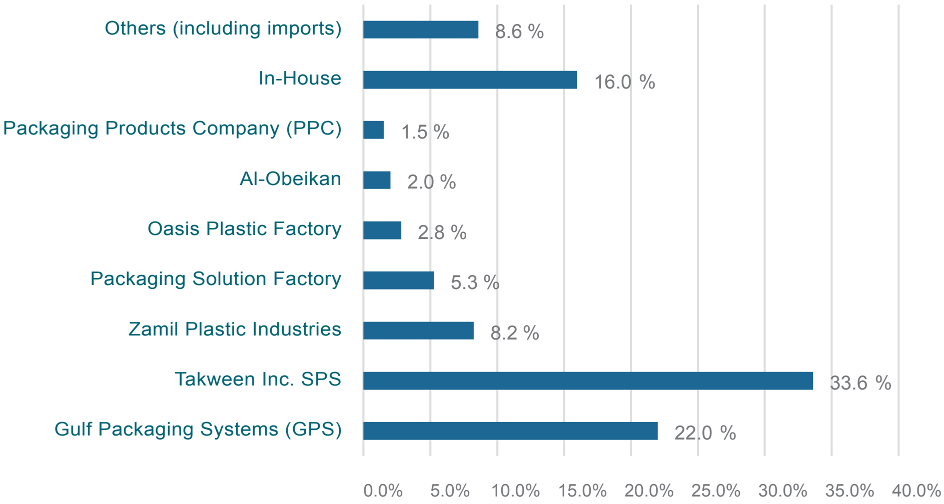
The Saudi and GCC HDPE and PET bottles and containers markets are now commoditized with strong competition, many small and medium-sized manufacturers and price sensitive buyers in the major market segments.

- As with PET, barriers to entry into HDPE bottles and containers are insignificant as the technology for manufacturing is long established and widely available. Many small and medium-sized manufacturers opt for lower cost blow molding equipment that cannot compete in the quality-end of the food and beverages and personal care segments of the packaging market;
- Production capacity-utilization in Saudi Arabia and the GCC currently runs between 70% and 75%, implying that a significant spare-capacity would stimulate competition on prices as well as volume. Also, profit margins cannot be squeezed much further without some shutdowns of less efficient capacity;
- Production costs have remained stable well, given the recent decline in plastics and energy prices, whereby plastics feedstock prices and competition among manufacturers to boost sales volumes all depend on said prices.

3-2-8 Analysis of pet and hdpe bottles competition

- The total market share of Tawkeen's SPS and Ultrapak companies is estimated to be 33.6%.
- Gulf Packaging Systems has a market share of about 22% and fillers with in-house integrated PET preform and bottle manufacturing have about 16% of the market. Some large-scale water bottles fillers, notably Al Manhal/ Nestle, Al Hana, Makkah and Fayha, have produced their own preforms and bottles for years.
- The remaining third of the market is distributed across smaller players and imports, as shown in the figure below.

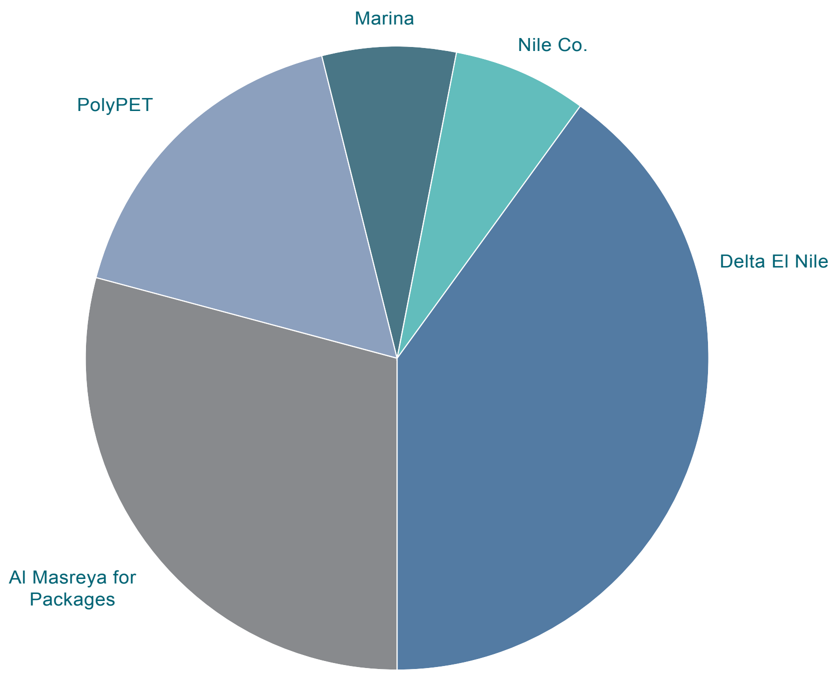
FIGURE 10: KSA Preforms and PET & HDPE Bottles Market Share



Source: Market Report prepared by ERAS

- The leading Egyptian manufacturers supply both PET preforms and bottles.
- The estimated market share of each is indicated in the graphic.
- Total production capacity is about 150,000 tonnes per year.

FIGURE 11: Egypt PET Preforms & Bottles Market Shares



Source: Market Report prepared by ERAS

- The Saudi preforms and PET & HDPE bottles manufacturers are operating at 75% – 80% of capacity, according to ERAS and IMES estimates. The PET preforms and bottles production capacity in Saudi Arabia is estimated to be 390,000 tonnes per year and is distributed as shown in the graphic.
- The current capacity-utilization and the low level of import relative to exports suggest that the Saudi market is well-balanced.

3-2-9 Takween's competitive strengths

- Takween's main competitive strength is its highly automated, state of the art blow molding and stretch blow molding machinery that allows it to adapt to the changing specification, size, and quality demands of its customers in the soft drinks, dairy and juices markets. This higher value segment is the target of Takween.
- The high performance, automatic machines have fewer moving parts and less maintenance and downtime, relative to the lower cost, lower specification machines. The machines also have faster cycle times, thus improving their operating efficiency, product turnaround time and cost profile.
- The advantages of high performance equipment are fewer in the lower specification HDPE and PP containers markets, where bulk shipments at low cost take precedence over container design, appearance and eye appeal. This highly competitive, bulk volume market segments is not the natural target for Takween.
- In addition to Takween's strengths in its highly automated, state of the art equipment, it has strong, long-standing relationships with its customers.
- The technology provides rapid cycle times, low reject rates, and product-flexibility that enables the company to achieve cost efficiency and control, while meeting the demands of its customers on high product quality.
- Takween has a competitive edge over many manufacturers in its capability to produce hot fill preforms for the juices industry. As the juices industry is increasingly adopting transparent PET packaging, hot fill products are preferred due to their longer shelf life at ambient temperature.
- The preform plants in KSA also have 35 PET preform lines, diverse mold types and cavities to create significant flexibility in catering to different bottle sizes and closures.

3-2-10 KSA supply and demand trends and outlook

From 2010G-2015G, The Saudi preforms and PET & HDPE bottles market grew at a compound average rate of 5.3% and 4.6% in volume (tonnage) and value (SAR), respectively. For 2016G-2020G, growth rate estimates are at 4.8% and 5.0% in volume (tonnage) and in value (SAR), respectively. The difference of growth rates is due to increasing products and materials (plastics) prices.

- The sales value of soft drinks PET bottles (including water, carbonated soft drinks and juice based products) has grown at an average rate of 4.9% per annum from 2010G-2015G, and is expected to grow at an average rate of 5.2% to 2020G.
- Sales of liquid dairy PET bottles, mostly laban and milks, have seen a strong growth rate of 4.5% from 2010G-2015G. This is forecasted to accelerate to an average growth rate of 4.8% by 2020G.
- Sales of other foods PET bottles are forecasted at 4.7% by 2020G, an increase on the previous five years due to increasing adoption of PET transparent containers.
- Sales of PET bottles for home and personal care products grew slowly over the past five years, and are not expected to accelerate significantly by 2020G.

TABLE 7: KSA PET Preforms & PET and HDPE Bottles Main End-Use Sectors by Volume

KSA PET Preforms & PET and HDPE Bottles Main End-Use Sectors by Volume						
tons	2015G	2016G	2017G	2018G	2019G	2020G
Beverages (CSD, Water, Juices)	195,503	205,670	216,364	227,615	239,451	251,903
Dairy products	37,178	38,851	40,600	42,427	44,336	46,331
Other foods (edible oils, sauces & dressings, etc)	13,987	14,407	14,839	15,284	15,742	16,215
Home & Personal Care Products	8,637	8,723	8,810	8,899	8,988	9,077
Lube oils, Petrochemicals, other industrials	2,764	2,792	2,820	2,848	2,877	2,905
TOTAL	**258,070**	**270,443**	**283,433**	**297,073**	**311,394**	**326,431**

Source: Market Report prepared by ERAS

TABLE 8: KSA PET Preforms & PET and HDPE Bottles Main End-Use Sectors by Value

KSA PET Preforms & PET and HDPE Bottles Main End-Use Sectors by Value						
SAR million	2015G	2016G	2017G	2018G	2019G	2020G
Beverages (CSD, Water, Juices)	1,563	1,644	1,730	1,820	1,914	2,014
Dairy products	296	310	325	341	357	374
Other foods (edible oils, sauces & dressings, etc)	112	117	123	129	135	141
Home & Personal Care Products	51	52	53	54	55	56
Lube oils, Petrochemicals, other industrials	20	20	21	21	22	22
TOTAL	**2,042**	**2,144**	**2,252**	**2,364**	**2,483**	**2,607**

Source: Market Report prepared by ERAS

3-2-11 Egypt supply and demand trends and outlook

- The combination of economic reforms and projected medium term growth approaching 5% per year would enable the PET bottles market to grow at a rate above real GDP.
- The completion of the Egyptian Indian PET Company (EIPET) PET resins plant should solve the feedstock supply shortages and stimulate demand for PET bottles.
- The PET bottles market has significant growth potential related to demographic and economic growth and as a substitute for glass and other polymers bottles.

TABLE 9: PET Bottles Demand Outlook

PET Bottles Demand Outlook	2015G	2016G	2017G	2018G	2019G	2020G	CAGR
Beverages	73,600	78,016	82,697	87,659	92,918	98,493	6.0%
Dairy	9,200	9,706	10,240	10,803	11,397	12,024	5.5%
Foods	6,440	6,891	7,373	7,889	8,442	9,032	7.0%
Other	2,760	2,870	2,985	3,105	3,229	3,358	4.0%
Total Tons	**92,000**	**97,483**	**103,295**	**109,456**	**115,986**	**112,908**	**6.0%**
Value SAR Million	**1,079**	**1,170**	**1,248**	**1,332**	**1,421**	**1,517**	**7.0%**

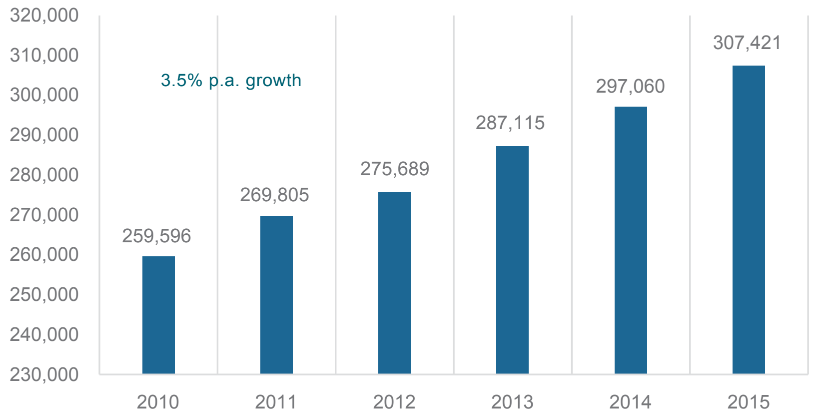
Source: Market Report prepared by ERAS

3-3 Flexible packaging

3-3-1 Demand for flexible packaging

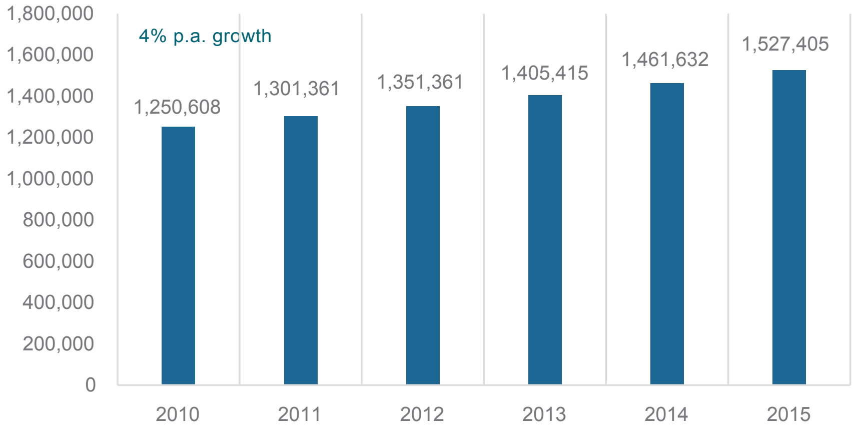
- Over the past five years, the Saudi flexible films market has grown at a rate of 3.5% per year and 4.0% in volume (tonnage) and in value (SAR), respectively. Sales in 2015G were estimated to be 307,421 tons, valued at SAR 2.4 billion. The slower growth of the Saudi flexible packaging market compared with the GCC and MENA reflects is maturity.
- GCC sales by volume have grown at 4.2% per year since 2010G to 382,589 tons or SAR 2.86 billion in 2015G.
- MENA sales volumes have averaged 4.0% per year since 2010G to reach 1.5 million tons by 2015G and a value of about SAR 11.5 billion.
- Egypt's packaging film demand is estimated at 101,000 tons (SAR 1.2 billion) in 2015G (compared with total polyethylene demand of 500,000 tons). From 2011G–2015G, demand annual growth rate has averaged 2.9% annual growth, slightly higher than annual average real GDP growth of 2.5%.

FIGURE 12: KSA Flexible Films Demand



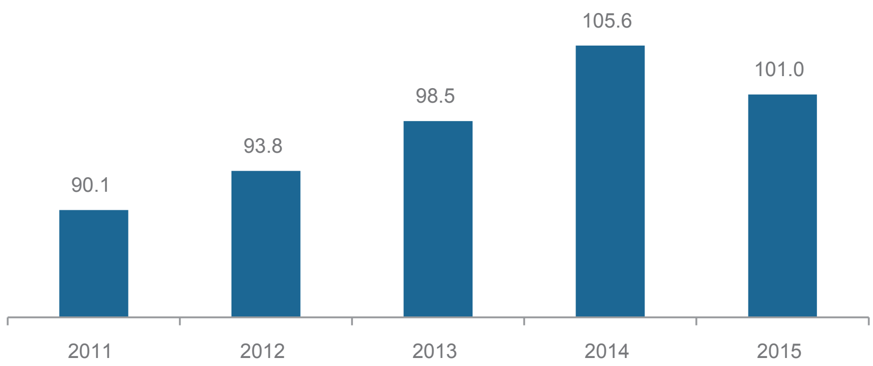
Source: Market Report prepared by ERAS

FIGURE 13: MENA Flexible Films Demand



Source: Market Report prepared by ERAS

FIGURE 14: Egypt packaging film demand ('000 tons)



Source: Market Report prepared by ERAS

3-3-2 Flexible packaging demand by segments

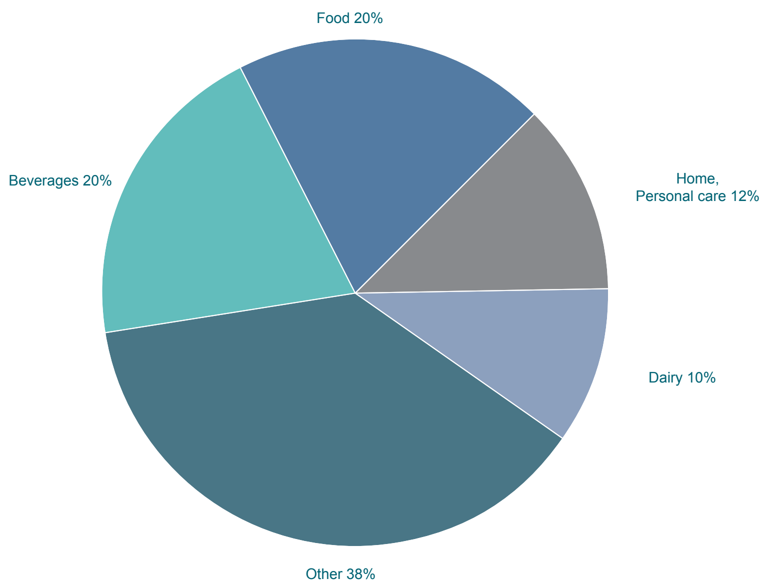
- From 2010G-2015G, the Saudi film and labels market grew at 3.4% and 4% in volume (tonnage) and in value (SAR), respectively.
- The widespread use of flexible packaging is mirrored in the chart that reveals no dominant end-use segment.
- The growth rate of the beverages market shows signs of reaching maturity; while the growth rates of the foods and home and personal care segments are considered above average.

TABLE 10: KSA Films & Labels Main End-Use Sectors by Volume

KSA Films & Labels Main End-Use Sectors by Volume							
Tons	2010G	2011G	2012G	2013G	2014G	2015G	CAGR 10-15
Beverages (CSD, Water, Juices)	57,112	59,357	60,652	60,295	61,395	62,515	1.8%
Dairy products	41,535	43,169	44,110	45,938	47,507	49,130	3.4%
Other foods (edible oils, sauces & dressings, etc)	46,727	48,565	52,381	54,552	57,441	60,484	5.3%
Home & Personal Care Products	33,747	35,074	38,596	40,196	42,609	45,166	6.0%
Lube oils, Petrochemicals, other industrials	80,475	83,640	79,950	86,134	88,107	90,126	2.3%
TOTAL	**259,596**	**269,805**	**275,689**	**287,115**	**297,060**	**307,421**	**3.4%**

Source: Market Report prepared by ERAS

FIGURE 15: Egypt Flexible Packaging Demand 2015G (Tons)



Source: Market Report prepared by ERAS

3-3-3 Demand drivers for flexible packaging

- The packaging film market demand growth drivers in Saudi Arabia, the GCC and the MENA region are related to sales activity across the food and beverages, retail, agricultural, and industrial sectors where packaging is required.
- As demand growth is related to such a wide range of sectors, significant sales fluctuations will be precluded.
- With this wide demand profile, it follows that packaging film growth will be related to general population and economic growth.
- While flexible packaging is a mature industry with limited risks of substitution (unlike paper and carton), relatively low polymers cost in the Saudi Arabia will improve plastics' market competition.
- The expected combination of high population growth and rising incomes should support continuing growth in flexible packaging in all market segments.

3-3-4 Competing products and substitutes

- The flexible film industry competes mainly with paper and card for the packaging and label markets.
- Sustainable growth objectives suggest that the packaging film industry will continue to be under pressure to reduce the environmental impact of film that accounts for between 25% and 45 % of thermoplastics use in middle and high income countries. The solution however will not be a return to paper, card and glass that have their own sustainability issues. The expected solutions will be:
  - Improving the strength and performance of packaging film polymers while reducing average end use weight;
  - Capturing and recycling films to reduce landfill and other waste streams.
- This suggests that substitution will be between polymers and manufacturers, with the higher performance equipment – such as Takween Packaging – will be in a stronger position to adapt to changing trends.

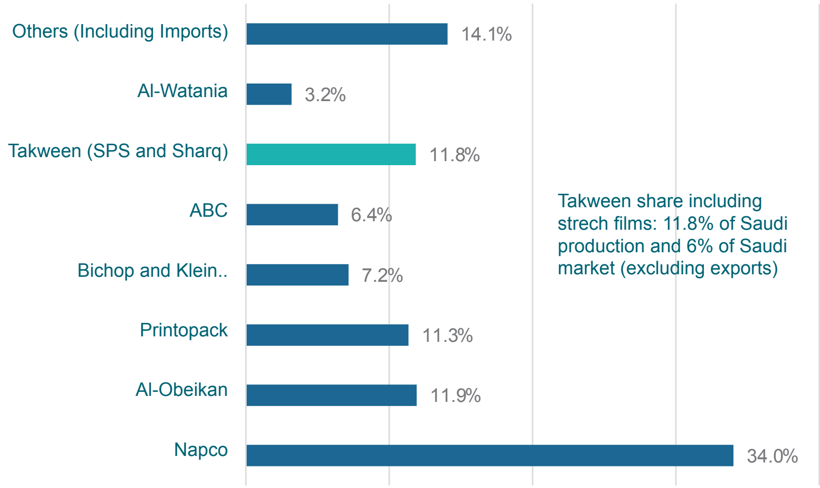
3-3-5 Supply side considerations and competition

- Saudi and GCC packaging film is a high-volume market with hundreds of manufacturers ranging from small factories to large, multi-plant producers with highly diversified product-offerings. In such a fragmented market, competition is fierce between the lower and higher-cost market segments. Furthermore, economies of scale are vital, which implies that manufacturers in Saudi Arabia and the GCC attempt to maximize their sales volumes and plant capacity-utilizations, even at the expense of lower unit-prices on products sold. In general, packaging sales are price-sensitive in the region. Also, The higher-value and the more specialized packaging films segments – notably shrink film – are less competitive and less price-sensitive than general packaging. Nevertheless, all segments are vulnerable to squeezes on margins during periods of slower demand growth.
- The performance and cost of extrusion and other packaging film plants vary significantly with the demands of customers. In general, however, barriers to entry into packaging films are not significant as the technology for manufacturing is widely available. The salient barrier is the capital cost of equipment that produces high cycle and quality products. Many small and medium-sized manufacturers opt for lower cost extruders and equipment that cannot compete in the quality end of the food and beverages and personal care segments of the packaging market.
- Current Saudi and GCC production capacity utilization are estimated to be 70% – 75%, which includes exports, implying significant spare capacity stimulates price and volume competition. Nevertheless, margins cannot be compressed much further, as materials and conversion costs need to be covered. Prices are related to plastic-feedstock costs and the competition among manufacturers to boost sales volumes. This is evidenced by similar product prices among manufacturers. Commodity film prices are lower in 2015G than in 2012G-2013G, but the decline has not been as steep as some other plastics market segments, thus reflecting the intractability (by manufacturers) to further reduce margins.

3-3-6 Analysis of competition

- The Saudi packaging market is fragmented, with only one local manufacturer having a share exceeding 15% of the total market.
- NAPCO is the largest Saudi player, with a diversified range of packaging products and an estimated market share of 34%.
- Tawkeen's share of the packaging films and labels market in 2015G is estimated to be 6% of sales in KSA and about 11.8% of Saudi production including exports. Shrink films account for over half of Takween's sales volume (54%), and are mainly exported.

FIGURE 16: Packaging Films and Labels Market share 2015G



Source: Market Report prepared by ERAS

FIGURE 17: Packaging market in Egypt

- Well over 100 companies compete in the flexible packaging market
- Total capacity is estimated at over 200,000 tons per year.
- Takween's market share is less than 2%.
- The major Egyptian players are:
  - Misr El-nour
  - Pako Hakim
  - Misr for packaging
  - Plast 80
  - Lashin Plastics
  - 5B International (Shrink film)
- None of these manufacturers are dominant, producing 3-10,000 t/y.

3-3-7 Takween's competitive strengths

- Takween's main competitive strengths are its highly automated, state-of-the-art equipment and strong, long-standing relationships with its customers.
- High-performance equipment enables Takween Packaging to adapt to the changing demands of the market, including polymers trends, film specifications and labelling. Unlike lower-performance machinery, changes in product-specifications can be made without compromising quality or paying heavy cost penalties. In high-volume and competitive markets – such as packaging films –, adaptability to product and cost trends is key to long term success.
- The company's entry into stretch-film packaging has provided a strong stimulus to its packaging films manufacturing and exports, and this bodes well for developing the local Saudi market for the product.

3-3-8 Films supply and demand trends and outlook

- From 2010G-2015G, the Saudi flexible films and labels market grew at a compound average rate of 3.4% and 4.0% in volume and value, respectively. For 2015G-2020G, the growth rate is expected to be 4.0% and 4.2% in volume and value, respectively. The difference is due to increasing product and materials (plastics) prices.
- With higher plastics prices and increasing disposable incomes, the market value of beverages and dairy products is projected to improve for the rest of this decade, as the Saudi economy returns to higher GNP growth post-2016G. Also, strong demographic growth is a key variable underpinning these market segments.
- Sales of flexible packaging in the other foods segment is also expected to increase as a result of the increasing trend of shopping in supermarkets.
- Sales growth in the home and personal care markets will continue to be robust, as spending on branding, packaging and labeling of local products are expected to increase.

TABLE 11: KSA Films & Labels Main End-Use Sectors by Volume

KSA Films & Labels Main End-Use Sectors by Volume							
tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR 15-20
Beverages (CSD, Water, Juices)	62,515	64,390	66,322	68,312	70,361	72,472	3.0%
Dairy products	49,130	50,604	52,122	53,685	55,296	56,955	3.0%
Other foods (edible oils, sauces & dressings, etc)	60,484	63,810	67,320	71,023	74,929	79,050	5.5%
Home & Personal Care Products	45,166	48,012	51,037	54,252	57,670	61,303	6.3%
Lube oils, Petrochemicals, other industrials	90,126	92,650	95,244	97,911	100,652	103,470	2.8%
TOTAL	**307,421**	**319,466**	**332,044**	**345,182**	**358,908**	**373,250**	**4.0%**

Source: Market Report prepared by ERAS

TABLE 12: KSA Films & Labels Main End-Use Sectors by Value

KSA Films & Labels Main End-Use Sectors by Value							
SAR millions	2015G	2016G	2017G	2018G	2019G	2020G	CAGR 15-20
Beverages (CSD, Water, Juices)	494	512	531	551	571	593	3.7%
Dairy products	376	393	411	429	448	469	4.5%
Other foods (edible oils, sauces & dressings, etc.)	447	478	510	545	582	621	6.8%
Home & Personal Care Products	330	352	376	401	428	456	6.7%
Lube oils, Petrochemicals, other industrials	676	702	728	756	785	815	3.8%
TOTAL	**2,403**	**2,437**	**2,556**	**2,682**	**2,814**	**2,953**	**4.2%**

Source: Market Report prepared by ERAS

Egypt

- Flexible packaging demand growth is related to overall economic growth, as it is used in the widest range of economic activities.
- Over the next few years, Egypt's GDP growth will accelerate between 4.5% and 5.0% per year according to estimates.
- It is possible to achieve an annual demand growth of 5.5% between 2015G and 2020G, which is in line with the average market conditions in the MENA, after taking into account the acceleration in growth over the next two years as well as the increase in the growth rate of the packaging market, relative to GDP.

TABLE 13: Egypt: Flexible Packaging Demand Outlook

Egypt: Flexible Packaging Demand Outlook							
000 Tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR
Beverages	20	21	23	24	26	27	6.0%
Dairy	10	11	11	12	12	13	4.5%
Foods	20	21	23	24	26	27	6.0%
Home, personal care	12	13	14	14	15	16	6.0%
Other	38	40	42	44	47	49	5.0%
Total	**101**	**107**	**112**	**119**	**125**	**132**	**5.5%**
Value SAR Million	**1,439**	**1,523**	**1,615**	**1,712**	**1,814**	**1,924**	**6.0%**

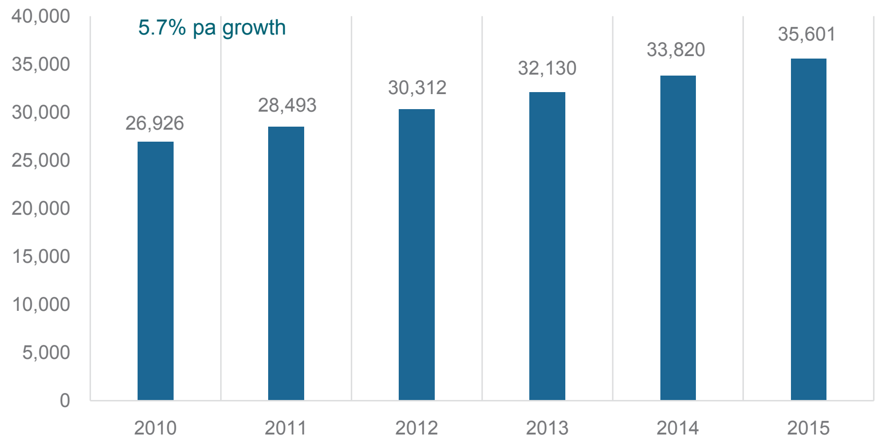
Source: Market Report prepared by ERAS

3-4 Caps and closures

3-4-1 Demand for caps and closures

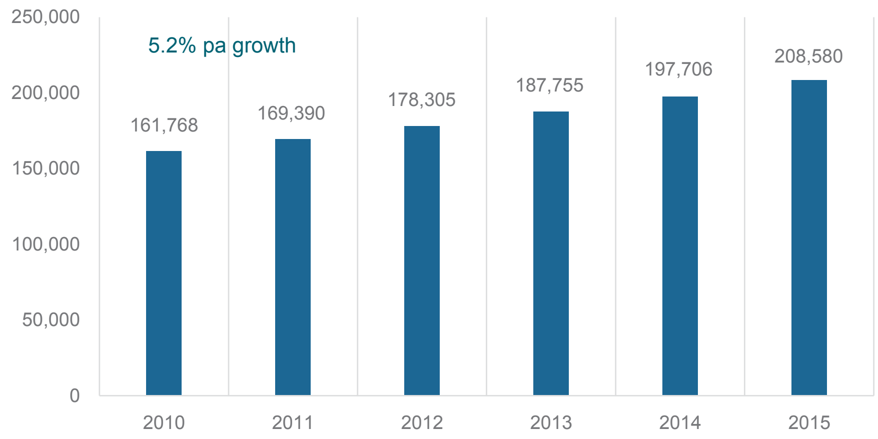
- Over the past five years, the Saudi caps and closures market has grown at a rate of 5.7% per year and 5.9% per year in terms of volume (tonnage) and value (SAR), respectively. Sales in 2015G were estimated to be 35,600 tonnes, valued at SAR 374 million. Saudi is the fastest-growing market in the MENA region with a robust local beverages and dairy industry.
- GCC sales have grown in volume by 5.1% per year since 2010G to 49,393 tonnes, or to SAR 461 million in 2015G.
- MENA sales' growth in volume has averaged 5.2% per year since 2010G to reach 208,580 tonnes in 2015G, valued to be SAR 2 billion.
- Egyptian demand for caps and closures in 2015G was estimated to be 11,500 tonnes, valued at SAR 303 million.

FIGURE 18: KSA Caps & Closures Demand



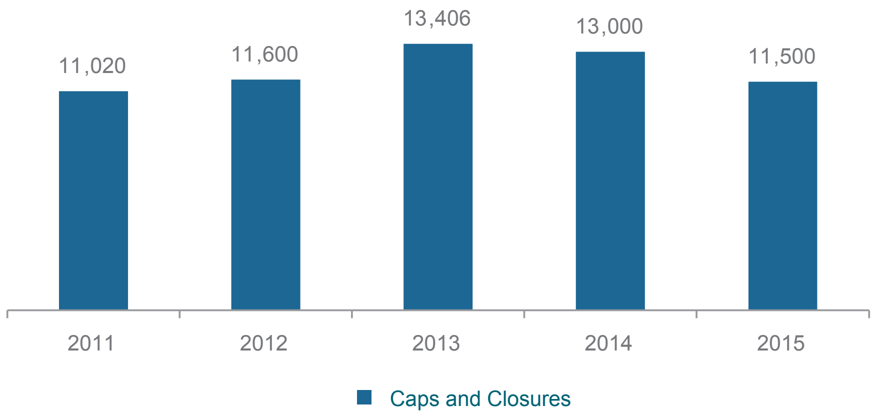
Source: Market Report prepared by ERAS

FIGURE 19: MENA Caps & Closures Demand



Source: Market Report prepared by ERAS

FIGURE 20: Egypt Caps and Closures Demand



Source: Market Report prepared by ERAS

3-4-2 Caps and closures demand by segments

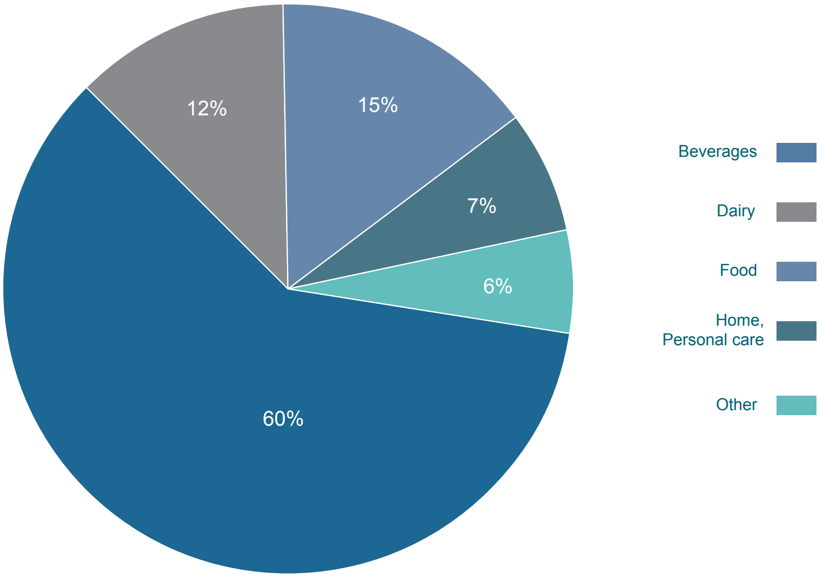
- Over 70% of Saudi caps and closures sales are attributed to the beverages and dairy industry.
- Sales of the beverages, dairy and food segments, by value, all achieved growth rates of over 5% per year since 2010G.
- On average, unit prices have been relatively stable over the 2010G–2015G period, in spite of lower plastics prices, which reflects a shift to higher value products.

TABLE 14: KSA Caps & Closures Main End-Use Sectors by Volume

KSA Caps & Closures Main End-Use Sectors by Volume							
Tons	2010G	2011G	2012G	2013G	2014G	2015G	CAGR 10-15
Beverages (CSD, Water, Juices)	14,271	15,386	16,520	17,672	18,732	19,856	6.8%
Dairy products	4,389	4,559	4,850	5,141	5,393	5,657	5.2%
Other foods (edible oils, sauces & dressings, etc)	3,096	3,134	3,334	3,534	3,693	3,859	4.5%
Home & Personal Care Products	1,939	1,995	2,122	2,249	2,361	2,480	5.0%
Lube oils, Petrochemicals, other industrials	3,231	3,419	3,486	3,534	3,640	3,749	3.0%
TOTAL	**26,926**	**28,493**	**30,312**	**32,130**	**33,820**	**35,601**	**5.7%**

Source: Market Report prepared by ERAS

FIGURE 21: Egypt Caps and Closures Demand 2015G, Tons.



Source: Market Report prepared by ERAS

TABLE 15: Egypt Caps and Closures Demand 2015G, Tons

Tons	2011G	2012G	2013G	2014G	2015G
Beverages	6612	6960	8043	7800	6900
Dairy	1322	1392	1609	1560	1380
Foods	1653	1740	2011	1950	1725
Home, personal care	771	812	938	910	805
Other	661	696	804	780	690
Total	**11020**	**11600**	**13406**	**13000**	**11500**
Value SAR Million	**198**	**210**	**276**	**292**	**303**

Source: Market Report prepared by ERAS

3-4-3 Demand drivers

- The caps and closures market demand growth drivers in Saudi Arabia, the GCC and the MENA region are mainly related to bottle and containers sales to the beverages, dairy, food and personal care sectors. These higher-value sectors are more sensitive to packaging quality, including the caps and closures, and its appeal to the consumer, relative to many other retail and industrial markets.
- As Takween targets these higher-value market segments, the key demand drivers are population and household formation growth and increasing disposable incomes that are correlated with changing tastes for beverages, food and personal care products.
- Caps and closures are a component of the marketing appeal of bottles and containers. As such, the Saudi and MENA markets are continuing to evolve with higher incomes, and, in turn, higher tastes.
- In addition to demographic and income trends, more frequent changes in caps and closures designs will drive the growth of this market, in order to enhance customer appeal.

3-4-4 Competing products and substitutes

- The plastics caps and closures products compete with aluminium pull-top openers and carton openers in the major end-use sectors of beverages, dairy, food and personal care products.
- The main competition for Takween's plastic caps and closures is not from other materials, but from other plastics manufacturers with different designs, product qualities and performance characteristics on their closures. In the beverages, food and personal care markets, customer appeal and other qualitative differences in caps and closures is more important than many other market segments, where branding and marketing expenditures per unit are less intensive.
- This competition is driven by the quality and adaptability of the manufacturing equipment and strong communication with customers as well as cost considerations. These are areas that Takween has invested to own.

3-4-5 Supply side considerations and competition

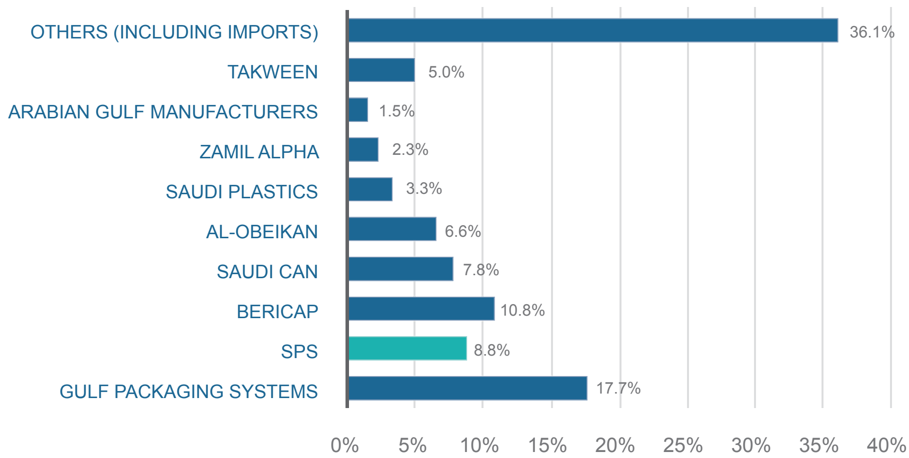
The Saudi caps and closures market is highly competitive as well as fragmented, with no dominating manufacturers and a surplus of production capacity that exerts strong pressure on sales margins. Higher-value market segments, such as carbonated beverages and dairy products, still have solid growth potential in the region.

- Barriers to entry into caps and closures are not significant, as the technology for manufacturing is widely available. However, the more discerning buyers (e.g., carbonated drinks buyers) require product approvals for one-piece products that are lighter and require higher performance machinery. The majority of small and medium-sized manufacturers, with lower-cost plants, will not achieve approvals in the higher-value segments, as they lack the know-how and the higher performance plants to compete.
- Current Saudi and GCC production capacity-utilization is estimated to be 70% to 75% (including exports), implying significant spare-capacity that would competition on prices and volume. Nevertheless, margins cannot be compressed much further, as materials and conversion costs need to be covered.
- Prices depend on plastics feedstock prices and competition among manufacturers to boost sales volumes. This is evidenced by similar product-pricing among manufacturers. Caps and closures prices are lower in 2015G than in 2010G-2013G.

3-4-6 Analysis of competition in KSA

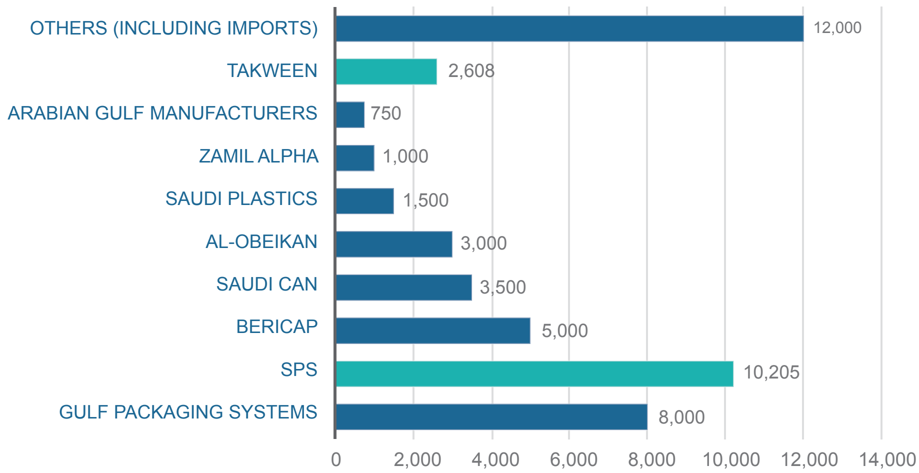
- The Saudi caps and closures market is fragmented, with Takween's SPS and Takween Packaging (formerly Plastico) having a combined 27% share of production capacity and an estimated 23% local market share (excluding exports). Gulf Packaging is the only other manufacturer with a market share of over 11%.
- However, the largest manufacturers tend to specialize in market segments.
  - SPS is the largest supplier in the dairy market, accounting for over 40% of sales in this segment.
  - GPS and Bericap concentrate in the beverages segment and have more than 40% of sales of this market.
  - A large number of small-scale producers provide customized products for particular food applications.

FIGURE 22: KSA Caps and Closures market share in 2015G, Tons



Source: Market Report prepared by ERAS

FIGURE 23: Caps and Closures production Capacity 2015G (Tons)



Source: Market Report prepared by ERAS

- The Saudi caps and closures manufacturers are operating at about 75% of capacity, according to ERAS and IMES estimates. The total production capacity in Saudi Arabia is estimated to be 47,563 tonnes per year, as distributed in the graph above.
- The availability of spare capacity implies that new investment is not required in the next few years, and the competitive landscape will keep the pressure on margins.
- In Egypt, none of the manufacturers are dominant suppliers. Imports still account for as much as 50% of the market. Local production capacity is about 20,000 tonnes/year, hence implying capacity use of about 60%.

3-4-7 Takween's competitive strengths

Takween's main competitive strengths are:

- Highly automated, state-of-the-art equipment and manufacturing capabilities to meet the requirements of the higher-value, quality-demanding customers;
- Processing capabilities that allow for manufacturing lighter, one-piece caps, which are favoured by beverages fillers with international brands;
- Strong and established supplier-relationships with its dairy customers that enable it to respond quickly to product and market changes; and
- Experience and success in marketing to higher-value export markets.

3-4-8 KSA caps and closures supply and demand trends and outlook

From 2010G-2015G, the Saudi caps and closures market grew at a compound average rate of 5.7% and 5.9% in volume and in value, respectively. For 2015G-2020G, similar rates of growth are expected.

- The beverage and dairy sectors will continue to drive demand growth in the caps and closures market segment and foods and personal products. Further, the home-care segment will not lag far behind.
- After 2016G, product prices are projected to improve as a result of improving materials prices.

TABLE 16: KSA Caps & Closures Main End-Use Sectors by Volume

KSA Caps & Closures Main End-Use Sectors by Volume							
tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR 15-20
Beverages (CSD, Water, Juices)	19,856	21,147	22,521	23,985	25,544	27,205	6.5%
Dairy products	5,657	5,940	6,237	6,549	6,876	7,220	5.0%
Other foods (edible oils, sauces & dressings, etc)	3,859	4,025	4,198	4,379	4,567	4,763	4.3%
Home & Personal Care Products	2,480	2,599	2,723	2,854	2,991	3,135	4.8%
Lube oils, Petrochemicals, other industrials	3,749	3,862	3,978	4,097	4,220	4,346	3.0%
TOTAL	**35,601**	**37,572**	**39,658**	**41,864**	**44,199**	**46,669**	**5.6%**

Source: Market Report prepared by ERAS

3-4-9 Egypt caps and closures supply and demand trends and outlook

- Caps and closures demand growth is strongly correlated with beverages, foods and personal-care products and overall economic growth.
- From 2015G-2020G, annual average growth rates are estimated to be 6% and 6.6% in volume and in value, respectively. Also, Fredonia market analysts expect that the world market to grow around 5% per year in volume terms. If Egypt experiences economic growth close to 5% per year in the medium term, then forecasts could prove too low.
- The outlook is for the market to increasingly adopt lighter one-piece caps, which are popular with carbonated soft drinks fillers. Such driver favours manufacturers with state-of-the-art processing.

TABLE 17: Egypt: Caps and Closures Demand:

Egypt: Caps and Closures Demand							
Tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR 15-20
Beverages	6,900	7,349	7,826	8,335	8,877	9,454	6.5%
Dairy	1,380	1,449	1,521	1,598	1,677	1,761	5.0%
Foods	1,725	1,837	1,957	2,084	2,219	2,363	6.5%
Home, personal care	805	861	922	986	1,055	1,129	7.0%
Other	690	725	761	799	839	881	5.0%
Total	**11,500**	**12,185**	**12,912**	**13,682**	**14,498**	**15,363**	**6.0%**
Value SAR Million	**303**	**321**	**342**	**365**	**390**	**416**	**6.6%**

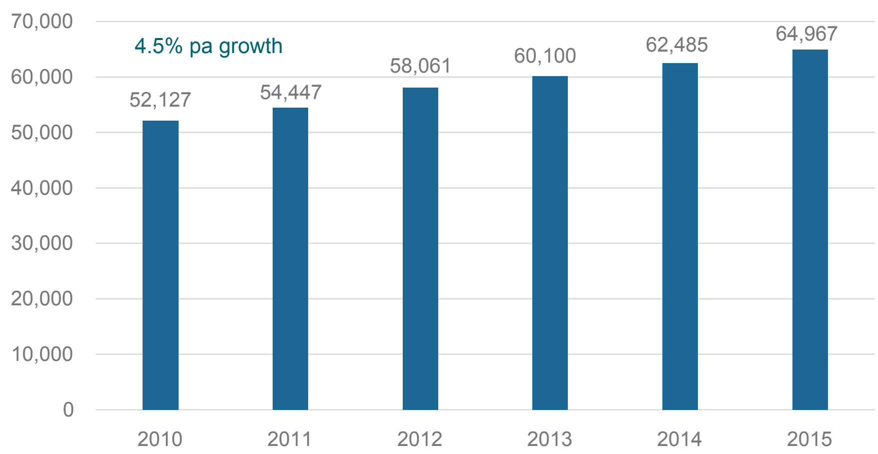
Source: Market Report prepared by ERAS

3-5 Thin walled containers (TWC)

3-5-1 Demand for TWC (including In-Mould Labelling, IML)

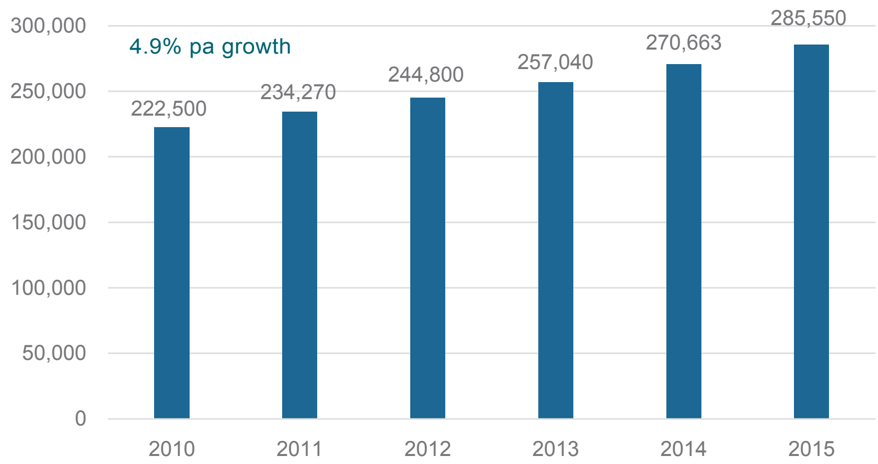
- From 2010G-2015G, the Saudi market for thin-walled cups and containers expanded at an annual average rate of 4.5% and 4.3% in volume and in value, respectively. The difference is due to weaker prices.
- Similarly, in the rest of GCC, from 2010G-2015G, sales expanded at a rate of 4.6% per annum, but prices held up better due to less local competition in manufacturing than in KSA.
- The growth rate of MENA was 4.9% in volume terms over the 2010G-15 period, and this, in part, reflects less competition for higher valued cups and container products in lower-income markets.
- In light of its meager growth rates, the Egyptian market is now considered smaller than the Saudi market.

FIGURE 24: KSA Thin Walled Containers Demand



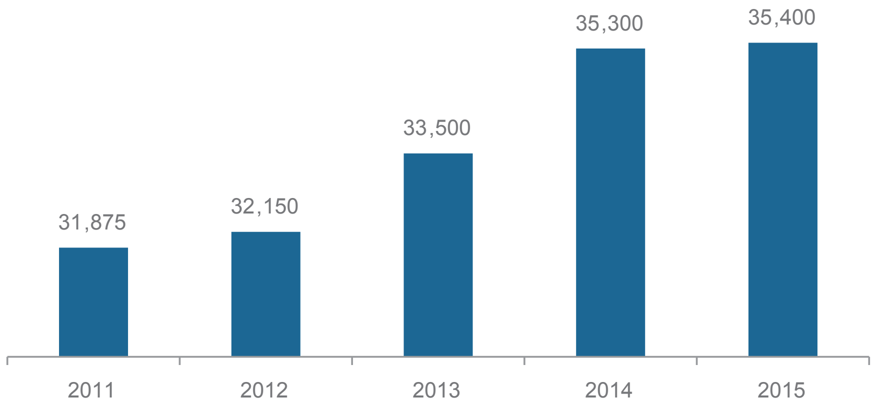
Source: Market Report prepared by ERAS

FIGURE 25: MENA Thin Walled Containers Demand



Source: Market Report prepared by ERAS

FIGURE 26: Egypt TWC & IML Demand (Tons)



Source: Market Report prepared by ERAS

3-5-2 TWC demand by segments

- Over 80% of Saudi caps and closures sales attribute to the dairy industry, namely yogurt, laban, cottage cheese and other similar food containers. Growth has averaged at about 4% per year since 2010G.
- KSA sales to other food industries, including cups, lids, trays and containers, account for about 10% of the market. Growth has been slower in the past few years due to slower growth in disposable incomes.
- KSA sales in the medical and retail industries have grown rapidly and account for the other 9% of the market.

TABLE 18: KSA TWC & IML Containers Market Volume

KSA TWC & IML Containers Market Volume								
Tons	2010G	2011G	2012G	2013G	2014G	2015G	2020G	CAGR '10-15
Dairy products	43,583	46,804	46,147	47,939	50,880	52,917	66,261	4.0%
Other foods (edible oils, sauces & dressings, etc)	5,494	5,523	5,814	5,811	6,055	6,309	7,676	2.8%
Medical and other	3,050	2,120	6,100	6,350	5,550	5,740	7,187	13.5%
TOTAL	**52,127**	**54,447**	**58,061**	**60,100**	**62,485**	**64,967**	**81,124**	**4.5%**

Source: Market Report prepared by ERAS

3-5-3 TWC demand drivers

The thin-walled containers' market demand in Saudi Arabia and the MENA is driven by growth in dairy foods and, to a lesser extent, other food containers, and medical and other retail products.

- Demographic and economic growths are key intermediary factors in sustaining growth.
- The low cost of thin-walled containers, relative to other plastic containers, will continue to drive demand in the disposable (non-recyclable) containers market.
- The light weight of these containers and their ability to accommodate in-mold labeling are competitive advantages over other containers. Thus, thin-walled containers will continue to be substituted for competing packaging and achieve a higher rate of growth.

3-5-4 TWC Competing products and substitutes

Disposable thin-walled containers compete with other plastic cups and containers, glass and cartons in the dairy and food markets.

Thin-walled thermoformed containers compete with injection-molded products, and thermoforming is considered the dominant process, based on unit-cost and performance of products.

Takween's containers compete with other thermoformed designs and labelling; knowing that such labelling is not in-mold, but a separate label attached to the container. Few manufacturers in KSA and MENA have the capability to produce in-mold containers. The majority of manufacturers make proprietary products that compete on design, performance, quality, consumer appeal, and cost.

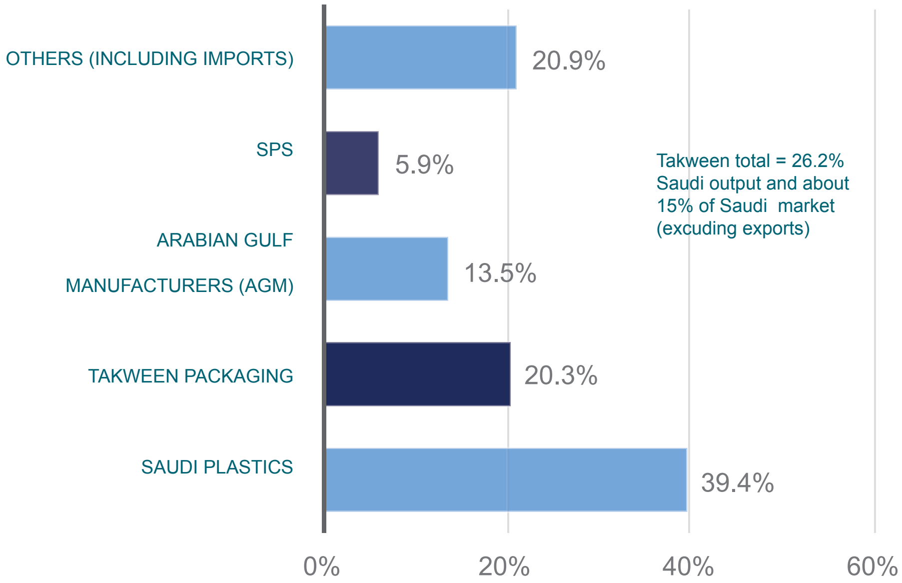
3-5-5 TWC Supply side considerations and competition

- The thin-walled container market is mature and is considered to be a commodity business, with low barriers to entry. The capital and operating costs of thermoforming are relatively low, and this has encouraged a multiplicity of small and medium-sized companies to enter the market.
- Nevertheless, the market is concentrated on the dairy segment as well as on two major manufacturers who are more able to provide in-mold labeling and higher quality products than the many smaller players. Investment in the latest generation of thermoforming equipment using computer, electronic and electro-mechanical technology allows the largest players to achieve exceptionally high cycle rates and levels of precision and repeatability that are unmatched by most manufacturers in MENA.
- Third-party sales are made directly to the dairy and food company buyers, so labels can be imprinted on the container. In-mold labels are a key product differentiator in the higher-value end of the market as the containers have a stronger visual appeal.

3-5-6 TWC Analysis of competition

- The Saudi thin-walled containers market is concentrated with two large players, accounting for 66% of the market (Saudi Plastics and Takween's two companies) with over 100 small players are in the market.
- Saudi Plastics is the largest manufacturer with about a 40% share in 2015G.
- Takween's SPS and Takween Packaging (formerly Plastico) combined had a 26.2% share of Saudi production and about 15% of the sales in local market in 2015G, and Takween Packaging alone had a 20% share of Saudi production.
- The Saudi thin-walled containers manufacturers are operating at about 68% of capacity, according to ERAS and IMES estimates.
- The availability of spare capacity implies that new investment is not required in the next few years, and the competitive landscape will keep the pressure on margins.

FIGURE 27: Thin Walled Market Share 2015G



Source: Market Report prepared by ERAS

EGYPT

- NMP is one of the few manufacturers of IML in Egypt, which puts it at an advantage in the high-value market segment.
- In 2015G, NMP was estimated to have a market share of 18% of the Egyptian TWC market by value.
- The production capacity of the total market is estimated to be 55,000 tonnes, implying capacity-utilization of 64%.

3-5-7 Takween's competitive strengths

- Product-quality is an important differentiator in the Saudi thin-walled containers market. Smaller players rarely have in-mold labeling technology, and the quality control of the larger producers like Saudi Plastics Co. and Takween – the two market leaders – to suit the more-demanding, large food-and-dairy producers who dominate this market.

Takween's main competitive strengths are:

- High specification vacuum and pressure thermoforming machines that allow it to achieve high tolerance, tight specifications and great focus to details to meet the demands of the dairy customers. The machines are part of a new generation of thermoforming equipment that makes extensive use of the latest computer, electronic and electro-mechanical technology to achieve exceptionally high cycle rates and levels of precision and repeatability that are not achieved by more conventional machines found in the MENA area.
- Tooling capabilities. An integral part of the thermoforming process is the tooling, which is specific to each part that is to be produced. Takween's investments in high performance equipment and collaboration with dairy customers enable it to meet exacting product specifications.
- Quality control that allows the Company to achieve low product rejection rates and wastage, compared with the industry standard.
- Vertical integration with the NADA dairy company.

3-5-8 KSA TWC supply and demand trends and outlook

- The Saudi thin-walled containers market is closely associated with dairy product demand growth and this segment of the food market continues to expand at a higher rate than GDP.
- With Saudi GDP growth expected to recover to the 4% per year levels after 2016G, the dairy and the associated thin-walled containers market should achieve average annual growth of 4.6% per year or higher for the coming five years.
- Higher demand growth will reduce spare-capacity, in addition to higher expected plastics prices, should allow product prices to increase modestly in the next few years.

TABLE 19: KSA TWC & IML Containers Market volume

KSA TWC & IML Containers Market Volume							
tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR '15-20
Dairy products	52,917	55,351	57,898	60,561	63,347	66,261	4.6%
Other foods (edible oils, sauces & dressings, etc)	6,309	6,562	6,824	7,097	7,381	7,676	4.0%
Medical and other	5,740	6,004	6,280	6,569	6,871	7,187	4.6%
TOTAL	**64,967**	**67,917**	**71,002**	**74,227**	**77,599**	**81,124**	**4.5%**

Source: Market Report prepared by ERAS

- From 2015G-2020G, the Egyptian market is projected to grow at 5.2% and 7.3% in volume and value, respectively, in view of the accelerating demand on IML as well as the economic progress.

TABLE 20: Egypt: Thin Walled Containers and In-Mould Labels Demand

Egypt: Thin Walled Containers and In-Mould Labels Demand							
Tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR 15-20
Beverages	0	0	0	0	0	0	0.0%
Dairy	26,550	27,878	29,271	30,735	32,272	33,885	5.0%
Foods	5,310	5,655	6,023	6,414	6,831	7,275	6.5%
Home, personal care	0	0	0	0	0	0	0.0%
Other	3,540	3,717	3,903	4,098	4,303	4,518	5.0%
Total	**35,400**	**37,250**	**39,197**	**41,247**	**43,406**	**45,678**	**5.2%**
Value SAR Million	**354**	**382**	**408**	**437**	**469**	**502**	**7.3%**

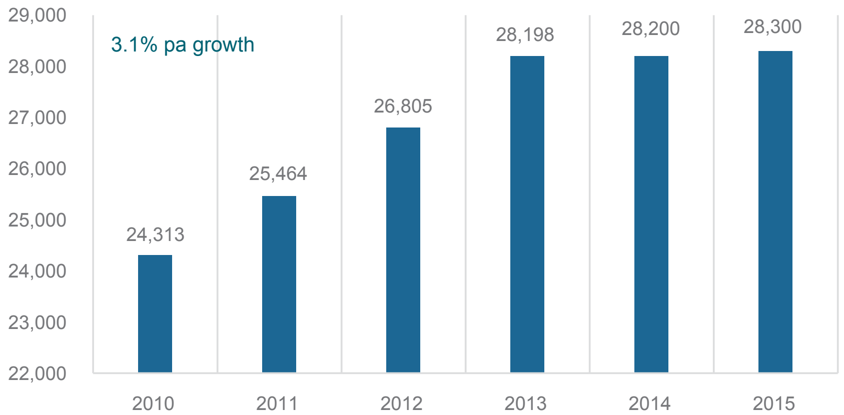
Source: Market Report prepared by ERAS

3-6 Crates, Pallets and Drums

3-6-1 Demand for PE drums

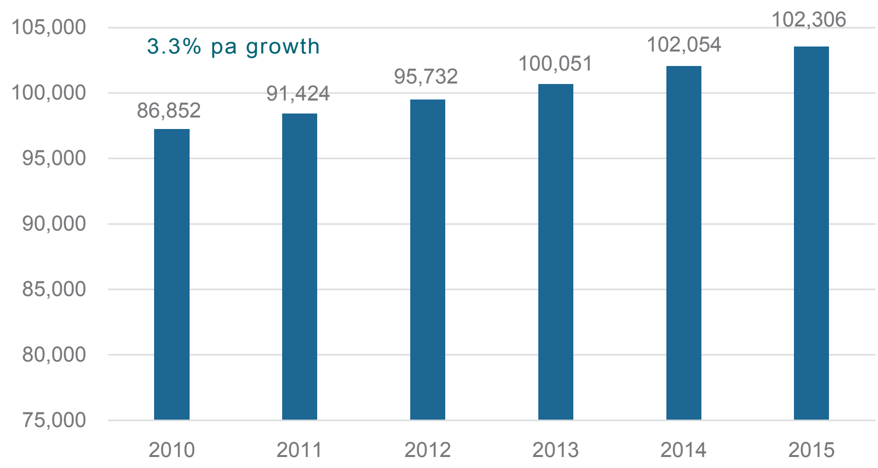
- From 2010G-2015G, the Saudi market for polyethylene drum grew, in volume, at an average rate of 3.1% per year, compared with expectations of growth of close to 5% per year (source: IMES, Euromonitor reports). The slowdown of oil and chemical market activity in 2014G-2015G was the major factor.
- From 2010G-2015G, GCC sales volume grew at 3.4% per year, due to the decrease in the oil and chemicals market activity.
- From 2010G-2015G, MENA sales volume grew at 3.3%. (Source: NMP Egypt does not manufacture drums).
- While PE prices were weak, no significant shifts from metal to PE drums occurred, due, in part, to the decrease in metals prices.

FIGURE 28: KSA PE Drums Demand



Source: Market Report prepared by ERAS

FIGURE 29: MENA PE Drums Demand

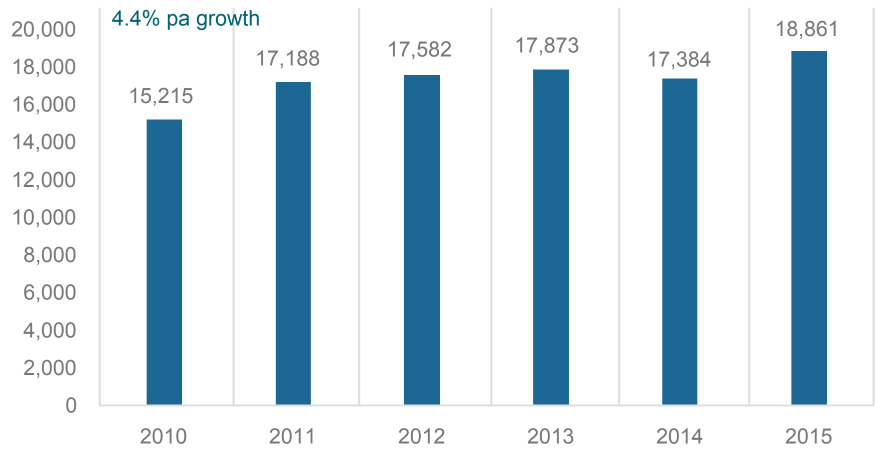


Source: Market Report prepared by ERAS

3-6-2 Demand for plastic crates and pallets

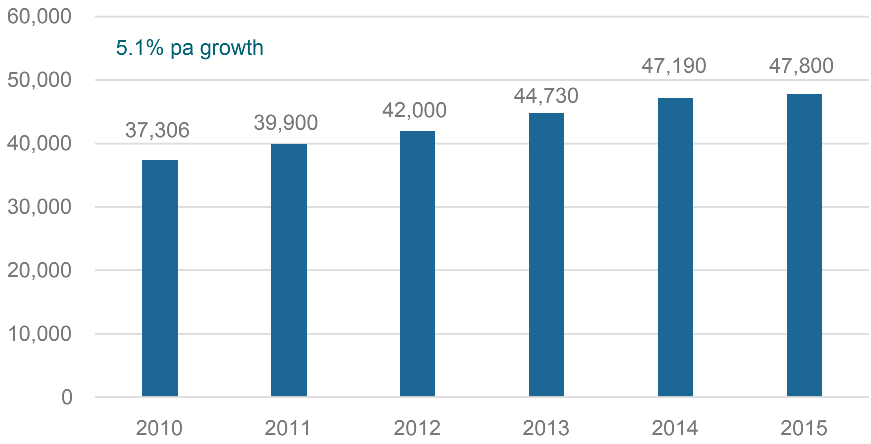
- From 2010G-2015G, the Saudi market for crates and pallets grew at an annual average rate of 4.4% and 4.2% in terms of volume and value, respectively. The difference was due to weaker prices. Over the last three years, demand has been relatively stagnant.
- From 2010G-2015G, GCC sales expanded at 5.0% per year.
- Over the 2010G-2015G period, MENA sales volume grew at 5.1% per year.

FIGURE 30: KSA Crates & Pallets Demand



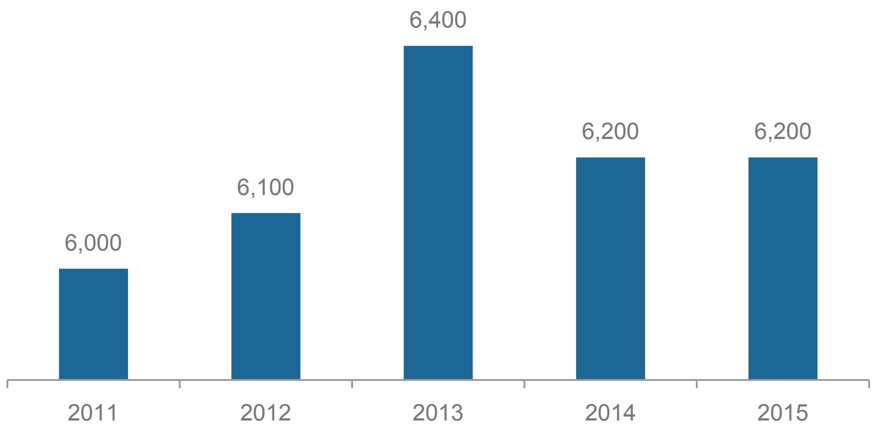
Source: Market Report prepared by ERAS

FIGURE 31: MENA Crates & Pallets Demand



Source: Market Report prepared by ERAS

FIGURE 32: Egypt Crates and Pallet Demand (Tons)



Source: Market Report prepared by ERAS

- Crates and pallets are used extensively in the supply chain of food and beverages, retail and industrial products. As such, these products are not considered packaging materials, but categorized as part of logistics.
- PE drums are used mainly in the chemicals, lube oils, and water industries.

3-6-3 Demand drivers for crates, pallets and drums

The demand drivers for plastic pallets and crates are:

- Continuing consumer and industrial spending related to demographic and economic growth; combined with
- Increasing demand for plastics to displace wood materials, this is due to its longer life cycle, ease of product branding/labelling as well as health and safety reasons.

The risks of wood fractures, splintering and contamination from insects and spore are eliminated when plastic pallets and crates are used instead.

The demand drivers for plastic drums are similar and are related to consumer and industrial spending growth and increasing demand for lighter, longer-lasting containers that offer superior branding/labelling opportunities.

3-6-4 Competing products and substitutes

- When used in a secure closed loop system, reusable plastic pallets are the sustainable alternative to wood, metal, and paperboard pallets. Consistent dimensions, four-way entry and no loose fasteners or splinters make the reusable plastic pallets ideal for automated systems and production areas that require clean environments.
- In the crates and pallets market, the main materials competition comes from wood. While cheaper, wood crates and pallets have the disadvantages of a shorter life-cycle, less effective in branding and increased risks of insect infestation, which would contaminate food products.
- The alternative to plastic drums is metal containers. The key competitive drivers for choosing plastic over metal drums are relative cost, lifetime, weight, durability and ease of handling in the application area.

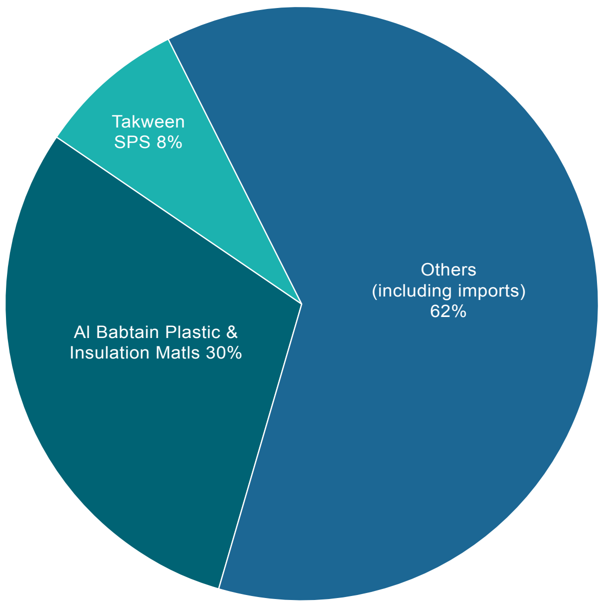
3-6-5 Supply side considerations and competition

- Plastic crates, pallets and drums are not capital-intensive or knowledge-based industries, and no significant barriers to entry exist in any of the respective product segments. Furthermore, these are commodity products that have no areas of quality-differentiation between suppliers.
- In addition to numerous local manufacturers, import competition is significant in all of these product lines, so the market is highly competitive and subject to price-cutting when demand weakens. Such a price behavior has been evident in Saudi Arabia and the GCC over the past couple of years.
- The key competitive drivers for the products are unit-price, expected lifetime, design and appeal, durability and ease of handling in the application areas.
- Recycled plastic is growing as a lower cost source of raw material, especially in the pallets and crates market segments.

3-6-6 Analysis of competition

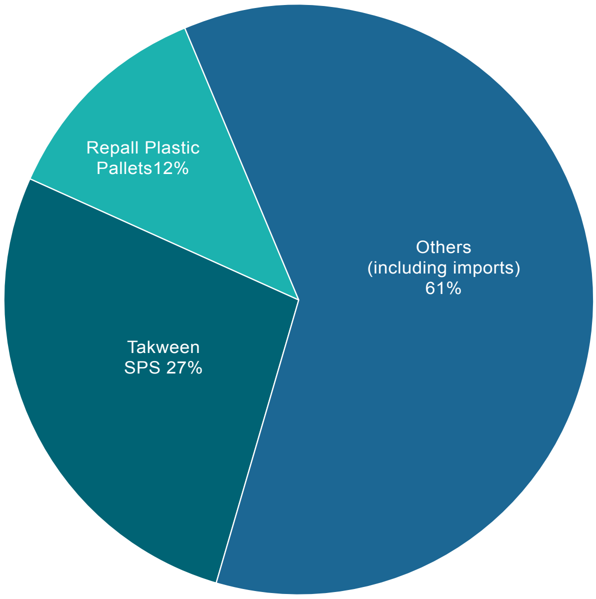
- Saudi polyethylene drums manufacturing is well-established and competes with Asian imports on quality and price. Al Babtain is the largest local manufacturer with about 30% of the market, and Takween's share (SPS) is about 8%. The remaining 62% of supply comes mainly from Asian imports and smaller local producers. The market currently is over-supplied.
- Saudi crates and pallets manufacturing is also well established as the products are used extensively in food, retail and industrial products logistics. Takween (SPS) is the largest player with a market share estimated at 27%, followed by Repall Plastic Pallets that specializes in this area and in recycling. Over 60% of sales come from imports and many smaller local manufacturers.

FIGURE 33: KSA PE Drums market 2015G



Source: Market Report prepared by ERAS

FIGURE 34: KSA crates and pallets market 2015G



Source: Market Report prepared by ERAS

- The current capacity-utilization in KSA is estimated at less than 65%, and the current utilization rate is less than 70%.
- The availability of spare-capacity implies that new investment is not required in the next few years, and the competitive landscape will keep the pressure on margins.

Egypt: there are some 100 small manufacturers of rigid, crate plastic pallets. Some of the leading manufacturers are Al Zahraa Containers, Al Masreya Plastics, NatPack and NMP (Takween).

3-6-7 Takween's competitive strengths

The main competitive strengths of Takween in the plastic pallets and crates market are its vertical integration with other manufacturers in its own group, and its investments in product-design as well as a high-performance manufacturing plant that can conform to product specifications. Such a high-performance plant minimizes product cycle-times, which translates into more competitive unit-costs and product-quality.

The competitive strengths of the PE drum business are similar: plant-efficiency and quality-control in a competitive market environment.

3-6-8 KSA crates, pallets & drums supply and demand trends and outlook

- The outlook for the Saudi crates and pallets market is for it to grow at a slightly higher rate than the GDP by 2020G, as it will continue to substitute for traditional wood products.
- The outlook for the PE drums market is slower growth of about 3% per year, as the sector depends on the oil and chemicals sectors, which will recover more slowly than many private sector activities.

TABLE 21: KSA PE Drums Main End-Use Sectors by Volume

KSA PE Drums Main End-Use Sectors by Volume							
tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR '15-20
Beverages (CSD, Water, Juices)	0	0	0	0	0	-	
Dairy products	0	0	0	0	0	-	
Other foods (edible oils, sauces & dressings, etc)	0	0	0	0	0	-	
Home & Personal Care Products	0	0	0	0	0	-	
Lube oils, Petrochemicals, other industrials	28,300	29,149	30,023	30,924	31,852	32,807	3.0%
TOTAL	**28,300**	**29,149**	**30,023**	**30,924**	**31,852**	**32,807**	**3.0%**

Source: Market Report prepared by ERAS

TABLE 22: KSA Crates & Pallets Main End-Use Sectors by Volume

KSA Crates & Pallets Main End-Use Sectors by Volume							
tons	2015G	2016G	2017G	2018G	2019G	2020G	CAGR '15-20
Beverages (CSD, Water, Juices)	0	0	0	0	0	0	
Dairy products	0	0	0	0	0	0	
Other foods (edible oils, sauces & dressings, etc)	0	0	0	0	0	0	
Home & Personal Care Products	0	0	0	0	0	0	
Lube oils, Petrochemicals, other industrials	18,861	19,615	20,400	21,216	22,065	22,947	4.0%
TOTAL	**18,861**	**19,615**	**20,400**	**21,216**	**22,065**	**22,947**	**4.0%**

Source: Market Report prepared by ERAS

3-7 Nonwoven Fabrics

3-7-1 Demand for products

In 2015G, according to Price Hanna Consultants LLC, the size of the global polypropylene spunbond and spunmelt nonwovens market is estimated to be 2,350 thousand tonnes. Europe, China and North America together comprise about 65% of the total market, each with almost equal share of demand.

Between 2015G-2018G, the global polypropylene spunbond and spunmelt nonwovens market is expected to increase from 2,350 thousand tonnes to 2,726 thousand tonnes at a CAGR of 4.9% percent. In the last two years, demand growth has been primarily led by Southern Asia (at a CAGR of 9.5%) and it is expected to continue driving growth between 2015G-2018G; Demand in Southern Asia is expected to increase at a CAGR of 12.6% over the next three years.

In the Middle East, demand in 2015G is estimated to be 114 thousand tonnes, growing at a CAGR of 3.7% over the last two years. Growth is expected to continue at a similar rate in the next 3 years where demand is expected to increase to 125 thousand tonnes in 2018G, representing a CAGR of 3.1%.

TABLE 23: Global Polypropylene Spunbond and Spunmelt Nonwovens Demand[1]

Global Polypropylene Spunbond and Spunmelt Nonwovens Demand						
000' Tons	2013G	% of Total	2015G	% of Total	2018G	% of Total
North America	494	23.0%	517	22.0%	563	20.7%
South America	179	8.3%	194	8.3%	210	7.7%
Europe	498	23.2%	534	22.7%	598	21.9%
Middle East	106	4.9%	114	4.8%	125	4.6%
Africa	70	3.3%	83	3.5%	102	3.7%
Southern Asia	105	4.9%	126	5.4%	180	6.6%
Asia-Pacific	256	11.9%	280	11.9%	330	12.1%
China	436	20.3%	503	21.4%	618	22.7%
Total	**2,144**	**100.0%**	**2,350**	**100.0%**	**2,727**	**100.0%**

The hygiene absorbents products market represents about 67% of global spunbond and spunmelt demand in tons. In this market, merchant and captive demand combined is expected to grow by 5% per year from 1,440 thousand tons in 2013G to 1,838 thousand tons in 2018G.

In terms of square meters, demand for hygiene products is expected to grow at 5.8% CAGR between 2013G and 2018G, reaching 122 billion square meters by 2018G. Over the next three years, demand growth from Asia-Pacific and Middle East/ Africa is set to outpace growth from other regions. In addition, global capacity utilization is set to increase from 81% in 2015G to 93% in 2018G, implying that global demand growth will outpace supply over the corresponding period.

1 In-region demand excludes exports and total global demand is net of imports and exports

TABLE 24: Global Captive and Merchant Demand for Polypropylene Spunbond and Spunmelt Hygiene Nonwovens

Global Captive and Merchant Demand for Polypropylene Spunbond and Spunmelt Hygiene Nonwovens						
Billions of SQM	2013G	% of Total	2015G	% of Total	2018G	% of Total
North America	21	22.6%	22	21.6%	24	19.8%
South America	11	11.8%	12	11.5%	13	10.8%
Europe	22	23.7%	24	22.9%	27	21.8%
Asia	30	32.3%	35	34.4%	46	37.8%
Middle East/Africa	9	9.7%	10	9.7%	12	9.9%
Total	**93**	**100%**	**103**	**100%**	**122**	**100%**

Source: Price Hanna Consultants LLC "Spunbonded and Spunmelt Nonwoven Polypropylene World Capacities, Supply/Demand and Manufacturing Economics 2008G, 2013G – 2018G" with permission. Report published February 2014G. All rights reserved.

As seen in the table below, global demand for medical spunbond and spunmelt nonwoven products in 2015G is estimated to be 204 thousand tons, which accounts for about 8.7% of the total nonwovens market.

TABLE 25: Global Polypropylene Spunbond and Spunmelt Nonwovens Demand by Type

Global Polypropylene Spunbond and Spunmelt Nonwovens Demand by Type		
000' Tons	2015G	% of Total
Medical	204	8.7%
Non-medical[1]	2,146	91.3%
Total	**2,350**	**100%**

1 Non-medical includes hygiene, carpet backing, automotive, covers, packaging, geotextiles, housewrap, agricultural and landscape fabric, roofing, protective apparel and other end uses

Source: Price Hanna Consultants LLC "Spunbonded and Spunmelt Nonwoven Polypropylene World Capacities, Supply/ Demand and Manufacturing Economics 2008G, 2013G – 2018G" with permission. Report published February 2014G. All rights reserved.

The size of the nonwovens medical market segment is estimated to be 196 thousand tons in 2014G and is expected to grow to 243 thousand tonnes by 2019G, representing a CAGR of 4.3%. The largest source of demand is Asia Pacific, accounting for approximately 62% of global demand. Asia Pacific is expected to continue leading growth in the next four years (at a 6.2% CAGR) and account for an even larger portion of 66.3% of the market.

TABLE 26: Global Medical Barrier Polypropylene Spunbond and Spunmelt Nonwoven Demand by Region Converted

Global Medical Barrier Polypropylene Spunbond and Spunmelt Nonwoven Demand by Region Converted						
000' Tons	2014G	% of Total	2015G	% of Total	2019G	% of Total
North America	50	25.4%	50	24.6%	53	21.8%
South America	16	8.1%	16	7.9%	17	7.1%
Europe	10	5.0%	10	4.8%	11	4.3%
Asia	119	60.8%	127	61.9%	161	66.3%
Middle East/Africa	1	0.7%	1	0.7%	2	0.6%
Total	**196**	**100%**	**204**	**100%**	**243**	**100%**

Source: Price Hanna Consultants LLC "Outlook for Barrier Nonwovens and Film in Global Medical Markets 2014G – 2019G" with permission. Report published August 2014G. All rights reserved.

The non-medical market is considerably larger than the medical market, estimated at 2,147 thousand tons in 2015G. As a portion of total demand, the Middle East and Africa represent almost 9.1% of the total market for non-medical, as compared to 0.6% in the medical market. This demonstrates the relatively larger market for non-medical nonwovens in the region.

TABLE 27: Global Non-medical Barrier Polypropylene Spunbond and Spunmelt Nonwoven Demand

Global Non-medical Barrier Polypropylene Spunbond and Spunmelt Nonwoven Demand		
000' Tons	2015G	% of Total
North America	467	21.7%
South America	178	8.3%
Europe	524	24.4%
Asia	783	36.5%
Middle East/Africa	196	9.1%
Total	**2,146**	**100%**

Source: Price Hanna Consultants LLC "Spunbonded and Spunmelt Nonwoven Polypropylene World Capacities, Supply/Demand and Manufacturing Economics 2008G, 2013G – 2018G" with permission. Report published February 2014G. All rights reserved. Price Hanna Consultants LLC "Outlook for Barrier Nonwovens and Film in Global Medical Markets 2014G – 2019G" with permission. Report published August 2014G. All rights reserved.

3-7-2 Demand drivers

Global demand for spunbond and spunmelt nonwoven products is beginning to accelerate despite sluggish global economic growth. Demand growth is being led by high-growth emerging markets (particularly Asia and South America) as well as selected regions that are experiencing increased penetration and substitution of other nonwoven product technologies. The spunbond and spunmelt nonwoven fabrics are lighter in weight, stronger, cheaper and offer superior barrier performance to traditional textile materials

While penetration of spunbond and spunmelt nonwovens in hygiene segments within developed markets is considered high, there is significant scope for further market penetration in developing markets. Market penetration in medical, protective apparel, construction, furniture & bedding and other applications is generally less than half of potential and very low in developing areas. Much of the demand in hygiene will be for high strength, lightweight nonwovens only capable of being manufactured on advanced technology equipment.

TABLE 28: Medical Barrier Nonwoven Single Use End Product – Market Penetration by Region

Medical Barrier Nonwoven Single Use End Product – Market Penetration by Region		
	2014G Penetration (%)	2019G Penetration (%)
North America	92	96
South America	15	25
Europe	75	80
Middle East/Africa	6	11
Asia-Pacific	15	20
China (urban centers)	15	25
India (urban centers)	20	25
Japan	**65**	**70**

Source: Price Hanna Consultants LLC "Outlook for Barrier Nonwovens and Film in Global Medical Mrkets 2014G – 2019G" with permission. Report published August 2014G. All rights reserved.

Demand growth for medical nonwoven fabrics is coincidental to the dramatic increase in awareness of cost of Hospital Acquired Infections (HAI). HAI is estimated to cost health care providers USD35b per year in the USA (CDC http://www.cdc.gov) and EUR7bn in Europe (WHO http://whqlibdoc.who.int). Emphasis on prevention of HAI and full adoption of AAMI (Association for the Advancement of Medical Instrumentation) and European standards should increase use of disposable medical products. For gowns in specific, to be compliant with AAMI and European standards, treatment is required to make the fabrics alcohol-repellent.

Population growth and demographic structure are the primary drivers of long term demand in the medical nonwoven fabrics markets. By 2050, global population is estimated to reach 9.4 billion, up 29% from an estimated 7.3 billion in 2015G. In addition, people 65 years or older will account for 16.7% of the population in 2050 vs. 8.5% in 2015G. A larger older population will fuel an increase in diagnostic testing devices, home healthcare products, implantable devices and nonwoven-related disposable products. The number of medical procedures performed in the future is also expected to increase, further fueling a growth in demand for medical nonwoven barrier products. However, increased burden of senior care costs on governments and private insurers may curb part of the procedural growth expected in the future.

3-7-3 Potential Supply Side Considerations

Price pressure on all medical related products has increased the need for lighter weight products that meet the AAMI and European barrier standards.. These changes (products becoming lighter) are starting to reflect in the market as the demand per tonnes is growing at a slower pace as compared to the demand per square meter.

Over the last 10 years, conversion has been observed to begin shifting towards low conversion cost countries - such as ones in Asia Pacific - driven by lower labor costs as compared to other regions. However, increasing transportation and freight costs as well as the imposition of import duties and tariffs by certain end markets have begun eroding these cost advantages. Hence this trend is starting to slow down and producers are observed to shift towards local conversion in certain geographies, most prominently in South America.

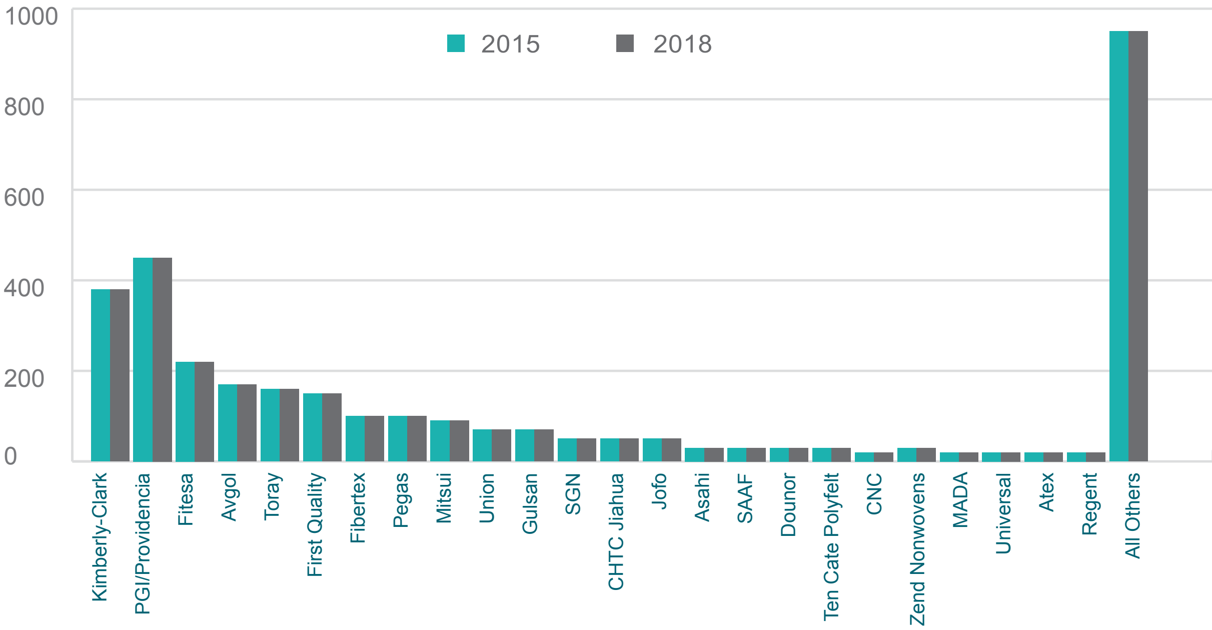
Polypropylene resin (raw materials) costs vary between different regions, creating a competitive advantage for certain producers. However, these cost advantages are limited due to increasing transportation costs. Producers who pay slightly higher prices for resins may be able to partially offset the cost differential by improving yields and leveraging resin costs over higher output.

3-7-4 Analysis of Competition

3-7-4-1 Market share analysis and competitor strategy

The global nonwoven fabrics market represents a large and fragmented competitive landscape, with various global suppliers each focusing on a specific segment within the overall market.

FIGURE 35: Global Polypropylene Spunbond and Spunmelt Nonwovens Supply (Kt/pa)

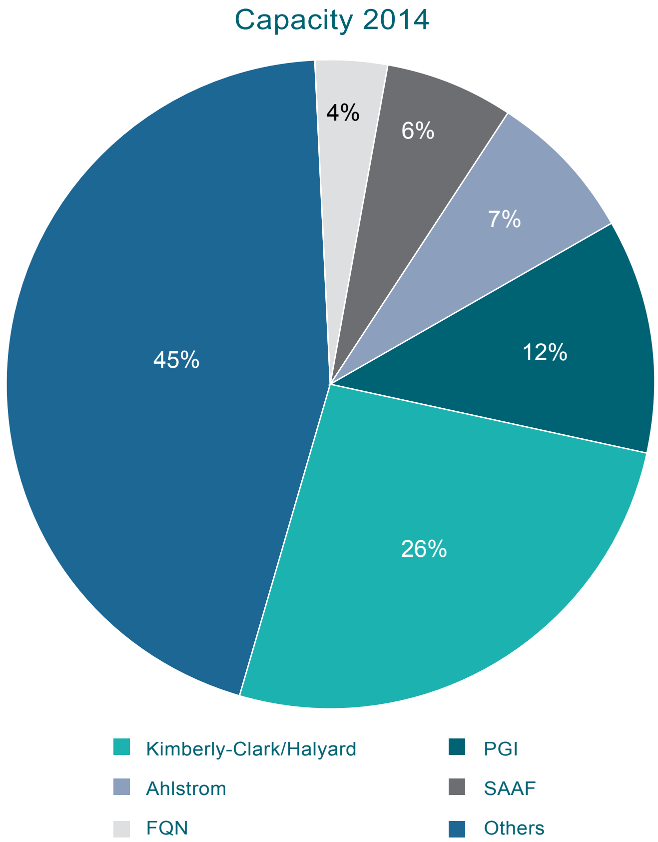


Source: Price Hanna Consultants LLC "Spunbonded and Spunmelt Nonwoven Polypropylene World Capacities, Supply/Demand and Manufacturing Economics 2008G, 2013G – 2018G" with permission. Report published February 2014G. All rights reserved

In the industrial end-uses segment, lack of product differentiation and readily available technology in non-hygiene products has contributed to intense rivalry and market fragmentation. Attractive profits are observed in businesses that are able to adopt a low cost strategy via economies of scale or good management. Alternatively, several players have focused production on nonwovens used in specialty hygiene which have greater product differentiation and higher barriers to entry.

Increased focus on certain themes in the medical segment has contributed to the competitive nature of the market. The key factors expected to affect the medical market in the near future include shift in fabric demand in terms of both location and size, evolving requirements and standards for end-products, changes in positions / strategies of fabric converters and the rapid change in capabilities, technologies and costs associated with production of nonwovens.

FIGURE 36: Global Medical Barrier Supply of Polypropylene Spunbond and Spunmelt Nonwovens



Source: Price Hanna Consultants LLC "Outlook for Barrier Nonwovens and Film in Global Medical Markets 2014G – 2019G" with permission. Report published August 2014G. All rights reserved.

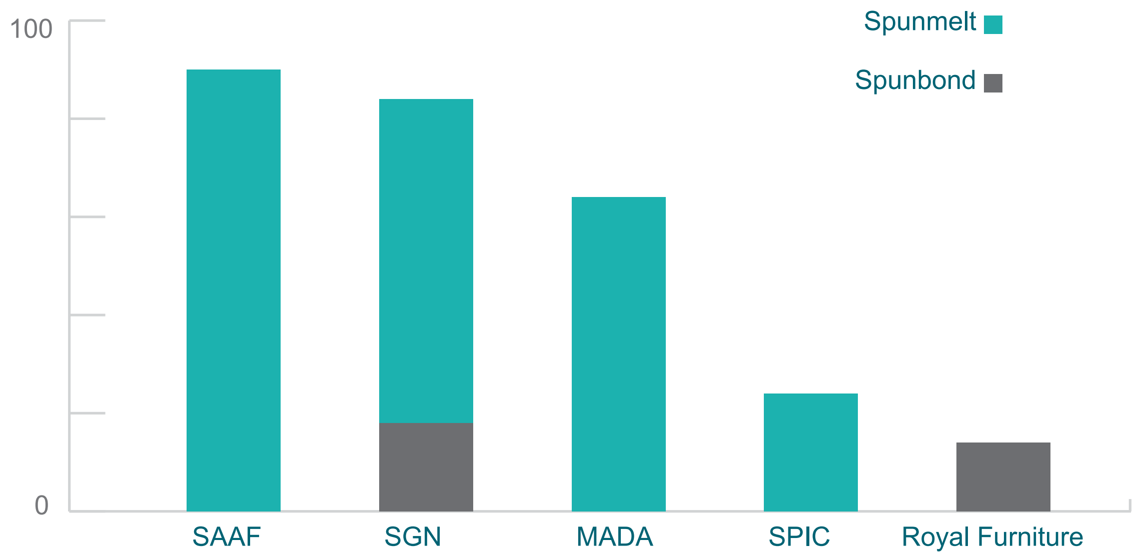
As exports account for a large percentage of SAAF's sales compared to its sales within the Kingdom, SAAF is essentially competing with global players in the medical nonwoven fabrics market (SMS). There are only a few profitable companies effectively competing with SAAF in the barrier SMS market in specific, of which none has a major market share. As of 2014G, there are only four merchant market nonwoven producers who are significant suppliers to non-integrated converters of medical barrier nonwoven and film surgical products:

- Kimberly Clark
- PGI Nonwovens
- Ahlstrom Nonwovens
- First Quality

In Saudi Arabia, SAAF competes with two providers of nonwoven materials, both of which are predominantly focused on the hygiene and industrial markets. However, neither of these players have treatment lines or capabilities to produce alcohol-repellent medical fabrics.

- Saudi German Co. for Nonwoven Products (SGN), located in the second industrial city in Dammam, manufactures polypropylene spunbond and spunmelt nonwoven fabrics and sells its products to the hygiene market (diapers and feminine hygiene) as well as the agricultural sector (barrier for insects, sunlight).
- MADA Nonwovens Co, located in Jubail, manufactures polypropylene and PET nonwoven fabrics. The primary production focus is on selling products to the hygiene and industrial markets.

FIGURE 37: Middle East Polypropylene Fine Denier Polypropylene Spunbond Spunmelt Nonwoven Capacity (2015G)



Source: Price Hanna Consultants LLC "Spunbonded and Spunmelt Nonwoven Polypropylene World Capacities, Supply/Demand and Manufacturing Economics 2008G, 2013G – 2018G" with permission. Report published February 2014G. All rights reserved

3-7-4-2 Market entry conditions and barriers

The Market is generally characterized as having relatively low barriers to entry, with capital being the only requirement. Many producers of polypropylene spunbond and spunmelt nonwovens use almost identical process equipment which consists of both early and late generation technology. However, once a player enters the market, there will be a continuous need to invest in order to modernize and rationalize older, less efficient capacity. As mentioned previously, surviving/profitable companies will be the ones able to adopt a low cost strategy via economies of scale or good management. The associated capital requirement to continually replace older assets may spark consolidation and rationalization in some regions, rather than establishment of new players as key emerging suppliers.

Certain specialized segments within the nonwoven market however, are less exposed to threats of new entrants. Such segments include specialty hygiene and barrier medical products within the spunmelt (SMS) market. Barriers to entry in this market could be advanced processes such as treatment capabilities, product differentiation, quality assurance and monitoring, customer loyalty and reliability/flexibility of supply.

4. The Company and the Nature of its Business

4-1 Company Overview

The Company started its operations on 05/05/1414H (corresponding to 21/10/1993G) through Al Othman Factory for Plastic Products in Al-Ahsa which was a branch of the establishment owned by Mr. Mohamed Abdullah Zaid Al Othman. On 28/12/1431H (corresponding to 04/12/2010G), the Ministerial Resolution number (391/S) was issued converting Al Othman Plastic Products Company into a Closed Joint Stock Company from a Limited Liability Company with the trade name of Takween Advanced Industries with the commercial registration number (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G), issued from Al-Khobar. The head office is located in Al-Khobar, King Fahd Street, Twairqi Tower, Second Floor, Dammam - Al-Khobar Highway, Al Raka district.

The Company's current share capital is SAR 350,000,000 (three hundred and fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary shares with a fully paid nominal value of SAR 10 (ten Saudi Riyals) each.

The Company conducts its business in the Kingdom through its head office in Al-Khobar and its factory in Al-Ahsa. The Company acquired a factory in Al-Oyoun City - Al-Ahsa. The factory's area is 43.200 square meter. This acquisition is part of the Company's expansion plan within the sector of plastic industries, following the award of the tender to purchase this factory according to the general tender procedures supervised by MODON, the Company signed the contract of sale on 09/10/1435H (corresponding to 05/08/2014G). Accordingly, the Company issued a primary industrial license for that factory number (55083), dated 18/04/1437H (corresponding to 28/01/2016G). Takween seeks to develop and expand its industry framework and products current equipment, facilities and benefits which it will re-establish to improve their operational efficiency. Around 92% of the rehabilitation, electrical and mechanical works are completed as per the certificate issued on 05/06/1437H (corresponding to 14/03/2016G) by the adviser supervising the project.

The Company conducts its business in the Kingdom through its subsidiaries: (1) Ultrapak; (2) SAAF; (3) Al Sharq; and (4) Plastico. The Company also expanded its activities abroad through its subsidiary New Marina located in Arab Republic of Egypt. Takween owns in all of these companies a controlling share of 99% of the capital (for more information, see Section 4 "The Company and the Nature of its Business" - "The Organizational Structure of the Group").

Takween is an industrial investment companies, with its activities and subsidiaries focus on two main industrial sectors which are plastics industries, represented in Takween, Ultrapak. Al Sharq and Plastico in the Kingdom and New Marina in Egypt, and nonwoven fabric industries, through SAAF.

The Company's main activities can be summarized in producing various cup covers and bottle caps- various plastic bottles and cups- Polypropylene rolls- Polystyrene rolls, Polyethylene Terephthalate rolls, producing nonwoven fabric made of Polypropylene and preforms made of Polyethylene Terephthalate (PET) and introducing new plastic products serving the local market and generating beneficial revenue to the company and national economy.

The Company confirms that it has no intention to make any fundamental change to the nature of the of its business existing since its incorporation and that there has been no interruption in the Company's operations that may affect or could have a significant impact on the financial position during the last (12) twelve months.

Takween mainly makes use of its leading position in various market sectors, locally and globally, in order to implement more expansions through manufacturing value-added products, increasing sales percentage and increase the profit margin and subsequently enhance the shareholders' rights.

Takween adopts a strategy based on carefully studied plans for expansion in all sectors. Therefore, it has developed expansion plans for all its factories to increase the production capacity, meet the market requirements, and equip the factories with new machine and equipment to develop new products, helping to afford the product cost, improve its quality and increase sales percentage.

Takween has been able to increase its production capacity after acquiring Savola Packaging Systems which owns two subsidiaries, namely, Al Sharq in the Kingdom and New Marina in Egypt. Savola Packaging Systems and its subsidiaries own three factories in the Kingdom and two in Egypt. Those factories produce a variety of plastic products (preform- packs- plastic caps- (light) transparent plastic - containers for these sectors: milk, juice, water, soft drinks, food oils, petrochemicals, health and hygiene products and lubricants). Those factories have been added to SAAF's two factories in Jeddah and Al-Ahsa. Accordingly, the number of factories owned directly or indirectly by Takween is 10 factories.

The Company always focuses on research and development activities to improve products and industrial technologies to enhance its position in the market. Accordingly, Research and Development (R&D) is one of the main priorities adopted by the Company's management. The role played by Research and Development (R&D) Department has a significant impact on improving the products' quality to reach global standards. Takween supports Research and Development Department by providing the latest lab equipment with the highest international testing standards together with the state-of-the-art technology. Most importantly, the specialized research team has the ability to study, analyze and innovate. The Company conducts the required market studies and always follows up the market's needs to be able to determine new opportunities in plastic and fabric industry in order to offer a variety of products that match the client's demand.

On 20/05/1437H (corresponding to 29/02/2016G), the Company has (375) employees working in the Kingdom. The number of employees in the subsidiaries in the kingdom is (1.020), and the number of employees of New Marina in Egypt is (348).

The Company stresses that neither the Company nor its subsidiaries have material assets outside the Kingdom except for New Marina in Egypt and SAAF's representative office in China.

4-2 Main Developments/ Company's History

The Company started its operations on 05/05/1414H (corresponding to 21/10/1993G) through Al Othman Factory for Plastic Products in Al-Ahsa which was a branch of the establishment owned by Mr. Mohamed Abdullah Zaid Al Othman. The share capital of the Factory amounted to SAR 1,000,000 (one million Saudi Riyals) at that time. On 06/02/1422H (corresponding to 30/04/2001G), the branch of Al Othman Factory for Plastic Products was converted into a Limited Liability Company with a share capital trade of SAR 32,000,000 (thirty-two million Saudi Riyals). With conversion process, the name of Al Othman Factory for Plastic Products was changed to become Al Othman Plastic Products Company, a Limited Liability Company.

On 14/04/1431H (corresponding to 30/03/2010G), Al Othman Plastic Products Company acquired 99% of shares in share capital of Ultrapak Manufacturing Company Limited at the book value. On 25/05/1431H (corresponding to 09/05/2010G), it acquired additional 53% of shares in the share capital of Advanced Fabrics (SAAF) at the book value. Subsequently, ownership percentage increased from 46% to 99%. On 25/10/1431H (corresponding to 04/10/2010G), and as a result of the two acquisitions, the share capital of Al Othman Plastic Products Company. increased to SAR 97,539,000 (ninety-seven million five hundred thirty-nine thousand Saudi Riyals).

As at 28/12/1431H (corresponding to 04/12/2010G), the Minister of Commerce and Investment issued the resolution number (391/S) converting the Company from a Limited Liability Company to a Closed Joint Stock Company named Takween Advanced Industries with the commercial registration number (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G) and issued from Al-Khobar.

On 01/02/1432H (corresponding to 05/01/2011G), the EGA was held where the Company's capital increase was approved to become SAR 300,000,000 (three hundred million Saudi Riyals) instead of SAR 97,539,000 (ninety-seven million five hundred and thirty-nine thousand Saudi Riyals). The increase value was covered by capitalizing SAR 202,461,000 (two hundred two million, four hundred sixty-one thousand Saudi Riyals) from the account of shareholders, statutory reserve, and retained earnings as at 21/10/1431H (corresponding to 30/09/2010G). Having obtained the required regulatory approvals from CMA, the Company listed 30,000,000 (thirty million) ordinary shares in Tadawul through an Initial Public Offering on 15/03/1433H (corresponding to 07/02/2012G), offering 30% of the shares for public subscription.

On 27/05/1434H (corresponding to 08/04/2013G), the EGA was held. The EGA approved the Company's capital increase to SAR 350,000,000 (three hundred fifty million Saudi Riyals). The increase value was covered by capitalizing SAR 50,000,000 (fifty million Saudi Riyals) from retained earnings as at 18/02/1434H (corresponding to 31/12/2012G). The Company's current share capital is SAR 350,000,000 (three hundred and fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary shares with a fully paid nominal value of (SAR 10) (ten Saudi Riyals) each.

On 14/05/1436H (corresponding to 05/03/2015G), Takween Advanced Industries acquired the majority of the shares in share capital of Savola Packaging Systems, a Limited Liability Company, (currently, Plastico) pursuant to the partners' resolution notarized by the notary public at the Jeddah Chamber of Commerce and Industry, with number (36756336), dated 24/05/1436H (corresponding to 15/03/2015G). Presently, Takween owns 99% of the share capital where Advanced Fabrics (SAAF) owns the remaining 1%. After completion of acquisition process, partners decided to change the company's trade name to be "Saudi Plastic Packaging Systems". It is noteworthy that it owns two subsidiaries: (1) Al Sharq Plastic Industries Company; and (2) New Marina Plastic Industries. On 27/01/1437H (corresponding to 09/11/2015G), shareholders share ownership in Al Sharq Plastic Industries Company was amended in order for Takween to own 99% of share capital while Advanced Fabrics (SAAF) owns the remaining 1% pursuant to the partners' resolution made and notarized at the notary public at the Ministry of Commerce and Investment in Riyadh, with number (37146202), and dated 27/01/1437H (corresponding to 09/11/2015G).

On 28/09/1436H (corresponding to 15/07/2015G), shareholders' shares ownership in New Marina Plastic Industries was amended so that Takween would own 99% while the remaining 1% was acquired by SAAF and Ultrapak (each acquired 0.5%).

4-3 The Organizational Structure of the Group

The Company conducts its business in the Kingdom through its headquarters in Al-Khobar and its factory in Al-Ahsa. The Company acquired a factory in Al-Oyoun city - Al-Ahsa, after it was awarded the tender to purchase this factory according to the general tender procedures supervised by Modon. Further, the Company signed the Contract of Sale on 09/10/1435H (corresponding to 05/08/2014G). Accordingly, the Company issued a preliminary industrial license number (55083), dated 18/04/1437H (corresponding to 28/01/2016G) for that factory.

The Company conducts its business in the Kingdom through its subsidiaries: (1) Ultrapak; (2) SAAF; (3) Al Sharq; and (4) Plastico. The Company also expanded its activities abroad through its subsidiary in Egypt; New Marina. Takween owns in all of these companies a controlling share reaches 99% of the capital in 2014G, the Company purchased a factory in the industrial city in Al-Oyoun city, Al-Ahsa. The factory's area is 43.200 square meter as a part of the Company's expansion plan within the sector of plastics industries.

Below is a diagram illustrating the organizational structure of the Company and its ownership in the subsidiaries, in addition to a map showing the geographical location of the Company's operations.

FIGURE 38: The Organizational Structure Of The Group

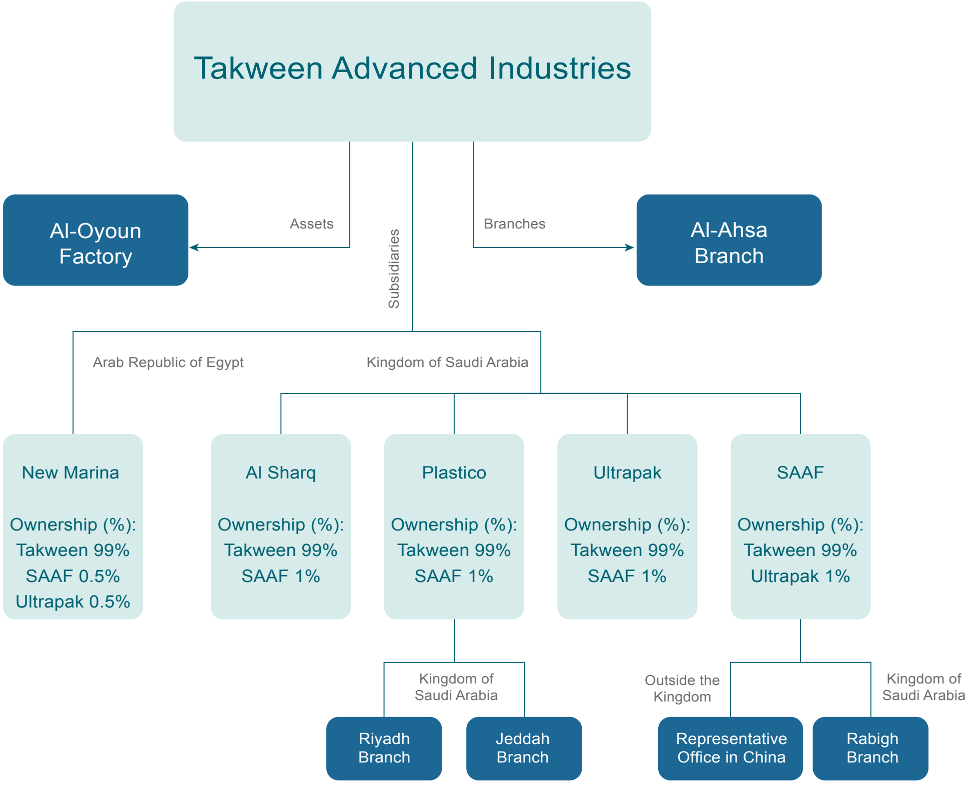
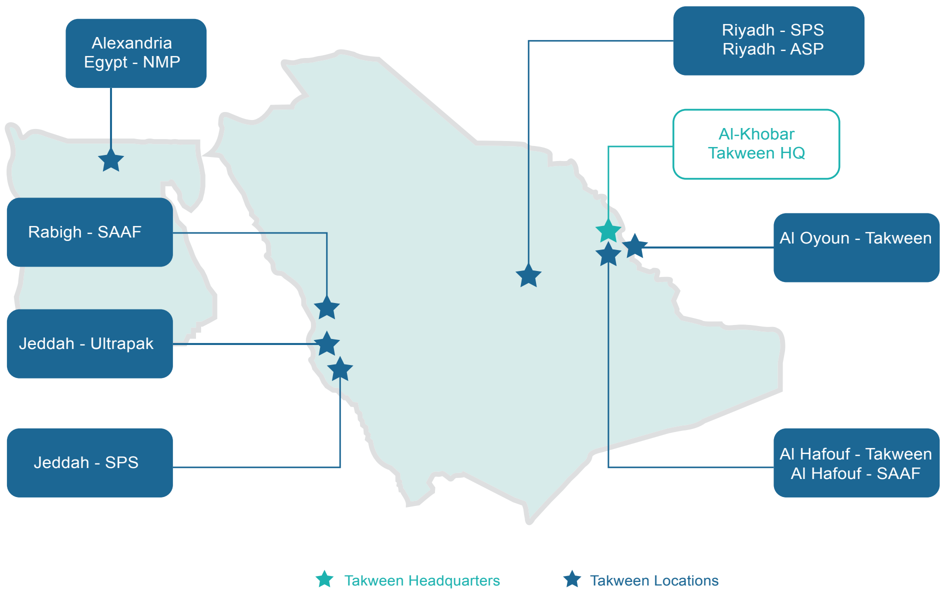


FIGURE 39: Map Of Geographical Location Of The Company's Operations.



4-3-1 The Company's Branches

4-3-1-1 Takween Branch: Plastic Packaging Factory in Al-Ahsa

Takween started it industrial activities with manufacturing plastic packaging since 1414H (corresponding to 1993G), through Plastic Packaging Factory in Al-Ahsa with an area is 50.000 square meter. The factory is specialized in manufacturing cups, bottles, pack caps, various sheet rolls, PP rolls, Polystyrene rolls, and Polyethylene Terephthalate rolls, and producing high quality plastic packaging products for milk, refreshments, food and water sectors in the Kingdom and Middle East.

This branch conducts its businesses under the commercial registration set out in detail below:

TABLE 29: Commercial Registration Details Of The Company's Branch In Al-Ahsa

Registration Number	2250021688
Date of Issue	05/05/1414H (corresponding to 21/10/1993G)
Expiry Date	08/01/1438H (corresponding to 09/10/2016G)
Brand Name	Takween Advanced Industries Branch
Capital	SAR 350,000,000
Activity	Producing various cup covers and bottle caps- various plastic bottles and cups- Polypropylene rolls- Polystyrene rolls- Polyethylene Terephthalate rolls.
Manager/s	Abdullah Mohamed Al Othman
Address	Al-Ahsa, North of Eljarn village

The factory's industrial license was issued according to the data set out below:

TABLE 30: Industrial License Details Of The Company's Branch In Al-Ahsa

Date of Issue	30/01/1435H (corresponding to 03/12/2013G)		
Expiry Date	29/01/1438H (corresponding to 30/10/2016G)		
License Number	184		
Location:	Al-Ahsa		
Product Description	**Production Capacity (tons/year)**	**Product Code**	**Product Description**
	26000	39201000	Plastic sheets
	16700	39233000	Plastic packs and bottles
	4100	39229000	Plastic caps and closures
Staff number*	450		
Total finance	SAR 127,000,000		

*Total number of employees is different from the specified in table (83) due to the issuance of the Nitaqat certificate (dated 13/05/1437H (corresponding to 22/02/2016G)) and the current certificate of the industrial license of the Company (dated 30/01/1435H (corresponding to 03/12/2013G)) both issued in different dates.

4-3-1-2 Plastic Bottles Factory in Al-Oyoun City, Al-Ahsa

The Company acquired the Plastic packs factory in Al-Oyoun City, Al-Ahsa, after it was awarded the tender to purchase the factory, which stopped its manufacturing operations and which was owned by Al-Ahsa Development Company. The offer made by Takween was matching the financial valuation prepared by a specialized committee from MODON which covered the purchase of the whole factory and its facilities, including the staff residential building. MODON supervised the tender procedures in it capacity of the competent authority responsible for managing factories in destress whether by managing the operations or selling those factories. On 09/10/1435H (corresponding to 05/08/2014G), the Company signed the contract of sale to purchase the factory from Al Ahsa Development Company. The total amount of the deal was SAR 31,500,000 (thirty-one million five hundred thousand Saudi Riyals). Accordingly, the Company issued a preliminary industrial license number (55083) and dated 18/04/1437H (corresponding to 28/01/2016G) for this factory. The factory is located in Al-Oyoun City, Al-Ahsa, on a 43.200 square meter area, in addition to a staff residential building of a 2,400 square meter area. Takween seeks to develop and expand its industry framework and products utilizing some of the equipment, facilities and benefits which shall be renovated by the Company to improve the operational efficiency and increase the production capacity. Around 92% of the reformation, electrical and mechanical works are completed as per the certificate issued by the advisers supervising the project on 05/06/1437H (corresponding to 14/03/2016G).

4-3-2 Subsidiaries

4-3-2-1 Advanced Fabrics (SAAF)

SAAF started its operations on 04/04/1423H (corresponding to 15/06/2002G) as a branch of the establishment owned by Mr. Mohamed Abdullah Zaid Al Othman with the trade name "Advanced Fabrics Factory" located in Al-Ahsa city in Saudi Arabia. The Factory's capital was SAR 4,575.000 (four million five hundred and seventy-five thousand Saudi Riyals) on that time. On 15/08/1426H (corresponding to 19/09/2005G), SAAF was converted into a Limited Liability Company with a capital of SAR 4,600,000 (four million and six hundred thousand Saudi Riyals). Al Othman Company for Plastic Products owned 46% of the Company's share capital, while Abdulrahman Saleh Al Rajhi and Partners Company Limited owned 49%, and Mohamed Abdullah Al Othman owned 5%. SAAF was registered under the commercial registration number (2250027835), dated 04/04/1423H (corresponding to 15/6/2002G). The articles of association of the SAAF was notarized at the notary public in Al-Ahsa city with number (2659), volume (1223), dated 15/08/1426H (corresponding to 19/09/2005G). On 12/07/1427H (corresponding to 06/08/2006G), the SAAF 's capital was increased to SAR 73,800,000 (seventy-three million, eight hundred thousand Saudi Riyals). The increase of capital was covered through capitalizing SAR 20,890,000 (twenty millions and eight hundred and ninety thousand Saudi Riyals) of the retained earnings account in addition to a cash amount of SAR 48,310,000 (forty-eight million, three hundred and ten thousand Saudi Riyals) from shareholders. On 25/05/1431H (corresponding to 09/05/2010G), Takween acquired the additional 53% of the shares in SAAF capital, and subsequently, it increased its ownership in the capital from 46% to 99% pursuant to the partners' resolution notarized by the notary public by the Ministry of Commerce and Investment in Riyadh with number (1575), page (104), volume (281) dated 25/05/1431H (corresponding to 09/05/2010G), while Ultrapak acquired the remaining 1%. On 07/06/1434H (17/04/2013G), the capital was increased to SAR 131,800,000 (one hundred and thirty-one million eight hundred thousand Saudi Riyals) through capitalizing SAR 58,000,000 (fifty-eight million Saudi Riyals) of the retained earnings account. (For more information on SAAF capital ownership, see Table 155 "The Chronological Order of the Acquisition of Subsidiaries" of Section 4 " The Company and the Nature of its Business"- "Company Overview".

SAAF produces nonwoven fabrics through its branch in Rabigh city. The factory was equipped with the latest machines and equipment required for products high performance. SAAF markets its products in the People's Republic of China through its representative office in Guangzhou City.

SAAF's nonwoven fabric factory produces Spunbond and Spunmelt nonwoven fabric for the medical and hygiene sectors followed by an additional manufacturing phase where processing machines produce anti-alcohol and anti-static textiles for medical clothing used in hospitals, surgery rooms and others. The factory's final products also include baby and adult diapers, protective medical masks, surgery sheets, surgery protective clothing, hygiene products, work coats and industrial masks.

SAAF conducts its businesses under the commercial registration set out in detail below:

TABLE 31: Commercial Registration Details For SAAF's Headquarters

Registration Number	2250027835
Date of Issue	04/04/1423H (corresponding to 14/06/2002G)
Expiry Date	04/04/1440H (corresponding to 11/12/2018G)
Brand Name	Advanced Fabrics (SAAF)
Capital	SAR 131,800,000
Activity	Producing recycled Polypropylene granules and nonwoven fabric
Manager/s	Abdulmohsen Mohamed Al Othman
Address	Al-Ahsa villages, North of Al-jern Village

SAAF's branch in Rabigh conducts its businesses under the commercial registration set out in detail below:

TABLE 32: Commercial Register Data For SAAF's Branch In Rabigh

Registration number	4602003535
Date of Issue	12/03/1433H (corresponding to 04/02/2012G)
Expiry Date	17/12/1440H (corresponding to 18/08/2019G)
Brand Name	Advanced Fabrics (SAAF) branch
Capital	SAR 131,800,000

Activity	Manufacturing knitted fabrics using knitting-needle (tricot) and crochet hook (crochet) - nonwoven fabrics
Manager/s	Abdulmohsen Mohamed Al Othman
Address	Rabigh, Rabigh PlusTech Park

SAAF's office in China conducts its businesses under the commercial registration set in details below:

TABLE 33: Commercial Registration Details For SAAF's Representative Office In The People's Republic Of China

Registration Number	914401017619484374
Date of Issue	03/06/2004G
Expiry Date	13/12/2018G
Brand Name	Advanced Fabrics (SAAF) Representative office
Capital	N/A
Activity	Performing non-profitable activities for foreign companies (marketing the Company's products)
Address	Office 1903, Dong Shan Plaza, Qian Li Zhong road, Guangzhou, China

The headquarters' industrial license was issued according to the data set out below:

TABLE 34: Industrial License Details Of SAAF's Headquarters

Date of Issue	08/08/1436H (corresponding to 26/05/2015G)		
Expiry Date	07/08/1439H (corresponding to 22/04/2018G)		
License Number	2445		
Location:	Al-Mubarraz		
Product Description	**Production Capacity (tones/year)**	**Product Code**	**Product Description**
	3600	39021000	Recycled Polypropylene PP granules
	30000	52085200	Nonwoven Fabrics
Staff number*	350		
Total finance	SAR 440,200,000		

*The data differs from the total number of employment specified in table Table 86 because of issuing the Nitaqat certificate (dated 15/05/1437H (corresponding to 24/02/2016G)) and the current certificate of the industrial license of SAAF (dated 08/08/1436H (corresponding to 26/05/2015G)) in different dates.

Rabigh's Factory industrial license was issued according to the data set out below:

TABLE 35: Industrial License Details For SAAF's Factory In Rabigh

Date of Issue	23/05/1437H (corresponding to 03/03/2016G)		
Expiry Date	22/05/1440H (corresponding to 28/01/2019G)		
License Number	1628		
Location:	Rabigh		
Product Description	**Production Capacity (tones/year)**	**Product Code**	**Product Description**
	15000	52085200	Nonwoven fabrics
Staff number	68		
Total finance	SAR 237,670,000		

4-3-2-2 Ultrapak Manufacturing Company Limited

Ultrapak was established in Jeddah with the commercial registration number (4030126251) dated 16/10/1419H (corresponding to 03/02/1999G) with the trade name of Tetra Pak Saudi Arabia Limited and a capital of SAR 25,000,000 (twenty-five million Saudi Riyals). The shares of the capital were allocated between the following shareholders: Muhammad Amer Bajri (15%), Ali Amer Bajri (15%), Omar Siraj Qandeel (21%) and Tetra Pak Packaging Systems "Tetra Pak" (49%). Plastic packaging packs Polyethylene Terephthalate (PET Preform) factory was owned by Tetra Pak as a part of the Company's carton packaging. On 03/04/1427H (corresponding to 01/05/2006G), Muhammad Abdullah Al Othman and Abdullah Muhammad Al Othman purchased the total share capital of the factory. The trade name was changed to become Ultrapak Manufacturing Company Limited pursuant to partners' resolution, notarized by the notary public at Jeddah Chamber of Commerce and Industry, with number (143), pages (140 and 141), volume (14/U/M), dated 29/04/1428H (corresponding to 16/05/2007G). On 14/04/1431H (corresponding to 30/03/2010G), Al Othman Company for Plastic Products (Takween) acquired the majority of the shares in the share capital of Ultrapak, pursuant to partners' resolution notarized at the notary public at the Jeddah Chamber of Commerce and Industry with number (118), page (118), volume (7/P/T), dated 14/04/1431H (corresponding to 30/03/2010G). Presently, Takween owns 99% of the share capital and SAAF owns the remaining 1%.

The main activity of Ultrapak is to manufacture polymers in the form of plastic packs to be sold to juice, water and soft drinks bottling companies, use in plastic bag blowing machine to bottle various products. Ultrapak products are PET packs with different weights, colors and sizes.

Ultrapak produces transparent packaging and bottling packs that endure high temperature. They are used in manufacturing and bottling juices and high temperature, light and long expiry date liquid products that are adequate to water, milk and packaging packs' bottling companies.

Ultrapak conducts its businesses under the commercial registration set out in detail below :

TABLE 36: Commercial Registration Details For Ultrapak's Headquarters

Registration Number	4030126251
Date of Issue	16/10/1419H (corresponding to 02/02/1999G)
Expiry Date	15/10/1439H (corresponding to 29/06/2018G)
Brand Name	Ultrapak Manufacturing Company Limited
Capital	SAR 25,000,000
Activity	Producing Plastic Preforms
Manager/s	Abdullah Mohamed Al Othman
Address	Jeddah, Southern industrial area, Amlak Commercial Chamber

The headquarters' industrial license was issued according to the data set out below:

TABLE 37: Industrial License Details Of Ultrapak's Headquarters

Date of Issue	07/04/1437H (corresponding to 17/01/2016G)		
Expiry Date	06/04/1440H (corresponding to 13/12/2018G)		
License Number	1016		
Location:	Jeddah		
Product Description	Production Capacity (tones/year)	Product Code	Product Description
	40000	39231090	Plastic Preforms
Staff number*	90		
Total finance	SAR 200,000,000		

*The total number of employees is different from the number specified in table Table 87 due to the issuance of the Nitaqat certificate (dated 09/05/1437H (corresponding to 18/02/2016G)) and the current certificate of the industrial license of the Company (dated 07/04/1437H (corresponding to 17/01/2016G)) both issued in different dates.

4-3-2-3 Saudi Arabia Plastic Packaging Systems Company – Plastico

Plastico was incorporated on 09/04/1405H (corresponding to 01/01/1985G) under the commercial registration number (4030047166) with the trade name of Savola Packaging Systems - a Limited Liability Company - and has been established by both partners: Savola Joint-Stock Company and Tariq Mohamed Telmesani.

On 20/05/1434H (corresponding to 01/04/2013G), a Ministerial Resolution was issued to declare the company's conversion of a Limited Liability Company into a Closed Joint Stock Company, pursuant to the partners' resolution approved by the notary public at the Jeddah Chamber of Commerce and Industry on 03/02/1434H (corresponding to 16/12/2012G). the share capital upon conversion was SAR 342,400,000 (three hundred and forty-two million and four hundred thousand Saudi Riyals):

1- Savola Group (93%)

2- Al Atar Arab Holding for Commercial Investment (1%)

3- International Supplies Holding Company (2%)

4- Kan Al Sharq Industrial Investments Company Limited. (2%)

5- Al-Sadooq Al-Arabia Telecommunications Company Limited. (2%)

On 25/09/1435H (corresponding to 22/7/2014G) Takween signed a memorandum of understanding with Savola Group to acquire Savola Packaging Systems which owns two subsidiaries, namely Al Sharq Company and New Marina. Sixteen (16) weeks have been determined as an initial period to: complete legal and financial studies; discuss terms of contracts to be concluded between the parties; obtain approval of the Board of Directors and shareholders of each of the parties; and issue necessary official approvals by the relevant governmental bodies. On 01/13/1437H (corresponding to 11/06/2014G), Takween announced that the Company's memorandum of understanding shall be extended to 09/03/1436 H (corresponding to 31/12/2014G). Therefore, the two parties concluded a final acquisition agreement on 08/031436 H (corresponding to 30/12/2014G). Council of Competition has issued its resolution number (147) dated 07/04/1436H (corresponding to 27/01/2015G) to approve the acquisition agreement between the two parties at a value of SAR 910,000,000 (nine hundred and ten million Saudi Riyals).

TABLE 38: Approval Of Council Of Competition

Resolution Number	147	**Dated**	07/04/1436H (corresponding to 27/01/2015G)
Applicant	Takween Advanced Industries	**Commercial Registration**	2051044381
Facility Headquarter	Al-Khobar, Kingdom of Saudi Arabia		
Facility Activity	Producing various plastic caps, cups and bottles.		
Practices covered by the resolution	Takween Advanced Industries - a Public Joint Stock Company - acquired Savola Packaging Systems Company - a Closed Joint Stock Company.		
Resolution summary	Approving the request to concentrate economic relationship between Takween Advanced Industries and Savola Packaging Systems.		

On 21/04/1436H (corresponding to 10/02/2015G), the EGA of the shareholders of Savola Packaging Systems approved to convert its legal entity from a Closed Joint Stock Company to a Limited Liability Company. Pursuant to this resolution, partners unanimously approved the modification of the legal form, pursuant to an amended article of association notarized by the notary public at the Jeddah Chamber of Commerce and Industry on 12/05/1436H (corresponding to 03/03/2015G) with number (36696903).

On 14/05/1436H (corresponding to 05/03/2015G), Takween Advanced Industries acquired the majority of the shares in share capital of Savola Packaging Systems pursuant to the partners/ resolution notarized by the notary public at Jeddah Chamber of Commerce and Industry, with number (36756336), dated 24/05/1436H (corresponding to 15/03/2015G). Presently, Takween owns 99% of the share capital and SAAF owns the remaining 1%. Following the completion of the acquisition process, partners decided to change the company's trade name to become "Saudi Plastic Packaging Systems".

The head office has been transferred from Jeddah to Al-Ahsa on 14/01/1437H (corresponding to 27/10/2015G) and the commercial registration number has been modified accordingly to become (2250063668) while maintaining the same date of issue.

Plastico activity is concentrated on producing both flexible hard plastic, by two factories based in Jeddah and Riyadh that produce preforms, bottles, caps, films and containers for milk, juice, water, soft drinks and food oil sectors within the retail sector.

Plastico conducts its businesses under the commercial registration set out in detail below:

TABLE 39: Commercial Registration Details For Plastico's Headquarters

Registration Number	2250063668
Date of Issue	09/04/1405H (corresponding to 01/01/1985G)
Expiry Date	03/05/1439H (corresponding to 20/01/2018G)
Brand Name	Saudi Arabia Plastic Packaging Systems Company
Capital	SAR 342,400,000
Activity	Wholesaling and retailing plastic carton and carton box, bottles, plastic caps, printed tin plates, metal containers, semi-metal containers, glass bottles, various household glassware, sodium silicate, business services, import, export and business undertakings.
Manager/s	Abdulmohsen Mohamed Al Othman
Address	Al-Oyoun city, Al-Ahsa

Plastico's branch in Riyadh conducts its businesses under the commercial registration set out in detail below:

TABLE 40: Commercial Registration Details Of The Plastico's Branch In Riyadh

Registration Number	1010126846
Date of Issue	19/02/1415H (corresponding to 28/07/1994G)
Expiry Date	16/02/1439H (corresponding to 05/11/2017G)
Brand Name	Plastic Bottles Factory - Branch of Saudi Arabia Plastic Packaging Systems Company
Capital	SAR 131,800,000
Activity	Producing various plastic bottles, and caps
Manager/s	Azhar Mohiuddin Kenji
Address	Riyadh, Al-Kharj Road, Second Industrial City

Plastico's branch in Jeddah conducts its businesses under the commercial registration set out in detail below:

TABLE 41: Commercial Registration Details Of The Plastico's Branch In Jeddah

Registration Number	4030104975
Date of Issue	16/02/1415H (corresponding to 25/07/1994G)
Expiry Date	12/02/1439H (corresponding to 01/11/2017G)
Brand Name	Plastic Bottles Factory - Branch of Saudi Arabia Plastic Packaging Systems Company
Capital	SAR 131,800,000
Activity	Producing bottles and plastic barrels with caps
Manager/s	Azhar Mohiuddin Kenji
Address	Jeddah Industrial Zone, 4th Phase

Industrial license of Plastico's branch in Jeddah was issued according to the data set out below:

TABLE 42: Industrial License Details Of Plastico's Branch In Jeddah

Date of Issue	14/02/1437H (corresponding to 26/11/2015G)		
Expiry Date	13/02/1440H (corresponding to 23/10/2018G)		
License Number	489		
Location:	Jeddah		
Product Description	**Production Capacity (tons/year)**	**Product Code**	**Product Description**
	18000	39231090	Bottles and plastic barrels with caps
	1100	39233000	Two sacks of Polycarbonate
	700	39241090	Transparent PVC containers
	57000	39233000	BIT containers and bottles
	900	39233000	Two sacks of polyethylene
	350	40082900	Rubber sealants
Staff number	400		
Total finance	SAR 274,000,000		

*The total number of employee is different from the number specified in Table 89 due to the issuance of the Nitaqat certificate (dated 15/05/1437H (corresponding to 24/02/2016G)) and the current certificate of the industrial license of Plastico (dated 14/02/1437H (corresponding to 26/11/2015G)) both issued in different dates.

Industrial license of Plastico's branch in Riyadh was issued according to the data set out below:

TABLE 43: Industrial License Details Of Plastico's Branch In Riyadh

Date of Issue	21/06/1437H (corresponding to 30/03/2016G)		
Expiry Date	20/06/1440H (corresponding to 25/02/2019G)		
License Number	1889		
Location:	Riyadh		
Product Description	**Production Capacity (tons/year)**	**Product Code**	**Product Description**
	500	39233000	Plastic bottles of PP
	15400	39233000	Plastic bottles
	9000	39241030	Plastic plates and cups
	21785	39233000	BIT containers and bottles
	1850	39235000	Various plastic caps
Staff number	260		
Total finance	SAR 197,700,000		

4-3-2-4 Al Sharq Plastic Industries Company Limited

Having been an establishment owned by Mr. Ali Sulaiman Ali Al-Shahri, then, named Al Sharq factories, and head office in Riyadh in the Kingdom of Saudi Arabia, Al Sharq Company started its activity on 14/08/1395H (corresponding to 22/08/1975). As at 01/05/1421H (corresponding to 01/08/2000G), Al Sharq Company was converted to a Limited Liability Company with a capital of SAR61,675,000 (sixty-one million six hundred seventy-five thousand Saudi Riyals). Its shares were owned by Ali Sulaiman Al-Shahri (93 %), Khaled Sulaiman Al-Shahri (1%), Walid Sulaiman Al-Shahri (1%), Fahd Sulaiman Al-Shahri (1%), Mohamed Sulaiman Al-Shahri (1%), Abdulaziz Sulaiman Al-Shahri (1%), Sulaiman Al-Shahri (1%) and Ibrahim Sulaiman Al-Shahri (1%).

As at 21/06/1426H (corresponding to 27/07/2005G), Savola Packaging Systems Company acquired 90% of the shares, Al Atar Packaging Materials Company Limited acquired 9% of its shares, and Walid Sulaiman Al-Shahri maintained his share of (1%). Share ownership percentage was modified on 18/02/1430H (corresponding to 13/02/2009G) in order for Savola Packaging Systems to own 84% of the Company's shares, with Al Atar Arab Holding for Commercial Investment owning 9% of the company's shares, and Walid Ali Sulaiman Al-Shahri owning 7% of the company's shares. As at 12/02/1432H (corresponding 16/01/2011G), Savola Packaging systems acquired all shares owned by Walid Ali Sulaiman Al-Shahri. Thus, share ownership became as follows: 91% owned by Savola Packaging Systems and the remaining 9% owned by Al Atar Arab Holding for Commercial Investment Limited. As at 27/01/1437H (corresponding to 09/11/2015G), Takween Advanced industries acquired 99% of the shares and SAAF acquired the remaining 1% pursuant to partners' resolution number (37146202) for 1437H amending the articles of association with the notary public at the Ministry of Commerce and Investment in Riyadh. The company's capital has not been modified in any of the above mentioned phases.

Al Sharq Company is considered one of the companies specialized in the field of plastic, producing household plastic products, plastic bags, polyethylene rolls, one time use Polystyrene cups, bottles, and plates, and various bottles, barrels, and household tools.

Al Sharq Company conducts its business under the commercial register set out in detail below:

TABLE 44: Commercial Registration Details Of Al Sharq Company Headquarters

Registration Number	1010008540
Date of Issue	14/08/1395H (corresponding to 22/08/1975G)
Expiry Date	01/01/1442H (corresponding to 20/08/2020G)
Brand Name	Al Sharq Plastic Industries Company Limited
Capital	SAR 61,675,000
Activity	Producing polyethylene bags and rolls, one time use Polystyrene cups, bottles and plates, jerry cans, bottles, barrels, Melamine various household tools, heavy duty polyethylene bags, plastic pails, trash cans, boxes and plastic profiles, sanitary ware, and polyethylene chips.
Manager/s	Abdulmohsen Mohamed Al Othman
Address	Riyadh, Second Industrial City

The headquarters' industrial license was issued according to the data set out below:

TABLE 45: Industrial License Details Of Al Sharq Company Headquarters

Date of Issue	13/11/1435H (corresponding to 08/09/2014G)		
Expiry Date	12/11/1438H (corresponding to 04/08/2017G)		
License Number	2456		
Location:	Riyadh		
Product Description	**Production Capacity (tons/year)**	**Product Code**	**Product Description**
	3000	39019000	Recycled plastic grains
	300	39201000	Bags made of a multi-layer deaerated film
	700	39204300	Bags and coated rolls made of different plastic materials (Aluminum sheets, waxed paper)
	2500	39231090	Polyethylene and PP boxes
	800	39231090	Post plastic baskets
	800	39241090	One time use Polystyrene Household tools and egg plates
	250	39269080	Plastic parts for air conditioners, refrigerator and electric appliances
	15000	39232100	Heavy duty polyethylene bags
	200	39172100	Polyethylene tubes and pipes
	300	39231090	Plastic bottles for milk filling, Gallon, and other containers
	500	39251000	Water tanks, bathtubs, and plastic sanitary tools

Product Description	800	39241030	Poly Styrene cups, plates, cans, and boxes
	1250	39241090	Plastic kits to supply airline services
	150	72253000	Small rolls made of alkaline film for use in household wrapping and in restaurants
	100	39181000	PVC profiles
	5200	39202000	Plastic platforms
	750	39231090	Polyethylene and PP buckets
	1200	39231090	Polyethylene and PP wheeled trash containers
	300	39235000	Plastic caps for milk and oil containers
	150	39249040	Clothes hangers made of different plastics
	4700	39232100	Multi-size printed plastic bags
	12000	39211900	Polyethylene chips for shrink wrapping and greenhouses
	5700	39233000	Water plastic barrels and barrels with large nozzles for industrial purposes
	150	39241090	Household table tools made of decorated melamine
	650	39241090	Plastic household tools
	2300	39204990	Printed polystyrene rolls
	250	94037000	Garden furnishing supplies (chairs and tables)
	250	72253000	Small rolls made of Aluminum for use in household wrapping and in restaurants
Staff number	1088		
Total finance	SAR 238,810,000		

The total number of employee is different from the number specified in table Table 90 due to the issuance of the Nitaqat certificate (dated 15/05/1437H (corresponding to 24/02/2016G)) and the current certificate of the industrial license of Al Sharq (dated 13/11/1435H (corresponding to 08/09/2014G)) both issued in different dates.

4-3-2-5 New Marina for Plastic Industries Company Limited

New Marina started its business on 24/10/1417H (corresponding to 04/03/1997G) as a Closed Joint Stock Company owned by Mr. Edwar Halim Habashi and sons. Its name was "Al Ola Company for plastic S.A.E." Its head office is located in New Borg El Arab city in Alexandria, Egypt. New Marina was incorporated in accordance with the act number (159) for the year 1981G and its executive regulations following the approval of the committee provided for by the above mentioned law and formed under number (957) dated 09/10/1417H (corresponding to 17/02/1997G). The articles of association have been documented in Alexandria under number (578/A) for year 1997G. New Marina was registered with the commercial registration number (171) at the commercial investment registration office in Alexandria.

New Marina's activities cover establishing and operating a factory specialized in manufacturing and selling all types of plastic products, establishing and operating the factory for foam and spare parts and metalworking and repairing, and general import, export, trading and finance renting, in accordance with the provisions of the act number (95) for the year 1995G. Its address is Alexandria, the second industrial city, New Borg Al Arab. Property number (9) Block (16).

New Marina's total capital l upon incorporation was EGP 5,000,000 (five million Egyptian pounds) (equivalent to SAR 2,111,211 (two million, one hundred and eleven thousand, two hundred and eleven Saudi Riyals)). Its paid up capital is EGP 300,000 (three hundred thousand Egyptian Pounds) ((equivalent to SAR 126.672 (one hundred twenty-six thousand, six hundred and seventy-two Saudi Riyals)). The shares are distributed among the following Egyptian founding shareholders, Edwar Halim Habashi (17.2%), Christina Edwar Habashi (17.2%), Gina Edwar Habashi (17.2%), Nabeih Halim Habashi (6.9), and Marina Plast (0.3%). New Marina's period is twenty-five years.

As at 15/02/1419H (corresponding to 09/06/1998G, the EGA of shareholders was held to amend the company's trade name to become "New Marina for Plastic Industries - a Closed Joint Stock Company-". Therefore, the commercial registration was modified pursuant to the amendment made to the articles of association documented under number (5055) on 19/03/1419H (corresponding to 12/07/1998G).

As at 08/03/1423H (corresponding to 20/05/2002G), the shareholders approved the increase of New Marina's capital to become EGP 3,500,000 (three million, five hundred thousand Egyptian pounds) (equivalent to SAR 1,477,847 (one million, four hundred seventy-seven thousand, eight hundred forty-seven Saudi Riyals)) divided into 3,500 (three thousand, five hundred) shares. The value per share is EGP 1000 (one thousand Egyptian pounds) of cash shares. Accordingly, the company's shares have been redistributed pursuant to the amendment annex of the articles of association documented with number (2746/F) for year 2002G. Therefore, share ownership has been amended as follows: Edwar Halim Habashi (24%), Salwa Najib Abdo (17.2%), Marina Edwar Habashi (17.2%), Christina Edwar Habashi (17.2%), Gina Edwar Habashi (17.2%), Nabeih Halim Habashi (6.9 %), Marina Plast company (0.3%).

On 21/08/1423H (corresponding to 27/10/2002G), the shareholders approved the increase of New Marina's capital, pursuant to the minutes of the EGA, to EGP 22,000,000 (twenty two million Egyptian Pounds) (equivalent to SAR 9,289,329 nine million, two hundred eighty nine thousand, three hundred twenty nine Saudi Riyals) and pursuant to the amendment annex of the articles of association documented with number (1502) for the year 2003G. Accordingly, the share ownership has been amended as follows: Edwar Halim Habashi (24%), Salwa Najib Abdo (17.2%), Marina Edwar Habashi (17.2%), Christina Edwar Habashi (17.2%), Gina Edwar Habashi (17.2%), Nabeih Halim Habashi (7.2%).

On 12/10/1425H (corresponding to 24/11/2004G), the shareholders approved the increase of the company's issued capital up to EGP 30,000,000 (thirty million Egyptian Pounds) (equivalent to SAR12,667,267 (twelve million, six hundred sixty-seven thousand, two hundred sixty-seven Saudi Riyals) pursuant to the minutes of the EGA dated 19/02/1426H (corresponding to 29/03/2005G). Accordingly, the shares held by certain shareholders have been sold and the distribution of the shareholder's ownership has been amended as follows: Edwar Halim Habashi (24%), Salwa Najib Abdo (17.2%), Marina Edwar Habashi (17.2%), Christina Edwar Habashi (17.2%), Gina Edwar Habashi (17.2%). Pursuant to the resolution approved by the EGA on 26/09/1426H (corresponding to 29/10/2005G), the value of the increase in the share capital amounting to EGP 8,000,000 (eight million Egyptian Pounds) (equivalent to SAR 3,377,937 (three million, three hundred seventy-seven thousand, nine hundred thirty-seven Saudi Riyals)) was paid in cash.

On 02/04/1427H (corresponding to 03/04/2006G), Savola Packaging Systems and the shareholders of New Marina Plastic Industries singed a contract to acquire (70%) of the Company's shares 21,000 (twenty-one thousand) ordinary shares, provided that the remaining (30%) would be held by three shareholders, with (10%) for each shareholder, namely, Marina Edwar Halim, Christina Edwar Halim, Gina Edwar Halim. The ownership of the shares has been transferred through the Egyptian stock exchange in Cairo dated 23/04/1427H (corresponding to 21/05/2006G), pursuant to ownership transfer certificate documented by the Egyptian stock exchange. Pursuant to the resolution of the EGA held on 24/07/1426H (corresponding to 17/08/2006G), New Marina's articles of association and ownership percentages have been redistributed in accordance with the above-mentioned and documented pursuant to the Egyptian Ministry of Justice's ratification record number (1069) of 2006G.

On 24/12/1428H (corresponding to 03/01/2008G), the EGA approved the amendment of the articles of association in respect of selling 7500 (seven thousand and five hundred) shares to Savola Packaging Systems. Share ownership has been transferred through the Egyptian stock exchange in Cairo pursuant to ownership transfer certificates documented by the Egyptian stock exchange. Accordingly, New Marina's articles of association were amended along with the shareholding percentages to become: Savola Packaging system (95%), Marina Edwar Habashi (1.67%), Christina Edwar Habashi (1.67%), and Gina Edwar Habashi (1.67%). This was documented pursuant to the Egyptian Ministry of Justice's Ratification Record number (848), dated 23/07/1429H (corresponding to 26/07/2008G).

On 12/03/1432H (corresponding to 15/02/2011G), the EGA approved the amendment of the articles of association based on the sale of all shares owned by the Egyptian shareholders to Savola Packaging Systems, Al Atar Arab Holding for Commercial Investment (A Saudi Company), and Azhar Mohiuddin Kenji (Saudi National). Share ownership has been transferred through the Egyptian stock exchange in Cairo pursuant to ownership transfer certificates documented by the Egyptian stock exchange. New Marina's articles of association have been amended and the share ownership has been redistributed as follows: Savola Packaging system (98.67%), Al Atar Arab Holding for Commercial Investment (1%), and Azhar Mohiuddin Kenji (0.33%). This was documented pursuant to Egyptian Ministry of Justice's ratification record number (402), dated 12/03/1432H (corresponding to 15/02/2011G).

On 28/09/1436H (corresponding to 15/07/2015G), the EGA approved the amendment of the articles of association pursuant to the sale of all shares owned by the shareholder (Savola Packaging Systems, Al Atar Arab Holding for Commercial Investment, and Azhar Mohiuddin Kenji) to the other shareholders (Takween company, Ultrapak company, and SAAF company). Share ownership has been transferred through the Egyptian stock exchange in Cairo pursuant to ownership transfer certificates documented by the Egyptian stock exchange. The company's articles of association have been amended and the shareholders' percentages in the company became as follows: Takween (99%), Ultrapak (0.5%), and SAAF (0.5%). This was documented pursuant to the Egyptian Ministry of Justice's ratification record number (257), dated 15/12/1436H (corresponding to 29/09/2015G).

New Marina Plastic Industries conducts its business under the commercial registration set out in detail below:

TABLE 46: Commercial Registration Details For New Marina's Headquarters

Registration Number	171
Date of Issue	24/10/1417H (corresponding to 04/03/1997G)
Expiry Date	01/06/1438H (corresponding to 28/02/2017G)
Brand Name	New Marina for Plastic Industries Company Limited
Capital	30,000,000 Egyptian Pounds (equivalent to SAR 12,667,267 (twelve million six hundred sixty-seven thousand two hundred sixty-seven Saudi Riyals))
Activity	Establishing and operating a factory specialized in manufacturing and selling all types of plastic products, establishing and operating the factory for foam and spare parts and metal working and repairing, and general import, export, trading and finance renting, in accordance with the provisions of Law No, 95 of 1995G.
Manager/s	Abdulmohsen Mohamed Al Othman - Abdullah Mohamed Al Othman - Georges El Khoury Antonios Abraham - Azhar Mohiuddin Kenji
Address	New Borg El Arab, Second industrial city - Alexandria - Egypt

The headquarters' industrial register certificate was issued according to the data set out below:

TABLE 47: Industrial Register Details For New Marina's Headquarters

Date of Issue	30/11/2014G		
Expiry Date	26/10/2018G		
License Number	7174/ B - 26/11/2014		
Location:	Alexandria - Egypt		
Product Description	**Production Capacity (tons/year)**	**Product Code**	**Product Description**
	22,000	3923900020	Preform PET for bottles
	6,900	3923300000 3923509030	Plastic bottles with cabs
	2,000	3923100030	Soft drinks plastic crates
	5,000	3920109091	PE shrink film rolls
Staff number	348		

4-4 Other companies in which Takween owns interests or shares

The company affirms that it does not have any other investments in companies in Saudi Arabia or elsewhere, and that it does not have any percentages in other companies with the exception of its subsidiaries (see Figure 38 "The Organizational Structure Of The Group").

4-5 Changes in the Company's Ownership

The Company's legal form was converted from a Limited Liability Company to a Closed Joint Stock Company pursuant to the resolution passed by the Minister of Commerce declaring the conversion number (391/S), dated 28/12/1431H (corresponding to 04/12/2010G) and in accordance with the commercial registration number (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G) issued from Al-Khobar. The Company's share capital was SAR 97,539,000 (ninety-seven million, five hundred thirty-nine thousand Saudi Riyals). The ownership of the shares held by the founding shareholders was allocated in accordance with the following:

TABLE 48: The Company's Ownership Structure Upon Conversion To A Closed Joint Stock Company

Partner's Name	Number of shares	Nominal Value of Shares (SAR)	Ownership (%)
Al Othman Holding	7,081,100	70,811,000	72,598%
Abdulrahman Saleh Al Rajhi and Partners Company Limited.	1,950,000	19,500,000	19,992%
Khalid Abdulrahman Al Rajhi	333,000	3,330,000	3,414%
Abdullah Mohamed Al Othman	194,900	1,949,000	1,998%
Abdulmohsen Mohamed Al Othman	194,900	1,949,000	1,998%
Total	**9,753,900**	**97,539,000**	**100%**

Source: The Company

On 01/02/1432H (corresponding to 05/01/2011G), the EGA was held to approve the Company's capital increase to become SAR 300,000,000 (three hundred million Saudi Riyals). The increase value was covered by capitalizing SAR 202,461,000 (two hundred two million, four hundred sixty-one thousand Saudi Riyals) from the account of shareholders, statutory reserve, and retained earnings as at 21/10/1431H (corresponding to 30/09/2010G). The ownership of the shares held by the founding shareholders was allocated in accordance with the following :

TABLE 49: The Company's Ownership Structure After Capital Increase Up To 300,000,000 Saudi Riyals

Partner's Name	Number of shares	Nominal Value of Shares (SAR)	Ownership (%)
Al Othman Holding	21,779,288	217,792,880	72,598%
Abdulrahman Saleh Al Rajhi and Partners Company Limited.	5,997,601	59,976,010	19,992%
Khalid Abdulrahman Al Rajhi	1,024,205	10,242,050	3,414%
Abdullah Mohamed Al Othman	599,453	5,994,530	1,998%
Abdulmohsen Mohamed Al Othman	599,453	5,994,530	1,998%
Total	**30,000,000**	**300,000,000**	**100%**

Source: The Company

Afterwards, and having obtained the required regulatory approvals from CMA, the Company listed 30,000,000 (thirty million) ordinary shares in Tadawul on 15/03/1433H (corresponding to 07/02/2012G), offering 30% of the shares for public subscription. The ownership of the shares held by the shareholders was allocated in accordance with the following:

TABLE 50: The Company's Ownership Structure After Offering For Public Subscription

Partner's Name	Number of shares	Nominal Value of Shares (SAR)	Ownership (%)
Al Othman Holding	15,245,502	152,455,020	50.818%
Abdulrahman Saleh Al Rajhi and Partners Company Limited.	4,198,320	41,983,200	13.994%
Khalid Abdulrahman Al Rajhi	716,944	7,169,440	2.390%
Abdullah Mohamed Al Othman	419,617	4,196,170	1.399%
Abdulmohsen Mohamed Al Othman	419,617	4,196,170	1.399%
The Public	9,000,000	90,000,000	30%
Total	**30,000,000**	**300,000,000**	**100%**

Source: The Company

On 27/05/1434H (corresponding to 08/04/2013G), the EGA of the shareholders was convened to approve the Company's capital increase to SAR 350,000,000 (three hundred fifty million Saudi Riyals). The increase value was covered by capitalizing SAR 50,000,000 (fifty million Saudi Riyals) from retained earnings as at 18/02/1434H (corresponding to 31/12/2012G). The ownership of the shares held by the shareholders was allocated in accordance the following:

TABLE 51: The Company's Ownership Structure After Capital Increase Up To 350,000,000 Saudi Riyals

Partner's Name	Number of shares	Nominal Value of Shares (SAR)	Ownership (%)
Al Othman Holding	17,786,300	177,863,000	50.818%
Abdulrahman Saleh Al Rajhi and Partners Company Limited.	4,897,900	48,979,000	13.994%
Mr. Khalid Abdulrahman Al Rajhi	836,500	8,365,000	2.390%
Mr. Abdullah Muhammed Al Othman	489,650	4,896,500	1.399%
Mr. Abdullah Muhammed Al Othman	489,650	4,896,500	1.399%
The Public	10,500,000	105,000,000	30%
Total	**35,000,000**	**350,000,000**	**100%**

Source: The Company

According to the shareholders' register, issued on 12/07/1437H (corresponding to 19/04/2016G), the shareholders' ownership is as follows:

TABLE 52: Share Ownership Of Founding Shareholders As At 12/07/1437H (Corresponding To 19/04/2016G)

Partner's Name	Number of shares	Nominal Value of Shares (SAR)	Ownership (%)
Al Othman Holding	16,232,304	162,323,040	46.378%
Abdulrahman Saleh Al Rajhi and Partners Company Limited.	4,898,040	48,980,400	13.994%
Khalid Abdulrahman Al Rajhi	837,434	8,374,340	2.392%
Abdullah Mohamed Al Othman	901,000	9,010,000	2,57%
Abdulmohsen Mohamed Al Othman	**303,000**	**3,030,000**	**0.865%**

Source: The Company

Until the date of this Prospectus, the Company's share capital is SAR 350,000,000 (three hundred and fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary shares with a nominal value of (SAR 10) (ten Saudi Riyals) each. Until the date of this Prospectus, the Company had not issued any other options or other rights to acquire an interest in its share capital.

Until 12/07/1437H (corresponding to 19/04/2016G), the Major Shareholders owning more than 5% of the Company's issued share capital are Al Othman Holding Company (46.37%), Abdulrahman Saleh Al Rajhi and Partners Company Limited. (13.99%). There is no other shareholder owning more than 5% of the Company's shares. The following table sets out the Major Shareholders of the Company:

TABLE 53: Major Shareholders

Shareholder	Percentage before Offering	Number of shares	Capital (SAR)
Al Othman Holding	46.37%	16,232,304	162,323,040
Abdulrahman Saleh Al Rajhi and Partners Company Limited.	13.99%	4,898,040	48,980,400

Source: The Company

Based on Board of Directors resolution number (2/08), dated 06/03/1437H (corresponding to 17/12/2015G), the Board of Directors recommended that the Company's capital be increased through a rights issue of SAR 600,000,000 (six hundred million Saudi Riyals) to be used primarily to achieve the optimum capital structure and reduce its gross debt value. As at 19/12/1437H (corresponding to 21/09/2016G), the EGA approved the recommendations of the Board of Directors to increase the Company's capital up to (950,000,000) nine hundred and fifty million Saudi Riyals as mentioned. The increase will be limited to the eligible shareholders registered at the end of the trading held on the day of the EGA (Eligibility date).

The Company's board members acknowledge that it did not give any preferential advantages or rights to the founding shareholders. None of the Company's share capital is subject to any option.

It is worth mentioning that Al Othman Holding Company, Abdulrahman Saleh Al Rajhi and Company Limited., Abdulmohsen Mohamed Al Othman and Khalid Abdulrahman Al Rajhi, acknowledged that they shall be committed to participate in the capital increase through a rights issue. In addition, they have confirmed to the Company their commitment to exercise all the rights to be allocated thereto and subscription for new shares. It should be noted that there are no restrictions on Al Othman Holding Company, Abdulrahman Saleh Al Rajhi and Company Limited., Abdulmohsen Mohamed Al Othman and Khalid Abdulrahman Al Rajhi with respect to trading rights with the exception of obtaining the approval of the Capital Market Authority and regulations.

4-6 Key Strengths

- **Strong Growth Opportunities**

Takween strengthened its operations and market position to take advantage of the growth in the packaging sector. Takween also managed to strategically spread its factories around Saudi Arabia through expansion and acquisitions to be near densely populated demand sources such as Riyadh, Eastern Province, and Jeddah. These locations are also close to ports and infrastructure facilities which facilitate importing raw materials and shipping to clients. The factories are also close to ports, such as Al-Dammam, Jeddah, Rabigh and Alexandria, which provide opportunities to increase exports to European and global markets.

- **Benefit from long-term fundamentals**

Saudi Arabia's youth population growth leads to an increased demand for milk, juices and other beverages and subsequently an increase in the demand for plastic bottling and other packaging products.

In addition, Takween and other plastic products manufacturers will capitalize on the market trend of substituting of plastic packaging to replace glass and paper packaging.

- **Experienced management team**

Takween's senior management and Board of Directors include highly qualified individuals that possess professional and strong industry experience gained through working in leading international companies operating in the same sectors as Takween. Those experiences include external and internal operational, financial, auditing, IT systems and human resources know-how.

- **Diversified business**

The Company conducts a variety of activities that includes producing caps and closures, plastic bottles and cups, polypropylene rolls, polystyrene rolls and PET rolls, nonwoven fabric made of polypropylene and PET preforms. Takween follows advanced mechanisms driven by numerous unrelated factors to conduct its activities which in turn mitigate the impact of commodity price fluctuations on products prices and raw materials price volatility.

- **Synergies between divisions**

Takween's subsidiaries helps in achieving a greater diversified products portfolio and increasing its involvement in the value chain. For example, Ultrapak produces preforms that it sells to clients and blow the remaining preforms to end products by Plastico.

The Company also utilizes joint procurement of raw materials to obtain competitive prices from suppliers, reducing inventory levels due to operations between factories in different locations, clients geographic sites, reducing production and transportation costs due to vicinity of production places to clients.

- **Long-standing and stable relationships with key clients**

Takween's ability to ally with clients to provide them with high quality products had helped to prove its market presence in markets it competes in.

- **Latest machinery and technology**

Takween uses state of the art machinery and equipment (extrusion, operating by heat, blowing moulding and injection moulding) in all of its factories and plants. Takween also continuously updates its machinery to provide the best services and high quality products to its clients with minimal production errors, which makes Takween better than any regional competitor. Moreover, investing in highly advanced machinery enabled Takween to conduct its business with minimal business disruption with low levels of waste amounts.

- **Leading market share in plastic packaging in Saudi Arabia**

Takween has a leading market position in the plastic packaging sector and by acquiring Savola Packaging Systems (now called Plastico), it managed to further strengthen its market position and boost market share across different products. The acquisition also increased the size of the Company which led to stronger bargaining power with suppliers of raw materials.

- **Government support for industrial development**

Takween benefited from incentives provided by the government to any industrial activity in order to support industrial sector in Saudi Arabia. Incentives includes loans provided by Saudi Industrial Development Fund and attractive rent provided by MODON of the Company's factories that are located in different industrial cities of Saudi Arabia.

4-7 The Company's strategy

Takween seeks to leverage on its leading position in various sectors, both locally and globally, to further expand by manufacturing value-added products. In line with its strategy, Takween acquired Plastico, which owns a controling market share in the plastics sector in Saudi Arabia and Gulf countries, to diversify and improve Takween's plastic products' portofolio, increase sales, boost profit margins.

Takween's strong reputation enables it to achieve operational efficiency and improve capabilities on a continuos basis. The Company also aims to increase its local and global market share and enhance financial results and profits for the benefit of shareholders and the economy.

Takween adopts a strategy based on well-designed plans to expand across different sectors. Accordingly, Takween developed expansion plans for all of its factories to increase production capacity, meet market requirements, and equip factories with state of the art machinery to diversfy its product portofolio in a manner that would reduce manufacturing costs, improve product quality and increase sales.

As a part of its strategy, Takween focuses on research and development activities that are the cornerstone of Takween's strong market reputation and leading position.

Takween also seeks to enhance and improve projects and factories to keep up with the latest industry standards and create new job opportunities and achieving high level of Saudization retes. The Company continously seek to develop a safe business enviroment, focus on risk management and leverage on global experience to become a market leader. Takween is also working on developing projects inside and outside Saudi Arabia as a part of its long-term growth plan.

Takween's policy in respect of dealing with its employees, clients and suppliers is one of the main elements of its success which is based on transparency, honesty, mutual interest, team work and other key pillars on which Takween's goals, strategic plans and prospects are based.

4-8 Nature of the Company's Businesses and Main Products' Description

The Company develops and operates factories that produce all kinds of plastic products as well as treated hygiene and medical nonwoven fabrics. Below is a list of the Company's main products:

TABLE 54: Description Of Main Products

No.	Product	Manufacturer
1	Plastic containers and barrels with caps	Takween / Plastico / New Marina
2	Plastic sheets	Takween / Plastico / New Marina
3	Plastic bottles and containers	Takween / Plastico / New Marina
4	Plastic caps and closures	Ultrapak
5	Plastic Preforms	Plastico
6	Plastic plates and cups	Plastico
7	Plastic crates for soft drinks	Plastico / New Marina / Al-Sharq
8	PE shrink film rolls	Plastico / New Marina / Takween
9	Plastic pallets	Al-Sharq
10	PE and PP buckets	New Marina / Al-Sharq

No.	Product	Manufacturer
11	PE and PP drums	Al-Sharq
12	Clothes hangers made of different plastics	Al-Sharq
13	Multi-size printed plastic bags	Al-Sharq
14	PE film for shrink wrapping and greenhouses	Al-Sharq
15	Water barrels and barrels with large nozzles for industrial purposes	Al-Sharq
16	Household table tools made of decorated melamine	Al-Sharq
17	Household plastic tools	Al-Sharq
18	Printed polystyrene rolls	Al-Sharq
19	Garden furniture (chairs and tables)	Al-Sharq
20	Small rolls made of aluminum for use in household wrapping and in restaurants	Al-Sharq
21	Nonwoven fabrics	SAAF

Source: The Company

The diagram below illustrates a summary of the Company's production and the main products.

FIGURE 40: The Company's Production Operations And The Main Products

Over the last three years, the Group enhanced the efficiency and performance of its used equipment by updating models to keep up with the developments in production techniques and technology systems in order to improve operations, increase production capacity and meet the market and clients demand for packaging solutions, plastic bottles and packs for food and drinks. The Company has also, over the last years, provided the newest production lines for nonwoven healthy and medical fabrics and processing lines in order to meet the global demand for those products. The Group has also witnessed an increase in number of production lines and a diversity in its products without any change in the production processes as a result of its acquisition of Savola Packaging Systems. With the exception of the aforementioned, there was no material changes in the production processes over the last three years.

4-9 Description of Operations

4-9-1 PET Preforms and Bottles

- PET preforms are injection molded plastic pieces that are fed into blow molding machines to manufacture drinks and personal care bottles and containers.
- PET preforms are polymers in a vial shape that are sold to bottlers, who feed them into their blow molding machines to produce bottles for water, juices and other beverages, as well as home and personal care products.
- Injection molding is the process for producing preforms. The process is ideal for producing high volumes of uniform products such as PET preforms for the blow molding of bottles.
- PET is injected as a hot resin into a mold. The resin is fed into a heated barrel, mixed, and forced into the mold cavity, where it cools and hardens to the configuration of the cavity.

4-9-2 HDPE Bottles and Containers

- Blow molding is used by Takween to manufacture white and natural polyethylene and clear bottles (discussed above) ranging from 200 ml to 20 liters in capacity. The bottles are used in the dairies and beverages industries and thus require high quality products. HDPE and PP bottles compete with PET.
- The blow molding process has essentially two stages in one process. In the first stage a preform of the hot plastic resin is formed with a hole in one end to pass compressed air through. In the second stage the compressed air expands the hot preform and presses it against a mold cavity. The pressure is held until the plastic cools – say, for 6 to 8 seconds. The mold then opens up and ejects the cooled, hardened plastic.
- The three main types of blow molding are extrusion, injection and stretch blow molding. The extrusion process is widely used in the drinks and beverages industry. In extrusion blow molding there are continuous and the intermittent process technologies. The injected molded process is only used for small capacity bottles and is more difficult to control than extrusion as the plastic material is injected onto a core pin for subsequent blow molding rather than extruded into a hollow tube in the extrusion process. The stretch blow molding process first involves injection molding of preforms and then blow molding and can produce high volumes with limited restrictions on bottle design.

4-9-3 Flexible Packaging

- The extrusion process is used to manufacture plastic film and sheet. The resin is pushed or drawn through a die of a predetermined thickness or cross-section. The main advantages of this process over other processes are its high volume, an ability to create very complex cross-sections and to shape materials that are brittle (because the material only encounters compressive and shear stresses).
- Takween uses extrusion to manufacture polystyrene sheet rolls that are subsequently thermoformed into cups and lids in a single process. This is a high volume manufacturing process where the plastic raw material is melted and formed into a continuous sheet (or profile) and then cooled through a set of rolls that determine the sheet's thickness and surface texture. The sheets are then sent for thermoforming.

4-9-4 Caps and Closures

Injection molding machines manufacture the caps and closures sold by Takween for use by the mineral water, soft drinks, juices, dairy and food industry. The resin is pushed or drawn through a die (mold) of a predetermined thickness or cross-section. The main advantages of the injection molding process over other processes are its high volume, an ability to create very complex cross-sections and to shape materials that are brittle (because the material only encounters compressive and shear stresses).

4-9-5 Thin Walled Containers Thermoforming

- Takween uses the thermoforming process to manufacture disposable white, semi-transparent and transparent polystyrene cups and lids for the beverages industry with a rim diameter varying from 73 to 116 mm.
- Thermoforming is a manufacturing process where a plastic sheet is heated to a pliable temperature, formed to a specific shape in a mold, and trimmed to create the desired product. The sheet, or "film", is heated in an oven to a temperature that allows it to be stretched into or onto a mold and cooled to a finished shape. An integral part of the thermoforming process is the tooling which is specific to each part that is to be produced.
- In comparison with injection molding and blow molding, thermoforming differs in that it is primarily used to manufacture disposable cups, containers, lids, trays, blisters, clamshells, and other products for the beverages, food, medical, and general retail industries. Thick-gauge thermoforming includes parts as diverse as vehicle door and dash panels, refrigerator liners, utility vehicle beds, and plastic pallets, but these are often injection molded in large volumes.
- The conventional advantages of thermoformed thin wall and in-mold label containers are their lower capital and

operating costs and rapid mold cycles (production rate). The disadvantages are higher wastage, limited part shapes, and internal stresses that are common due to inherent wall thickness variation.

4-9-6 Drums, Crate and Pallets

Plastic crates and pallets

- The injection molding process is used to manufacture a wide range of industrial crates, pallets, pails, buckets, plastic plates, cups and utensils, tables and chairs, and the like
- High-impact resin (such as HDPE or polypropylene) and high-pressure injection molding technology enable the manufacture of more sophisticated designs. Wall thickness (thinner) and rib structure (thicker) of optimized to produce a platform that is lighter, stronger, with superior durability compared to other molding methods and materials

Plastic Drums

- As in food and beverage bottles production, blow molding is used to manufacture water, chemical and oil drums, jerry cans and other large containers. HDPE is typically the polymer used for drums; but polypropylene and other polymers may also be used
- Large drums of up to 55 gallons are used for the food service, chemicals and oil products industries

4-9-7 Nonwoven Fabrics

- The term "nonwovens" is used to describe a range of technologies making textile products in ways other than the traditional weaving and knitting methods. The technology used by SAAF is polypropylene spunbond and spunmelt, which is the most common of the nonwovens technology due to its relatively low cost of manufacturing Spunbond and spunmelt is a method of extruding polymer and turning it straight into a fabric in one process, without going through the steps of making fibers, yarns etc. This is a hybrid of textile and papermaking technology. In simple terms the molten polymer is extruded through fine holes and then, as it cools, it is stretched by the use of air jets to make controlled diameter filaments. The filaments are laid, as randomly as possible in all directions, on to a belt running the length of the machine. This process is repeated at each beam of the machine so a multi-layer product is produced. At the end of the process these layers are bonded together by the application of heat and pressure to form one coherent fabric. The spunbond (S) beams are on the front and back of the machine so S is on the outside of the product as these S layers supply the strength and wear characteristics of the final fabric. The meltblown (M) layers are sandwiched inside the S layers and control the water and air permeability of the final product. In a surgical gown, for instance, the requirement is for air to pass through for comfort but a high level of barrier to fluids to be in place to protect the surgeon from any body fluids reaching his skin during the operation.
- Demand for polypropylene spunbonded and spunmelt nonwoven products originate from consumer, medical or industrial applications. Medical end-products include gowns, drapes and sterile wraps. Non-medical uses of nonwoven fabrics are generally found in construction, automotive, home furnishings and packaging segments within the industrial sector with the Hygiene sector (babies' products, feminine care etc.) being the biggest market.

TABLE 55: Uses Of PP Nonwoven Fabrics Made Of Bonded And Molten Textile Technique

Usage	Field of Usage	Sample and Products
Medical		Gowns, drapes and sterile wraps
Non-medical (industrial)	Hygiene	Baby diapers, feminine care and adult incontinence products
	Construction	Roofing, acoustical ceilings, insulation, house wraps, etc.
	Automotive	Trunk applications, seat applications, trim panels, paddings, dash insulators, etc.
	Home furnishings	Dust covers, insulators, acoustical wallcoverings, blankets, pillows, carpets, pads, etc.
	Packaging	Tea/coffee bags, book covers, luggage, fertilizer packaging, gardening containers, vacuum cleaner bags, etc.
	Other industrial applications	Conveyor belts, Military clothing, cable insulator, sleeping bags, airline headrests, golf and tennis courts, etc.

4-10 Certificates and Accreditations

Compliance with the highest quality and safety standards is one of the most important priorities for the Group and its subsidiaries. These continuous efforts were culminated when the Group obtained several certificates and accreditations from specialized local and international entities in the manufacturing industries.

The table below shows the Certificates and Accreditations obtained by the Group:

TABLE 56: The Certificates And Accreditations Obtained By The Group:

The Company	Certificate	Entity	Details	Accreditation Period:
Takween	ISO 9001:2008 certification	S.G.S. Company	S.G.S was established in 1878G in Geneva as it provides services in 57 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. Takween has obtained ISO 9001:2008 certification for adopting total quality systems in producing and supplying plastic packaging products for dairy, caps, closures, and plastic bottles.	24/05/2013G – 24/05/2019G
Takween	ISO 22000:2005 certification	TUV Nord	TUV NORD was established in 1873G in Germany. Nowadays, it provides services through its subsidiaries in more than 70 countries worldwide. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. Takween obtained ISO 22000:2005 certificate for adopting quality standards in production safety management in terms of plastic packaging products, i.e. bottles, cups, lids, spoons, trays, and boxes by using press forging, thermoforming, blow molding techniques.	27/02/2015G – 26/02/2018G
Takween	Al-Ahsa Chamber Excellence Award, 2013G	Al-Ahsa Chamber of Commerce and Industry	The award was first launched in 2012G as it represents one of the Chamber's initiatives that aim at supporting business sector in Al-Ahsa together with developing the performance and awarding companies and entities which greatly contribute to the developmental renaissance in the Kingdom. Takween obtained Excellence Award for 2013G for achieving the highest standards set by the Chamber.	19/03/1435H (corresponding to 20/01/2014G)
SAAF (HQ)	ISO 9001:2008 certification	S.G.S. Company	S.G.S was established in 1878G on Geneva and it provides services in 57 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. SAAF obtained ISO 9001:2008 certification for adopting total quality systems and operations in producing nonwoven, medical, health and other fabrics.	25/07/2013G – 25/07/2016G
SAAF (Rabigh)	ISO 9001:2008 certification	S.G.S. Company	S.G.S was established in 1878G in Geneva and it provides services in 57 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. SAAF obtained ISO 9001:2008 certification for adopting total quality systems and operations in producing nonwoven, medical, health and other fabrics.	08/02/2015G – 08/02/2018G
SAAF	Al-Ahsa Chamber Excellence Award, 2014G	Al-Ahsa Chamber of Commerce and Industry	The award was first launched in 2012G as it represents one of the Chamber's initiatives that aim at supporting business sector in Al-Ahsa together with developing the performance and awarding companies and establishments which greatly contribute to the developmental renaissance in the Kingdom. SAAF obtained Excellence Award for 2014G for achieving the highest standards set by the Chamber.	22/02/1436H (corresponding to 15/12/2014G)

The Company	Certificate	Entity	Details	Accreditation Period:
Ultrapak	ISO 9001:2008 certification	TUV Nord Company	TUV NORD was established in 1873G in Germany. Nowadays, it provides services through its subsidiaries in more than 70 countries worldwide. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. Ultrapak obtained ISO 9001:2008 certification for adopting quality management standards and operations in producing and supplying high quality Pet Preform used in manufacturing liquid food in Gulf and Middle East markets.	07/10/2015G – 06/10/2018G
Ultrapak	ISO 22000:2005 certification	TUV NORD Company	TUV NORD was established in 1873G in Germany. Nowadays, it provides services through its subsidiaries in more than 70 countries worldwide. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. Ultrapak obtained ISO 22000:2005 certification for adopting quality management standards and operations in producing and supplying high quality Pet Preform used in manufacturing liquid food in Gulf and Middle East markets.	22/08/2015G – 21/08/2018G
Plastico (HQ)	ISO 22000:2005 certification	PSI Company	PSI was established in 1901G in UK as it provides services in 30 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. Plastico obtained ISO 22000:2005 certificate for its two factories in Riyadh and Jeddah for adopting quality standards in Food Safety Management as to production of bottles and caps made of Polyethylene Trevthalat for producing dairy products, caps, closures, and plastic bottles.	22/01/2015G – 30/01/2018G
Plastico (HQ)	ISO 9001:2008 certification	PSI Company	PSI Company was established in 1901G in UK as it provides services in 30 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. Plastico obtained ISO 9001:2008 certificate for its two factories in Riyadh and Jeddah for adopting quality management systems and operations in producing bottles and caps made of Polyethylene Trevthalat for producing dairy products, caps, closures, and plastic bottles.	12/06/2014G – 15/06/2017G
New Marina	ISO 14001:2004 certification	SGS Company	S.G.S was established in 1878G in Geneva as it provides services in 57 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. New Marina Company obtained ISO 14001:2004 certification for adopting environmental standards and reducing the environmental impacts during manufacturing process while producing and supplying PET Preforms made of Trevthalat which is sold in GCC and Middle East markets.	10/09/2015G – 18/11/2017G

The Company	Certificate	Entity	Details	Accreditation Period:
New Marina	ISO 9001:2008 certification	SGS Company	S.G.S was established in 1878G in Geneva as it provides services in 57 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. New Marina obtained ISO 9001:2008 certification for adopting quality management systems and operations in manufacturing canned and packaged products.	10/09/2015G – 14/11/2017G
New Marina	OHSAS 18001:2007 certification	URS Company	URS provides services in 30 countries. It is a specialized company in inspection, examination and investigation as well as granting certificates of conformity. New Marina obtained ISO 18001:2007 certification for adopting health and safety standards in manufacturing plastic rolls and in packaging.	12/03/2009G – 07/05/2018G

Source: The Company

4-11 Health and Safety

As the operations of the Company have grown due to acquisition of Plastico, Al Sharq, New Marina and Al-Oyoun Factory, the Company has to develop plans to prevent accidents and injuries and to protect its employees, assets, and equipment. Therefore, the Company is committed to applying strict health and safety standards which should be complied with in all of the Group's factories.

The Company pays great attention to the occupational safety in order to ensure continuity of production, maintain skilled workforce, and ensure the equipment and production lines with the lowest possible disruption rates. Furthermore, the Company is keen on the health and safety of its employees and the Company's management is committed to taking all precautions necessary to avoid accidents and work-related injuries and to provide a healthy and safe working environment.

The operation supervisors at the factory are committed to ensuring that all employees have received training in safe working methods and systems in order to have the highest levels of production with no accidents or work-related injuries. It is important to ensure that that the employees follow the safe working practices, instructions, and safety guidelines for occupational health and safety, in addition to providing the employees with personal protective equipment.

The Company is committed to ensuring that all employees follow the occupational health and safety standards while carrying out their duties and receive necessary training, including courses in Crisis and Emergency Management, fire prevention, the emergency reporting mechanism, evacuation methods on hearing the fire alarm and the first aid courses. New Marina obtained the OHSAS 180001:2007 certification in Health and Safety Management from URS Company. Ultrapak and Plastico obtained ISO 22000:2005 certification for applying Food Safety Management System of TUV NORD Company and PSI Company.

Within the framework of the Company's commitment to safety and fire protection procedures and to ensure compliance with the Civil Defense Department's requirements, the Company carried out a number of projects at Al-Oyoun City factory, Al-Ahsa, which is expected to start operation during 2016G. These projects include installation of sophisticated fire alarm systems, providing water system for firefighting, and providing equipment to ensure the effectiveness of firefighting and alarm within the factory. Moreover, the Company equipped the factory with the fire suppression system FM200 FM for the electric control room and information technology system. This system was brought online on 01/06/1437H (corresponding to 10/03/2016G), in addition to installing firefighting network through fire sprinkler system which will be brought online on 23/06/1437H (corresponding to 01/04/2016G).

The Group has developed a guide for health and safety standards which adopts the following standards and commitments:

- It is necessary to use personal protective equipment at work.
- It is necessary to provide first aid kit at work sites to deal with simple injuries quickly.
- Keeping chemical materials and flammable materials away from workers' gathering places as it is considered the source of real risk to the factories, enterprises and employees.
- Providing firefighting equipment and putting it in strategic places in addition to giving special attention to its periodic inspection.
- Installing and maintaining fire sprinkler system.

The current insurance coverage for the Company and its subsidiaries through the insurance policies obtained from the insurance companies is sufficient to cover risks related to property and the Company's business from a business perspective according to the insurance standards in the Kingdom.

4-12 Environment

On the basis of the Group's commitment to environmental standards and as its activity is concentrated in manufacturing industries, the Company seeks to reduce the environmental impact by taking actions that would maintain a clean environment. The Company has entered into agreements with a number companies that specialize in studies, analyses, environmental consulting and environmental impact assessment, including Environmental Clean Technology Company with which Takween, SAAF and Ultrapak have entered into agreements in 2016G. The reason behind this was to prepare environmental impact assessment study for its factories and to complete the procedures of renewing the current environmental licenses issued by the General Authority for Meteorology and Environment Protection, with the objective of performing its duty towards the environment and reducing the impact of industrial emissions on the environment.

Al Sharq has entered into an agreement with RAE Company for Environmental Services during the last year. It is a Saudi company specialized in environmental studies and consultations and licensed by the General Authority for Meteorology and Environment Protection. RAE Company for Environmental Services will conduct a study of the environmental impact assessment concerning Al Sharq project in accordance with the General Authority for Meteorology and Environment Protection's requirements, regulations and guidelines as Al Sharq seeks to renew the environmental licenses and maintain its commitment to reducing emissions and environmental impacts.

New Marina is committed to applying standards that would reduce the environmental impact. The Nile Center for Environmental and Scientific Services issued a Prospectus about measuring the environmental impacts of 2014G which showed the commitment of New Marina to the environmental standards. Further, New Marina has entered into an agreement with Petrotrade Company in order to dispose oil waste products in 2013G. The agreement is still in effect as at the date of this Prospectus. Additionally, New Marina entered into an agreement with Nahdet Misr For Modern Environmental Services in order to dispose hazardous medical waste in 2015G and the agreement is still in effect as at the date of this Prospectus. New Marina obtained ISO 14001:2004 due to these actions and other environmental responsibility actions from SGS Company which is specialized in inspection, examination and investigation as well as granting certificates of conformity for applying the environmental standards and reducing the environmental impact during the manufacturing process.

SAAF and Takween have entered into agreements with a number of local service providers for the disposal of industrial waste in a safe manner through the containers provided by the service providers for these purposes. Among these providers are Dassas Establishment for Services, Shams Al-Tawasol Establishment, and Abdullah Atiq Al Fadly Establishment.

4-13 Insurance

The Group currently has comprehensive insurance coverage including, but not limited to, the following insurance policies: Property All Risks, business interruption, loss of profits, public liability, products liability, money, fidelity, domestic maritime transport, comprehensive motor (including all risks), marine cargo, loss of profits following machinery breakdown, installation risks (including liability to third parties), and employee's cooperative health insurance policy.

The potential risks that the Group may experience are followed up through periodic risk reviews which the Group conducts in cooperation with insurance and reinsurance companies with which the Group deals.

4-14 Information Technology

Takween Advanced Industries is responsible for achieving targets and developing Information Technology (IT), resource management and infrastructure systems for all branches of the Company and its factories. IT department of the Company is committed to support the strategic growth by applying and supporting the commercial solutions and constructing infrastructure using the latest technologies in line with the best international policies and practices for administration and operations. Further, the department is committed to hiring and training highly qualified professionals to perform operations, maintain the information technology infrastructure, ensure the protection and quality of information and maintain the continuity of services and activities.

IT department has worked on developing plans to ensure business continuity, permanent monitoring of all systems and infrastructure, conducting periodic tests for recovery systems should the Company's systems become exposed to any risk or damage. In addition, the department takes all necessary actions for effectively avoiding risks.

For the purpose of the fullest possible use of IT advanced systems in the Group businesses, Takween undertook a number of projects and entered into agreements with a number of leading IT companies. For example, among these projects are the successful completion of integrating IT systems of Plastico and Al Sharq, which have recently joined the Group, with the Group's SAP system. The Group continues to work towards maximizing the use of this internationally recognized system to reach the optimum level of operation as it includes many systems dealing with resource management, financial management, cost accounting, human resource management, quality management, production planning scheduling, sales and maintenance of factories.

It is worth mentioning that specialized consultants were appointed through SAP to achieve the highest standards for implementation of this system and provide instant support for the users to facilitate the performance of their work. Infrastructure is one of the important matters which were addressed: network devices and extensions were upgraded, connecting all factories to a unified service center for networks and devices; new communication systems were installed in Takween companies to enable the audio and visual communication in order to raise the level of connectivity between companies and geographically distant factories as well as reducing travel costs. Among the essentials that Takween has worked on is the installation of distinct safety standards to ensure electronic protection and the security of networks and devices. Finally, many services operated by the IT department were transferred to cloud service to provide a high quality service for all users among the Company's employees and facilitate access to the service easily and securely.

In addition, the Company has contracted with a number of IT companies to provide IT services, devices and systems, among which is the Systems of Strategic Business Solutions Company (a related party), to provide the Group with IT services including email, information center management, support center management and to provide protection systems. Systems of Strategic Business Solutions Company also provides firewall and monitoring services to ensure the security of the Group's networks.

The Group has benefited from transferring Oracle licenses due to acquisition of Plastico. In addition to that, all companies use SAP software, and the Company subscribed to technical support from SAP and obtained the required licenses for 2016G. The Company uses Microsoft enterprise system to cover all Microsoft products used by the Company.

4-15 Research and Development

The Group's continuing emphasis on research and development is considered a cornerstone of all innovations which enhance its market leadership position and will allow the Company to develop new products in the future to maintain its leadership position and profitability.

The Company has established a department for research and development for each subsidiary. It is one of the departments supporting production and operation supervised by subsidiaries' technical managers and includes continuous research into the Polymers industry and nonwoven fabrics industry. This department receives continuous support from the Company's management to enhance innovation and development.

The Group communicates with Saudi and international research centers and SABIC in regard to Polymer research, since Polymer is used in a great number of products specifically including food packaging applications.

The Group has benefited from SABIC's efforts in research and development of Polymers including plastic materials which was a motivation for the Group to develop products resulting from advanced research and studies in Polymers' science, engineering, and applications, and related sectors in the Kingdom.

The Group works on establishing a generation of trained engineers with plastics industry skills by continuously training and encouraging research, whether in plastic products or environment-related projects studying the effect on the thermal properties of plastic, recycling of plastic materials and nonwoven fabric products, and related health and medical aspects.

The Group works through SAAF to produce nonwoven fabrics for use in health and medical sectors. Thus, more attention shall continuously be paid to operational phases which include the production of non-woven fabrics through chemical method, electrical and electronic methods, carding and drafting stages, and the final processing stage. In each stage, the production process requires using the latest techniques and research and a number of specialized engineers and technicians supervise these processes periodically. The Group has allocated an annual budget for research and the development of products which are needed by the market or the products that require changes to cope with the constant technological development in the plastics industry. This includes upgrading equipment and manufacturing models which control bottle forms, innovating new manufacturing molds and coping with developments in non-woven fabric industry and its end products.

4-16 Business Interruption

The Company confirms that there was no interruption in the business of the Group which may have or have had a significant effect on the financial position in the last 12 months.

4-17 Material Change

The Company confirms that there is no intention to perform any material change to its current activities since its establishment.

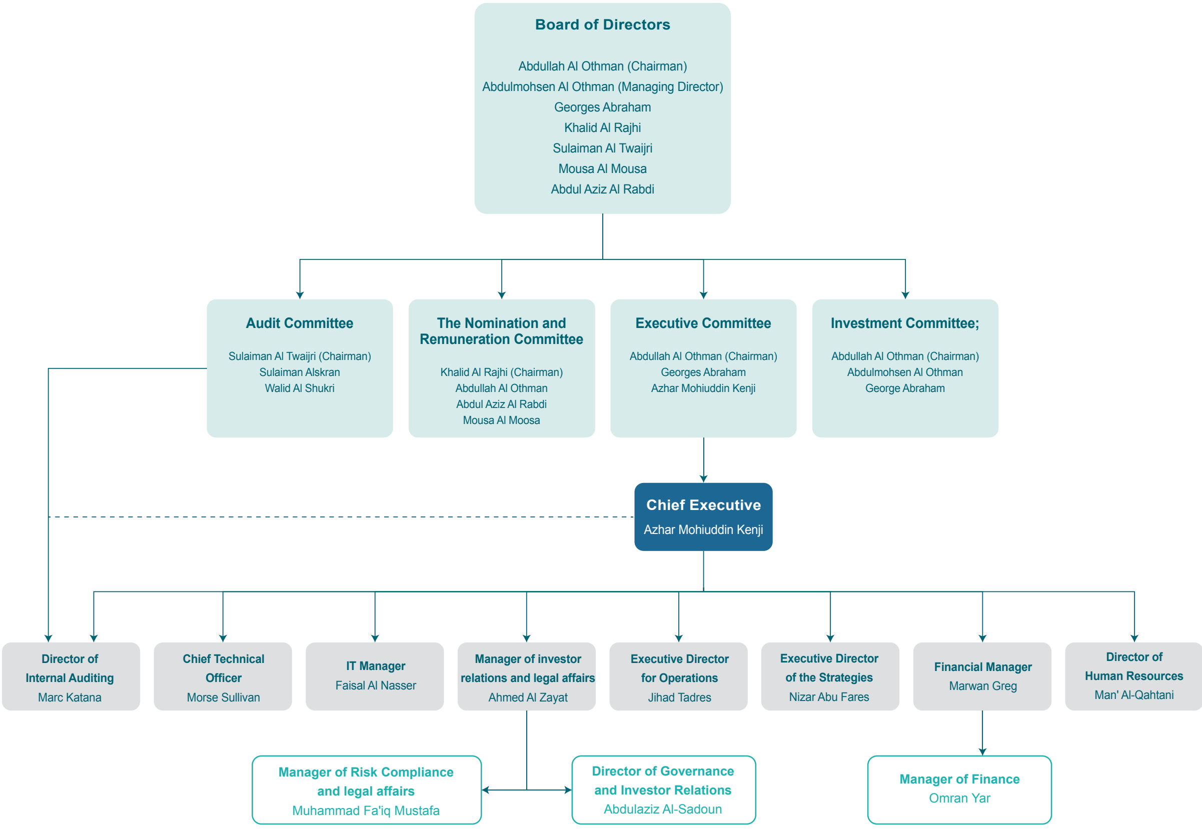
5. Management Structure and Governance of the Company

5-1 The Company's Structure

The Company's administrative structure consists of the Board of Directors, which consists of seven (7) members, appointed by the ordinary general assembly, along with the Board committees namely: the executive committee, audit committee, nomination and remuneration committee, investment committee and a team of executive officers ("Senior Management").

The Company has an organizational structure headed by the board and supported by the senior management. The Board is responsible for the overall management, supervision and control of the Company. The Board has delegated the overall management responsibility to the Senior Management, headed by the Chief Executive Officer. The Chief Executive Officer, Azhar Mohiuddin Kenji is responsible for managing the day-to-day operations of the Company, he was appointed as of 27/05/1436H (corresponding to 18/03/2015G) pursuant to the Board of Directors' resolution number (110/V/2015), dated 17/03/2015G. He is assisted by a team of senior members of senior management with high knowledge and qualifications. Such capabilities and experiences are the key elements to develop the Company businesses and provide the very latest products to customers.

FIGURE 41: Organizational Structure



5-2 Board Members and the Secretary

The existing Companies Regulations outlines the powers of the Board of Directors and the General Assembly of Joint Stock Companies. It should be noted that the Regulations adopted the General Assembly of a company to be at the top of the organizational structure of Joint Stock Companies. Moreover, the Regulations made a distinction between the powers of the ordinary general assembly and that of the extraordinary general assembly.

Subject to the powers vested in the General Assembly, the Board of Directors shall have the fullest powers to manage and supervise the business and affairs and set out policies and regulations which achieve its objectives (as provided in article (11) of the Corporate Governance Regulations and the article (75) of the existing Companies Regulations). The Board of Directors may, within its powers, give a proxy to one or more of its members or others to carry out specific tasks(s).

Pursuant to the Company's Bylaws, the Company shall be managed by a Board of Directors consisting of (7) members appointed for a term of three (3) years. The current Board members have been appointed pursuant to the resolution of the ordinary general assembly dated 27/05/1434H (corresponding to 08/04/2013G). The Board has established a number of committees, namely: The Executive Committee, the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee. Such Committees provides support to the Board in following up and oversee the Company businesses and providing necessary guidance to the Board.

The key responsibilities of the Board are to ensure the success of the Company at the long term, and this includes:

- Adopting the Company's policies in accordance with its objectives and achieving its goals;
- Representing the Company with third parties and government departments;
- Setting out the Company's performance objectives;
- Supervising the main capital expenditure;
- Appointing the executive committees and executive managers as well as determining their powers, salaries and remunerations;
- Representing the Company before banks and performing all procedures before them; and
- Supervising the disclosure process.

The following schedule sets out the names of the existing members of the Board of Directors:

TABLE 57: Members Of The Board Of Directors:

No.	Name	Position	Nationality	Age	Membership Status	Membership Date	Representation/ Representative Name	Shares Held*	
								Directly	Indirectly
1	Abdullah Mohamed Al Othman	Chairman	Saudi	45	Non-executive/ non-independent	22/11/2013G	-	901,000	2,272,522
2	Abdulmohsen Mohamed Al Othman	Managing Director	Saudi	43	Executive / non-independent	22/11/2013G	-	303,000	2,272,522
3	Khalid Abdulrahman Al Rajhi	Director	Saudi	46	Non-executive/ non-independent	22/11/2013G	-	837,434	979,608
4	Georges El Khoury Antonios Abraham	Director	Australian	57	Non-executive/ non-independent	22/11/2013G	Al Othman Holding	1,166	N/A
5	Mousa Abdulmohsen Al Mousa	Director	Saudi	66	Non-executive / Independent	22/11/2013G	-	1,996	N/A
6	Sulaiman Abdulaziz Al Tawijri	Director	Saudi	52	Non-executive / Independent	22/11/2013G	-	1,000	N/A
7	Abdulaziz Saleh Al Rabdi	Director	Saudi	55	Non-executive / Independent	22/11/2013G	-	1,166	N/A

Source: The Company

*In accordance with the shareholders' register, dated 19/04/2016G.

The Board of Directors' remuneration shall be of the percentage set out in the Company's Bylaws. The Board of Directors' report sent to the ordinary general assembly must include a comprehensive statement of all the amounts received by the Directors during the financial year, as to salaries, share in the profits, attendance fees, expenses and other benefits. In addition, the aforesaid report should include all the amounts received by the members in their capacity as officers or executives of the Company, or amounts that received in consideration for technical, administrative or advisory services.

Pursuant to Article 21 of the Company's Bylaws, the Board of Directors' remuneration shall be within the limits of the provisions of the Company's Bylaws or any other complementary regulations, resolutions or instructions. The maximum amount received by each director, such as remunerations, financial or material benefits for his/her services, under the Article 76 of the existing Companies Regulations, shall not exceed SAR 500.000 (five hundred thousand Saudi Riyals) per annum. Pursuant to Paragraph 2 of the same Article, if the remuneration is a certain percentage of the Company's profits, it shall not exceed (10%) of its net profits. The remuneration of the Board of Directors may be amended subject to the approval of the EGA. The Board of Directors shall have no right to vote on these remunerations.

5-2-1 Board Membership Criteria

The Corporate Governance Regulation defined the independent and executive director as the following:

a) Independent Director

A director of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence in accordance with the amendment under the Board of association number (1-10-2010), dated 30/03/1431H (corresponding to 16/03/2010G):

1- Holding a five percent (5%) or more of the Company's shares or any of its Group.
2- Being a representative of a legal person that holds a five percent (5%) or more of the issued shares of the company or any of its Group.
3- Being, during the preceding two years, has been a senior executive of the company or of any other company within that company's group
4- Being a first-degree relative of any board member of the company or of any other company within that company's group

5- Being a first-degree relative of any of senior executives of the company or of any other company within that company's group.
6- Being a board member of any company within the group of the company which he is nominated to be a member of its board.
7- Being, during the preceding two years, an employee with an affiliate of the company or an affiliate of any company of its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling.

Therefore, any member who is not independent is the member to whom any of the above cases applies.

b) Non-Executive Director

1- A non-executive director is a member of the board of directors who does not have a full-time management position at the company, or who does not receive monthly or yearly salary.
2- With regard to the formation of the board as provided for in sub-paragraphs (c & e) of Article 12 of the Corporate Governance Regulations, the majority of directors of the board must be non-executives and the independent members of the board of directors shall not be less than two members, or one-third of the members, whichever is greater depending on the total number of directors. The Company is in compliance with the provisions of this Article as the majority of the Company's Board directors are non-executives, In addition to 4 (four) independent directors
3- The Company is in compliance with the provisions of this Article as the majority of the Company's Board directors are non-executives, except for Abdulmohsen Al Othman while (3) out of (7) are independent directors.
4- According to the previous Companies Regulation, a member of the board of directors must own a number of shares whose value shall not be less than SAR 10,000 (ten thousand Saudi Riyals). These shares shall, within 30 days from the date of appointment of a member, be deposited in one of the banks designated by the Minister of Commerce and Industry. They shall be set aside as a guarantee for members' liability, and shall remain non-negotiable until the lapse of the period specified for hearing the action in liability provided for in Article 77, or until a decision has been rendered on such action. If the member fails to submit such guarantee shares within the specified period, he shall forfeit his membership. The Auditor must ascertain compliance with the provisions of this Article, and must mention in his report submitted to the General Assembly any violation in this respect.
5- Guarantee shares have been allocated to the membership of the Board of Directors, referred to in the table below according to Article 68 of the Companies Regulations regarding guarantee shares. Based on Tadawul letter number (m-a-r 4029), dated 10/05/1436H (corresponding to 01/03/2015G) which states that Guarantee shares be allocated to the membership of the Board of Directors as follows:

TABLE 58: Guarantee Shares Allocated To The Membership Of The Board Of Directors

No.	Name of Director	Number of shares
1	Abdullah Mohamed Al Othman	1,000
2	Abdulmohsen Mohamed Al Othman	1,000
3	Khalid Abdulrahman Al Rajhi	1,000
4	Georges El Khoury Antonios Abraham	1,000
5	Mousa Abdulmohsen Al Mousa	1,000
6	Sulaiman Abdulaziz Al Tawijri	1,000
7	Abdulaziz Saleh Al Rabdi	1,000

A brief summary of the experience, qualifications and the current and previous positions of each of the Directors and the Secretary of the Board is set out below:

TABLE 59: The Biographies Of Board Members And The Secretary

Abdullah Mohamed Al Othman	
Appointment Date	19/01/1435H (corresponding to 22/11/2013G)
Position	Chairman (non-executive, non-independent)
Age	45
Nationality	Saudi Arabia
Academic Qualifications	Bachelor of Industrial Management, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 1995G.

Abdullah Mohamed Al Othman	
Work Experience	• Board Member at Real Estate Development Fund, a government fund providing loans for establishing houses, from 2016G to the date of this Prospectus. • General Manager at Ultrapak Manufacturing Company Limited, a Limited Liability Company operating in plastics industries sector, from 2010G to the date of this Prospectus. • Honorary Consul at Portuguese Consulate in the Kingdom of Bahrain, from 2005G to 2013G. • Board Director of Eastern Region Emara, from 2005G to 2013G. • Consultant on foreign trade in Belgian Embassy in Saudi Arabia, from 2006G to 2011G. • General Manager at Clean Environment Technologies and Environmental Studies Company, a Limited Liability Company operating in the environmental consulting and study sector, from 2004G to 2012G.
Board Membership in Other Companies (Previous and current)	• Board member Roots Group Arabia Company, a Closed Joint Stock Company operating in building material sector, from 2015G to the date of this Prospectus. • Vice Chairman of Al Othman Holding, a Closed Joint Stock Company operating in food and chemical industries and investments sector, from 2002G to the date of this Prospectus. • Board member Saudi United Cooperative Insurance ("WALA'A"), a Public Joint Stock Company operating in insurance sector, from 2007G to the date of this Prospectus. • Board member of GIB for Financial Services, a Closed Joint Stock Company operating in financial and investment services sector, from 2010G to the date of this Prospectus. • Board member of New Marina for Plastic Industries Company, a Closed Joint Stock Company operating in plastic products sector, from 2015G to the date of this Prospectus. • Chairman of the Board of Directors at Systems of Strategic Business Solutions Company, a Limited Liability Company operating in IT sector, from 2001G to the date of this Prospectus. • Chairman of the Board of Directors at IMCO Al Othman Industrial Marketing Company, a Limited Liability Company operating in industrial marketing sector, from 2003G to the date of this Prospectus. • Chairman of the Board of Directors at Taziz Steel Industry, a Limited Liability Company operating in steel industry sector, from 2004G to the date of this Prospectus.

Abdulmohsen Mohamed Al Othman	
Appointment Date	19/01/1435H (corresponding to 22/11/2013G)
Position	Managing Director (non-executive/non-independent)
Age	43
Nationality	Saudi Arabia
Academic Qualifications	Bachelor of Accounting, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 1997G.
Work Experience	• Member of Fresh Dairy Producers National Committee, operating in development, production and manufacturing dairy products from 1998G to the date of this Prospectus. • General Manager of Nada International School, an individual establishment operating in Education sector from 2005G to the date of this Prospectus. • Board member of the Chamber of Commerce and Industry in Al-Ahsa from 2006G to the date of this Prospectus. • General Manager of Al Othman Agriculture Production and Processing Company (NADA), a Limited Liability Company operating in food industry sector, from 2007G to the date of this Prospectus. • Board Member of Tourism Development Council in Al-Ahsa, which is concerned with developing tourism in Al-Ahsa, from 2009G to the date of this Prospectus. • Board Member of National Council in Al-Ahsa, which is concerned with developing Al-Ahsa, from 2010G to the date of this Prospectus. • General Manager of Advanced Fabrics (SAAF), a Limited Liability Company operating in nonwoven fabric industry sector, from 2011G to the date of this Prospectus. • General Manager of Saudi Arabia Plastic Packaging Systems Company, a Limited Liability Company operating in plastics industries sector, from 2015G to the date of this Prospectus. • General Manager of Al Sharq Plastic Industries Company, a Limited Liability Company operating in plastics industries sector, from 2015G to the date of this Prospectus. • Board member of Technical and Vocational Training Corporation, which is concerned with developing and training national human resource, from 2010G to 2014G.

Abdulmohsen Mohamed Al Othman	
Board Membership in Other Companies (Previous and current)	• Board member of Bayan Realty Estate Company, a Closed Joint Stock Company operating in real estate investments sector, from 2009G to the date of this Prospectus. • Board member of Al Ahsa Development Company, a Public Joint Stock Company operating in multi-investment sector, from 2010G to the date of this Prospectus. • Board member of Al Othman Holding, a Closed Joint Stock Company operating in food and chemical industries and investments sector, from 2013G to the date of this Prospectus. • Board member of Salam Medical, a Closed Joint Stock Company operating in medical services sector, from 2014G to the date of this Prospectus. • Board member of New Marina for Plastic Industries Company, a Closed Joint Stock Company operating in plastic products sector, from 2015G to the date of this Prospectus.

Khalid Abdulrahman Al Rajhi	
Appointment Date	19/01/1435H (corresponding to 22/11/2013G)
Position	Board Member (non-executive/non-independent)
Age	46
Nationality	Saudi Arabia
Academic Qualifications	Bachelor of Finance, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 1994G.
Work Experience	Chief Executive Officer of Abdulrahman Saleh Al Rajhi and Partners Company Limited, a Limited Liability Company operating in trade and industry sector, from 2005G to the date of this Prospectus.
Board Membership in Other Companies (Previous and current)	• Board member of Bank AL-Bilad, a Public Joint Stock Company operating in banking and investments business sector, from 2005G to the date of this Prospectus. • Chairman of Saudi Cement Company, a Public Joint Stock Company, operating in cement manufacturing, producing and marketing, from 2013G to the date of this Prospectus. • Board Member of Saudi United Cooperative Insurance (“Wala’a”), a Public Joint Stock Company operating in insurance sector, from 2007G until the date of this Prospectus. • Board Member of Tanami Holding Company, a Limited Liability Company operating in real estate sector, from 2006G to the date of this Prospectus. • Board Member of Procare Riaya Hospital, a Limited Liability Company operating in healthcare and medical services, from 2014G to the date of this Prospectus. • Board Member of Dr. Fakhry Hospital, a Limited Liability Company operating in healthcare and medical services, from 2005G to 2014G. • Board Member of Alsalam schools, a Limited Liability Company operating in education sector, from 1998G to 2014G.

Georges El Khoury Antonios Abraham	
Appointment Date	19/01/1435H (corresponding to 22/11/2013G)
Position	Board Member (non-executive/non-independent)
Age	57
Nationality	Australia
Academic Qualifications	Bachelor of Finance and Business Management, Saint Joseph’s University, Beirut, Lebanon, 1981G.
Work Experience	• Senior Advisor in Al Othman Holding, a Closed Joint Stock Company operating in food and chemical industries and investments sector, from 2009G to the date of this Prospectus. • General Manager of Plastics Sector in Al Othman Holding, a Closed Joint Stock Company operating in the sector of food and chemicals industries and investment, from 2000G to 2008G. • General Manager at Al Othman Agriculture Production and Processing Company (NADA), a Limited Liability Company operating in the sector food industries, since 1993G until 2000G. • General Manager at Polly King Marketing, an Australian Limited Liability Company operating in investment sector, since 1988G until 1993G. • Al Mutlaq Furniture Project Manager, a Limited Liability Company operating in furniture marketing and manufacturing, since 1983G until 1987G. • An accountant at Saudi Oger Limited, a Limited Liability Company operating in contractions sector, since 1982G until 1983G.

Georges El Khoury Antonios Abraham	
Directorship in Other Companies (Previous and current)	• Board member of Al Othman Holding, a Closed Joint Stock Company operating in food and chemical industries and investment sector, since 1997G until the date of this Prospectus. • Board member of New Marina for Plastic Industries Company, a Closed Joint Stock Company operating in plastic products sector, from 2015G until the date of this Prospectus.

Mousa Abdulmohsen Al Mousa	
Appointment Date	19/01/1435H (corresponding to 22/11/2013G)
Position	Non-executive Director, Independent
Age	66
Nationality	Saudi Arabia
Academic Qualifications	Bachelor of Economics, University of Arizona, United States 1979G.
Work Experience	General Manager of the Eastern Region of SAMBA Financial Group, a Public Joint Stock Company operating in banking sector, since 1994G until 2010G.
Directorship in Other Companies (Previous and current)	Board member of Saudi Steel Pipe Company, a Public Joint Stock Company working in steel pipes' manufacturing sector, from 2013G until the date of this Prospectus.

Sulaiman Abdulaziz Al Tawijri	
Appointment Date	19/01/1435H (corresponding to 22/11/2013G)
Position	Non-executive Director, Independent
Age	52
Nationality	Saudi Arabia
Academic Qualifications	• Bachelor of Accounting, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 1990G. • Master's degree in Accounting - University of Illinois, US, Urbana–Champaign, Illinois, USA, 1993G. • PHD in Accounting - Case Western Reserve University, Cleveland, Ohio State, USA, 1998G.
Work Experience	Chief Executive Officer of the Saudi Arabian Amiantit Company, a Public Joint Stock Company operating in pipes' manufacturing sector, from 2008G until the date of this Prospectus.
Directorship in Other Companies (Previous and current)	• Board Member of Saudi United Cooperative Insurance ("Wala'a"), a Public Joint Stock Company operating in insurance sector, from 2007G until the date of this Prospectus. • Board Member (Managing Director) of the Saudi Arabian Amiantit Company, a Public Joint Stock Company operating in pipes and tanks' manufacturing sector, from 2008G until the date of this Prospectus. • Board member of Chemical Development Company, a Closed Joint Stock Company operating in chemicals and petrochemicals sector, from 2011G until the date of this Prospectus. • Board member of Mulkia Investment Company, a Closed Joint Stock Company operating in financial consulting sector, from 2014G until the date of this Prospectus.

Abdulaziz Saleh Al Rabdi	
Appointment Date	19/01/1435H (corresponding to 22/11/2013G)
Position	Non-executive Director, Independent
Age	55
Nationality	Saudi Arabia
Academic Qualifications	• Bachelor of Industrial Management, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 1985G. • Advanced courses in financial and credit analysis and projects evaluation - The Chase Manhattan Bank, New York, USA, 1987G.
Work Experience	CEO of ASR Consulting, a consulting firm operating in economic consulting sector, from 2003G until the date of this Prospectus.

Abdulaziz Saleh Al Rabdi	
(Previous and current) Board Membership in Other Companies	• Board Member of Saudi United Cooperative Insurance ("Wala'a"), a Public Joint Stock Company operating in insurance sector. from 2006G until the date of this Prospectus. • Board member of Abdullah Al-Othaim Markets Company, a Public Joint Stock Company operating in retail sector, from 2009G until the date of this Prospectus. • Board member of Al Hammadi Company for Development and Investment, a Public Joint Stock Company operating in health sector, from 2013G until the date of this Prospectus. • Board member of Alhokair Group for Tourism and Development, a Public Joint Stock Company operating in tourist hotels and entertainment sector, from 2013G until the date of this Prospectus. • Board member of Obeikan Glass Company, a Closed Joint Stock Company operating in manufacturing glass sector, from 2006G until the date of this Prospectus.

Abdulaziz Mohamed Al-Sadoun	
Appointment Date	28/06/1432H (corresponding to 31/05/2011G)
Position	Board Secretary
Age	43
Nationality	Saudi
Academic Qualifications	• Master's degree in Accounting and Finance, University of Essex, UK, 2004G • Certified Internal Auditor (CIA) Certification 2013G
Work Experience	• Business Manager at Al Othman Company for Plastic Products, a Limited Liability Company, from 2009G to 2010G. • Financial Manager at Middle East Financial Investment Capital, a Closed Joint Stock Company operating in financial services field, from 2007G to 2009G. • Disclosure Specialist at Disclosure Department of Capital Market Authority, a government authority, from 2005G to 2009G. • Teaching Assistant at King Faisal University in Al-Ahsa city, a government university, from 2000G to 2003G.
Board Membership in Other Companies (Previous and current)	None

5-2-2 Board of Directors Members Remuneration

Pursuant to the Company's Bylaws, Board of Directors remuneration shall be determined as set out by the Companies' Regulation or any other complementary regulations, decisions or instructions. Under Article 76 of the Companies' Regulation, remuneration and financial and in-kind benefits paid to each Director shall not exceed five hundred thousand Saudi Riyals per year SAR 500,000 (five hundred thousand Saudi Riyals). Pursuant to Paragraph 2 of the same Article, if the remuneration is a certain percentage of the Company's profits; it shall not exceed (10%) of its net profits. The compensations and remunerations for the Board Members are proposed by the Remunerations and Nominations Committee in-line with the Company's Bylaws and resolutions issued in this regard. The compensations and remunerations are first submitted to the Board for their approval and then presented to the ordinary general assembly for voting.

The Company shall comply with the standards that determine the annual remuneration declared by the Company's General Assembly upon the Board's recommendation. Remuneration and compensation of the Board shall be approved in the General Assembly's meetings, provided that the Directors are not entitled to vote on such remunerations and compensation

Until issuance of this Prospectus and over the last three years, the Directors have obtained other remuneration and benefits of eight million seven hundred and ninety-two thousand Saudi Riyals SAR 8,792,000 (eight million, seven hundred ninety-two thousand Saudi Riyals), in aggregate. Such remuneration and benefits have been approved by the ordinary general assembly. Here are the total amounts received by the Directors during the last three years:

TABLE 60: Remuneration And Benefits Of The Directors Over 2013G, 2014G, 2015G

Statement (in SAR)	2013G	2014G	2015G
Directors	3,833,000	3,400,000	1,559,000

Source: The Company

5-3 Board of Directors Committees

To ensure the best performance of the Company's management, the Board has formed an Audit Committee, Nomination and Remuneration Committee, Executive Committee - whose charter has been approved after the ordinary general assembly's on 26/05/1433H (corresponding to 18/04/2012G) - and Investment Committee which formation has been approved pursuant to the Board's resolution dated 24/01/1435H (corresponding to 27/11/2013G).

For committees' formation, a sufficient number of non-executive Directors shall be appointed in committees assigned to tasks that may result in conflicts of interest, (such as ensuring integrity of financial and non-financial statements, auditing relevant persons' transactions, nominating Board members, appointing executive Directors and determining remuneration).

The total remuneration of the Committees' members amounted to five hundred and ninety-nine thousand Saudi Riyals SAR 599,000 (five hundred ninety-nine thousand Saudi Riyals) for 2015G.

The Company has formed the following committees:

5-3-1 The Executive Committee

The Article (4) of the Company's Executive Committee Regulations provides that the Board shall form such from among at least (3) or (4) Board members. Such committee shall include at least a Board members and the Managing Director who shall head the Committee, call it for meeting\ as he deems appropriate, and chair its meetings. Quorum of the Executive Committee meetings shall be by the majority of its members. Its resolutions and recommendations shall be made by the consent of the majority of its present members.

The duties and responsibilities of the Executive Committee include the following:

- Make recommendations to the Board of Directors in regards to the topics raised by the executive management of the Company, and determines which of those shall be referred to the Board;
- Review the annual business plan and budgets of the Company before submission to the Board for approval; and.
- Regularly reviewing the real capital expenditure and comparing it to the pre-approved budget.

With reference to the Board of Directors' resolution dated 21/01/1435H (corresponding to 24/11/2013G), the Executive Committee members have been appointed and they are:

1- Abdulmohsen Mohamed Al Othman (Chairman)
2- Georges El Khoury Antonios Abraham (Member)
3- Azhar Mohiuddin Kenji (Member) (was appointed under the Board of Directors' resolution dated 27/05/1436H (corresponding to 18/03/2015G))

The table below states the number of meetings held by the Executive Committee's during the years 2013G, 2014G and 2015G and also shows the extent of compliance with the number of periodical meetings over the last financial years:

TABLE 61: The Number Of Executive Committee's Meetings

Executive Committee	2013G	2014G	2015G
	6	6	7

A brief on Executive Committee's Members:

TABLE 62: A Brief On Executive Committee's Members

Abdulmohsen Al Othman	
Position	Executive Committee Chairman
Biography	(For more information, see Table 59 "The Biographies of Board Members and the Secretary" in Section 5 "Management Structure and Governance of the Company"-"Board Members and the Secretary")

Georges El Khoury Antonios Abraham	
Position	Executive Committee Member
Biography	(For more information, see Table 59 "The Biographies of Board Members and the Secretary" in Section 5 "Management Structure and Governance of the Company"- "Board Members and the Secretary")

Azhar Mohiuddin Kenji	
Position	Executive Committee Member
Biography	(For more information, see Table 70 "The Biographies of Senior Management Members" in Section 5 "Management Structure and Governance of the Company"-"Senior Management")

5-3-2 Audit Committee

Pursuant to the resolution of the CMA's Board number (1-36-2008) issued on 12/11/1429H (corresponding to 10/11/2008G) companies whose shares are listed in the Saudi Stock Exchange ("Tadawul") in accordance with Article 14 of the Corporate Governance Regulations, must form an Audit Committee consisting of non-executive members starting from 2009G.

The powers and responsibilities of the Audit Committee include the following:

- Overseeing the internal audit department of the Company to ensure the efficient performance of its activities and tasks assigned to it by the Board.
- Reviewing the internal audit plan and procedures and provide its opinions and recommendations in relation thereto.
- Considering reports of Internal Audit and following up on implementing corrective actions for the notes therein contained.
- Make recommendations to the Board with respect to the appointment or replacement of the external auditors and determine their remuneration, with due consideration to their independence in making recommendations.
- Monitor the work of external auditors and approve any activities beyond their scope of work during their audit work.
- Review the audit plan with the external auditor and provide any remarks thereto.
- Review the external auditor's comments to the financial statements and monitor the actions taken in this regard.
- Review the annual financial statements prior to their submission to the Board and provide comments and recommendations in relation thereto; and.
- Examine the accounting policies adopted by the Company and make recommendations in this respect to the Board.

The Committee shall supervise the Company's Internal Audit Department, assess the Company's business procedures regarding the Company's internal control and accounting policy and give recommendations to the Board of Directors with respect thereto. The Audit Committee shall be in charge of monitoring the Company's financial statements and ensuring the integrity and effectiveness of the external and internal audit.

On 26/05/1426H (corresponding to 18/04/2012G), the General Assembly adopted standards for appointing members of the Audit Committee and the terms that should be taken into consideration by the Board to appoint Audit Committee's members.

With reference to the Board of Directors' resolution dated 21/01/1435H (corresponding to 24/11/2013G), the Audit Committee members have been appointed are:

1- Sulaiman Al Tuwaijri (chairman)
2- Sulaiman Alskran (member)
3- Walid Al Shukri (member)

The table below states the number of meetings held by the Audit Committee's during the years 2013G, 2014G and 2015G and also shows the extent of compliance with the number of periodical meetings over the last financial years:

TABLE 63: The Number Of Audit Committee's Meetings

Audit Committee	2013G	2014G	2015G
	4	4	4

A brief on Audit Committee's Members:

TABLE 64: A Brief On Audit Committee's Members

Sulaiman Al Tawijri	
Position	Audit Committee member
Biography	(For more information, see Table 59 "The Biographies of Board Members and the Secretary" in Section 5 "Management Structure and Governance of the Company"- "Board Members and the Secretary")

Sulaiman Alskran	
Appointment Date	28/06/1432H (corresponding to 31/05/2011G)
Position	Audit Committee member
Age	48
Nationality	Saudi
Academic Qualifications	• PhD in Economics and Statistics - University of Houston, USA, 1994G. • MBA, King Fahd University of Petroleum and Minerals, Saudi Arabia, 1987G. • Bachelor of Industrial Management, King Fahd University of Petroleum and Minerals, Saudi Arabia, 1985G.
Work Experience	• Head of the Department of Finance and Economics, College of Industrial Management, King Fahd University of Petroleum and Minerals, from 2004G to the date of preparing this Prospectus. • Associate Professor in the Department of Finance and Economics, College of Industrial Management, King Fahd University of Petroleum and Minerals, from 2002G to 2004G. • Assistant Professor in the Department of Finance and Economics, College of Industrial Management, King Fahd University of Petroleum and Minerals, from 1995G to 2002G.
Board Membership in Other Companies (Previous and current)	• Board of Trustees Member, Prince Sultan University. • Board of Trustees Member, Prince Sultan College for Tourism and Hospitality Sciences. • Board of Trustees Member, Al Yamamah National College, Riyadh. • A Director of Saudi Economic Association. • Chairman of Founding Committee of the Saudi Finance and Banking Association. • Member of the American Finance Association (USA). • Member of the American Financial Management Association (USA).

Walid Al Shukri	
Appointment Date	28/06/1432H (corresponding to 31/05/2011G)
Position	Audit Committee member
Age	48
Nationality	Saudi
Academic Qualifications	Bachelor of Accounting, King Fahd University of Petroleum and Minerals, Saudi Arabia, 1989G
Work Experience	• Consultant at Ernst & Young, a company operating in financial audit, tax consultancy, commercial transactions and consulting services, from 2011G to 2012G. • The principal partner in Saudi Arabia, Price Waterhouse, a company operating in financial audit, tax consultancy, commercial transactions and consulting services, from 2008G to 2010G. • The administrative partner, Price Waterhouse, a company operating in financial audit, tax consultancy, commercial transactions and consulting services, from 2008G to 2006G.
Board Membership in Other Companies (Previous and current)	• Director at Saudi Mechanical Industries, a company operating in mechanical field, from 2015G to the date of this Prospectus. • Director at Arakon, from 2014G to the date of preparing this Prospectus. • Director at United Matbouli Group Limited, a company operating in retail field, from 2013G to the date of preparing this Prospectus. • Director at Al Hokair, a Public Joint Stock Company operating in retail field, from 2012G to the date of preparing this Prospectus.

5-3-3 Nomination and Remuneration Committee

The resolution of the Capital Market Authority's Board number (1-10-201) issued on 30/3/1431H (corresponding to 16/3/2010G) to obligate the companies whose shares are listed in the Saudi Stock Exchange ("Tadawul") under Article 15 of the Corporate Governance Regulations to form a committee called (Nomination and Remuneration Committee starting from 2009G).

Pursuant to the resolution of the CMA's Board number (1-10-201) issued on 30/03/1431H (corresponding to 16/3/2010G) companies whose shares are listed in the Tadawul in accordance with Article 15 of the Corporate Governance Regulations, must form a Nomination and Remuneration Committee.

The powers and responsibilities of the Audit Committee include the following:

The Company's General Assembly shall, upon a recommendation of the Board of Directors, set the criteria for appointing members of Nomination and Remuneration Committee, along with the terms of appointment and work mechanism.

The powers and responsibilities of the Audit Committee include the following:

- Recommended to the Board of Directors appointments to membership of the Board in accordance with the approved policies and standards. The committee shall ensure that no person who has been previously convicted of any offense affecting honor or honesty is nominated for such membership.
- Review annually the requirement of suitable skills for membership of the Board of Directors and preparation of the required capabilities and qualification for such membership.
- Review the structure of the Board and recommend change.
- Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the Company's interest; and
- Ensure on annual basis the independence of the independent members and the absence of any conflict of interest in case of Board member also acts as a member of the Board of Directors of another company.
- Developing clear policies regarding compensations and remunerations for the Directors and senior executives. Such policies shall be developed in accordance with criteria related to performance.
- Considering the preliminary and annual financial statements before submitting them to the Board of Directors and expressing opinions and recommendations upon which.
- Considering applicable accounting policies and expressing opinion and recommendations to the Board of Directors with respect thereto.

The Company has formed Nomination and Remuneration Committee to be in charge of ensuring transparency and integrity regarding the procedures of appointing Directors. The Company's General Assembly shall approve all resolutions to appoint, reappoint and dismiss Directors and ensure that the major part of remuneration mainly depends on performance.

On 26/05/1426H (corresponding to 18/04/2012G), the General Assembly adopted criteria for appointing members of the Nomination and Remuneration Committee and the terms that should be taken into consideration by the Board to appoint Nomination and Remuneration Committee 's members

With reference to the Board of Directors' resolution dated 21/01/1435H (corresponding to 24/11/2013G), the Nomination and Remuneration Committee Members have been appointed are:

1- Khalid Abdulrahman Al Rajhi (chairman)
2- Abdullah Muhammad Al Othman (member)
3- Abdulaziz Saleh Al Rabdi (member)
4- Mousa Abdulmohsen Al Mousa (member)

The table below states the number of meetings held by the Nomination and Remuneration Committee's during the years 2013G, 2014G and 2015G and also shows the extent of compliance with the number of periodical meetings over the last financial years:

TABLE 65: The Number Of Nomination And Remuneration Committee's Meetings

Nomination and Remuneration Committee	2013G	2014G	2015G
	2	3	4

A brief on Nomination and Remuneration Committee's Members:

TABLE 66: A Brief On Nomination And Remuneration Committee's Members:

Khalid Abdulrahman Al Rajhi	
Position	The Chairman of Nomination and Remuneration Committee
Biography	(For more information, see Table 59 "The Biographies of Board Members and the Secretary" in Section 5 "Management Structure and Governance of the Company"-"Board Members and the Secretary")

Abdullah Mohamed Al Othman	
Position	Member of Remuneration and Nomination Committee.
Biography	(For more information, see Table 59 "The Biographies of Board Members and the Secretary" in Section 5 "Management Structure and Governance of the Company"-"Board Members and the Secretary").

Abdulaziz Saleh Al Rabdi	
Position	Member of Remuneration and Nomination Committee.
Biography	(For more information, see Table 59 "The Biographies of Board Members and the Secretary" in Section 5 "Management Structure and Governance of the Company"-"Board Members and the Secretary").

Mousa Abdulmohsen Al Mousa	
Position	Member of Remuneration and Nomination Committee.
Biography	(For more information, see Table 59 "the Biographies of the Board Members Directors and Secretary" in Section 5 "Management Structure and Governance of the Company"-"the Board Members and Secretary").

5-3-4 Investment Committee

The key responsibility of the Investment Committee is to develop an investment strategy for the Company and oversee the performance of the Company's investments.

The duties of the Investment Committee are summarized as follows:

- Assisting the Board of Directors in fulfilling its duties in respect of reviewing investment and finance policies and standards.
- Identifying investment opportunities of highest returns (contracting on behalf of domestic stock portfolio management - buying units in domestic stock funds - buying units in real estate funds - subscribing to new companies and initial offerings - buying and selling real estate).
- Following up on and assessing the Company's existing and new investments and making recommendations in respect thereof.
- Approaching the Board of Directors for any amendment to the Company's investment plans.
- Considering investment opportunities and ensuring their conformity with the Company's policy.
- Following up on and assessing the Company's existing and new investments and supervising consultations related to the Committee' business.
- Any other duties assigned thereto by the Board of Directors.

The Board has formed this Committee for a better and more effective performance of its duties. With reference to the minutes of the Board of Directors' meeting dated 21/01/1435H (corresponding to 24/11/2013G), the Investment Committee Members have been appointed:

1- Abdullah Mohammed Al Othman (Chairman)
2- Abdulmohsen Mohammed Al Othman (member)
3- Georges El Khoury Antonios Abraham (member)

The table below states the number of meetings held by the Investment Committee's during the years 2013G, 2014G and 2015G and also shows the extent of compliance with the number of periodical meetings over the last financial years:

TABLE 67: The Number Of Meetings Held By The Investment Committee

Investment Committee	2013G	2014G	2015G
	1	2	2

A brief on the members of the Investment Committee:

TABLE 68: A Brief On The Members Of The Investment Committee

Abdullah Mohammed Al Othman	
Position	Investment Committee Chairman
Biography	(For more information, see Table 59 "the Biographies of the Board Members Directors and Secretary" in Section 5 "Management Structure and Governance of the Company"-"the Board Members and Secretary")

Abdulmohsen Mohammed Al Othman	
Position	Investment Committee Member
Biography	(For more information, see Table 59 "the Biographies of the Board Members Directors and Secretary" in Section 5 "Management Structure and Governance of the Company"-"the Board Members and Secretary")

Georges El Khoury Antonios Abraham	
Position	Investment Committee Member
Biography	(For more information, see Table 59 "the Biographies of the Board Members Directors and Secretary" in Section 5 "Management Structure and Governance of the Company"-"the Board Members and Secretary")

5-4 Senior Management

According to the Board's directions, the Company's Senior Management consists of a team that has the necessary experience and skills for an efficient and effective management of the Company. The Chief Executive Officer shall, according to the Board's directions and policies, be in charge of the Company's day-to-day operations to ensure that its objectives, as set by the Board, are fulfilled.

TABLE 69: A Brief On The Members Of Senior Management

Name	Position	Age	Nationality	Direct Ownership	Indirect Ownership
Azhar Mohiuddin Kenji	Chief Executive Officer	52	Saudi	None	None
Jihad Hanna Tadros	Chief Operating Officer	53	Jordanian	None	None
Nizar Ziad Abi Fares	Chief Strategy Officer	45	Lebanese	None	None
Marwan Hamid Jreige	Chief Finance Officer (CFO)	44	Lebanese	None	None
Ahmed Ali Al-Zayat	Investor Relations and Legal Affairs Manager	58	Egyptian	None	None
Dr. Faisal Ahmed Al-Nasser	IT Manager	37	Syrian	None	None
Murth O'Sullivan	Technical Manager	58	Irish	None	None
Marc Kettaneh	Internal Audit Manager	52	Lebanese	None	None
Mane' Abdullah Al-Gahtani	Human Resource Manager	49	Saudi	None	None
Imran Yar	Financial Manager	53	British	None	None
Mohamed Fa'iq Mustafa	Risk, Compliance and Legal Affairs Manager	35	Jordanian	None	None
Abdulaziz Mohamed Al-Sadoun	Governance and Investor Relations Manager	43	Saudi	None	None

Source: The Company

Following is a summary of the biographies of the above mentioned Senior Management Members:

TABLE 70: Biographies Of Senior Management Members

Azhar Mohiuddin Kenji	
Date of Appointment	26/05/1436H (corresponding to 17/03/2015G)
Position	Chief Executive Officer (CEO)
Age	52
Nationality	Saudi
Academic Qualifications	Bachelor of Industrial Engineering, King Fahd University of Petroleum & Minerals, Jeddah, Saudi Arabia, 1985G.
Work Experience	• A director of the Saudi Standards, Quality and Metrology Organization, a governmental organization, from 2013G till the date of this Prospectus. • Member of the National Committee for Plastics, a committee affiliated to the Council of Saudi Chambers, from 2015G until the date of this Prospectus. • Chief Executive Officer of Plastics Sector, Savola Group, a Public Joint Stock Company operating in the food and retail field, from 2010G to 2015G. • Head of Plastics Sector Department, Savola Group, a Public Joint Stock Company operating in food and retail field, from 2010G to 2015G. • General Manager of the Packaging Systems Company, a Limited Liability Company operating in plastic packaging, from 2000G to 2005G. • Assistant General Manager of Operations of the Packaging Systems Company, a Limited Liability Company operating in plastics packaging, from 1995G to 2000G. • General Manager of the Savola Oil Company - a Limited Liability Company operating in food oil production, from 1989G to 1995G. • Assistant Production Manager of the Savola Oil Company, a Limited Liability Company operating in food oil production, from 1987G to 1989G. • Industrial Engineer in the Savola Oil Company. a Limited Liability Company operating in food oil production, from 1985G to 1987G.
Board membership in other companies (Previous and current)	Board member of New Marina for Plastic Industries Company, a Closed Joint Stock Company operating in plastics product sector, from 2015G to the date of this Prospectus.

Jihad Hanna Tadros	
Date of Appointment	09/06/1436H (corresponding to 29/03/2015G)
Position	Chief Operating Officer
Age	53
Nationality	Jordanian
Academic Qualifications	• Master of Science, Chemical Engineering, University of Louisiana, USA, 1988G. • Bachelor of Science, Chemical Engineering, University of Louisiana, USA, 1986G.
Work Experience	• Regional manager of manufacturing and supply operations of the International Ülker Company, a Turkish Public Joint Stock Company operating in the food and retail field, from 2014G to 2015G. • General Manager of the Food Manufacturers Company, a Limited Liability Company, operating in the food and retail industry, from 2011G to 2014G. • Vice Chief Executive Officer of Al-Riyadh Investment Companies Group, a Jordanian Limited Liability Company operating in the food and retail industry, from 2009G to 2010G. • Assistant manager for emerging markets at Procter & Gamble (Modern Products Company), a Limited Liability Company operating in the retail sector, from 2005G to 2009G. • Assistant Manager of manufacturing at Procter & Gamble (Modern Products Company), a Limited Liability Company operating in the retail sector, from 2001G to 2005G. • Rating Manager at Procter and Gamble Gulf F & Z, an Emirati Limited Liability Company operating in the retail sector, from 1997G to 2001G.
Board membership in other companies (Previous and current)	None

Nizar Ziad Abi Fares	
Date of Appointment	09/06/1436H (corresponding to 29/03/2015G)
Position	Chief Strategy Officer
Age	45
Nationality	Lebanese
Academic Qualifications	• MBA, Lebanese American University, Lebanon, 1994G. • BBA, Lebanese American University, Lebanon, 1992G.
Work Experience	• Human Resources Manager for International Operations at the Food Manufacturers Company, a Limited Liability Company operating in the food and retail industry, from 2013G to 2015G. • Human Resources Manager at the Industrial Development Company (INDEVCO) - a Lebanese Closed Joint Stock Company operating in the retail and manufacturing industry, from 2009G to 2013G. • Human Resources and Organization Manager at the Industrial Development Company (INDEVCO), a Lebanese Closed Joint Stock Company operating in the retail and manufacturing industry, from 2003G to 2009G. • Sales Manager at the Industrial Development Company (INDEVCO), a Lebanese Closed Joint Stock Company operating in the retail and manufacturing industry, from 2002G to 2003G. • Production Manager at the Industrial Development Company (INDEVCO), a Lebanese Closed Joint Stock Company operating in the retail and manufacturing industry, from 2000G to 2002G. • Project Manager at the Industrial Development Company (INDEVCO), a Lebanese Closed Joint Stock Company operating in the retail and manufacturing industry, from 1998G to 2000G. • Head of Employees Affairs Department at the Industrial Development Company (INDEVCO), a Lebanese Closed Joint Stock Company operating in the retail and manufacturing industry, from 1994G to 1998G.
Board membership in other companies (Previous and current)	None

Marwan Hamid Jreige	
Date of Appointment	17/11/1436H (corresponding to 01/09/2015G)
Position	CFO
Age	44
Nationality	Lebanese
Academic Qualifications	• MBA, Holy Spirit University of Kaslik, Lebanon, 1994G. • BBA, Holy Spirit University of Kaslik, Lebanon, 1993G.
Work Experience	• Financial Manager at the Food Manufacturers Company, a Limited Liability Company operating in the food and retail industry, from 2012G to 2015G. • Financial Manager at the Debbas Holding Company, a Lebanese Joint Stock Company operating in the retail industry, from 2010G to 2011G. • Managing and Financial Manager at UNIPAK, a Lebanese Closed Joint Stock Company operating in the food and retail industry, from 2001G to 2009G. • Chief accounting officer at the Eastern Company for Carton Manufacturing (EASTERNPAK), a Limited Liability Company operating in the retail and manufacturing industry, from 1999G to 2000G.
Board membership in other companies (Previous and current)	None

Ahmed Ali Al-Zayat	
Date of Appointment	21/06/1434H (corresponding to 01/05/2013G)
Position	Manager of investor relations and legal affairs
Age	58
Nationality	Egyptian
Academic Qualifications	• Bachelor of Commerce and Business Administration, Cairo University, Egypt, 1979G. • Certificate in economic and financial analysis, UNIDO, Austria, 2004G.
Work Experience	• Member of the Audit Committee of Asha Company for Tourism and Entertainment, a Closed Joint Stock Company operating in the field of tourism investments, from 2012G until the date of this Prospectus. • Chief Financial Officer and Financial Controller of the subsidiaries at Al-Ahsa Development Company, a company operating in investment industry, from 1993G to 2013G. • Financial Controller of Saudi Fisheries Company, a Public Joint Stock Company operating in fishing and fish trading, from 1981G to 1993G. • Officer at the Operation Planning Management, Egyptian Iron & Steel Company, an Egyptian Joint Stock Company operating in the field of steel manufacturing, from 1979G to 1980G.
Board membership in other companies (Previous and current)	Board Member of Al-Ahsa Food Industries Company, a Limited Liability Company operating in the field of commercial, industrial and agricultural activities, from 2011G to 2013G.

Dr. Faisal Ahmed Al-Nasser	
Date of Appointment	17/11/1436H (corresponding to 01/09/2015G)
Position	IT Manager
Age	37
Nationality	Syrian
Academic Qualifications	• PHD in Systems Engineering, King Fahd University of Petroleum & Minerals, Saudi Arabia, 2012G. • Master's degree in Systems Engineering, King Fahd University of Petroleum & Minerals, Saudi Arabia, 2007G. • Bachelor of Systems Engineering, King Fahd University of Petroleum & Minerals, Saudi Arabia, 2003G.
Work Experience	• IT Manager / SAP Program Manager / PPC Manager, Saudi Iron & Steel Company (HADEED), a Limited Liability Company operating in the field of iron and steel, from 2011G to 2015G. • Manager of IT and Project Management, Saudi Iron and Steel Company (HADEED), a Limited Liability Company operating in the field of iron and steel, from 2011G to 2014G. • Manager of IT Department, Saudi Iron & Steel Company (HADEED), a Limited Liability Company operating in the field of iron and steel, from 2011G to 2014G. • Administrative Affairs and IT Manager, Saudi Iron and Steel Company (HADEED), a Limited Liability Company operating in the field of iron and steel, from 2012G to 2013G. • Senior engineer / Control Officer for manufacturing operations, Saudi Iron & Steel Company (HADEED), a Limited Liability Company operating in the field of iron and steel, from 2004G to 2011G.
Board membership in other companies (Previous and current)	None

Murth O'Sullivan	
Date of Appointment	04/06/1433H (corresponding to 25/04/2012G)
Position	Technical Manager
Age	58
Nationality	Irish
Academic Qualifications	• Bachelor's degree in Polymer Engineering, PRI, London, 1983G. • Higher National Diploma in Engineering (excellent), 1978G. • National Certificate in Mechanical Engineering (Hons), 1979G.
Work Experience	• Administrative Engineer, AIG & Munich Re, a company operating in the field of insurance and reinsurance, from 2006G to 2012G. • Project Manager/Operation Manager and Deputy General Manager at SAAF, a company operating in the field of nonwoven fabrics products (health care and medical field), Al-Ahsa, Saudi Arabia, from 1998G to 2006G. • Partner at Plastics Training and Consultancy Limited, Ireland, operating in the field of plastics manufacturing consultancy, particularly pouring and injection sector, from 1992G to 1998G. • Manager of engineering and casting and injection operations at P&G, Ireland, a company operating in the field of care and cleaning products, from 1989G to 1991G. • Technician at Thorsman, Ireland, a company operating in the energy field, from 1988G to 1989G. • Lecturer at Stevens Institute of Technology, Algeria, an institute specialized in technology, from 1986G to 1988G. • Operations Engineer/Transformation Manager at Wellman International, Ireland, a company operating in the field of polyester fibers, from 1984G to 1986G. • Supervisor of Blow Injection at EZ Cutter, Ireland, a company operating in the commercial industry, from 1983G to 1984G.
Board Membership in Other Companies (Previous and current)	None

Marc Kettaneh	
Date of Appointment	17/11/1436H (corresponding to 01/09/2015G)
Position	Internal Audit Manager
Age	52
Nationality	Lebanese
Academic Qualifications	• Certificate in Internal Auditing (CIA), 2001G. • Certificate in Risk Management Assurance (CRMA), 2013G. • Certificate in Fraud and Corruption Testing (CFA) 2011G. • Certification in Control Self-Assessment (CCSA), 2011G. • Insurance Foundation Certificate Exam (IFCE), 2010G. • Bachelor Degree in Science and Administration, AUB, 1987G.
Work Experience	• Internal Audit Manager at Azadea Group, Lebanon, a company operating in the retail field, from 2012G to 2015G. • Internal Audit Manager at Allianz Saudi Fransi, a Public Joint Stock Company operating in insurance field, from 2008G to 2012G. • Internal Audit Manager at SMLC (PepsiCo), a Lebanese Joint Stock Company operating in the field of food industries, from 2005G to 2007G. • Observer/Internal Auditing Manager at National Steel Fabrication Company (NSF), a company operating in the steel industry, from 2002G to 2005G. • Financial Manager at the National Steel Fabrication Company (NSF), a company operating in the steel industry, from 2001G to 2002G. • Accountant at CCC Hochtief, Lebanon, a company operating in the contracting field, from 1994G to 2001G. • Project Accountant / Assistant and Financial Manager at Consolidated Contractors International Company, Lebanon, a company operating in the field of contracting, from 1990G to 1994G.
Board Membership in Other Companies (Previous and current)	None

Mane' Abdullah Al-Gahtani	
Date of Appointment	21/05/1437H (corresponding to 01/03/2016G)
Position	Human Resource Manager
Age	49
Nationality	Saudi
Academic Qualifications	Computer Technology and Programming Diploma, King Fahd University of Petroleum & Minerals, Saudi Arabia, 2005G.
Work Experience	• Human Resources Manager at Al Othman Holding, a Joint Stock Company operating in the investment field, from 2010G to 2016G. • Assistant Manager of Personnel Affairs at King Fahd University of Petroleum & Minerals, Saudi Arabia, a governmental university, from 1996G to 2010G.
Board Membership in Other Companies (Previous and current)	None

Imran Yar	
Date of Appointment	10/06/1432H (corresponding to 13/05/2011G)
Position	Financial Manager
Age	53
Nationality	British
Academic Qualifications	• Bachelor's degree in Financial Accounting, Middlesex University, Middlesex, UK, 1986G. • CIMA, UK, 1995G.
Work Experience	• Financial Controller at Simply Direct Limited, an Irish Limited Liability Company operating in business field, from 2007G to 2010G. • Group Financial Controller at Dunbia Group, an Irish Limited Liability Company operating in retail and sale of meat field, from 2004G to 2007G. • Operations Management Accountant at Glanbia Group, an Irish Public Joint Stock Company operating in the Dairy industry, from 1999G to 2004G. • Financial Controller at Horizon Biscuit Company, a British Public Joint Stock Company operating in the food industry, from 1996G to 1999G. • Accountant at Guest PLC, a British Public Joint Stock Company operating in the field of chilled food trading and distribution, from 1992G to 1996G.
Board Membership in Other Companies (Previous and current)	None

Mohamed Fa'iq Mustafa	
Date of Appointment	20/06/1434H (corresponding to 01/04/2013G).
Position	Risk, Compliance and Legal Affairs Manager
Age	35
Nationality	Jordanian
Academic Qualifications	• MBA, Coventry University, UK, 2005G. • Bachelor of Banking and Finance Management, Applied Science University, Jordan, 2004G.
Work Experience	• Head of Compliance and Anti-Money Laundering Department at NBAD, a Jordanian Public Joint Stock Company operating in the banking industry, from 2011G to 2013G. • Compliance Officer at Jordan Kuwait Bank, a Jordanian Public Joint Stock Company operating in the banking industry, from 2008G to 2011G. • Compliance Officer at the Investment Bank, a Jordanian Public Joint Stock Company operating in the banking industry, from 2005G to 2008G.
Board Membership in Other Companies (Previous and current)	None

Abdulaziz Mohamed Al-Sadoun	
Position	Governance and Investor Relations Manager
Biography	(For more details, see Table 59 "The Biographies of the Board Members and Secretary" in Section 5 "Management Structure and Governance of the Company"-"The Board Members and Secretary")

5-4-1 Remuneration of Senior Management

The total of five largest remuneration and benefits packages paid to the executive managers including the Chief Executive Officer over 2013G, 2014G and 2015G is set out below:

TABLE 71: Remuneration And Benefits Of Some Senior Management Personnel

Amount (SAR)		2013G	2014G	2015G
Senior executives (including CEO, CFO and first-level managers according to the Company's organizational structure (5 members))	Salaries	3,629,000	3,458,000	3,529,000
	Benefits	1,461,000	2,722,000	1,239,000
Total		**5,090,000**	**6,180,000**	**4,768,000**

Source: The Company

5-4-2 Staff Share Schemes

The Company has no staff share scheme or any other arrangements that can facilitate the acquisition of the Company's shares by the Company's staff (including Senior Management).

5-4-3 Employment Contracts

Senior Management personnel and Senior Executives have concluded fixed-term employment contracts with the Company in which their conditions of employment and allowances are set out. Below is a summary of employment contracts of some of the Senior Executives:

TABLE 72: Employment Contract Of The Chief Executive Officer

Azhar Mohiuddin Kenji	
Contract Commencement Date	24/05/1436H (corresponding to 15/03/2015G)
Position	Chief Executive Officer (CEO)
Term of Contract	The term of the Contract is two years, to be renewed automatically unless either party notifies the other party of its intention not to renew sixty (60) days prior to the end of the original or renewed term.
Salary and Allowances	• The Employee, pursuant to the Contract concluded with the Company, shall receive a fixed basic salary, housing and transportation allowances and an annual remuneration. • The Company shall bear a portion of the tuition of the Employee's children and their mobile phone and Internet bills.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependants shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 73: Employment Contract Of The Chief Operating Officer

Jihad Hanna Tadros	
Contract Commencement Date	09/06/1436H (corresponding to 29/03/2015G)
Position	Chief Operating Officer
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew ninety (90) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances, an annual remuneration and annual tickets for themselves and for their family members.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependants shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 74: Employment Contract Of The Chief Strategy Officer

Nizar Ziad Abi Fares	
Contract Commencement Date	16/06/1436H (corresponding to 05/04/2015G)
Position	Chief Strategy Officer
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew ninety (90) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances, an annual remuneration and annual tickets for themselves and for their family members.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependants shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 75: Employment Contract Of The Chief Finance Officer (CFO)

Marwan Hamid Jreige	
Contract Commencement Date	17/11/1436H (corresponding to 01/09/2015G)
Position	Chief Finance Officer (CFO)
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew ninety (90) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances, an annual remuneration and annual tickets for themselves and for their family members.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependants shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 76: Employment Contract Of The Investor Relations And Legal Affairs Manager

Ahmed Ali Al-Zayat	
Contract Commencement Date	28/04/1434H (corresponding to 10/03/2013G)
Title	Investors' Relations and Legal Affairs Manager
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances, an annual remuneration and annual tickets for themselves and for their family members.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependants shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 77: Employment Contract Of The Group IT Manager

Dr. Faisal Ahmed Al-Nasser	
Contract Commencement Date	17/11/1436H (corresponding to 01/09/2015G)
Title	IT Manager
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances and an annual remuneration. The Company shall bear a portion of the tuition of the Employee's children.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependents shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 78: Employment Contract Of The Technical Manager

Murth O'Sullivan	
Contract Commencement Date	06/07/1436H (corresponding to 25/04/2015G)
Position	Technical Manager
Term of Contract	The term of the Contract shall be two calendar years, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances and an annual remuneration.
Annual Leave	The Employee shall have the right to a sixty (60) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependents shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 79: Employment Contract Of The Internal Audit Manager

Marc Kettaneh	
Contract Commencement Date	01/11/1436H (corresponding to 16/08/2015G)
Position	Internal Audit Manager
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances and an annual remuneration.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependents shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 80: Employment Contract Of The Human Resource Manager

Mane' Abdullah Al-Gahtani	
Contract Commencement Date	21/05/1437H (corresponding to 01/03/2016G)
Position	Human Resource Manager
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances and an annual remuneration and the Company shall bear a portion of the tuition of the Employee's children.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependants shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 81: Employment Contract Of The Financial Manager

Imran Yar	
Contract Commencement Date	10/06/1432H (corresponding to 13/05/2011G)
Position	Financial Manager
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances and an annual remuneration.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependents shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 82: Risk, Compliance And Legal Affairs Manager

	Mohamed Fa'iq Mustafa
Contract Commencement Date	20/06/1434H (corresponding to 01/04/2013G)
Position	Risk, Compliance and Legal Affairs Manager
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances and an annual remuneration.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependents shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

TABLE 83: Governance And Investor Relations Manager

	Abdulaziz Mohamed Al-Sadoun
Contract Commencement Date	04/07/1430H (corresponding to 27/06/2009G)
Position	Governance and Investor Relations Manager
Term of Contract	The term of the Contract shall be one year, to be renewed automatically unless either party notifies the other party of its intention not to renew thirty (30) days prior to the end of the original or renewed term.
Salary and Allowances	The Employee shall, pursuant to the contract concluded with the Company, receive a fixed basic salary, housing and transportation allowances and an annual remuneration.
Annual Leave	The Employee shall have the right to a thirty (30) days' annual paid leave, whose dates shall be set by both parties.
Medical Insurance	The Employee and his/her dependents shall have a comprehensive health insurance coverage according to the Company's policies.
Termination of the Contract	The Contract shall expire at the end of the original or renewed term. The Company is entitled to terminate the Employee's contract in case any of the violations stipulated in Article 80 of Saudi Labor Law are committed by such an Employee.

5-5 Corporate Governance

The Company adopted a governance policy in accordance with the rules, regulations and instructions issued by CMA, particularly the Corporate Governance Regulations issued by the Board of CMA pursuant to resolution number (1-212-2006) dated 21/10/1427H (corresponding to 12/11/2006G) and amended by resolution of the Board of the CMA number (1-10-2010) dated 30/03/1431H (corresponding to 16/3/2010G), and according to Article 1.b of the Regulations, providing for: "These Regulations constitute the guiding principles for all companies listed in Saudi Stock Exchange (Tadawul), unless any other regulations, rules or resolutions by the Board of CMA provide for the binding effect of some of the provisions herein contained."

It is noteworthy the Company's Corporate Governance policy has been approved during the General Assembly Meeting convened on 26/05/1433H (corresponding to 18/04/2012G) according to the guideline set by Corporate Governance Regulations issued by the CMA.

CMA's Board had issued resolutions requiring the listed companies to comply with the following articles of the Corporate Governance Regulations:

TABLE 84: Mandatory Clauses In Corporate Governance Regulations

Article of Corporate Governance Regulations	Obligation Resolution	Identical Article in the Company's governance system
5	The resolution of CMA's Board number (3-40-2012) issued on 17/02/1434H (corresponding to 20/12/2012G) to obligate the companies whose shares are listed in Tadawul pursuant to Paragraphs (I) and (J), Article (5) of the Corporate Governance Regulations starting from 01/01/2013G.	General Assembly - policy approved by the Board resolution dated 28/06/1432H (corresponding to 31/05/2011G) and the ordinary general assembly of held on 26/05/1433H (corresponding to 18/04/2012G).
9	The resolution of the CMA's Board number (1-36-2008) issued on 12/11/1429H (corresponding to 10/11/2008G). Listed companies must comply with Article 9 of the Corporate Governance Regulations starting from the date of the first Board report issued by the Company as of the date of the said CMA's board resolution.	Corporate Governance policy Article 5-1: Policies and Procedures related to Disclosure policy adopted by the Board's resolution dated 28/06/1432H (corresponding to 31/05/2011G) and The ordinary general assembly convened on 26/05/1433H (corresponding to 18/04/2012G).
10	The resolution of the Capital Market Authority's Board number (1-33-2011) issued on 03/12/1432H (corresponding to 30/10/2011G). Listed companies must comply with Article 10(b) of Corporate Governance Regulations starting from 1/1/2012G.	Conflict of Interest's Policy approved by the Board's resolution dated 28/06/1432H (corresponding to 31/05/2011G) and the ordinary general assembly convened on 26/05/1433H (corresponding to 18/04/2012G).
10	Resolution of CMA's Board number (3-40-2012) issued on 17/12/1434H (corresponding to 20/12/2012G). Listed companies must comply with Articles 10(c) and 10(d) of the Corporate Governance Regulations starting from 30/06/2013G.	Article 1.1 of the Corporate Governance policy and the Article (4) of the Board's policy approved by the Board's resolution dated 28/06/1432H (corresponding to 31/05/2011G) and the ordinary general assembly convened on 26/05/1433H (corresponding to 18/04/2012G).
12	Resolution of CMA's Board number (1.36.2008) issued on 12/11/1429H (corresponding to 10/11/2008G. Listed companies must comply with Articles 12(b) and 12(e) of the Corporate Governance Regulations starting from (2009G).	Article 3 of the Board's policy approved by the Board's resolution dated 28/06/1432H (corresponding to 31/05/2011G) and the ordinary general assembly convened 26/05/1433H (corresponding to 18/04/2012G).
12	Resolution of CMA's Board number (3-40-2012) issued on 17/02/1434H (corresponding to 30/12/2012G) . Listed companies must comply with Article 12(g) of the Corporate Governance Regulations starting from 01/01/2013G.	Article 5 of the Board's policy approved by the Board's resolution dated 28/06/1432H (corresponding to 31/05/2011G) and the ordinary general assembly convened on 26/05/1433H (corresponding to 18/04/2012G).
14	Resolution of CMA's Board number (1.36.2008) issued on 14/11/1429H (corresponding to 10/11/2008G). Listed companies must comply with Article 14 of the Corporate Governance Regulations starting from (2009G).	The Executive Committee policy approved by the Board's resolution dated 28/06/1432H (corresponding to 31/05/2011G) and the ordinary general assembly convened on 26/05/1433H (corresponding to 18/04/2012G).
15	Resolution of CMA's Board number (1-10-2010) issued on 30/03/1431H (corresponding to 16/03/2010G). Listed companies must comply with Article 15 of the Corporate Governance Regulations starting from 01/01/2011G.	Nomination and Remuneration regulation approved by the Board's resolution dated 28/06/1432H (corresponding to 31/05/2011G) and the ordinary general assembly convened on 26/05/1433H (corresponding to 18/04/2012G).

Accordingly, the Company has complied with all of the relevant mandatory terms of the Corporate Governance Regulations issued by CMA, the Company always seeks to review its policies and procedures to promote its transparency, which it believes is a key factor for its success to date.

The Governance System and the Governance Regulations include the following:

- The Company's Governance policy;
- Shareholders' General Assembly policy;
- Board of Directors policy;
- Audit Committee policy;
- Nomination and Remuneration Committee; policy
- Executive Committee policy;
- Disclosure and Transparency Policies policy;

- Internal Audit policy;
- Risk Management policy;
- Dividend Policy;
- Ethical conduct and Business conduct with related parties; and
- Conflict of Interests' policy.

5-5-3-1 New Companies Regulations

The new Companies' Regulations was issued in the Kingdom pursuant to the Royal Decree number (3/M) dated 28/01/1437H (corresponding to 10/11/2015G) and was published in the Official Gazette (Umm Al-Qura) dated 22/01/1437H (corresponding to 04/12/2015G).

The Regulations came into force on 25/07/1437H (corresponding to 02/05/2016G), introducing several amendments related to Joint Stock Companies and including the requirement to adopt the cumulative voting method for electing board members. The Regulations also allows the General Assembly to terminate the membership of any member not attending more than three successive board meetings without a legitimate excuse. The Regulations also adopted the Corporate Governance approach in the segregation between the position of the Chairman and any executive position in the Company. Saving effort and time, the Regulations sets an announcement period of no less than ten days for holding the ordinary general assembly. The General Assembly will be held if a quorum of shareholders representing 25% of the Company's capital is present. If such quorum is not present, the Company may, if allowed by its Bylaws, convene the General Assembly one hour after the end of the period specified for the first meeting regardless of the number of shares represented thereat. The Regulations allows, if authorized by the Company's Bylaws convening the second EGA one hour after the first meeting. The Regulations allows, after the approval of the competent authority convening the EGA for the third time if the quorum is not present for the second time regardless of the number of shares represented thereat. Further, an audit committee is required to be established for Joint Stock Companies along with determining its scope of authorities.

As the current Companies Regulations specified a time frame of one year as of the date the Regulations comes into force pursuant to Article 224 thereof, the Company will make the necessary amendments to its Bylaws in line with the current Companies Regulations and will include such amendments to the agenda of the following EGA**.**

5-6 The Company's Administrative Departments

The Company's administrative departments are as follows:

1- Finance Department
2- Operations Department (including the Marketing and Sales Department)
3- Planning and Development Department
4- IT Department
5- Investor Relations and Legal Affairs Department (including the governance, compliance, and risks divisions)
6- Human Resources Department

Finance Department

The Company's Finance Department ensures the safety and accuracy of information, prepares annual budgets, manages cash flow, and coordinates, with the external auditor, the preparation of the Company's accounts. The Finance Department supervises the Company's investments by following an investment strategy that enables the Company to maintain a robust net worth to protect the interests of all shareholders.

The Finance Department's responsibilities are summarized as follows:

- Preparing financial statements, providing the information related to compliance, by the Company, with approved accounting standards and monitoring commitment by the Company thereto, and preparing the accounting and financial procedures related to investment portfolio in terms of general accounting and technical accounting;
- Ensuring that the general framework and systems suitable for the financial policy are in place, so that the department can effectively participate in the development of the general strategy;
- Preparing estimated budgets and the monthly / quarterly / annual estimated administrative reports and statistics;
- Ensuring suitable development and application of an effective system for cost apportionment;
- Supervising the implementation of the investment strategy developed by the Investment Committee and monitoring the performance of asset managers;
- Managing the Company's cash flows on a weekly, quarterly, and annual basis;
- Making the necessary communications with regard to Zakat/tax, developing the investment policy, and managing external financial service providers; and

- Informing the Company's management of key financial matters.
- Overseeing the Company's investments requires the following tasks:
- Developing the investment policy: By setting investment objectives and analyzing and assessing the risks and expected revenues;
- Analyzing securities: By re-assessing the securities in the existing portfolio to determine the underestimated securities;
- Reviewing portfolio: By deciding which of the existing portfolio securities should be sold or acquired; and
- Assessing portfolio performance: By checking the actual portfolio performance on the basis of risks & returns and comparing the performance level with the relevant performance of the basic portfolio.

Operations Department

The Operation Department oversees operations in all the factories of the Company and its subsidiaries; ensures the achievement of the results set for production, sales, collections, inventory, raw material procurement, and all operations; and oversees the development of plans and annual budgets in conformity with the Company's strategy.

The tasks undertaken by the Operation Department are summarized as follows:

- Developing the Company's operational procedures to enable the Company to deliver its products and provide its services in the best way;
- Effective planning and programming of all production orders, minimizing wastage of consumed material, and achieving the required profitability;
- Setting the schedule of production according to the priority of client orders, specifications, and ordered quantities;
- Ensuring the implementation of quality standards and measures required in the context of production operations;
- Reducing production costs and expenses associated with such operations, working towards the reduction of general costs, and maintaining standard specifications; and
- Overseeing marketing operations, sales, market research, customer relations, marketing contracts, and external export.

Planning and Development Department

The Company's Planning and Development Department undertakes the tasks of developing strategic plans, overseeing administrative development, and preparing organizational structures for all subsidiaries to operate at the highest standards of quality and lowest possible operational expenses, and developing programs for administrative development and training.

The tasks undertaken by the Planning and Development Department can be summarized as follows:

- Participating in developing the Company's strategic methodology to ensure profitable growth;
- Revising and setting organizational structures to ensure clear roles and scope of work, effective operation by departments, and coordinated efforts of different departments;
- Enhancing transparency and accountability and conserving the Company's resources;
- Collecting and implementing international systems to maximize effectiveness and efficiency;
- Defining the strategic methodology for education and development and developing effective development plans and systems;
- Suggesting policies and structures to ensure internal equality among all employees;
- Strategic planning for the Company and its business and improving its products, operations and information systems;
- Developing future plans and programs for the activities and tasks, preparing estimated budgets for technical, human, and other needs in the framework of the Company's objectives and strategies and following up on the implementation of such budgets after being adopted, monitoring developments related to tasks and activities, overseeing staff and following up on their performance, and preparing the suggestions of development and work quality improvement;
- Overseeing the preparation of the Company's annual plans, and projects and following up on the implementation thereof;
- Overseeing the implementation of the comprehensive quality programs in the Company's sectors, activities and business in coordination with other sectors; and
- Preparing periodical progress reports for planning and development activities and achievements, the problems and obstacles they faced as well as development suggestions.

IT Department

The Company's IT Department oversees the operation of computer programs and monitoring performance thereof to protect electronic information, monitors the selection of devices and main- and sub-severs in each of the Company's subsidiaries and protects and improves the effectiveness of the network to ensure quality and safety of information.

The tasks undertaken by the IT Department are summarized as follows:

- Integrating with other corporate departments for the purposes of translating the Company's future plans into systems and applied solutions:
  - Managing new requirements and improving the systems in use;
  - Managing contracts with service & solution providers;
  - Managing the IT infrastructure systems to stay in line with the Company's plans.
- Developing systems for accounting, human resources, archiving, risks' management, progress monitoring and customer services;
- Developing data warehouse systems and reporting to expedite the process of quality decision making;
- Developing application controls & procedures; and
- Managing the Company's daily operational tasks.

The Investor Relations and Legal Affairs Department

The Company's Investor Relations and Legal Affairs Department oversees corporate governance, compliance and risk assessment in all of the Company's factories and subsidiaries; ensures the adequacy of governance systems, bylaws and internal policies for the conduct of the Company's business in accordance with the laws and regulations issued by CMA and other competent authorities; reviews contracts, and examines documents and ensures legality and compliance thereof with the laws. The department also oversees investor relations, public relations and the Company's media releases whether on the Tadawul website or through annual reports and magazines, advertising media and websites, and develops the Company's identity.

The tasks undertaken by the Investor Relations and Legal Affairs Department are summarized as follows:

- Ensuring the Company's protection through the implementation of regulations and laws issued by the legislative authorities of the industrial sector;
- Effective support of the Company's management in determining the compliance risks, reporting such risks and providing internal reports thereof;
- Providing assistance to the Senior Management in their daily business activities to ensure that there is no violation of the legal controls;
- Ensuring compliance with the principles of corporate activities, values, laws, controls and applicable regulations of the Kingdom of Saudi Arabia;
- Promoting a culture of compliance and enhancing relations with the regulators;
- Assessing risks and preparing and submitting the risks register to the competent committee to help the Senior Management with making significant decisions;
- Following up on legal proceedings and continuous legal examination, and following up on the outstanding cases filed against or by the Group;
- Reviewing the contracts and documents and maintaining the main archive of all of the Company's assets and documents;
- Following up on the governance rules issued by CMA and compliance with the rules of listing and registration;
- Following up on the work set out in the minutes of meetings of the general assemblies, Boards of Directors' meetings and committees' meetings; and
- Coordinating between the Board of Directors and investors and continuously disclosing material information of interest to the Company's shareholders.

Human Resources & Administration Department (HRAD)

HRAD manages the affairs of the Company's employees and distributes and coordinates activities in cooperation with the different departments. It also hires and trains employees to be equipped with the highest levels of skill and competency for performance of their duties by conducting targeted employment & training programs. Further, HRAD organizes & maintains staff data, manages staff benefits processes, prepares monthly payrolls, manages & oversees vacations as well as other related matters. The Administration Section manages corporate assets and meets the Company's requirements such as administrative services & purchases as per the approved budget. HRAD also manages contracts & government relations whether related to the employee or any other actions of the Company with respect to the government agencies.

The tasks undertaken by the HRAD are summarized as follows:

- Developing the policies related to the employees and providing the Company with staff with required competencies;
- Developing plans that ensure the continuous availability of staff with required competencies;
- Creating a suitable work environment and helping with creating a proper organizational structure;
- Defining the needs and priorities in respect of human resource development and training;
- Providing direction and guidance through practical and environmental variables to strike a balance between the expectations and needs of the Company and its employees;
- Assessing the HRAD's contribution to enhancing the Company's effectiveness including the assessment, designing and implementation of activities related to the Company's objectives and monitoring the legislative environment to detect the proposed changes to the Labor Law and taking the appropriate actions;
- Defining the requirements for employees to meet the Company's needs and achieve its objectives in coordination with other departments and divisions;
- Monitoring the implementation of the human resource organizational manual and ensuring compliance by all departments and divisions therewith;
- Communicating with employees to ensure that they understand the Company's laws, regulations, policies and requirements of internal commitment and auditing;
- Analyzing, developing, implementing, and preserving the compensation policies and wage structure in conformity with the Company's strategic objectives;
- Assessing the process of hiring and selection to ensure effectiveness, and making changes when necessary;
- Helping with establishing the work rules and monitoring implementation thereof to ensure fairness among employees; and
- Ensuring the implementation of the Company's Saudization plan.

5-7 Declarations Related to Directors, Senior Management Executives and the Secretary of the Board of Directors

The Directors, the Senior Executives and the Secretary of the Board declare that:

- They have not at any time been declared bankrupt or been subject to bankruptcy or insolvency proceedings;
- There has been no interruption in the Company's and its subsidiaries' business that may influence or have a significant impact on its financial position during the last 12 months;
- There has been no declaration, within the last five years, of any insolvency in any company in which any of the Company's Directors, proposed members of the Board of Directors, any of the Company's Senior Executives or the Board secretary was hired in an administrative or supervisory position, except for Sulaiman Abdulaziz Al Tawijri 's membership of the board of directors of Amiantit Fiberglass India Limited (incorporated in the Republic of India), a subsidiary of Saudi Arabian Amiantit Company. The company lost the rights of the partners due to the accumulated losses for the financial year ended 31/03/2013G exceeding the value of paid-up capital in addition to the free reserves. The company was compelled to declare bankruptcy on 20/08/2013G in accordance with laws applicable in India. Suleiman Abdulaziz Al Tawijri represents the Saudi Arabian Amiantit Company on the board of directors of Amiantit Fiberglass India Limited.
- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company or any of its subsidiaries within the three years immediately preceding the application for listing, and the approval thereof, in connection with the issue or sale of any securities.
- There has been no material adverse change in the financial or commercial position of the Company and its subsidiaries during the three years preceding the year of listing, in addition to the period since the end of the period covered by the accountant's report and until the date of the Prospectus.
- Except for what is stated in Section 14 "Legal Information" - "Contracts with Related Parties" of this Prospectus, neither the current Board members, proposed Board members, Senior Executives, nor the secretary of the Board of Directors, and any of their relatives, has direct or indirect interest in the Company and its subsidiaries' shares.
- The Company has not issued any debt instruments or declared the issuance of such instruments.
- Except for what is stated in this Prospectus in Section 7 "Capitalization and Indebtedness", neither the Company nor its subsidiaries have any potential commitments. Also, neither the Company nor its subsidiaries have provided any guarantees to any other parties.
- The Company has working capital sufficient for a 12-month period immediately following the date of this Prospectus.
- The Company and its subsidiaries are committed to all the terms and conditions stipulated by agreements entered into with all loan, facility and finance providers.
- All required approvals have been obtained from the lending parties to increase the Company's capital through a rights issue.

- They have no powers or rights to borrow from the Company or its subsidiaries.
- They have no right to vote on their remunerations or any contract or offer in which they have material interests.
- The Board members shall declare that all the material matters related to the Company and its subsidiaries and financial performance have been disclosed in this Prospectus, and there are no other facts the omission of which would make any statement herein misleading.
- The Senior Executives declare that they do not have membership in any board of directors on a date preceding the date of issuance of this Prospectus except for Azhar Mohiuddin Kenji who has been a board member at New Marina from 2008G and as at the date of this Prospectus.
- The Board members declare their commitment to Articles 70 and 71 of the current Companies Regulations in respect of contracts with related parties as follows:
  - All contracts with related parties shall be approved by the Board of Directors, then by the ordinary general assembly, provided that the relevant director shall refrain from voting, whether in the Board of Directors or the ordinary general assembly.
  - The Board members declare that they are not a party to any agreement or arrangement, that they have not provided any services or business in competition with the Company and its subsidiaries, and that all the transactions conducted by the Company and its subsidiaries with related parties are conducted fairly and transparently.
  - Under the Company's Articles of Association, neither the Directors nor Chief Executive may vote on a contract or proposal in which they have a material interest or on decisions relating to their own remuneration or powers, and neither the Directors nor senior executives may borrow from the Company.
- The Board members declare that they have no intention to materially change the nature of the Company's and its subsidiaries' activities.
- Currently, there is no existing or proposed employment contract for the Board of Directors as at the date of this Prospectus.
- The Board members, the Board's secretary, and Senior Executives declare that there is no valid or contemplated contract or arrangement as at the date of this Prospectus. They also declare that neither they nor their relatives have interests in the Company and its subsidiaries except for what is mentioned in Section 14 "Legal Information"-"Contracts with Related Parties"
- Except for the Company's subsidiaries (inside and outside the Kingdom) and other companies in which Takween owns shares or interests and referred to in Section 4 "The Company and the Nature of its Business"-"The Organizational Structure of the Group", Board members declare that as at the date of this Prospectus the Company has no other subsidiary or affiliate inside or outside the Kingdom of Saudi Arabia.

5-8 Conflict of Interest

As per Article 71 of the existing Companies Regulations and Article 18 of the Corporate Governance Regulations, a Board member may not, without a prior yearly authorization from the General Assembly, have any interest (whether directly or indirectly) in the Company's business and contracts. A Board member shall notify the Board of Directors of any personal interest he/she may have in the business and contracts that are completed for the Company's account. Such notification shall be entered in the minutes of the meeting. A Board member who is an interested party shall not be entitled to vote on the resolution to be adopted in this regard. The Chairman of the Board of Directors shall notify the General Assembly, when convened, of the activities and contracts in respect of which a Board member may have a personal interest and shall attach to such notification a special report prepared by the Company's Auditor.

As per the Article 72 of the existing Companies Regulations and Art 18(b) of the Corporate Governance Regulations, a Board member may not, without a prior yearly authorization of the General Assembly, participate in any activity which may likely compete with the activities of the Company, or trade in any branch of the activities carried out by the Company, otherwise, the Company shall have the right either to claim damages from him/her or to consider the operations he/she has conducted for his/her own account as having been conducted for the account of the Company.

As per Article 73 of the existing Companies Regulations and Article 18(c) of the Corporate Governance Regulations, the company may not grant cash loan whatsoever to any of its Board members or render guarantee in respect of any loan entered into by a Board member with third parties. The Chairman or Board members may not vote on any resolutions related to their salaries and benefits.

Accordingly, the Company, its Board, and senior executives confirm full compliance with the provisions of Articles 71, 72 and 73 of the existing Companies Regulations as well as Article 18 of the Corporate Governance Regulations.

5-9 Employees and Saudization

The Company has adopted an employment policy intended to retain capable employees and ensure continuity of those who are qualified.

On 20/05/1437H (corresponding to 29/02/2016G), the total number of employees in the Company was 375, including 106 Saudis. As such, Saudization percentage in the Company reached 28.5%. Therefore, the Company is categorized within "the high green category" as per Nitaqat program adopted by the Ministry of Labor.

The following table shows the details of employees in the Company by the main departments from 2014G to 29/02/2016G.

TABLE 85: The Company's Employees By The Main Departments

The Department	As at 31/12/2014G			As at 31/12/2015G			As at 29/02/2016G		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Human Resources	7	2	9	16	4	20	14	4	18
Finance	1	6	7	1	5	6	1	5	6
Sales	0	7	7	0	6	6	0	1	1
Business development	0	0	0	0	0	0	1	4	5
Operation	5	29	34	6	29	35	7	29	36
Quality	5	18	23	7	20	27	6	29	35
Production	29	155	184	54	149	203	51	132	183
Maintenance	11	16	27	9	16	25	9	17	26
Other Departments	11	42	53	17	41	58	17	48	65
Total	**69**	**275**	**344**	**110**	**270**	**380**	**106**	**269**	**375**
Percentage (%)	**20.0**	**80.0**	**100.0**	**29.0**	**71.0**	**100.0**	**28,2**	**71.8**	**100.0**

Source: The Company

* Saudization percentage referred to in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months). As for the percentage referred to in Table 84, it is based on the number of Saudi employees against foreign employees according to the total number of employees as at 29/02/2016G.

As of 20/05/1437H (corresponding to 29/02/2016G), the total number of employees in New Marina reached 348.

The following table shows the details of employees in New Marina by main departments from 2014G to 29/02/2016G.

TABLE 86: New Marina's Employees By Main Departments

The Department	As at 31/12/2014G	As at 31/12/2015G	As at 29/02/2016G
	Total number of employees	Total number of employees	Total number of employees
Human Resources	1	3	3
Finance	6	3	6
Sales	5	5	5
Business development	-	-	-
Operation	-	-	-
Quality	37	37	34
Production	199	194	181
Maintenance	34	34	32
Other Departments	94	93	87
Total	**376**	**372**	**348**

Source: The Company

As of 20/05/1437H (corresponding to 29/02/2016G), the total number of employees in SAAF reached 250, including 70 Saudis. As such, Saudization percentage in SAAF reached 26.2%. Therefore, SAAF is categorized within "the high green category" as per Nitaqat program approved by the Ministry of Labor.

The following table shows the details of employees in SAAF by main departments from 2014G to 29/02/2016G.

TABLE 87: SAAF's Employees By Main Departments

The Department	As at 31/12/2014G			As at 31/12/2015G			As at 29/02/2016G		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Human Resources	9	2	11	10	3	13	10	3	13
Finance	1	5	6	1	4	5	1	4	5
Sales	0	8	8	1	5	6	1	4	5
Supply processes	5	20	25	12	23	35	12	23	35
Operation	0	2	2	0	2	2	0	2	2
Quality	3	16	19	5	19	24	7	19	26
Production	38	66	104	39	86	125	39	85	124
Procurement	2	1	3	0	0	0	0	0	0
Maintenance	1	30	31	0	31	31	0	31	31
Other Departments	1	8	9	0	10	10	0	9	9
Total	**60**	**158**	**218**	**68**	**183**	**251**	**70**	**180**	**250**
Percentage (%)	**27.6**	**72.4**	**100.0**	**27.1**	**72.9**	**100.0**	**28.0**	**72.0**	**100.0**

Source: The Company

* Saudization percentage referred to in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months). As for the percentage referred to in Table 84Table 86, it is based on the number of Saudi employees against foreign employees according to the total number of employees as at 29/02/2016G.

As of 20/05/1437H (corresponding to 29/02/2016G), the total number of employees in Ultrapak reached 66, including 9 Saudis. As such, Saudization percentage in Ultrapak reached 13.6%. Therefore, Ultrapak is categorized within "the low green category" as per Nitaqat program approved by the Ministry of Labor.

The following table shows the details of employees in Ultrapak by main departments from 2014G to 29/02/2016G.

TABLE 88: Ultrapak's Employees By Main Departments

The Department	As at 31/12/2014G			As at 31/12/2015G			As at 29/02/2016G		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Human Resources	8	3	11	7	3	10	7	3	10
Finance	0	3	3	0	3	3	0	3	3
Sales and Marketing	1	2	3	1	2	3	1	2	3
Supply processes	0	13	13	0	12	12	0	11	11
Operation	0	1	1	0	1	1	0	1	1
Quality	0	5	5	0	4	4	0	4	4
Production	1	29	30	1	23	24	1	21	22
Maintenance	11	69	80	0	11	11	0	11	11
Other Departments	0	1	1	0	1	1	0	1	1
Total	**21**	**126**	**147**	**9**	**60**	**69**	**9**	**57**	**66**
Percentage (%)	**14.3**	**85.7**	**100,0**	**13.1**	**86.9**	**100,0**	**13,7**	**86.3**	**100,0**

Source: The Company

* Saudization percentage referred to in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months). As for the percentage referred to in Table 87, it is based on the number of Saudi employees against foreign employees according to the total number of employees as at 29/02/2016G.

As of 20/05/1437H (corresponding to 29/02/2016G), the total number of employees in Plastico reached 399, including 133 Saudis. As such, Saudization percentage in Plastico reached 27.7%. Therefore, Plastico is categorized within "the high green category" as per Nitaqat program approved by the Ministry of Labor.

The following table shows the details of employees in Plastico by main departments from 2014G to 29/02/2016G.

TABLE 89: Plastico's Employees By Main Departments

The Department	As at 31/12/2014G			As at 31/12/2015G			As at 29/02/2016G		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Human Resources	7	1	8	5	2	7	4	3	7
Health and Safety	4	4	8	5	2	7	8	3	11
Sales	5	6	11	5	5	10	6	12	18
Planning	4	7	11	3	8	11	4	9	13
Operation	10	45	55	13	50	63	25	70	95
Quality	2	7	9	3	4	7	6	5	11
Logistic Services	3	17	20	5	13	18	10	20	30
Production	15	81	96	19	73	92	62	143	205
Other Departments	5	1	6	6	1	7	8	1	9
Total	**55**	**169**	**224**	**64**	**158**	**222**	**133**	**266**	**399**
Percentage (%)	**24,5**	**75,5**	**100,0**	**28,8**	**71,2**	**100,0**	**33,3**	**66,7**	**100,0**

Source: The Company

* Saudization percentage referred to in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months). As for the percentage referred to in Table 84, it is based on the number of Saudi employees against foreign employees according to the total number of employees as at 29/02/2016G.

As at 20/05/1437H (corresponding to 29/02/2016G), the total number of employees in Al Sharq reached 305, including 69 Saudis. As such, Saudization percentage in Al Sharq reached 24.6%. Therefore, Al Sharq is categorized within "the high green category" as per Nitaqat program approved by the Ministry of Labor.

The following table shows the details of employees in Al Sharq by main departments from 2014G to 29/02/2016G.

TABLE 90: Al Sharq's Employees By Main Departments

The Department	As at 31/12/2014G			As at 31/12/2015G			As at 29/02/2016G		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Human Resources	5	3	8	4	3	7	5	4	9
Finance	1	4	5	1	3	4	1	3	4
Sales	2	19	21	3	16	19	6	14	20
Operation	3	5	8	3	5	8	16	3	19
Quality	4	13	17	2	12	14	1	11	12
Production	34	159	193	28	140	168	32	128	160
Procurement	2	2	4	2	2	4	1	3	4
Maintenance	2	35	37	6	31	37	4	28	32
Logistic Services	4	38	42	2	44	46	2	40	42
Other Departments	1	2	3	0	2	2	1	2	3
Total	**58**	**280**	**338**	**51**	**258**	**309**	**69**	**236**	**305**
Percentage (%)	**17.2**	**82.8**	**100.0**	**16.6**	**83.4**	**100.0**	**22,6**	**77.4**	**100,0**

Source: The Company

* Saudization percentage referred to in Nitaqat Certificate relies on the Saudization rate in the last 26 weeks (six months). As for the percentage referred to in Table 89, it shall be based on the number of Saudi employees against foreign employees according to the total number of employees as at 29/02/2016G.

According to Article 13 of the Saudi Labor Law, the Company must adopt an internal work organization charter setting out internal regulations relating to the employees of the Company. Such charter should be approved by the Ministry of Labor. The Company charter was approved by the Ministry of Labor pursuant to the Deputy Minister of Labor resolution number (1/1/519/P), dated 07/02/1433H (corresponding to 01/01/2012G).

According to Article 26 of the Saudi Labor Law, the percentage of Saudi workers employed by the employer should not be less than 75% of the total number of his workers. The Minister may temporarily reduce this percentage in case of lack of adequate technically or academically qualified workers or if it is not possible to fill the vacant jobs with Saudi nationals.

The "Nitaqat" program was approved pursuant to resolution number (4040) by Minister of Labor dated 12/10/1432H (corresponding to 10/09/2011G), which was based on resolution number (50) of the Council of Ministers, dated 21/04/1415H (corresponding to 26/09/1994G) (which came into effect as of 12/10/1432H (corresponding to 10/09/2011G)). The Ministry of Labor has developed "Nitaqat" program to encourage institutions to nationalize jobs and to assess their performance according to certain categories, namely: Platinum, Green (which is divided into Low Green, Med Green and High Green), Yellow and Red. Platinum and Green categories apply to companies that comply with the highest Saudization rate. The Ministry of Labor deals strictly with the Red category, where the Saudization rate is the lowest, and extends the deadline for institutions within the Yellow category to resolve their situation.

The Ministry of Labor categorized the Group's companies as being among manufacturing industry activities as per Nitaqat Manual issued by the Ministry of Labor under number (1/1435H). The table below shows the percentages approved for categories of the companies operating in the manufacturing industry within certain categorization:

TABLE 91: Saudization Requirements By Nitaqat Program For Manufacturing Industries

Manufacturing Industry Activity													
Number of employees		Distribution of categories according to Saudization percentages as announced by the Ministry of Labor.											
From	To	Red		Yellow		Low Green		Medium Green		High Green		Platinum	
10	49	0%	4%	5%	7%	8%	13%	14%	19%	20%	24%	%	
50	499	0%	5%	6%	14%	15%	19%	20%	24%	25%	29%	%	
500	2999	0%	7%	8%	19%	20%	24%	25%	29%	30%	34%	%	
3000	-	0%	7%	8%	19%	20%	24%	25%	29%	30%	34%	%	

The "Platinum" category provides several incentives for the employer, the most significant of which may be summarized as follows: Obtaining new visas for any profession the employer requests, obtaining additional visas, the ability to change the profession of the expatriate employees (except those excluded by resolutions of the Council of Ministers or by Royal Decrees), and the ability to renew work permits for expatriate employees who work for the employer. The "Green" category provides several incentives for the employer, the most significant of which may be summarized as follows: Applying for new visas, changing the professions of expatriate employees, granting the Company alternative visas to replace employees leaving with final exit visas, and the ability to renew work permits for expatriate employees who work for the employer. There are several implications resulting from falling under the "Yellow" category, the most significant of which are: Rejecting applications for new visa, denying the transfer of expatriate employees, denying the change of expatriate employees' professions, denying the renewal of work permits for expatriate employees who work for the employer and who have spent a total of six (6) years or more in the Kingdom, and denying the issuance of work permits for new expatriate employees. However, employers may renew the work permits for their expatriate employees provided that the remaining time in the employee residence permit (Iqama) is not more than three (3) months at the time of renewal. As for the "Red" category, the most significant implications of falling under this category are: Denying the change of professions for expatriate employees who work for the employer, denying the transfer of expatriate employees, denying work permits for new expatriate employees, denying opening files for new institutions or branches and denying the renewal of work permits for employees who work for the employer.

In addition to the foregoing, the Ministry of Labor issued new instructions pursuant to the Council of Ministers resolution number (353), dated 25/12/1435H (corresponding to 19/10/2014G) which states that all private institutions shall pay SAR 200 per month (i.e. SAR 2400 per year) to Human Resources Development Fund for each foreign worker exceeding the average number of national employees in such institutions, provided that such payment shall be in advance and on an annual basis upon issuance or renewal of the work permits.

The Company stated that the correction campaign, related to expatriate employee conditions, made by the government institutions within the second quarter of 2013G did not affect the Company's or subsidiaries' operations.

According to Nitaqat Certificate issued by the Ministry of Labor, dated 13/05/1437H (corresponding to 22/02/2016G), the number of employees in the Company and Saudization percentage reached the following:

Activity type	Total employees	Saudis	Non-Saudis	Saudization ratio*	Category
Manufacturing Industries	375	106	269	28.50%	High Green

* Saudization percentage in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months), knowing that the employee classification in Saudization percentage shall depend on the classification of each category of Saudi employees (i.e. The student shall be regarded as a half employee while worker with disabilities shall be regarded as four workers, and the released prisoners shall be regarded as two workers).

On 03/09/1437H (corresponding to 08/06/2016G), the Ministry of Labor provided the Company with the certificate number (20001606008094), expiring on 07/12/1437H (corresponding to 08/09/2016G) evidencing that the Company complied with the required Saudization percentages. On 13/05/1437H (corresponding to 22/02/2016G), the General Organization for Social Insurance (GOSI) provided the Company with the certificate number (220113876), expiring on 13/11/1437H (corresponding to 16/08/2016G) evidencing that the Company did fulfill its obligations .

According to Nitaqat Certificate issued by the Ministry of Labor, dated 15/05/1437H (corresponding to 24/02/2016G), the number of employees in the Company and Saudization percentage reached the following:

Activity type	Total employees	Saudis	Non-Saudis	Saudization ratio*	Category
Manufacturing Industries	250	70	180	26.23%	High Green

* Saudization percentage in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months), knowing that the employee classification in Saudization percentage shall depend on the classification of each category of Saudi employees (i.e. The student shall be regarded as a half employee while worker with disabilities shall be regarded as four workers, and the released prisoners shall be regarded as two workers).

On 08/09/1437H (corresponding to 13/06/2016G), the Ministry of Labor provided Ultrapak with the certificate number (20001606013938), expiring on 12/12/1437H (corresponding to 13/09/2016G) evidencing that Ultrapak complied with the required Saudization percentages. On 20/05/1437H (corresponding to 29/02/2016G), GOSI provided Ultrapak with the certificate number (20041606), expiring on 20/11/1437H (corresponding to 23/08/2016G) evidencing that the Company did fulfill its obligations.

According to Nitaqat Certificate issued by the Ministry of Labor, dated 09/05/1437H (corresponding to 18/02/2016G), the number of employees in the Company and Saudization percentage reached the following:

Activity type	Total employees	Saudis	Non-Saudis	Saudization ratio*	Category
Manufacturing Industries	66	9	57	13.64%	Low Green

* Saudization percentage in Nitaqat Certificate shall rely on the Saudization rate in the last 26 weeks (six months). The employee classification in Saudization percentage is different based on categorization of each of Saudi employees (i.e. The student shall be regarded as a half employee while worker with disabilities shall be regarded as four workers, and the released prisoners shall be regarded as two workers).

On 08/09/1437H (corresponding to 13/06/2016G), the Ministry of Labor provided Ultrapak with the certificate number (20001606013938), which shall expire on 12/12/1437H (corresponding to 13/09/2016G). The Ministry maintained in this certificate that Ultrapak does comply with the required Saudization percentages. On 20/05/1437H (corresponding to 29/02/2016G), the General Organization for Social Insurance (GOSI) provided Ultrapak with the certificate number (20041606), which shall expire on 20/11/1437H (corresponding to 23/08/2016G). GOSI maintained that the Company did fulfill its obligations.

According to Nitaqat Certificate issued by the Ministry of Labor, dated 15/05/1437H (corresponding to 24/02/2016G), the number of employees in the Company and Saudization percentage reached the following:

Activity type	Total employees	Saudis	Non-Saudis	Saudization ratio*	Category
Manufacturing Industries	399	133	266	27.70%	High Green

* Saudization percentage in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months), knowing that the employee classification in Saudization percentage shall depend on the classification of each category of Saudi employees (i.e. The student shall be regarded as a half employee while worker with disabilities shall be regarded as four workers, and the released prisoners shall be regarded as two workers).

On 25/08/1437H (corresponding to 30/05/2016G), the Ministry of Labor provided Plastico with the certificate number (20001605043479) expiring on 27/11/1437H (corresponding to 30/08/2016G) evidencing that Plastico in Jeddah complied with the required Saudization percentages. On 04/09/1437H (corresponding to 09/06/2016G), the Ministry of Labor provided Plastico with the certificate number (20001606009737) expiring on 08/12/1437H (corresponding to 09/09/2016G) evidencing that Plastico in Riyadh complied with the required Saudization percentages.

On 26/05/1437H (corresponding to 06/03/2016G), GOSI provided the Company with the certificate number (20069702) expiring on 26/05/1437H (corresponding to 29/08/2016G) evidencing that the Company did fulfill its obligations. On 13/05/1437H (corresponding to 22/02/2016GGOSI provided Plastico branch in Jeddah with the certificate number (100027119) expiring on 13/11/1437H (corresponding to 16/08/2016G). On 20/05/1437H (corresponding to 29/02/2016G), GOSI provided Plastico branch in Riyadh with the certificate number (20040875) expiring on 20/11/1437H (corresponding to 23/08/2016G).

According to Nitaqat Certificate issued by the Ministry of Labor, dated 15/05/1437H (corresponding to 24/02/2016G), the number of employees in the Company and Saudization percentage reached the following:

Activity type	Total employees	Saudis	Non-Saudis	Saudization ratio*	Category
Manufacturing Industries	305	69	236	24.65%	High Green

* Saudization percentage in Nitaqat Certificate is based on the Saudization rate during the last 26 weeks (six months), knowing that the employee classification in Saudization percentage shall depend on the classification of each category of Saudi employees (i.e. The student shall be regarded as a half employee while worker with disabilities shall be regarded as four workers, and the released prisoners shall be regarded as two workers).

On 03/09/1437H (corresponding to 08/06/2016G), the Ministry of Labor provided Al Sharq Company with the certificate number (20001602032603) expiring on 07/12/1437H (corresponding to 08/09/2016G) evidencing that Al Sharq Company complied with the required Saudization percentages. On 13/05/1437H (corresponding to 22/02/2016G) GOSI provided Al Sharq Company with the certificate number (10054400) expiring on 13/11/1437H (corresponding to 16/08/2016G). evidencing that the Company did fulfill its obligations .

5-9-1 Employee Qualification and Training Programs

The Group is keen to train employees and enhance their capabilities. Further, it seeks to hire Saudi young cadres in order to train, and develop their skills and qualify them for the labor market in the industrial and administrative fields as well as other different fields.

On 27/12/1423H (corresponding to 23/11/2011G), the Company, therefore, has entered into an agreement with Human Resources Development Fund (HADAF), for providing employees for vacant positions in the private sector facilities and training job seekers in order to be qualified for positons available in the companies and institutions. Pursuant to this agreement, the labor force in the Group shall be trained with their skills being improved while providing them with job opportunities should they successfully pass the agreed training period.

The Group also seeks to improve the employees' performance through several advanced training courses and programs which they have during their work. For Company's management, employee training programs reflect its strategic perspective. This obviously ensures that it is keen to develop employees' skills in a manner that would conspicuously reflect the nature of their contribution expected by the Company.

In 2015G, twenty (20) employees have undergone approximately six hundred eighty-five (685) hours of intensive training courses in (SAP) program. Further, SAAF has trained thirty (30) employees, in Al-Ahsa and Rabigh, on ISO 14001:2015 - Environmental Management System internal audit at the end of 2015G and the beginning of 2016G through SGS Company. G. S. This is in preparation for obtaining uniform environmental standards during 2016G. The Group's employees took part in a number of training courses intended for Crisis and Emergency Management, fire, the emergency reporting mechanism and evacuation methods immediately after hearing the fire alarm as well as the first aid courses, with total (1,543) hours in 2015G.

6. Management Discussion and Analysis of Financial Position and Operating Results

6-1 Introduction

This section presents an analytical review of operational performance and financial position of Takween Advanced Industries (hereafter referred to as the "Company" on a consolidated basis and "Takween standalone" on a standalone basis) during the fiscal years ended 31 December 2013G, 31 December 2014G and 31 December 2015G, respectively. This section should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto which have been audited by the Company's auditors, Deloitte & Touch Bakr Abulkhair & Co. for the years ended 31 December 2013G and 31 December 2014G and KPMG Al Fozan & Partners for the year ended 31 December 2015G, all of which are included in this Prospectus. Prospective investors should read this Prospectus in full, and should not solely rely upon the information contained in this section.

Deloitte & Touch Bakr Abulkhair & Co. and KPMG Al Fozan & Partners do not themselves, nor do any of their affiliates, have any shareholding or interest of any kind in the Company. As at the date of this Prospectus, Deloitte & Touch Bakr Abulkhair & Co. have furnished and not withdrawn their written consent to the references in this Prospectus to their role as auditors of the Company for the fiscal years ended 31 December 2013G and 2014G. KPMG Al Fozan & Partners have furnished and not withdrawn their written consent to the references in this Prospectus to their role as auditors of the Company for the fiscal year ended 31 December 2015G.

It should be noted that the financial information presented in this section has been extracted from the consolidated financial statements of the Company and the standalone financial statements of each of its subsidiaries, as well as from management accounts.

The financial and statistical information presented in this section have been rounded to the nearest million. In case these figures are summed, minor differences might be noted when compared to the figures presented in the tables which have been rounded to the nearest thousand. All ratios, margins, annual expenses and compound annual growth rates ("CAGR") have been calculated using the rounded figures.

6-1-1 Company overview

Takween Advanced industries is engaged in the production of polystyrene cups, lids and other related plastic products, non-woven fabrics and polyethylene terephthalate (PET) pre-forms, plastic containers, films and bags.

The Company was first listed on the Saudi stock exchange ("Tadawul") in February 2012G with a share capital of SAR 300.0 million, which was later increased to SAR 350.0 million in February 2013G through a bonus share issue subsequent to the approval of the Extraordinary General Assembly on 27/05/1434H (corresponding to 08/04/2013G).

The Company acquired 100% ownership in Savola Packaging Systems Company Limited ("Savola Packaging") along with its two subsidiaries, Al-Sharq Company for Plastic Industries Limited ("Al-Sharq") and New Marina for Plastic Industries Company ("New Marina"), effective 1 January 2015G. The newly acquired subsidiaries have been consolidated as part of the Company's consolidated financial statements attached to this Prospectus (Please refer to Section [Add reference]. "Auditors" report). The process of transferring the ownership of Al-Sharq and New Marina from Savola Packaging to Takween have been completed during November 2015G. In 2015G, the Company amended the name of Savola Packaging to Saudi Plastic Packaging Systems ("SPPS" or "Plastico").

As at 31 December 2015G, the Company had the following subsidiaries:

TABLE 92: Brief Overview Of Takween Advanced Industries' Subsidiaries As At 31 December 2015G

Company name	Ownership as at 31 December 2014G	Ownership as at 31 December 2015G	Operations	Main product categories
Advanced Fabrics Factory Company ("SAAF")	100.0%	100.0%	Production of non-woven fabrics	Non-woven fabrics manufactured to customer specific orders
Ultrapak Manufacturing Company ("Ultrapak")	100.0%	100.0%	Manufacture of PET (Polyethylene Terephthalate) pre-forms	PET pre-forms, which are semi-finished products for use in blow molding

Company name	Ownership as at 31 December 2014G	Ownership as at 31 December 2015G	Operations	Main product categories
Saudi Plastic Packaging Systems (formerly Savola Packaging Systems Company Limited) ("SPPS" or "Plastico")	-	100.0%	Manufacture, wholesale and trading of various plastic products	PET and HDPE based products, including PET pre-forms, cups, bottles, lids, trays and stretch film
Al-Sharq Company for Plastic Industries Limited ("Al-Sharq" or "ASP")	-	100.0%	Manufacture, wholesale and trading of plastic packaging products	HDPE based packaging products, including bags, crates, drums, stretch film and containers
New Marina for Plastic Industries Company (S.A.E.) ("New Marina" or "NMP")	-	100.0%	Production and sales of plastic products	HDPE and PET based packaging products, including crates

Source: Management information

The Company's operations include the results of Takween standalone operations.

All of the above subsidiaries operate in the Kingdom of Saudi Arabia with the exception of New Marina which is registered in Alexandria, Arab Republic of Egypt.

6-2 Directors' Declaration on Financial Information

The Directors declare that, to the best of their knowledge, the financial information presented in the Prospectus is extracted without material change from the audited consolidated financial statements of the Company and that such statements have been prepared in accordance with SOCPA accounting standards.

The Directors of the Company acknowledge that there is no intention to make any fundamental change in the nature of the Company's activities and that the Company's operations did not stop in a way that could affect or have affected its financial position significantly during the past twelve months. The Directors also acknowledge that there has been no material adverse change in the financial and commercial position of the Company during the last three financial years.

The Directors assert that the Company will have enough funds to fulfil its working capital requirements for the 12 months following the date of the Prospectus. The Directors also confirm that neither the capital of the Company nor its subsidiaries is subject to any option.

The Directors acknowledge that there are no mortgages or claims on the Company's assets as at the date of this Prospectus, except what has been stated in this section and other parts of this Prospectus.

The Directors and Senior Management acknowledge that no commissions, discounts, brokerages or other non-cash compensation were granted by the Company to any member of the Board, managers, or experts in relation to the rights issue during the three years immediately preceding the date of submitting the application.

6-3 Changes in share capital

The Company's share capital was SAR 300.0 million as at 31 December 2012G divided into 30 million shares of SAR 10 each.

On 27/05/1434H (corresponding to 08/04/2013G), the Company's Extraordinary General Assembly approved the increase of share capital by SAR 50.0 million from SAR 300.0 million as at 31 December 2012G to SAR 350.0 million through a transfer from retained earnings. Accordingly, the share capital as at 31 December 2013G stood at SAR 350.0 million. The share capital as 31 December 2014G and 31 December 2015G remained unchanged at SAR 350.0 million divided into 35 million shares at a par value of SAR 10 each.

6-4 Summary of main accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Certain reclassifications have been made to prior year balances to be consistent with the presentation for 2015G as reflected in the audited financial statement of the Company. The current year results may not be an accurate reflection of the results for future years due to any potential impact of the current local and global market and economic conditions.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquired business. For each business combination, the acquirer measures the non-controlling interests in the acquired business either fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed during the period in which such costs are incurred.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Goodwill represents the excess cost of investments over the fair value of the net assets acquired in a business combination. Goodwill is tested annually for impairment and is carried at cost net of accumulated impairment losses. Impairment losses on goodwill are not reversed once recorded. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill represents the excess of the fair value of the net assets acquired and the cost of investments in a business combination. Negative goodwill is recognized in the Consolidated Statement of Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units, or groups of cash generating-units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

Revenue recognition

Revenue is recognized to the extent of the following recognition requirements:

- It is probable that the economic benefits will flow to the Company
- It can be reliably measured, regardless of when the payment is being made; and
- The cost incurred to date and expected future costs are identifiable and can be measured reliably.

Revenue is measured at the fair value of the consideration received or the contractually defined terms of payment. The specific recognition criteria described below must also be met before the revenue is recognized.

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Company has no effective control of continuing managerial involvement to the degree usually associated with ownership over the goods. Sales are recorded net of returns, trade discounts and volume rebates. Other income is recognized when earned.

Accounts receivable

Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Company will not be able to collect any of the amount due according to the original terms of the invoice. Such provision is charged to the consolidated statement of income.

Research expenses

Research expenses are charged to the consolidated statement of income in the period in which they are incurred.

General and administrative and selling and distribution expenses

General and administrative expenses include direct and indirect costs not specifically part of the production cost as required under generally accepted accounting principles (GAAP). Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and liquid investments with original maturities of three months or less, which is available to the Company with no restrictions. The statement of cash flow is prepared using the indirect method.

Investments

Investments in marketable equity securities are classified according to the Company's intent with respect to those securities. Marketable equity securities held to maturity are stated at amortized cost, adjusted for the related premium or discount. Marketable equity securities held for trading are stated at fair value and unrealized and realized gains and losses thereon are included in the consolidated statement of income. Marketable equity securities available for sale are stated at fair value and unrealized gains and losses thereon are included in consolidated stockholders' equity while realized gain/losses are included in the consolidated statement of income.

Inventories

Inventories are stated at lower of cost or net realizable value. Cost is determined, for finished goods, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

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

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for enhancement is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The depreciation rates of the principal classes of assets are as follows:

TABLE 93: Depreciation Rates For The Period From 2013G To 2015G

Depreciation (Percentages)	2013G	2014G	2015G
Buildings, leasehold and other improvements	2%-5%	2%-5%	2%-5%
Plant, machinery and equipment	3%-33.3%	3%-33.3%	3%-33.3%
Vehicles	20%-25%	20%-25%	20%-25%
Furniture, fixtures and office equipment	6.3%-33.3%	6.3%-33.3%	6.3%-33.3%

Source: Audited consolidated financial statements

Depreciation of machinery owned by SAAF which have homogeneous production are depreciated using the unit of production method since the actual reduction in the value of the asset is mainly related to the units produced and not the life of the asset.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of the fixed asset's item being disposed and is recognized net within "other income" in the consolidated statement of income.

Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the consolidated statement of income.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the qualifying asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually, significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the consolidated income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of non-financial assets of the Company, except inventories and assets held for sale, are reviewed at the date of the financial statement to ascertain whether there is an event or changes in circumstances indicating that the carrying amount of an asset exceeds its recoverable amount. When such an indicator exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. The impairment calculated as the difference between the carrying amounts and estimated recoverable amount, discounted using an appropriate rate.

A cash generating unit is the smallest identifiable asset group that generates cash flows which largely are independent from other assets and groups.

Impairment losses are recognized in respect of cash generating units, which are allocated first to reduce the carrying amounts of the asset affected or the cash generating unit on pro-rata basis of its assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Offsetting

Financial assets and liabilities are offset and reported net in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and when the Company intends to settle on a net basis, or to simultaneously realize the asset and settle the liability.

Intangible assets

Intangible assets anticipated to provide identifiable future benefits are classified as non-current assets. Intangible assets compromise software and system development costs and right of use of leased land.

Enterprise resource planning (ERP) system development costs represent costs incurred to implement new systems and are amortized over a 5-year period from the date it is fully implemented. The right of use of leased land is amortized over the lease period using the straight-line method.

Dividends

Dividends are recognized as liability at the time of their approval in the Annual General Assembly meeting. Interim dividends are recorded as and when approved by the board of directors.

Foreign currency translation

The consolidated financial statements are prepared in Saudi Riyals, which is the functional and reporting currency of the Company. Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rate prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

The results and financial position of a foreign subsidiary having reported currency other than Saudi Riyals are translated into Saudi Riyals as follows:

1- Assets and liabilities for the balance sheet are translated at the closing exchange rate at the date of that consolidated balance sheet;
2- Income and expenses for consolidated statement of income are translated at average exchange rates for the year; and
3- Components of the shareholder's equity accounts are translated at the exchange rates in effect at the dates of the related item originated.

Cumulative adjustments resulting from the translation of the financial instruments of the foreign subsidiaries into Saudi Riyals are reported as a separate component of consolidated statement of equity.

End-of-service benefits

End-of-service benefits, calculated in accordance with provisions of local laws applicable to the relevant subsidiaries, are provided for in the consolidated financial statements based on the employees' length of service, using the current benefits of employees as at balance date.

Zakat and income tax

The Saudi based subsidiaries of the Company are subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat for the Company and its subsidiaries is filed with the DZIT on a consolidated basis for the Company. The Zakat charge is computed on the higher of Zakat base or adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the Zakat for the Company and its subsidiaries. Foreign income tax is provided for in accordance with foreign fiscal regulations in which the Company's foreign subsidiary operates.

Deferred tax assets and liabilities are recognized for all temporary differences at current rates of taxation. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the near future to allow all or part of the deferred tax asset to be utilized.

Leasing

The Company accounts for tangible assets acquired under finance lease arrangements by recording the assets and the related liabilities. The amounts are determined on the basis of lower of fair market value of assets and present value of minimum lease payments. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are amortized over the shorter of the lease term or their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in producing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Statutory reserve

In accordance with Regulations for Companies in Saudi Arabia and the by Law of the Company, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

Accounts payable and accruals

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

Earnings per share

Earnings per share are computed by dividing income from main operations and net income for the year by the weighted average number of shares of 35 million as at 31 December 2014G and 2015G (the number of shares during 2013G have been adjusted to 35 million shares of SAR 10 each to accommodate the increase in share capital by issuing bonus shares). Diluted earnings per share is calculated by dividing income from main operations and net income for the period by weighted average number of issued shares at 31 December 2013G, 31 December 2014G and 31 December 2015G used in the basic earnings per share calculation adjusted for the effects of all dilutive potential ordinary shares.

Company's plan with respect to the application of International Financial Reporting Standards

The Company's Management prepared a plan for the transition from the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA) to International Financial Reporting Standards (IFRS). This aims to ensure that the transition is smooth and efficient in order to ultimately guarantee complete conversion from the current accounting framework governed by the Saudi accounting standards, to the International accounting standards as approved by SOCPA upon preparing financial statements of the Company for the financial periods starting from January 2017G.

The conversion plan will include the following main procedures:

- Studying IFRS standards and comparing them with accounting standards issued by SOCPA. Further, standards that have differences should be identified and determine whether they are relevant and have an impact on the preparation of Company's financial statements.
- Contracting with a specialist with relevant expertise in the field of transition to IFRS to assist the company in developing an action plan for the transition and to supervise the implementation.
- Identify any changes that may be required in the Company's accounting systems to meet the measurement and disclosure requirements.
- Assess any impact on the Company's financial results or position.
- Preparing the transition plan and present it to the Audit Committee followed by the Board of Directors for approval.

6-5 Factors affecting the Company's operations

The Company is classified as an industrial investment company in Saudi Arabia. Its activities are focused in two main industrial sectors, namely plastic products and non-woven fabrics. The company sells plastic products to diversified industrial sectors such as dairy, food, juices, soft drinks and water. The Company's products also cater to the needs of industries involving the use of plastic containers, non-woven fabrics are sold to the medical and hygiene sectors.

The following are the main factors affecting the company's operations:

6-5-1 Seasonal factors and business cycles

The Company's consolidated sales do not appear to be significantly affected by seasonality. It should be noted that sales and profit margins of certain subsidiaries of Takween experience seasonality during the month of Ramadan, the summer period and the start of the school terms as a result of an increase in consumption of drinks, dairy products and water. Hence, demand for such products increases.

For example, Takween standalone's sales increased during the second quarter by 34.1%, 16.2% and 18.8% as compared to the first quarter of the same year during 2013G, 2014G, and 2015G, respectively, in line with the start of the summer season and the preparation for the school term. Similarly, Ultrapak's sales increased during the second quarter by 16.1%, 7.9% and 15.5% as compared to the first quarter of the same year during 2013G, 2014G and 2015G, respectively. For Savola Packaging Systems (currently Plastico), sales volume increased during the second quarter as compared to the first quarter in 2013G, 2014G, and 2015G driven by the summer period. Further, Savola Packaging Systems' sales volume increased during the third quarter as compared to the second quarter of the same year as it coincided with the holy month of Ramadan and the near-start of the school term. Sales of other Takween's subsidiaries appear to be less impacted by seasonality due to the different nature and diversity of products offered by these subsidiaries.

As for business cycles, the Company's sales and profit margins are affected by the economic conditions prevailing in the Kingdom of Saudi Arabia, in particular the growth of Saudi consumer disposable income considering that Company's sales are related to dairy, food, juices, soft drinks and water companies' sales.

Saudi Arabia's gross domestic product for the period 2010G-2015G (GDP) witnessed a significant growth at a CAGR of 4.9%. Further, the private sector witnessed a growth at a CAGR of 6.6%, as compared to the growth in oil sector at a CAGR of 3.4%. Despite its growth in other sectors, the Saudi economy and government spending are still dependent on the price of oil and gas in the international markets. Therefore, any changes in oil and gas prices will directly affect the Saudi economy and government spending, which in turn would affect the disposable income of the Saudi consumer, which is considered to be the most important driver of food and beverage companies' sales (Takween's customers). Accordingly, Takween's activity, sales, results of operations and financial position are linked with the economic cycles in the Kingdom.

6-5-2 Demographics factors

Saudi Arabia's population grew at a CAGR of 2.8% during the period from 2000G to 2015G. However, population growth recently witnessed a slow-down, registering a growth at a CAGR of 2.4% for the period from 2010G to 2015G. The demographic structure in Saudi Arabia is dominated by young people, whereby more than 50% of the population is under the age of 25. The income per capita in Saudi Arabia is considered to be relatively high and reached SAR 90,619 per annum in 2014G. Population growth and demographic structure are considered to be important demand drivers, impacting sales of food and beverages companies, and subsequently Takween's sales. For more information, refer to Section 3 "Industry and Market Data").

6-5-3 Cost drivers and raw material prices

Cost of raw material used in the production of plastic products (such as polyethylene, polypropylene, polystyrene, polyethylene terephthalate and polyvinyl chloride) are considered an important elements of the Company's costs. These costs represented 64.2% and 68.3% of the Company's sales in 2014G and 2015G, respectively.

Prices of raw material used in the manufacture of consumer goods are linked to oil and gas prices, especially in international markets where prices of such materials are not controlled by governments. Prices of raw material used in the production of plastic products in the Kingdom of Saudi Arabia, Middle East, and North Africa are dependent on international prices which are usually volatile.

Takween's selling prices witnessed a slight decline over the past five years which constrained sales growth in terms of value, despite the increase in quantities sold. The impact of raw material price fluctuation is expected to subsist on the Company's sales value and growth, whether positively or negatively. (For more information, refer to Section 3 "Industry and Market Data").

6-5-4 Utility subsidy cuts

In light of the deficit in Saudi Arabia's budget as a result of oil prices decline, the Kingdom announced subsidy cuts for oil and power derivatives. Accordingly, the Company's utility costs (fuel, electricity and water) are expected to increase in 2016G. Based on the announced new prices, electricity costs are expected to grow by 16.1% in the last nine months of 2016G.

In addition, shipping costs are expected to increase by 15% in the last nine months of 2016G.

It is worth noting that these adjustments in energy prices are part of a 5-year plan and the industrial sector in the Kingdom will experience further increases in utility costs during that period. The increase is expected to impact the profitability of Companies operating in this sector, including Takween.

6-6 Analysis of historical financial results

6-6-1 Brief analysis of consolidated historical financial performance for Takween

6-6-1-1 Consolidated income statement

TABLE 94: The Company's Consolidated Income Statements For 2013G – 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Sales	731,022	767,679	1,718,467	5.0%	123.9%
Cost of sales	**(635,711)**	**(646,389)**	**(1,538,853)**	**1.7%**	**138.1%**
Gross profit	95,311	121,290	179,614	27.3%	48.1%
G&A expenses	(28,066)	(42,278)	(91,585)	50.6%	116.6%
S&D expenses	(20,038)	(19,472)	(72,220)	(2.8%)	270.9%

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Research expenses	(570)	(2,682)	(2,116)	370.5%	(21.1%)
Operating income	**46,637**	**56,858**	**13,693**	**21.9%**	**(75.9%)**
Financial charges	(12,615)	(15,221)	(49,237)	20.7%	223.5%
Realized gain on investments held for trading	14,032	10,086	14,165	(28.1%)	40.4%
Unrealized gain on investments held for trading	4,921	9,471	-	92.5%	(100.0%)
Other (expenses)/income, net	(5,628)	337	(1,856)	(106.0%)	(650.7%)
Net income / (loss) before zakat	**47,347**	**61,531**	**(23,235)**	**30.0%**	**(137.8%)**
Zakat	(2,960)	(6,208)	(3,887)	109.7%	(37.4%)
Net income / (loss)	**44,387**	**55,323**	**(27,122)**	**24.6%**	**(149.0%)**

Source: Audited consolidated financial statements

In 2013G and 2014G, the Company's operations included the consolidated financial results of Takween standalone, SAAF and Ultrapak. During 2015G, the Company acquired 100% ownership in Plastico along with its two subsidiaries, Al-Sharq and New Marina, effective from 1 January 2015G.

- **Sales**

The Company sells the majority of its products to customers based on specific requirements stipulated by each customer in terms of material used to manufacture the product in various shapes. Customizing production to meet customers' specifications require that the Company possesses different equipment (moulds) for each type of product.

The Company agrees with its customers, in advance, the expected quantities to be produced in order to assess the financial feasibility of acquiring moulds and accepting customers' orders. Accordingly, the majority of relationships with customers are based on pre-agreed written agreements detailing the required specifications and shapes of pre-forms or other products.

In addition, some of Takween companies sell their pre-fabricated products on retail basis. Such sales do not exceed 30% of the Company's total annual sales.

Sales by company

The following table presents sales by Company for the period from 2013G to 2015G.

TABLE 95: Consolidated Sales By Company For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Takween standalone	280,897	274,737	228,937	(2.2%)	(16.7%)
Ultrapak	213,335	212,784	183,776	(0.3%)	(13.6%)
SAAF	266,647	311,940	325,863	17.0%	4.5%
Plastico	-	-	691,540	n/a	n/a
Al-Sharq	-	-	286,057	n/a	n/a
New Marina	-	-	101,594	n/a	n/a
Elimination	(29,857)	(31,782)	(99,300)		
Total sales	**731,022**	**767,679**	**1,718,467**	**5.0%**	**123.9%**
%age of					
Takween standalone	38.4%	35.8%	13.3%		
Ultrapak	29.2%	27.7%	10.7%		
SAAF	36.5%	40.6%	19.0%		
Plastico	n/a	n/a	40.2%		

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Al-Sharq	n/a	n/a	16.6%		
New Marina	n/a	n/a	5.9%		
Elimination	(4.1%)	(4.1%)	(5.7%)		
Total	**100.0%**	**100.0%**	**100.0%**		

Source: Management information

The Company's sales increased by SAR 36.7 million, or 5.0%, from SAR 731.0 million in 2013G to SAR 767.7 million in 2014G, driven by an increase in SAAF's sales. During 2015G, Company's sales increased by SAR 950.8 million, or 123.9%, impacted by the acquisition of Plastico, Al-Sharq and New Marina.

Takween standalone's sales decreased by SAR 6.2 million, or 2.2%, from SAR 280.9 million in 2013G to SAR 274.7 million in 2014G due to a decline in export sales as well as a decline in selling prices. The Company's pricing structure is based on raw material index published by SABIC on a monthly bases, to which manufacturing overheads are added. Accordingly, selling prices can fluctuate on a monthly basis in line with the change in prices published by SABIC. Takween standalone's sales further declined by SAR 45.8 million, or 16.7%, from 274.7 million in 2014G to SAR 228.9 million in 2015G as a result of the decline in resin prices by 10% to 25%, in addition to a decline in export volume as exports to countries such as Sudan declined due to political unrest. Some of the volume was also lost due to the effect of potential cannibalization in the business post acquisition of Plastico.

Sales generated by Ultrapak witnessed a decline of SAR 0.6 million or 0.3% from SAR 213.3 million in 2013G to SAR 212.8 million in 2014G driven by a decrease in the average selling price of PET pre-forms (the main sales contributor in Ultrapak). The decline in Ultrapak's sales by SAR 29.0 million or 13.6% from SAR 212.8 million in 2014G to SAR 183.8 million in 2015G can be attributed partly to declining sales prices and partly due to the decline in export sales as a result of political unrest in Ultrapak's export markets.

SAAF's sales increased by SAR 45.3 million, or 17.0%, from SAR 266.6 million in 2013G to SR 311.9 million in 2014G as a result of growth in demand for products in the medical division in addition to the increase in production capacity subsequent to the construction of a new facility in Rabigh. SAAF sales further increased by SAR 13.9 million, or 4.5%, from SAR 311.9 million in 2014G to SAR 325.9 million in 2015G primarily due to the increasing demand for treated medical products by manufacturers or converters in the Far East.

Elimination in 2013G and 2014G represented mostly sales of pre-forms from Ultrapak to Takween standalone. In 2015G, in addition to the sales of pre-forms from Ultrapak to Takween standalone which amounted to SAR 21.5 million, elimination included sales of Ultrapak to Plastico amounting to SAR 11.2 million, sales of Plastico to Takween standalone and Ultrapak amounting to SAR 10.4 million and SAR 42.6 million, respectively. Intercompany sales are eliminated upon the preparation of the consolidated financial statements.

Sales by Company including sales of Plastico, Al-Sharq and New Marina for 2013G and 2014G – for comparative purposes

For comparative purposes, the following table presents sales by company for the period from 2013G to 2015G including the historical performance of the newly acquired businesses in 2015G. The following table presents the Company's sales on a hypothetical scenario as if Plastico, Al-Sharq and New Marina were part of the Company from the start of 2013G. The table has been presented for analysis purposes to compare sales of Plastico, Al-Sharq and New Marina during the period from 2013G to 2015G.

TABLE 96: Sales By Company (Including Plastico, Al-Sharq And New Marina For Comparative Purposes)

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Takween standalone	280,897	274,737	228,937	(2.2%)	(16.7%)
Ultrapak	213,335	212,784	183,776	(0.3%)	(13.6%)
SAAF	266,647	311,940	325,863	17.0%	4.5%
Plastico	657,145	668,449	691,540	1.7%	3.5%
Al-Sharq	345,351	319,508	286,057	(7.5%)	(10.5%)
New Marina	130,178	133,165	101,594	2.3%	(23.7%)
Elimination	(29,857)	(31,782)	(99,300)	6.4%	212.4%

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Total sales	**1,863,696**	**1,888,801**	**1,718,467**	**1.3%**	**(9.0%)**
%age of total					
Takween standalone	15.1%	14.5%	13.3%		
Ultrapak	11.4%	11.3%	10.7%		
SAAF	14.3%	16.5%	19.0%		
Plastico	35.3%	35.4%	40.2%		
Al-Sharq	18.5%	16.9%	16.6%		
New Marina	7.0%	7.1%	5.9%		
Elimination	(1.6%)	(1.7%)	(5.7%)		
Total	100.0%	100.0%	100.0%		

Source: Management information.

* Figures for Plastico, Al-Sharq and New Marina during 2013G and 2014G are presented for comparative purposes. The total of sales during these years do not tie up with the reported sales of the Company as per the audited consolidated financial statements.

On a like-for-like comparative basis, Plastico's sales grew by SAR 11.3 million, or 1.7%, from SAR 657.1 million in 2013G to SAR 668.4 million in 2014G. This was backed by a growth in volume of 4.3% offset by a decline in average selling prices by 2.5%. Sales continued to grow during 2015G backed by 26.6% growth in volume and 18.3% decline in sales price. During 2015G, Plastico sold raw material to Ultrapak, amounting to SAR 40.0 million.

On a like-for-like comparative basis, Al-Sharq has shown a declining trend during the period from 2013G to 2015G. This was associated to several factors, including several customers opting to purchase from multiple suppliers and worsening economic conditions in Ultrapak export markets.

New Marina is based in Egypt. In local currency terms (EGP), sales grew by 5.5% in 2014G due to the addition of the Shrink and PET line at the end of 2013G. However, in 2015G, sales declined by 16.1% due to losing customers of pre-form products. This was attributed to a change in clients' requirements in terms of bottles weight and shape, which required a new mold that New Marina does not own.

It is important to note the Egyptian Pound has depreciated significantly against the USD (and subsequently against the Saudi Riyal) during the period from 2013G to 2015G. New Marina has shown a declining sales trend of 16.1%. When converted to Saudi Riyals for the consolidated financial statements, the sales show a decline of 23.7%.

Sales by main product categories

The following table presents sales by main product categories for the period from 2013G to 2015G.

TABLE 97: Consolidated Sales By Main Product Categories For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
PET products	212,010	211,240	641,276	(0.4%)	203.6%
Non-woven fabric	266,647	311,940	325,863	17.0%	4.5%
Blowmolding	94,026	93,366	198,805	(0.7%)	112.9%
Film	-	-	150,033	n/a	n/a
Injection	24,773	25,522	128,734	3.0%	404.4%
Stretch film	-	-	112,873	n/a	n/a
By-products	16,184	8,161	3,095	(49.6%)	(62.1%)
Other	147,239	149,232	257,088	1.4%	72.3%
Elimination	(29,857)	(31,782)	(99,300)	6.4%	212.4%
Total sales	**731,022**	**767,679**	**1,718,467**	**5.0%**	**123.9%**

Source: Management information

The acquisition of Plastico, Al-Sharq and New Marina positively impacted sales of PET products (pre-forms, caps, plastic cups and other), blowmolding and injection products. Further, new product lines were introduced such as film, stretch film and PE drums (manufactured by Al-Sharq). The acquisition also provided the Company with higher supply flexibility through the introduction of new production locations in KSA and subsequently increased sales foot-print in various regions.

Sales by main product categories including sales of Plastico, Al-Sharq and New Marina for 2013G and 2014G – for comparative purposes

For analysis purposes, the following table presents sales by product categories for the period between 2013G and 2014G including the historical sales of the newly acquired business of Plastico, Al-Sharq and New Marina.

TABLE 98: Sales By Product Category (Including Sales Of Plastico, Al-Sharq And New Marina For Comparative Purposes)

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
PET products	703,487	696,370	641,276	(1.0%)	(7.9%)
Non-woven fabric	266,647	311,940	325,863	17.0%	4.5%
Blowmoulding	208,180	206,174	198,805	(1.0%)	(3.6%)
Film	162,739	164,637	150,033	1.2%	(8.9%)
Injection	135,929	133,054	128,734	(2.1%)	(3.2%)
Stretch film	103,711	119,930	112,873	15.6%	(5.9%)
By-products	16,184	8,161	3,095	(49.6%)	(62.1%)
Other	296,676	280,317	257,088	(5.5%)	(8.3%)
Elimination	(29,857)	(31,782)	(99,300)	6.4%	212.4%
Total sales	**1,863,696**	**1,888,801**	**1,718,467**	**1.3%**	**(9.0%)**

Source: Management information

* Figures for 2013G and 2014G include Plastico, Al-Sharq and New Marina and are presented for comparative purposes. Total of sales during these years do not tie up with the reported sales of the Company as per the audited consolidated financial statements.

PET product

PET products are manufactured and sold by Ultrapak, Plastico and New Marina. Sales of PET products witnessed a declining trend from 2013G to 2015G. During 2014G, PET sales decreased by SAR 7.1 million, or 1.0%, primarily driven by a decline in PET sales of Plastico by SAR 9.3 million, offset by an increase in PET sales in other companies. Prices of PET products across all companies declined due to a general decline in the resin prices which was offset by an increase in volumes in the same companies.

In 2015G, PET products sales further declined by SAR 55.1 million or 7.9% as Ultrapak PET sales decreased by SAR 28.9 million, mainly due to a decline in export sales to Yemen on account of political unrest. Further, New Marina sales of PET products declined by SAR 26.0 million during the same period due to the deterioration of Egyptian Pound despite an increase in sales volume by 23.6%.

Non-woven products

Non-woven fabric sales primarily reflect sales of two product categories, healthcare based products and hygiene related products. During 2015G, industrial non-woven products were introduced by SAAF. Non-woven products are manufactured and sold through two factories located in Ahsa and Rabigh. The following table presents a breakdown by type of non-woven products.

TABLE 99: Details Of Non-Woven Products Sales For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Medical	132,166	177,068	201,671	34.0%	13.9%
Hygiene	117,626	116,943	98,166	(0.6%)	(16.1%)
Industrial	-	-	3,806	n/a	n/a
Scrap	16,855	17,929	22,220	6.4%	23.9%
Total sales	**266,647**	**311,940**	**325,863**	**17.0%**	**4.5%**

Source: Management information

Sales of non-woven products increased by SAR 45.3 million or 17.0% in 2014G, driven by an increase in sales of medical non-woven products by SAR 44.9 million or 34.0% which was slightly offset by a decline in sales of hygiene products by SAR 0.7 million or 0.6%. The increase in sales of medical non-woven products is attributable to higher sales volumes subsequent to the increase in production capacity after constructing a new facility in Rabigh in April 2014G. The increase was offset by a decline in average selling prices as a result of the decline witnessed in cost of resin. Sales of hygiene products decreased in 2014G on account of the decline in average selling prices and a slight year-on-year increase in demand.

Sales of non-woven products grew by SAR 13.9 million or 4.5% in 2015G, driven by the growth in sales of medical non-woven products of SAR 24.6 million, or 13.9%, despite a decline in sales of hygiene products of SAR 18.8 million, or 16.1%, over the same period.

Average selling prices for medical non-woven products increased between 2014G and 2015G due to continued increase in demand for treated products and hence SAAF was able to negotiate better pricing terms with customers. Revenue from hygiene products declined due to lower selling prices as a result of increased competition from other market players in KSA and Egypt. In addition, sales volume related to a specific client was lost as one competitor set up a factory near the client's premises in Egypt and the customer opted to go with the competitor for lower freight cost.

Scrap sales increased by SAR 1.1 million, or 6.4%, from SAR 16.9 million in 2013G to SAR 17.9 million in 2014G due to high demand for non-woven medical products, which requires adjustments to the production line to obtain the specifications required by customers and thus leads to increased waste of raw materials. SAAF's operating model is based on manufacturing on an order-by-order basis catering to specific customer requirements, hence wastage due to change orders is considered normal in this industry.

In 2015G, scrap sales increased by SAR 4.3 million, or 23.9%, from SAR 17.9 million in 2014G to SAR 22.2 million in 2015G driven by higher wastage in the production lines as compared to prior years since 2014G was the first year of commercial production at Rabigh and the line was running at less than optimal level, hence the frequency was higher than 'normal'. In addition, the high number of changeovers resulting from more frequent customers' orders also contributed to the increase of wastage between turnaround.

Blowmolding

Blowmolding is the manufacturing process used to convert PET and HDPE resin into bottles of different sizes (ranging from 100ml to 2 liters) for customers in the dairy, water and juice sector.

Blowmolding sales declined by SAR 9.4 million, or 2.3%, from SAR 208.2 million in 2013G to SAR 198.8 million in 2015G primarily due to a decrease in sales of Takween standalone by SAR 7.7 million during the same period due to the decline in average price of resin which had a direct impact on average sale prices.

Film

Film is a product manufactured primarily at Al-Sharq using HDPE resin as the primary raw material input. Film is generally used to manufacture bags.

Sales of film products increased by SAR 1.9 million, or 1.2%, from SAR 162.7 million in 2013G to SAR 164.6 million in 2014G which was due to a change in product mix at Al-Sharq affecting the demand for bags in 2014G.

Sales of film declined by SAR 14.6 million, or 8.9%, in 2015G due to the loss of a major customer during the year, which resulted in loss in sales.

Injection

Injection is the process of manufacturing caps and closures used for dairy and beverages bottling products. In general, the demand for injection products is directly correlated with the demand for blowmolding products.

Sales of injection products decreased by SAR 2.9 million from SAR 135.9 million in 2013G to SAR 133 million in 2014G, while further declining by SAR 4.3 million in 2015G due to a decline in prices over the same period in line with the decrease in raw material prices.

Stretch film

Stretch film is a stretchable variation of film and is used generally as protective packaging to wrap products.

Sales of stretch films increased by SAR 16.2m in 2014G primarily due to an increase in demand from Plastico customers (sales of stretch film at Plastico increased from SAR 30.0 million in 2013G to SAR 47.0 million in 2014G).

Sales of stretch film declined by SAR 7.1 million or 5.9% in 2015G due to machinery maintenance and repair work carried by the Company which resulted in partial operation disruption and a loss of sales of SAR 7.0 million. Further, Al-Sharq sales of stretch film declined from SAR 70.2 million in 2014G to SAR 64.2 million in 2015G.

By-products sales

By-products sales consist of raw material waste from the production process, which is sold at lower prices to local traders. The price is determined based on the 'quality' of by-products offered to the traders as well as the percentage of fresh resin used to manufacture the by-products. By-products also include finished products which are either defected or not in accordance to the required specification of the customers. By-products sales are primarily generated by Takween standalone and Ultrapak.

By-products sales in 2013G mainly included re-grind material sales pertaining to Takween standalone amounting to SAR 14.9 million. During 2014G, Takween standalone by-products sales declined by SAR 8.2 million, impacting the total by-products sales which declined by 8.0 million or 49.6% as a result of lower grade of by-products sold during the year. Takween standalone by-products sales further declined by SAR 5.0 million, or 75%, in 2015G, due to lower selling prices which generally follow the price of resin.

Export versus local sales

Local sales represented the majority of the Company's sales for the period from 2013G to 2015G with an average of 63.5% (excluding elimination). Export sales on average represented 36.5% of the Company's total sales over the same period and included export sales to countries such as Egypt, Yemen, Sudan, Italy, China, Jordan, Poland and Lebanon. The table below presents the breakdown of export and local sales for the period from 2013G to 2015G.

TABLE 100: Consolidate Sales By Geography

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Export	349,415	383,433	634,551	9.7%	65.5%
Local	411,464	416,028	1,183,216	1.1%	184.4%
Elimination	(29,857)	(31,782)	(99,300)	6.4%	212.4%
Total sales	**731,022**	**767,679**	**1,718,467**	**5.0%**	**123.9%**

Source: Management information

Export sales increased by SAR 34.0 million, or 9.7%, from SAR 349.4 million in 2013G to SAR 383.4 million in 2014G, driven by the increase in sales of SAAF non-woven products due to higher demand for treated products by converters in the Far East. However, the decline in export sales of Ultrapak to Sudan due to political unrest has partly offset the increase in total export sales.

Export sales further increased in 2015G registering a growth of SAR 251.1 million, or 65.5%, from SAR 383.4 million in 2014G to SAR 634.6 million in 2015G as a result of the increase in SAAF export sales as well as the impact of the acquisition of the new entities in 2015G. The increase in 2015G was partly offset by a decline in export sales of Takween standalone and Ultrapak which are not considered heavy export oriented companies. Their export sales represented on average of 12.4% of total sales during the period from 2013G to 2014G. Exports of Takween standalone and Ultrapak to Yemen, Lebanon, Sudan and other countries witnessed a declining trend due to the political situation in these countries as well as due to price competition.

Local sales increased by SAR 4.6 million or 1.1% from SAR 411.5 million in 2013G to SAR 416.0 million in 2014G due to the increase in local sales of Ultrapak following the Company's decision to increase focus on local sales due to high costs and competitive pricing of the export market. The increase in 2014G was partly offset by a decline in SAAF local sales due to the loss of business from a major customer. In addition, local sales of Takween standalone slightly declined due to the decrease in average selling prices in-line with the decline in cost of resin.

The Company's local sales increased by SAR 767.2 million, or 184.4%, from SAR 416.0 million in 2014G to SAR 1.2 billion in 2015G due to the effect of the acquisition which compensated the decline in local sales of Takween standalone, Ultrapak and SAAF. The decline in local sales of Takween standalone, Ultrapak and SAAF can be generally attributed to the continuing decline in average selling prices owing to the decline in resin costs.

TABLE 101: Consolidated Domestic Sales By Geography

Currency: SAR million	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Eastern Region	175	197	186	12.6%	(5.6%)
Central Region	118	133	793	12.7%	496.2%
Western Region	118	86	204	(27.1%)	137.2%
Total sales	**411**	**416**	**1,183**	**1.2%**	**184.4%**

Source: Management information.

Local and export sales including sales of Plastico, Al-Sharq and New Marina for 2013G and 2015G – for comparison purposes

TABLE 102: Domestic And Export Sales, Including Plastico, Al-Sharq And New Marina

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Export	664,196	697,176	634,551	5.0%	(9.0%)
Local	1,229,357	1,223,407	1,183,216	(0.5%)	(3.3%)
Elimination	(29,857)	(31,782)	(99,300)	6.4%	212.4%
Total sales	**1,863,696**	**1,888,801**	**1,718,467**	**1.3%**	**(9.0%)**

Source: Management information

* Figures for 2013G and 2014G include Plastico, Al-Sharq and New Marina and are presented for comparative purposes. The total of sales during these years do not tie up with the reported sales of the Company as per the audited consolidated financial statements.

Sales seasonality

Takween standalone, Ultrapak and Plastico are engaged in providing products to the dairy and beverages industries. Company's sales to these industries are generally observed to increase during the month of Ramadan, the summer season as well as start of the school terms as a result on the increase in beverages and water consumption. In general, sales of Takween standalone, Ultrapak and Plastico witnessed an increase during the third quarter of each year and then declines towards the end of year whereby customers tend to maintain lower stock levels.

Al-Sharq sales are considered to be less affected by seasonality as a result of the diversification of products offered to clients. In addition, the Company depends mainly on retail sales to a large customer-base, which reduces sales concentration by client.

SAAF's sales are not affected by seasonality trends given the nature of the products which generally serve client segments throughout the year and are produced on order basis.

Cost of Sales

Cost of sales mainly comprised of material costs on average representing 77.3% of total cost of sales for the period from 2013G to 2015G. Plant depreciation and labor costs followed with an average of 8.3% and 5.1% of total costs, respectively. The following table presents the details of cost of sales for the period from 2013G to 2015G.

TABLE 103: Consolidated Cost Of Sales For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Material cost	514,152	492,999	1,173,301	(4.1%)	138.0%
Depreciation	44,941	62,919	126,911	40.0%	101.7%
Labor costs	21,605	24,003	99,602	11.1%	315.0%
Packing and logistics costs	8,396	9,119	9,021	8.6%	(1.1%)
Machinery and building repair	9,720	11,547	34,322	18.8%	197.2%
Other variable costs	36,897	45,802	95,696	24.1%	108.9%
Cost of sales	**635,711**	**646,389**	**1,538,853**	**1.7%**	**138.1%**
%age of sales					

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Material cost	70.3%	64.2%	68.3%		
Depreciation	6.1%	8.2%	7.4%		
Labor costs	3.0%	3.1%	5.8%		
Packing and logistics costs	1.1%	1.2%	0.5%		
Machinery and building repair	1.3%	1.5%	2.0%		
Other variable costs	5.0%	6.0%	5.6%		
Cost of sales as a %age of sales	**86.8%**	**84.2%**	**89.6%**		

Source: Management information

The Company purchases the majority of its PE based resin requirements from SABIC under an annual contract, renewable each year. The contract includes a monthly resin quantity forecast to be acquired by the Company which is agreed between both parties. In the last week of each month, SABIC provides the Company with its pricing for each subsequent month. The quotation is provided by resin type and payment options. The Company has also agreed a volume rebate with SABIC, which is dependent on purchasing the agreed quantities as per the forecast included in the contract, with an acceptable variation of up to 20%.

Material cost declined by SAR 21.2 million, or 4.1%, from SAR 514.2 million in 2013G to SAR 493.0 million in 2014G due to the overall decline in resin prices. In 2015G, resin prices further declined, impacting the cost of raw material. The acquisition of Plastico, Al-Sharq and New Marina affected the material cost consumed which increased by SAR 680.3 million, or 138.0%, from SAR 493.0 million in 2014G to SAR 1.2 billion in 2015G.

Material costs also include other material costs of SAR 47.8 million, SAR 38.9 million and SAR 61.6 million in 2013G, 2014G and 2015G, respectively, which relate to SAAF. These costs include costs of chemicals and Master Batch coloring used in the non-woven production process. In addition, SAAF recorded freight costs relating to outsourcing semi-finished goods within other material costs, as well as freight costs relating to selling non-woven goods to its customers.

The inclusion of freight costs relating to sales within cost of goods sold is not in accordance with the Company policy. This practice decreased gross margins by 4.5%, 2.5% and 4.6% in 2013G, 2014G and 2015G, respectively.

The following table presents the details of raw material by company during the period from 2013G to 2015G.

TABLE 104: Cost Of Material For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Takween standalone	223,446	191,666	159,847	(14.2%)	(16.6%)
Ultrapak	152,013	149,854	124,348	(1.4%)	(17.0%)
SAAF	168,550	183,262	251,004	8.7%	37.0%
Plastico	-	-	466,935	n/a	n/a
Al-Sharq	-	-	199,469	n/a	n/a
New Marina	-	-	80,998	n/a	n/a
Elimination	(29,857)	(31,783)	(99,300)	6.5%	212.4%
Cost of materials	**514,152**	**492,999**	**1,173,301**	**(4.1%)**	**138.0%**

Source: Management information

Depreciation increased by SAR 18.0 million or 40.0% from SAR 44.9 million in 2013G to SAR 62.9 million in 2014G due to the addition of building and production line in Rabigh by SAAF. In 2015G, depreciation increased by SAR 64.0 million or 68.0% to SAR 126.9 million in 2015G due to the acquisition of Plastico, Al-Sharq and New Marina.

Labor costs included salaries and related benefits for employees involved in the production process. Labor costs increased by SAR 2.4 million or 1.1% from SAR 21.6 million in 2013G to SAR 24.0 million in 2014G as a result of additional labor joining SAAF after the installation of the production line in Rabigh.

Labor cost further increased in 2015G driven by the increase in SAAF's labor costs relating to the new production line which were capitalized during 2014G until the commissioning of the new line.

Machinery and building repairs relate to costs incurred in repairing building and machinery at each plant. Costs increased by SAR 1.8 million from SAR 9.7 million in 2013G to SAR 11.6 million in 2014G. In 2015G, costs increased by SAR 22.8 million from SAR 11.5 million in 2014G to SAR 34.3 million, due to the inclusion of repairs and maintenance related to the newly acquired companies. The increase in repairs costs related to Takween standalone, SAAF and Ultrapak in 2015G was SAR 5.9 million, while the remaining increase derived from the Plastico, Al-Sharq and New Marina.

Cost of sales including Plastico, Al-Sharq and New Marina for the period from 2013G to 2015G – for comparison purposes

The following table shows the cost of sales during the period from 2013G to 2015G for comparison purposes, including the results of operations of Plastico, Al-Sharq, New Marina acquired in 2015G.

TABLE 105: Cost Of Sales Including Plastico, Al-Sharq, New Marina For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Material cost	1,312,759	1,288,339	1,173,301	(1.9%)	(8.9%)
Plant depreciation	96,535	118,427	126,911	22.7%	7.2%
Labor costs	82,394	88,221	99,602	7.1%	12.9%
Packing and logistics costs	8,396	9,119	9,021	8.6%	(1.1%)
Machinery and building repair	24,653	27,415	34,322	11.2%	25.2%
Other variable costs	75,802	88,810	95,696	17.2%	7.8%
Cost of sales	**1,600,539**	**1,620,331**	**1,538,853**	**1.2%**	**(5.0%)**
%age of sales					
Material cost	70.4%	68.2%	68.3%		
Plant depreciation	5.2%	6.3%	7.4%		
Labor costs	4.4%	4.7%	5.8%		
Packing and logistics costs	0.5%	0.5%	0.5%		
Machinery and building repair	1.3%	1.5%	2.0%		
Other variable costs	4.1%	4.7%	5.6%		
Cost of sales as a %age of sales	**85.9%**	**85.9%**	**89.6%**		

Source: Management information

Figures for 2013G and 2014G include Plastico, Al-Sharq and New Marina and are presented for comparative purposes. Total cost of sales during these years do not tie up with the reported cost sales of the Company as per the audited consolidated financial statements.

Combined cost of sales increased by SAR 19.8 million, or 1.2%, between 2013G and 2015G driven by the increase in depreciation expenses by SAR 21.9 million, or 22.7%, as a result of the addition of a new production line by SAAF as well as the effect of depreciation of Plastico, Al-Sharq and New Marina acquired in 2015G.

In addition, labor costs increased by SAR 5.8 million, impacted by the addition of new work force to operate the new production line installed by SAAF in Rabigh. Further, labor cost increased subsequent to the Company's decision to adjust salaries to comply with the new Labor regulations in 2013G, especially in Al-Sharq due to its higher dependency on casual labor as compared to other companies. Other variable costs also increased by SAR 13.0 million, or 7.8%, affected by the increased production capacity of SAAF production line.

During 2015G, combined cost of sales declined by SAR 81.5 million or 5.0% due to the decline in resin cost albeit increase in all other cost of sales components. The increase can be attributed to the following:

- Plant depreciation increased by SAR 8.5 million as a result of Plastico adding a new PET line;
- Labor cost increased by SAR 11.4 million, or 12.9%, due to expensing labor costs in SAAF relating to the new production line at Rabigh as compared to being capitalized in 2014G (during the installation phase). In addition, Plastico labor costs increased driven by salary increments. Al-Sharq labor costs increased due to a change in overtime calculation method to be compliant with the Labor regulations, as well as due to the normal increase in end of service benefits.
- Machinery and building repair increased by SAR 6.9 million driven by SAAF production lines repairs and Takween standalone overhauling expenses and additional headcount.

- Other variable costs increased which was directly related to the increase in volume. Other variable costs included utility expenses, warehouse rental, plant insurance and other factory overheads which are variable by nature and follow the fluctuation in sales volume.

Gross profit margin

TABLE 106: Gross Profit / (Loss) By Entity

Currency: SAR000	Gross profit			Gross profit margin		
	2013G	2014G	2015G	2013G	2014G	2015G
Takween standalone	21,033	39,644	24,125	7.5%	14.4%	10.5%
Ultrapak	32,002	34,698	28,597	15.0%	16.3%	15.6%
SAAF	42,276	46,948	(10,480)	15.9%	15.1%	(3.2%)
Plastico	-	-	102,916	n/a	n/a	14.9%
Al-Sharq	-	-	28,269	n/a	n/a	9.9%
New Marina	-	-	6,187	n/a	n/a	6.1%
Gross profit	**95,311**	**121,290**	**179,614**	**13.0%**	**15.8%**	**10.5%**

Source: Management information

Gross profit margin increased from 7.5% in 2013G to 14.4% in 2014G. During 2013G, at the time of the new ERP system implementation, a duplication in recording suppliers' invoices resulted in a decrease in gross profit margin. During 2014G, the vouchers have been adjusted hence gross profit margin increased. In 2015G, the gross profit margin for Takween standalone declined to 10.5% due to loss of business from major customers, decline in exports due to political unrest and the decline in resin prices which resulted in a decline in selling prices. The Company had also been using stock acquired at relatively higher prices which negatively impacted profitability.

Ultrapak gross margin increased from 15.0% in 2013G to 16.3% in 2014G due to the flexibility in importing PET resin at lower rates than the local market. In 2015G, gross margin declined to 15.6% due to the decline in selling prices and having to use inventory purchased at higher cost prior to the decline in resin prices.

Gross profit margin for SAAF declined from 15.9% in 2013G to 15.1% in 2014G mainly due to the increased depreciation expenses associated to the new production and additional related expenses. In 2015G, SAAF realized a gross loss margin of 3.2% impacted by additional costs related to outsourcing due to shortages in treatment capacity at SAAF, higher wastage during production and the increase in scrap sales sold at lower prices. The increase in scrap sales was due to the fact that 2014G was the first year of commercial production at Rabigh and all the production lines were running at less than optimum level, hence the frequency of wastage was higher than 'normal'. In addition, the high number of changeovers and longer set up times resulting from more customers' orders also contributed to the increase in wastage between changeovers.

Gross profit/(loss) margin including Plastico, Al-Sharq and New Marina for 2013G and 2014G – for comparative purposes

TABLE 107: Gross Profit / (Loss) By Entity Including Plastico, Al-Sharq And New Marina For Comparative Purposes

Currency: SAR000	Gross profit			Gross profit margin		
	2013G	2014G	2015G	2013G	2014G	2015G
Takween standalone	21,033	39,644	24,125	7.5%	14.4%	10.5%
Ultrapak	32,002	34,698	28,597	15.0%	16.3%	15.6%
SAAF	42,276	46,948	(10,480)	15.9%	15.1%	(3.2%)
Plastico	76,975	80,456	102,916	11.7%	12.0%	14.9%
Al-Sharq	61,794	46,809	28,269	17.9%	14.7%	9.9%
New Marina	20,913	14,553	6,187	16.1%	10.9%	6.1%
Gross profit	**254,993**	**263,108**	**179,614**	**13.7%**	**13.9%**	**10.5%**

Source: Management information

* Figures for 2013G and 2014G include Plastico, Al-Sharq and New Marina and are presented for comparative purposes. The total of gross profit during these years do not tie up with the reported gross profit of the Company as per the audited consolidated financial statements.

Gross profit margins at Plastico increased from 11.7% in 2013G to 12.0% in 2014G and 14.9% in 2015G. This was due to the decline in prices of raw material which represent the majority of the cost of sales. Sales volumes also increased in 2014G and 2015G due to increased demand for PET bottles.

Al-Sharq gross profit margin declined from 17.9% in 2013G to 14.7% and 9.9% in 2014G and 2015G, respectively. The decline was attributed to the loss of business of a key customer in 2014G and 2015G. In addition, machinery repair resulted in a partial interruption of operations during the third quarter of 2015G, resulting in a lost revenue of SAR 8.0 million, while incurring fixed costs during the same quarter. Al-Sharq was also using inventory acquired at relatively higher rates which negatively impacted profitability.

In EGP terms, New Marina gross margin declined in 2014G due to the inability to increase selling price in proportion to the increase in cost due to stiff competition. In 2015G, margins improved as New Marina increasing the selling prices marginally although affecting sales. However, in SAR terms, New Marina margins witnessed a continuous decline to 10.9% and 6.1% in 2014G and 2015G, respectively, owing to the EGP deterioration against the USD.

- **General and administrative expenses**

G&A expenses primarily comprised of employee related costs, communication and other office expenses on average representing 60.9% and 18.0% of total G&A expenses, respectively during the period from 2013G to 2015G.

TABLE 108: General And Administrative Expenses For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Employee related costs	17,969	27,463	53,231	52.8%	93.8%
Communication and other office expenses	5,471	8,228	15,471	50.4%	88.0%
Acquisition related costs	-	-	8,405	n/a	n/a
Depreciation	274	776	5,661	183.2%	629.5%
Amortization	276	1,003	1,917	263.4%	91.1%
Travel and entertainment	733	849	2,527	15.8%	197.6%
Professional and other services	1,184	1,141	832	(3.6%)	(27.1%)
Facility costs	1,169	948	774	(18.9%)	(18.4%)
Others	990	1,870	2,767	88.9%	48.0%
Total G&A expenses	**28,066**	**42,278**	**91,585**	**50.6%**	**116.6%**
As a %age of sales					
Employee related costs	2.5%	3.6%	3.1%		
Communication and other office expenses	0.7%	1.1%	0.9%		
Acquisition related costs	n/a	n/a	0.5%		
Depreciation	0.0%	0.1%	0.3%		
Amortization	0.0%	0.1%	0.1%		
Travel and entertainment	0.1%	0.1%	0.1%		
Professional and other services	0.2%	0.1%	0.0%		
Facility costs	0.2%	0.2%	0.1%		
Others	0.1%	0.2%	0.2%		
G&A as a %age of sales	**3.8%**	**5.5%**	**5.3%**		

Source: Audited consolidated financial statements

G&A expenses increased by SAR 14.2 million, or 50.6%, from SAR 28.1 million in 2013G to SAR 42.3 million in 2014G driven by the increase in employee related costs as well as communication and other office expenses. Further, G&A expenses increased by SAR 49.3 million, or 116.6%, from SAR 42.3 million in 2014G to SAR 91.6 million in 2015G as a result of the acquisition of Plastico, Al-Sharq and New Marina and incurring one-off acquisition related cost.

Employee related costs included basic salaries, housing, transportation and related benefits paid to the Company's administrative employees. Employee related costs increased by SAR 9.5 million, or 52.8%, from SAR 18.0 million in 2013G to SAR 27.5 million in 2014G as a result of the increase in employee related costs in Takween standalone by SAR 1.3 million, due to the addition of four new employees during the year. In addition employee, costs in SAAF increased by SAR 4 million in 2014G due to expensing salaries of several senior level employees which were capitalized in 2013G due to their deployment on the construction of the new production line at Rabigh.

During 2015G, employee related costs increased by SAR 25.8 million, or 93.8%, from SAR 27.5 million to SAR 53.2 million due to the acquisition of Plastico, Al-Sharq and New Marina. In addition, the Company started building the new management team (including IT, HR, finance and other services). The Company is in process of reorganize at the organizational structure to eliminate redundancies and achieve optimal structure.

Communication and other office expenses, on average, represented 18.0% during the period from 2013G to 2015G and mainly comprised of costs of IT services rendered to Takween standalone by a related party, SSBS. Communication and other office expenses increased by SAR 2.7 million, or 50.4%, from SAR 5.5 million in 2013G to SAR 8.2 million in 2014G due to the increase in cost of services rendered to Takween standalone in addition to the increase in general insurance and security services. Communication and other office expenses also increased during 2015G by SAR 7.2 million, or 88.0%, from SAR 8.2 million in 2014G to SAR 15.5 million which were impacted by the acquisition of Plastico, Al-Sharq and New Marina.

Acquisition related costs during 2015G mainly related to financial due diligence, legal due diligence, market analysis, advisery and other professional services expenses in connection with the acquisition.

Depreciation expenses increased by SAR 0.5 million, or 183.2%, from SAR 0.3 million in 2013G to SAR 0.8 million in 2014G. During 2015G, depreciation related to the newly acquired companies aggregated SAR 1.1 million. Depreciation increased in 2015G due to recognizing depreciation of SAR 4.3 million, reflecting the impact of revaluation of fixed assets after the acquisition of Plastico, Al-Sharq and New Marina, as required by the accounting standards. Further, depreciation increased by 0.6 million owing to asset depreciation in Takween standalone, SAAF, and Ultrapak.

Travel and entertainment expenses increased by SAR 1.7 million, or 197.6%, from SAR 0.8 million in 2014G to SAR 2.5 million in 2015G as a result of shifting administrative employees to the Company's head office in Khobar post acquisition. Accordingly, travel expenses incurred by these employees their respective companies and the head office increased.

G&A expenses including Plastico, Al-Sharq and New Marina for 2013G and 2015G – for comparative purposes

TABLE 109: G&A Expenses Including Historical Results For Plastico, Al-Sharq And New Marina

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Employee related costs	40,716	52,034	53,231	27.8%	2.3%
Communication and other office expenses	10,072	14,361	15,471	42.6%	7.7%
Acquisition related costs	-	-	8,405	n/a	n/a
Depreciation	1,544	1,789	5,661	15.9%	216.4%
Amortization	276	1,003	1,917	263.4%	91.1%
Travel and entertainment	1,404	1,523	2,527	8.5%	65.9%
Professional and other services	2,382	2,283	832	(4.2%)	(63.6%)
Facility costs	1,169	948	774	(18.9%)	(18.4%)
Others	2,774	3,445	2,767	24.2%	(19.7%)
Total G&A expenses	**60,337**	**77,386**	**91,585**	**28.3%**	**18.3%**

Source: Management information

* Figures for 2013G and 2014G include Plastico, Al-Sharq and New Marina and are presented for comparison. The G&A expenses during these years do not tie up with the reported G&A expenses of the Company.

Selling and distribution expenses

S&D expenses comprised of transportation expenses and employee related costs on average representing 57.2% and 23.0% of total S&D expenses, respectively during the period from 2013G to 2015G.

TABLE 110: S&D Expenses For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Transportation	12,289	12,458	39,137	1.4%	214.2%
Employee related costs	4,227	3,671	17,765	(13.2%)	383.9%
Provision for bad and doubtful debts	1,950	1,748	8,891	(10.4%)	408.6%
Others	1,572	1,595	6,427	1.5%	302.9%
Total S&D expenses	**20,038**	**19,472**	**72,220**	**(2.8%)**	**270.9%**

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
As a %age of sales					
Transportation	1.7%	1.6%	2.3%		
Employee related costs	0.6%	0.5%	1.0%		
Provision for bad and doubtful debts	0.3%	0.2%	0.5%		
Others	0.2%	0.2%	0.4%		
S&D expenses as a %age of sales	**2.8%**	**2.5%**	**4.2%**		

Source: Audited consolidated financial statements

S&D expenses slightly declined by SAR 0.6 million, or 2.8%, from SAR 20.0 million in 2013G to SAR 19.5 million in 2014G, driven by the decline in employee related costs and the provision for bad and doubtful debts. During 2015G, S&D expenses increased by SAR 52.7 million, or 270.9%, primarily impacted by the acquisition of Plastico Al-Sharq and New Marina. S&D expenses relating to the acquired companies amounted to SAR 46.0 million of the total increase of SAR 52.7 million. The increase in S&D expenses for Takween standalone, SAAF and Ultrapak by SAR 6.7 million can be attributed to the provision for bad and doubtful debts, amounting to SAR 8.0 million created by Takween standalone and SAAF.

Transportation expenses represent freight charges to deliver finished goods to customers based in KSA as well as export customers. Transportation expenses slightly increased by SAR 0.2 million from SAR 12.3 million in 2013G to SAR 12.5 million in 2014G, primarily driven by an increase in transportation expenses related to local sales as export sales declined across several Takween entities.

Employee related costs, on average, represented 23.0% of total S&D expenses during the period from 2013G to 2015G and included basic salaries, housing, transportation and related benefits paid to the Company's S&D employees. Employee related costs declined by SAR 0.5 million, or 13.2%, from SAR 4.2 million in 2013G to SAR 3.7 million in 2014G as a result of a change in the department managerial level in SAAF. During 2015G, employee related costs increased by SAR 14.0 million, or 383.9%, to SAR 17.7 million as a result of the acquisition of Plastico, Al-Sharq and New Marina.

The Company is in process of formulating a policy for provisioning against bad and doubtful debts. As at 31 December 2015G, the Company provided for bad and doubtful receivables on a general basis as well as against certain clients balances which are deemed uncollectible. It should be noted that the company has developed a new provisioning policy which will be applied starting from July 2016G. Please refer to the analysis of the accounts receivable under the balance sheet analysis for further details.

Provision for bad and doubtful debts in 2013G reflected a general provision taken by SAAF amounting to SAR 1.4 million in addition to a specific provision of SAR 0.6 million taken by Ultrapak representing the full balance due from one of its customers. During 2014G, provision for bad and doubtful debts declined by SAR 0.2 million, or 10.4%, from SAR 1.9 million in 2013G to SAR 1.7 million. Provision for bad and doubtful debts in 2014G included a general provision of SAR 1.2 million (Takween standalone SAR 1.0 million and Ultrapak SAR 0.2 million) as well as a provision of SAR 0.5 million taken by Takween standalone against the full balance sue from one of its customers.

Provision for bad and doubtful debts increased by SAR 7.1 million, or 408.6%, from SAR 1.7 million in 2014G to SAR 8.9 million. In 2015G reflecting general provisions (SAR 4.9 million taken by Takween standalone and around SAR 4.0 million taken by SAAF).

Other S&D expenses comprised of warehouse rentals, S&D team travel expenses as well as shipping insurance costs.

S&D expenses including Plastico, Al-Sharq and New Marina for 2013G and 2015G – for comparative purposes

TABLE 111: S&D Expenses Including Plastico, Al-Sharq And New Marina

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Transportation	26,409	28,482	39,137	7.8%	37.4%
Employee related costs	18,695	19,521	17,765	4.4%	(9.0%)
Bad and doubtful debts	3,034	1,748	8,891	(42.4%)	408.6%
Others	8,500	6,322	6,427	(25.6%)	1.7%
Total S&D expenses	**56,638**	**56,073**	**72,220**	**(1.0%)**	**28.8%**

Source: Management information.

* Figures for 2013G and 2014G include Plastico, Al-Sharq and New Marina and are presented for comparison. The S&D expenses during these years do not tie up with the reported S&D expenses of the Company.

Operating income

Operating income increased by SAR 10.2 million, or 21.9%, from SAR 46.6 million in 2013G to SAR 56.9 million in 2014G driven by the increase in the Company's gross profit by 27.3% as the Company benefited from the decline in raw material prices. The increase in gross profit was offset by a growth in G&A expenses by 50.6% due to the increase in employee related costs, which mainly resulted from expensing a portion of employee costs capitalized in prior years.

In 2015G, operating income witnessed a decline of SAR 43.2 million, or 75.9%, from SAR 56.9 million in 2014G to SAR 13.7 million in 2015G as a result of the increase in G&A and S&D expenses which exceeded the increase in gross profit. The increase in G&A and S&D expenses was due to the acquisition of Plastico, Al-Sharq and New Marina. The gross profit was relatively lower, compared to the operating expenses, which can be attributed to the loss of major customers, decline in export activity, as well as the decline in selling prices driven by the change in raw material prices.

Finance charges

TABLE 112: Detailed financing expenses

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Short term loan charges	8,907	11,963	12,076	34.3%	0.9%
Medium term loan charges	1,861	1,129	24,599	(39.3%)	2,078.8%
Other bank charges	1,847	2,129	12,562	15.3%	490.0%
Total S&D expenses	**12,615**	**15,221**	**49,237**	**20.7%**	**223.5%**

Source: Management information

Finance charges primarily related to cost of funding obtained by the Company from local banks to finance working capital requirements as well as to fund the acquisition of Plastico, Al-Sharq and New Marina during 2015G. The increase in finance charges by SAR 34.0 million or 223.5% from 15.2 million in 2014G to SAR 49.2 million in 2015G can be attributed to the following:

- Financing cost on the long term Murabaha agreement with ANB of SAR 910.0 million obtained during March 2015G to finance the acquisition of Plastico, Al-Sharq and New Marina. The interest expenses associated to the loan in 2015G amounted to SAR 21.4 million.
- Financing cost on the Murabaha agreement of SAR 390.0 million obtained from ANB to finance the working capital of the acquired companies and to settle outstanding amounts of loans that were granted to Plastico by other banks. The financing costs in 2015G amounted to SAR 7.2 million.
- Miscellaneous bank charges amounting to SAR 5.4 million mostly related to SABIC letter of credit used to acquire raw material.

Realized and unrealized gain on investments held for trading

The Company maintained a portfolio of investments held for trading during 2013G and 2014G. Realized and unrealized gains on these investments in 2013G and 2014G amounted to SAR 18.9 million and SAR 19.6 million, respectively. The investments were fully disposed of in 2015G and the Company realized a gain on sale of these investments amounting SAR 14.2 million.

Other income and expenses

Other expenses in 2013G included an amount of SAR 2.6 million representing financing expenses related to bank facilities obtained to finance the acquisition of investments in companies listed on the Saudi stock exchange. Given the non-core nature of such activity, the related expenses have been classified under other income and expenses. Other income and expenses in 2013G also include a commission of SAR 2.5 million paid to one of the Company's intermediaries who was involved in the acquisition of the investments.

In 2015G, other income and expenses included losses of SAR 3.9 million resulting from foreign exchange difference pertaining to New Marina operations. This was offset by other income of SAR 1.4 million received from insurance companies relating to claims raised by the Company for losses incurred during shipping of goods.

Net profit

The Company's net profit increased by SAR 10.9 million, or 24.6%, from SAR 44.4 million in 2013G to SAR 55.3 million in 2014G due to the increase in its operating profit by SAR 10.2 million for the reasons described earlier under analysis of operating profit. Further, the Company generated other profits of SAR 0.3 million as compared to other losses realized during 2014G of SAR 5.6 million relating to foreign currency translation.

During 2015G, the Company realized a net loss of SAR 27.1 million as compared to a profit of SAR 55.3 million in 2014G. This can be attributed to the decline in operating profit by SAR 43.2 million, combined with to an increase in finance charges due to obtaining bank loans to finance the acquisition of Plastico, Al-Sharq and New Marina. Further, the Company did not fully benefit from the synergies from the acquisition until the end of the year.

Consolidated balance sheet statement

The following table represents the Company's consolidated balance sheet as at 31 December 2013G, 31 December 2014G and 31 December 2015G.

TABLE 113: The Company's Consolidated Balance Sheet As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G
Assets			
Current assets			
Cash and cash equivalents	66,963	31,037	106,794
Investments held for trading	4,812	56,291	-
Trade receivables, net	199,536	217,560	412,732
Inventories, net	188,079	275,178	456,705
Prepaid expenses and other current assets	40,251	46,893	114,891
Total current assets	**499,641**	**626,959**	**1,091,122**
Non-current assets			
Fixed assets	560,014	630,396	1,212,975
Intangible assets	11,141	11,509	347,751
Total non-current assets	**571,155**	**641,905**	**1,560,726**
Total assets	**1,070,796**	**1,268,864**	**2,651,848**
Liabilities			
Current liabilities			
Short term borrowings	469,845	508,494	811,686
Current portion of medium and long term loans	10,725	10,775	217,617
Accounts payable and other liabilities	39,655	129,996	329,940
Zakat payable	3,891	7,912	14,667
Total current liabilities	524,116	657,177	1,373,910
Non-current liabilities			
Medium and long term loans	87,035	113,205	781,992
End of service benefits	7,486	9,900	40,925
Total non-current liabilities	**94,521**	**123,105**	**822,917**
Total liabilities	**618,637**	**780,282**	**2,196,827**
Shareholders' equity			
Share capital	350,000	350,000	350,000
Statutory reserve	23,887	29,419	29,419
Retained earnings	78,272	109,163	82,041
Foreign currency translation reserve	-	-	(6,439)
Total shareholder' equity	**452,159**	**488,582**	**455,021**
Total liabilities and shareholders' equity	**1,070,796**	**1,268,864**	**2,651,848**

Source: Audited consolidated financial statements

Total current assets of the Company increased by SAR 127.3 million, or 25.5%, from SAR 499.6 million as at 31 December 2013G to SAR 627.0 million as at 31 December 2014G, principally as a result of increase in:

- Inventory by SAR 87.1 million due to the increase in raw and packaging material inventory of Takween standalone and Ultrapak, and an increase in finished goods inventory of SAAF;
- Increase in investments held for trading by SAR 51.5 million which represent equity investments in local listed companies;
- Increase in trade receivables by SAR 18.0 million as a result of increased non-woven fabric credit sales;
- Increase in prepaid expenses and other current assets by SAR 6.6 million due to the increase in rebates receivable and advances to suppliers of SAAF, increase in advances to suppliers and prepaid expenses of Ultrapak, and increase in other debit balances of Takween standalone.

This increase in total current assets was offset by a decrease in cash and cash equivalents of SAR 35.9 million.

Total current assets increased by SAR 464.2 million, or 74.0%, from SAR 627.0 million as at 31 December 2014G to SAR 1.1 billion as at 31 December 2015G, principally as a result of the acquisition of Plastico, Al-Sharq and New Marina. The fair value of current assets acquired under business combination, pursuant to final purchase price allocation as at 31 December 2015G are as follows:

TABLE 114: Fair Value Of The Current Assets Acquired Under Business Combination, Pursuant To Final Purchase Price Allocation Dated February 2016G (Effective 1 January 2015G):

Currency: SAR000	Final fair value
Cash and cash equivalents	45,600
Trade receivables, net	264,115
Inventories, net	261,519
Prepaid expenses and other current assets	616,317

Source: Audited consolidated financial statements

Non-current assets consisted of fixed assets and intangible assets, which increased by SAR 70.8 million, or 12.4%, from SAR 571.2 million as at 31 December 2013G to SAR 641.9 million as at 31 December 2014G mainly due to increase in fixed assets by SAR 70.4 million (acquisition of a building in Al-Ayoun, additions made by SAAF relating to the plant in Rabigh, and additions made by Ultrapak).

Non-current assets increased by SAR 918.8 million, or 143.1%, from SAR 641.9 million as at 31 December 2014G to SAR 1.6 billion as at 31 December 2015G, principally as a result of the acquisition of Plastico, Al-Sharq and New Marina. The fair values of the non-current assets acquired under business combination, pursuant to final purchase price allocation are as follows:

TABLE 115: Fair Value Of Non-Current Assets Acquired Under Business Combination, Pursuant To Final Purchase Price Allocation Dated February 2016G (Effective 1 January 2015G):

Currency: SAR000	Final fair value
Fixed assets	616,317
Intangible assets	8,686

Source: Audited consolidated financial statements

Current liabilities increased by SAR 133.1 million, or 25.4%, from SAR 524.1 million as at 31 December 2013G to SAR 657.2 million as at 31 December 2014G, principally as a result of the increase in accounts payable and other liabilities by SAR 90.3 million (increase in accounts payables, accrued expenses and due to related parties as well as a capital expenditure payable of SAR 17.5 million related to machinery purchased by SAAF for its new production line at Rabigh) Furthermore, short-term borrowing increased by SAR 38.6 million.

Current liabilities increased by SAR 716.7 million, or 109.1%, from SAR 657.2 million as at 31 December 2014G to SAR 1.4 billion as at 31 December 2015G, principally as a result of the acquisition of Plastico, Al-Sharq and New Marina. The fair value of the current liabilities assumed under business combination, pursuant to final purchase price allocation are as follows:

TABLE 116: Fair Value Of Current Liabilities Assumed Under Business Combination, Pursuant To Final Purchase Price Allocation Dated February 2016G (Effective 1 January 2015G):

Currency: SAR000	Final fair value
Short term borrowings	413,123
Accounts payable and other liabilities	205,056
Current portion of medium and long term loans	26,958

Source: Audited consolidated financial statements

Non-current liabilities increased by SAR 28.6 million, or 30.2%, from SAR 94.5 million as at 31 December 2013G to SAR 123.1 million as at 31 December 2014G, principally as a result of the increase in medium and long term loans by SAR 26.2 million and an increase in-end-of service benefits by SAR 2.4 million.

Total non-current liabilities increased by SAR 699.8 million, or 568.5%, from SAR 123.1 million as at 31 December 2014G to SAR 822.9 million as at 31 December 2015G, as the Company obtained a Murabaha facilities of SAR 910 million from the Arab National Bank, led consortium for financing the acquisition of Plastico, Al-Sharq and New Marina.

The fair value of the non-current liabilities assumed under business combination, pursuant to final purchase price allocation are as follows:

TABLE 117: Fair Value Of Non-Current Liabilities Assumed Under Business Combination, Pursuant To Final Purchase Price Allocation Dated February 2016G (Effective 1 January 2015G):

Currency: SAR000	Final fair value
Medium and long term loans	1,850
End of service benefits	28,733

Source: Audited consolidated Financial Statements 2015G

Cash and cash equivalents

TABLE 118: Cash And Cash Equivalents As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Cash in hand	117	136	366	16.2%	169.1%
Cash at bank	66,846	30,901	106,428	(53.8%)	244.4%
Total cash and cash equivalents	**66,693**	**31,037**	**106,794**	**(53.7%)**	**244.1%**

Source: Audited consolidated Financial Statements

Cash and cash equivalents include cash and bank balances, demand deposits and highly liquid investments with original maturities of three months or less.

Cash and cash equivalents decreased by SAR 35.9 million, or 53.7%, from SAR 67.0 million as at 31 December 2013G to SAR 31.0 million as at 31 December 2014G as a result of an equity investment in locally listed companies. In addition, total cash and cash equivalents increased by SAR 75.8 million, or 244.1%, from SAR 31.0 million as at 31 December 2014G to SAR 106.8 million as at 31 December 2015G, due to the increase in cash and cash equivalents of Takween standalone and SAAF as well as the acquisition of Plastico and its two subsidiaries. The fair value of cash and cash equivalents acquired under business combination, pursuant to final purchase price allocation, is SAR 45.6 million.

Cash and cash equivalents including Plastico, Al-Sharq and New Marina as at 31 December 2013G, 31 December 2014G and 31 December 2015G – for comparative purposes

TABLE 119: Cash And Cash Equivalents Including Plastico, Al-Sharq And New Marina

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Cash in hand	352	368	366	4.5%	(0.5%)
Cash at bank	113,604	76,269	106,428	(32.9%)	39.5%
Total cash and cash equivalents	**113,956**	**76,637**	**106,794**	**(32.7%)**	**39.4%**

Source: Management information

* Cash and cash equivalents as at 31 December 2013G and 31 December 2014G include Plastico, Al-Sharq and New Marina and have been presented for comparative purposes. Cash and cash equivalents for these years do not tie up with the reported cash and cash equivalents in the Company's audited consolidated financial statements.

Plastico cash and cash equivalents decreased by SAR 15.1 million as at 31 December 2014G, as compared to 31 December 2013G, due to payment of dividend and short term borrowings. This decrease was offset by an increase in cash and cash equivalents of New Marina by SAR 13.5 million as a result of an increase in borrowings and lower dividend payments.

Cash and cash equivalents of Plastico increased by SAR 20.9 million as at 31 December 2015G due to the increase in cash from operating activities. This increase was offset by a decrease in cash and cash equivalents of New Marina by SAR 11.2 million due to repayment of loans.

- **Investments held for trading**

Investments held for trading as at 31 December 2013G and 31 December 2014G comprised of equity investments in local listed companies. Takween standalone generated gains of SAR 18.9 million and SAR 19.6 million in 2013G and 2014G, respectively, from these investments which were recorded in the financial statements as income from non-core operations.

In February 2015G, Management disposed of the investment portfolio held as at 31 December 2014G, realizing net gain of SAR 14.2 million from the disposal.

- **Accounts receivable**

TABLE 120: Accounts Receivable As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Trade receivables – others	178,279	203,192	406,414	114.0%	200.0%
Trade receivables - related parties	27,588	22,125	21,958	80.2%	99.2%
Due from related parties	189	665	1,673	351.9%	251.6%
Sub-total	206,056	225,982	430,045	(109.7%)	(190.3%)
Provision for doubtful receivables	(6,520)	(8,422)	(17,313)	(129.2%)	(205.6%)
Total accounts receivable, net	199,536	217,560	412,732	(109.0%)	(189.7%)

Source: Audited consolidated financial statements

Accounts receivables as at 31 December 2015G mainly consist of the following:

- Trade receivables (others) which represent amounts due from customers resulting from credit sales;
- Trade receivables from related parties reflecting receivables from Al Othman Agricultural Production and Processing Company; and
- Due from related parties reflecting intercompany accounts used to transfer funds between the central Company's treasury and its subsidiaries.

The provision for doubtful receivables is a combination of a general provision as well as specific provision based on Management discretion and as discussed in the income statement section.

Receivables are recognized upon issuance of invoices to customers. Credit to customers is generally granted on standard terms of 60 to 90 days, after which the receivable is considered overdue.

It should be noted that the company has developed a provisioning policy for bad or doubtful debts which has been approved by the Board of Directors. The new policy is expected to be implemented starting from July 2016G. As per the newly developed policy, provision for non-moving receivables is created based on percentages applied to the receivables age brackets and is computed as follows:

- 10% applied to non-moving balances overdue for more than 90 days
- 25% applied to non-moving balances overdue for more than 120 days
- 50% applied to non-moving balances overdue for more than 180 days
- 100% applied to non-moving overdue balances but did not exceeding 360 days from the invoice issuance date

Further, the new policy allows the Company to provide for receivables at Management discretion after reviewing overdue amounts and can be applied to specific customers or disputed amounts.

Ageing of trade receivables (others)

TABLE 121: Trade Receivables (Others) Ageing As At 31 December 2015G

Currency: SAR000	31 December 2015G
Current	246,977
0-30 days	62,520
31-60 days	22,074
61-90 days	5,308
91-180 days	12,212
181-365 days	22,345
More than 365 days	34,978
Gross trade receivables	**406,414**
Credit balances	23,631
Provision for doubtful debts	(17,313)
Net trade receivables (Other)	**412,732**

Source: Management information

As at 31 December 2015G, 60.8% of gross trade receivables (others) were current, 22.1% were due in less than 90 days, while 17.1% of gross trade receivables (others) were due for more than 90 days.

Trade receivables - related parties

Transactions with related parties mainly represent purchases, sales and services which are carried based on mutually agreed terms and with the consent of Management. The following table presents the details of trade receivables due from related parties as at 31 December 2013G, 31 December 2014G and 31 December 2015G as well as the size and nature of such transactions.

TABLE 122: Accounts Receivable From Related Parties

Currency: SAR000	Nature	Value (2015G)	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Al Othman Agricultural Production and Processing Company (Nada)	Sales during the year	70,143	27,588	22,125	21,958	80.2%	99.2%
Others	Advance payments for civil works	28,414	189	665	1,673	351.9%	251.6%
Total trade receivables-related parties			**27,777**	**22,790**	**23,631**	**82.0%**	**103.7%**
Percentage of total sales			3.8%	3.0%	1.4%		

Source: Audited consolidated financial statements.

Accounts receivable including Plastico, Al-Sharq and New Marina as at 31 December 2013G, 31 December 2014G and 31 December 2015G – for comparative purposes

TABLE 123: Accounts Receivable Including Plastico, Al-Sharq And New Marina

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Trade receivables – others	480,436	456,843	428,372	95.1%	93.8%
Due from related parties	35,845	38,603	1,673	107.7%	4.3%
	516,281	**495,446**	**430,045**	**96.0%**	**86.8%**
Provision for doubtful receivables	(13,206)	(15,032)	(17,313)	113.8%	115.2%
Total accounts receivable, net	**503,075**	**480,414**	**412,732**	**95.5%**	**85.9%**

Source: Management information

* Accounts receivable as at 31 December 2013G and 31 December 2014G include Plastico, Al-Sharq and New Marina and have been presented for comparative purposes. Accounts receivables for these years do not tie up with the reported Accounts receivables in the Company's audited consolidated financial statements.

On a like-for-like comparative basis, accounts receivable of Plastico, Al-Sharq and New Marina declined by SAR 23.7 million, SAR 15.3 million and SAR 7.3 million, respectively. The decrease in accounts receivable was mainly due to a decrease in sales during last quarter of 2014G.

As at 31 December 2015G, accounts receivable of Plastico and New Marina increased by SAR 123.9 million and SAR 0.9 million, respectively, and was partially offset by a decrease in accounts receivable of Al-Sharq by SAR 9.6 million. The increase in receivable as at 31 December 2014G was driven by an increase in number of customers whom have been granted credit terms of 90 days.

Due from related parties declined by SAR 36.9 million as at 31 December 2015G, which were due to elimination of intercompany balances reflecting trade receivables from Takween standalone and other amounts due from related parties. Such elimination has not been reflected in the above table which presents non-audited numbers for comparative purposes only.

- **Inventories**

TABLE 124: Inventories As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Finished goods	42,437	113,168	138,766	166.7%	22.6%
Raw material, work in progress and packaging material	105,997	123,628	247,864	16.6%	100.5%
Spare parts	32,505	38,136	76,005	17.3%	99.3%
Goods-in-transit	7,140	246	-	(96.6%)	(100.0%)
Sub-total	188,079	275,178	462,635	46.3%	68.1%
Provision for obsolescence and slow moving inventories		-	(5,930)	n/a	n/a
Total inventories, net	**188,079**	**275,178**	**456,705**	**46.3%**	**66.0%**

Source: Audited consolidated financial statements

Total inventories mainly represent raw material, work in progress and packaging material, finished goods, and spare parts. As at 31 December 2015G, provision for obsolete and slow moving inventories amounted to SAR 5.9 million.

Raw material, work in progress and packaging material reflect the main components of inventories and represented 56.4%, 44.9% and 53.6% of gross inventories (before provision) as at 31 December 2013G, 31 December 2014G and 31 December 2015G, respectively. Raw material, work in progress and packaging material primarily include resin stored in the Company's warehouses and factories.

Raw material, work in progress and packaging material increased by SAR 17.6 million, or 16.6%, from SAR 106.0 million as at 31 December 2013G to SAR 123.6 million as at 31 December 2014G as a result of the following:

- Increase in Ultrapak raw and packaging material by SAR 21.0 million as management procured raw material (PET resin) in bulk from suppliers in Far East in order to meet customer orders for 2015G. Further, Management acquired quantities in excess of the budgeted purchases to benefit from volume discounts as well as to consider delivery lead time from international suppliers.
- Increase in raw and packaging material of Takween standalone by SAR 6.0 million, due to Management's decision to increase purchases of resin during the fourth quarter of 2014G to achieve the agreed purchase volume required to qualify for volume rebates from SABIC.
- Decrease in raw and packaging material of SAAF by SAR 12.8 million, due to Management's decision to temporarily suspend purchases of resin due to price surge in the fourth quarter of 2014G.

Raw material, work in progress and packaging material increased by SAR 124.2 million, or 100.5% from SAR 123.6 million as at 31 December 2014G to SAR 247.9 million as at 31 December 2015G, which were positively impacted by the acquisition of Plastico, Al-Sharq and New Marina. In addition, Raw material, work in progress and packaging material as a percentage of total inventories increased as at 31 December 2015G as compared to 31 December 2014G as a result of shipping of work in progress from SAAF to an intermediary in the Far East for treatment. The increase was offset by the following:

- Decrease in raw and packaging material inventory of Ultrapak by SAR 14.7 million, due to the decrease in resin prices, which had a negative impact on the value of the raw materials in warehouses.
- Decrease in Takween standalone's raw material inventory levels by SAR 3.2 million primarily due to the decline in resin prices during the year.

Finished goods represented 22.6%, 41.1% and 30.0% of total inventories as at 31 December 2013G, 31 December 2014G and 31 December 2015G, respectively. Finished goods include the cost of raw material, labor and directly attributable overheads.

Finished goods increased by SAR 70.7 million, or 166.7%, from SAR 42.4 million as at 31 December 2013G to SAR 113.2 million as at 31 December 2014G as a result of the increase in SAAF finished goods by SAR 77.9 million as SAAF entered into an outsourcing contract with a third party manufacturer based in the Far East for the treatment of its semi-finished medical products. Under this arrangement, SAAF shipped semi-finished goods to Far East, resulting in an increase in finished goods inventory in Far East from SAR 0.5 million at December 2013G to SAR 50.5 million at December 2014G. This increase in SAAF finished goods inventory was offset by a decrease in finished goods of Takween standalone by SAR 4.6 million, due to a slowdown in demand especially from export markets due to political unrest.

Finished goods increased by SAR 25.6 million, or 22.6%, from SAR 113.2 million as at 31 December 2014G to SAR 138.8 million as at 31 December 2015G as a result of the acquisition of Plastico, Al-Sharq and New Marina. This increase was partly offset by a decrease in SAAF's finished goods inventory by SAR 30.7 million, due to the commissioning of a new treatment line at Rabigh in 2014G which resulted in a decline in inventory shipped and stored at the third party manufacturer in Far East.

Spare parts inventory related to plant and machinery and are expected to be utilized in more than one year. It represented 17.3%, 13.9% and 16.4% of total inventories as at 31 December 2013G, 31 December 2014G and 31 December 2015G, respectively.

Goods in transit represent shipment of finished goods sold by Ultrapak to Takween standalone which was in-route as at 31 December 2015G, and hence recorded as goods in transit.

The provision for obsolete and slow moving inventories for 2013G and 2014G was nil as Takween standalone, SAAF and Ultrapak were directly netting-off the provision from their inventory. Provision for obsolete and slow moving inventories as at 31 December 2015G mainly related to Plastico's inventory.

Inventory including Plastico, Al-Sharq and New Marina as at 31 December 2013G, 31 December 2014G and 31 December 2015G – for comparative purposes

TABLE 125: Inventories Including Plastico, Al-Sharq And New Marina As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Finished goods	92,986	161,756	138,766	70.4%	(14.2%)
Raw and packaging material and work in progress	281,053	311,117	247,864	10.7%	(20.3%)
Spare parts	58,048	65,380	76,005	12.6%	16.3%
Goods-in-transit	7,140	246	-	(96.6%)	(100.0%)
Sub-total	439,227	538,499	462,635	22.6%	(14.1%)
Provision for obsolescence and slow moving inventories	(4,484)	(1,662)	(5,930)	(62.9%)	256.8%
Total inventories, net	**434,743**	**536,837**	**456,705**	**23.5%**	**(14.9%)**

Source: Management information

* Inventories as at 31 December 2013G and 31 December 2014G include Plastico, Al-Sharq and New Marina and have been presented for comparative purposes. Inventories for these years do not tie up with the reported inventories in the Company's audited consolidated financial statements.

Inventory of Plastico, Al-Sharq and New Marina increased by SAR 15.0 million, or 6.1%, as at 31 December 2014G, compared with 31 December 2013G due to increases in inventory of Al-Sharq and New Marina by SAR 23.7 million and SAR 1.6 million, respectively. The increase was offset by a decrease in inventory of Plastico by SAR 14.1 million. The increase in inventory as at 31 December 2014G resulted from higher purchases of raw material in Al-Sharq to obtain higher rebates from SABIC in addition to higher sales anticipation for 2014G.

Inventory of Plastico, Al-Sharq and New Marina decreased by SAR 32.5 million, or 12.4%, as at 31 December 2015G, as compared with 31 December 2014G, due to the decrease in inventory of Al-Sharq and New Marina by SAR 40.6 million and SAR 13.0 million, respectively.as a result of a decline in resin prices. This decrease was partly offset by an increase in inventory of Plastico by SAR 21.1 million driven by additional purchases of PET from international suppliers.

Prepaid expenses and other current assets

TABLE 126: Prepaid Expenses And Other Current As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Prepaid expenses	6,520	7,444	22,817	14.2%	206.5%
Rebate receivables	13,993	19,869	49,422	42.0%	148.7%
Advances to suppliers	14,405	11,050	18,082	(23.3%)	63.6%
Margin against bank guarantees and letters of credit	-	-	19,713	n/a	n/a
Other debit balances	5,333	8,530	4,857	59.9%	(43.1%)
Total prepaid expenses and other current assets	**40,251**	**46,893**	**114,891**	**16.5%**	**145.0%**

Source: Audited consolidated financial statement

Prepaid expenses primarily include prepaid rent, customs duty refundable, prepaid insurance and other prepaid expenses. The increase of SAR 0.9 million from SAR 6.5 million as at 31 December 2013G to SAR 7.4 million as at 31 December 2014G was attributed to the increase in Ultrapak prepaid expenses (increase in prepaid rent by SAR 0.4 million, increase in other prepaid expenses by SAR 0.2 million and increase in prepaid insurance by SAR 0.1 million).

Prepaid expenses increased by SAR 15.4 million as at 31 December 2015G as compared with 31 December 2014G, due to the acquisition of Plastico, Al-Sharq and New Marina, which resulted in higher prepaid rent for the employees' housing, prepaid insurance and other advances, in addition to an increase in prepaid expenses of Takween standalone by SAR 6.4 million attributable to an advance of SAR 6.5 million made to SABIC to secure purchases of resin for January 2016G.

Rebates receivable pertain to volume rebates receivable from SABIC under annual supply contracts. The amount of rebate is calculated by applying a fixed rate to the purchases for the year. The applicable rebate rate was 8.1% in 2013G and 2014G. The rate was increased to 10% in 2015G, contributing to the increase in rebates receivable. The increase in rebates receivable as at 31 December 2015G can also be attributed to the increased scale of purchases post acquisition of Plastico, Al-Sharq and New Marina.

Advances to suppliers mainly include advances to suppliers of assets (i.e capex suppliers). Advances to suppliers decreased by SAR 3.4 million, or 23.3%, from SAR 14.4 as at 31 December 2013G to SAR 11.1 million as at 31 December 2014G after completing the construction of SAAF's plant in Rabigh. This decrease was offset by an increase in SAAF's advances to suppliers by SAR 7.8 million mainly due to the new treatment line.

Advances to suppliers increased by SAR 7.0 million, or 63.6%, from SAR 11.1 million as at 31 December 2014G to 18.1 million as at 31 December 2015G. This was associated to the addition of new machinery in Al Ayoun factory as well as the acquisition of Plastico, Al-Sharq and New Marina.

Margin against bank guarantees and letters of credit related to letters of credit and guarantees for acquiring raw material, mainly from SABIC. In addition, bank margins include margins for guarantees to acquire fixed assets in addition to custom duties.

Prepaid expenses and other current assets including Plastico, Al-Sharq and New Marina as at 31 December 2013G, 31 December 2014G and 31 December 2015G – for comparative purposes

TABLE 127: Prepaid Expenses And Other Current Assets Including Plastico, Al-Sharq And New Marina

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Prepaid expenses	16,573	17,506	22,817	5.6%	30.3%
Rebate receivables	22,324	65,049	49,422	191.4%	(24.0%)
Advances to suppliers	63,872	27,200	18,082	(57.4%)	(33.5%)
Margin against bank guarantees and letters of credit	657	329	19,713	(49.9%)	5,891.8%
Other debit balances	8,055	10,587	4,857	31.4%	(54.1%)
Total prepaid expenses and other current assets	**111,481**	**120,671**	**114,891**	**8.2%**	**(4.8%)**

Source: Management information

* Prepaid expenses and other current assets as at 31 December 2013G and 31 December 2014G include Plastico, Al-Sharq and New Marina and have been presented for comparative purposes. Prepaid expenses and other current assets for these years do not tie up with the reported prepaid expenses and other current assets in the Company's audited consolidated financial statements.

Prepaid expenses and other current assets of Plastico, Al-Sharq and New Marina increased by SAR 2.5 million, or 3.6%, as at 31 December 2014G as compared with 31 December 2013G. This was due to an increase in prepaid expenses and other current assets of New Marina and Al-Sharq by SAR 6.0 million (due to the increase in letter of credit margins imposed by banks in light of the shortage in USD currency supply) and SAR 0.8 million, respectively. The increase was offset by a decrease in prepaid expenses and other current assets of Plastico by SAR 4.4 million.

Prepaid expenses and other current assets decreased as at 31 December 2015G principally as a result of a decrease in prepaid expenses and other current assets of Al-Sharq (reflecting rebates receivable from SABIC for raw material purchases), which was offset by an increase in prepaid expenses and other current assets of Plastico. Prior to the acquisition of Plastico, Al-Sharq and New Marina, certain operating expenses were settled by Plastico. Subsequent to the acquisition, such expenses have been reflected in the respective company which incurred them.

Fixed assets

TABLE 128: NBV Of Fixed Assets By Category As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Buildings and leasehold improvements	52,489	123,560	250,351	135.4%	102.6%
Plant, machinery and equipment	250,777	433,889	834,961	73.0%	92.4%
Vehicles	579	1,236	2,635	113.5%	113.2%
Furniture and fixtures and office equipment	1,147	3,763	5,857	228.1%	55.6%
Capital work in progress	255,022	67,948	119,171	(73.4%)	75.4%
Total	**560,014**	**630,396**	**1,212,975**	**12.6%**	**92.4%**

Source: Audited consolidated financial statements

TABLE 129: Fixed Assets As A Percentage Of The Total Fixed Assets

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G
Buildings and leasehold improvements	9.4%	19.6%	20.6%
Plant, machinery and equipment	44.8%	68.8%	68.8%
Vehicles	0.1%	0.2%	0.2%
Furniture and fixtures and office equipment	0.2%	0.6%	0.5%
Capital work in progress	45.5%	10.8%	9.9%
Net book value of fixed assets	**100.00%**	**100.00%**	**100.00%**

Source: Audited consolidation financial statements

TABLE 130: Fixed Assets Additions As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Buildings and leasehold improvements	163	39,342	4,006	24,036.2%	(89.8%)
Plant, machinery and equipment	2,721	26,961	40,612	890.8%	50.6%
Vehicles	143	1,441	-	907.7%	(100.0%)
Furniture and fixtures and office equipment	348	1,105	584	217.5%	(47.1%)
Capital work in progress	190,016	63,538	59,435	(66.6%)	(6.5%)
Total additions	**193,391**	**132,387**	**104,637**	**(31.5%)**	**(21.0%)**

Source: Audited consolidated financial statements

Net book value of fixed assets increased by SAR 70.4 million, or 12.6%, from SAR 560.0 million as at 31 December 2013G to SAR 630.4 million as at 31 December 2014G. The increase was due to the following reasons:

- Additions made by Takween standalone aggregating SAR 72.8 million (mainly SAR 38.3 million of capital work in progress representing costs incurred to refurbish the new facility in Al Ayoun, and SAR 31.9 million additions to buildings mainly representing the cost of acquiring the building at Al Ayoun), and accumulated depreciation of SAR 136.2 million.

- Net additions made by SAAF of SAR 54.3 million (mainly SAR 232.5 million additions to plant, machinery and equipment, SAR 42.8 million reflecting the cost of Rabigh plant constructed in 2014G. The plant has an annual production capacity of 13,200 tons per annum and a separate treatment line (for medical non-woven products) with a capacity of 6,000 tons per annum).
- Additions made by Ultrapak amounting to SAR 5.5 million (mainly SAR 4.8 million additions to plant, machinery and equipment and SAR 0.7 million additions to capital work in progress).

The Company does not intend to lease or substantially invest in equipment during the current fiscal year, largely due to the Company's focus to complete the integration and to realize the synergies between the Company's various factories and take advantage of the available production capacity. It is expected that the annual budget for 2016G will include purchases of certain production equipment (value not significant) as well as investment costs in production lines to improve performance and increase assets' life.

Net book value of fixed assets increased by SAR 582.6 million, or 92.4%, from SAR 630.4 million as at 31 December 2014G to SAR 1.2 billion as at 31 December 2015G, due to the acquisition of Plastico, Al-Sharq and New Marina which resulted in a transfer of their fixed assets to the Company. The final fair value of the fixed assets acquired pursuant to final purchase price allocation is SAR 616.3 million.

Takween standalone's buildings and production facilities are constructed on a land parcel in Al-Ahsa owned by a related party and leased to Takween standalone on commercial terms. The building of Al Ayoun plant is constructed on land leased from Saudi Industrial Property Authority ("Modon") for a period of 20 years commencing from 24 November 2014G.

SAAF's buildings and production facilities are constructed on a land parcel in Al-Ahsa owned by a related party. The production plant in Rabigh is constructed on a land owned by Saudi Oil Company. Further, SAAF owns a production facility located in Al Ayoun on a land owned by a related party.

Plastico has various renewable operating leases on which its production facilities are located (one in Jeddah and one in Riyadh) leased from Jeddah Industrial City under the terms of land lease agreements. Nominal lease and service charge are paid to JIC on annual basis.

One of the Al-Sharq's warehouses is located on two land parcels leased by Plastico from the Industrial City in Riyadh. The lease agreements are in the process of being transferred to the Al-Sharq's name as at 31 December 2015G.

Al-Sharq's buildings and production facilities are constructed on land leased under the terms of two lease agreements with Modon. The operating lease is for renewable 25 years commencing from 25 February 2014G. Nominal lease and service charge are paid to Modon on annual basis.

At 31 December 2015G, certain fixed assets with net book value of SAR 603.0 million (SAR 627.5 million as at 31 December 2014G) were pledged as collateral against credit facilities obtained from various financial institutions.

Capital work in progress as at 31 December 2015G principally related to additions to the production facilities and other improvements (mainly in Takween standalone, Plastico and Al-Sharq), which were in progress at year end. Financing expenses capitalized as part of capital work in progress as at 31 December 2015G amounted to SAR 0.8 million (SAR 0.3 million as at 31 December 2014G and SAR 2.4 million as at 31 December 2013G).

Capital work in progress for 2013G included the establishment of the production line in Rabigh, which was completed in 2014G. In 2014G, the company started the construction of the new treatment line in Rabigh (in SAAF) and was completed during 2015G. Capital work in progress increased as at 31 December 2015G as a result of the renovation of Al Ayoun factory which is expected to be completed in April 2016G.

- **Intangible assets**

TABLE 131: Intangible Assets As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Goodwill	-	-	323,582	n/a	n/a
The cost of computer software and systems development costs	11,141	11,509	24,169	3.3%	110.0%
Total intangible assets, net	**11,141**	**11,509**	**347,751**	**3.3%**	**2,921.6%**

Source: Audited consolidated financial statements

Intangible assets as at 31 December 2013G represent ERP implementation costs related to the SAP system introduced in Takween standalone. In 2014G, Takween standalone started sharing the costs related to this asset with its subsidiaries.

In 2015G, the Council of Competition Protection did not contend the Company's acquisition of Plastico including Al-Sharq and New Marina, and consequently a consideration of SAR 910.0 million was paid in full to the shareholders of Plastico. As a result of this business acquisition and control acquired through sale agreement, Company has consolidated newly acquired subsidiaries with effect from 1 January 2015G. A goodwill of SAR 323.6 million was recognized on the acquisition that represented the excess consideration paid over the net book value of net assets acquired amounting to SAR 586.4 million. Acquisition related cost amounting to SAR 8.4 million has been expensed and grouped under general and administrative expenses.

Following the purchase price allocation carried by the Management during 2016G (effective 1 January 2015G), an amount of SAR 119.2 million has been allocated mainly to fixed assets (capital work in progress) from initial goodwill of SAR 442.8 million. The final purchase price allocation was based on the independent valuation of certain assets. The goodwill recognized on the acquisition is attributable mainly to the synergies expected to be achieved from integrating these companies into the Company's existing business.

In addition, pre-acquisition, the Company anticipated that Takween standalone and Plastico together would dominate the Saudi Arabian PET market, resulting in economies of scale by streamlining the production process and centralizing key support functions. Other benefits also included potential reduction in costs relating to distribution and transportation, by managing the supply chain effectively across the multiple geographical locations. Management also planned on diversifying its product rage and building long term customer relationships across both businesses.

Intangible assets as at 31 December 2015G also include the balance of financing charges capitalized in 2015G relating to the SIDF loan obtained by SAAF. The capitalized costs will be amortized over the period of the loan ending in 2022G.

- **Bank facilities**

The total amount of loans outstanding as at 31 December 2015G was SAR 1.8 billion. The details of the loans for the years ended 31 December 2013G, 31 December 2014G and 31 December 2015G are summarized in the table below:

TABLE 132: Short, Medium And Long-Term Loans As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Short term loans	469,845	508,494	811,686	8.2%	59.6%
Total medium and long term loans	97,760	123,980	999,609	26.8%	706.3%
Current portion of medium and long term loans	10,725	10,775	217,617	0.5%	1,919.6%
Non-current portion of medium and long term loans	87,035	113,205	781,992	30.1%	590.8%
Total loans	**567,605**	**632,474**	**1,811,295**	**11.4%**	**186.4%**

Source: Audited consolidated financial statements

The Company has credit facilities agreements with local commercial banks 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 against promissory notes and corporate guarantees from Al Othman Holding Company, a sister company. The facilities entail covenants that include maintaining certain financial ratios as well other covenants throughout the term of the facilities.

Short term loans increased as at 31 December 2015G as a result of obtaining a loan amounting to SAR 390.0 million to finance the working capital requirements of Plastico and Al-Sharq.

TABLE 133: Commercial Loans Vs. SIDF Loans

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Commercial loans	70,000	-	906,473	n/a	n/a
SIDF loans	29,470	133,510	135,305	353.0%	1.3%
	99,470	**133,510**	**1,041,778**	**34.2%**	**680.3%**
Deduct: Evaluation of loan fees	(1,710)	(9,530)	(42,169)	457.3%	342.5%
	97,760	**123,980**	**999,609**	**26.8%**	**706.5%**
Deduct: Current portion	(10,725)	(10,775)	(217,617)	0.5%	1,919.6%
Total medium and long term loans	**87,035**	**113,205**	**781,992**	**30.1%**	**590.8%**

Source: Audited consolidated financial statements

Commercial loans

During 2012G and 2013G, SAAF obtained a medium term loan from a local bank. The total amount outstanding as at 31 December 2013G was SAR 70.0 million. During 2014G, a new loan was obtained from SIDF of which SAR 70.0 million was used to settle the medium term commercial loan.

During 2015G, the Company entered into Murabaha facilities agreement of SAR 910.0 million with the Arab National Bank ("the lead bank"), on behalf of Murabaha facilities participants, for financing the acquisition of Plastico along with its two subsidiaries (Al-Sharq and New Marina). The facility is secured by irrevocable and unconditional assignment of all rights, titles and interests to the sale contract entered into with Al Othman Agricultural Product and Production Company ("NADA"), a related party, revenue accounts of the Company and two of its subsidiaries i.e. SAAF and Ultrapak and a corporate guarantee from an affiliate, Al Othman Holding Company. The Company is in breach of certain covenants of long term loan. However, management has taken necessary remedial action including obtaining waiver from the lead bank.

SIDF loans

The Company entered into various loan agreements with SIDF to finance the construction of the plant facilities of the Company. The loans bear no specific periodic charges and are secured by mortgage on the fixed assets of the Company, two land parcels owned by an affiliate and corporate guarantee from the Company. The loan appraisal fees are deferred and are being amortized over the term of the loans. The total amount of loans obtained from SIDF (before adjusting loan appraisal fees) outstanding as at 31 December 2015G was SAR 135.3 million (SAR 133.5 million and SAR 29.5 million as at 31 December 2014G and 31 December 2013G, respectively).

TABLE 134: SIDF Loans Outstanding As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Takween standalone	14,350	7,825	2,500	(45.5%)	68.1%
SAAF	70,000	113,130	123,200	61.6%	8.9%
Ultrapak	15,120	12,555	9,605	(17.0%)	(23.5%)
Total SIDF loans	**99,470**	**133,510**	**135,305**	**34.2%**	**1.3%**

Source: Management information

SIDF loan for Takween standalone:

Takween standalone obtained two loans from SIDF in 2007G and 2010G to finance the expansion of its production facilities. These loans have been consolidated into one facility of SAR 27.0 million payable through 11 unequal semi-annual installments commencing on 16 July 2011G and ending on 22 May 2016G.

SIDF loan for SAAF:

In 2013G, SAAF entered into a loan agreement with SIDF to finance the construction of its new production facilities for an amount of SAR 125.7 million. Repayment of the loan is through 14 unequal semi-annual installments commencing from 31 July 2015G. In 2015G, an amount of SAR 12.5 million (SAR 113.1 million in 2014G) of the total facility was withdrawn by SAAF. The Company is non-compliant with certain covenants of these loans as at 31 December 2015G. Accordingly, an amount of SAR 123.2 million has been reclassified as non-current portion. Loan financing expenses are deferred and amortized over the loan term. The Company obtained a waiver letter from SIDF during 2016G with respect to maintaining a certain current ratio throughout the period of the loan.

SIDF loan of Ultrapak:

In July 2009G, SIDF approved a loan to Ultrapak for SAR 12.9 million to finance the modernization and expansion of production facilities. The loan is repayable in 12 unequal semi-annual installments commencing on 31 January 2010G. In 2012G, Ultrapak entered into a another loan agreement with SIDF to finance the expansion of production facilities for an additional amount of SAR 13.9 million due in 13 unequal semi-annual installments commencing on 18 December 2013G. The facility was reduced to SAR 12.7 million and has been withdrawn in 2014G (SAR 11.1 million in 2013G). During 2014G, these loans have been consolidated into one facility of SAR 25.5 million with an additional drawdown of SAR 1.6 million payable in 11 unequal semi-annual installments commencing from 7 December 2014G. The final payment is due on 14 October 2019G.

TABLE 135: Aggregate Maturities Of Medium And Long Term Loans Outstanding As At 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2014G	31 December 2015G
2015G	10,775	-
2016G	11,813	217,617
2017G	14,356	136,917
2018G	27,538	138,916
2019G	25,898	181,813
After 2020G	43,130	366,515
Total	**133,510**	**1,041,778**

Source: Audited consolidated financial statements

Details of the loans as at 31 December 2015G are presented in the next table:

TABLE 136: Loans Schedule By Entity And Bank As At 31 December 2015G

Currency (SAR000)	Bank	Charge	Loan type	Amount used*	Maximum facility	Guarantees
SAAF	Al Rajhi	SIBOR+ 1.25%	Short term	20,000	130,000***	Under Takween facility
Takween standalone	Al Rajhi	SIBOR+ 1.25%	Short term	66,000	130,000***	Order notes for SAR 131.4 million
			Short term	19,000		
Takween standalone	ANB	SIBOR+ 1.4%	Short term	390,000	1,300,000****	Pledge of revenue accounts, guarantee by Al Othman, pledge of share dividends and customers of New Marina and Nada
Takween standalone	NCB	SIBOR+ 1.25%	Short term	129,228	207,000	Support to the order note of SAR 207 million from Al Othman Holding
Takween standalone	Riyad Bank	SIBOR+ 2.0%	Short term	62,931	140,000	Order notes for SAR 95 million and SAR 48 million
			Short term	13,000		
SAAF	SABB	SIBOR+ 1.75%	Short term	13,058**	25,000	Order note for SAR 25 million from Takween
SAAF	SAMBA	SIBOR+ 1.5%	Short term	15,000**	35,000	Order note for SAR 30 million from Takween
SAAF	Saudi Fransi	SIBOR+ 1.25%	Short term	34,000**	82,000	Order notes for SAR 70 million
Takween standalone	Saudi Fransi	SIBOR+ 1.25%	Short term	35,000**		Order notes for SAR 82 million
Takween standalone	ANB	SIBOR+ 2.0%	Long term	910,000	1,300,000****	Pledge of revenue accounts, guarantee by Al Othman, pledge of share dividends and customers of New Marina and Nada
SAAF	SIDF	n/a	Long term	123,200	125,700	Mortgage on total assets of the business
Ultrapak	SIDF	n/a	Long term	9,605	26,750	Mortgage on total assets of the business
Takween standalone	SIDF	n/a	Long term	2,500	60,335 (of which 57,835 was settled)	Mortgage on total assets of the business

Currency (SAR000)	Bank	Charge	Loan type	Amount used*	Maximum facility	Guarantees
New Marina loan	Abu Dhabi National Bank and Egypt National Bank	12% for EGP and 5.25% for USD	n/a	10,941 (or EGP 30,086)	SAR 36,325 from Abu Dhabi National Bank and SAR 36,068 from Egypt National Bank*****	Promissory note of EGP 35 million
Loan acquisition cost			n/a	(42,169)		
Total				**1,811,295**		`
Short term loans				810,659		
Long term loans				1,000,636		
Total				**1,811,295**		

Source: Management information

* Amounts used reflect loans appearing in the Company's balance sheet as at 31 December 2015G. These amounts do not include amount used for other facilities obtained from banks such as letters of credit and guarantees.

** Amount used relating to facilities not listed in the above table aggregated SAR 163.8 million as at 31 December 2015G. Below is the detail of these amounts by bank:

- SABB: SAR 84.4 million
- SAMBA: SAR 25.4 million
- Saudi Fransi: SAR 54.0 million

*** Represent a portion of one loan with credit limit of SAR 130.0 million obtained by Takween standalone and being used by Takween standalone and SAAF.

**** Represent a portion of one loan with credit limit of SAR 1.3 billion obtained by Takween standalone to finance the acquisition of Plastico, Al-Sharq and New Marina as well as to finance working capital requirements.

***** New Marina has additional bank facilities of EGP 75.0 million obtained from HSBC Egypt. This facility is not used as at 31 December 2015G.

Collateral and covenants

Bank facilities of Takween standalone:

TABLE 137: SIDF Facility

Borrower	Takween Advanced Industries
Fund	Saudi Industrial Development Fund
Loan amount	SAR 60,561,000 (loan of SAR 60,335,000 and financing cost of SAR 316,000)
Termination date	27/12/1432H
Repayment	11 instalments starting 15/08/1432H and ending 15/08/1437H
Financial covenants	
1) Maximum rent	No restrictions as long as the loan is current
2) Working capital ratio, not less than	1 (one) to 1 (one) period: During the life of the loan
3) Liabilities to the tangible net worth ratio : Not more than	3 (three) to 1 (one) period: During the life of the loan
4) Maximum dividends	No restrictions as long as the loan is current
5) Maximum capital expenditure	No restrictions as long as the loan is current
6) Operation date	Operational

Source: Management information

TABLE 138: Arab National Bank Facility

Borrower	Takween Advanced Industries
Fund	Arab National Bank
Loan amount	SAR 910,000,000
Repayment	12 instalments (ending in 2021G)
Financial covenants	
1) DSCR shall not be less than 1.20:1.00	
2) Net debt to EBITDA shall not exceed:	1) For the measurement period ended 30 June 2015G and 31 December 2015G, 6.0:1.0;
	2) For the measurement period ended 30 June 2016G and 31 December 2016G, 4.5:1.0; and
	3) For the measurement period ended 30 June 2017G and 31 December 2017G and each measurement period thereafter until the final settlement, 3.5:1.0;
3) The total debt (excluding any debt made available by SIDF to any member of the Company) shall not exceed SAR 2,000,000,000 (or its equivalent in any other currencies).	

Source: Management information

Bank facilities of SAAF:

TABLE 139: SIDF Facility

Borrower	Advanced Fabrics Factory Company (SAAF)
Fund	Saudi Industrial Development Fund
Loan amount	SAR 125,700,000
Termination date	29/12/1432H
Repayment	14 instalments starting 15/10/1436H to 15/04/1443H
Financial covenants	
1) Maximum rent	Not more than SAR 4,950,000 throughout the life of the loan
2) Working capital ratio, not less than	1 (one) to 1 (one) period: during the life of the loan
3) Liabilities to the tangible net worth ratio : Not more than	3 (Three) to 1 (one) period: during the life of the loan
4) Maximum dividends : The lesser of	1) 25% paid capital or, 2) Total repayments to be made to SIDF in the fiscal year
5) Maximum capital expenditure	Not more than SAR 9,900,000 throughout the life of the loan
6) Operation Date	1st Quarter 2014G

Source: Management information

Bank facilities of Ultrapak:

TABLE 140: SIDF Facility

Borrower	Ultrapak Manufacturing Company Limited
Fund	Saudi Industrial Development Fund
Loan amount	SAR 26,750,000 (maximum amount)
Termination date	29/6/1434H
Repayment	15 instalments starting 15/02/1434H to 15/02/1441H
Financial covenants	
1) Maximum rent	No restrictions as long as the loan is current

2) Working capital ratio, not less than	1 (one) to 1 (one) period: throughout the life of the loan
3) Liabilities to the tangible net worth ratio : Not more than	3 (Three) to 1 (one) period: Throughout the life of the Funds Loans
4) Maximum dividends	No restrictions as long as the loan is current
5) Maximum capital expenditure	No restrictions as long as the loan is current

Source: Management information

- **Accounts payable and other liabilities**

TABLE 141: Accounts Payable And Other Liabilities As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Accounts payable	23,980	87,727	253,495	265.8%	189.0%
Accrued expenses and other liabilities	15,545	20,098	71,352	29.3%	255.0%
Due to related parties	130	4,690	5,093	3,507.7%	8.6%
Capital expenditures payable	-	17,481	-	n/a	(100.0%)
Total accounts payable and other liabilities	**39,655**	**129,996**	**329,940**	**227.8%**	**153.8%**

Source: Audited consolidated financial statements

Accounts payable and other liabilities as at 31 December 2015G mainly consist of trade payables, accrued expenses and other liabilities, and due to related parties.

Accounts payable represent amounts payable to suppliers of raw material and equipment, and primarily reflect payables to SABIC for the supply of raw material. Accounts payable increased by SAR 63.7 million or 265.8%, from SAR 24.0 million as at 31 December 2013G to SAR 87.8 million as at 31 December 2014G, due to Takween standalone's decision to acquire raw material from SABIC on credit instead of cash (in 2013G all resins were purchased on cash basis to obtain a higher discount).

Accounts payable increased by SAR 165.8 million, or 189.0%, from SAR 130.0 million as at 31 December 2014G to SAR 329.4 million as at 31 December 2015G, as a result of the acquisition of Plastico, Al-Sharq and New Marina.

Accrued expenses and other liabilities predominantly comprise of accrued utilities and other office expenses. Accrued expenses increased by SAR 4.6 million, or 29.3%, from SAR 15.5 million as at 31 December 2013G to SAR 20.1 million as at 31 December 2014G as a result of increase in expenses due to Modon (Total amounts payable to Modon for the purchase of building were SAR 31.5 million, and SAR 0.9 million as administrative fees. An amount of SAR 28.5 million was paid as at December 2014G).

Accrued expenses and other liabilities increased by SAR 51.3 million, or 255.0%, from SAR 20.1 million as at 31 December 2014G to SAR 71.4 million as at 31 December 2015G as a result of the acquisition of Plastico, Al-Sharq and New Marina. Further, accrued financing costs increase in line with the new loan obtained by the Company. In addition, rebates/sales commission (SAR 0.6 million as at December 2015G) payable to one of SAAF's intermediaries have increased (SAAF started dealing with the intermediary in February 2015G).

The table below presents the amounts due to related parties reflecting amounts payable to Al-Ahsa Development Company for the buildings in Al Ayoun factory, and Al Othman Travel Agency for air-tickets for Company's employees.

TABLE 142: Due To Related Parties As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G
Al-Ahsa Development Company	-	4,300	4,300
Al Othman Travel Agency	130	390	793
Due to related parties	**130**	**4,690**	**5,093**

Source: Audited consolidated financial statements

Payables to Al Othman Travel Agency increased from SAR 0.4 million as at 31 December 2014G to SAR 0.8 million as at 31 December 2015G due to the acquisition of Plastico, Al-Sharq and New Marina.

Capital expenditure payable amounting to SAR 17.5 million as at 31 December 2014G relates to suppliers of machinery purchased by SAAF for its new production line at Rabigh.

Accounts payable and other liabilities including Plastico, Al-Sharq and New Marina as at 31 December 2013G, 31 December 2014G and 31 December 2015G – for comparative purposes

TABLE 143: Accounts Payable And Other Liabilities Including Plastico, Al-Sharq And New Marina

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Accounts payable	215,452	251,271	253,495	16.6%	0.9%
Accrued expenses and other liabilities	46,192	51,357	71,352	11.2%	38.9%
Due to related parties	5,629	5,911	5,093	5.0%	(13.8%)
Capital expenditures payable	-	17,481	-	n/a	(100.0%)
Total accounts payable and other liabilities	**267,273**	**326,020**	**329,940**	**22.0%**	**1.2%**

Source: Management information

* Accounts payable and other liabilities as at 31 December 2013G and 31 December 2014G include Plastico, Al-Sharq and New Marina and have been presented for comparative purposes. Accounts payable and other liabilities for these years do not tie up with the reported accounts payable and other liabilities in the Company's audited consolidated financial statements.

Accounts payable and other liabilities of Plastico, Al-Sharq and New Marina declined by SAR 22.0 million, SAR 2.0 million and SAR 2.5 million, respectively. The decrease in Plastico's accounts payable as at 31 December 2014G was mainly due to the reduction in related parties balances as a result of intercompany eliminations.

Accounts payable and other liabilities of Plastico, Al-Sharq and New Marina increased by SAR 62.0 million, or 33.8%, as at 31 December 2015G as compared with 31 December 2014G mainly due to increase in accounts payable and other liabilities of Al-Sharq by SAR 100.8 million, due to increase in payables to Takween standalone and related parties.

- **End of Service Benefits**

TABLE 144: Movement In End Of Service Benefits As At 31 December 2013G, 31 December 2014G And 31 December 2015G

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Opening balance (January 1)	6,236	7,486	9,900	20.0%	32.2%
Liability assumed under business combination	-	-	28,733	n/a	n/a
Charge for the year	2,137	3,036	12,533	42.1%	312.8%
Payments during the year	(887)	(622)	(10,241)	(29.9%)	1,546.5%
Ending balance (31 December)	**7,486**	**9,900**	**40,925**	**32.2%**	**313.4%**

Source: Audited consolidated financial statements

End of service benefits amounted to SAR 7.5 million and SAR 9.9 million as at 31 December 2013G and 31 December 2014G, respectively. The provision during these two years related to the employees of Takween standalone, SAAF and Ultrapak.

End of service benefits balance increased by SAR 31.0 million, or 313.4%, from SAR 9.9 million as at 31 December 2014G to SAR 40.9 million as at 31 December 2015G, as a result of the acquisition of Plastico, Al-Sharq and New Marina. The fair value of the end of service indemnities assumed under business combination, pursuant to final purchase price allocation is SAR 28.7 million.

- **Shareholders' equity**

TABLE 145: Shareholders' Equity As At December 31, 2013G And December 31, 2014G And December 31, 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Share capital	350,000	350,000	350,000	0.0%	0.0%
Statutory reserve	23,887	29,419	29,419	23.2%	0.0%
Retained earnings	78,272	109,163	82,041	39.5%	(24.8%)
Foreign currency translation reserve	-	-	(6,439)	n/a	n/a
Balance as at 31 December 2015G	**452,159**	**488,582**	**455,021**	**8.1%**	**(6.9%)**

Source: Audited consolidated financial statements

As at 31 December 2015G, the share capital of the Company was SAR 350.0 million, divided into 35 million shares at a value of SAR 10 each.

In accordance with the Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until reserve equals 50% of the share capital. This reserve is not available for dividend distribution. However, it can be used to increase the Company's capital or to mitigate its losses, if any. It should be noted that the statutory reserve has been amended in the current company's act whereby companies will be required to maintain a statutory reserve of up to 30% as opposed to 50%.

Retained earnings as at 31 December 2015G represented the accumulated net income / loss of the Company. Retained earnings increased by SAR 30.9 million, or 39.5%, from SAR 78.3 million as at 31 December 2013G to SAR 109.2 million as at December 2014G. Retained earnings decreased by SAR 27.1 million, or 24.8%, from SAR 109.2 million to SAR 82.0 million as at 31 December 2015G in line with movements in the Company's net income / loss.

- **Contingencies and commitments**

As at 31 December 2013G, 31 December 2014G and 31 December 2015G, the Company had the following contingencies and commitments:

TABLE 146: Contingent liabilities

Currency: SAR000	31 December 2013G	31 December 2014G	31 December 2015G	YoY 2013G-2014G	YoY 2014G-2015G
Letters of credit for purchase of raw material and fixed assets	4,256	317	113,148	(92.6%)	35,593.4%
Letters of guarantee	33,005	30,497	46,483	(7.6%)	52.4%
Capital commitments	26,697	10,034	22,372	(62.4%)	123.0%
Total	**63,958**	**40,848**	**182,003**	**(36.1%)**	**345.6%**

Source: Audited consolidated financial statements

Letters of credit relate to the purchase of raw material and fixed assets for the factories. Letters of guarantee are mostly issued to SABIC for purchase of raw material, in addition to guarantees relating to customs duties. Letters of credit increased as at December 2015G in line with Management orientation to acquire most of its raw material through 90 days' letters of credit, compared to cash basis prior to 2015G.

Capital commitments primarily relate the additions or improvement of production facilities which are carried out by the Company.

The Company has operating lease commitments representing payments of rent for employees housing facilities, offices, warehouses and factory land. Operating leases expensed during 2015G amounted to SAR 7.5 million (SAR 3.9 million during 2014G). The agreed operating lease period (except for land) is one year during which the lease consideration is fixed. The lease period for land is between 20 and 30 years during which the lease consideration is fixed. Operating lease commitments as at 31 December 2015G amounted to SAR 99.1 million (SAR 18.2 million as at 31 December 2014G).

Further, the Company has loan repayment obligations amounting to SAR 1.0 billion as at 31 December 2015G, as detailed in the loans analysis section.

- **Consolidated cash flow statement**

The following table compares the Company's consolidated cash flow statement for 2013G, 2014G and 2015G.

TABLE 147: The Company's Consolidated Cash Flow Statement For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Net cash from operating activities	(36,248)	36,095	319,665	199.6%	785.6%
Net cash flows used in investing activities	(183,524)	(116,410)	(1,042,245)	(36.6%)	795.3%
Net cash from financing activities	240,651	44,389	798,337	(81.6%)	1,698.5%
Increase (decrease) in cash and cash equivalents	**20,879**	**(35,926)**	**75,757**	**272.1%**	**(310.9%)**
Cash and cash equivalents at the beginning of the year	46,084	66,963	31,037	45.3%	(53.7%)
Cash and cash equivalents at the end of the year	**66,963**	**31,037**	**106,794**	**(53.7%)**	**244.1%**

Source: Audited consolidated financial statements

- **Cash flow from operating activities**

TABLE 148: The Company's Consolidated Cash Flow From Operating Activities For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Net (loss)/income for the year	44,387	55,323	(27,122)	124.6%	(49.0%)
Adjustments to reconcile net (loss)/income to net cash provided by operating activities					
Depreciation	45,227	62,245	138,103	137.6%	221.9%
Amortization of intangible assets	276	1,003	9,169	363.4%	914.2%
Finance charges	12,615	15,221	49,237	120.7%	323.5%
EOSB benefits charged during the year	2,137	3,036	12,533	142.1%	412.8%
Provision against doubtful receivables	-	1,748	8,891	n/a	508.6%
Provision for slow moving and obsolete inventories	-	-	5,930	n/a	n/a
Gain on disposal of fixed assets	(57)	(107)	(53)	187.7%	49.5%
Unrealized gain on investment held for trading	(4,921)	(9,471)	-	192.5%	-
Zakat charge	2,960	6,208	3,887	209.7%	62.6%
Realized gain on investment held for trading	(14,032)	(10,086)	(14,165)	71.9%	140.4%
Changes in operating assets and liabilities	**44,205**	**69,797**	**213,532**	**157.9%**	**305.9%**
Accounts receivable	(23,309)	(19,772)	52,556	84.8%	(265.8%)
Inventories	4,113	(83,380)	70,343	(2,027.2%)	(84.4%)
Prepaid expenses and other current assets	(12,039)	(10,361)	1,622	86.1%	(15.7%)
Accounts payable and other liabilities	(79,013)	71,899	(2,244)	(91.0%)	(3.1%)
Cash generated from operating activities	**(21,656)**	**83,506**	**308,687**	**(385.6%)**	**396.7%**
Finance charges paid	(10,990)	(12,680)	(49,237)	115.4%	388.3%
EOSB benefits paid	(887)	(622)	(10,241)	70.1%	1,646.5%
Proceeds from disposal/(purchase) of investments held for trading, net		(31,922)	70,456	n/a	(220.7%)
Zakat paid	(2,715)	(2,187)	-	80.6%	n/a
Net cash provided by operating activities	**(36,248)**	**36,095**	**319,665**	**(99.6%)**	**396.7%**

Source: Audited consolidated financial statements

Operating cash flows increased from an outflow of SAR 36.2 million in 2013G to an inflow of SAR 36.1 million in 2014G mainly due to the increase in net income, increase in raw and packaging material inventory of Takween standalone and Ultrapak as well as the increase in finished goods inventory of SAAF. Further, accounts receivable increased due to the increase of credit sales of non-woven products by SAAF. Prepaid expenses and other current assets also increased mainly reflecting rebates receivable and advances to suppliers of SAAF and Ultrapak, and increase in other debit balances of Takween standalone. The increase in operating cash flows was offset by an increase in accounts payable and other liabilities relating to machinery purchased by SAAF for its new production line at Rabigh.

Operating cash flows increased from SAR 36.1 million in 2014G to SAR 319.7 million in 2015G mainly due to adjustment for non-cash items which resulted in cash inflow of SAR 213.5 million in 2014G as compared with cash inflow of SAR 69.8 million in 2013G. Operating cash flows also increased, which were driven by an increase in inventory, accounts receivable as well as prepaid expenses and other current assets.

- **Cash from investing activities**

TABLE 149: The Company's Consolidated Cash Flow From Investing Activities For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Purchase of fixed assets	(193,391)	(114,906)	(132,387)	59.4%	115.2%
Proceeds from disposal of fixed assets	58	257	324	443.1%	2,599.8%
Additions to intangible asset	(4,332)	(1,761)	(45,782)	40.7%	4.5%
Net movement in investments held for trading	14,141	-	-	-	-
Acquisition of subsidiary, net	-	-	(864,400)	n/a	n/a
Net cash flows used in investing activities	**(183,524)**	**(116,410)**	**(1,042,245)**	**39.4%**	**39.4%**

Source: Audited consolidated financial statements

During 2013G and 2014G, the company invested in capital work in progress, buildings and leasehold improvements, plant, machinery and equipment, in addition to computer software and system development.

During 2015G, the Company continued to invest in capital work in progress, plant, machinery and equipment and computer software and system development costs. In addition, the Company acquired Plastico, Al-Sharq and New Marina with an impact on investing cash flow of SAR 864.4 million and SAR 45.8 million of goodwill.

- **Cash from financing activities**

TABLE 150: The Company's Consolidated Cash Flow From Investing Activities For The Period From 2013G To 2015G

Currency: SAR000	2013G	2014G	2015G	YoY 2013G-2014G	YoY 2014G-2015G
Change in short term borrowings	277,483	38,649	(109,931)	13.9%	(284.4%)
Receipts of medium and long term loans	-	-	919,043	n/a	n/a
Repayments of medium and long term loans	(20,983)	24,640	(10,775)	(117.4%)	(43.7%)
Directors' remuneration	(849)	(1,400)	-	164.9%	-
Dividends paid	(15,000)	(17,500)	-	116.7%	-
Net cash from financing activities	**240,651**	**44,389**	**798,337**	**18.4%**	**(1,798.5%)**

Source: Audited consolidated financial statements

During 2013G, the Company obtained short term borrowing from local banks. The impact of change in short term borrowings amounted to SAR 277.5 million. The Company also repaid loans of SAR 21.0 million. The cash inflow from short term loans was offset by a cash outflow of SAR 15.0 million relating to dividend paid during the year.

Cash inflow from financing activities in 2014G was driven by short term borrowings (SAR 38.6 million) and repayments of long term borrowings (SAR 24.6 million). The cash inflow was offset by a cash outflow of SAR 17.5 million related to dividend paid during the year and SAR 1.4 million for director's remuneration.

Cash inflow from financing activities in 2015G was SAR 798.3 million reflecting receipts of medium and long term loans of SAR 919.0 million (mainly related to SAR 910.0 million Murabaha financing obtained from ANB to acquire Plastico, Al-Sharq and New Marina, in addition to SAR 9.0 million reflecting the aggregate of loans received, payment of loan installments and amortization of financing costs). The cash inflow was offset by a cash outflow of SAR 109.9 million relating to payment of short term borrowings and SAR 10.8 million for repayment of medium and long term loans.

7. Capitalization and Indebtedness

The Board of Directors declare the following:

With the exception of information contained in Section 14 “Legal Information” - “Credit facilities and loans”, neither the Company nor its subsidiaries hold any debt instruments, whether issued, outstanding or authorized but not issued, or any other term loans secured or unsecured by personal guarantee or pledge of assets as at the date of this Prospectus.

With the exception of information contained in Section 14 “Legal Information” - “Credit Facilities and Loans”, neither the Company nor its subsidiaries hold any other loans or debt, including bank overdraft, contingent liabilities or lease purchase agreements. The Board of Directors also confirms that there are no loans or indebtedness, securedor unsecured by personal guarantee or pledge of assets as at the date of this Prospectus.

With the exception of information contained in Section 14 “Legal Information” - “Mortgages on Real state and Assets”, there are no mortgages, liens, or encumbrances on the properties of the Company, other than disclosed in this Prospectus.

The Board of Directors also confirm that there are no potential obligations, indebtedness or warranties on the Company as at the date of this Prospectus.

The Board of Directors also confirm that there are no options outstanding on the Company’s paid-up capital as at the date of this Prospectus.

8. Dividend Distribution Policy

The Company's dividend distribution policy is in line with the articles listed in the Company's Bylaws, adopted by the Conversion Assembly of the Company, whereby Article (42) of Bylaws outlines the Company's dividend policy as follows:

1- Ten percent (10%) of the net profit shall be retained to form a statutory reserve, The Ordinary General Assembly may suspend this allocation when the statutory reserve reaches fifty percent (50%) of the Company's paid-up capital.
2- Out of the remaining balance, following the approval of the General Assembly to distribute dividends, the first dividend payment to shareholders will be equal to no less than five percent (5%) of the paid-up capital.
3- The surplus amount, not to exceed ten percent (10%), shall be allocated as remuneration to the Board of Board of Directors subject to the approval of the relevant authorities. The remaining ninety percent (90%) of the surplus shall be distributed to the Shareholders as an additional share of the profits.

The announced dividends shall be distributed at the place and time specified by the Board of Directors after notifying the CMA of the decision to distribute dividends, subject to any pursuing recommendation.

The following is a summary of the dividends that the Company has distributed for the financial years 2012G, 2013G, 2014G and 2015G:

TABLE 151: Dividends Distributed In The Last Four Years

Saudi Riyal	2012G	2013G	2014G	2015G
Declared profits for the period	40,500,000	15,000,000	17,500,000	-
Net Income	75,317,000	44,387,000	55,323,000	(27,122,000)
Cash Dividend proposed for Distribution	53.8%	33.8%	31.6%	-

Source: The Company

The Company has not distributed any dividends throughout 2016G to the date of this publication.

The New Offered Shares shall be entitled to receive any dividends declared by the Company after the Offering Period and for the subsequent Fiscal Years (if any)..

9. Description of Shares

9-1 Share capital

The Company's current share capital is SAR 350,000,000 (three hundred and fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary fully paid up shares of equal value, each of which has a nominal value of ten (10) Saudi Riyals. The shares are currently being traded without any restrictions. The Company has not granted any privileges or preferential rights to Founding Shareholders or other Shareholders.

9-2 Increase of Share Capital

At the EGA the Shareholders may, upon verifying the economic feasibility and after approval by the competent authorities, resolve to increase the Company's capital once or more by issuing new shares with the same nominal value as the original shares, provided that the original capital shall have been paid up in full with due consideration to the requirements of the Companies Regulations and CMA Regulations (for more details; please refer to Section 18 "Subscription Terms and Instructions" in the rights issue).

Such Shareholders' resolution shall specify the manner in which the capital shall be increased. The Shareholders shall have preemptive rights to subscribe for the new cash shares. They shall be notified of their preemptive rights by a notice to be published in a daily newspaper confirming the capital increase resolution and the conditions of subscription. Each such Shareholder shall express his desire to exercise such preemptive rights within fifteen (15) days of the publication of such notice.

9-3 Decrease of Share Capital

Decrease of capital may be made by a Shareholders' resolution at the EGA if it exceeds the Company's need or if the Company suffers from losses. The capital may, in the latter case only, be decreased to less than the limit of SAR 500,000 (five hundred thousand Saudi Riyals). Such resolution shall be passed only after receiving a special report prepared by the Auditor on the reasons for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.

If the reason for the capital reduction is due to the capital being in excess of the Company's needs, the Company's creditors must be invited to express their objection to such reduction within sixty (60) days from the date of publication of the Shareholders' resolution relating to the reduction in a daily newspaper published in the region where the Company's head office is located. Should any creditor object and present to the Company documentary evidence of the debt within the time limit set out above; then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

Capital shall be decreased in one of the following two ways: (1) canceling a number of shares equivalent to the amount of the proposed reduction; or (2) the Company purchasing a number of its shares equivalent to the amount of the proposed reduction, then canceling them.

If reduction of capital is effected by the cancellation of a number of shares, equality must be observed among Shareholders. They must provide to the Company - within the period specified by it - the shares to be canceled, otherwise, the Company shall have the right to consider them canceled.

If capital reduction is to be conducted by way of purchase of a number of the Company's shares to be canceled later, the Shareholders must be requested to offer their shares for sale. The request, notifying the Company's desire to purchase own shares, shall be made by notifying Shareholders via registered mail or by being published in a daily newspaper distributed in the locality of the Company's head office.

If the number of shares offered for sale exceeds that which the Company has resolved to purchase, the offers for sale must be reduced proportionately.

The purchase price of shares of the non-listed companies shall be determined by the fair price. As for listed companies, the shares shall be bought in accordance with the Capital Market Law.

9-4 Preference Shares

The Company may, after the approval of the Minister of Commerce and Investment and in accordance with the principles he prescribes, issue preference shares which carry no voting rights, provided that these do not exceed fifty percent (50%) of its capital. The said shares shall authorize its holders, in addition to the right to participate in the net profits that are distributed to ordinary shares, as follows:

a) The right to receive a certain percentage of the net profits, such percentage being no less than 5% of the nominal value of share, after setting aside the statutory reserve and before any distribution of the dividends.
b) The right to have their share capital redeemed if the company is liquidated, and to a certain percentage of proceeds of liquidation.

The Company may purchase these shares upon the decision of the Shareholders' General Assembly, but such shares shall not be considered with respect to the quorum required to hold the General Assembly of the Company as set forth in Articles 33 and 32 of the Company's Bylaws.

9-5 Transfer of Shares

The shares shall be transferable in accordance with the rules, regulations and directives issued by the CMA.

9-6 Shareholders' rights

Pursuant to Article 110 of the current Companies Regulations, shares carry equal rights and obligations and confer upon a shareholder all the rights attached to the shares, which include, in particular, the right to receive a share in the profits declared for distribution; the right to a share in the Company's assets upon liquidation; the right to attend general assemblies and participate in the deliberations; the right to vote on the resolutions proposed at such meetings; the right to dispose of shares; the right to have an access to the Company's records and documents; the right to supervise acts of the Board of Directors; the right to institute proceedings against the Directors; and the right to contest the validity of the resolutions adopted at general assemblies in accordance with the conditions and restrictions specified in Companies Regulations or in company's bylaws.

9-7 Shareholders' General Assemblies

The Shareholders' General Assembly duly convened shall represent all the Shareholders, and shall be held in the city where the Company's head office is located. Each Shareholder, regardless of the number of his shares, shall have the right to attend at the Conversion Assembly Meeting, whether in person or by proxy. Any Shareholder holding twenty (20) shares has the right to attend the General Assembly, and may authorize another Shareholder, other than the members of the Board of Directors, to attend at the General Assembly on his behalf.

9-8 Voting Rights

Every Shareholder holding at least twenty (20) shares will have the right to attend at the General Assembly, personally or by proxy. A Shareholder may delegate in writing another shareholder, other than members of the Board of Directors or officials of the Company, to attend at the General Assembly on his behalf. Votes at the ordinary and extraordinary general assemblies shall be computed based on one vote for each share represented at the meeting.

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and to the Auditors. The members of the Board or the Auditors shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If the Shareholder deems the answer to the question to be unsatisfactory, then he/it may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

9-9 Call for the Shareholders' Assembly

The General Assembly shall be convened upon a call by the Board of Directors. The Board of Directors shall convene a meeting of the ordinary general assembly if requested to do so by the Auditor or by a number of Shareholders representing at least 5% of the Company's capital. The invitation to the ordinary general assembly should be published in the Official Gazette and a local newspaper where the Company's head office is located, at least twenty-five (25) days prior to the meeting date. The invitation shall include the agenda of the meeting. A copy of the invitation and agenda shall be sent, within the period set for publication, to the Companies Department at the MOCI, provided that there should be one week, at least, between the date of the call for convening the General Assembly for the second time and date of convening it.

9-10 Quorum of the Ordinary General Assembly

A meeting of the ordinary general assembly shall not be valid unless attended by Shareholders representing at least fifty percent (50%) of the Company's share capital. If such quorum cannot be attained at the first meeting, a call for convening a second meeting, within thirty (30) days following the last meeting, shall be made and declared in the manner prescribed in Article 88 of the Companies Regulations, and the second meeting shall be deemed valid irrespective of the number of shares represented therein.

9-11 Quorum of the Extraordinary General Assembly

A meeting of the EGA shall not be valid unless attended by the Shareholders representing at least half the Company's share capital. If such a quorum cannot be attained at the first meeting, a call for convening a second meeting shall be made in the same manner provided for in the previous paragraph. The second meeting shall be deemed valid if attended by a number of Shareholders representing at least one quarter (1/4) of the Company's capital.

9-12 Shareholders Assemblies' Resolutions

Resolutions of the EGA shall be adopted by a majority vote of two-thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified under the Company's Bylaws or merging the Company with another company or establishment; then such a resolution shall be valid only if adopted by a majority of three-quarters of the shares represented at the meeting.

9-13 Term of the Company

The term of the Company shall be ninety-nine (99) years starting from the date of issue of the resolution of the Minister of Commerce and Investment announcing the Company's conversion into a Joint Stock Company. The term of the Company may always be extended by a Shareholders' resolution issued at the EGA at least one (1) year prior to the expiration of the Company's term.

9-14 Dissolution and Liquidation of the Company

The Company will cease to exist at the expiration of its term as per Bylaws and the Companies Regulations. Upon expiry of Company's term, or if dissolved prior to expiry of its term; the Shareholders attending an EGA, upon a proposal by the Board of Directors, shall decide the method of liquidation, appoint one or more liquidator(s) and specify their powers and remuneration.

The powers of the Board of Directors shall cease upon the expiry of the Company's term. However, the Board of Directors shall remain responsible for managing the Company until the liquidator is appointed. The Company's administrative departments shall maintain their powers to the extent that such powers do not interfere with the powers of the liquidators. Shareholders are vested with the right to receive the balance of the Company's assets upon liquidation.

9-15 The Company's buyback of its shares

The Company's Bylaws do not discuss the rights of recovery or buyback of the Company's shares. Accordingly, this issue is subject to the current Companies Regulations. Article 146 of the Companies Regulations provides that a company may purchase its shares if the purpose of purchase is reduction of capital. Accordingly, the Company can purchase a number of shares equivalent to the amount of the proposed reduction, then cancel them. Article 148 of the Companies Regulations provides that if the number of shares offered for sale exceeds that which a company has resolved to purchase, the offers for sale must be reduced proportionately.

To summarize, a company can purchase its own shares:

- If the purpose of purchase is the redemption of the shares pursuant to the conditions set out in Article 111 which stipulates that it may be provided in a company's Bylaws during establishment of a company that shares will be bought back for cancellation if the company is based on a project that is gradually depreciable or is based on interim rights.
- If the purpose of the purchase is the capital reduction.
- If the shares are part of the assets of a fund that the Company invests in or acquires.

With the exception of the shares provided to ensure the liability of the members of the Board of Directors of the Company, the Company shall not mortgage its shares. Shares so mortgaged by the company shall have no votes in a shareholders meeting.

10. Use of Proceeds

10-1 Expenses of the Offer

Total offering proceeds of the Rights Issue is estimated at SAR 600,000,000 (six hundred million Saudi Riyals), of which SAR 17,000,000 (seventeen million Saudi Riyals) is expected to be deducted to cover the costs of the Financial Adviser and Legal Adviser to the Offering, the Financial Due Diligence Adviser, the Market Study Consultant and Media Adviser in addition to expenses of the underwriters, receiving banks, as well as costs of marketing, distribution and others associated with the Offering.

10-2 Net Proceeds

The net proceeds of the offering, after deducting the offering expenses, are expected to be SAR 583,000,000 (five hundred and eighty-three million Saudi Riyals). The Company intends to use the net proceeds primarily to optimize the capital structure and reduce the overall debt position of the Company. The Shareholders will not receive any of the offering proceeds.

Pursuant to the requirements of Clause C, Article 30, of the Listing Rules, the Company will submit a quarterly report about the details of its use of the offering proceeds and will disclose such details to the public.

10-3 Use of Proceeds

Takween completed the acquisition of Savola Packaging Systems in Q1 2015G at a value of SAR 910,000,000 (nine hundred and ten million Saudi Riyals). During the same period, the Company obtained a SAR 1,300,000,000 (one billion and three hundred million Saudi Riyals) Shari'ah-compliant Murabaha facility from the Arab National Bank and other banks (the "Aggregated Murabaha Facility") in order to use a portion of it to fund the acquisition.

The Company will use the net proceeds of the offering to pay off a portion or the entire remaining amount of the Aggregated Murabaha Facility, as mentioned below, in order to optimize the the capital structure of the Company. Upon early repayment, the Company will be able to claim profit rates which would have been due to the bank in accordance with the repayment schedule, which the Company pays in advance. The prepayment amount will be deducted from the total facility amount which is divided into: ((1) Financing facilities for the acquisition of Plastico and its subsidiaries, (2) Financing the working capital). The Company will not be subject to any fines because of pre-repaying the payments.

TABLE 152: Sources And Uses Of Funds

SAR million	Before Amendments (31 December 2015G)	Proceeds of Offering	First Amendment (Offering expenses)	Second Amendment (Use of net proceeds)	After Amendments
Sources of Funds					
Offering proceeds of the Rights Issue		600	(17)	(583)	0
Uses of Funds					
Aggregated Murabaha Facility	1,300		-	(583)	717
Other medium and long-term debts	135		-	-	135
Other short-term debts	376		-	-	376
Ratios					
(Debt)/(Capital)	80%		-	-	54%
(Debt)/(Assets)	0.68x		-	-	0.46x
(Net debt)/(operating profit before depreciation and amortization)	10.97x		-	-	7.22x

(For more information, please refer to Section 14 "Legal information" - "Material Contracts" - "Credit Facilities and Loans").

11. Experts' Statements

All the Advisers and Auditors mentioned on pages K-N have granted a written approval to insert their names, logos and statements, in the form used, in this Prospectus. Such approvals were not withdrawn as at the date hereof. In addition, none of the Advisers, their employees or any of their relatives have any shares or interest of any kind in the Company.

12. Declarations

As of the date of this Prospectus, Board members, Senior Executives and Secretary of the Board of the Company and its subsidiaries declare that:

- There has been no interruption in the business of the Company and its subsidiaries that may influence or have a significant impact on its financial position during the last 12 months;
- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company and its subsidiaries within the three years immediately preceding the date of submission and acceptance of listing application in connection with the issue or sale of any securities;
- There has been no material adverse change in the financial or trading position of the Company and its subsidiaries during the three years preceding the year of listing, in addition to the period from the end of the period covered by the accountant's report until the date of this Prospectus;
- Except as disclosed in Section 14 "Legal Information"-"Contracts with Related Parties" of this Prospectus, Board members or any of their relatives do not have shares or interests of any kind in the Company or any of its subsidiaries;
- There has been no declaration of bankruptcy of any member of the Board of Directors. There has been no declaration, within the last five years, of any insolvency in any company in which any of the Company's Directors, proposed members of the Board of Directors, any of Senior Executives or the Board secretary was hired as an administrative or supervisory position except for Sulaiman Abdulaziz Al Tawijri membership of the board of directors of Amiantit Fiberglass India Limited (incorporated in the Republic of India), a subsidiary of Saudi Arabian Amiantit Company. The company has lost the rights of the partners due to the accumulated losses for the financial year ended 31/03/2013G exceeding the value of paid-up capital in addition to the free reserves. The company was compelled to declare bankruptcy on 20/08/2013G in accordance with laws applicable in India. Suleiman Abdulaziz Al Tawijri represents the Saudi Arabian Amiantit Company on the board of directors of Amiantit Fiberglass India Limited;
- Notwithstanding the disclosure contained in Section 14 "Legal Information"-"Contracts with Related Parties" of this Prospectus, there is no contract or whatever arrangement in effect or contemplated at the time of submitting this Prospectus whereby any of the Board of Directors' members, Senior Executives or relatives thereof gain some interest in the business of the Company and its subsidiaries;
- The audited financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and audited in conformity with SOCPA-approved accounting standards. The Board of Directors shall confirm that all information was fairly disclosed;
- The Company does not grant any cash loans to any of its Board of Directors' members or loan guarantees on behalf of any of its Board of Directors' members to a third party in compliance with Article 73 of the Companies Regulations;
- Except as disclosed in Section 14 "Legal Information", there are no mortgages, encumbrances or rights on the Company's properties as at the date of this Prospectus;
- Board of Directors' members declare that they are not engaged in competition against the Company's business nor deal with the related parties;
- Board of Directors' members strictly comply with Articles 70 and 71 of the Companies Regulations and relevant provisions, particularly Article 18, of the Corporate Governance Regulations;
- Pursuant to the Company's Bylaws, neither any member of the Board of Directors, Senior Executives nor Board of Directors' Secretary shall be given the right to vote on any contract or proposal in which they have an interest. None of them is given the right to vote on their own remuneration or powers, or authorization for the Board Directors, Senior Executives or Board of Directors' Secretary to borrow from the Company;
- Except for the Company's subsidiaries outside the Kingdom and other companies in which Takween owns shares or interests, as disclosed in Section 4 "The Company and Nature of its Business" - "The Organizational Structure of The Group", the Board of Directors acknowledges that the Company currently does not practice any business activity outside the Kingdom of Saudi Arabia;
- The Board of Directors acknowledge that there are no amendments to the Company's capital by increase or decrease within the last three years immediately before the date of submitting the listing and admission application, and acceptance of that application, for the Rights Issue;
- The Board of Directors acknowledge that all contracts that could affect the decision of subscribers to subscribe for the Company's shares have been disclosed.
- The Board of Directors acknowledge that all terms and conditions that could affect the decision of subscribers to subscribe for the Company's shares have been disclosed.
- The Board of Directors acknowledge that all operations, contracts and transactions with related parties have been disclosed.
- The Board of Directors acknowledge that there is no intention to enter into any contracts with any related parties other than as disclosed in this Prospectus.
- The Board of Directors acknowledge that there is no conflict of interest in the activity of the Company with any member of the Board of Directors; and

- The Board of Directors acknowledge that internal, accounting and IT systems and controls have been prepared on a sound basis, as a written policy has been developed to regulate conflicts of interest and address any possible cases of conflict, including the misuse of assets and abuse resulting from transactions with related parties, ensuring the integrity of the financial and accounting procedures and ensuring the implementation of control procedures appropriate for risk management in accordance with the requirements of Article 10 of the Corporate Governance Regulations. The members of the Board of Directors declare also that there is an annual review of internal control procedures of the Company.

Directors' declarations related to the financial statements:

1- The Section of "Management Discussion and Analysis of the Company's Financial Position and Results of its operations" was prepared by the Company's management and approved by the Board of Directors. The Board of Directors members acknowledge that there is no change of material impact on the financial statements and future forecasts as at the date of this Prospectus.

2- The Board of Directors shall be fully responsible for the accuracy and credibility of financial information and analyses, and confirms that it has taken all required measures and procedures and made full and fair disclosure. There is no information or other papers whose omission may cause this financial data and information to be misleading in any way.

13. Summary of Company's Bylaws

The Company's Bylaws include the provisions set out below. The readers must not rely completely on this summary as a substitute to perusing the full version of the Bylaws which will be available for inspection at the Company's head office. There are many procedures that require CMA and MoCI's approval including, but not limited to, increase or decrease of capital, dividends distribution, and transfer of Founding Shareholder' shares, merger with other companies, company liquidation and appointment of directors.

Company Name

Takween Advanced industries, a Saudi Joint Stock Company.

(The shareholders of the Company at the EGA held on 26/05/1433H (corresponding to 18/04/2012G) approved amending Article 2 of the Bylaws related to the Company's name)

Objects of the Company

Objects of the Company are as follows:

Producing various cup covers and bottle caps, various plastic bottles and cups, Polypropylene rolls, Polystyrene rolls, Polyethylene Terephthalate rolls.

Producing nonwoven fabric made of polypropylene.

Producing PET preforms.

Introducing new plastic products serving the local market and generating beneficial revenue to the Company and national economy.

The Company will exercise its activities only after obtaining the necessary licenses from the competent authorities.

Participation, Merger, holding shares in other companies

The Company may have an interest, or otherwise participate in any manner whatsoever with other entities or companies that carry out similar activities or that may assist the Company in the realization of its objectives. The Company may also hold shares or participation interests in other existing companies or may merge with or acquire those companies. The company may also have an interest or may participate in any manner whatsoever with other companies that do not carry out similar activities provided that such participation shall not exceed twenty per cent. (20%) of the Company's free reserves and ten per cent. (10%) of the capital of the company in which it participates, and provided that the total amount of such participations shall not exceed the value of those reserves, and that the ordinary general assembly shall be so notified at its first meeting thereafter.

Head Office

The head office of the Company is in the city of Al-Khobar.

Term of the Company

The term of the Company is ninety-nine (99) years starting from the date of issuing the resolution of the Minister of Commerce and Investment announcing the Company's conversion into a Joint Stock Company. The term of the Company may always be extended by a shareholders' resolution issued at an EGA at least one (1) year prior to the expiration of the term.

Company's Share Capital

The Company's current share capital is SAR 350,000,000 (three hundred fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary shares of equal value, each of which has a nominal value of ten (10) Saudi Riyals.

Capital Increase and Decrease

The Shareholders at an EGA may, upon verifying the economic feasibility and after approval of the competent authorities, resolve to increase the Company's capital once or more by issuing new shares of the same nominal value as the original shares, provided that the original capital shall have been paid up in full with due consideration to the Companies Regulations. Such resolution shall specify the manner in which the capital shall be increased. The Shareholders shall have preemptive rights to subscribe for the new cash shares. They shall be notified of their preemptive rights by a notice, to be published in a daily newspaper, of the capital increase resolution and the conditions of subscription. Each such Shareholder shall confirm its intention to exercise such preemptive rights within fifteen (15) days of the publication of such notice.

The Company's capital may be reduced by a Shareholders' resolution at an EGA upon acceptable grounds and after obtaining approval from Minister of Commerce and Investment, if the capital exceeds its needs or if the Company has sustained losses. Such resolution may not be passed except after the Auditor's report on the reasons justifying the reduction and on the liabilities of the Company and the effect of the reduction on such liabilities. Subject to the provisions of the Companies Regulations, such resolution shall indicate the manner of reduction. If the reduction is the result of the capital being in excess of the Company's needs, its creditors must be invited to express their objections thereto within sixty (60) days from the date of publication of the resolution approving the reduction in a daily newspapers published in the locality where the Company's head office is located. If any creditor objects and produces documents evidencing the debt within the designated time, the Company shall be obliged to pay the debt if due or to provide an adequate guarantee for payment thereof if it is due on a later date.

Share Trading

Shares shall be tradable. An exception to the foregoing, the in-kind shares or cash shares subscribed for by the Founding Shareholders or shares held by the Shareholders of the converted Company shall not be tradable before publishing the balance sheet and profit/loss account for two (2) consecutive years, each covering the period of at least twelve (12) months from the date of incorporation of the Company or approval of the conversion of the Company.

Such provisions shall apply to any shares subscribed for by the Founding Shareholders in case the capital is increased before the lapse of the lock-up period, for the remaining duration of such period. However, if the Company's conversion was joined with a capital increase through public subscription, the lock-up period shall not affect the shares subscribed for in this manner. These shares shall be marked to indicate its kind, the Company's incorporation date and the duration of the lock-up period.

However, shares may be transferred during the prohibition period in compliance with the rights selling provisions from one founder to another or to any Board member to serve as qualification shares or from the heirs of any founders to any third party in case of death.

Board of Directors

The Company shall be managed by a Board of Directors consisting of seven (7) members appointed by the ordinary general assembly for a term not exceeding three years.

Board Membership

Each member of the Board of Directors shall hold a number of the Company's shares with a nominal value of no less than SAR 10,000 (ten thousand Saudi Riyals). Such shares shall be deposited in a bank designated by the Minister of Commerce and Investment for such purpose within thirty (30) days from the date of the appointment of the member. Such shares shall be kept aside to guarantee the liability of the Board members and shall remain non-negotiable until the expiry of the period specified for hearing a liability action provided for under Article 76 of the Companies Regulations or until a judgment is passed on the said action. Should a member of the Board of Directors fail to submit such qualification shares within the period specified therefore, his membership of the Board shall be deemed null and void.

Vacancies in the Board of Directors

A Director's membership of the Board shall be terminated upon the expiry of the Board's term or the membership of the Director in accordance with any applicable regulation of the Kingdom. If the seat of a Director becomes vacant, the Board may appoint another temporary Director to fill the vacancy, provided that such appointment shall be put before the first meeting of the ordinary general assembly. The term of office of the new Director designated to fill a vacancy shall only extend to the term of office of his predecessor. If the number of Directors falls below the minimum quorum prescribed, the ordinary general assembly must convene as soon as possible to appoint the required number of Directors.

Powers of the Board

Without prejudice to the powers of the General Assembly, the Board of Directors shall have the full powers to manage the Company's affairs and business. The Board may also delegate some specific duties to one or more of its members or to a third party to commence certain duty or duties.

The Board of Directors' Remuneration

The Board of Directors' remuneration shall be within the limits prescribed by the Companies Regulations or any other regulations, decisions or instructions complementing them. The Board's report to the ordinary general assembly must include a comprehensive statement of all the amounts received by the Directors during the fiscal year including emoluments, share in the profits, attendance fees, expenses and other benefits. Such report shall also contain all the amounts received by the Directors in their capacity as officers or executives of the Company, or in consideration for technical, administrative or advisery services previously approved by the Company's General Assembly.

Chairman, Managing Director and Corporate Secretary

The Board of Directors shall appoint a Chairman from among its members, and may appoint a Managing Director from among them.

Such Chairman or Managing Director shall represent the Company in its relations with third parties and before the courts. They have the right to sign on behalf of the Company and to implement the Board's resolutions. Both of them have the right to authorize the other to carry out any certain duty or duties.

Managing Director shall be responsible for implementing the Company's policies determined by the Board of Directors and general supervision of the Company's operations. He is also an executive officer of the Company. The Board of Directors has the right to entrust and attribute to the Managing Director any power exercisable by the Board, in accordance with the terms and conditions and restrictions that the Board deems appropriate.

The Board of Directors shall appoint a Secretary from among its members or from among third parties. Such Secretary shall be responsible for noting the facts and resolutions of the Board in minutes and document them in a special register, prepared for this purpose. Secretary's remunerations shall be determined by a resolution of the Board. The term of the office of the Chairman, Managing Director and Secretary, who is a director, shall not exceed the term of their respective directorships on the Board.

The Board of Directors' Meetings

The Board shall meet at the Company's head office or outside it at least twice a year upon a notice issued by the Chairman. Such notice shall be accompanied by an agenda. The Chairman must convene the Board if requested to do so by two Directors. The notice to each member shall be delivered by registered mail or e-mail, at least two weeks prior to the date of the meeting.

Minutes of the Board of Directors' Meetings

Deliberations and resolutions of the Board of Directors shall be recorded in minutes to be signed by the Chairman and the Secretary. Such minutes shall be documented in a special register, which shall be signed by the Chairman and the Secretary, provided that the Board's resolutions shall be signed by all present Directors.

Shareholders' General Assemblies

The Shareholders' General Assembly duly convened shall represent all the Shareholders, and shall be held in the city where the Company's head office is located. Each Shareholder, regardless of the number of his shares, shall have the right to attend at the conversion Assembly, whether in person or by proxy. Any Shareholder holding twenty (20) shares has the right to attend the General Assembly, and may authorize another Shareholder, other than the members of the Board of Directors, to attend at the General Assembly on his behalf.

Ordinary General Assembly

A meeting of the ordinary general assembly shall not be valid unless attended by Shareholders representing at least fifty percent (50%) of the Company's share capital. If such quorum cannot be attained at the first meeting, a notice for convening a second meeting, within thirty (30) days following the last meeting, shall be issued and declared in the manner prescribed in Article 88 of the Companies Regulations, and the second meeting shall be deemed valid irrespective of the number of shares represented therein.

Except for matters assigned to the EGA, the ordinary general assembly shall be in charge of all matters concerning the Company. The ordinary general assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Other ordinary general assemblies may be convened whenever the need arises.

Extraordinary General Assembly

A meeting of the EGA shall not be valid unless attended by Shareholders representing at least half the Company's share capital. If such quorum cannot be attained at the first meeting, a notice for convening a second meeting, within thirty (30) days following the last meeting, shall be issued and declared in the manner prescribed in Article 88 of the Companies Regulations. The second meeting shall be deemed valid if attended by a number of the Shareholders representing at least one-quarter (1/4) of the Company's capital.

The EGA of Shareholders shall be competent to amend the provisions of the Company's Bylaws, other than those provisions whose amendment is prohibited by law. Furthermore, the EGA shall be empowered to adopt resolutions in matters within the jurisdiction of the ordinary general assembly under the same conditions and manners as prescribed for the latter.

General Assembly Resolutions

Resolutions of the ordinary general assembly shall be passed by an absolute majority of the shares represented in the meeting. Resolutions of the EGA shall be passed if supported by a majority of at least two thirds of the shares represented at the meeting. Resolutions concerning the increase or decrease of the Company's capital, merging the Company with another company or establishment or extending the term of the Company or dissolution of it require approval of three quarters of the total number of shares represented at the meeting.

Auditor

The Company shall have one or more auditors to be selected from among the auditors licensed to work in Saudi Arabia. The General Assembly shall annually appoint such auditor, determine his remunerations and reappoint him.

The auditors shall have access at all times to the Company's books, records and any other documents, and may request information and clarification as they deem necessary. They may further check the Company's assets and liabilities. The auditors shall submit to the annual General Assembly a report showing how far the Company has enabled them to obtain the information and clarifications they have requested, any violations of the Companies Regulations and the Company's Bylaws, and their opinion as to whether the Company's accounts conform to the facts.

Fiscal Year

The Company's fiscal year begins on the first day of January of each year and ends on the last day of December of such year. The Company's first fiscal year begins from the date of issuance of the Minister of Commerce and Investment's resolution to declare the Company's conversion to the last day of December of the following year.

Distribution of Dividends:

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

1- Ten per cent. (10%) of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the ordinary general assembly when the statutory reserve amounts to half of the Company's share capital.
2- From the rest, after a decision by the General Assembly approving dividend distribution, a first dividend payment of no less than five percent (5%) of the paid-up capital shall be distributed to Shareholders.
3- The remaining balance, not to exceed ten per cent. (10%) shall be provisioned for remuneration of the Board of Directors, according to what has been approved by the competent authorities. The rest shall be distributed to the Shareholders as an additional share of the profits.

The profits that are resolved to be allocated to the Shareholders shall be paid up at the place and time specified by the Board of Directors in accordance with the regulations issued by the Ministry of Commerce and Investment in this respect.

The Company's Losses

If the Company's losses reach three quarters of its capital; then the members of the Board of Directors must call an EGA to consider whether the Company shall continue its business or be dissolved prior to the expiry of its term. In all cases, the resolution of the General Assembly shall be published in the Official Gazette.

Dissolution and Winding up of the Company

The Company will end with the expiration of its term as per Bylaws or the Companies Regulations. Upon expiry of Company's term, or if dissolved prior to expiry of its term, the EGA, upon a proposal by the Board of Directors, shall decide the method of liquidation, appoint one or more liquidator(s) and specify their powers and remuneration.

The powers of the Board of Directors shall cease upon the expiry of the Company's term. However, the Board of Directors shall remain responsible for managing the Company until the liquidator is specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators. The Shareholders are vested with the right to receive a balance of the Company's assets upon liquidation.

Terms:

The provisions of the Companies Regulations shall be applied to all matters not mentioned in the Bylaws.

14. Legal Information

14-1 The Company

The Company was incorporated as a Joint Stock Company on 28/12/1431H (corresponding to 04/12/2010G) after the Minister of Commerce and Investment issued the resolution number (391/S), announcing the conversion of the Company from a Limited Liability Company to a Closed Joint Stock Company under the name of Takween Advanced Industries with commercial registration number (2051044381) dated 09/01/1432H (corresponding to 15/12/2010G), issued from Al-Khobar. At that time, the Company's share capital was SAR 97,539,000 (ninety-seven million five hundred thirty-nine thousand Saudi Riyals).

On 01/02/1432H (corresponding to 05/01/2011G), the EGA approved the Company's capital increase to SAR 300,000,000 (three hundred million Saudi Riyals). The amount of the increase was covered by capitalizing SAR 202,461,000 (two hundred two million, four hundred sixty-one thousand Saudi Riyals) from the shareholders' account, statutory reserve, and retained earnings as of 21/10/1431H (corresponding to 30/09/2010G).

Having obtained the required regulatory approvals from CMA, the Company listed thirty million ordinary shares (30,000,000) in Tadawul through an Initial Public Offering on 15/03/1433H (corresponding to 07/02/2012G), offering 30% of the shares for public subscription.

The EGA convened on 27/05/1434H (corresponding to 08/04/2013G) approved the Company's capital increase to SAR 350,000,000 (three hundred and fifty million Saudi Riyals). The amount of the increase was covered by capitalizing SAR 50,000,000 (fifty million Saudi Riyals) from retained earnings as of 18/02/1434H (corresponding to 31/12/2012G).

The Company's current share capital is SAR 350,000,000 (three hundred and fifty million Saudi Riyals) divided into 35,000,000 (thirty-five million) ordinary shares with a fully paid nominal value of SAR 10 (ten Saudi Riyals) for each share.

14-2 Branches and Subsidiaries

14-2-1 The Company's Branches and Factories

14-2-1-1 The Company's Branch in Al-Ahsa

The Company has one branch in Al-Ahsa registered with commercial registration number (2250021688), and with industrial license number (184) dated 30/01/1435H (corresponding to 03/12/2013G) to pursue its industrial activity. The Company's activity is categorized as industrial according to the standards of the Ministry of Commerce and Investment; accordingly, the Company cannot commence its activity unless the approval of the Ministry of Commerce and Investment is obtained inline with the specifications and standards set in that regard.

TABLE 153: Information About The Company's Branches

No.	City	Address	Commercial Registration Number	Date of Issue	Expiration Date
1	Al-Ahsa	Al-Ahsa, North of Eljern village	2250021688	05/05/1414H (corresponding to 21/10/1993G)	08/01/1438H (corresponding to 09/10/2016G)

Source: Legal due diligence report

14-2-1-2 Takween's Factory in Al-Oyoun City, Al-Ahsa

The Company acquired a factory in Al-Oyoun City, Al-Ahsa after it has been awarded the bid to buy the factory according to the tender procedures, supervised by Modon. The Company signed the sale and purchase agreement on 09/10/1435H (corresponding to 05/08/2014G). Accordingly, The Company purchased the factory from Al-Ahsa Development Company. The total amount of the transaction is SAR 31,500,000 (thirty-one million five hundred thousand Saudi Riyals). Accordingly, the Company issued a preliminary industrial license for this factory with number (55083), dated 18/04/1437H (corresponding to 28/01/2016G). The factory is located in Al-Oyoun City, Al Al-Ahsa on a 43,200 square meter area, in addition to a staff residential building (on a 2,400 square meter area).

Information on the acquisition of the factory is set out below.

TABLE 154: The Sale And Purchase Agreement Of Al-Oyoun Factory, Al-Ahsa

The Sale and Purchase Agreement of Al-Oyoun Factory - Al-Ahsa	
The Seller	Al-Ahsa Development Company - Joint Stock Company.
Purchaser	Takween Advanced Industries - Joint Stock Company.
Factory's details	The Factory was specialized in manufacturing textiles and producing fabrics, in addition to a staff residential building, industrial equipment and facilities, including 300 machines to weave and produce fabrics, utilities, support services, water desalination plant, central air conditions, steam kettles, factory's discharged waste treatment, and firefighting stations. The transaction was performed through competition public tender, supervised by Modon, and after it was published in newspapers and on Tadawul website.
Date	09/10/1435H (corresponding to 05/08/2014G).
Value	SAR 31,500,000.
Standard terms	• Obtaining Modon's approval on the assignment of the lease agreement number (8103) of the factory's land (c/31) (1-40) and the lease contract number (8047) of the staff residential building's land (63, 64, 65, 67, 68, 69). • Providing Takween with the approval of SIDF. • Signing a receipt record of the factory and its facilities contained in the sale and purchase agreement by the Company. • Notarizing the sale and purchase agreement by the notary public and official authorities. • Handing over the engineering plans of the factory's designs and buildings, along with all other related documents including the technical designs, the specification handbook of the equipment, and a list of all the assets covered by the sale and purchase agreement. • Ensuring that the factory is free of any mortgages, debts, commitments, rights in rem, usufruct rights, or any other right. • Ensuring that the seller follows all the procedures required by competent official authorities in transferring the ownership of the factory to Takween. • Al-Ahsa Development Company undertakes to appear before the bodies concerned (Modon, SIDF, competent official authorities) to sign all documents and pursue the required official procedures to transfer the ownership of the factory. • The Company shall solely bear all expenses, attorney fees, and the agreement registration fees. • The sale and purchase agreement shall not cover the current stock in the factory until the date of signing, such stock will remain the sole property of Al-Ahsa Development Company. The stock includes fabrics, spare parts, and raw materials such as strands, cartons, and chemical substances.
Termination	This agreement shall not be binding on Takween unless the seller complies with the terms provided herein.
Governing Law	This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. Any disputes shall be referred to arbitration in Kingdom.

Source: Legal due diligence report

On 16/06/1435H (corresponding to 16/04/2014G), the Company announced on Tadawul's website the approval of its Board on bidding to purchase the textile factory in the industrial city in Al-Ahsa. Al-Ahsa Development Company published two announcements on Tadawul's website dated 27/04/1435H (corresponding to 27/02/2014G) and 09/05/1435H (corresponding to10/03/2014G) to sell the factory through public tender. The details of the factory in sale were disclosed in the announcements.

On 09/10/1435H (corresponding to 05/08/2014G), the Company announced that it has received a letter from Al-Ahsa Development Company stating that Takween's bid was awarded following the opening of the bids by Modon with the presence of Al-Ahsa Development Company's representative. It was announced that Takween is awarded the tender against SAR 31,500,000 (thirty-one million five hundred thousand Saudi Riyals).

The General Assembly of Takween convened on 30/04/1436H (corresponding to 19/02/2015G) approved the factory's sale and purchase agreement. This agreement is concluded with a related party as Abdulmohsen Mohammed Al Othman is a Board member in the Company and a board member in Al-Ahsa Development Company. Additionally, the terms and value of the contract were approved.

14-2-2 Subsidiaries

The Company conducts its business in the Kingdom through its subsidiaries: (1) Ultrapak; (2) SAAF; (3) Al Sharq, and (4) Plastico. The Company also expanded its activities outside the Kingdom through its subsidiary in Egypt, New Marina. Takween owns a controling share capital of 99% in all of these companies.

The following table shows the chronological order of the acquisition of subsidiaries:

TABLE 155: The Chronological Order Of The Acquisition Of Subsidiaries:

Acquisition Date	The Subsidiary	Capital Ownership			Total Capital	
		Shareholder	Direct	Number of Shares	Shares	Value
14/04/1431H (corresponding to 30/03/2010G)	Ultrapak	Takween	99%	24,750	25,000 shares	SAR 25,000,000
		SAAF	1%	250		
25/05/1431H (corresponding to 09/05/2010G)	SAAF	Takween	99%	130,482	131,800 shares	SAR 131,800,000
		Ultrapak	1%	1,318		
14/05/1436H (corresponding to 05/03/2015G)	Plastico	Takween	99%	33,897,600	34,240,000 shares	SAR 342,400,000
		SAAF	1%	342,400		
28/09/1436H (corresponding to 15/07/2015G)	New Marina	Takween	99%	29,700	30,000 Shares.	EGP 30,000,000 (equivalent to SAR 12,671,086)
		SAAF	0.5%	150		
		Ultrapak	0.5%	150		
27/01/1437H (corresponding to 09/11/2015G)	Al Sharq	Takween	99%	1,221,165	1,233,500 shares	SAR 61,675,000
		SAAF	1%	12,335		

Source: Legal due diligence report

14-2-2-1 Advanced Fabrics Company (SAAF)

SAAF (a Limited Liability Company) established in Al-Ahsa with commercial registration number (2250027835). SAAF's current share capital is SAR 131,800,000 (one hundred and thirty-one million eight hundred thousand Saudi Riyal). Takween owns 99% of the share capital and Ultrapak owns the remaining 1%, following Takween's acquisition of the majority of the shares in the share capital pursuant to the shareholders' resolution notarized by the notary public at the Ministry of Commerce and Investment in Riyadh with number (1575), page (104) of volume (281) dated 25/05/1431H (corresponding to 09/05/2010G).

SAAF produces nonwoven fabrics through its branch in Rabigh city. The factory was equipped with the latest machines and equipment required for product's high performance. SAAF markets its products in the People's Republic of China through its representative office in Quanzhou city.

SAAF and its branches conduct their businesses under commercial registration as per the below details:

TABLE 156: Information On SAAF And Its Two Branches

No.	City	Address	Commercial Registration Number	Date of Issue	Expiration Date
1	Al-Ahsa	Al-Ahsa, North of Eljern village	2250027835	04/04/1423H (corresponding to 15/06/2002G)	04/04/1440H (corresponding to 11/12/2018G)
2	Rabigh	Rabigh, Rabigh PlusTech Park	4602003535	12/03/1433H (corresponding to 04/02/2012G)	17/12/1440H (corresponding to 18/08/2019G)
3	Quanzhou - China	Office 1903, Dong Shan Plaza, Qian Li Zhong road, Guangzhou, China	914401017619484374	03/06/2004G	13/12/2018G

Source: Legal due diligence report

14-2-2-2 Ultrapak

Ultrapak (a Limited Liability Company) established in Jeddah with commercial registration number (4030126251) dated 16/10/1419H (corresponding to 03/02/1999G) under the tradename Tetra Pak Packaging Systems Limited, with a share capital SAR 25,000,000 (twenty five million Saudi Riyal). Takween owns 99% of Ultrapak's share capital and SAAF owns the remaining 1%, following Takween's acquisition of the majority of the shares in the share capital pursuant to the shareholders' resolution notarized by the notary public at Jeddah Chamber of Commerce and Industry with number (118), page (118) of volume (7/P/T) dated 14/04/1431H (corresponding to 30/03/2010G).

Ultrapak conducts its businesses with the commercial registration set out as per the below details:

TABLE 157: Ultrapak Information

No.	City	Address	Commercial Registration Number	Date of Issue	Expiration Date
1	Jeddah	Jeddah, Southern industrial area, Amlak Commercial Chamber	4030126251	16/10/1419H (corresponding to 03/02/1999G)	15/10/1439H (corresponding to 29/06/2018G)

Source: Legal due diligence report

14-2-2-3 Plastico

On 09/04/1405H (corresponding to 01/01/1985G), Plastico was established with the commercial registration number (2250063668). Plastico's share capital is SAR 342,400,000 (three hundred forty-two million four hundred thousand Saudi Riyals).

Takween owns 99% of Plastico's share capital and SAAF owns the remaining 1%, following Takween's acquisition of the majority of the most of shares in the share capital under pursuant to the shareholders' resolution made and notarized at by the notary public at Jeddah Chamber of Commerce and Industry, numbered (36756336) and dated 24/05/1436H (corresponding to 15/03/2015G).

Plastico and its branches conduct their business under commercial registrations as per the below details:

TABLE 158: Information On Plastico And Its Branches

No.	City	Address	Commercial Registration Number	Date of Issue	Expiration Date
1	Al-Ahsa	Eljern village, Al-Ahsa	2250063668	09/04/1405H (corresponding to 01/01/1985G)	03/05/1439H (corresponding to 20/01/2018G)
2	Riyadh	Al-Kharj Road, Second Industrial City	1010126846	19/02/1415H (corresponding to 28/07/1994G)	16/02/1439H (corresponding to 05/11/2017G)
3	Jeddah	Industrial Zone, 4th Phase	4030104975	16/02/1415H (corresponding to 25/07/1994G)	12/02/1439H (corresponding to 01/11/2017G)

Source: Legal due diligence report

14-2-2-4 Al Sharq

On 14/08/1395H (corresponding to 22/08/1975G), Al Sharq was established as a Limited Liability Company with a share capital of SAR 61,675,000 (sixty-one million and six hundred and seventy-five thousand Saudi Riyals). Takween Advanced Industries owns 99% of the share capital and Ultrapak owns the remaining 1%, following Takween's acquisition of the majority of the most of shares in the share capital under pursuant to the shareholders' resolution made and notarized at by the notary public at the Ministry of Commerce and Investment in Riyadh with number (37146202) and dated 1437H.

Al Sharq conducts its business with the commercial registration as per the below details:

TABLE 159: Al Sharq Information

No.	City	Address	Commercial Registration Number	Date of Issue	Expiration Date
1	Riyadh	Riyadh, Second Industrial City	1010008540	14/08/1395H (corresponding to 22/08/1975G)	01/01/1442H (corresponding to 20/08/2020G)

Source: Legal due diligence report

14-2-2-5 New Marina

On 04/03/1997G, New Marina was incorporated as an Egyptian - Joint Stock Company, according to act number (159) for the year 1981G, and its implementing regulations in Egypt, with a share capital of EGP 30,000,000 (thirty million Egyptian Pounds) (equivalent to SAR 12,667,267 (twelve million six hundred and sixty-seven thousand two hundred and sixty-seven Saudi Riyals)). Takween Advanced industries owns 99% of the share capital while Ultrapak owns (0.5%) and SAAF owns the remaining (0.5%), pursuant to the certificates of ownership transfer approved by the Egyptian Exchange and certified on 15/12/1436H (corresponding to 29/09/2015G) pursuant to the Egyptian ministry of justice's minutes of ratification number (257) for the year 2015G.

New Marina conducts its business with the commercial registration as per the below details:

TABLE 160: New Marina Information

No.	City	Address	Commercial Registration Number	Date of Issue	Expiration Date
1	Alexandria	New Burj Al-Arab, Second Industrial City	171	24/10/1417H (corresponding to 04/03/1997G)	01/06/1438H (corresponding to 28/02/2017G)

Source: Legal due diligence report

14-3 Licenses and Approvals

The Group must have governmental licenses, approvals, and certificates to conduct its activities. The Company had obtained the following licenses and approvals:

TABLE 161: Licenses And Approvals

License Type	Purpose	License Number	Date of Issue	Expiration Date	Status	Issuing Authority
Takween						
Commercial registration	The Company record in Commercial Companies Registration - Dammam	2051044381	09/01/1432H (corresponding to 15/12/2010G)	08/01/1442H (corresponding to 27/08/2020G)	Valid	Ministry of Commerce and Investment
Commercial registration	Registering the Company's Branch in the Commercial Companies Registration, Al-Ahsa	2250021688	05/05/1414H (corresponding to 21/10/1993G)	08/01/1438H (corresponding to 09/10/2016G)	Valid	Ministry of Commerce and Investment
Certificate of the Chamber of Commerce and Industry	Membership Registration in the Chamber of Commerce and Industry - Dammam	117117	18/11/1436H (corresponding to 02/09/2015G)	08/01/1442H (corresponding to 27/08/2020G)	Valid	Chamber of Commerce and Industry
Certificate of the Chamber of Commerce and Industry	Membership Registration in the Chamber of Commerce and Industry - Dammam	302001111311	28/02/1437H (corresponding to 10/12/2015G)	08/01/1438H (corresponding to 09/10/2016G)	Valid	Chamber of Commerce and Industry
Zakat Certificate	To state that the Company had provided its annual statement and complied with Zakat payment	2090035860	29/08/1437H (corresponding to 05/06/2016G)	04/08/1438H (corresponding to 30/04/2017G)	Valid	General Authority For Zakat and Income Tax
Industrial License	The Company's Branch Factory in Al-Ahsa License	184	30/01/1435H (corresponding to 03/12/2013G)	29/01/1438H (corresponding to 30/10/2016G)	Valid	Ministry of Energy and Industry and Mineral Resources

License Type	Purpose	License Number	Date of Issue	Expiration Date	Status	Issuing Authority
Temporary Industrial license	The Company's Branch Factory in Al-Ahsa Temporary License	55083	18/04/1437H (corresponding to 28/01/2016G)	19/04/1438H (corresponding to 17/01/2017G)	Valid	Ministry of Energy and Industry and Mineral Resources
Civil Defense license	A license indicating the Company's compliance with the safety requirements - Al-Khobar	14361020213441	20/10/1436H (corresponding to 05/08/2015G)	20/10/1439H (corresponding to 04/07/2018G)	Valid	Ministry of Interior
Civil Defense license	A license to the Company's branch indicating that the Company shall comply with the safety requirements, Al-Ahsa	103	04/03/1437H (corresponding to 15/12/2015G)	03/03/1439H (corresponding to 21/11/2017G)	Valid	Ministry of Interior
Municipality License	License of conducting the Company's business - Al-Dammam	11243	04/04/1437H (corresponding to 14/01/2016G)	03/04/1440H (corresponding to 10/12/2018G)	Valid	Ministry of Municipality and Rural Affairs
Municipality License	A license for conducting the business of the Company branch - Al-Oyoun	3406958	23/09/1434H (corresponding to 30/07/2013G)	12/08/1440H (corresponding to 17/04/2019G)	Valid	Ministry of Municipality and Rural Affairs
Environmental License	Environmental Approval – Eastern Region	24/M/29/3300	24/07/1429H (corresponding to 27/07/2008G)	-	Valid	The General Authority of Meteorology and Environmental Protection
Social insurance certificate	The Company's compliance with the Regulations of the General Organization for Social Insurance	20002886	13/05/1437H (corresponding to 22/02/2016G)	13/11/1437H (corresponding to 16/08/2016G)	Valid	General Organization for Social Insurance
Nitaqat Certificate	The Company's compliance with the Saudisation Ratio	-	13/05/1437H (corresponding to 22/02/2016G)	-	-	Ministry of Labor and Social Affairs
Quality Certificate ISO 9001:2008	A certificate of Standards unification and quality of the Company's branch in Al-Ahsa	SA10/2171	14/07/1434H (corresponding to 24/05/2013G)	19/09/1440H (corresponding to 24/05/2019G)	Valid	S. G. S.
Quality Certificate ISO 22000:2005	A certificate of Standards unification and quality of the Company's branch in Al-Ahsa	44281117753	08/05/1436H (corresponding to 27/02/2015G)	10/06/1439H (corresponding to 26/02/2018G)	Valid	TUV Nord
			SAAF			
Commercial registration	The record in Commercial Companies Registration, Al-Ahsa	2250027835	04/04/1423H (corresponding to 14/06/2002G)	04/04/1440H (corresponding to 11/12/2018G)	Valid	Ministry of Commerce and Investment
Commercial registration	Registering the branch in the Commercial Companies Registration - Rabigh	4602003535	12/03/1433H (corresponding to 04/02/2012G)	17/12/1440H (corresponding to 18/08/2019G)	Valid	Ministry of Commerce and Investment

License Type	Purpose	License Number	Date of Issue	Expiration Date	Status	Issuing Authority
Commercial registration	Registering the branch in the Commercial Companies Registration in the Republic of China	914401017619484374	03/06/2004G	13/12/2018G	Valid	Commercial Registration in the People's Republic of China
Certificate of the Chamber of Commerce and Industry	SAAF Membership Registration in the Chamber of Commerce and Industry, Al-Ahsa	302000115559	12/03/1437H (corresponding to 23/12/2015G)	04/04/1440H (corresponding to 11/12/2018G)	Valid	Chamber of Commerce and Industry
Certificate of the Chamber of Commerce and Industry	Registration of SAAF Membership in the Chamber of Commerce and Industry - Jeddah	188320	01/01/1437H (corresponding to 14/10/2015G)	29/12/1437H (corresponding to 30/09/2016G)	Valid	Chamber of Commerce and Industry
Zakat Certificate	To state that SAAF had provided its annual statement and complied with Zakat payment	53741	23/11/1436H (corresponding to 06/09/2015G)	23/07/1437H (corresponding to 30/04/2016G)	Expired	General Authority For Zakat and Income Tax
Civil Defense license	It is a license stating that SAAF shall comply with safety requirements, Al-Ahsa	134	08/08/1436H (corresponding to 26/05/2015G)	07/08/1438H (corresponding to 03/05/2017G)	Valid	Ministry of Interior
Industrial License	SAAF's factory in Al-Ahsa License	2445	08/08/1436H (corresponding to 26/05/2015G)	07/08/1439H (corresponding to 22/04/2018G)	Valid	Ministry of Energy and Industry and Mineral Resources
Industrial License	License of SAAF's Branch Factory in Rabigh	1628	23/05/1437H (corresponding to 03/03/2016G).	22/05/1440H (corresponding to 28/01/2019G)	Valid	Ministry of Energy and Industry and Mineral Resources
Environmental License	SAAF's Environmental Approval – Eastern Province	38M/3/4846	20/11/1429H (corresponding to 18/11/2008G)	-	Valid	The General Authority of Meteorology and Environmental Protection
Environmental License	Environmental Approval of SAAF's Branch in Rabigh	76U /36/6858	26/02/1436H (corresponding to 18/12/2014G)	25/02/1437H (corresponding to 07/12/2015G)	Expired	The General Authority of Meteorology and Environmental Protection
Social insurance certificate	SAAF's compliance with the Regulations of the General Organization for Social Insurance	20018127	15/05/1437H (corresponding to 24/02/2016G)	15/11/1437H (corresponding to 18/08/2016G)	Valid	General Organization for Social Insurance
Nitaqat Certificate	SAAF's compliance with the Saudisation proportion	-	15/05/1437H (corresponding to 24/02/2016G)	-	-	Labor Ministry
Quality Certificate ISO 9001:2008	A certificate of Standards unification and quality of the Company	SA10/2184	18/09/1434H (corresponding to 25/07/2013G)	20/10/1437H (corresponding to 25/07/2016G)	Valid	S. G. S.

License Type	Purpose	License Number	Date of Issue	Expiration Date	Status	Issuing Authority
Quality Certificate ISO 9001:2008	A certificate of Standards unification and quality for the Company's branch in Rabigh	SA15/2453	19/04/1436H (corresponding to 08/02/2015G)	23/05/1439H (corresponding to 08/02/2018G)	Valid	S. G. S.
Ultrapak						
Commercial registration	Registration in Commercial Companies Registration - Jeddah	4030126251	16/10/1419H (corresponding to 02/02/1999G)	15/10/1439H (corresponding to 29/06/2018G)	Valid	Ministry of Commerce and Investment
Industrial License	License of the Factory in Jeddah	1016	07/04/1437H (corresponding to 17/01/2016G)	06/04/1440H (corresponding to 13/12/2018G)	Valid	Ministry of Commerce and Investment
Certificate of the Chamber of Commerce and Industry	Ultrapak Membership Registration in the Chamber of Commerce and Industry - Jeddah	71009	26/01/1437H (corresponding to 08/11/2015G)	15/10/1439H (corresponding to 28/06/2018G)	Valid	Chamber of Commerce and Industry
Zakat Certificate	To state that Ultrapak had provided its annual statement and complied with Zakat payment	118233	09/01/1437H (corresponding to 22/10/2015G)	23/07/1437H (corresponding to 30/04/2016G)	Expired	General Authority For Zakat and Income Tax
Environmental License	Environmental Approval - Jeddah	25M/30/10619	21/05/1430H (corresponding to 15/05/2009G)	-	Expired	The General Authority of Meteorology and Environmental Protection
Social insurance certificate	Ultrapak's compliance with the Regulations of the General Organization for Social Insurance	20041606	20/05/1437H (corresponding to 29/02/2016G)	20/11/1437H (corresponding to 23/08/2016G)	Valid	General Organization for Social Insurance
Nitaqat Certificate	Ultrapak's compliance with the Saudisation Ratio	-	09/05/1437H (corresponding to 18/02/2016G)	-	-	Ministry of Labor and Social Affairs
Quality Certificate ISO 9001:2008	A certificate of Standards unification and quality of Ultrapak	44100091108	24/12/1436H (corresponding to 07/10/2015G)	26/01/1440H (corresponding to 06/10/2018G)	Valid	TUV Nord
Quality Certificate ISO 22000:2005	A certificate of Standards unification and quality of Ultrapak	44284091108	07/11/1436H (corresponding to 22/08/2015G)	10/12/1439H (corresponding to 21/08/2018G)	Valid	TUV Nord
Plastico						
Commercial registration	The record in Commercial Companies Registration, Al-Ahsa	2250063668	09/04/1405H (corresponding to 01/01/1985G)	30/05/1439H (corresponding to 16/02/2018G)	Valid	Ministry of Commerce and Investment
Commercial registration	Registration of the branch in the Commercial Companies Registration - Jeddah	4030104975	16/02/1415H (corresponding to 25/07/1994G)	12/02/1439H (corresponding to 01/11/2017G)	Valid	Ministry of Commerce and Investment
Commercial registration	The branch record in Commercial Companies Registration - Riyadh	1010126846	19/02/1415H (corresponding to 28/07/1994G)	01/01/1442H (corresponding to 20/08/2020G)	Valid	Ministry of Commerce and Investment

License Type	Purpose	License Number	Date of Issue	Expiration Date	Status	Issuing Authority
Certificate of the Chamber of Commerce and Industry	Plastico Membership Registration in the Chamber of Commerce and Industry, Al-Ahsa	302001147844	03/04/1437H (corresponding to 13/01/2016G)	30/05/1439H (corresponding to 16/02/2018G)	Valid	Chamber of Commerce and Industry
Certificate of the Chamber of Commerce and Industry	Plastico Membership Registration in the Chamber of Commerce and Industry - Jeddah	78759	23/01/1437H (corresponding to 05/11/2015G)	29/12/1437H (corresponding to 30/09/2016G)	Valid	Chamber of Commerce and Industry
Certificate of the Chamber of Commerce and Industry	Plastico Membership Registration in the Chamber of Commerce and Industry - Riyadh	101000190539	20/03/1436H (corresponding to 11/01/2015G)	16/02/1439H (corresponding to 05/11/2017G)	Valid	Chamber of Commerce and Industry
Zakat Certificate	to state that Plastico had provided its annual statement and complied with Zakat payment	116332	17/11/1436H (corresponding to 01/09/2015G)	23/07/1437H (corresponding to 30/04/2016G)	Expired	General Authority For Zakat and Income Tax
Industrial License	License of the Factory in Jeddah	489	14/02/1437H (corresponding to 26/11/2015G)	13/02/1440H (corresponding to 23/10/2018G)	Valid	Ministry of Energy and Industry and Mineral Resources
Industrial License	Factory License in Jeddah	1889	21/06/1437H (corresponding to 30/03/2016G)	20/06/1440H (corresponding to 25/02/2019G)	Valid	Ministry of Energy and Industry and Mineral Resources
Municipality License	License for conducting business by Plastico, Al-Ahsa	3700966	19/03/1437H (corresponding to 30/12/2015G)	18/03/1440H (corresponding to 26/11/2018G)	Valid	Ministry of Municipality and Rural Affairs
Environmental License	Plastico's Branch in Riyadh Environmental Approval	97/37U /395	05/02/1437H (corresponding to 17/11/2015G)	09/01/1439H (corresponding to 29/09/2017G)	Valid	The General Authority of Meteorology and Environmental Protection
Environmental License	Plastico's Branch in Jeddah Environmental Approval	U484/36/32705	13/10/1436H (corresponding to 29/07/2015G)	12/10/1438H (corresponding to 06/07/2017G)	Valid	The General Authority of Meteorology and Environmental Protection
Social insurance certificate	Plastico's compliance with the Regulations of the General Organization for Social Insurance	20069702	26/05/1437H (corresponding to 06/03/2016G)	26/11/1437H (corresponding to 29/08/2016G)	Valid	General Organization for Social Insurance
Social insurance certificate	Plastico's branch in Jeddah compliance with the Regulations of the General Organization for Social Insurance	20001604	13/05/1437H (corresponding to 22/02/2016G)	13/11/1437H (corresponding to 16/08/2016G)	Valid	General Organization for Social Insurance
Social insurance certificate	Compliance by Plastico's branch in Riyadh with the Regulations of the General Organization for Social Insurance	20040875	20/05/1437H (corresponding to 29/02/2016G)	20/11/1437H (corresponding to 23/08/2016G)	Valid	General Organization for Social Insurance

License Type	Purpose	License Number	Date of Issue	Expiration Date	Status	Issuing Authority
Nitaqat Certificate	Plastico's compliance with the Saudisation proportion	-	15/05/1437H (corresponding to 24/02/2016G)	-	-	Ministry of Labor and Social Affairs
Quality Certificate ISO 22000:2005	A certificate of Standards unification and quality of the Company's branch in Al-Ahsa	FSMS 582326	08/03/1433H (corresponding to 31/01/2012G)	13/05/1439H (corresponding to 30/01/2018G)	Valid	B. S. I.
Quality Certificate ISO 9001:2008	A certificate of Standards unification and quality of the Company's branch in Al-Ahsa	FM 35465	30/06/1417H (corresponding to 11/11/1996G)	20/09/1438H (corresponding to 15/06/2017G)	Valid	B. S. I.
Al Sharq						
Commercial registration	The record in Commercial Companies Registration - Riyadh	1010008540	14/08/1395H (corresponding to 22/08/1975G)	01/01/1442H (corresponding to 20/08/2020G)	Valid	Ministry of Commerce and Investment
Certificate of the Chamber of Commerce and Industry	Al Sharq Membership Registration in the Chamber of Commerce and Industry - Riyadh	101000004749	23/03/1437H (corresponding to 03/01/2016G)	01/01/1442H (corresponding to 20/08/2020G)	Valid	Chamber of Commerce and Industry
Industrial License	Al Sharq's Factory in Riyadh License	2456	13/11/1435H (corresponding to 08/09/2014G)	12/11/1438H (corresponding to 04/08/2017G)	Valid	Ministry of Energy and Industry and Mineral Resources
Zakat Certificate	To state that Al Sharq had provided its annual statement and complied with Zakat payment	174182	15/08/1436H (corresponding to 02/06/2015G)	23/07/1437H (corresponding to 30/04/2016G)	Expired	General Authority For Zakat and Income Tax
Environmental License	Al Sharq's in Riyadh Environmental Approval	77U/36/6859	26/02/1436H (corresponding to 18/12/2014G)	25/02/1437H (corresponding to 07/12/2015G)	Invalid	The General Authority of Meteorology and Environmental Protection
Social insurance certificate	Al Sharq's compliance with the Regulations of the General Organization for Social Insurance	20003481	13/05/1437H (corresponding to 22/02/2016G)	13/11/1437H (corresponding to 16/08/2016G)	Valid	General Organization for Social Insurance
Nitaqat Certificate	Al Sharq's compliance with the Saudisation Ratio	-	15/05/1437H (corresponding to 24/02/2016G)	-	-	Labor Ministry
New Marina						
Commercial registration	The record in Commercial Companies Registration - Alexandria	171	04/03/1995G	28/02/2017G	Valid	Commercial Investment Registration Office in Alexandria
Industrial Registration	to exercise industrial activity	11/26/2014 - B/7174	30/11/2014G	26/10/2018G	Valid	Industrial Development Authority

Source: Legal due diligence report

14-4 Summary of Material Contracts

14-4-1 Contract of sale of acquiring Savola Packaging Systems and its subsidiaries

On 22/07/2014H (corresponding to 25/09/1435G) Takween has signed a memorandum of understanding ("MOU") with Savola Group to acquire Savola Packaging Systems which owns two subsidiaries; namely Al Sharq and New Marina. The MOU had an initial term of Sixteen (16) weeks to for the completion of the legal and financial studies, discussion terms of the agreements to be concluded between the parties, obtain the approval of the Board of Directors and the shareholders of each party, and issue necessary official approvals by the relevant governmental bodies. On 13/01/1436H (corresponding to 06/11/2014G), Takween announced the extension of the memorandum of understanding period to 09/03/1436H (corresponding to 31/12/2014G). Subsequently, the parties agreed on the final terms of the acquisition on 08/03/1436H (corresponding to 30/12/2014G). The Council of Competition therefore issued resolution number (147) dated 07/04/1436H (corresponding to 27/01/2015G) approving the acquisition.

On 08/03/1436H (corresponding to 30/12/2014G), Takween and Savola Group signed the agreement to acquire Savola Packaging Systems and its subsidiaries, Al Sharq, and New Marina, with a value of SAR 910,000,000 (nine hundred and ten million Saudi Riyals). On 11/06/1436H (corresponding to 31/03/2015G), all of the acquisition procedures were completed. The total cost of the acquisition was financed through a syndicated loan (for more information, kindly review section 14 "Legal Information" - "Material Contracts" - "Credit Facilities and Loans").

The completion of the agreement was conditional on the satisfaction of the following:

- Approval by MOCI of the shareholders' resolution to amend Al Sharq's articles of association confirming the sale and transfer of shares ownership to TakweenAl Sharq;
- Savola Packaging Systems obtaining consent to the transaction from SAMBA Financial Group and SIDF so that the facilities remain in full force and effect following the transfer of shares to Takween, subject only to Takween replacing the Savola Group as guarantor under both facilities;
- Savola Packaging Systems obtaining consent to the transaction from Afia International Company as required under the agreement between Savola Packaging Systems and Afia, in-order to complete the acquisition and amend the capital ownership pursuant to the terms and conditions of the agreement dated 01/01/2014G;
- Savola Packaging Systems obtaining consent to the transaction from National Agricultural Development Company as required under the agreement between both parties dated 05/12/2010G;
- Savola Group, Savola Packaging Systems and Oracle entering into a novation agreement to novate all rights and obligations under the Oracle License from Savola Group to ;
- Savola Packaging Systems obtaining consent to the transaction, and the amendment of shares ownership from Rabigh Refining and Petrochemical Company as required under the agreement between Savola Packaging Systems, New Marina and Rabigh Refining and Petrochemical Company dated 01/01/2014G;
- Savola Packaging Systems obtaining a renewal for the lease for office 614 and 412 on the 6th and 4th floors, respectively, at the Saudi Business Center in Jeddah for a period of one year on substantially the same terms as the existing terms;
- The approval of the acquisition by the Council of Competition;
- No breach of any fundamental warranty having occurred;
- No breach of the completion warranties having occurred where such breach has a material adverse effect;
- The approval of Savola Packaging Systems' EGA on changing the legal form from a Closed Joint Stock Company to a Limited Liability Company and issuing an amended articles of association notarized by the notary public at the Ministry of Commerce and Investment;
- Amending the tradename of Savola Packaging Systems as a result of amending the legal form and amending its commercial registration in addition to any certificates, licenses, and any other documents. The tradename is amended to Saudi Arabia Plastic Packaging Systems;
- The approval of Takween's ordinary general assembly on obtaining the facilities to finance the acquisition process;
- Repayment in full the amounts outstanding and the accrued financial charges under the Savola Packaging Systems facility agreement, New Marina facility agreement, the intercompany loan advanced to Savola Packaging Systems by the Savola Group and the group facility agreements;

After fulfilling the above-mentioned terms, Savola Group represents that Savola Packaging Systems shall complete the following:

- Repayment in full of the amounts outstanding and the accrued financial charges under the Savola Packaging Systems facility agreement, New Marina facility agreement, the intercompany loan advanced to Savola Packaging Systems by the Savola Group and the group facility agreements;
- Obtaining the approval of the lenders to complete the acquisition process and having Takween as a guarantor/sponsor instead of Savola Group. In case of not obtaining the approval of the lenders, all debt balances due to Samba Bank and SIDF shall be re-payed. Moreover, providing the Company with the documents proving that.

Savola Group had represented the following:

- Non-competition provision, to last seven years from the completion date 26/05/1436H (corresponding to 17/03/2015G);
- Non-solicitation of Savola Packaging Systems' employees, to last two years from the date of signing the agreement which is 08/03/1436H (corresponding to 30/12/2014G);
- Non-solicitation of Savola Packaging Systems' clients, to last seven years following the acquisition starting from 11/06/1436H (corresponding to 31/03/2015G);
- Non-solicitation of Savola Packaging Systems' suppliers, to last seven years following the acquisition starting from 11/06/1436H (corresponding to 31/03/2015G);
- Not to use in the course of any business at any time after completion the words, logos and trademarks for any Group Company, including Savola Packaging Systems, Alsharq Company, and New Marina, or any trade or service mark, business or domain name, design or logo which, at completion, was or had been used or owned by Savola Packaging Systems and its subsidiariesAl Sharq;
- Savola Group shall assume all the consequences of the legal claims exceeding SAR 175,000 (one hundred and seventy-five thousand Saudi Riyals). It shall also assume the consequences of the claims for a total value does exceeding SAR 2,000,000 (two million Saudi Riyals), provided that the maximum financial liability incurred by Savola shall not exceed 20% of the acquisition amount's value. The Company shall provide a written notice about the claim's subject within fifteen months following the date of completing the acquisition procedures or publishing the audited financial statements of Plastico;
- Savola Group shall be responsible of all tax and zakat costs and the amounts discrepancy due on Plastico, Al Sharq, and New Marina within the period ended on 31/12/2013G, provided that Takween allows Savola Group to manage or discuss such costs with the competent authorities in Saudi Arabia and Arab Republic of Egypt. Any tax and/ or zakat claims after this date will not be the responsibility of Savola Group unless the Company sends a written notification of the claim to Savola Group during the timeframe mentioned above in accordance with the applicable regulations.

In case of breach of the above-mentioned representations, the Company shall be responsible to carry out legal proceedings with the competent authorities, after the notice on the breach is completed within the above mentioned timeframe for each representation. In case of failure by the Company to carry out the legal procedures within six months of the date of the notice, it shall not be entitled to file a claim in this regard. Savola Group will also not be responsible of reimbursing any amounts resulting from the breach of the covenants unless those amounts are due.

On 21/04/1436H (corresponding to 10/02/2015G), all the terms required for completing the acquisition were fulfilled after the EGA of Savola Packaging Systems approved the conversion of the company's legal form from a Closed Joint Stock company to a Limited Liability Company. In accordance with this resolution, the company's shareholders have unanimously approved the modification of the legal form, pursuant to the amended articles of association notarized by the notary public at Jeddah Chamber of Commerce and Industry on 12/05/1436H (corresponding to 03/03/2015G) with number (36696903). On 14/05/1436H (corresponding to 05/03/2015G), Takween Advanced Industries acquired majority shares in the share capital of Savola Packaging Systems under shareholders' resolution made and notarized at the notary public at Jeddah Chamber of Commerce and Industry, with number (36756336), dated 24/05/1436H (corresponding to 15/03/2015G). Takween currently owns 99% of the share capital where SAAF owns the remaining 1%. After completion of acquisition process, shareholders decided to change Savola Packaging Systems' trade name to be "Saudi Plastic Packaging Systems".

Subsequently, on 27/01/1437H (corresponding to 09/11/2015G), the share ownership in Al Sharq Plastic Industries Company got amended so that Takween owns 99% of the share capital while SAAF owns the remaining 1% in accordance with the shareholders' resolution made and notarized at the notary public assigned at the Ministry of Commerce and Investment in Riyadh, with number (37146202) and dated 27/01/1437H (corresponding to 09/11/2015G). On 28/09/1436H (corresponding to 15/07/2015G), the share ownership in New Marina for Plastic Industries Company got amended so that Takween owns 99% of the share capital while the remaining 1% is owned by SAAF and Ultrapak (0.5% for SAAF and 0.5% for Ultrapak). Such amendments were adopted by the Egyptian Ministry of Justice's based on the minutes of ratification number (257) and dated 15/12/1436H (corresponding to 29/09/2015G).

14-4-2 The contract of sale for acquiring Al-Oyoun City's Factory, Al-Ahsa

On 09/10/1435H (corresponding to 05/08/2014G), the Company signed with Al-Ahsa Development Company, a joint stock company ("Al-Ahsa Company"), a purchase agreement to acquire a factory from Al-Ahsa Company in Al-Oyoun City in Al-Ahsa with a value of SAR 31,500,000 (thirty-one million five hundred thousand Saudi Riyals). The transaction included buying a factory which was specialized in manufacturing textiles and producing fabrics, in addition to staff residential building, industrial equipment and facilities, including 300 machines to weave and produce fabrics, utilities, support services, water desalination plant, central air conditions, steam kettles, factory's discharged waste treatment, and firefighting stations. The sale transaction was performed through public competition supervised by MODON, and after it was published in newspapers and on Tadawul website.

The completion of the was subject to the satisfaction of the following terms:

- Obtaining Modon's approval on the assignment of the lease agreement number (8103) of the factory's land (c/31) (1.40) and the lease contract number (8047) of the staff residential building's land (63, 64, 65, 67, 68, 69).
- Providing Takween with the approval of SIDF.
- Signing a receipt record of the factory and its facilities contained in the sale purchase agreement by the Company.
- Notarizing the sale and purchase agreement by the notary public and official authorities.
- Handing over the engineering plans of the factory's designs and buildings, along with all other related documents including the technical designs, the specification handbook of the equipment, and a list of all the assets covered by the sale and purchase agreement.
- Ensuring that the factory is free of any mortgages, debts, commitments, rights in rem, usufruct rights, or any other right.
- Ensuring that the seller follows all the procedures required by competent official authorities in transferring the ownership of the factory to Takween.
- Al-Ahsa Development Company undertakes to appear before the bodies concerned (Modon, SIDF, competent official authorities) to sign all documents and pursue the required official procedures to transfer the ownership of the factory.
- The Company shall solely bear all expenses, attorney fees, the agreement registration fees.

This agreement shall not be binding on Takween unless the seller complies with the terms provided therein. This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. Any disputes shall be referred to arbitration in Kingdom.

14-4-3 Credit facilities and loans

The following table shows a summary on the credit facilities given by SIDF and commercial banks to the Group.

TABLE 162: Credit Facilities And Loans

Funder	Facilities Expiry Date	Credit limit	Used amounts *	Repaid amounts	Repayment
Takween					
Arab National Bank and other banks	20/05/1436H (corresponding to 11/03/2015G)	SAR 1,300,000,000	SAR 1,300,000,000	-	Semi-annual payments
Saudi Industrial Development Fund	15/08/1437H (corresponding to 23/11/2011G)	SAR 60,335,000	SAR 2,500,000	SAR 57,835,000	Semi-annual payments
The Saudi British Bank	29/12/1437H (corresponding to 30/09/2016G)	SAR 266,625,000	SAR 13,058,000	-	Settlements in accordance with the repayment schedule set with each financing line
Al Rajhi Bank	24/08/1437H (corresponding to 31/05/2016G)	SAR 130,000,000	SAR 105,000,000	-	Settlements in accordance with the repayment schedule set with each financing line
Riyad Bank	09/03/1440H (corresponding to 17/11/2018G)	SAR 140,000,000	SAR 75,931,000	-	Settlements in accordance with the repayment schedule set with each financing line
SAMBA Financial Group	26/10/1437H (corresponding to 31/07/2016G)	SAR 30,000,000	SAR 15,000,000	-	Settlements in accordance with the repayment schedule set with each financing line
National Commercial Bank	02/04/1438H (corresponding to 31/12/2016G)	SAR 207,000,000	SAR 129,228,000	-	Settlements in accordance with the repayment schedule set with each financing line
Banque Saudi Fransi	01/03/1438H (corresponding to 30/11/2016G)	SAR 82,000,000	SAR 69,000,000	-	Settlements in accordance with the repayment schedule set with each financing line
SAAF					

Funder	Facilities Expiry Date	Credit limit	Used amounts *	Repaid amounts	Repayment
Saudi Industrial Development Fund	29/12/1435H (corresponding to 24/10/2014G)	SAR 125,700,000	SAR 123,200,000	SAR 2,500,000	Semi-annual payments
SAMBA Financial Group	26/10/1437H (corresponding to 31/07/2016G)	SAR 35,000,000	-	-	Settlements in accordance with the repayment schedule set with each financing line
Banque Saudi Fransi	01/03/1438H (corresponding to 30/11/2016G)	SAR 70,000,000	-	-	Settlements in accordance with the repayment schedule set with each financing line
Ultrapak					
Saudi Industrial Development Fund	29/06/1434H (corresponding to 09/05/2013G)	SAR 26,750,000	SAR 9,605,000	SAR 17,145,000	Semi-annual payments
SAMBA Financial Group	26/10/1437H (corresponding to 31/07/2016G)	SAR 15,000,000	-	-	Settlements in accordance with the repayment schedule set with each financing line
Banque Saudi Fransi	01/03/1438H (corresponding to 30/11/2016G)	SAR 24,000,000	-	-	Settlements in accordance with the repayment schedule set with each financing line
New Marina					
HSBC Egypt	02/10/1432H (corresponding to 31/08/2011G)	EGP 35,000,000 (equivalent to SAR 16,831,500) in addition to USD 372,000 (equivalent to SAR 1,395,037)	-	-	Settlements in accordance with the repayment schedule set with each financing line
National Bank of Abu Dhabi	18/01/1441H (corresponding to 17/05/2019G)	EGP 2,000,000 (equivalent to SAR 961,800) and USD9,430,000 (equivalent to SAR 35,363,443**)	EGP 2,199,517 (equivalent to SAR 1,057,748)	-	Settlements in accordance with the repayment schedule set with each financing line
National Bank of Egypt	22/09/1438H (corresponding to 17/06/2017G)	EGP 75,000,000 (equivalent to SAR 36,067,500**)	EGP 27,886,483 (equivalent to SAR 13,410,610)	EGP 47,113,517 (equivalent to SAR 22,656,890)	Settlements in accordance with the repayment schedule set with each financing line

Source: The Company

* Until 31/03/2016G

**The Auditors amended the Group's audited consolidated financial statements, which resulted to a decrease in the total used amount of New Marina by SAR 3,527,358.

14-4-3-1 Loans and facilities Takween obtained

Syndicated loan with the Arab National Bank and other banks

On 20/05/1436H (corresponding to 11/03/2015G), the Company obtained a Sharia-complaint Islamic syndicated loan by way of Murabaha from three banks which are:

1- Arab National Bank ("ANB") (Main Bank on the behalf of participants in Al-Murabaha facilities)
2- SAMBA Financial Group ("SAMBA")
3- Bank Al-Bilad

The maximum facilities reached SAR 1,300,000,000 (one billion and three hundred million Saudi Riyal). The loan was used in the following matters:

- An amount of SAR 910,000,000 (nine hundred and ten million Saudi Riyals):
  Was used towards financing the acquisition of Plastico (and its subsidiaries; Al Sharq, and New Marina). The amount was divided between the banks as follows:

    - ANB: An amount of SAR 305,000,000 (three hundred and five million Saudi Riyals)
    - SAMBA: An amount of SAR 305,000,000 (three hundred and five million Saudi Riyals)
    - Bank Al-Bilad: An amount of SAR 300,000,000 (three hundred million Saudi Riyals)
- An amount of SAR 390,000,000 (three hundred and ninety million Saudi Riyals):

  Was used towards financing The Company's working capital. The amount was divided between the banks as follows:

    - ANB: An amount of SAR 195,000,000 (One hundred and ninety-five million Saudi Riyals):
    - SAMBA: An amount of SAR 195,000,000 (One hundred and ninety-five million Saudi Riyals):

Pursuant to the Murabaha agreement, Al Othman Holding gave a corporate guarantee for this loan's value as a security against the loan. Additionally, the following pledges on the Group in Saudi Arabia were registered at the Unified Center for Lien Registration at Saudi Arabian General Investment Authority (SAGIA) according to the following table:

TABLE 163: Registered Mortgages At The Unified Center For Lien Registration For The Syndicated Murabaha Loan

Pledgee	Pledgor	Pledge registration number	Registration Date	Pledge details
ANB	Takween	487	28/04/2015G	Assignment of revenue accounts of Takween, pursuant to the Assignment and Pledge of Takween Revenue Accounts dated 11/03/2015G.
ANB	Takween	485	28/04/2015G	Assignment of proceeds of the agreement signed between Takween and Al Othman Agriculture Production and Processing Company (NADA), pursuant to the Assignment of Contracts agreement dated 11/03/2015G.
ANB	Takween	522	01/09/2015G	Pledge of (33,897,600) shares owned by the Company in Plastico, pursuant to the Share Pledge and Dividends Assignment Agreement dated 05/05/2015G.
ANB	SAAF	523	01/09/2015G	Pledge of (342,400) shares owned by SAAF in Plastico, pursuant to the Share Pledge and Dividends Assignment Agreement dated 05/05/2015G.
ANB	SAAF	477	26/04/2015G	Assignment of revenue accounts of SAAF, pursuant to the Assignment and Pledge of SAAF Revenue Accounts dated 11/03/2015G.
ANB	Al Sharq	571	27/08/2015G	Assignment of revenue accounts from Al Sharq to ANB, pursuant to the Assignment and Pledge of Al-Sharq Revenue Accounts dated 05/05/2015G.Al Sharq
ANB	Ultrapak	486	26/04/2015G	Assignment of revenue accounts of Ultrapak, pursuant to the Assignment and Pledge of Ultrapak Revenue Accounts dated 11/03/2015G.
ANB	Plastico	570	27/08/2015G	Assignment of revenue accounts of Plastico, pursuant to the Assignment and Pledge of SPS Revenue Accounts dated 05/05/2015G.
ANB	Plastico	578	20/10/2015G	Assignment of proceeds of Plastico, pursuant to the Assignment of Contracts agreement dated 05/05/2015G.

Source: Legal due diligence report

According to Syndicated Murabaha Loan, an Investment Agency Agreement was signed. Takween has appointed ANB as an investment agent that represents it in buying certain goods according to the Murabaha contract. ANB was also appointed as an agent for Bank Al-Bilad and SAMBA for selling goods as well.

The contract's period is seven years and a half. It shall be repayable in twelve instalments; the first instalment shall be repaid after a year of the date of signing. The Company already settled the first instalment in March 2016G which was for the amount of SAR 45,000,000 (forty-five million Saudi Riyals). According to the agreement of Syndicated Murabaha Loan, the Company represents the following:

- Registering the mortgages in the Unified Center for Lien Registration at the Saudi Arabian General Investment Authority (SAGIA).
- Informing ANB of any amendments to the Company's Articles of Association and the commercial registration.
- Informing ANB of any violation or breach of representations and warranties made by the Company in the signed contracts. In case of any violation, the Company shall provide a timetable for the remedy of the situation.
- Al Othman Holding and Abdulrahman Saleh Al Rajhi and Partners Company Limited shall collectively hold not less than 51% of Takween's capital.
- Mohammed Abdullah Al Othman, Abdullah Mohammed Al Othman, and Abdulmohsen Mohammed Al Othman shall hold not less than 51% of Al Othman Holding's share capital (Takween's Guarantor).

The ordinary general assembly of the Company's shareholders held on 10/05/1436H (corresponding to 01/03/2015G) approved those facilities. The results of the assembly were published on Tadawul website on 11/05/1436H (corresponding to 02/03/2015G).

The Company will use the subscription proceeds to settle in full or part the remaining balance mentioned below which is related to the Syndicated Murabaha Loan to achieve the optimal capital structure of the Company. Pursuant to the early payment of the instalments, prior to the due date, the Company will be able to claim the recovery of profit value due to the bank according to the loan's repayment schedule. Advanced payments shall be deducted from the total value of the loan. The loan is divided as follows ((1) Facilities towards financing the acquisition of Plastico and its subsidiaries, (2) Financing the working capital). The Company will not be subject to any fines subsequent to such prepayments.

Saudi Industrial Development Fund Loan number (1301)

On 17/11/1428H (corresponding to 27/11/2007G), the Company entered into a loan agreement with SIDF for a value of SAR 43,811,000 (forty-three million, eight hundred and eleven thousand Saudi Riyals), to expand its factory in Al-Ahsa which is specialized in the production of plastic caps, and plastic and packaging products. Afterwards, SIDF approved the increase of the loan value to SAR 60,335,000 (sixty million and three hundred and thirty-five thousand Saudi Riyals), since the Company settled SAR 33,335,000 (thirty-three million three hundred and thirty-five thousand Saudi Riyals) of the loan. On 26/07/1432H (corresponding to 28/06/2011G), the current unpaid balance became SAR 27,000,000 (twenty-seven million Saudi Riyals); The Company accordingly signed a new repayment schedule with SIDF for the remaining balance.

Below is a brief summary of the main terms of this agreement:

TABLE 164: The Terms Of The Loan Agreement Between SIDF And Takween

Term	Description
Total Facilities	SAR 60,335,000 (sixty million three hundred thirty-five thousand Saudi Riyals)
Availability Period	27/12/1432H (corresponding to 23/11/2010G)
Special Terms	The Company shall not change its legal form or capital ownership without the approval of SIDF. Compliance with the recommendations of safety, hazard prevention, and the requirements of environment protection issued by the General Authority of Meteorology and Environmental Protection in a manner acceptable to SDIF before releasing the final fifth (20%) of the loan.
Repayment	The remaining SAR 27,000,000 (twenty-seven million Saudi Riyals) was repaid according to the following: • 15/08/1432H (corresponding to 16/07/2011G) → (SAR 1,000,000) • 15/02/1433H (corresponding to 09/01/2012G) → (SAR 1,000,000) • 15/08/1433H (corresponding to 05/07/2012G) → (SAR 2,000,000) • 15/02/1434H (corresponding to 28/12/2012G) → (SAR 2,600,000) • 15/08/1434H (corresponding to 24/06/2013G) → (SAR 2,850,000) • 15/02/1435H (corresponding to 18/12/2013G) → (SAR 3,200,000) • 15/08/1435H (corresponding to 13/06/2014G) → (SAR 3,200,000) • 15/02/1436H (corresponding to 07/12/2014G) → (SAR 3,325,000) • 15/08/1436H (corresponding to 02/06/2015G) → (SAR 3,325,000) • 15/02/1437H (corresponding to 27/11/2015G) → (SAR 2,000,000) • 15/08/1437H (corresponding to 22/05/2016G) → (SAR 2,500,000)

Term	Description
Guarantees	• Mortgage for all buildings, constructions, and equipment of the factory in Al-Ahsa on a land area of 48,919 (Forty-eight thousand nine hundred and nineteen square meters). • A personal guarantee to pay all required and/or due amounts from Mohammed Abdullah Al Othman and Khalid Abdulrahman Al Rajhi.
Warranties	• The ratio of current assets to current liabilities must be at least 1:1 throughout the loan term; • The liabilities to tangible assets ratio must not be more than 3:1 for the entirety of the loan period; • Submitting the audited financial statements to SIDF within a period not exceeding ninety (90) days from the end of the financial year, as well as the preliminary financial statements within a period not exceeding thirty (30) days from the end of each quarter as well as any information or statements required by (SIDF) from time to time; • Providing necessary insurance issued by a specialized company covering the project assets against risks as determined from time to time by the SIDF. The insurance policy must provide that the SIDF is the beneficiary of all compensations for insured losses and providing the SIDF with any material amendments or cancellations; • There shall be no mortgages, right, credit, encumbrances, or any other liabilities on the properties, returns or assets held currently or in the future by the debtor except for those stated in this agreement unless otherwise agreed upon by SIDF. It should be noted that the Company has obtained the approval of SIDF, dated 12/07/1437H (corresponding to 19/04/2016G) with regards to the guarantees provided to ANB to obtain the Syndicated Murabaha Loan; • Takween shall not merge with any other entity; and • Takween shall not sell, rent, transfer, or dispose of any material part of the Company's factory or its assets.
Terms of Termination	The Company will be in breach of the agreement, if it fails to fulfill its commitments or comply with the conditions or if any of the provided guarantees or undertakings is untrue. If any violation is committed and not remedied by the Company within a period of thirty days from the date of notification, SIDF will have the right to revoke the loan and take the necessary procedures to collect the outstanding part of the loan and any other payable amounts.
Governing Law	This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

Facilities provided by the Saudi British Bank

As at 19/03/1437H (corresponding to 30/12/2015G), the Company entered into a general agreement for Islamic trade financing with the Saudi British Bank, pursuant to which the Company received credit facilities with a total amount of SAR 266,625,000 (two hundred sixty-six million, six hundred and twenty five thousand Saudi Riyals). The facilities granted shall be available to all subsidiaries, Ultrapak, SAAF, Plastico, and Al Sharq.

Below is a brief summary of the main terms of this agreement:

TABLE 165: Terms Of The Credit Facilities Agreement Entered Into Between The Saudi British Bank (SABB) And Takween

Term	Description	
Total Facilities	SAR 266,625,000 (two hundred sixty-six million, six hundred and twenty-five thousand Saudi Riyals)	
Expiry Date	29/12/1437H (corresponding to 30/09/2016G)	
Guarantees	A promissory note with an amount of (SAR 266,625,000) Corporate guarantee by Ultrapak of SAR 266,625,000 Corporate guarantee by SAAF of SAR 266,625,000 Corporate guarantee by Plastico of SAR 266,625,000	
Repayment	Repayment shall be made in accordance with the terms of each facility granted to the Company.	
Facility details	**Funding letters of credit**	
	Limits of facilities	(SAR 266,625,000)
	Purpose	Total working capital

Term	Description	
Facility details	Availability Period	120 days for the deferred payment credits
	Repayment	Every Murabha contract will have its specific dates for repayment.
	Shipping guarantee	
	Limits of facilities	(SAR 266,625,000)
	Purpose	Issuing shipping guarantees to release goods in case of delay in receipt of original bill of lading related to documentary credit.
	Repayment	Cash insurance with the full value of the collateral
	Avalization facility	
	Limits of facilities	(SAR 266,625,000)
	Purpose	Secure bills collection
	Availability Period	120 days
	Import finance through open account (Murabaha and Tawarruq for metals)	
	Limits of facilities	(SAR 266,625,000)
	Purpose	Import finance through open account transactions. The Murabaha Liquidity Finance will be used to finance imports through documentary credits, inward bills of collections nd open account purchases..
	Availability Period	each transaction shall have a term not exceeding 120 days from the date of purchase by the bank with a minimum of 90 days for each transaction..
	Repayment	For SABIC invoices, disbursements of the loan is allowed directly to SABIC or through Takween account against copies of SABIC POs and customer request as per Off-take Agreement.. Every Murabha contract will have its own dates of repayment
	Tender/Performance/Advanced Payment Guarantees	
	Limits of facilities	(SAR 35,000,000)
	Purpose	Issuance of tender bonds is with no commitment on the Bank to issue/ provide any follow-on bonds and/or financing.
	Miscellaneous guarantees	
	Limits of facilities	(SAR 35,000,000)
	Purpose	To meet work requirements and other guarantees related to the Company's business and operations
Events of Default	All installments withdrawn from facilities shall be accrued in any of the following cases: • Failure to fulfill any or all of the liabilities due and payable to the Bank; • Delays in meeting the obligations and in payment of due amounts on maturity date; • Failure to perform and observe any of the warranties, undertakings and conditions in the agreement; • If any of the material information provided by the Company to the bank is proved to be untrue; • Failure to provide additional guarantees upon the bank's request; • When the Company is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties; • The event of any properties of Takween being seized or subject to execution and the Company become unable to from dispose of it; • The suspension of the Company's commercial activities or cancellation of its commercial registration or licenses; and • Any event which the bank deems a reasonable basis to believe that a material adverse change has occurred to the Company's operations or financial position.	

Term	Description
Terms	• Using facilities for the purpose for which they were granted and in compliance with Shari'ah principals and the Kingdom's laws. • Paying due liabilities in their due dates without any delays. • Facilities granted shall be made available for all subsidiaries, Ultrapak, SAAF, Plastico, and Al Sharq. • The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company's accounts to pay off any due debts .
Governing Law	This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

On 18/02/2016G, the Company informed the Saudi British Bank of its intention to increase its share capital through rights issue, and obtained a non-objection in this respect on 24/02/2016G.

Al Rajhi Bank facilities

On 30/07/1435H (corresponding to 29/05/2015G), the Company entered into a credit facilities agreement with a Al Rajhi bank with a total amount of SAR 130,000,000 (one hundred and thirty million Saudi Riyals).

Below is a brief summary of the main terms of this agreement:

TABLE 166: Terms Of The Credit Facilities Agreement Entered Into Between Al Rajhi Bank And Takween

Term	Description
Total Facilities	SAR 130,000,000 (one hundred and thirty million Saudi Riyals)
Purpose	Financing the procurement of raw materials from SABIC and other suppliers. Such facilities may also be used to issue a line of Musharaka contracts, sight/deferred and import finance with a maximum amount of SAR 50,000,000 (fifty million Saudi Riyals).
Expiry Date	24/08/1437H (corresponding to 31/05/2016G)
Guarantees	A promissory note with an amount of (SAR 131,381,184) issued by the Company
Repayment	Each transaction will have it is own due dates.
Events of Default	All installments withdrawn from facilities shall be accrued in any of the following cases: • Delays in payment of due amounts on maturity date; • When the Company is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties; • Failure to fulfill any obligations, undertakings, or acknowledgments in the agreement; and • If any of the material information provided by the Company to the bank is proved to be untrue.
Terms	• The Company's commitment to sign the promissory note; • Providing the bank with the financial statements within a period not exceeding (90) days from the end of the financial year; and • The facilities shall not be used to settle any other loans or guarantee another debt.
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

On 18/02/2016G, the Company informed Al Rajhi Bank of its intention to increase its share capital through rights issue, and obtained a non-objection in this respect on 23/02/2016G.

Riyad Bank facilities

On 07/02/1437H (corresponding to 19/11/2015G), the Company entered into a Murabha facility agreement with Riyad Bank. The total value of facilities reached SAR 140,000,000 (one hundred and forty million Saudi Riyals) in addition to SAR 3,000,000 (three million Saudi Riyals) allocated to be used in purchase of foreign currency (Forex). Facilities granted shall be made available for Ultrapak and SAAF.

Below is a brief summary of the main terms of this agreement:

TABLE 167: Terms Of The Credit Facilities Agreement Entered Into Between Riyad Bank And Takween

<table>
<tr><th>Term</th><th colspan="2">Description</th></tr>
<tr><td>Total Facilities</td><td colspan="2">SAR 140,000,000 (one hundred and forty million Saudi Riyals) in addition to SAR 3,000,000 (three million Saudi Riyals) allocated to be used in Purchase of foreign currency (Forex) transactions.</td></tr>
<tr><td>Expiry Date</td><td colspan="2">09/03/1440H (corresponding to 17/11/2018G)</td></tr>
<tr><td>Guarantees</td><td colspan="2">• A promissory note issued by Takween on 07/02/1437H (corresponding to 19/11/2015G) with an amount of SAR 95,000,000 (ninety-five million Saudi Riyals).
• A promissory note issued by Takween on 07/02/1437H (corresponding to 19/11/2015G) with an amount of SAR 48,000,000 (forty-eight million Saudi Riyals).</td></tr>
<tr><td>Repayment</td><td colspan="2">Repayment shall be made in accordance with the conditions of each facility granted to the Company.</td></tr>
<tr><td rowspan="9">Facility details</td><td colspan="2">Direct credit alternatives</td></tr>
<tr><td>Limits of facilities</td><td>(SAR 45,000,000)</td></tr>
<tr><td rowspan="3">Sub facilities</td><td>Letters of guarantee (SAR 3,000,000).</td></tr>
<tr><td>Refinancing credits in a Tawarruq form (SAR 45,000,000)</td></tr>
<tr><td>Obligations related to operations (SAR 23,000,000)</td></tr>
<tr><td colspan="2">Tawarruq financing (short term)</td></tr>
<tr><td>Limits of facilities</td><td>(SAR 95,000,000)</td></tr>
<tr><td colspan="2">Purchase of foreign currency (Forex)</td></tr>
<tr><td>Limits of facilities</td><td>(SAR 3,000,000)</td></tr>
<tr><td>Events of Default</td><td colspan="2">All withdrawn installments shall be immediately due to payment in any of the following cases:
• Confiscating or seizure of the Company’s funds or assets;
• Delays in meeting the obligations and in payment of due amounts on maturity date;
• Failure to perform and observe any of the warranties, undertakings and conditions in the agreement;
• If any of the material information provided by the Company to the bank proved to be incorrect;
• Failure to provide additional guarantees upon the bank’s request; and
• When the Company is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties.</td></tr>
<tr><td>Terms</td><td colspan="2">• Using facilities for the purpose they were provided for and in compliance with Sharia’ah and the Kingdom’s laws;
• Providing all guarantees required by the bank;
• Paying the liabilities in their due dates without any delays;
• Facilities granted shall be made available for Ultrapak and SAAF.
• The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company’s accounts to pay off any due debts .</td></tr>
<tr><td>Governing Law</td><td colspan="2">• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia.
• Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.</td></tr>
</table>

Source: Legal due diligence report

Facilities provided by SAMBA Financial Group

The Company has entered into a credit facility agreement on 25/10/1436G (corresponding to 10/08/2015H) with SAMBA Financial Group for a total value of SAR 30,000,000 (thirty million Saudi Riyals).

Below is a brief summary of the main terms of this agreement:

TABLE 168: Terms Of SAMBA Financial Group Agreement With Takween

<table>
<tr><th>Term</th><th colspan="2">Description</th></tr>
<tr><td>Total Facilities</td><td colspan="2">SAR 30,000,000 (thirty million Saudi Riyals)</td></tr>
<tr><td>Expiry Date</td><td colspan="2">26/10/1437H (corresponding to 31/07/2016G)</td></tr>
<tr><td>Guarantees</td><td colspan="2">A promissory note issued by Takween dated 26/10/1436H (corresponding to 11/08/2015) for the amount of SAR 30,000,000 (thirty million Saudi Riyals).</td></tr>
<tr><td>Repayment</td><td colspan="2">Total value of the facilities must be paid before the expiry date of the agreement.</td></tr>
<tr><td rowspan="4">Facility details</td><td colspan="2">A Short-term loan or Islamic Murabaha</td></tr>
<tr><td>Limits of facilities</td><td>Financing the working capital: SAR 30,000,000 (thirty million Saudi Riyals).</td></tr>
<tr><td>Sub facilities</td><td>Cash flow SAR 5,000,000 (five million Saudi Riyals).</td></tr>
<tr><td></td><td>Issuing letters of credit with or without control of commodity: SAR 30,000,000 (thirty million Saudi Riyals), in addition to refinancing the letters of credit and collection bills by 100%.</td></tr>
<tr><td>Events of Default</td><td colspan="2">• The occurrence of material adverse change in the financial position of the Company or for any guarantor which makes the bank believes that the Company or the guarantor may not be able to perform its liabilities set out in the agreement.
• If the Company or any guarantor becomes insolvent; makes a general waiver for its creditors; makes a reconciliation with them; or becomes bankrupt or if dissolution procedures were initiated.
• The suspension of the Company's commercial activities, or any changes occurring in the regulations resulting in the suspension of the business.
• In the event of any incident that SAMBA Financial Group believes it has led to material adverse change in the Company's business, and financial, administrative and legal positions, which would result in the Company being unable to meet its obligations.
• Failure to fulfill any of the agreement terms, representations or warranties contained therein.</td></tr>
<tr><td>Terms</td><td colspan="2">• Using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws;
• Providing all guarantees required by the bank;
• The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company's accounts to pay off any due debts.
• Providing the bank with the financial statements within a period not exceeding (120) one hundred and twenty days as of the end of the financial year.
• Maintaining the Company's legal form during the term of the Agreement.</td></tr>
<tr><td>Governing Law</td><td colspan="2">• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia.
• Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.</td></tr>
</table>

Source: Legal due diligence report

As at 18/02/2016G, the Company informed SAMBA Financial Group of its intention to increase its share capital through a rights issue, and obtained a no objection in this respect on 21/02/2016.

National Commercial Bank (NCB) Facilities

On 20/30/1437H (corresponding to 31/12/2015G), the Company entered into a credit facility agreement with NCB, pursuant to which the Company received credit facilities for a total amount of SAR 207,000,000 (two hundred and seven million Saudi Riyals).

Below is a brief summary of the main terms of this agreement:

TABLE 169: Terms Of The Credit Facilities Agreement Entered Into By And Between NCB And Takween

Term	Description	
Total Facilities	SAR 207,000,000 (two hundred and seven million Riyals)	
Expiry Date	02/04/1438H (corresponding to 31/12/2016G)	
Guarantees	• Corporate guarantee by Al Othman Holding of (SAR 227,700,000) • A promissory note of SAR 207,000,000 (two hundred and seven million Saudi Riyals) due on 31/12/2016G.	
Repayment	Facilities are due on 02/04/1438H (corresponding to 31/12/2016G)	
Facility details	**Commercial facilities (joint limit)**	
	Limits of facilities	(SAR 200,000,000) two hundred million Saudi Riyals.
	Purpose	Financing the Company's working capital including purchases of raw materials from SABIC, opening letters of credit and documentary collections from other suppliers.
	Availability Period	Maximum 180 days
	Sub facilities	Deferred local and international letters of credit - a partial financing from a commercial facility (to import and purchase raw materials, machinery, and spare parts from local and international suppliers) (SAR 200,000,000).
		On demand local and international letters of credit - a partial financing from a commercial facility (to import and purchase raw materials, machinery, and spare parts from local and international suppliers) (SAR 200,000,000).
	Repayment	One payment at the end of the maximum period of each facility.
	Letters of Guarantee (joint limit)	
	Limits of facilities	(SAR 5,000,000) five million Riyals.
	Purpose	Issuing financial, customs, and marine letters of guarantee according to the requirements of the Company's activity.
	Availability Period	Maximum 180 days
	Sub facilities	Partial limit letters of guarantee - a partial guarantee from the guarantee letter of joint limit (to issue preliminary letters of guarantee together with the performance guarantees and the advance payment guarantees in accordance with the business requirements of the Company) (SAR 5,000,000).
	Trading Profit Margin (Tahawut)	
	Limits of facilities	(SAR 1,000,000)
	Purpose	To prevent changes in the interest rate and exchange rates for imported goods and merchandise.
	Availability Period	Up to five years
	Purchase of foreign currency (Forex)	
	Limits of facilities	(SAR 1,000,000)
	Purpose	Cover Takween's foreign currency exchange and purchase option, for a limit of one year.
	Availability Period	Maximum 360 days

Term	Description
Events of Default	• Failure to fulfill any or all of the liabilities due and payable to the Bank; • Failure to perform and observe any of the warranties, undertakings and conditions in the agreement; • If the Company fails to fulfill its obligations towards third parties in a way deemed by the bank to adversely affect the Company; • If the Company becomes bankrupt, loses its legal capacity or eligibility or stops its commercial activity; and • When the Company is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties.
Terms	• Providing the bank with all statements of financial position of the Company or any change in its financial position or any change which has adverse effect on fulfillment of its obligations. • Providing the Bank, at the end of each year, with the financial statements issued in accordance with the accounting standards applicable in Saudi Arabia. • Paying all due amounts and debts to the Bank at the dates specified in the agreement. • The Company's benefit from the facilities is limited to obtaining in kind goods to be sold upon the Company's request. Facilities do not allow the Company to make cash withdrawals. • Selling shall be in the form of Murabaha for the purchase order. The Company may not demand the Bank to sell all or any part of the goods thereto before ownership is transferred to the Bank. • The Bank will not incur any fines or indemnities due to third parties. • Using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws; • The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company's accounts to pay off any due debts.
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

Facilities provided by the Banque Saudi Fransi

On 10/03/1437H (corresponding to 21/12/2015G), the Company has entered into a sale and purchase goods agreement for the purpose of Tawarruq with Banque Saudi Fransi to obtain facilities of SAR 40,000,000 (forty million Saudi Riyals); the Company also entered into a framework agreement for Murabaha credits for the value of SAR 7,000,000 (seven million Saudi Riyals); in addition, to hedging agreement of SAR 3,000,000 (three million Saudi Riyals). The Company has obtained letters of payment guarantee of SAR 2,000,000 (two million Saudi Riyals) and guarantee letters for the procurement of raw materials for SAR 30,000,000 (thirty million Saudi Riyals). The total value of facilities reached SAR 82,000,000 (eighty-two million Saudi Riyals).

Below is a brief summary of the main terms of this agreement:

TABLE 170: Terms Of The Credit Facilities Agreement Entered Into Between Banque Saudi Fransi And Takween.

Term	Description	
Total Facilities	82,000,000 (eighty-two million Saudi Riyals)	
Expiry Date	01/03/1438H (corresponding to 30/11/2016G)	
Guarantees	A promissory note for an amount of (SAR 82,000,000) issued by Takween.	
Repayment	Repayment shall be made in accordance with the terms of each facility granted to the Company.	
Facility details	Financing the sale and purchase of commodities for the purpose of Tawarruq	
	Limits of facilities	(SAR 40,000,000)
	Availability Period	150 days
	Multi-purpose facility (Murabaha financing and multi imports/acceptance)	
	Limits of facilities	(SAR 7,000,000)
	Availability Period	A Maximum of 180 days

Term	Description	
Facility details	Sub facilities	Murabaha finance of (SAR 7,000,000).
		Import financing (Issuing sight/deferred documentary letters of credit) (SAR 3,000,000).
	Payment Guarantees	
	Limits of facilities	(SAR 2,000,000)
	Forward purchase and sales foreign currencies	
	Limits of facilities	(SAR 3,000,000)
	Sub facilities	Purchase of foreign currencies (SAR 3,000,000)
		Foreign exchange trading (SAR 3,000,000)
		Profit margin swap (SAR 3,000,000)
	Letters of guarantee for the purchase of raw materials from SABIC	
	Limits of facilities	(SAR 30,000,000)
	Beneficiary	SABIC
Events of Default	• Delays in meeting the obligations and in payment of due amounts on maturity date; • Not using the facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws; • Failure to fulfill any or all of the liabilities due and payable to the Bank; • If any of the material information provided by the Company to the bank is proved to be untrue; • If the Company stops paying its debts in general or stops or threatens to stop its business; • If the Company becomes bankrupt, loses its legal capacity or eligibility or stops its commercial activity; and • When the Company is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties.	
Terms	• The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company's accounts to pay off any due debts. • The bank has the right to withdraw or cancel the limits of the facilities granted to the Company and to claim the payment of all due liabilities after sending a notice to the Company 15 days prior to the claim date. • The bank has the absolute right to change the fees and profit margin, and to merge the accounts kept under the Company's name or consolidate all due amounts at any time according to its discretion and without any prior notice to the Company. • Providing the bank with all statements of financial position of the Company or any change in its financial position or any change which has adverse effect on fulfillment of its obligations. • Using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws.	
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.	

Source: Legal due diligence report

14-4-3-2 Loans and facilities obtained by SAAF

Saudi Industrial Development Fund (SIDF) Loan number (2471)

On 11/11/1434H (corresponding to 17/09/2013G), SAAF has entered into a loan agreement with SIDF for SAR 125,700,000 (one hundred twenty-five million, seven hundred thousand Saudi Riyals) to establish a factory in Rabigh for the production of Non-Woven Fabric.

Below is a brief summary of the main terms of this agreement:

TABLE 171: The Terms Of The Agreement Between SIDF And SAAF

Term	Description
Total Facilities	SAR 125,700,000 (One hundred twenty-five million, seven hundred thousand Saudi Riyals)
Availability Period	29/12/1435H (corresponding to 24/10/2014G)
Special Terms	• The SAAF's capital participation in the project must not be less than (25%) of the project value at the time of releasing any payment of the loan; • The submission of the industrial license to SIDF, which reflects the actual industrial capacity of the project, and its legal structure and location prior to the release of any loan funds; • Presenting to SIDF a marketing plan that includes exports, which must be approved by the consultants of SIDF; • SAAF must maintain its legal form and its capital ownership without any changes unless prior approval is obtained by SIDF; • SIDF's recommendations regarding the industrial safety and harm prevention must be met in a way acceptable by the consultants of SIDF prior to the release of the last 20% of the loan fund; and • SAAF must prepare a list of its stock, which includes the type, description, number and source of each item. Such list must be submitted to SIDF prior to the release of the last 20% of the loan fund.
Repayment	The remaining payments for a value of SAR 125,700,000 (one hundred twenty-five million, seven hundred thousand Saudi Riyals) shall be settled according to the following: • 15/10/1436H (corresponding to 01/08/2015G) → (SAR 2,500,000) (Paid) • 15/04/1437H (corresponding to 26/01/2016G) → (SAR 2,500,000). (Paid) • 15/10/1437H (corresponding to 21/07/2016G) → (SAR 5,000,000). • 15/04/1438H (corresponding 14/01/2017G) → (SAR 5,000,000). • 15/10/1438H (corresponding to 10/07/2017G) → (SAR 7,000,000). • 15/04/1439H (corresponding to 03/01/2018G) → (SAR 7,000,000). • 15/10/1439H (corresponding to 29/06/2018G) → (SAR 9,000,000). • 15/04/1440H (corresponding to 24/12/2018G) → (SAR 9,000,000). • 15/10/1440H (corresponding to 19/06/2019G) → (SAR 11,500,000). • 15/04/1441H (corresponding to 13/12/2019G) → (SAR 11,500,000). • 15/10/1441H (corresponding to 07/06/2020G) → (SAR 13,500,000). • 15/4/1442H (corresponding to 01/12/2020G) → (SAR 13,500,000). • 15/10/1442H (corresponding to 27/05/2021G) → (SAR 14,350,000). • 15/04/1443H (corresponding to 21/11/2021G) → (SAR 14,350,000)
Guarantees	• Mortgage for all existing buildings and facilities and equipment of SAAF's factory leased from Aramco and Rabigh for manufacturing industries and service management; and • Corporate guarantee from Takween for the payment of all due amounts in the event SAAF fails to pay the installments on time.

Term	Description
Warranties	• The ratio of current assets to current liabilities must be at least 1:1 throughout the loan term; • The liabilities to tangible assets ratio must not be more than 3:1 for the entirety of the loan period; • Annual leases must not be more than SAR 4,950,000 .(four million, nine hundred and fifty thousand Saudi Riyals) for the entirety of the loan period; • Compliance with the requirements of the General Authority of Meteorology and Environmental Protection and the Saudi Standards, Metrology and Quality Organization; • Transactions with related parties must be on an arm's length bases; • Providing SIDF with the audited financial statements within a period not exceeding ninety (90) days from the end of the financial year, the preliminary financial statements within a period not exceeding thirty (30) days from the end of each quarter as well as any information or statements required by (SIDF) from time to time. • SAAF undertakes to maintain no less than 25% net capital of total assets in the company's books; • SAAF undertakes to submit a plan to employ and train capable Saudis and provide an implementation timeline of such plan, to the satisfaction and approval of SIDF; • Providing proper insurance at a specialized company on the project assets against risks determined from time to time by the SIDF. The insurance policy must provide that SIDF is the beneficiary of all compensations for insured losses and providing SIDF with any material amendments or cancellations; • There shall be no mortgages, right, credit, encumbrances, or any other liabilities on the properties, returns or assets held currently or in the future by the debtor except for those stated in this agreement unless otherwise agreed upon by SIDF. It should be noted that SAAF has obtained the approval of SIDF, dated 12/07/1437H (corresponding to 19/04/2016G) with regards to the guarantees provided to ANB to obtain the Syndicated Murabaha Loan; • SAAF shall not merge with any other entity; and • SAAF shall not sell, rent, transfer, or dispose of any material part of the SAAF's factory or its assets.
Terms of Termination.	SAAF will be in breach of the agreement, if it fails to fulfill its commitments or comply with the conditions or if any of the provided guarantees or undertakings is untrue. If any violation is committed and not remedied by SAAF within a period of thirty days from the date of notification, SIDF will have the right to revoke the loan and take the necessary procedures to collect the outstanding part of the loan and any other payable amounts.
Governing Law	This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

Facilities provided by SAMBA Financial Group

On 25/10/1436G (corresponding to 10/08/2015H), SAAF has entered into a credit facilities agreement with SAMBA Financial Group. The total value of the facilities was SAR 35,000,000 (thirty-five million Saudi Riyals).

Below is a brief summary of the main conditions of this agreement:

TABLE 172: Conditions Of The SAMBA Financial Group Agreement With SAAF

Term	Description	
Total Facilities	SAR 35,000,000 (thirty-five million Saudi Riyals)	
Expiry Date	26/10/1437H (corresponding to 31/07/2016G)	
Guarantees	• A promissory note issued by SAAF, dated 26/10/1436H (corresponding to 11/08/2015) for the value of SAR 35,000,000 (thirty-five million Saudi Riyals); • Corporate guarantee of Takween for the amount of SAR 35,000,000 (thirty-five million Saudi Riyals).	
Repayment	Total value of the facilities must be paid before the expiry date of the agreement.	
Facility details	**A Short-term loan or Islamic Murabaha**	
	Limits of facilities	Financing the working capital: SAR 30,000,000 (thirty million Saudi Riyals).
	Sub facilities	Cash flow: SAR 5,000,000 (five million Saudi Riyals).

Term	Description	
Facility details	**Issuing Letters of Credit with or without Control of Commodity**	
	Limits of facilities	(SAR 5,000,000)
	Sub facilities	Refinancing letters of credit by 100% percent.
		Issuance of all types of letters of guarantee SAR 5,000,000 (five million Saudi Riyals).
		Issuance of customs guarantees of SAR 5,000,000 (five million Saudi Riyals).
Events of Default	• The occurrence of material adverse change in the financial position of SAAF or for any guarantor which makes the bank believes that SAAF or the guarantor may not be able to perform its liabilities set out in the agreement. • If SAAF or any guarantor becomes insolvent; makes a general waiver for its creditors; makes a reconciliation with them; or becomes bankrupt or if dissolution procedures were initiated. • The suspension of SAAF's commercial activities, or any changes occurring in the regulations resulting in the suspension of the business. • In the event of any incident that SAMBA Financial Group believes it has led to material adverse change in SAAF business, and financial, administrative and legal positions, which would result in the Company being unable to meet its obligations. • Failure to fulfill any of the agreement terms, representations or warranties contained therein.	
Terms	• Using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws; • Providing all guarantees required by the bank; • The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company's accounts to pay off any due debts. • Providing the bank with the financial statements within a period not exceeding (120) one hundred and twenty days as of the end of the financial year. • Maintaining the Company's legal form during the term of the Agreement.	
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.	

Source: Legal due diligence report

Facilities provided by the Banque Saudi Fransi

On 13/03/1437H (corresponding to 24/12/2015G), SAAF entered into a goods sale/purchase agreement for the purpose of Tawarruq with the Banque Saudi Fransi to obtain facilities of SAR 29,326,000 (twenty-nine million, three hundred twenty six thousand Saudi Riyals). SAAF also entered into a framework agreement for Murabaha credits for the value of SAR 9,999,000 (nine million, nine hundred ninety-nine thousand Saudi Riyals), in addition to a hedging agreement of SAR 28,000,000 (twenty-eight million Saudi Riyals). The Company has obtained letters of payment guarantee for SAR 2,675,000 (two million, six hundred and seventy-five thousand Saudi Riyals). The total value of the facilities is SAR 70,000,000 (seventy million Saudi Riyals).

Below is a brief summary of the main conditions of this agreement:

TABLE 173: Conditions Of The Credit Facilities Agreement Entered Into By The Banque Saudi Fransi And SAAF.

Term	Description
Total Facilities	SAR 70,000,000 (seventy million Saudi Riyals).
Expiry Date	01/03/1438H (corresponding to 30/11/2016G)
Guarantees	• A promissory note of (SAR 70,000,000) issued by SAAF. • Corporate guarantee issued by Takween for (SAR 70,000,000).
Repayment	Repayment shall be made in accordance with the conditions of each fund granted to SAAF.

Term	Description	
Facility details	**Financing the Purchasing and selling of commodities (Tawarruq)**	
	Limits of facilities	(SAR 29,326,000)
	Availability Period	A Maximum of 150 days
	Multi-purpose facility (Murabaha financing and/or multi imports acceptance)	
	Limits of facilities	(SAR 9,999,000)
	Availability Period	A Maximum of 180 days
	Sub facilities	Murabaha finance of (SAR 9,999,000).
		Import financing (Issuing on sight/deferred documentary letters of credit (SAR 9,999,000).
	Payment Guarantees	
	Limits of facilities	(SAR 2,675,000)
	Purchase of foreign currency (Forex)	
	Limits of facilities	(SAR 28,000,000)
	Sub facilities	Purchase foreign currency (SAR 28,000,000)
		Trading in Foreign Currency (SAR 28,000,000)
		Currency Option and/or Interest Swap (SAR 28,000,000)
Events of Default	• Delays in meeting the obligations and in payment of due amounts on maturity date; • Not using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws; • Failure to fulfill any obligations, undertakings, or acknowledgments in the agreement; • If, at any time, it is evident that the guarantees provided by the Company to the bank are invalid. • If the Company stops paying its debts in general or stops or threatens to stop its business. • If the Company becomes bankrupt, loses its legal capacity or eligibility or stops its commercial activity; and • When the Company is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties.	
Conditions	• The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company's accounts to pay off any due debts; • The bank has the right to withdraw or cancel the limits of the facilities granted to the Company and to claim the payment of all due commitments after sending a 15 days' notice; • The bank has the sole right to change the fees and profit margin, and to merge the accounts kept under the Company's name or consolidate all due amounts at any time according to its discretion and without any prior notice to the Company; • Providing the Bank with all data related to the Company's financial position, and any change thereto or notifying the Bank about any event with an adverse effect on its ability to fulfill its obligations and commitments; and • Using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws.	
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.	

Source: Legal due diligence report

14-4-3-3 Loans and facilities obtained by Ultrapak

Saudi Industrial Development Fund (SIDF) Loan number (2089)

On 25/11/1429H (corresponding to 26/11/2008G), Ultrapak has entered into a loan agreement SIDF for an amount of SAR 12,850,000 (twelve million eight hundred fifty thousand Saudi Riyals) to expand its factory in Jeddah which is specialized in producing plastic caps (PET Preform). At a later date, SIDF approved the increase of the loan value to SAR 26,750,000 (twenty-six million seven hundred fifty thousand Saudi Riyals). Ultrapak paid a part thereof valued at SAR 4,850,000 (four million, eight hundred fifty thousand Saudi Riyals). Accordingly, the existing and unpaid balance became SAR 21,900,000 (twenty-one million, nine hundred thousand Saudi Riyals) until 12/02/1434H (corresponding to 25/12/2012G). Ultrapak signed the installments timetable with the remaining balance with SIDF.

Below is a brief summary of the main conditions of this agreement:

TABLE 174: The Terms Of The Agreement Between SIDF And Ultrapak

Term	Description
Total Facilities	(SAR 26,750,000) twenty-six million, seven hundred fifty thousand Saudi Riyals.
Availability Period	29/06/1434H (corresponding to 09/05/2013G)
Special Terms	• Compliance with industrial safety procedures, hazard prevention, and the requirements of the General Authority of Meteorology and Environmental Protection before the disbursement of the last loan; • Ultrapak must prepare a list of its stock, which includes the type, description, number and source of each item. Such list must be submitted to SIDF prior to the release of the last 20% of the loan fund.
Repayment	The rest payments of SAR 21,900,000 (twenty-one million, nine hundred thousand Saudi Riyals) shall be paid in accordance with the following: • 15/02/1434H (corresponding to 28/12/2012G) → (SAR 1,000,000) (Paid) • 15/08/1434H (corresponding to 23/06/2013G) → (SAR 1,000,000) (Paid) • 15/02/1435H (corresponding to 18/12/2013G) → (SAR 2,000,000) (Paid) • 15/08/1435H (corresponding to 13/06/2014G) → (SAR 2,000,000) (Paid) • 15/02/1436H (corresponding to 07/12/2014G) → (SAR 2,200,000) (Paid) • 15/08/1436H (corresponding to 02/06/2015G) → (SAR 2,200,000) (Paid) • 15/02/1437H (corresponding to 27/11/2015G) → (SAR 900,000) (Paid) • 15/08/1437H (corresponding to 22/05/2016G) → (SAR 900,000) (Paid) • 15/08/1438H (corresponding to 15/11/2016G) → (SAR 1,100,000) • 15/08/1438H (corresponding to 11/05/2017G) → (SAR 1,300,000) • 15/08/1439H (corresponding to 04/11/2017G) → (SAR 1,300,000) • 15/08/1439H (corresponding to 30/04/2018G) → (SAR 1,400,000) • 15/02/1440H (corresponding to 25/10/2018G) → (SAR 1,400,000) • 15/08/1440H (corresponding to 20/04/2019G) → (SAR 1,600,000) • 15/02/1441H (corresponding to 14/10/2019G) → (SAR 1,600,000)
Guarantees	• A mortgage over all existing buildings and facilities and the equipment of Ultrapak's factory in Jeddah rented from Tetra Pak. • Corporate guarantee from Takween for the payment of all due amounts in the event Ultrapak fails to pay the instalments on time.
Covenants	• The ratio of current assets to current liabilities must be at least 1:1 throughout the loan term; • The liabilities to tangible assets ratio must not be more than 3:1 for the entirety of the loan period; • No change in the location of Ultrapak's factory will have an advert consequence on its capacity to meet Ultrapak's obligations under the loan agreement; • Compliance with the requirements of the General Authority of Meteorology and Environmental Protection and the Saudi Standards, Metrology and Quality Organization; • Transactions with related parties must be on an arm's length bases; • Providing SIDF with the audited financial statements within a period not exceeding ninety (90) days from the end of the financial year, the preliminary financial statements within a period not exceeding thirty (30) days from the end of each quarter as well as any information or statements required by (SIDF) from time to time. • Ultrapak undertakes to submit a plan to employ and train capable Saudis and provide an implementation timeline of such plan, to the satisfaction and approval of SIDF; • Providing proper insurance at a specialized company on the project assets against risks determined from time to time by the SIDF. The insurance policy must provide that SIDF is the beneficiary of all compensations for insured losses and providing SIDF with any material amendments or cancellations;

Term	Description
Covenants	• There shall be no mortgages, right, credit, encumbrances, or any other liabilities on the properties, returns or assets held currently or in the future by the debtor except for those stated in this agreement unless otherwise agreed upon by SIDF. It should be noted that Ultrapak has obtained the approval of SIDF, dated 12/07/1437H (corresponding to 19/04/2016G) with regards to the guarantees provided to ANB to obtain the Syndicated Murabaha Loan; • Ultrapak shall not merge with any other entity; and • Ultrapak shall not sell, rent, transfer, or dispose of any material part of the SAAF's factory or its assets.
Terms of Termination.	• Ultrapak will be in breach of the agreement, if it fails to fulfill its commitments or comply with the conditions or if any of the provided guarantees or undertakings is untrue. If any violation is committed and not remedied by Ultrapak within a period of thirty days from the date of notification, SIDF will have the right to revoke the loan and take the necessary procedures to collect the outstanding part of the loan and any other payable amounts.
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

Facilities provided by SAMBA Financial Group

Ultrapak has entered into a facilities agreement on 25/10/1436G (corresponding to 10/08/2015H) with SAMBA Financial Group for a total value of SAR 15,000,000 (thirty-five million Saudi Riyals).

Below is a brief summary of the main conditions of this agreement:

TABLE 175: Conditions Of SAMBA Financial Group Agreement With SAAF

<table>
<tr><th>Term</th><th colspan="2">Description</th></tr>
<tr><td>Total Facilities</td><td colspan="2">SAR 15,000,000 (fifteen million Saudi Riyals)</td></tr>
<tr><td>Expiry Date</td><td colspan="2">26/10/1437H (corresponding to 31/07/2016G)</td></tr>
<tr><td>Guarantees</td><td colspan="2">• A promissory note issued by Ultrapak dated 26/10/1436 (corresponding to 11/08/2015) of SAR 15,000,000 (fifteen million Saudi Riyals).
• Corporate guarantee of Takween SAR 15,000,000 (thirty-five million Saudi Riyals).</td></tr>
<tr><td>Repayment</td><td colspan="2">Total value of the facilities must be paid before the expiry date of the agreement.</td></tr>
<tr><td rowspan="9">Facility details</td><td colspan="2">A Short-term loan or Islamic Murabaha</td></tr>
<tr><td>Limits of facilities</td><td>Financing the working capital: SAR10,000,000 (ten million Saudi Riyals).</td></tr>
<tr><td>Sub facilities</td><td>Cash flow: SAR2,000,000 (two million Saudi Riyals)</td></tr>
<tr><td colspan="2">Issuing Letters of Credit with or without Control of Commodity</td></tr>
<tr><td>Limits of facilities</td><td>(SAR 5,000,000)</td></tr>
<tr><td rowspan="3">Sub facilities</td><td>Refinancing letters of credit by 100% percent.</td></tr>
<tr><td>Issuance of all types of letters of guarantee SAR 5,000,000 (five million Saudi Riyals).</td></tr>
<tr><td>Issuance of customs guarantees of SAR 5,000,000 (five million Saudi Riyals).</td></tr>
<tr></tr>
<tr><td>Events of Default</td><td colspan="2">• The occurrence of material adverse change in the financial position of Ultrapak or for any guarantor which makes the bank believes that Ultrapak or the guarantor may not be able to perform its liabilities set out in the agreement.
• If Ultrapak or any guarantor becomes insolvent; makes a general waiver for its creditors; makes a reconciliation with them; or becomes bankrupt or if dissolution procedures were initiated.
• The suspension of Ultrapak's commercial activities, or any changes occurring in the regulations resulting in the suspension of the business.
• In the event of any incident that SAMBA Financial Group believes it has led to material adverse change in Ultrapak business, and financial, administrative and legal positions, which would result in the Company being unable to meet its obligations.
• Failure to fulfill any of the agreement terms, representations or warranties contained therein.</td></tr>
</table>

Term	Description
Terms	• Using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws; • Providing all guarantees required by the bank; • The Bank has the right to conduct offset on any equity related to the Company and shall be also entitled to merge or consolidate the Company's accounts to pay off any due debts. • Providing the bank with the financial statements within a period not exceeding (120) one hundred and twenty days as of the end of the financial year. • Maintaining the Company's legal form during the term of the Agreement.
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

Facilities provided by the Banque Saudi Fransi

On 13/03/1437H (corresponding to 24/12/2015G), Ultrapak entered into a framework agreement for Murabaha credit for the value of SAR 23,600,000 (twenty-three million six hundred thousand Saudi Riyals). Ultrapak has obtained letters of payment guarantee for the limit of SAR 400,000 (four hundred thousand Saudi Riyals). The total value of facilities is SAR 24,000,000 (twenty four million Saudi Riyals).

Below is a brief summary of the main conditions of this agreement:

TABLE 176: Conditions Of The Credit Facilities Agreement Entered Into Between Banque Saudi Fransi And Ultrapak.

<table>
<tr><th>Term</th><th colspan="2">Description</th></tr>
<tr><td>Total Facilities</td><td colspan="2">SAR 24,000,000 (twenty-four million Saudi Riyals)</td></tr>
<tr><td>Expiry Date</td><td colspan="2">01/03/1438H (corresponding to 30/11/2016G)</td></tr>
<tr><td>Guarantees</td><td colspan="2">• A promissory note of SAR 24,000,000 (twenty-four million Saudi Riyals issued by Ultrapak)
• Corporate guarantee issued by Takween for (SAR 24,000,000).</td></tr>
<tr><td rowspan="7">Repayment</td><td colspan="2">Repayment shall be made in accordance with the conditions of each fund granted to Ultrapak.</td></tr>
<tr><td colspan="2">Multi-purpose facility (Murabaha financing and/or multi imports acceptance)</td></tr>
<tr><td>Limits of facilities</td><td>(SAR 23,600,000)</td></tr>
<tr><td rowspan="2">Sub facilities</td><td>Murabaha finance of (SAR 3,000,000) with a maximum availability period of 60 days.</td></tr>
<tr><td>Import finance (issuing on sight/deferred documentary letters of credit) (SAR 23,600,000) with a maximum period of 180 days.</td></tr>
<tr><td colspan="2">Payment Guarantees</td></tr>
<tr><td>Limits of facilities</td><td>(SAR 400,000)</td></tr>
<tr><td>Events of Default</td><td colspan="2">• Delays in meeting the obligations and in payment of due amounts on maturity date;
• Not using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws;
• Failure to fulfill any obligations, undertakings, or acknowledgments in the agreement;
• If, at any time, it is evident that the guarantees provided by Ultrapak to the bank are invalid.
• If Ultrapak stops paying its debts in general or stops or threatens to stop its business.
• If Ultrapak becomes bankrupt, loses its legal capacity or eligibility or stops its commercial activity; and
• When Ultrapak is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties.</td></tr>
<tr><td>Conditions</td><td colspan="2">• The Bank has the right to conduct offset on any equity related to Ultrapak and shall be also entitled to merge or consolidate Ultrapak accounts to pay off any due debts;
• The bank has the right to withdraw or cancel the limits of the facilities granted to Ultrapak and to claim the payment of all due commitments after sending a 15 days' notice;</td></tr>
</table>

Term	Description
Conditions	• The bank has the sole right to change the fees and profit margin, and to merge the accounts kept under Ultrapak's name or consolidate all due amounts at any time according to its discretion and without any prior notice to Ultrapak; • Providing the Bank with all data related to Ultrapak's financial position, and any change thereto or notifying the Bank about any event with an adverse effect on its ability to fulfill its obligations and commitments; and • Using facilities for the purpose they were provided for and in compliance with Sharia'ah and the Kingdom's laws.
Governing Law	• This agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia. • Legal actions or proceedings arising from or as a result of this agreement shall be brought before the competent courts in the Kingdom of Saudi Arabia.

Source: Legal due diligence report

14-4-3-4 Loans and facilities New Marina obtained

Facilities of HSBC Egypt

On 23/09/1431H (corresponding to 02/09/2010G), New Marina entered into a facilities agreement with HSBS Egypt, pursuant to which HSBS Egypt made available an aggregate amount of SAR 35,000,000 (thirty five million Saudi Riyals) (equivalent to SAR16,837,500 (sixteen million, eight hundred thirty seven thousand, five hundred Saudi Riyals)) in addition to an amount of USD372,000 (three hundred seventy two thousand American Dollars) (equivalent to SAR 1,395,037 (one million three hundred ninety-five thousand thirty seven Saudi Riyals)).

Below is a brief summary of the main conditions of this agreement:

TABLE 177: The Conditions Of The Facilities Agreement Entered Into By And Between HSBC Egypt And New Marina

<table>
<tr><th>Term</th><th colspan="2">Description</th></tr>
<tr><td>Total Facilities</td><td colspan="2">SAR 35,000,000 (thirty-five million Saudi Riyals) (equivalent to SAR16,837,500 (sixteen million, eight hundred thirty-seven thousand, five hundred Saudi Riyals)) in addition to an amount of USD372,000 (three hundred seventy-two thousand American Dollars) (equivalent to SAR 1,395,037 (one million, three hundred ninety-five thousand, thirty-seven Saudi Riyals)).</td></tr>
<tr><td>Expiry Date</td><td colspan="2">02/10/1432H (corresponding to 31/08/2011G), the Bank may authorize New Marina to benefit from the financing after the expiry of this agreement. All terms and conditions of which agreement apply to the renewed period (New Marina confirmed that the facilities are still valid until the date of this Prospectus)</td></tr>
<tr><td>Guarantees</td><td colspan="2">• A promissory note on demand of (SAR 35,000,000) (equivalent to SAR 16,837,700); and
• A promissory note on demand of (EUR 2,000,000) (equivalent to SAR 8,440,350) (related to the mid-term loan).</td></tr>
<tr><td>Repayment</td><td colspan="2">Repayment shall be made in accordance with the conditions of each financing granted to New Marina.</td></tr>
<tr><td rowspan="8">Facility details</td><th colspan="2">A mid-term loan</th></tr>
<tr><td>Limits of facilities</td><td>USD 372,000 (equivalent to SAR 1,395,037).</td></tr>
<tr><td>Purpose</td><td>Refinancing the loans made available previously to finance 90% of the value of the machinery imported.</td></tr>
<tr><td>Availability Period</td><td>6 months</td></tr>
<tr><td>Repayment</td><td>Repayable in 10 equal installments. The total term is 3 years starting from the date of withdrawal.</td></tr>
<tr><th colspan="2">Miscellaneous loans of a maximum of EGP 35,000,000</th></tr>
<tr><td>Limits of facilities</td><td>EGP 35,000,000 (equivalent to SAR 16,837,500).</td></tr>
<tr><td>Sub facilities</td><td>EGP 35,000,000 (equivalent to SAR 16,837,500) (import cash line, available for utilization in local currency only for refinancing 90% of the value of shipping documents under a clean import Loan with maximum tenor of 180 days inclusive of suppliers facility)</td></tr>
</table>

Term	Description	
	Sub facilities	(EGP 6,000,000) (equivalent to SAR 2,885,400) (available for bills discounted line in local currency only to finance 80% of commercial instruments value with a maximum tenor of 90 days. Maximum limit per drawee 30%, Limit per drawee to 50% to be available for the company's main customers).
		(SAR 8,000,000) (for a guarantee line available for issuing tender, performance and advance payment guarantees needed to support the company's operations with 10% cash margin)
		(EGP 6,000,000) (for a loan line available for financing 100% of local purchase invoices with a maximum tenor of 180 days).
		(EGP 1,500,000) (equivalent to SAR 721,350) (for an overdraft Line available for financing overheads, customs duties, utility payments, and other expenses)
		EGP 35,000,000 (equivalent to SAR 16,837,500) (import cash line, available for utilization in local currency only for refinancing 90% of the value of shipping documents under a clean import Loan with maximum tenor of 180 days inclusive of suppliers facility)
Events of Default	• Failure to fulfill any or all of the liabilities due and payable to the Bank; • Delays in meeting the obligations and in payment of due amounts on maturity date; • Failure to fulfill any obligations, undertakings, or acknowledgments in the agreement; • If any of the material information provided by the Company to the bank is proved to be untrue; • When the Company is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties; • The event of any properties of New Marina being seized or subject to execution and New Marina become unable to from dispose of it; and • Any event which the bank deems a reasonable basis to believe that a material adverse change has occurred to the Company's operations or financial position.	
Conditions	• The prices provided by the Bank to New Marina are subject to the fluctuations estimated by the Bank and to an interest deducted monthly from New Marina's current account in respect of arrears. • The Bank has, at any time, the right to claim the settlement of New Marina's commitments and liabilities and amend or cancel the loan granted to New Marina according to the Bank's discretion without any obligation on the bank to give a reason or justification for its decision, provided that the Bank sends a one-month written notice to New Marina before the claim.	
Governing Law	Egyptian Law - Egyptian Courts	

Source: Legal due diligence report

Facilities provided by the National Bank of Abu Dhabi

On 19/07/1435H (corresponding to 18/05/2014G), New Marina entered into a credit facilities agreement with the National Bank of Abu Dhabi, pursuant to which, the National Bank of Abu Dhabi made available an aggregate amount of EGP 2,000,000 (two million Egyptian pounds) (equivalent to SAR 962,740 (nine hundred sixty-two thousand seven hundred and forty Saudi Riyals)) and USD 9,430,000 (nine million four hundred thirty thousand US Dollars) (equivalent to SAR 35,363,443 thirty-five million three hundred sixty-three thousand four hundred forty-three Saudi Riyals).

Below is a brief summary of the main conditions of this agreement:

TABLE 178: The Conditions Of The Facilities Agreement Entered Into Between The National Bank Of Abu Dhabi And New Marina

Term	Description
Total Facilities	EGP 2,000,000 (two million Egyptian Pounds) (equivalent to SAR 962,740 (nine hundred sixty-two thousand seven hundred forty Saudi Riyals)), and USD9,430,000 nine million, four hundred thirty thousand American Dollars (equivalent to SAR 35,363,443 thirty-five million, three hundred sixty-three thousand, four hundred forty-three Saudi Riyals)
Expiry Date	• The facilities expire on 20/06/1436H (corresponding to 09/04/2015G). • The mid-term sub facility loan expires on 18/01/1441H (corresponding to 17/05/2019G). • The Bank may authorize New Marina to benefit from the financing after the expiry of this agreement. All terms and conditions of which agreement apply to the renewed period (New Marina confirmed that the facilities are still valid until the date of this Prospectus)

<table>
<tr><th>Term</th><th colspan="2">Description</th></tr>
<tr><td>Guarantees</td><td colspan="2">All monies, current accounts, cash deposits or treasury bills, proceeds from export contracts, construction contracts, whether waived to the bank, all outstanding accounts payable at existing accounts, rights existing under New Marina’s name at the bank or any of its branches in Egypt or abroad and in any currency guarantee the payment of all the amounts that New Marina is committed to pay to the Bank under the credit facilities granted thereto or for which New Marina guarantees third parties as to the payment thereof to the bank including proceeds, commission, and facilities.</td></tr>
<tr><td>Repayment</td><td colspan="2">• The term of the credit facilities shall start from the date of signing the contract and expire on 20/06/1436H (corresponding to 09/04/2015G)
• The term of the mid-term sub-facility of (EGP 10,000,000) (equivalent to 4,809,000), shall start from the date of signing the contract and be valid for six months in addition to a maximum withdrawal period of 7 months. New Marina shall be committed to pay the loan value in equal monthly 60 installments of (EGP 166,666) (SAR equivalent to 80,150).</td></tr>
<tr><td rowspan="14">Facility details</td><td colspan="2">A general limit for the opening of letters of credit</td></tr>
<tr><td>Limits of facilities</td><td>USD 8,000,000 (equivalent to SAR 30,000,800)</td></tr>
<tr><td rowspan="3">Sub facilities</td><td>A current receivable sub limit of (EGP 53,000,000) (equivalent to SAR 25,487,700)</td></tr>
<tr><td>A current receivable sub limit of (EGP 5,000,000) (equivalent to SAR 2,404,500)</td></tr>
<tr><td>A current receivable sub limit of (USD3,750,000) (equivalent to SAR 14,062,875)</td></tr>
<tr><td>Purpose</td><td>Letters of credit (sight and/or supplier facilities and/or enhanced bills)</td></tr>
<tr><td colspan="2">A limit for the letters of guarantee (primary/final)</td></tr>
<tr><td>Limits of facilities</td><td>EGP 2,000,000 (equivalent to SAR 962,740).</td></tr>
<tr><td>Purpose</td><td>Financing guarantee letters (primary/final)</td></tr>
<tr><td colspan="2">A general limit for the opening of letters of credit</td></tr>
<tr><td>Limits of facilities</td><td>USD 1,430,000 (equivalent to SAR 5,362,643)</td></tr>
<tr><td>Sub facilities</td><td>A mid-term loan of (EGP10,000,000) (equivalent to SAR 4,809,000)</td></tr>
<tr><td>Purpose</td><td>Import and local collection and finance direct transfers to foreign.</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td>Events of Default</td><td colspan="2">The total receivable balance of the loan, the original credit facilities, revenue, commission, expenditure, accessories etc. become due for payment without notice or warning in any of the following cases:
• Expiry of the term of the loan or the credit facilities;
• If New Marina fails to pay the loan or a part thereof after on its due date;
• If the company fails to use the loan or the credit facility for the purpose for which they were granted. Accordingly, the bank has the right to reject the cashing of any check drawn from New Marina on the facility’s account for a purpose other than that of the facility;
• If the company fails to fulfill any of its regulations and commitments set out in this agreement;
• If at any time it becomes evident that the guarantees provided by New Marina to the Bank are not valid, that their value has decreased or that they are damaged or destroyed or if it becomes evident that the data or information provided by the New Marinato the Bank are untrue;
• If New Marina stops paying its debts in general or stops or threatens to stop its business.
• When New Marina is under liquidation process or judicial custodian proceedings, or if it becomes unable to fulfill its obligations towards third parties;
• If the foreign shareholder withdraws fully or partially from the Company, if the Company’s legal entity is changed, or if any of the shareholders withdraws without a prior approval from the bank;
• If the Company waves any of its rights or obligations of this contract to a third party or if it transfers such rights or duties to such third party; or
• If the Company defaults on paying the governmental taxes and fees.</td></tr>
</table>

Term	Description
Conditions	The Company represents and warrants that: • The Bank has the right to conduct offset on any equity related to New Marina without a prior notice or approval; • New Marina has the right to obtain the loan and credit facilities subject of the contract and pursuant to the conditions specified therein; • It is in default of payment according to any other contract or agreement to which it is a party. There is no claims or administrative actions taken against New Marina before administrative courts or authorities; • New Marina will not distribute any dividends during the mid-term loan provided by the Bank to New Marina; • It will use the limits of the loan and credit facilities for the purpose for which they were granted. • It has foreign currency resources and undertakes to use such resources - and acquire the foreign cash necessary if they are insufficient - to pay the credit facilities obtained from the bank pursuant to this contract; • The turnover of the current receivable account will twice during the year; • The ratio of current assets to current liabilities will not be less than 1:1.25; • The ratio of total credit facilities provided by creditor banks to the total equity do not exceed 1:1 during the period of credit facilities provided by the Bank; • The bank equals other banks in terms of granted facilities and guarantees, if any; • The export proceeds of a minimum of (USD5,000,000) (equivalent to SAR 18,750,500) are annually transferred to the Bank; • Local accreditations are only issued to Sidi Kerir Petrochemicals Company - Sidpec; and • A maximum of 50% of the current receivable account will be used to fund local procurements provided that a one resource does not exceed 25% of the proportion.
Governing Law	Egyptian Law - Egyptian Courts

Source: Legal due diligence report

Facilities of the National Bank of Egypt

On 27/05/1437H (corresponding to 07/03/2016G), New Marina entered into a credit facilities agreement with the National Bank of Egypt, pursuant to which, the National Bank of Egypt made available an aggregate amount of EGP 75,000,000 (seventy five million Egyptian Pounds) (equivalent to SAR 36,067,500 (thirty six million, sixty seven thousand, five hundred Saudi Riyals)).

Below is a brief summary of the main conditions of this agreement:

TABLE 179: Conditions Of The Credit Facilities Agreement Entered Into Between The National Bank Of Egypt And New Marina

Term	Description
Total Facilities	EGP 75,000,000 (seventy five million Egyptian Pounds) (equivalent to SAR 36,067,500 (thirty six million, sixty seven thousand, five hundred Saudi Riyals)).
Expiry Date	22/09/1438H (corresponding to 17/06/2017G). The bank may authorize New Marina to benefit from the financing after expiry.
Guarantees	• New Marina must insure the goods covered by the LCs under an insurance policy equivalent to the 110% of the value of the LCs. • New Marina must assign the insurance proceeds under its fire and theft insurance to NBE equivalent to 110% of the facility value. • Promissory notes with total of EGP 75,000,000. • Pledge of accounts/saving certificates/deposits.
Repayment	• New Marina must repay the amount of the facilities on maturity with the facilities' currency and in compliance with the exchange rates declared by the bank. • According to this agreement, whenever maturity of any amount occurs to be in an off day, it shall be repaid in the next business day.

Term	Description	
Facility details	Withdrawal from unsecured overdraft	
	Limits of facilities	EGP 10,000,000 (equivalent to SAR 4,809,000).
	Purpose	Used to repay the activity's current expenses including wages, salaries, and employees' in-kind privileges. Taxes and customs fees are repaid by the facility.
	Opening letters of credit	
	Limits of facilities	EGP 75,000,000 (equivalent to SAR 36,067,500).
	Purpose	to import production requirements and refinance the credits.
	Availability Period	180 days as of the date of receiving shipping bills including the period of suppliers' facilities.
Events of Default	• Failure to fulfill any obligations, undertakings, or acknowledgments in the agreement; • If any of the material information or documents provided by New Marina to the bank is proved to be untrue; • When New Marina is under liquidation process or judicial custodian proceedings, or is subject to seizure proceedings; • Terminate or revoke any of the approvals or licenses issued to New Marina for a bank related reason which might have a material effect on New Marina's capability to conduct its activities. • If New Marina's assets or guarantees decreased in a manner threatening the repayment of any part of those facilities such as revenues, commissions, fees, expenses, or any due amounts. • If New Marina used the facilities subject hereto in other purpose than the one agreed on with the bank and defined herein or if the bank observed by following up with the specialized purpose of those facilities that New Marina cannot continue in operating it so as to achieve the purpose of the facilities subject hereto.	
Conditions	New Marina represents and warrants that: • to provide the bank, if required at any time, with any documents, data, or information during the term of the agreement, and to update its data in the bank whenever changed. New Marina undertakes not to use any financing from illegal sources; • that there are no legal or arbitral claims, or any legal procedures that it took or instituted against it that may affect its financial position; • that all documents, warranties, statements, and obligations provided to the bank under this agreement are true and correct, and are part and parcel of this agreement as well; • that it will not make any material change in the nature of its businesses, legal form, ownership structure, or the approvals obtained from competent governmental authorities, and not to conduct any other businesses that are inconsistent with these approvals or the applicable law without a prior written consent from the bank; • not to use facilities in distributing profits, repaying any cash to shareholders, or transferring from New Marina's accounts to other banks; • It submits monthly to the bank a certified certificate, which shows the existing inventory balance including the quantities and values, at the end of every month; • It does not impose any heavy charges that can have effect on meeting its obligations arising out of this facility; • It does not mortgage or authorize mortgage of any of its assets in the future without consulting the bank; • It submits to the bank its annual approved budget within 120 days as of the date of the financial year closure. It also submits to bank the preliminary balance sheets within 60 days as of the date of its closure; • New Marina's obligations arising out of this facility will remain at least equal to those due to the other banks offering short-term facilities (Pari-passu); • It does not change the shareholders' structure so that the governing share of the main shareholders does not decrease; • It adds 25% of the export proceeds to New Marina's accounts in the bank so that it can be used in financing export operations of New Marina for the bank, or it gives them up to the bank; • To achieve working capital turnover ratio twice a year; • That the turnover ratio shall not be less than one time; • That financial leverage shall not be increased more than one time; • To submit to the bank new certificate stating that there are no bankruptcy provisions issued	

Term	Description
Conditions	• by the economic court against New Marina, which lies in its jurisdiction, in a maximum date of 10/07/1437H (corresponding to 17/04/2016G); • To keep term deposits in Egyptian Pound for the bank with value equal to 110% of the debt balance in dollar tranche; and • To pay debt return of dollar tranche "under liquidation" from self-resources. (its value amounts to USD 2,904,605.28 which is equivalent to SAR 10,892,560).
Governing Law	Egyptian Law - Egyptian Courts

Source: Legal due diligence report

14-4-4 Supply Contracts

14-4-4-1 A supply contract between SAAF and Basel International Company F. Z. E.

On 27/03/1436H (corresponding to 18/01/2015G) SAAF and Basel International Company F. Z. E. entered into a yearly contract for purchasing Mitocene. Pursuant to this contract SAAF benefits from a reduction appropriate to the volume of quantities consumed from such material. This contract is valid until 02/04/1438H (corresponding to 31/12/2016G). This contact shall be governed by and construed in accordance with the English laws. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in England.

14-4-4-2 A supply contract between Takween and Western Modern Pac. Company Limited.

On 10/03/1436H (corresponding to 01/01/2015G) the (independent) Company has entered into a purchase contract of papers with Western Modern Pac. Company. Limited. The value of such materials is calculated based on the weight and quality. The due amounts shall be paid within a period ranging from 90 to 120 days of the date of delivering each invoice. This contract shall be valid for a year and it was renewed to 02/04/1438H (corresponding to 31/12/2016G) This contact shall be governed by and construed in accordance with the English laws. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in England.

14-4-4-3 A supply contract between Takween and United Carton Industries Company

On 08/07/1436H (corresponding to 27/04/2015G) the (independent) Company entered into a purchase contract of cartons with United Carton Industries Company. The value of such materials is calculated based on the weight and quality. The due amounts shall be paid within a period ranging from 90 to 120 days of the date of delivering each invoice. This contract shall be valid for a year and it was renewed to 02/04/1438H (corresponding to 31/12/2016G) This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-4-4 A supply contract between Takween and SABIC

On 21/03/1437H (corresponding to 01/01/2016g) the (independent) Company entered into a purchase contract of products of polypropylene, high-density polyethylene and low-density polyethylene with SABIC. The Company benefits from a reduction in proportion to the quantities consumed and supplied from such material. Due amounts shall be paid through bank guarantee issued by the Company during five days from the supplier's acceptance of purchase order. This contract expires on 02/04/1438H (corresponding to 31/12/2016G) and shall be renewed on yearly basis upon mutual consent of the parties, three months prior to the expiry date. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-4-5 A supply contract between Takween (Al-Ahsa branch) and Astra

The Company purchases polymer products (masterbatch) from Astra and uses these materials to color plastic materials. The commercial relation between the two parties has begun from the early nineties and the transactions are renewed continuously at the beginning of each calendar year for a period determined by both parties. This transaction applies for the current year until 27/12/1437H (corresponding 30/09/2016G). Materials have been ordered by purchase orders. The value of such materials are calculated based on the weight, insurance rate and transport. The due amounts shall be paid within 90 to 120 days of the date of the invoice. Prices of polymer material are reviewed quarterly in accordance with market price. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-4-6 A supply contract between Takween and Lawaseq

As at 23/02/1436H (corresponding to 15/12/2014G), the Company (independently) entered into contract with Lawaseq Company for the procurement of packaging products. The value of such products based on the cost and insurance and transfer price. The due amounts shall be paid within 90 to 120 days of the date of the invoice. This contract expires on 02/04/1438H (corresponding to 31/12/2016G) and shall be renewed yearly basis upon mutual written consent. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5 Contracts with Clients

Below is a summary of the Group's contracts most important clients:

14-4-5-1 The Company's (Al-Ahsa branch) contract with Al Othman Agriculture Production and Processing Company (NADA)

On 12/05/1436H (corresponding to 03/03/2015G), Takween entered into a contract for manufacturing and supply of plastic packaging materials, preforms, cups, and caps according to defined amounts, sizes, and specifications with Al Othman Agriculture Production and Processing Company ("NADA"). The quantities expected to be ordered and the delivery date shall be determined in the twenty-fifth of each month to allow the Company to provide the required raw materials that fit the order quantity. Products value is calculated based on the cost of raw materials, packaging and transportation cost. The due amounts shall be paid within 120 days of the date of delivering each invoice. This contract expires on 13/04/1439H (corresponding to 31/12/2017G), each party has the right to terminate the contract by notifying the other before 90 days. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-2 The Company's (Al-Ahsa branch) contract with one of the agricultural companies

On 09/06/1434H (corresponding to 20/04/2013G), Takween entered into contract with one of the agricultural companies for the manufacturing and supply of preforms and caps according to defined quantities, sizes and specifications. Additionally, Takween will provide a stock of the products equal to 33% of the demanded quantity in a month. Products value is calculated based on the cost of raw materials, packaging, weight and transportation cost. The due amounts shall be paid within a period ranging between 45 and 120 days of the date of delivering each invoice. This contract expires on 16/09/1439H (corresponding to 31/05/2018G), each party has the right to terminate the contract by notifying the other before three months. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-3 Plastico's agreement with one of refreshments companies

On 29/12/1436H (corresponding to 13/10/2015G), Plastico entered into contract with one of the refreshments companies for the manufacturing and supplying of preforms with specific colors, sizes and weight determined in the purchase orders and expected to be provided in the following month. Invoices are paid within 45 to 120 days from the date of delivering the invoice or the delivery order. This contract expires on 29/12/1437H (corresponding to 30/09/2016G), to be renewed under a written consent of the two parties. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-4 Plastico's agreement with one of oil companies

On 12/05/1436H (corresponding to 03/03/2015G), Plastico entered into contract with one of the oil companies, for the manufacturing, storing and supply of plastic packaging materials. Plastico will manufacture the products according to the specifications stated in the contract. The oil company will provide Plastico with the products' molds, given that such molds will be returned after contract expiry. Plastico provides the oil company with the products with the required specs after two days from receiving the order. Product value is calculated according to its weight, the price of raw materials defined by SABIC, and transportation cost to the warehouses. Invoices shall be settled within 45 to 120 days as of the date of their delivery to the oil company. This contract expires on 13/04/1439H (corresponding to 31/12/2017G), and will renewed to a specific term following the approval of both parties six months before the contract expiry. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-5 Plastico's agreement with one of dairy companies

On 02/08/1435H (corresponding to 01/06/2014G), Plastico entered into contract with one of dairy companies for the manufacturing, storing, and supply of plastic packaging materials. Plastico will manufacture the products according to the specs provided herein, and the dairy company will buy annually a minimum amount of such products, given that Plastico represents that it will meet the dairy company needs of the products, quantities, and size.The products will be deliver by the Company to the warehouses. Products value is calculated based on an equation including: the product's weight, the price of raw materials, production cost, and transportation to the warehouses. The dairy company shall be responsible for the cost of any amendment or change in the products specs defined herein including the molds to be provided to fit the new specifics. Value of the invoices shall be repaid within 45 to 120 days as of the date of each month expiry. This contract expires on 22/04/1440H (corresponding to 31/12/2018G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-6 Takween (Al-Ahsa branch) and Plastico's contract with one of the dairy companies

On 24/06/1436H (corresponding to 14/04/2015G), Plastico entered into a contract with one of the dairy companies for manufacturing preforms provided that the products are manufactured according to specific specs and sizes. Plastico must ensure that the products are in compliance with the defined specs stated in each order. Products with required specifications shall be delivered after two days of receiving the order by Plastico, it shall also assume all the risks associated to the transportation of the products to the warehouses. Invoices will be settled within 45 to 120 days as of the end each month. This contract is valid until 01/12/1439H (corresponding to 13/04/2018G), and shall be renewed automatically for two years unless either party expresses desire of non-renewal to the other party 30 (thirty) days before the date of each renewal. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-7 Plastico's Contract with one of water bottling factories

On 16/03/1436H (corresponding to 07/01/2015G), Plastico entered into contract with a water bottling factory to supply necessary products to manufacture performs. Plastico opens a credit line from a period of45 to120 days as of the date of the first delivery, provided that the value of the products is paid after the termination of a term ranging between 45 to 120 days. This contract shall be valid for a year and it was renewed to 02/04/1438H (corresponding to 31/12/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-8 Plastico's Contract with one of water bottling factories

On 16/06/1435H (corresponding to 01/04/2015G), Plastico entered into a contract for selling plastic products as the factory's need with one of water bottling factories, the value of the products is calculated based on the prices of SABIC for required raw materials. Due amounts shall be paid in a period ranging between 45 to 120 days. This contract is valid for a year and it was renewed to 02/04/1438H (corresponding to 31/12/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-5-9 Al Sharq contract with one of the primary industries companies

As at 29/04/1436H (corresponding to 18/02/2015G), Al Sharq Company entered into a purchase contract with one of the prime industrial companies. In accordance with this contract the prime industrial company provides purchase orders to Al Sharq Company pursuant to which Al Sharq delivers the required products. Due amounts shall be paid in a period ranging between 45 and 120 days of the date of receiving products and invoices. The contract expires on 03/07/1438H (corresponding to 31/03/2017G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-6 Lease Contracts

The Group has concluded 22 lease contracts which are shown in the following table:

TABLE 180: Lease Contracts

No.	Lessor	Leased Property	Contract Commencement Date	Contract Termination Date	Contract Status	The total value lease of the building (SAR)
Takween						
1	MODON	A 43,200 square meters industrial land in the First Industrial City in Al-Oyoun, Al-Ahsa	27/01/1436H (corresponding to 19/11/2014G)	09/09/1456H (corresponding to 20/11/2034G)	Valid	SAR 86,400 (eighty-six thousand four hundred Saudi Riyals) annually
2	Mohamed Abdullah Al Othman	A 50,000 square meter industrial land in in Eljern, Al-Ahsa	11/02/1426H (corresponding to 01/04/2005G)	06/08/1446H (corresponding to 04/02/2025G)	Valid	SAR 50,000 (fifty thousand Saudi Riyals) annually
3	Owner (association)	A 2,800 square meters warehouse in Eljern, Al-Ahsa, Al-Ahsa	04/06/1434H (corresponding to 14/04/2013G)	03/06/1439H (corresponding to 18/02/2018G)	Valid	SAR 230,000 (two hundred and thirty thousand Saudi Riyals) annually
4	Owner (real estate company)	Offices in Al Khobar, Eastern Province, with a total area of 710 square meters.	01/05/1435H (corresponding to 02/03/2014G)	13/06/1439H (corresponding to 01/03/2018G)	Valid	SAR 568,000 (five hundred and sixty-eight thousand Saudi Riyals) annually
SAAF						
5	Aramco Company and Rabigh for Transformational Industries and Services	A 100,000 square meters land	05/12/1432H (corresponding to 01/11/2011G)	05/11/1463H (corresponding to 30/10/2041G)	Valid	SAR 600,000 (six hundred thousand Saudi Riyals) annually
6	Mohamed Abdullah Al Othman	A 99,400 square meters land in Eljern, Al-Ahsa	21/02/1426H (corresponding to 01/04/2005G)	06/08/1446H (corresponding to 04/02/2025G)	Valid	SAR 99,400 (ninety-nine thousand four hundred Saudi Riyals) annually
Ultrapak						
7	TetraPak Company	Portion of land with a total area of 3,216 square meters and a warehouse with a total area of 3,240 square meters in warehouses city in Jeddah.	25/04/1429H (corresponding to 01/05/2008G)	04/08/1438H (corresponding to 30/04/2017G)	Valid	SAR 1,400,000 (one million four hundred thousand Saudi Riyals) annually
Plastico						
8	Owner (individual)	A 202 square meters office in Jeddah	01/04/1436H (corresponding to 21/01/2015G)	01/04/1438H (corresponding to 30/12/2018G)	Valid	SAR 133,926 (one hundred and thirty-three thousand nine hundred and twenty-six Saudi Riyals)

No.	Lessor	Leased Property	Contract Commencement Date	Contract Termination Date	Contract Status	The total value lease of the building (SAR)
9	Owner (individual)	A 202 square meters office in Jeddah	23/01/1433H (corresponding to 18/12/2011G)	22/01/1438H (corresponding to 23/10/2016G)	Valid	SAR 101,640 (one hundred and one thousand, six hundred and forty Saudi Riyals)
10	Owner (company)	A ground floor office in Saudi Business Center in Jeddah	01/04/1435H (corresponding to 01/02/2014G)	25/09/1437H (corresponding to 30/06/2016G)	Valid	SAR 12,621 (twelve thousand nine hundred and twenty-one Saudi Riyals) annually
11	MODON	Portion of land number (F5: 11,12) In the Second Industrial City in Riyadh with a total area of 17,000 square meters.	10/06/1424H (corresponding to 08/08/2003G)	09/06/1449H (corresponding to 08/11/2027G)	Valid	SAR 340 (three hundred and forty Saudi Riyals) annually
12	MODON	Portion of land number (M19: 17,19,21) In the Second Industrial City in Riyadh with a total area of 12,500 square meters.	16/08/1412H (corresponding to 19/02/1992G)	This contract is valid for 25 years and shall be renewed for a similar period	Valid	SAR 1,000 (one thousand Saudi Riyals) annually*
13	MODON	Portion of land number (E1: 1,2,3,4) In the Second Industrial City in Jeddah with a total area of 30,000 square meters.	11/04/1414H (corresponding to 27/09/1993G)	This contract is valid for 25 years and shall be renewed for a similar period	Valid	SAR 2,400 (two thousand and four hundred Saudi Riyals) annually
14	MODON	Portion of land number (E1: 1,2,3,4) In the Second Industrial City in Jeddah with a total area of 3,000 square meters.	07/06/1427H (corresponding to 03/07/2006G)	This contract is valid for 25 years and shall be renewed for a similar period	Valid	SAR 60 (sixty Saudi Riyals) annually
15	Owner (individual)	Warehouse and a building on these portions' number (426, 427, 428) with a total area of 5,000 square meters in Jeddah.	06/03/1437H (corresponding to 17/12/2015G)	This contract is valid for one Hijri year starting from supplying electricity, and shall be renewed for a similar period.	Valid	SAR 750,000 (seven hundred and fifty thousand Saudi Riyals) annually
16	Owner (individual)	Warehouses number (8, 9, 10, 11, 12) with a total value of 4,600 square meters along Al-Kharj Road.	01/12/1436H (corresponding to 14/06/2015G)	30/11/1437H (corresponding to 17/07/2017G)	Valid	SAR 725,000 (Seven hundred and twenty five thousand Saudi Riyals) annually

No.	Lessor	Leased Property	Contract Commencement Date	Contract Termination Date	Contract Status	The total value lease of the building (SAR)
17	Owner (real estate company)	Warehouses number (15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28) with a total area of 19,745 square meters along Al-Kharj Road.	14/10/1436H (corresponding to 30/07/2015G)	13/10/1437H (corresponding to 17/07/2016G)	Valid	SAR 3,159,216 (three million, one hundred and fifty-nine thousand, two hundred and sixteen Saudi Riyals) annually
18	Owner (individual)	Warehouses number (12, 13, 14, 15, 16, 17) with a total value of 5,873 square meters in Riyadh.	01/01/1437H (corresponding to 14/10/2015G)	30/12/1437H (corresponding to 01/10/2016G)	Valid	SAR 822,220 (eight hundred and twenty-two thousand, two hundred and twenty Saudi Riyals) annually
19	Owner (company)	A warehouse along the Old Al-Kharj Road with a total area of 1,700 square meters.	01/01/2015G (corresponding to 10/03/1436H)	The lease period is for a month, to be renewed automatically unless either party expresses his desire of non-renewal to the other party fifteen (15) days prior to the end of the month.	Valid	SAR 23,000 (twenty three thousand Saudi Riyals) monthly
Al Sharq						
20	MODON	Portion of land number (F3: 1, 2, 3) In the Second Industrial City in Riyadh with a total area of 22,500 square meters.	05/01/1425H (corresponding to 25/02/2004G)	04/01/1450H (corresponding to 28/05/2028G)	Valid	SAR 450 (four hundred and fifty Saudi Riyals) annually
21	MODON	Residential portions of land number (472, 475, 477, 480) In the Second Industrial City in Riyadh with a total area of 5,620 square meters.	02/12/1427H (corresponding to 23/12/2006G)	01/12/1451H (corresponding to 04/04/2030G)	Valid	SAR 112.4 (one hundred and twelve Saudi Riyals and forty Halalas) annually
22	Saudi Railways	Portions of land number (71RY8, 1RY9, 3RY9) with a total area of 17,250 square meters in Al-Kharj.	22/12/1422H (corresponding to 06/03/2002G)	21/12/1437H (corresponding to 22/09/2016G)	Valid	SAR 152,427.60 (One hundred fifty-two thousand, four hundred twenty-seven Saudi Riyals and sixty Halalas) annually

Source: Legal due diligence report

14-4-7 Contracts with service providers

14-4-7-1 SAAF contract with Ahmed Al-Alwan General Construction Establishment

On 10/05/1436H (corresponding to 01/03/2015G), SAAF entered into a contract with Ahmed Al-Alwan Est, to provide construction services based on purchase orders. The contract includes mechanical and electrical works. The establishment provides monthly invoices of the works completed. These invoices are repaid within 7-60 days of their date. This contract is valid until 02/06/1438H (corresponding to 29/02/2017G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-7-2 SAAF contract with Hashem al-Moussawi General Construction Establishment

On 10/05/1436H (corresponding to 01/03/2015G), SAAF entered into a contract with Hashem Al-Moussawi Est, to provide construction services based on purchase orders. The contract includes mechanical and electrical works. The establishment provides monthly invoices of the works completed. Invoices are settled within 7 to 60 days of their date of issuance. This contract is valid until 02/06/1438H (corresponding to 29/02/2017G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-7-3 The Company and SAAF contract with Gao Yao City Baillaad Neto factory ("Benny")

On 12/04/1436H (corresponding to 01/02/2015G), the Company and SAAF entered into a contract with Benny, to provide transferring/proceeding services for SAAF's products. SAAF settles the due amounts within 7 to 60 days from the date of the invoice. This contract is valid until 30/04/1438H (corresponding to 28/01/2017G), to be renewed automatically unless either party notify the other in writing of his will desire not to renew the term within a period not less than one month prior to the date of the contract termination. This contact shall be governed by and construed in accordance with the laws of China. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in China.

14-4-7-4 SAAF contract with Hamad Askar El-Yami General Construction Establishment

On 10/05/1436H (corresponding to 01/03/2015G), SAAF entered into a contract with Hamad askar El-Yami Gen Cont Est, to provides construction services based on purchase orders. The contract includes mechanical and electrical works. The establishment provides monthly invoices of the works completed. Invoices are repaid within 7 to 60 days of their date. This contract is valid until 02/06/1438H (corresponding to 29/02/2017G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-8 Transportation Contracts

14-4-8-1 Ultrapak contract with Khalid Al Suhaim Company for Transport

On 28/08/1435H (corresponding to 26/06/2014G), Ultrapak entered into a contract with Khalid Al Suhaim Company to provide motor vehicles to transport its products from Jeddah to specific cities in the Kingdom. The price of each trip is determined based on the destination; provided that prices defined in the contract shall be foxed throughout the year and no change shall occur exceeding 10%. The due amounts shall be paid within 7 to 60 days from the date of the invoice. This contract is valid for a year of its date, to be renewed automatically unless either party expresses desire of non-renewal to the other party not less than month before the end of the month. This contract is valid until 20/09/1437H (corresponding to 25/06/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-8-2 Plastico Contract with Commercial Arab Truck Establishment

On 11/03/1437H (corresponding to 22/12/2015G), Plastico entered into a contract with Commercial Arab Truck Establishment to provide motor vehicles to transport the products of its two branches in Riyadh and Jeddah inside the Kingdom. The due amounts shall be paid within 7 to 60 days of the date of the invoice. This contract is valid for a year of its date, to be renewed automatically unless either party expresses desire of non-renewal to the other party not less than month before the end of the contract. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-8-3 The Company's contract with Saad Alhabel Establishment

On 4/10/1435H (corresponding to 31/07/2014G), the Company entered into a contract with Saad Alhabel Establishment to provide motor vehicles to transport the Company's products from Hofuf to any destination inside the Kingdom for a fixed monthly price. The establishment provides cargo insurance during transportation with a maximum of SAR 200,000 for each cargo. The due amounts shall be paid within 7 to 60 days of the date of the invoice. This contract is valid for two years as of its date which is 24/09/1437H (corresponding to 30/06/2016G), to be renewed automatically unless either party expresses desire of non-renewal to the other party. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-8-4 The Company's contract with Taseco T. M. S. Saudi Arabia

On 07/02/1433H (corresponding to 01/01/2012G), the Company entered into a contract with Taseco to provide one motor vehicle to transport the Company's products from Hofuf to any destination inside the Kingdom for a fixed monthly price. The due amounts shall be paid within 7 to 60 days of the date of the invoice. This contract is valid for two years, to be renewed under the the desires of the two parties, it is valid until 02/04/1438H (corresponding to 31/12/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-8-5 Plastico's contract with Sultan Mohamed Daraan Transportation Establishment

On 18/01/1437H (corresponding to 31/10/2015G), Plastico entered into a contract with Sultan Mohamed Daraan Est to transport its products. Trips prices vary according to the delivery destination and the type of the cargo. The establishment shall insure Plastico's goods during transportation with a maximum of SAR 200,000 for each one cargo. The due amounts shall be paid within 7 to 60 days of the date of providing invoices and delivery orders. This contract is valid for one calendar year until 28/01/1438H (corresponding to 30/10/2016G), to be renewed for another calendar year pursuant to a supplement signed by both parties to be attached to this contract. This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-8-6 Plastico's contract with Al Bassami International Group Company

On 26/01/1432H (corresponding to 01/01/2011G), Plastico entered into a contract with Al Bassami International Group Company to transport its products from Jeddah across Saudi Arabia. The contract stipulated fixed prices according to the destination of each trip. Prices are reviewed by both parties at the beginning of each calendar year to fit the market's prices. The due amounts shall be paid within 7 to 60 days of the date of receiving the invoice. Al Bassami International Group shall insure Plastico's goods during transportation with a maximum of SAR 150,000 for each one cargo. This contract is valid for two years of its date, to be renewed for a similar period with a written consent of the two parties. This contract is valid until 02/04/1438H (corresponding to 31/12/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be referred to arbitration in Jeddah.

14-4-9 Maintenance contracts

14-4-9-1 The Company's contract with Al-Salem York Services for industrial cooling

On 25/11/1434H (corresponding to 01/10/2013G), the Company entered into a contract with Al-Salem York to provide preventive maintenance services for the Company. Works include maintenance of four of the companies' machinery, with the possibility of adding an additional machinery against an increase in the contract's value. The due amount shall be paid on four equal payments. First payment shall be paid upon signing the contract and each subsequent payment shall be settled after three months from the date of the previous payment. The Company shall not to allow any third party to maintain the cooling systems without a prior notifying Al-Salem York. This contract is valid until 27/01/1438H (corresponding to 28/10/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-9-2 The Company's contract with Atlas Industrial Equipment Company (ATLASCO)

On 29/11/1434H (corresponding to 03/11/2013G), the Company entered into a contract with ATLASCO to provide preventive maintenance to a collection of the Company's equipment (13) equipment are covered by the contract. The first payment of the contract's value shall be 50% prepaid, provided that the remaining 50% would be paid after 6 months of the date of the advanced payment. The scope of the maintenance shall be subject to review at the end of each contractual year. This contract is valid until 01/03/1438H (corresponding to 30/11/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-9-3 The Company's contract with Samara Security and Safety Systems

On 02/01/1435H (corresponding to 05/11/2013G), the Company entered into a contract with Samara Security and Safety Systems to provide preventive maintenance to alarm systems and firefighting systems in the Company's factory located in Al-Ahsa city. The due amounts shall be paid in installment; the first payment shall be paid upon signing the contract, the second one shall be after four months from the execution of the contract and the last one shall be after nine months of signing the contract. This contract is valid for two years of its date and it expires on 22/01/1437H (corresponding to 04/11/2015G), to be renewed automatically unless either party expresses desire of non-renewal to the other party not less than three months before its expiry date. This contract is valid until 15/02/1439H (corresponding to 04/11/2017G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-10 Contract of sale of industrial scrap

14-4-10-1 SAAF contract with S. T. P. company

On 02/11/1436H (corresponding to 17/08/2015G), SAAF entered into a contract with S.T.P company. Upon which S.T.P buys scrap from SAAF. Scrap prices are determined according to SABIC Polymers cost. SAAF is entitled to buy the scrap to be sold to S.T.P to another party in case of a delay from S.T.P in paying its accruals or transporting the scrap on time. This contract is valid until 02/04/1438H (corresponding to 31/12/2016G) This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-10-2 Plastico's contract with Al Mohannad for Plastic industries

On 26/11/1436H (corresponding to 10/09/2015G), Plastico entered into a contract with Al Mohannad factory, to buy the scrap from Plastico. Scrap prices are determined based on SABIC prices for this materials. Plastico issues invoices monthly its, as the factory must repay the invoice in not more than one week of its date. The period of this contract is one calendar year as of its date, and it expires on 08/12/1437H (corresponding to 09/09/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-10-3 Plastico's contract with Abdullah Almozaini commercial establishment

On 26/11/1436H (corresponding to 10/09/2015G), Plastico entered into a contract with Almozaini establishment, upon which it buys the scrap from Plastico. Scrap prices are determined according to SABIC prices for this materials. Plastico issues monthly its invoices, as the factory must repay the invoice in not more than one week of its date. The period of this contract is one calendar year as of its date, and it expires on 08/12/1437H (corresponding to 09/09/2016G). This contact shall be governed by and construed in accordance with the laws and regulations of the Saudi Arabia. Legal actions or proceedings arising from or as a result of this contract shall be brought before the competent courts in Saudi Arabia.

14-4-11 IT contracts

14-4-11-1 Al Sharq and Plastico contract with Oracle

On 15/04/1436H (corresponding to 04/02/2015G), Al Sharq and Plastico concluded two contracts for the use of products and services of Oracle or one of its accredited agents. Intellectual property elements used in products and services remain property of Oracle and their ownership shall not be transferred to Al Sharq or Plastico. Due amounts shall be paid within 30 (thirty) days of the date of the invoice. These two contracts are valid for 5 (five) years as of the effective date of 09/06/1441H (corresponding to 03/02/2020G). This contract is subject to laws applicable in the Republic of Serbia and any dispute arises between the two parties shall be referred to competent courts in Belgrade, Serbia.

According to the contract of sale for the acquisition of Savola Packaging Systems and its subsidiaries signed on 25/09/1435H (corresponding to 22/07/2014G), Savola Group represents and warrants to complete all assignment procedures of contracts concluded with Oracle to Al Sharq and Plastico and all the rights resulted thereof as well.

Accordingly, Savola Group transferred its agreements with Oracle to Al Sharq and Plastico after serving Oracle with due notice and obtaining Oracle's approval. Al Sharq paid USD 14,527 (equivalent to SAR 54,477) for license, support and innovations services, whereas Plastico paid USD 15,781 (equivalent to SAR 59,180) for the period ending on 20/03/1437H (corresponding to 31/12/2015G). This contract is valid until 02/03/1438H (corresponding to 31/12/2016G) with the same terms and conditions.

14-4-11-2 The Company's contract with SAP Saudi Arabia Software Services

On 26/12/1432H (corresponding to 22/11/2011G), the Company concluded a contract with SAP Saudi Arabia Software Services ("SAP"), on the basis of which SAP provides support services to the systems it previously provided the Company. The cost of support provided by SAP is USD 1,190 (equivalent to SAR 4,462) per year. This price is fixed until 02/04/1438H (corresponding to 31/12/2016G), it may be increased after that, provided SAP notifies the Company about any increase at least (90) days before applying it the increased pricing. The due amounts shall be paid within a period not exceeding (30) days of the date of the invoice. This contract is valid until 02/03/1438H (corresponding to 31/12/2016G) with the same terms and conditions, to be renewed at the beginning of each year if that is the intention of the two parties. This contract is subject to laws applicable in Saudi Arabia and any dispute arises between the two parties shall be referred to competent courts in Saudi Arabia.

14-4-12 Contracts with related parties

The Company concluded several contracts and transactions with related parties including Major Shareholders, their subsidiaries and the Company's board members. A table of the transactions' value and the total contracts signed between the Company and related parties is set out below:

TABLE 181: Contracts And Transactions With Related Parties.

Contracted Party	Related Party	Nature of Transaction	The Duration of Contracts and Transactions	The Total Contracts (SAR)	Balance (in SAR) as of 12/31/2015G
Al Othman Agriculture Production and Processing Company(NADA)	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	Bottles and packaging packs purchase agreement	**Commencement date:** 14/02/1434H (corresponding to 07/12/2012G) **Expiry Date:** 24/04/1440H (corresponding to 31/12/2018G)	70,100,000 (Company's revenues)	21,900,000
Systems of Strategic Business Solutions Company	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	IT management services contract	**Commencement date:** 19/02/1434H (corresponding to 01/01/2013G) **Expiry Date:** 24/04/1440H (corresponding to 31/12/2018G)	4,200,000	-
Al Othman Agriculture Production and Processing Company(NADA)	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	Lease of staff residential buildings, support and general maintenance services contract	**Commencement date:** 23/04/1434H (corresponding to 05/03/2013G) **Expiry Date:** 05/06/1438H (corresponding to 04/03/2017G) (Renewed annually upon mutual consent of both parties)	4,110,000	-
Al Othman Properties Security Establishment	Abdullah Mohamed Al Othman, owner of Al Othman Properties Security Establishment and Takween's Board chairman	Security Services Agreement	**Commencement date:** 25/11/1434H (corresponding to 01/10/2013G) **Expiry Date:** 28/12/1437H (corresponding to 29/09/2016G) (Renewed annually upon mutual consent of both parties)	486,000	-
Mohamed Abdullah Al Othman	Mohamed Abdullah Al Othman is a shareholder in Al Othman Holding and a Major Shareholder in Takween	Land lease contract for Takween's factory	**Commencement date:** 21/02/1426H (corresponding to 01/04/2005G) **Expiry Date:** 06/08/1446H (corresponding to 04/02/2025G)	99,400	-
Mohamed Abdullah Al Othman	Mohamed Abdullah Al Othman is a shareholder in Al Othman Holding and a Major Shareholder in Takween	Land lease contract for SAAF's factory in Al-Ahsa	**Commencement date:** 21/02/1426H (corresponding to 01/04/2005G) **Expiry Date:** 06/08/1446H (corresponding to 04/02/2025G)	50,000	-

Contracted Party	Related Party	Nature of Transaction	The Duration of Contracts and Transactions	The Total Contracts (SAR)	Balance (in SAR) as of 12/31/2015G
Mohammad Al Othman Travel Agency	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	Issuance of air tickets for Takween's employees	**Commencement date:** 07/02/1433H (corresponding to 01/01/2012G) **Expiry Date:** 02/04/1438H (corresponding to 31/12/2016G) (Renewed annually upon mutual consent of both parties)	2,353,548	400,000
Mohammed Abdullah Al Othman Trading and Contracting Company (MOC)	Mohamed Abdullah Al Othman is a partner in MOC and Al Othman Holding and a Major Shareholder in Takween	Construction contract for Takween's expension project in relation to the factory in Al-Oyoun	**Commencement date:** 20/04/1436H (corresponding to 09/02/2015G) **Expiry Date:** expires upon finishing the expansion and preparation works in Al-Oyoon factory.	41,050,000	7,020,000
Abdulaziz Alothman and Partners Engineering Office	Mohamed Abdullah Al Othman, a partner in AMO & partners Engineering Company, is a partner in Al Othman Holding a Major Shareholder in Takween	Supervising the construction works and preparation of Takween's factory in Al-Oyoun – Al-Ahsa	**Commencement date:** 18/07/1436H (corresponding to 07/05/2015G) **Expiry Date:** expires upon finishing the expansion and preparation works in Al-Oyoon factory.	2,150,000	1,075,000
Al- Ahsa Development Company	Abdulmohsen Mohammed Al Othman is a Board member in Takween and a board member in Al Ehssa Development Company as well.	Purchase of the factory in Al-Oyoun, Al-Ahsa	The date of signing Al-Oyoun's factory purchase Agreement: 09/10/1435H (corresponding to 05/08/2014G)	31,500,000	3,500,000
Al-Ahsa Development Company	Abdulmohsen Mohammed Al Othman is a Board member in Takween and a board member in Al Ehssa Development Company as well.	Administrative expenses to transfer the ownership of Al-Oyoun's factory paid by Al-Ahsa Development Company to Modon on the behalf of Takween.	The date of signing Al-Oyoun's factory purchase Agreement: 09/10/1435H (corresponding to 05/08/2014G)	864,000	864,000
Systems of Strategic Business Solutions Company	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	Sale and purchase agreement of IT hardware	**Commencement date:** 14/01/1437H (corresponding to 27/10/2015G) **Expiry Date:** The contract expired in 2015G after delivering the equipment to the Company.	1,100,000	-
Al Othman Holding	A Major Shareholder in the Company	Payment of the office lease in China and other operation expenses on behalf of SAAF (single operation)	**Commencement date:** 10/03/1436H (corresponding to 01/01/2015G) **Expiry Date:** The contract expires on 20/03/1437H (corresponding to 31/12/2015G)	422,000	-
Al Othman Industrial Marketing Company (IMCO)	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	Supply of industrial requirements	**Commencement date:** 10/03/1436H (corresponding to 01/01/2015G) **Expiry Date:** The contract expires on 20/03/1437h (corresponding to 31/12/2015G)	112,000	-

Contracted Party	Related Party	Nature of Transaction	The Duration of Contracts and Transactions	The Total Contracts (SAR)	Balance (in SAR) as of 12/31/2015G
Clean Environment Company	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	Reviewing and auditing the extent of the Company's commitment with the environmental requirements and issuing a report in this regard to issue an environmental license.	**Commencement date:** 13/08/1436H (corresponding to 31/05/2015G) **Expiry Date:** 13/09/1436H (corresponding to 30/06/2015G)	60,000	-
Clean Environment Company	A subsidiary of Al Othman Holding, a Major Shareholder in the Company	Reviewing and auditing the extent of the Company's commitment with the environmental requirements and issuing a report in this regard to issue an environmental license.	**Commencement date:** 02/05/1437H (corresponding to 11/02/2016G) **Expiry Date:** 22/06/1437H (corresponding to 31/03/2016G)	64,000	-

Source: Legal due diligence report

It is noteworthy that these transactions and contracts with related parties do not have adverse material impact on the Company's profits. The Company assures as of the date of this Prospectus that there are no contracts or transactions with related parties not mentioned herein and that there are no discussions or negotiations with related parties with regard to new or potential contracts or transactions not mentioned herein. The Company assures as of the date of this Prospectus that it does not have any intention to revoke or amend any contracts or transactions with related parties mentioned herein. The Company, its Board and shareholders confirm that all transactions with related parties have been formally and legally made and on an arm' length basis and that no related party received preferential treatment in this regard. It is worth mentioning that all transactions and contracts between the Company and related parties were submitted for approval in the General Assembly held on 19/06/1437H (corresponding to 07/04/2016G) according to the requirements of paragraph (A) of Article 18 of the Corporate Governance Regulations corresponding to Article 70 of the Companies Regulations. All the transactions between the Company and related parties are submitted for approval by the ordinary General Assemblies.

14-5 Insurance contracts

The Group maintains several insurance contracts related to its branches and activities in the Kingdom, in order to cover fires, properties, machines failures, supplies, motor vehicles and accidents; insuring goods and cargo against risks, civil liability, land and sea transportation and dishonesty (it's a kind of insurance that covers embezzlements); and fund transferring and fund in treasury. The following table summarizes the kind and extent of insurance covering of insurance policies maintained by the Group:

TABLE 182: The Group's Insurance Contracts

No.	Insurance Company	The Insured Company	Insurance policy number	Risks	Insurance coverage	Annual Value (SAR)	Commencement date	Expiry Date
1	Al Alamiya for Cooperative Insurance	Al Sharq	2/1/013/8500270	All of properties risks, business interruption, and profit loss	(All buildings are covered) 540,894,344 Saudi Riyal - All risks 107,088,265 Saudi Riyal - business interruption	SAR 990,765	01/08/2015G (corresponding to 16/10/1436H)	31/07/2016G (corresponding to 26/10/1437H)
2	Al Alamiya for Cooperative Insurance	SAAF	7/1/013/8500184	Public liability and products liability	SAR 10,000,000 - public liability, per accident SAR 10,000,000 - products liability, per accident	SAR 25,338.24	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)

No.	Insurance Company	The Insured Company	Insurance policy number	Risks	Insurance coverage	Annual Value (SAR)	Commencement date	Expiry Date
3	Al Alamiya for Cooperative Insurance	SAAF	5/1/013/8500337	Money insurance	SAR 60,000 per money transfer, SAR 40,000 for money in safe, and SAR 25,000 for cash.	SAR 818.62 calculated on the basis of the total coverage value.	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
4	Al Alamiya for Cooperative Insurance	SAAF	5/1/013/8500355	Employees fidelity	The maximum amount of coverage is SAR 2,000,000.The coverage varies between SAR 10,000 and SAR -30,000 for each employee listed in the policy	SAR 365.19 calculated on the basis of the total coverage value.	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
5	Al Alamiya for Cooperative Insurance	Takween	5/1/013/8500338	Money insurance	SAR 25,000 per money transfer, SAR 25,000 for money in safe, and SAR 25,000,000 for cash.	SAR 124.87 calculated on the basis of the total coverage value.	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
6	Al Alamiya for Cooperative Insurance	Takween	5/1/013/8500356	Employees fidelity	The maximum amount of coverage is SAR 2,000,000.The coverage varies between SAR 10,000 and SAR 75,000 for each employee listed in the policy	SAR 584.30 calculated on the basis of the total coverage value.	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
7	Al Alamiya for Cooperative Insurance	Takween	7/1/013/8500185	Public liability and products liability	SAR 10,000,000 - public liability, per accident SAR 10,000,000 - products liability, per accident	SAR 20,677.78	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
8	Al Alamiya for Cooperative Insurance	Ultrapak	5/1/013/8500339	Money insurance	SAR 100,000per money transfer, SAR 5,000 for money in safe, and SAR 5,000,000 for cash.	SAR 423.19 calculated on the basis of the total coverage value.	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
9	Al Alamiya for Cooperative Insurance	Ultrapak	5/1/013/8500357	Employees fidelity	The maximum amount of coverage is SAR 2,000,000. SAR 200,000 for each employee listed in the policy	SAR 730.38 calculated on the basis of the total coverage value.	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
10	Al Alamiya for Cooperative Insurance	Ultrapak	7/1/013/8500183	Public liability and products liability	SAR 10,000,000 - public liability, per accident SAR 10,000,000 - products liability, per accident	SAR 12,319.46	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
11	Al Alamiya for Cooperative Insurance	Al Sharq	1/1/013/8507398	Comprehensive vehicles insurance (all risks)	SAR 10,000,000 for each 30 vehicles	SAR 74,516	01/08/2015G (corresponding to 15/10/1436H)	31/07/2016G (corresponding to 26/10/1437H)
12	Al Alamiya for Cooperative Insurance	Al Sharq	7/1/013/8500209	Public liability and products liability	SAR 10,000,000 - public liability, per accident SAR 5,000,000 - products liability, per accident	SAR 24,513.31	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)

No.	Insurance Company	The Insured Company	Insurance policy number	Risks	Insurance coverage	Annual Value (SAR)	Commencement date	Expiry Date
13	Al Alamiya for Cooperative Insurance	Al Sharq	4/1/013/8500111	Marine cargo	SAR 25,000,000 per cargo	-	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
14	Al Alamiya for Cooperative Insurance	Al Sharq	5/1/013/8500387	Money insurance	SAR 50,000 per money transfer, SAR 50,000 for money in safe.	SAR 971.25 calculated on the basis of the total coverage value.	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
15	Al Alamiya for Cooperative Insurance	Al Sharq	5/1/013/8500389	Employees fidelity	The maximum amount of coverage is SAR 2,000,000. SAR 50,000 for each employee listed in the policy	SAR 2,008.54 calculated on the basis of the total coverage value.	16/10/1436H (corresponding to 02/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
16	Al Alamiya for Cooperative Insurance	SAAF	1/1/013/8507262	Comprehensive vehicles insurance (all risks)	SAR 10,000,000 for each 5 vehicles	SAR 18,542	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
17	Al Alamiya for Cooperative Insurance	SAAF	2/1/013/8500270	All of properties risks, business interruption, and profit loss	905,406,554 Saudi Riyal - All risks 64,056,864 Saudi Riyal - business interruption	SAR 1,482,392	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
18	Al Alamiya for Cooperative Insurance	SAAF	2/1/013/8500134	machines and equipment breakdown	SAR 669,594,375.70	SAR 864,315	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
				Profit loss as a result of machines breakdown	SAR 64,056,864.37			
19	Al Alamiya for Cooperative Insurance	SAAF	4/1/013/8500103	Marine cargo	Maximum SAR 5,000,000 per claim	-	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
20	Al Alamiya for Cooperative Insurance	Plastico	2/1/013/8500270	All properties risks	1,045,406,167 Saudi Riyal - All risks SAR 368,908,816 Saudi Riyal - – business interruption	SAR 2,162,487	15/10/1436H (corresponding to 01/08/2015G)	26/10/1437H (corresponding to 31/07/2016G)
21	Al Alamiya for Cooperative Insurance	Plastico	7/1/013/8500208	Public liability and products liability	SAR 10,000,000 - public liability, per accident SAR 10,000,000 - products liability, per accident	SAR 55,724.49	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
22	Al Alamiya for Cooperative Insurance	Plastico	5/1/013/8500386	Money insurance	SAR 50,000 per money transfer, SAR 50,000 for money in safe.	SAR 825 calculated on the basis of the total coverage value.	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
23	Al Alamiya for Cooperative Insurance	Plastico	5/1/013/8500388	Employees fidelity	The maximum amount of coverage is SAR 2,000,000. SAR 50,000 for each employee listed in the policy	SAR 730 calculated on the basis of the total coverage value.	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
24	Al Alamiya for Cooperative Insurance	Plastico	1/1/013/8507414	Comprehensive vehicles insurance (all risks)	SAR 10,000,000 for two vehicles	SAR 12,934	15/10/1436H (corresponding to 01/08/2015G)	26/10/1437H (corresponding to 31/07/2016G)
25	Al Alamiya for Cooperative Insurance	Plastico	1/1/013/8507410	Comprehensive vehicles insurance (all risks)	SAR 10,000,000 for each 3 vehicles	SAR 4,540	15/10/1436H (corresponding to 01/08/2015G)	26/10/1437H (corresponding to 31/07/2016G)

No.	Insurance Company	The Insured Company	Insurance policy number	Risks	Insurance coverage	Annual Value (SAR)	Commencement date	Expiry Date
26	Al Alamiya for Cooperative Insurance	Plastico	4/1/013/8500109	Marine cargo	SAR 25,000,000	-	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
27	Al Alamiya for Cooperative Insurance	Plastico	4/1/013/8500110	Marine cargo	SAR 150,000,000 (Jeddah and Riyadh branches are included in the coverage)	0.075% + 0.05% for wars and strikes = 0.125% as a minimum amount for the instalment which is equal to SAR 60	15/10/1436H (corresponding to 01/08/2015G)	01/09/1438H (corresponding to 27/05/2017G)
28	Al Alamiya for Cooperative Insurance	Takween	1/1/013/8507263	Comprehensive vehicles insurance (all risks)	SAR 10,000,000 for each 9 vehicles	SAR 27,400.35	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
29	Al Alamiya for Cooperative Insurance	Takween	2/1/013/8500270	All of properties risks, business interruption, and profit loss	416,655,277Saudi Riyal - properties risks 38,703,223 Saudi Riyal - business interruption and profit loss	SAR 696,243.14	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
30	Al Alamiya for Cooperative Insurance	Takween	4/1/013/8500102	Marine cargo open coverage	SAR 60,000,000	-	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
31	Al Alamiya for Cooperative Insurance	Ultrapak	2/1/013/8500270	All of properties risks, business interruption, and profit loss	194,403,291Saudi Riyal - properties risks 32,749,006 Saudi Riyal - business interruption and profit loss	SAR 347,316	09/08/1436H (corresponding to 28/05/2015G)	01/09/1438H (corresponding to 27/05/2017G)
32	The Company for Cooperative Insurance ("Tawuniya")	Takween and its subsidiaries in the Kingdom	131/209/56	Cooperative Health insurance	SAR 500,000 annually per insured person	SAR 4,392,408	18/03/1437H (corresponding to 30/12/2015G)	29/03/1438H (corresponding to 29/12/2016G)
33	Misr Insurance Company	New Marina	24635	All of properties risks, business interruption, and profit loss	EGP 76,729,000 (equivalent to SAR 201,295,124)	EGP 861,585 (equivalent to SAR 363,797)	08/09/1435H (corresponding to 06/07/2014G)	11/10/1438H (corresponding to 06/07/2017G)
34	Misr Insurance Company	New Marina	119898	Comprehensive vehicles insurance (all risks)	EGP 123,000 (equivalent to SAR 51,935) for 2 vehicles	EGP 3226 (equivalent to SAR 1,361)	12/07/1436H (corresponding to 01/05/2015G)	05/08/1438H (corresponding to 01/05/2017G)
35	Misr Insurance Company	New Marina	545178	Comprehensive vehicles insurance (all risks)	EGP 450,000 (equivalent to SAR 190,009) for 2 vehicles	EGP 11899 (equivalent to SAR 5,023)	12/07/1436H (corresponding to 01/05/2015G)	05/08/1438H (corresponding to 01/05/2017G)
36	Misr Insurance Company	New Marina	545179	Comprehensive vehicles insurance (all risks)	EGP 145,000 (equivalent to SAR 61,225) for 2 vehicles	EGP 4045 (equivalent to SAR 1,706)	12/07/1436H (corresponding to 01/05/2015G)	05/08/1438H (corresponding to 01/05/2017G)

Source: Legal due diligence report

14-6 Real Estates Owned by the Group

The subsidiary New Marina owns the real estates mentioned below in Egypt

- The land located on portion (09/16) in Second Industrial City, New Burj Al-Arab; for a total area of 9,723.5 square centimeters (nine thousand, seven hundred twenty-three and five tenths square centimeter), and the land located on plot number (16/B/7), in Second Industrial City, New Burj Al-Arab; for a total area of 4,445.9 square centimeters (four thousand, four hundred forty-five and nine tenths square centimeter). Subsequently, the total area of the two lands is 14,169 square meter (fourteen thousand, one hundred sixty-nine square meter) The main factory of New Marina was built on those plots.
- Portion of land number (4) from drawing number (B/33), Second Industrial City, New Burj Al-Arab; for a total area of 3000 square meter (three thousand square meter), on which the sub-factory of New Marina is built.
- Portions of land number (4, 5, and 6) from drawing number (5), Second Industrial City, New Burj Al-Arab; for a total area of 9,585 square meter (three thousand square meter), on which the warehouses of New Marina are built.
- With exception to the real estates mentioned-above, the Group does not own any other real estates in Saudi Arabia or Egypt.

14-7 Mortgages on real estates and assets

With exception to the mortgages mentioned in Section 14 "Legal Information" - "Credit facilities and loans", the Company's Board acknowledges that there are no real estate mortgages, redemption rights, or any other rights on its real estates or assets as of the date of this Prospectus.

14-8 Intangible assets

14-8-1 Trademarks

The competitive position of the Group mainly relies on its ability to use the name and brand, through which services are marketed and industrial products are sold and marketed. Therefore, the Group should keep using its trademarks and protect its rights by registering them in the Ministry of Commerce.

It is worth mentioning that the Group has no tangible asset except for its trademarks as of the date of this Prospectus.

The following table shows the Group's trademarks:

TABLE 183: The Trademarks

The Trademark	Country	Certificate Number	The Owner Company	Registration Date	Protection Date	Protection Expiry
تكوين Takween تكوين المتطورة للصناعات Takween Advanced Industries	Saudi Arabia	40/1256	Takween	04/07/1432H (corresponding to 06/06/2011G)	29/07/1431H (corresponding to 11/07/2010G)	28/07/1441H (corresponding to 23/03/2020G)
تكوين Takween تكوين المتطورة للصناعات Takween Advanced Industries	Saudi Arabia	41/1256	Takween	04/07/1432H (corresponding to 06/06/2011G)	29/07/1431H (corresponding to 11/07/2010G)	28/07/1441H (corresponding to 23/03/2020G)
بلاستيكو PLASTICO SPS	Saudi Arabia	1436017493	Takween	16/08/1436H (corresponding to 03/06/2015G)	15/08/1436H (corresponding to 02/06/2015G)	14/08/1446H (corresponding to 13/02/2025G)
بلاستيكو PLASTICO SPS	Saudi Arabia	1436017492	Takween	16/08/1436H (corresponding to 03/06/2015G)	15/08/1436H (corresponding to 02/06/2015G)	14/08/1446H (corresponding to 13/02/2025G)
التراباك Ultrapak	Saudi Arabia	1275/32	Ultrapak	21/09/1432H (corresponding to 21/08/2011G)	21/09/1432H (corresponding to 21/08/2011G)	20/09/1442H (corresponding to 02/05/2021G)
SAAF ساف	Saudi Arabia	727/99	SAAF	23/03/1425H (corresponding to 12/05/2004G)	23/03/1425H (corresponding to 12/05/2004G)	05/05/1443H (corresponding to 09/12/2021G)
MEDALON	United States of America	3765437	SAAF	07/4/1431H (corresponding to 23/03/2010G)	07/4/1431H (corresponding to 23/03/2010G)	27/07/1441H (corresponding to 22/03/2020G)
الشرق للبلاستيك	Saudi Arabia	449/6	Al Sharq	22/06/1419H (corresponding to 13/10/1998G)	17/11/1428H (corresponding to 27/11/2007G)	16/11/1438H (corresponding to 08/08/2017G)
الشرق للبلاستيك	Saudi Arabia	449/7	Al Sharq	22/06/1419H (corresponding to 13/10/1998G)	17/11/1428H (corresponding to 27/11/2007G)	16/11/1438H (corresponding to 08/08/2017G)
الشرق للبلاستيك	Saudi Arabia	449/8	Al Sharq	22/06/1419H (corresponding to 13/10/1998G)	17/11/1428H (corresponding to 27/11/2007G)	16/11/1438H (corresponding to 08/08/2017G)
	Egypt	178223	New Marina	25/10/1435H (corresponding to 21/08/2014G)	18/07/1426H (corresponding to 23/08/2005G)	29/02/1447H (corresponding to 23/08/2025G)

The Trademark	Country	Certificate Number	The Owner Company	Registration Date	Protection Date	Protection Expiry
	Egypt	178224	New Marina	17/05/1438H (corresponding to 03/06/2007G)	18/07/1426H (corresponding to 23/08/2005G)	29/02/1447H (corresponding to 23/08/2025G)

Source: Legal due diligence report

Takween registered its logo as a trademark in the Ministry of Commerce and Investment to protect its intellectual property rights. The Company's ownership of trademark has been proved under two registration certificates:

- **First Certificate:** Registered under number (40/1256), on 04/07/1432H (corresponding to 06/06/2011G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years and registered under class number (17), and as per the following description (The sentence "تكوين للصناعات المتطورة" in Arabic and the sentence "Takween advanced industries" in English, both in black, and above them is a circle, half of the circle is in blue and the other half is in light green). The protection includes rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes, plastics in extruded form for use in manufacturing, packing, stopping and insulating materials, and flexible pipes not of metal.
- **Second Certificate:** Registered under number (41/1256), on 04/07/1432H (corresponding to 06/06/2011G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years and registered under class number (16), and as per the following (The sentence "تكوين للصناعات المتطورة" in Arabic and the sentence "Takween advanced industries" in English, both in black, and above them is a circle, half of the circle is in blue and the other half is in light green). The protection includes paper, cardboard and goods made from these materials, not included in other classes, printed matter, bookbinding material, photographs, stationery, adhesives for stationery or household purposes; artists' materials, paint brushes, typewriters and office requisites (except furniture), instructional and teaching material (except apparatus), plastic materials for packaging (not included in other classes), printers' type, playing cards, baby diapers made of paper and cellulose, and trash bags.

Takween has two additional trademarks under two registration certificates:

- **First Certificate:** Registered under number (1436017493), on 16/08/1436H (corresponding to 03/06/2015G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years and registered under class number (17), and as per the following (The word "بلاستيكو' in Arabic and the word "Plastico" in English, with a rectangle beside it enclosing a half circle shape with edges and the letters SPS below the rectangle in red, blue and white colors). The protection includes rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes, plastics in extruded form for use in manufacture, packing, stopping and insulating materials, and flexible pipes not of metal.
- **Second Certificate:** Registered under number (41/1256), on 04/07/1432H (corresponding to 06/06/2011G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years and registered under class number (16), and as per the following (The word "بلاستيكو' in Arabic and the word "Plastico" in English, with a rectangle beside it enclosing a half circle shape with edges and the letters SPS below the rectangle in red, blue and white colors).The protection includes paper, cardboard and goods made from these materials, not included in other classes, printed matter, bookbinding material, photographs, stationery, adhesives for stationery or household purposes; artists' materials, paint brushes, typewriters and office requisites (except furniture), instructional and teaching material (except apparatus), plastic materials for packaging (not included in other classes), printers' type, playing cards, baby diapers made of paper and cellulose, and trash bags.

SAAF registered its logo as a trademark in the Ministry of Commerce and Investment to protect its intellectual property rights. The Company's ownership of trademark has been proved under two registration certificates:

- **First Certificate:** Registered under number (727/99), on 23/03/1425H (corresponding to 12/05/2004G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years. The certificate has been renewed for same periods, so it terminates on 05/05/1443H (corresponding to 09/12/2021G), registered under class number (23). It is (The word "ساف' in Arabic and the word "SAAF" in English, and the letter "S" is reflected in a special shape, and below it, the sentence "Advance Fabrics Factory" in English, and the sentence "مصنع الانسجة المتطورة" in Arabic). The protection includes yarns and threads, for textile use.
- **Second Certificate:** SAAF registered the MEDALON logo, used in its sales outside Saudi Arabia as a trademark under number (3765437) on 07/04/1431H (corresponding to 23/03/2010G), issued by United States Patent and Trademark Office for ten (10) years and registered under class number (24). The protection includes textiles and textile goods, not included in other classes, bed covers, table covers, cloth, blankets, and linens.

Ultrapak registered its logo as a trademark in the Ministry of Commerce and Investment to protect its intellectual property rights. The Company's ownership of trademark has been proved under number (1275/32), on 21/09/1432H (corresponding to 21/08/2011G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years and registered under class number (21), and as per the following (The word "الترابك' in Arabic and the word "Ultrapak" in English in colors blue and white). The protection includes household or kitchen utensils and containers (not of precious metal or coated therewith), combs and sponges, brushes (except paint brushes), brush-making materials, articles for cleaning purposes, steel wool, un-worked or semi-worked glass (except glass used in building), glassware, porcelain and earthenware not included in other classes.

Al Sharq registered its logo as a trademark in the Ministry of Commerce and Investment to protect its intellectual property rights. The Company's ownership of trademark has been proved under three registration certificates:

- **First Certificate:** Registered under number (6/449), on 22/06/1419H (corresponding to 13/10/1998G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years. The certificate has been renewed for same periods, so it terminates on 16/11/1438H (corresponding to 08/08/2017G), registered under class number (23), and as per the following (a circular shape whichcu top half consists of half a gear and the other half consists of the phrase "Al Sharq Factories" in English and above it is the phrase "مصانع الشرق" in Arabic and with a roll in the middle, above it all is a set of lines representing rays and protecting the mark). The protection includes paper, cardboard and goods made from these materials, not included in other classes, printed matter, bookbinding material, photographs, stationery, adhesives for stationery or household purposes; artists' materials, paint brushes, typewriters and office requisites (except furniture), instructional and teaching material (except apparatus), plastic materials for packaging (not included in other classes), printers' type, playing cards, baby diapers made of paper and cellulose, and trash bags.
- **Second Certificate:** Registered under number (7/449), on 22/06/1419H (corresponding to 13/10/1998G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years. The certificate has been renewed for same periods, so it terminates on 16/11/1438H (corresponding to 08/08/2017G), registered under class number (20), and as per the following (a circular shape whichcu top half consists of half a gear and the other half consists of the phrase "Al Sharq Factories" in English and above it is the phrase "مصانع الشرق" in Arabic and with a roll in the middle, above it all is a set of lines representing rays and protecting the mark). The protection includes furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics.
- **Third Certificate:** Registered under number (8/449), on 22/06/1419H (corresponding to 13/10/1998G), issued by Ministry of Commerce and Investment - Trademark Department - for ten (10) years. The certificate has been renewed for same periods, so it terminates on 16/11/1438H (corresponding to 08/08/2017G), registered under class number (21), and as per the following (a circular shape whichcu top half consists of half a gear and the other half consists of the phrase "Al Sharq Factories" in English and above it is the phrase "مصانع الشرق" in Arabic and with a roll in the middle, above it all is a set of lines representing rays and protecting the mark). The protection includes household or kitchen utensils and containers (not of precious metal or coated therewith), combs and sponges, brushes (except paint brushes), brush-making materials; articles for cleaning purposes, steel wool, un-worked or semi-worked glass (except glass used in building), glassware, porcelain and earthenware not included in other classes.

New Marina registered its logo as a trademark in the Internal Trade Development Authority - Ministry of Supply and Internal Trade - to protect its intellectual property rights. The Company's ownership of trademark has been proved under two registration certificates:

- **First Certificate:** Registered under number (178223), on 25/10/1435H (corresponding to 21/08/1914G), issued by the Internal Trade Development Authority - Ministry of Supply and Internal Trade in Egypt. The protection started in 18/07/1426H (corresponding to 23/08/2005G) for ten (10) years. Then it has been renewed for another ten years on 07/05/1436H (corresponding to 26/2/2015G), registered under class number (17). The protection includes rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes, plastics in extruded form for use in manufacture, packing, stopping and insulating materials, and flexible pipes not of metal.
- **Second Certificate:** Registered under number (178224), on 17/05/1435H (corresponding to 03/06/2007G), issued by the Internal Trade Development Authority - Ministry of Supply and Internal Trade in Egypt. The protection started in 18/07/1426H (corresponding to 23/08/2005G) for ten (10) years. Then it has been renewed for another ten years on 07/05/1436H (corresponding to 26/2/2015G), registered under class number (35). The protection includes advertising, business management, business administration and office functions.

14-9 Litigation and Claims

Except for proceedings and claims set forth below and as of the date of this Prospectus, the Company asserts that it and its subsidiaries are not parties to any litigation, arbitration or administrative actions that have a material adverse effect on the Company's business or its financial position.

14-9-1 Proceedings and Claims in which the Group is Claimant

The following table shows all proceedings and claims in which the Company or one of its subsidiaries, are claimants in the Kingdom or abroad. Their total value is almost SAR 25,683,487 (twenty-five million six hundred eighty-three thousand four hundred eighty-seven Saudi Riyals):

TABLE 184: Proceedings And Claims In Which The Group Is Claimant

Defendant	Information on the Case	Type of Case	Claim Value	Case Status
Plastico				
Al-Hada Water Company Limited	Case number 1675/2/C on 1436H, brought to the Third Commercial Circuit in the Administrative Court in Jeddah.	Financial claim	SAR 3,819,079.50	A judgment by default at first instance was issued on 24/10/1436H (corresponding to 09/08/2015G) in favor of Plastico. The defendant appealed; the judgment was overturned and the case is currently under review.
General Authority For Zakat and Income Tax	Administrative Appeal Court, case number 1885/1/1432H	Administrative case	SAR 2,292,339	Objection on the Zakat assessment for the year 2004G; a judgment was issued dismissing the case; Plastico appealed the judgment and the case is under consideration by Administrative Court of Appeal. *
General Authority For Zakat and Income Tax	Preliminary Zakat and Tax Objection Committee	Zakat objection	SAR 5,317,163	Objection on the Zakat assessment for the years 2009G-2012G; the objection is under consideration by the Preliminary Objection Committee.
Ultrapak				
General Authority For Zakat and Income Tax	Preliminary Zakat and Tax Objection Committee in Jaddah, objection number 6328/22/1434H.	Zakat objection	SAR 996,346	Objection on the Zakat assessment for the years 2007G-2010G; Ultrapak attended the hearing for the assessment before the Preliminary Objection Committee. Awaiting for the Committee's decision.
General Authority For Zakat and Income Tax	Preliminary Zakat and Tax Objection Committee in Jaddah, objection number 24/1936/2	Zakat objection	SAR 647,150	Objection on the Zakat assessment for the years 2005G-2006G; no date has yet been scheduled for the hearing.
Al Sharq				
Saudi Oger Company Limited	Case number 3539, dated 24/03/1437H, Administrative Court in Riyadh	Financial claim	SAR 3,227,479	The claimant claims from the defendant an amount for the value of goods supplied; the case is still under consideration.
The Modern Jordanian Company LLC.	Case number 1165/2015, dated 29/11/2015G, in the North Amman First Instance Civil Court, the Hashemite Kingdom of Jordan	Financial claim	USD 147,600 (equivalent to SAR 553,514)	The claimant filed a case for claiming the price of plastic barrels for packaging of hazardous materials supplied to the defendant who has not paid its price; the case is still under consideration.
General Authority For Zakat and Income Tax	Preliminary Zakat and Tax Objection Committee in Jaddah, objection number 24/1936/2	Zakat objection	SAR 6,501,010	Objection on the Zakat assessment for the years 2007G-2010G; the objection is under consideration by the Preliminary Objection Committee.
New Marina				
Sales Tax Authority	The Administrative Court, Egypt	Administrative Case	EGP 1,000,000 (equivalent to SAR 480,900)	The claimant filed a case for claiming value of sales tax which was, the claimant claims taken unfairly; the case is still under consideration by the competent court.

Defendant	Information on the Case	Type of Case	Claim Value	Case Status
El-Badr Plastic Company	Misdemeanors Court, Badr City, Egypt	Financial Claim	EGP 500,000 (equivalent to SAR 240,450)	Four cases with the same subject are claims of bounced cheques; no judgment has yet been issued.
Benaa Contracting Company	Execution of arbitral award	Financial Claim	EGP 4,015,166 (equivalent to SAR 1,930,893)	The claimant filed a case, claiming annulment of the arbitral award for payament of (EGP 4,015,166) (equivalent to SAR 1,930,893). The case was dismissed and the arbitral award is under execution processNew Marina.

Source: Legal due diligence report

* According to the sale and purchase agreement executed between Savola Group and Takween, Savola Group shall pay the amount claimed if no judgment is issued in favor of Plastico. It shall also pay all expenses related to such case.

14-9-2 Proceedings and Claims in which the Group is Defendant

The following table shows all proceedings and claims in which the Company or one of its subsidiaries, are claimant in the Kingdom or abroad. Their total value is almost SAR 533,133 (five hundred thirty-three thousand one hundred thirty-three):

TABLE 185: Proceedings And Claims In Which The Group Is Defendant

Claimant	Information on the Case	Type of Case	Claims	Case Status
Plastico				
Rajha Faleh Alfayez	Case number 3495, dated 1435H, Administrative Court in Jeddah	Financial claim	USD 94,435.63 (equivalent to SAR 354,143) and SAR 179,000	The claimant claims that Plastico did not deliver the right number of goods agreed as per purchase order. claimant also claims the administrative fees incurred. The case is still under consideration by the competent jurisdiction.
Taha Abdulhameed Mohammed	Case number 16054/1437H, Preliminary Commission for the Settlement of Labor Disputes in Jeddah	Labor case	Returning to work or financial compensation	A case filed by the claimant due to the termination of his employment; the defendant claims that the termination occurred during the probation period. The case is reserved for judgment on 15/06/1437H.
Samir Kayadi	Case number 16195/1437H, Preliminary Commission for the Settlement of Labor Disputes in Jeddah	Labor case	Returning to work or financial compensation	A case filed by the claimant due to the termination of his employment. The case is still under consideration by the Commission.
Al Sharq				
Modern Jordanian Company LLC.	Case number 1165/2015, dated 29/11/2015G, in the North Amman First Instance Civil Court, the Hashemite Kingdom of Jordan	Financial Claim	Compensation for damages	The claimant filed a counterclaim. It claims, in such case, compensation for the default and damage by reason of the defendant's failure in the supply contract. Barrels supplied by the defendant have manufacturing defects. The case is still under consideration by the competent court.

Source: Legal due diligence report

15. Underwriting

15-1 Underwriters' Name and Address

The Company has entered into an underwriting agreement with underwriters, HSBC Saudi Arabia Limited (Lead Underwriter) and Arab National Investment Company (Co-underwriter). Pursuant to such agreement, the Underwriters shall subscribe to (60,000,000) sixty million ordinary shares at a price of SAR (10) ten per share. representing the entire amount of rights issue shares being offered (the "Underwriting Agreement").

HSBC Saudi Arabia Limited 7267 Olaya - Morouj, Riyadh 12283- 2255 Kingdom of Saudi Arabia Tel: +966 11 2992313 Fax: +966 11 2992424 E-mail: saudiarabia@hsbc.com Website: www.hsbcsaudi.com	HSBC
ANB Invest Al Morabaa, Al Arabi Investment Building, P.O Box 220009, Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 11 4062500 Fax: +966 11 4062548 E-mail: info@anbinvest.com.sa Website: www.anbinvest.com.sa	العربي للاستثمار anb invest

15-2 Commitment of Major Shareholders

Al Othman Holding, Abdulrahman Saleh Al Rajhi and Company Limited., Abdulmohsen Mohammed Al Othman and Khalid Abdulrahman Al Rajhi, commit to participate in the capital increase via Rights Issue. They have confirmed to the Company their commitment to exercise all the Rights which will be allocated to them and subscribe to the resulting new shares.

15-3 Key terms of the Underwriting Agreement

The terms and conditions set out in the Underwriting Agreement provide that:

1- The Company undertakes to the underwriters that, at the date of allocations, , it will issue and allocate to the Underwriters all remaining rights issue shares covered under the Underwriting Agreement which have not been subscribed to by the Eligible Shareholders. Such shares shall be issued as additional shares at the offer price.

2- The Underwriters undertake that, at the date of allocation, they will purchase the underwritten shares which have not been subscribed to by the eligible shareholders, at the offer price.

3- The Underwriters shall receive financial consideration for providing such underwriting services, and these expenses will be deducted from the offering proceeds.

TABLE 186: Underwriting Percentage

Underwriter	Number of Offer Shares	Value of Underwritten Shares	Underwriting percentage
HSBC Saudi Arabia Limited	30,000,000	300,000,000	50%
Arab National Investment Company	30,000,000	300,000,000	50%

16. Expenses

Total Offering Expenses are estimated at SAR 17,000,000 (seventeen million Saudi Riyals), to be deducted from the total offering proceeds of SAR 600,000,000 (six hundred million Saudi Riyals). These expenses include fees due to the Financial Adviser and Legal Adviser to the Offering, the Financial Due Diligence Adviser, the Market Study Consultant and Media Adviser in addition to expenses of the underwriters, receiving banks, as well as the costs of marketing and distribution, and other offering expenses.

17. Waivers

Neither the Company nor the Financial Adviser have submitted a waiver request to the CMA to be exempted from any requirements of the Listing Rules.

18. Subscription Terms and Conditions

The application for admission and listing of new shares has been submitted to the CMA in compliance with the Listing Rules.

All Eligible Persons must read the subscription terms and instructions of the offering carefully before completing the Subscription Application Form. Signing the Subscription Application Form and submitting it to the Receiving Agent shall be considered as acceptance of the subscription terms and conditions which are deemed to be a binding agreement between the Company and the Eligible Person.

18-1 Subscription to New Shares

The Extraordinary General Assembly, held on 19/12/1437H (corresponding to 21/09/2016G) has approved to increase the Company's share capital through a rights issue. Pursuant to this Prospectus, it will offer (60,000,000) sixty million new shares with a par value of SAR 10 (ten Riyals) per share at an offering price of (10) ten per share. The New Shares will be allocated on the basis of one New Share for each Right exercised in a complete and correct manner.

Rights will, as at the Eligibility Date, be issued to Registered Shareholders on the basis of (1.71) Right for each share owned at such date so the total offering proceeds will be SAR 600,000,000 (six hundred million Riyals).

18-1-1 First Subscription Period and Rights Issue Trading Period

- **First Subscription Period**

From Tuesday 25/12/1437H (corresponding to 27/09/2016G) to Thursday 04/01/1438H (corresponding to 06/10/2016G), only Registered Shareholders may exercise their right to subscribe (fully or partly) to new shares, provided that they continue to own enough Rights in their portfolios at the end of the Trading period. The First Subscription Period coincides with the Trading Period, during which Registered Shareholders and the public can trade in the Rights.

New shares will be subscribed by submitting the subscription application to any of the receiving agents' branches by filling the subscription form or via ATM, the telephone, or electronic subscription of the receiving agents, which provide subscribers with such services. It is worth mentioning that if the Registered Shareholder, at the end of the Trading Period, owns a number of Rights less than the rights exercised during the same period, his subscription application will be fully or partly rejected. The Registered Shareholders will be informed of this rejection. The amount of rejected subscription will be refunded by their receiving agent. .

- **Trading Period**

From Tuesday 25/12/1437H (corresponding to 27/09/2016G) to the end of the Trading on Thursday 04/01/1438H (corresponding to 06/10/2016G). Tadawul shall prepare mechanisms to regulate the Rights trading in its systems and a separate symbol shall be created (separate from the trading symbol for the existing Shares). Tadawul system will cancel the Company's Rights Issue symbol upon the close of rights trading.

This Period includes the following options:

Registered Shareholders shall, in the First Offering Period and Trading Period, have the following options:

- Retain their allocation of Rights and exercise these Rights to subscribe for the New Shares;
- Sell their allocation of Rights or a part thereof;
- Purchase additional Rights in Tadawul. The subscription for additional New Shares is only available during Second Subscription Period, by filling a subscription form or via ATM, telephone, or electronic subscription of a receiving agent, which provides its clients with such services, or
- Refrain from taking any action in relation to the Rights Issue, (either selling the Rights or exercising the rights). The Rump Shares resulting from the failure of Registered Shareholders to exercise or sell these Rights will be offered during the Rump Offering.

Those who purchase Rights during this period, may trade those Rights either by selling them or buying part or all of these Rights. If they purchased and held on to their Rights during this period, they may exercise these Rights in the Second Offering Period only.

18-1-2 Second Subscription Period and Rump Offering:

- **Second Subscription Period**

From Sunday 07/01/1438H (corresponding to 09/10/2016G) to Tuesday 09/01/1438H (corresponding to 11/10/2016G), all Rights' holders, whether Registered Shareholders or those who purchased Rights during the Trading Period, may exercise their Rights to subscribe for the New Shares by filling a subscription form or via ATM, telephone, or electronic subscription of a receiving agent, which provides its clients with such services.

Registered Shareholders who did not subscribe to New Shares in the Company either in whole or in part during the First Subscription Period, may still exercise their Right during this period. In addition, if they purchased additional Rights during the Trading Period, they may exercise their Rights and subscribe to New Shares during the Second Subscription Period. Rights may not be traded during this period.

If there are any Rights remaining after the First and Second Subscription Periods (Rump Shares), Institutional Investors invited by Lead Manager shall submit offers to purchase the same. Institutional Investors may submit these offers from 10:00 AM on Sunday 14/01/1438H (corresponding to 16/10/2016G) until the following day at 10:00 AM on 15/01/1438H (corresponding to 17/10/2016G). The Rump Shares will be allocated to the institutional investors based on the price per share offered by these institutions. The priority shall be given to Institutional Investor offering a higher price until all of the Rump Shares have been allocated. Any remaining Rump Shares shall be distributed on a proportional basis among those Institutional Investors that tendered offers at the same price.

Fractional entitlements to New Shares will be combined with the remaining shares and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the Offer Price shall be distributed to the Eligible Persons who did not subscribe wholly or partly for New Shares pro rata to their entitlement on Thursday 16/02/1438H (corresponding to 17/11/2016G).

It is expected that trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration and allocation of the New Shares.

The Company has applied to CMA for registration, admission, and listing of the New Shares in the Stock Exchange. It will apply to CMA to be allowed trading of the New Shares after the completion of offering.

18-2 Eligible persons not participating in the subscription to new shares

Tadawul will adjust the Company's share price after the close of trading of the Company's shares on the day of the extraordinary general assembly dated 19/12/1437H (corresponding to 21/09/2016G), based on the offering value, the number of new shares issued under this Prospectus and the market value of shares listed at the time of closing. Registered Shareholders who do not participate fully or partially in the subscription to new shares will be subject to reduction of their ownership percentage in the Company and of the value of shares currently owned by them. As for the persons who did not subscribe or sell their rights, they will be subject to loss. Eligible Persons not participating in the subscription to new shares will not gain any privileges or benefits in consideration of their rights, except for receiving monetary compensation from the proceeds of share selling in rump offering as per entitlement (if any). Registered shareholders reserve the same number of shares owned by them before capital increase.

In the event that investment institutions wish to buy Rump shares in the offering price only, or if they do not wish to subscribe and thus underwriters purchase the Rump shares in the offering price, eligible persons not participating in the subscription will not receive any compensation due to not exercising their rights in the new shares.

The compensation amount (if any) will be determined for the eligible persons who did not fully or partially participate in the subscription to new shares and for the persons entitled to fractional shares by dividing the compensation amount by total number of shares unsubscribed by the eligible persons and persons entitled to fractional shares. Accordingly, compensation due for each Rump share will be determined, and will be paid to the person entitled and who did not fully or partially subscribe to the shares which he is entitled to subscribe and also to the persons entitled to fractional shares.

18-3 Completion of the Subscription Application Form

The Subscription Application Form will be available to Subscribers at the branches of the Receiving Agents or through their websites. Registered Shareholders wishing to exercise their full right and subscribe for all the New Shares to which they are entitled, must fill and submit a completed Subscription Application Form, together with the subscription monies for their full entitlement and the required accompanying documents, to one of the Receiving Agents during the Shareholder Subscription Period, although such persons may also submit the Subscription Application Form during the Public Subscription Period.

All other Eligible Persons wishing to exercise their full right and subscribe for all the New Shares to which they are entitled must fill and submit a completed Subscription Application Form, together with the subscription monies for their full entitlement and the required accompanying documents, to one of the Receiving Agents during the Second Subscription Period.

The number of Shares to which the Eligible Person is entitled to subscribe will be calculated based upon the number of Rights held prior to the closing of the Second Subscription Period. The New Shares have an Offering Price of SAR (10) ten per Share. Accordingly, the subscription monies that the Subscriber must pay for the New Shares will be calculated by multiplying the number of Rights owned prior to closing of the Second Subscription Period by SAR (10) ten.

By completing and delivering the Subscription Application Form, the Subscriber shall:

- accepts the number of shares allocated to him/her pursuant to the Subscription Application Form and all other subscription instructions and terms mentioned therein and this Prospectus
- declares that he/she has read the Prospectus and all its contents and has carefully and duly studied and understood its content;
- accepts the Articles of Association and all subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form;
- declares that neither himself nor any of his family members included in the Subscription Application Form has previously subscribed for Shares;
- warrants not cancelling or amending the Subscription Application Form after submitting it to the Receiving Agent.

18-4 Documents required to be submitted with the Subscription Application Form

The Subscription Application Form must be submitted together with the following documents, as applicable to each case, and the Receiving Agents shall match the copy of each document with the original document and then return the original documents to the Subscriber:

- Original and copy of the national identification card (for Individual Investors);
- Original and copy of the family identification card (for family members);
- Original and copy of the power of attorney (in case of authorizing another person for the subscription);
- Original and copy of the custody deed (for orphans) (for individual subscribers);
- Original and copy of the residence permit (Iqama) for non-Saudis (for individual subscribers); and
- Original and copy of the commercial registration (in case of entities).

The subscription amount shall be paid in full upon submitting the Subscription Application form to the Receiving Agent by authorizing this Receiving Agent to deduct such an amount from his account with the Receiving Agent or via an endorsed bank check drawn on any local bank and registered in the Company's name.

Power of attorney will be restricted to first class relatives (children, parents, spouse). In case of applying on behalf of another person, the attorney shall write his name and sign the Subscription Application Form. He shall attach the original and a copy of a valid power of attorney issued by a notary public (for those residing in Saudi Arabia) or legalized through a Saudi embassy or consulate in the relevant country (for those residing outside Saudi Arabia).

18-5 Submission of Subscription Application Form

Receiving Agents shall start receiving Subscription Application Forms in their branches in the Saudi Arabia during the First Offering Period and the Second Offering Period. If there is a Rump Offering Period, Subscription Application Forms can also be submitted to the Lead Manager during such period by Institutional Investors for any Rump Shares only. Subscription Application Forms can be delivered during either of the offering periods either through a branch of the Receiving Agents, the telephone banking services section, ATMs, or Internet banking services of any of the Receiving Agents providing such services. The Subscription Application Form includes further information which is to be strictly followed. Upon signing and submitting the Subscription Application Form, the Receiving Agent shall stamp it and provide the Subscriber with a copy thereof. If the information filled in the form turns out to be incomplete or incorrect or the form is not stamped by the Receiving Agent, the Subscription Application Form will be considered void. An Eligible Person shall accept the subscription terms and conditions and fill all sections of the Subscription Application Form. In case the form completed by an applicant does not meet any of the subscription terms and conditions, the Company shall have the right to reject that application in part or whole. Any application providing incomplete or incorrect information or not stamped by a Receiving Agent will be considered void. The application form may not be amended or withdrawn after submission to the Receiving Agents, and shall be considered a binding contract between the Subscriber and the Company, once approved by the Company.

The Subscriber, among Eligible Persons is deemed to have bought the number of New Shares allocated to him when the following terms are fulfilled:

- Delivery by the Eligible Persons of the Subscription Application Form to any of the Receiving Agents' branches;
- Payment in full by the Eligible Person to the Receiving Agents of the total Offer Price; and
- Delivery to the Eligible Person by the Receiving Agents of the allocation letter specifying the number of Shares allocated to him.

Eligible Persons will not be allocated New Shares exceeding the number of New Shares that they subscribed for.

18-6 Allocation

The Company and Lead Manager shall open an escrow account called "Takween Advanced Industries - Rights Issue", in which the subscription proceeds shall be deposited.

The Rights Issue Shares shall be allocated to the Eligible Persons based upon the number of Rights that he/she properly exercised. As for Shareholders entitled to Fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. Total Offer Price of the of Rump Shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump Shares and Fractional Shares (in excess of the Offer Price) shall be distributed to the Eligible Persons not later than Thursday 16/02/1438H (corresponding to 17/11/2016G). Excess unsubscribed for Shares shall be purchased by and allocated to the Underwriters at the launch price.

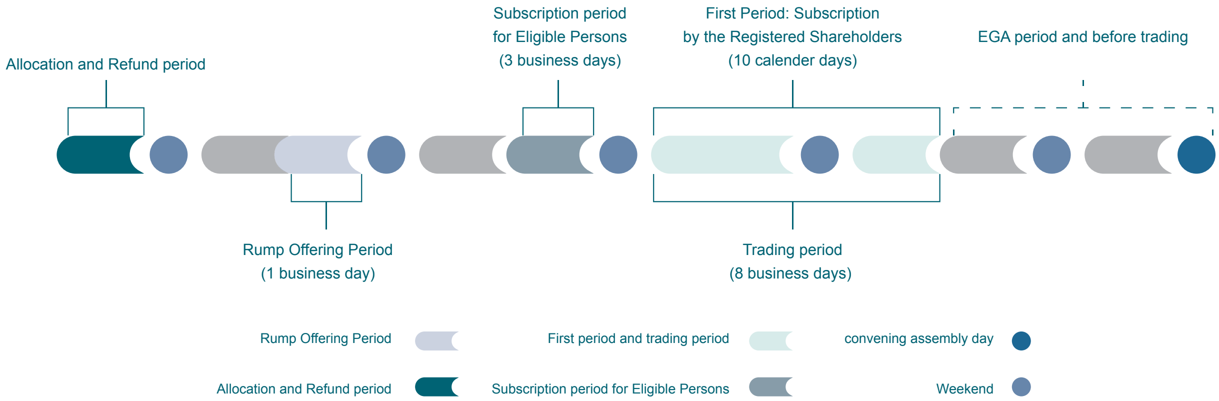
Final notice for the number of Shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager or Receiving Agents is expected to take place by depositing the shares into the accounts of Subscribers with the Receiving Agents. Eligible Persons shall contact the branch of the Receiving Agent where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than 18/01/1438H (corresponding to 20/10/2016G).

18-7 Compensation Payment

Cash compensation amounts, if any, shall be paid to Eligible Persons who did not subscribe wholly or partially for Rights Issue, as well as to the holders of Fractional Shares no later than 16/02/1438H (corresponding to 17/11/2016G).

18-8 Illustration of the New Rights mechanism

FIGURE 42: Illustration Of The New Rights Mechanism



18-9 Trading in New Shares

Trading of the New Shares is expected to commence once all related formalities pertaining to registration and allocation have been completed.

18-10 Miscellaneous Terms

- The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs, except as specifically contemplated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

- These terms and conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus may be distributed in Arabic and English languages. In case of conflict between the two texts, the Arabic text of the Prospectus shall prevail.
- Although the CMA has approved this Prospectus, it may suspend this subscription offer if the Company, at any time after the approval of this Prospectus by CMA and before approving the listing of Shares in Tadawul, becomes aware of:
  1- A significant change that has occurred in any of the key information contained in this Prospectus, or any of the documents required to be included under the Listing Rules.
  2- Any additional issues that should have been included in this Prospectus.
  3- In the above cases, the Company must submit a supplementary prospectus to the CMA according to the requirements of the Listing Rules. Then, the supplementary prospectus will be published and its offering dates will be announced.
  4- If the EGA does not approve the details of this Offering.

18-11 Saudi Stock Exchange (Tadawul)

Tadawul remained unofficial until the early eighties of the Gregorian calendar when the government began its consideration of a regulated market for trading and the creation of the necessary regulations for it. In 1984G, a ministerial committee was formed by the Ministry of Finance and National Economy, the Ministry of Commerce and SAMA to regulate and develop the Exchange. SAMA was the government agency concerned with regulating and overseeing the Exchange until the Capital Market Authority was established on 02/06/1424H (corresponding to 31/07/2003G) pursuant to the Capital Market Law issued by Royal Decree number (M/30). CMA oversees the regulation and control of the Exchange through the issuance of regulations and rules aimed at protecting investors and ensuring fairness and efficiency in the Exchange.

The Saudi Arabian Council of Ministers, in its session held on Monday, 29/02/1428H (corresponding to 19/03/2007G) chaired by the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz, approved the establishment of a Saudi joint stock company under the name the "Saudi Stock Exchange" (Tadawul). The decision came in implementation of Article (20) twenty of the Capital Market Law, which requires the legal capacity of the Saudi Stock Exchange to be a joint stock company.

Tadawul system fully covers the trading process from deal execution until settlement. Trading is conducted at one go from 10 am until 3:00 pm during which time orders are executed. Beyond such times, orders are permitted to be inserted, amended, and canceled from 9:30 am until 10 am. Orders can be amended and canceled from 3:00 pm and until 4:00 pm. Such times may change during the month of Ramadan and are announced by Tadawul management.

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website on the Internet and supplying real-time trading data to licensed information providers. Transactions are settled immediately on the same day, meaning that ownership transfer takes place immediately after the trade is executed.

The Company is required to report all material decisions and information to investors via Tadawul. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

18-12 Registration in the Saudi Stock Exchange

An application has been made to the CMA for admission and listing of the New Shares in the Saudi Stock Exchange.

The registration is expected to be approved and trading to commence on the Saudi Stock Exchange once the final allocation of the rights has been concluded. An announcement will be made on the Tadawul website in due course. The dates and times stated in this Prospectus are only provisional and may be changed subject to approval of the CMA.

Although the Existing Shares are registered in the Exchange (Tadawul) and the Company is listed therein, it will only be possible to trade in the New Shares once the allocation of the New Shares has been approved and these have been deposited in their Tadawul accounts. It is absolutely forbidden to trade in the New Shares until then.

Subscribers or Institutional Investors in the Rump Offering and who deal in restricted trading activities will be fully liable for their dealing in such activities, and the Company will not bear any legal liability in this case.

18-13 Resolutions and Approvals under which shares are offered

On 06/03/1437H (corresponding to 17/12/2015G), the Company's Board of Directors recommended to increase the Company's capital through rights issue of SAR 600,000,000 (six hundred million Saudi Riyals) after obtaining the necessary regulatory approvals. As at 19/12/1437H (corresponding to 21/09/2016G), the EGA approved the recommendations of the Board of Directors to increase the Company's capital as mentioned. The increase will be limited to the eligible shareholders registered at the end of the trading held on the day of the EGA.

This prospectus together with the supporting material required by CMA have been approved on the day of announcement on Tadawul's website on Thursday 16/10/1437H (corresponding to 21/07/2016G).

It should be noted that there are no current arrangement to prevent the shareholders of disposing of the Company's shares.

18-14 Change in the share price as a result of the capital increase

The closing price of the Company's share on the day of the EGA was (18.10) and it is expected to reach (12.98) in the opening session the next day. The change represents a decrease of (28.26%).

The method of calculating the Share Price as a result of Capital increase is:

First: Calculation of the market value of the Company at the close of trading on the day of the EGA:

Number of shares at the end of the day of the EGA multiplied by the closing price for the Company's share on the day of the EGA = market value of the Company at the close of trade on the day of the EGA.

Second: Calculation of the Share Price in the opening session on the day following the day the EGA:

(The market value of the Company at the close of trading on the day of the EGA + Value of Offer Shares) / (Number of shares at the end of the day the EGA + the number of New Shares offered in the Offering) = expected share price on the opening of the day following the EGA.

19. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office in Al-Khobar during official working hours, from 9:00 a.m. to 5:00 p.m. 20 days before the Offering Period and throughout the Offering Period.

Company's Documents

- The Company's commercial registration.
- The Company's Bylaws.

Offering of shares

- The Board of Directors' recommendation for the capital increase.
- The CMA's approval for the rights issue offering.
- EGA resolution approving the Capital Increase.

Reports, Letters, and Documents:

- Contracts and agreements referred to in this Prospectus
- Consent Letters from the Financial Adviser and Lead Manager, HSBC Saudi Arabia Limited, , as well as from the underwriters, HSBC Saudi Arabia Limited (Lead Underwriter) and Arab National Investment Company (Co-underwriter), to use their name, logo and statements in the Prospectus.
- Consent Letter from the Financial Due Diligence Adviser, Ernst & Young & Associates, to present their report, and use their name, logo, and statements in the Prospectus.
- Consent Letter from the Legal Adviser and Shearman and Sterling LLP in association with Dr. Sultan Almasoud and Partners to use their name, logo, and statements in the Prospectus.
- Consent Letter from the Market Study Consultant, ERAS Limited, to use their name, logo, and statements in the Prospectus.
- Consent Letter from the Auditors, Deloitte & Touche Bakr Abulkhair and Company and KPMG Al Fozan & Partners Company, to use their name, logo and statements in the Prospectus in their capacity as the Company's Auditor.
- Market reports.
- Valuation report.

Financial Statements

- Consolidated audited financial statements of Takween for the fiscal years ended 31 December 2013G, 2014G and 2015G and the Auditor's report.

20. Auditors' Report

TAKWEEN ADVANCED INDUSTRIES

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

WITH INDEPENDENT AUDITORS' REPORT

KPMG Al Fozan & Partners
Certified Public Accountants
Al Subeaei Towers
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Al Khobar 31952
Kingdom of Saudi Arabia

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Internet www.kpmg.com

Licence No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Takween Advanced Industries (the "Company") and its subsidiaries (collectively the "Group") which comprise the consolidated balance sheet as at December 31, 2015 and the related consolidated statement of income, cash flows and changes in equity for the year then ended and the attached notes 1 through 24 which form an integral part of the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with article (123) of the Regulations for Companies and the Company's bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements taken as a whole:

1) present fairly, in all material respects, the financial position of the Group as at December 31, 2015, and of its results of operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and

2) comply with the requirements of the Regulations for Companies and the Company's bylaws with respect to the preparation and presentation of the financial statements.

For KPMG Al Fozan & Partners

كي بي ام جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Khalil Ibrahim Al Sedais
License No. 371

Al Khobaron 8 Jumada I, 1437H
Corresponding to: 17 February 2016

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015
(Expressed in Saudi Riyals in thousands)

	Note	2015	2014
ASSETS			
Current assets			
Cash and cash equivalents	5	106,794	31,037
Investments held for trading		-	56,291
Trade receivables, net	6	412,732	217,560
Inventories, net	7	456,705	275,178
Prepaid expenses and other current assets	8	114,891	46,893
Total current assets		1,091,122	626,959
Non-current assets			
Fixed assets	9	1,212,975	630,396
Intangible assets	10	347,751	11,509
Total non-current assets		1,560,726	641,905
Total assets		2,651,848	1,268,864
LIABILITIES			
Current liabilities			
Short term borrowings		811,686	508,494
Current portion of medium and long term loans	12	217,617	10,775
Accounts payable and other liabilities	11	329,940	129,996
Zakat payable	18	14,667	7,912
Total current liabilities		1,373,910	657,177
Non-current liabilities			
Medium and long term loans	12	781,992	113,205
End-of-service benefits	13	40,925	9,900
Total non-current liabilities		822,917	123,105
Total liabilities		2,196,827	780,282
SHAREHOLDERS' EQUITY			
Share capital	1	350,000	350,000
Statutory reserve	14	29,419	29,419
Retained earnings		82,041	109,163
Foreign currency translation reserve		(6,439)	-
Total shareholders' equity		455,021	488,582
Total liabilities and shareholders' equity		2,651,848	1,268,864

The consolidated financial statements appearing on pages 1 to 24 were approved by the Board of Directors on February 17, 2016, corresponding to Jumada Awwal 8 7, 1437H.

The accompanying notes 1 through 24 form an integral part of these consolidated financial statements.

TAKWEEN ADVANCED INDUSTRIES

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Saudi Riyals in thousands)

	Note	2015	2014
Sales	15	1,718,467	767,679
Cost of sales		(1,538,853)	(646,389)
Gross profit		179,614	121,290
General and administrative expenses	16	(91,585)	(42,278)
Selling and marketing expenses	17	(72,220)	(19,472)
Research expenses		(2,116)	(2,682)
Operating income		13,693	56,858
Financial charges		(49,237)	(15,221)
Realized gain on investments held for trading		14,165	10,086
Unrealized gain on investments held for trading		-	9,471
Other (expenses) / income, net		(1,856)	337
Net (loss) / income before Zakat		(23,235)	61,531
Zakat	18	(3,887)	(6,208)
Net (loss) / income		(27,122)	55,323
EARNINGS PER SHARE			
Earnings per share from operating income (SR)	19	0.39	1.62
(Loss) / earnings per share from other income – net (SR)	19	0.35	0.57
Earnings per share from net (loss) / income (SR)	19	(0.77)	1.58
Weighted average number of shares		35,000,000	35,000,000

The accompanying notes 1 through 24 form an integral part of these consolidated financial statements.

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Expressed in Saudi Riyals in thousands)

	Note	2015	2014
Cash flows from operating activities:			
Net (loss) / income for the year		(27,122)	55,323
Adjustments to reconcile net (loss) / income to net cash provided by operating activities:			
Depreciation	9	138,103	62,245
Amortization of intangible assets	10, 12	9,169	1,003
Finance charges		49,237	15,221
End-of-service benefits charged during the year	13	12,533	3,036
Provision against doubtful receivables	6	8,891	1,748
Provision for slow moving and obsolete inventories	7	5,930	-
Gain on disposals of fixed assets		(53)	(107)
Unrealized gain on investments held for trading		-	(9,471)
Zakat charge	18	3,887	6,208
Realized gain on investments held for trading		(14,165)	(10,086)
		186,410	125,120
Changes in operating assets and liabilities:			
Accounts receivable		52,556	(19,772)
Inventories		70,343	(83,380)
Prepaid expenses and other current assets		1,622	(10,361)
Accounts payable and other liabilities		(2,244)	71,899
Cash generated from operating activities		308,687	83,506
Finance charges paid		(49,237)	(12,680)
End-of-service benefits paid		(10,241)	(622)
Proceeds from disposal / (purchase) of investments held for trading, net		70,456	(31,922)
Zakat paid		-	(2,187)
Net cash provided by operating activities		319,665	36,095
Cash flows from investing activities			
Purchase of fixed assets		(132,387)	(114,906)
Proceeds from disposals of fixed assets		324	257
Additions to intangible assets	10	(45,782)	(1,761)
Acquisition of subsidiary, net	4	(864,400)	-
Net cash used in investing activities		(1,042,245)	(116,410)
Cash flows from financing activities:			
Change in short term borrowings		(109,931)	38,649
Receipts of medium and long term loans		919,043	-
Repayments of medium and long term loans		(10,775)	24,640
Directors' remuneration		-	(1,400)
Dividends paid		-	(17,500)
Net cash provided by financing activities		798,337	44,389
Net change in cash and cash equivalents		75,757	(35,926)
Cash and cash equivalents at the beginning of the year		31,037	66,963
Cash and cash equivalents at the end of the year		106,794	31,037

The accompanying notes 1 through 24 form an integral part of these consolidated financial statements.

TAKWEEN ADVANCED INDUSTRIES

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Saudi Riyals in thousands)

	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total
January 1, 2014	350,000	23,887	78,272	-	452,159
Net income for the year	-	-	55,323	-	55,323
Transfer to statutory reserve	-	5,532	(5,532)	-	-
Directors' remuneration	-	-	(1,400)	-	(1,400)
Dividends	-	-	(17,500)	-	(17,500)
December 31, 2014	350,000	29,419	109,163	-	488,582
Net loss for the year	-	-	(27,122)	-	(27,122)
Exchange differences on translating foreign operations	-	-	-	(6,439)	(6,439)
December 31, 2015	350,000	29,419	82,041	(6,439)	455,021

The accompanying notes 1 through 24 form an integral part of these consolidated financial statements.

(Expressed in Saudi Riyals in thousands)

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 350 million divided into 35 million shares of par value SR 10 each.

The Company acquired 100% ownership in Saudi Plastic Packaging Systems (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.), effective January 1, 2015 and the newly acquired subsidiaries have been consolidated as part of these consolidated financial statements (note 4).

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as listed below:

	Effective ownership	
	2015	2014
Advanced Fabrics Factory Company ("SAAF")	100%	100%
Ultra Pak Manufacturing Company ("Ultra Pak")	100%	100%
Saudi Plastic Packaging Systems ("Saudi Packaging") (formerly Savola Packaging Systems Company Limited)	100%	-
Al-Sharq Company for Plastic Industries Limited ("Al-Sharq")	100%	-
New Marina for Plastic Industries Company (S.A.E.) ("New Marina")	100%	-

All of the above subsidiaries operate in Kingdom of Saudi Arabia with the exception of New Marina, which is registered in Alexandria, Arab Republic of Egypt. The principal activities of the Group companies, each of which operates under individual commercial registration, are:

- 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 film; and
- Manufacturing of, and wholesale and retail trading in, plastic containers and polyethylene cups, rolls and bags.

In an Extraordinary General Assembly Meeting held on February 10, 2015 the shareholders of Saudi Plastic Packaging Systems (formerly Savola Packaging Systems Company Limited) passed a resolution for conversion of the company from a Saudi Closed Joint Stock Company to a Limited Liability Company. The legal formalities for such conversion were completed on March 7, 2015.

BASIS OF PREPARATION

Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA) and in the light of Saudi laws and regulations relevant to the preparation and presentation of financial statements.

Basis of measurement

The accompanying consolidated financial statements have been prepared on historical cost basis, except for held for trading investments which are measured at fair value; using the accrual basis of accounting and the going concern concept.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

All intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group / Company transactions that are recognized in assets, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the functional and reporting currency of the Group. All amounts have been rounded to the nearest thousands, unless otherwise stated.

Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

Impairment of accounts and other receivable

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators of objective evidence that the receivable is impaired. For significant individual amounts, assessment is made on an individual basis. Amounts, which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time considering past recovery rates.

Provision for slow moving inventory items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

Provisions and contingencies

A provision for incurred liabilities is recognized when the Group has a present legal or constructive obligations as a result of past events and it is more likely than not that an outflow of resource will be required to settle the obligation and the amount has been reliably estimated.

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; assessed at each balance sheet date and disclosed in the Group's financial statements under contingent liabilities.

Useful lives of fixed assets

The management determines the estimated useful lives of fixed assets for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods. During the year, total production capacities of these machineries were revised. These changes in accounting estimate have been accounted for in accordance with the requirements of generally accepted accounting standards in Saudi Arabia. Had there been no change in estimate, depreciation charge to consolidated statement of income would have been higher by SR 2.3 million and the carrying value of these assets would have been lower by the same amount.

Impairment of non-financial assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Certain reclassifications have been made to prior year balances to be consistent with the current year presentation. The current year results may not be an accurate reflection of the results for future years due to any potential impact of the current local and global market and economic conditions.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill represents the excess cost of investments over the fair value of the net assets acquired in a business combination. Goodwill is tested annually for impairment and is carried at cost net of accumulated impairment losses. Impairment losses on goodwill are not reversed once recorded. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill represents the excess of the fair value of the net assets acquired and the cost of investments in a business combination. Negative goodwill is recognised in the Consolidated Statement of Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is dis-posed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

Revenue recognition

Revenue is recognized to the extent of the following recognition requirements:

- it is probable that the economic benefits will flow to the Group,
- it can be reliably measured, regardless of when the payment is being made; and
- The cost incurred to date and expected future costs are identifiable and can be measured reliably.

Revenue is measured at the fair value of the consideration received or the contractually defined terms of payment. The specific recognition criteria described below must also be met before the revenue is recognized.

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates. Other income is recognised when earned.

Accounts receivable

Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Group will not be able to collect any of the amounts due according to the original terms of the invoice. Such provision is charged to the consolidated statement of income.

Research expenses

Research expenses are charged to the consolidated statement of income in the period in which they are incurred.

General and administrative and selling and distribution expenses

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products. All other expenses are classified as general and administrative expenses.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and liquid investments with original maturities of three months or less which is available to the Group with no restrictions. The statement of cash flows is prepared using the indirect method.

Investments

Investments in marketable equity securities are classified according to the Group's intent with respect to those securities. Marketable equity securities held to maturity are stated at amortized cost, adjusted for the related premium or discount. Marketable equity securities held for trading are stated at fair value and unrealized and realized gains and losses thereon are included in the consolidated statement of income. Marketable equity securities available for sale are stated at fair value and unrealized gains and losses thereon are included in consolidated shareholders' equity while realized gain / losses are included in the consolidated statement of income.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

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

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for enhancement is capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease.

The estimated rates of depreciation of the principal classes of assets are as follows:

	Rate %
Buildings, leasehold and other improvements	2 – 5
Plant, machinery and equipment	3 – 33.33
Vehicles	20 – 25
Furniture, fixtures and office equipment	6.25 – 33.3

Depreciation of machinery owned by SAAF which have homogeneous production are depreciated using the unit of production method since the actual reduction in the value of the asset is mainly related to the units produced and not the life of the asset.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of the fixed asset's item being disposed and is recognized net within "other income" in the consolidated statement of income.

Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the consolidated statement of income.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the qualifying asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in consolidated income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non- financial assets

The carrying amounts of non-financial assets of the Group, except inventories and assets held for sale, are reviewed at the date of the financial statements to ascertain whether there is an event or changes in circumstances indicating that the carrying amount of an asset exceeds its recoverable amount. When such an indicator exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. The impairment calculated as the difference between the carrying amounts and estimated recoverable amount, discounted using an appropriate rate.

A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in respect of cash generating units are allocated first to reduce the carrying amounts of the asset affected or the cash generating units on pro rata basis of its assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the

carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Offsetting

Financial assets and liabilities are offset and reported net in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Intangible assets

Intangible assets anticipated to provide identifiable future benefits are classified as non-current assets. Intangible assets comprise software and system development costs and right of use of leased land. Enterprise resource planning (ERP) system development costs represent costs incurred to implement new system and are amortized over 5-year period from the date it is fully implemented. The right of use of leased land is amortized over the lease period using the straight-line method.

Dividends

Dividends are recognized as liability at the time of their approval in the Annual General Assembly meeting. Interim dividends are recorded as and when approved by the board of directors.

Foreign currency translation

These consolidated financial statements are prepared in Saudi Riyals, which is the functional and reporting currency of the Group. Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

The results and financial position of a foreign subsidiary having reporting currency other than Saudi Riyals are translated into Saudi Riyals as follows:

1- Assets and liabilities for the balance sheet are translated at the closing exchange rate at the date of that consolidated balance sheet;
2- Income and expenses for consolidated statement of income are translated at average exchange rates for the year; and
3- Components of the shareholders' equity accounts are translated at the exchange rates in effect at the dates of the related items originated.

Cumulative adjustments resulting from the translations of the financial instruments of the foreign subsidiaries into Saudi Riyals are reported as a separate component of consolidated statement of equity.

End-of-service benefits

End-of-service benefits, calculated in accordance with provisions of local laws applicable to the relevant subsidiaries, are provided for in the consolidated financial statements based on the employees' length of service, using the current benefits of employees as at balance sheet date.

Zakat and income tax

The Saudi based subsidiaries of the Group are subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat for the Company and its subsidiaries is filed with the DZIT on a consolidated basis. Zakat is provided for in the consolidated statement of income on an accruals basis for the Group. The Zakat charge is computed on the higher of Zakat base or adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The Zakat charge in the consolidated financial statements represents the Zakat for the Company and its subsidiaries. Foreign income tax is provided for in accordance with foreign fiscal regulations in which the Group's foreign subsidiary operates.

Deferred tax assets and liabilities are recognised for all temporary differences at current rates of taxation. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the near future to allow all or part of the deferred tax asset to be utilized.

Leasing

The Group accounts for tangible assets acquired under finance lease arrangements by recording the assets and the related liabilities. The amounts are determined on the basis of lower of fair market value of assets and present value of minimum lease payments. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are amortized over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in producing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Statutory reserve

In accordance with Regulations for Companies in Saudi Arabia and the by Laws of the Company, the Group has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

Accounts payable and accruals

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

Earnings per share

Earnings per share are computed by dividing income from main operations and net income for the year by the weighted average number of shares of 35 million as of December 31, 2015 and 2014. Diluted earnings per share is calculated by dividing income from main operations and net income for the period by weighted average number of issued shares at December 31, 2015 and 2014 used in the basic earnings per share calculation adjusted for the effects of all dilutive potential ordinary shares.

BUSINESS COMBINATION

The Group signed a non-binding memorandum of understanding ("MOU"), with Savola Group, a Saudi Joint Stock Company, on July 22, 2014 in relation to the proposed acquisition of Saudi Plastic Packaging Systems (formerly Savola Packaging Systems Company Limited (SPS)), a wholly owned subsidiary of Savola Group, along with two wholly owned subsidiaries of SPS (Al-Sharq Company for Plastic Industries Limited and New Marina for Plastic Industries Company).

The Group reached an agreement with Savola Group after completing a detailed due diligence and signed an agreement on December 30, 2014 to purchase the entire shareholding of Saudi Packaging along with its two subsidiaries for a total purchase price of SR 910 million (note 12). In 2015, Council of Competition Protection approved the proposed acquisition of Saudi Packaging and consequently the consideration of SR 910 million was paid in full. As a result of this business acquisition and control acquired through sale agreement, the Company has consolidated newly acquired subsidiaries with effect from January 1, 2015. A goodwill of SR 323.58 million was recognized on the acquisition that represented the excess consideration paid over the net book value of net assets acquired. Acquisition related cost amounting to SR 8.4 million has been expensed and grouped under general and administrative expenses.

The fair value of the assets acquired and liabilities assumed under business combination, pursuant to final purchase price allocation are as follows:

(Expressed in Saudi Riyals in thousands) (Continued)

	Initial fair values SR '000	Final fair value SR '000
ASSETS		
Cash and cash equivalents	45,600	45,600
Accounts receivable	237,852	264,115
Inventories	251,659	261,519
Prepaid expenses and other current assets	73,777	65,901
Fixed assets	525,395	616,317
Intangible assets	8,686	8,686
TOTAL ASSETS	1,142,969	1,262,138
LIABILITIES		
Short term borrowings	413,123	413,123
Accounts payable and other current liabilities	205,056	205,056
Current portion of medium and long term loans	26,958	26,958
Medium and long term loans	1,850	1,850
End-of-service indemnities	28,733	28,733
TOTAL LIABILITIES	675,720	675,720
NET IDENTIFIABLE ASSETS	467,249	586,418
Acquisition consideration paid	910,000	910,000
Goodwill recognized from business acquisition	442,751	323,582

Following the purchase price allocation carried out by management during the year, an amount of SR 119.17 million has been allocated to mainly to fixed assets from initial goodwill of SR 442.75 million. The final purchase price allocation was based on the independent valuation of certain assets. The goodwill recognized on the acquisition is attributable mainly to the synergies expected to be achieved from integrating these companies into the Group's existing business.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents as of December 31 comprise of following:

	2015	2014
Cash in hand	366	136
Cash at bank	106,428	30,901
	106,794	31,037

(Expressed in Saudi Riyals in thousands) (Continued)

TRADE RECEIVABLE, net

	2015	2014
Trade receivables – third parties	406,414	203,192
Trade receivables – related parties (Note 15)	21,958	22,125
Due from related parties (Note 15)	1,673	665
	430,045	225,982
Provision for doubtful receivables	(17,313)	(8,422)
	412,732	217,560

The movement in provision for doubtful receivables for the year ended December 31 are as follows:

	2015	2014
Balance at beginning of the year	8,422	6,674
Provision recognized during the year	8,891	1,748
	17,313	8,422

INVENTORIES, net

	2015	2014
Finished goods	138,766	113,168
Raw and packing materials and work in progress	247,864	123,628
Spare parts	76,005	38,136
Goods-in-transit	-	246
	462,635	275,178
Provision for obsolesce and slow moving inventories	(5,930)	-
	456,705	275,178

The movement in provision for slow moving inventories for the year ended December 31 are as follows:

	2015	2014
Balance at beginning of the year	-	-
Provision recognized during the year	5,930	-
	5,930	-

(Expressed in Saudi Riyals in thousands) (Continued)

PREPAID EXPENSES AND OTHER CURRENT ASSETS

	2015	2014
Prepaid expenses	22,817	7,444
Rebate receivables	49,422	19,869
Advances to suppliers	18,082	11,050
Margin against bank guarantees and letters of credit – Note 22	19,713	-
Other debit balances	4,857	8,530
	114,891	46,893

FIXED ASSETS

Cost	Buildings and leasehold improvements	Plant, machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Capital work in progress ("CWIP")	2015 Total	2014 Total
Balance at January 1, 2015	147,333	853,709	6,434	11,142	67,853	1,086,471	953,885
Additions during the year - note 15	4,006	40,612	-	584	59,435	104,637	132,387
Assets acquired under business combination	131,791	467,361	2,567	3,282	11,316	616,317	-
Transfers / reclassified from CWIP	2,174	17,259	-	-	(19,433)	-	390
Disposals for the year	-	-	(352)	(396)	-	(748)	(191)
Balance at December 31, 2015	285,304	1,378,941	8,649	14,612	119,171	1,806,677	1,086,471
Accumulated Depreciation							
Balance at January 1, 2015	23,773	419,723	5,200	7,379	-	456,075	393,871
Charges for the year	11,180	124,257	894	1,772	-	138,103	62,245
Disposals during the year	-	-	(80)	(396)	-	(476)	(41)
Balance at December 31, 2015	34,953	543,980	6,014	8,755	-	593,702	456,075
Net Book Value							
At December 31, 2015	250,351	834,961	2,635	5,857	119,171	1,212,975	
At December 31, 2014	123,560	433,889	1,234	3,763	67,853		630,396

The Company's buildings and production facilitates are constructed on a parcel of land in Al Hassa owned by an affiliate and the building of Ayoun Plant is constructed on land leased from Saudi Industrial Property Authority (MODON) for a period of 20 years commencing from Muharram 27, 1436H (November 24, 2014).

SAAF's buildings and production facilitates are constructed on a parcel of land in Al Hassa owned by an affiliate and a piece of land leased from Saudi Arabian Oil Company in the Western Province of Saudi Arabia.

Ultra Pak warehouse and administration building are situated on land rented at a nominal rent from Jeddah Chamber of Commerce & Industry for a period of fourteen years from Rabi I 27, 1419H (July 22, 1998). This lease agreement has been extended up to April 30, 2016. The management of Ultra Pak anticipates extending the lease upon its expiry.

(Expressed in Saudi Riyals in thousands) (Continued)

Under the terms of a land lease agreement with Jeddah Industrial City ("JIC"), Savola Packaging has various renewable operating leases upon which its production facilities are located. Annual lease and service charge payments to JIC are nominal.

One of the Al-Sharq's warehouses is located on two parcels of land which are leased by Saudi Plastic Packaging Systems (formerly Savola Packaging Systems Company Limited) ("SPS"), a related party, from Riyadh Industrial City. The agreements are in the process of being transferred to the Company's name as of December 31, 2015.

Buildings and plant facilities of the Al-Sharq Company are constructed on land leased under the terms of two land lease agreements with the Saudi Organization for Industrial Estates and Technology Zones ("SFIT"), which are 25-year renewable operating leases commencing from Muharram 5, 1425H (February 25, 2004). Annual lease and service charge payments to SFIT are nominal.

At December 31, 2015, certain fixed assets with net book value of SR 603.07 million (2014: SR 627.5 million) were pledged as collateral to certain credit facilities. Refer note 12.

Capital work-in-progress at December 31, 2015 is principally related to various additions to the production facilities and other improvements, which were under progress at the year-end. Interest capitalized as part of capital work-in-progress at December 31, 2015 amounted to SR 0.8 million (2014: SR 0.3 million).

INTANGIBLE ASSETS

	2015	2014
Goodwill – refer note 4	323,582	-
Computer softwares and system development costs	24,169	11,509
	347,751	11,509

The movement in computer softwares and system development costs during the year ended December 31 is as follows:

Cost	2015	2014
Balance at the beginning of the year	13,641	12,270
Acquired through business combination - Note 4	8,686	-
Additions during the year	7,562	1,761
Disposals	-	(390)
	29,889	13,641
Amortization		
Balance at the beginning of the year	2,132	1,129
Charge for the year	3,588	1,003
	5,720	2,132
Net book value	24,169	11,509

ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2015	2014
Accounts payable	253,495	87,727
Accrued expenses and other liabilities	71,352	20,098
Due to related parties - Note 15	5,093	4,690
Capital expenditure payable	-	17,481
	329,940	129,996

(Expressed in Saudi Riyals in thousands) (Continued)

MEDIUM AND LONG TERM LOANS

	2015	2014
Commercial loan	906,473	-
Saudi Industrial Development Fund ("SIDF") loans	135,305	133,510
	1,041,778	133,510
Less: loan appraisal fees	(42,169)	(9,530)
	999,609	123,980
Less: current portion	(217,617)	(10,775)
	781,992	113,205

The movement in loan appraisal fee is as follows:

	2015	2014
Opening balance	9,530	1,710
Appraisal fee paid during the year	38,220	9,400
Amotization during the year	(5,581)	(1,580)
	42,169	9,530

Commercial loan

During the year, the Group entered into Murabaha Facilities Agreement of SAR 910 million with the Arab National Bank ("the lead bank"), on behalf of Murabaha Facilities Participants, for financing the acquisition of 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.) (refer note 4). 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 Company and two of its subsidiaries i.e. Advanced Fabrics factory Company and Ultra Pak Manufacturing Company and a corporate guarantee from Al-Othman Holding Company, an affiliate. The Group is in breach of certain covenants of long term loan. However, management has taken necessary remedial action including obtaing waiver from the lead bank. Accordinlgy, this loan continues to be classified as non-current. The loan appraisal is deferred and being amortized over the term of the loan.

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 fixed assets of the Group companies, two parcels of land owned by an affiliate and corporate guarantees from the Company. The loan appraisal fees are deferred and are being amortized over the term of the loans.

In July 2009, SIDF sanctioned a loan to Ultrapak for SR 12.85 million to finance the modernization and expansion of production facilities. The loan is repayable in twelve unequal semi-annual installments commencing Rabi' I 1, 1431 (January 31, 2010). In 2012, Ultrapak entered into a further loan agreement with SIDF to finance expansion of production facilities for an additional amount of SR 12.7 million due in 13 unequal semi-annual installments, commencing Safar 15, 1435 (December 18, 2013). During 2014, these loans have been consolidated into one facility of SR 25.5 million with an additional drawdown of SR 1.6 million which is payable in 11 unequal semiannual installments commencing from 15 Safar, 1436 (December 7, 2014) and final payment is due on Safar 15, 1441 (October 14, 2019).

(Expressed in Saudi Riyals in thousands) (Continued)

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). During the year, an amount of SR 12.5 million (2014: SR 113.1 million) was drawn down by the SAAF. The Group is non-compliant with certain covenants of these loans. Accordingly, an amount of SR 123.2 million has been reclassified as current portion. The management is in process of taking necessary remedial action.

Aggregate maturities of medium and long term loans outstanding at December 31, 2015 before adjusting loan appraisal fees are as follows:

	2015	2014
2015	-	10,775
2016	217,617	11,813
2017	136,917	14,356
2018	138,916	27,538
2019	181,813	25,898
After 2020	366,515	43,130
	1,041,778	133,510

The Group has credit facilities agreements with local commercial banks comprising of overdrafts, short term loans, letters of credit and guarantee etc amounting to SR 1,356,625. Borrowings under the facilities bear financing charges at the prevailing market rates and are secured by demand order note, promissory notes and corporate guarantees from Al-Othman Holding Company, an affiliate.

END-OF-SERVICE BENEFITS

	2015	2014
January 01	9,900	7,486
Liability assumed under business combination	28,733	-
Charge for the year	12,533	3,036
Payments during the year	(10,241)	(622)
December 31	40,925	9,900

STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Group has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. However, it can be used to increase the Grou's capital or to mitigate its losses, if any.

RELATED PARTY TRANSACTIONS

In the normal course of business, the Group transacts with related parties. Prices and terms of payment are approved by management of each affiliated entity. During the year, the Group transacted with the following related parties:

Name	Relationship
Al Othman Group of companies	Affiliates
Al Hassa Development Company	Affiliate
Senior executives	Directors

(Expressed in Saudi Riyals in thousands) (Continued)

Related party transactions mainly represents purchases, sales, and services rendered which are at arm's length and undertaken at mutually agreed terms and approved by management. The significant transactions and the related amounts are as follows:

Name of the related parties	Nature of transaction	2015	2014
Al Othman Travel Agency	Purchase of air tickets	2,353	-
System of Strategic Business	IT services	5,247	4,200
Al Othman Industrial Marketing Company	Purchase of materials	112	-
Clean Environment Technologies	Technical services	32	4,000
Al Othman Holding Company	Expenses incurred by the Group	427	-
MOC Constructions	Advance for civil works	28,414	-
Al Othman Agri Products and Processing Company	Sales during the year	70,143	71,962
Al Othman Agri Products and Processing Company	Expenses charged to the Group	4,561	4,178
Mr. Mohammed Al Othman	Rent expense – refer note 9	143	96
Al Hassa Development Company	Purchase of fixed assets	-	31,500
Remuneration of Directors	Meeting expenses	-	1,400

Due from related parties

	2015	2014
Al Othman Agri Products and Processing Company	21,958	22,125
Others	1,673	665
	23,631	23,609

Due to related parties

	2015	2014
Al Hassa Development Company	4,300	4,300
Al Othman Travel Agency	793	390
	5,093	4,690

All significant related party transactions between the Group companies have been eliminated in the consolidated financial statements.

(Expressed in Saudi Riyals in thousands) (Continued)

GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31	
	2015	2014
Employee related costs	53,231	27,463
Communication and other office expenses	15,471	8,228
Acquisition related costs	8,405	-
Depreciation	5,661	776
Amortization	1,917	1,003
Travel and entertainment	2,527	849
Professional and other services	832	1,141
Facility costs	774	948
Others	2,767	1,870
	91,585	42,278

SELLING AND MARKETING EXPENSES

	For the year ended December 31	
	2015	2014
Transportation	39,137	12,458
Employee related costs	17,765	3,671
Provision for doubtful debts	8,891	1,748
Others	6,427	1,595
	72,220	19,472

(Expressed in Saudi Riyals in thousands) (Continued)

ZAKAT

Zakat status

Zakat returns for the Group companies have been filed independently and paid for all years through 2010 and the Zakat certificates have been received till 2014. Zakat for the Company and its subsidiaries has been filed on a consolidated basis by the Group for 2011 and onwards and Zakat certificates have been received.

The Company and its subsidiaries' assessments have been agreed upto different years. The Company and its subsidiaries' have received additional assessments for certain year and have filed objections against these assessments. Total additional Zakat against for which objection have been filed amount to SR 9.4 million, Management is confident of favorable outcome against these assessments. Further, management is of the view that any Zakat charge in respect of newly acquired companies (refer note 4) relating to period before acquisition date will be paid by the previous owners. Accordingly, provision for this Zakat has not been recognised in these consolidated financial statements.

The principal elements of Zakat base are as follows:

	2015	2014
Non-current assets	1,560,726	641,905
Non-current liabilities	822,917	123,105
Spare parts	76,005	38,136
Opening shareholders' equity	488,582	452,159
Net (loss) / income before Zakat	(23,235)	61,531
Dividends paid	-	17,500

Some of these amounts have been adjusted in arriving at the Zakat charge for the year.

The movement in Zakat provision is as follows:

	2015	2014
January 1	7,912	3,891
Provision for the year	3,887	5,436
Liability under business combination	2,868	-
Under provision for previous year	-	772
Payments during the year	-	(2,187)
December 31	14,667	7,912

(Expressed in Saudi Riyals in thousands) (Continued)

The charge for the year is as follows:

	2015	2014
Charge for the year	3,887	5,436
Under provision for previous year	-	772
	3,887	6,208

EARNINGS PER SHARE

The earnings per share is calculated by dividing operating income, other income (net) and net (loss) / income for the year by weighted average number of shares of 350 million at December 31, 2015 (2014: 350 million).

The Board of Directors in their meeting held on December 17, 2015 proposed to increase the share capital by Saudi Riyals 600 million by issuance of right shares to its existing shareholders and is in the process of finalizing issue price and completing necessary legal requirements. The rights issue is limited to the shareholders who are registered in the shareholders register at the close of trading on the extraordinary general assembly day, which will be determined later by the Group after obtaining the regulatory approvals.

OPERATING LEASE ARRANGEMENTS

	2015	2014
Payments under operating lease expense during the year	7,545	3,921

Operating lease payments represent rentals payable by the Group for certain employees' housing, office space, warehouses and factory lands. Leases, except for lands, are negotiated for an average term of one year and rentals are fixed over the lease period. Leases for lands are negotiated for a period of 20 to 30 years and rentals are fixed over the lease period. Commitments for minimum lease payments under non-cancelable operating leases are as follows:

	2015	2014
Year 1	13,765	773
Year 2	13,765	773
Year 3	13,765	773
Year 4	13,765	773
Year 5	13,765	773
After 5 years	30,286	14,329
	99,111	18,194

(Expressed in Saudi Riyals in thousands) (Continued)

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:

- Disposalble polystyrene cups, lids and other plastic related products: 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, aolohol resistant and anti-static electricity fabrics used for surgical drapes, medical and protective gownsuse and fabrics made for health usages, such as children and adult diapers and women's diapers.

The Group's revenue, operating income, net income, fixed assets, total assets and total liabilities, by business segment, are as follows:

	Disposable polystyrene cups, lids and other plastic related products SR 000	Non-woven fabrics SR 000	Total SR 000
For the year ended December 31 2015			
Revenues	1,392,604	325,863	1,718,467
Operating income / (loss)	47,995	(34,302)	13,693
Net loss	(2,438)	(24,684)	(27,122)
As of December 31, 2015			
Fixed assets	788,265	424,710	1,212,975
Total assets	1,979,464	672,384	2,651,848
Total liabilities	1,750,650	446,181	2,196,827
For the year ended December 31 2014			
Revenues	455,739	311,940	767,679
Operating income	33,179	23,679	56,858
Net income	31,644	23,679	55,323
As of December 31, 2014			
Fixed assets	186,127	444,269	630,396
Total assets	536,971	731,893	1,268,864
Total liabilities	396,138	384,144	780,282

(Expressed in Saudi Riyals in thousands) (Continued)

Geographical segments:

The Group's revenue, operating income, fixed assets, total assets and total liabilities, by geographical segment, are as follows:

	Kingdom of Saudi Arabia SR 000	Arab Republic of Egypt SR 000	Total SR 000
For the year ended December 31 2015			
Revenues	1,616,873	101,594	1,718,467
Operating income	13,093	600	13,693
Net loss	(22,354)	(4,768)	(27,122)
As of December 31 2015 Fixed assets	1,154,323	58,652	1,212,975
Total assets	2,537,150	114,698	2,651,848
Total liabilities	2,144,230	52,597	2,196,827

	Kingdom of Saudi Arabia SR 000	Arab Republic of Egypt SR 000	Total SR 000
For the year ended December 31 2014			
Revenues	767,679	-	767,679
Operating income	56,858	-	56,858
Net income As of December 31 2014	55,323	-	55,323
Fixed assets	630,396	-	630,396
Total assets	1,268,864	-	1,268,864
Total liabilities	780,282	-	780,282

CONTINGENCIES AND COMMITMENTS

At 31 December, the Group had the following contingencies and commitments:

	2015	2014
Letters of credit for purchase of raw material and fixed assets	113,148	317
Letter of guarantees	46,483	30,497
Capital commitments	22,372	10,043

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the balance sheet include cash and cash equivalents, loans, other current assets, investments, trade and other receivables, trade payables, due to and due from related parties and other liabilities.

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group has no significant concentration of credit risks. Cash and cash equivalents are placed with national banks with sound banking reputation. Trade and other accounts receivable are mainly due from local customers and related parties and are stated at their estimated realizable values.

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risk arise mainly from short term and long term debts, which are at floating rates of interest.

Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are not significant.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize the values of financial assets at an amount close to its fair value. As at December 31, 2015, the Group's current liabilities exceeds its current assets. The Group is managing its future cash flow requirements through cash inflows from operations, proposed issuance of right shares (note 19) and unavailed credit facilities (note 12). Further, management also monitors on a regular basis that sufficient funds are available to meet the Group's future commitments.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyal, Egyptian Pound and United States Dollar. Other transactions in foreign currencies other than Egyptian Pound and US Dollar are not material. Although there is significant devaluation in Egyptian pound, management believes that its overall impact on the Group's exposure is not significant. Currency risk is management on regular basis.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the accompanying financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors for issuance on February 17, 2016.

TAKWEEN ADVANCED INDUSTRIES

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND

AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2014

Deloitte.

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AUDITORS' REPORT

To the stockholders
Takween Advanced Industries
Al-Khobar, Kingdom of Saudi Arabia

Scope of Audit

We have audited the consolidated balance sheet of Takween Advanced Industries ("the Company"), a Saudi Joint Stock Company, and its subsidiaries ("the Group") as of December 31, 2014, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended and notes 1 to 24 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014, and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Group, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.

Nasser M. Al-Sagga
License No. 322
27 Rabi' II, 1436H
February 16, 2015

ديلويت آند توش
بكر أبو الخير وشركاهم
محاسبون قانونيون
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TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2014

	Note	2014 SR 000	2013 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	31,037	66,963
Investments held for trading		56,291	4,812
Accounts receivable	4	217,560	199,536
Inventories	5	271,459	188,079
Prepaid expenses and other debit balances	6	50,612	40,251
Total current assets		626,959	499,641
Non-current assets			
Property, plant and equipment	7	630,396	560,014
Intangible assets	8	11,509	11,141
Total non-current assets		641,905	571,155
TOTAL ASSETS		1,268,864	1,070,796
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short term borrowings	9	508,494	469,845
Accounts payable and other liabilities	11	137,908	43,546
Current portion of medium and long term loans	10	10,775	10,725
Total current liabilities		657,177	524,116
Non-current liabilities			
Medium and long term loans	10	113,205	87,035
End-of-service indemnities	12	9,900	7,486
Total non-current liabilities		123,105	94,521
Stockholders' equity			
Share capital	1	350,000	350,000
Statutory reserve	13	29,419	23,887
Retained earnings		109,163	78,272
Total stockholders' equity		488,582	452,159
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,268,864	1,070,796

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2014

	Note	2014 SR 000	2013 SR 000
Sales	14	767,679	731,022
Cost of sales		(646,389)	(635,711)
Gross profit		121,290	95,311
Research and development expenses		2,682	570
Selling and distribution expenses	14,15	19,472	20,038
General and administrative expenses	14,16	42,278	28,066
Operating income		56,858	46,637
Finance charges	9,10	(15,221)	(12,615)
Unrealized gain on investments held for trading		9,471	4,921
Realized gain on investments held for trading		10,086	14,032
Other income (expenses), net		337	(5,628)
Net income before zakat		61,531	47,347
Zakat	17	6,208	2,960
NET INCOME		55,323	44,387
EARNINGS PER SHARE	19		
Earnings per share from net income (SR)		1.58	1.27
Earnings per share from continuing main operations (SR)		1.01	0.89
Earnings per share from other operations (SR)		0.57	0.38
Weighted average number of shares		35,000,000	35,000,000

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2014

	Note	Share capital	Statutory Reserve	Retained earnings	Total
		SR 000			
January 1, 2013		300,000	19,448	103,324	422,772
Net income for year		-	-	44,387	44,387
Transfer to statutory reserve	13	-	4,439	(4,439)	-
Increase in share capital	1	50,000	-	(50,000)	-
Dividends	20	-	-	(15,000)	(15,000)
December 31, 2013		350,000	23,887	78,272	452,159
Net income for year		-	-	55,323	55,323
Transfer to statutory reserve	13	-	5,532	(5,532)	-
Directors' remuneration	14	-	-	(1,400)	(1,400)
Dividends	20	-	-	(17,500)	(17,500)
December 31, 2014		350,000	29,419	109,163	488,582

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	2014 SR 000	2013 SR 000
OPERATING ACTIVITIES		
Net income before zakat	61,531	47,347
Adjustments for:		
Depreciation	62,245	45,227
Amortization of intangible assets	1,003	276
Finance charges	15,221	12,615
End-of-service indemnities	3,036	2,137
Gain on disposals of property, plant and equipment	(107)	(57)
Unrealized gain on investments held for trading	(9,471)	(4,921)
Realized gain on investments held for trading	(10,086)	(14,032)
Changes in operating assets and liabilities:		
Accounts receivable	(18,024)	(23,309)
Inventories	(83,380)	4,113
Prepaid expenses and other debit balances	(10,361)	(12,039)
Accounts payable and other liabilities	71,899	(79,013)
Cash from (used in) operations	83,506	(21,656)
Finance charges paid	(12,680)	(10,990)
End-of-service indemnities paid	(622)	(887)
Zakat paid	(2,187)	(2,715)
Net cash from (used in) operating activities	68,017	(36,248)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(114,906)	(193,391)
Proceeds from disposal of property, plant and equipment	257	58
Additions to intangible assets	(1,761)	(4,332)
Net movement in investments held for trading	(31,922)	14,141
Net cash used in investing activities	(148,332)	(183,524)
FINANCING ACTIVITIES	2014 SR 000	2013 SR 000
Change in short term borrowings	38,649	277,483
Change in medium and long term loans	24,640	(20,983)
Directors' remunerations	(1,400)	(849)
Dividends paid (note 20)	(17,500)	(15,000)
Net cash from financing activities	44,389	240,651
Net change in cash and cash equivalents	(35,926)	20,879
Cash and cash equivalents, January 1	66,963	46,084
CASH AND CASH EQUIVALENTS, DECEMBER 31	31,037	66,963
Non - cash transactions:	2014 SR 000	2013 SR 000
Capital expenditure payable	17,481	
Increase in share capital by transferring from retained earnings (note 1)		50,000

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

ORGANIZATION AND 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 9th Muharram 1432H (December 15, 2010). The Company's share capital is SR 350 million divided in to 35 million shares of SR 10 each.

Following the approval by the Capital Market Authority ("CMA"), the Company made an initial public offering of 9 million shares with a par value of SR 10 each, representing 30% of issued shares, in January 2012. The offering was fully subscribed at an offer price of SR 26 per share and the shares were listed on the Saudi Stock Exchange (Tadawul) on February 7, 2012.

The Board of Directors in their meeting held on February 17, 2013 proposed to increase the share capital of the Company from SR 300 million to SR 350 million by capitalizing part of the retained earnings by distributing one bonus share for every six existing shares held at the closing of trading on the day of the Extra Ordinary General Assembly Meeting. On April 8, 2013, the bonus shares have been approved by the shareholders at their Extra Ordinary General Assembly Meeting and the legal formalities to obtain the revised commercial registration have been completed.

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as listed below:

	Effective ownership	
	2014	2013
Advanced Fabrics Factory Company ("SAAF")	100%	100%
Ultra Pak Manufacturing Company ("Ultra Pak")	100%	100%

The principal activities of the Group companies, each of which operates under individual commercial registration, are:

- Production of disposable polystyrene cups, lids and other plastic related products
- Production of non-woven plastics
- Production of PET (Polyethylene Terephthalate) pre-forms

During the year, the Company agreed to purchase the textile plant along with its right to use the leasehold land and improvements from Al Hasa Development Company, a Saudi joint stock company, for a total value of SR 31.5 million. The legal formalities and obtaining approvals from related authorities have been completed during the year.

The Company signed a non-binding memorandum of understanding ("MOU"), with Savola Group, a Saudi Joint Stock Company, on July 22, 2014 in relation to the proposed acquisition of Savola Packaging, a wholly owned subsidiary of Savola Group. The MOU had an initial term of 16 weeks and was subject to various conditions and approvals including the Company's completion of a detailed due diligence, completion of the negotiation resulting in definitive agreement in relation to the proposed acquisition, approval of both the companies' board of directors, stockholders and the approval of relevant Saudi Arabian regulatory authorities.

The Company reached an agreement with Savola Group after completing a detailed due diligence and signed an agreement on December 30, 2014 to purchase the entire shareholding of Savola Packaging for a total purchase price of SR 910 million. The completion of the purchase transaction and payment of the said purchase price is subject to satisfaction of various conditions before 31 March 2015 which include completing certain regulatory procedures, obtaining consents from the concerned government agencies, including the Competition Council, and the satisfaction of certain commercial conditions agreed between the parties. Subsequently in 2015, Competition Council has approved the proposed acquisition of Savola Packaging by Takween.

100% of the purchase price will be financed through a syndicate of Saudi banks, which will be announced upon concluding all financing negotiations with the banks, and which is subject to the approval of the ordinary general assembly of the Company.

Savola Packaging owns two subsidiaries (Al-Sharq Plastic Company and New Marina Plastics Company in Egypt) and is engaged in production of plastic containers, barrels, bottles and covers, with a production capacity of 200,000 tons per year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Group:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention, modified to include the measurement at fair value of held for trading investments.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company. All significant inter-company transactions and balances between the group companies have been eliminated in preparing the consolidated financial statements.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Research and development expenses

Research and development expenses are charged to the consolidated statement of income in the period in which they are incurred.

Selling and distribution and general and administrative expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Investments

Investments in marketable equity securities are classified according to the Group's intent with respect to those securities. Marketable equity securities held to maturity are stated at amortized cost, adjusted for the related premium or discount. Marketable equity securities held for trading are stated at fair value and unrealized gains and losses thereon are included in the consolidated statement of income. Marketable equity securities available for sale are stated at fair value and unrealized gains and losses thereon are included in consolidated stockholders' equity.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

	Rate %
Buildings and leasehold improvements	3 - 4
Plant, machinery and equipment	10 - 33.3
Vehicles	20 - 25
Furniture, fixtures and office equipment	15 - 33.3

Depreciation for machinery owned by SAAF is determined based on total annual output in proportion to total production capacity.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the qualifying asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Intangible assets

Intangible assets anticipated to provide identifiable future benefits are classified as non-current assets. Intangible assets comprise software and system development costs.

Enterprise resource planning (ERP) system development costs represent costs incurred to implement new system and are amortized over 5 year period from the date it is fully implemented.

Dividends

Dividends are recognised as a liability at the time of their approval in the Annual General Assembly meeting.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

End-of-service indemnities

End-of-service indemnities, required by the labor laws of the Kingdom of Saudi Arabia, are provided in the consolidated financial statements based on the employees' length of service.

Zakat

The Group is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat for the Company and its subsidiaries is filed with the Department of Zakat and Income Tax ("DZIT") on a consolidated basis by the Company, Takween Advanced Industries. Zakat is provided on an accruals basis for the Group. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and its subsidiaries.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. At December 31, 2014 and 2013, cash and cash equivalents consist entirely of cash and bank balances.

ACCOUNTS RECEIVABLE

	2014 SR 000	2013 SR 000
Trade receivables – others	194,770	171,759
Trade receivables – related parties (note 14)	22,125	27,588
Due from related parties (note 14)	665	189
	217,560	199,536

INVENTORIES

	2014 SR 000	2013 SR 000
Finished goods	113,168	42,437
Raw, work-in-process and packing materials	119,909	105,997
Spare parts not held for sale	38,136	32,505
Goods-in-transit	246	7,140
	271,459	188,079

PREPAID EXPENSES AND OTHER DEBIT BALANCES

	2014 SR 000	2013 SR 000
Prepaid expenses	7,444	6,520
Rebates receivable	19,869	13,993
Advances to suppliers	11,050	14,405
Other debit balances	12,249	5,333
	50,612	40,251

PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements SR 000	Plant, machinery and equipment SR 000	Vehicles SR 000	Furniture, fixtures and office equipment SR 000	Capital work-in- progress ("CWIP") SR 000	Total SR 000
Cost						
January 1, 2014	72,633	614,789	3,792	7,649	255,022	953,885
Additions	39,342	26,961	1,441	1,105	63,538	132,387
Disposals	(5)	(186)	-	-	-	(191)
Transfer/reclassified	35,363	212,051	1,202	2,386	(250,612)	390
December 31, 2014	147,333	853,615	6,435	11,140	67,948	1,086,471
Depreciation						
January 1, 2014	20,144	364,012	3,213	6,502	-	393,871
Charge for year	3,630	55,754	1,986	875	-	62,245
Disposals	(1)	(40)	-	-	-	(41)
December 31, 2014	23,773	419,726	5,199	7,377	-	456,075
Net book value						
December 31, 2014	123,560	433,889	1,236	3,763	67,948	630,396
December 31, 2013	52,489	250,777	579	1,147	255,022	560,014

The Company's s buildings and production facilitates are constructed on a parcel of land in Al Hasa owned by an affiliate and building of textile plant is constructed on land leased from Saudi Industrial Property Authority (MODON) for a period of 20 years commencing from 27 Muharram, 1436H (November 24, 2014).

SAAF's buildings and production facilitates are constructed on a parcel of land in Al Hasa owned by an affiliate and a piece of land leased from Saudi Arabian Oil Company in Western Province of Saudi Arabia.

Ultra Pak warehouse and administration building are situated on land rented at a nominal rent from Jeddah Chamber of Commerce & Industry for a period of fourteen years from 27 Rabi I, 1419H (July 22, 1998). This lease agreement has been extended up to April 30, 2016. The management of Ultra Pak anticipates extending the lease upon its expiry.

Capital work-in-progress at December 31, 2014 is principally related to various additions to the production facilities and other improvements, which were under progress at the year-end. Interest capitalized as part of capital work-in-progress at December 31, 2014 amounted to SR 0.3 million (2013: SR 2.4 million).

INTANGIBLE assets

Cost	2014 SR 000	2013 SR 000
January 1	12,270	7,938
Addition during the year	1,761	4,332
Reclassified	(390)	-
December 31	13,641	12,270
Amortization		
January 1	1,129	853
Charge for year	1,003	276
December 31	2,132	1,129
Net book value		
December 31	11,509	11,141

BANK FACILITIES

The Group has credit facilities agreements with local commercial banks comprising of overdrafts, short, medium and long term loans, letters of credit and guarantee etc. Borrowings under the facilities bear financing charges at the prevailing market rates and are secured principally by demand order note, promissory notes and corporate guarantees. The facilities contain covenants requiring the maintenance of certain financial ratios and other covenants.

LONG TERM LOANS

	2014 SR 000	2013 SR 000
Commercial loans	-	70,000
SIDF loans	133,510	29,470
	133,510	99,470
Less: current portion	(10,775)	(10,725)
Less: loan appraisal fees	(9,530)	(1,710)
	113,205	87,035

Commercial loans

In 2012, the SAAF obtained a medium term loan of SR 45.0 million out of the total facility of SR 80 million from a local bank. In 2013, the SAAF availed the remaining facility of SR 35 million. These carry interest at commercial rates with outstanding balance repayable in eight unequal semi-annual installments commencing from June 2013. The loans are secured principally by demand order note, promissory notes and corporate guarantees. In 2014, the SAAF received a new SIDF loan and used SR 70 million of the SIDF loan to settle this medium term commercial loan.

SIDF loans

The Group entered into various loan agreements with SIDF to finance the construction of the plant facilities of the Group, out of which SR 133.5 million (2013 - SR 29.47 million) before adjusting loan appraisal fees was outstanding at the year end. 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. The loan appraisal fees totaling SR 21.1 million (2013: SR 11.7 million) are deferred and are being amortized over the term of the loans.

The Company obtained two loans from SIDF in 2007 and 2010 to finance the new expansion of its production facility. These loans have been consolidated into one facility of SR 27 million which is payable in 11 unequal semi annual installments commencing from 15/8/1432H (corresponding to July 16, 2011) and final payment is due on 15/8/1437H (corresponding to May 22, 2016).

In 2013, the 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 15 Shawwal 1436H (corresponding to July 31, 2015). During the year, an amount of SR 113.1 million out of total facility of SR 125.7 million was drawn down by the SAAF.

SIDF sanctioned a loan to the Ultrapak for SR 12.85 million to finance the modernization and expansion of production facilities. The loan is repayable in twelve unequal semi-annual installments commencing 1 Rabi' I, 1431 (January 31, 2010). In 2012, the Ultrapak entered into a further loan agreement with SIDF, to finance the expansion of production facilities for an additional amount of SR 13.9 million due in 13 unequal semi-annual installments, commencing 15 Safar, 1435 (December 18, 2013). The facility was reduced to SR 12.7 million and the Ultrapak has withdrawn SR 12.7 million (2013: SR 11.1 million) out of total amount sanctioned. During the year, these loans have been consolidated into one facility of SR 25.5 million with an additional drawdown of SR 1.6 million which is payable in 11 unequal semi annual installments commencing from 15 Safar, 1436 (December 7, 2014) and final payment is due on 15 Safar, 1441 (October 14, 2019).

The SIDF and the commercial loans contain covenants requiring the maintenance of certain financial ratios and other covenants. As at December 31, 2014 and 2013, the Company and SAAF are not in compliance with certain covenants.

Aggregate maturities of medium and long term loans outstanding at December 31, 2014 before adjusting loan appraisal fees are as follows:

	SR 000
2015	10,775
2016	11,813
2017	14,356
2018	27,538
2019	25,898
After 2020	43,130
	133,510

ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2014 SR 000	2013 SR 000
Accounts payable – trade	87,727	23,980
Capital expenditure payable	17,481	-
Due to related parties (note 14)	4,690	130
Accrued expenses and other liabilities	20,098	15,545
Zakat payable (note 17)	7,912	3,891
	137,908	43,546

END-OF-SERVICE INDEMNITIES

	2014 SR 000	2013 SR 000
January 1	7,486	6,236
Additional provision in year	3,036	2,137
Utilization of provision	(622)	(887)
December 31	9,900	7,486

STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

RELATED PARTY TRANSACTIONS

In the normal course of business, the Group transacts with related parties. Prices and terms of payment are approved by management of each affiliated entity. During the year, the Group transacted with the following related parties:

Name	Relationship
Al Othman Group of companies	Affiliates
Al Hasa Development Company	Affiliate
Senior executives	Shareholders

The significant transactions and the related amounts are as follows:

	2014 SR 000	2013 SR 000
Sales made to affiliates	(71,962)	(66,337)
Cost and expenses charged by affiliates	8,378	7,053
Cost and expenses charged to affiliates	(96)	(245)
Other services received	4,000	3,700
Remuneration to directors	1,400	-
Purchase of property, plant and equipment	31,500	-

All significant related party transactions between the group entities have been eliminated in the consolidated financial statements.

Amounts due from and due to related parties at December 31, 2014 and 2013 are disclosed in notes 4 and 11 respectively and principally include balances related to the above mentioned transactions.

SELLING AND DISTRIBUTION EXPENSES

	2014 SR 000	2013 SR 000
Employee related costs	3,671	4,227
Transportation	12,458	12,289
Bad and doubtful debts	1,748	1,950
Others	1,595	1,572
	19,472	20,038

GENERAL AND ADMINISTRATIVE EXPENSES

	2014 SR 000	2013 SR 000
Employee related costs	27,463	17,969
Professional and other services	1,141	1,184
Communication and other office expenses	8,228	5,471
Depreciation	776	274
Amortization (note 8)	1,003	276
Travel and entertainment	849	733
Facility costs	948	1,169
Others, net	1,870	990
	42,278	28,066

ZAKAT

The principal elements of the zakat base are as follows:

	2014 SR 000	2013 SR 000
Non-current assets	641,905	571,155
Non-current liabilities	123,105	94,521
Spare parts	38,136	32,505
Opening shareholders' equity	452,159	422,772
Net income before zakat	61,531	47,347
Dividends paid	17,500	15,000

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in zakat provision is as follows:

	2014 SR 000	2013 SR 000
January 1	3,891	3,646
Provision for year	5,436	2,960
Under provision for previous years	772	-
Payments during year	(2,187)	(2,715)
December 31	7,912	3,891

The charge for the year is as follows:

	2014 SR 000	2013 SR 000
Charge for current year	5,436	2,960
Under provision for previous years	772	-
Charge in the consolidated statement of income	6,208	2,960

Outstanding assessments

Zakat returns for the Group companies have been filed independently and paid for all years through 2010 and the zakat certificates have been received. Zakat for the Company and its subsidiaries has been filed on a consolidated basis by the Group for 2011 and onwards and zakat certificates have been received.

The Company and its subsidiaries' assessments have been agreed upto different years. The Company and its subsidiaries have filed objection against the assessments. Total additional zakat against which objection have been filed amounted to SR 6.3 million (2013: SR 6.3 million). The management is confident of favorable outcome, hence no additional provision has been made.

OPERATING LEASE ARRANGEMENTS

	2014 SR 000	2013 SR 000
Payments under operating leases recognized as an expense during year	3,921	2,995

Operating lease payments represent rentals payable by the Group for certain employees' housing, office space, warehouses and factory lands. Leases, except for lands, are negotiated for an average term of one year and rentals are fixed over the lease period. Leases for lands are negotiated for a period of 20 to 30 years and rentals are fixed over the lease period.

Commitments for minimum lease payments under non-cancelable operating leases are as follows:

	2014 SR	2013 SR
Year 1	773	687
Year 2	773	687
Year 3	773	687
Year 4	773	687
Year 5	773	687
After 5 years	14,329	13,720
Net minimum lease payments	18,194	17,155

EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year by the weighted average number of shares outstanding during the year totalling 35 million shares of SR 10 each (2013: the number of shares have been adjusted to 35 million of SR 10 each to accommodate increase in share capital by issuing bonus shares (note 1)).

Earnings per share from the continuing main operations is computed by dividing the operating income less finance charges and zakat for the year by the weighted average number of shares outstanding.

Earnings per share from other operations is computed by dividing the other income, unrealized and realized gains on investments held for trading for the year by the weighted average number of shares outstanding.

DIVIDENDS

In 2014, the Company distributed a cash dividend of SR 0.50 per share totalling SR 17.50 million for the year 2013 (2013: SR 0.50 for total shares of 30 million totalling SR 15 million for the year 2012).

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. Transactions between the business segments are reported as recorded by the Group's transfer pricing system. The Group's revenue, operating income, property, plant and equipment, total assets and total liabilities, by business segment, are as follows:

2014	Disposable polystyrene cups, lids and other plastic related products	Non-woven plastics	Polyethylene Terephthalate (PET) pre-forms	Total
	SR 000	SR 000	SR 000	SR 000
Revenues	274,738	311,940	181,001	767,679
Operating income	14,791	23,679	18,388	56,858
As of December 31, 2014				
Property, plant and equipment	158,637	444,269	27,490	630,396
Total assets	395,405	731,893	141,566	1,268,864
Total liabilities	322,826	384,144	73,312	780,282
2013	SR 000	SR 000	SR 000	SR 000
Revenues	280,897	266,647	183,478	731,022
Operating income	939	30,226	15,472	46,637
As of December 31, 2013				
Property, plant and equipment	100,296	429,882	29,836	560,014
Total assets	361,089	594,162	115,545	1,070,796
Total liabilities	233,944	340,424	44,269	618,637

Geographical segments:

All of Group's operating assets are located in the Kingdom of Saudi Arabia.

CONTINGENCIES AND COMMITMENTS

At December 31, the Group had the following contingencies and commitments:

	2014 SR 000	2013 SR 000
Letters of credit	317	4,256
Letters of guarantee	30,497	33,005
Capital commitments	10,034	26,697

FAIR VALUES

The fair values of the Group's financial assets and liabilities approximate their carrying amounts.

COMPARATIVE FIGURES

Certain figures for 2013 have been reclassified to conform to the presentation in current year.

TAKWEEN ADVANCED INDUSTRIES

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND

AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2013

Deloitte.

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AUDITORS' REPORT

To the stockholders
Takween Advanced Industries
Al-Khobar, Saudi Arabia

Scope of Audit

We have audited the consolidated balance sheet of Takween Advanced Industries ("the Company") (a Saudi Joint Stock Company) and its subsidiaries ("the Group") as of December 31, 2013, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended and notes 1 to 24 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Group, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.

Nasser M. Al-Sagga
License No. 322
12 Rabi' II, 1435H
February 12, 2014

ديلويت آند توش
بكر أبو الخير وشركاهم
محاسبون قانونيون
ترخيص رقم ٩٦ Lic. 96
C.P.A
Deloitte & Touche
Bakr Abulkhair & Co.

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2013

	Note	2013 SR 000	2012 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	66,963	46,084
Investments held for trading		4,812	-
Accounts receivable	4	199,536	176,227
Inventories	5	188,079	192,192
Prepaid expenses and other debit balances		40,251	28,212
Total current assets		499,641	442,715
Non-current assets			
Property, plant and equipment	6	560,014	411,851
Intangible assets	7	12,851	10,141
Total non-current assets		572,865	421,992
TOTAL ASSETS		1,072,506	864,707
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short term borrowings	8	469,845	192,362
Accounts payable and other liabilities	10	43,546	122,884
Current portion of medium and long term loans	9	10,725	55,983
Total current liabilities		524,116	371,229
Non-current liabilities			
Medium and long term loans	9	88,745	64,470
End-of-service indemnities	11	7,486	6,236
Total non-current liabilities		96,231	70,706
Stockholders' equity			
Share capital	1	350,000	300,000
Statutory reserve	12	23,887	19,448
Retained earnings		78,272	103,324
Total stockholders' equity		452,159	422,772
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,072,506	864,707

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

TAKWEEN ADVANCED INDUSTRIES

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2013

	Note	2013 SR 000	2012 SR 000
Sales	13	731,022	669,656
Cost of sales		(635,711)	(546,999)
Gross profit		95,311	122,657
Research and development expenses		570	486
Selling and distribution expenses	13,14	20,038	15,894
General and administrative expenses	13,15	28,066	21,515
Operating income		46,637	84,762
Finance charges	8,9	(12,945)	(8,689)
Other income, net	16	13,655	1,265
Net income before zakat		47,347	77,338
Zakat	17	2,960	2,021
NET INCOME		44,387	75,317
EARNINGS PER SHARE	19		
Earnings per share from net income (SR)		1.27	2.15
Earnings per share from continuing main operations (SR)		0.88	2.11
Earnings per share from other operations (SR)		0.39	0.04
Weighted average number of shares		35,000,000	35,000,000

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2013

	Note	Share capital	Statutory Reserve	Retained earnings	Total
		SR 000			
January 1, 2012		300,000	11,916	77,439	389,355
Net income for year		-	-	75,317	75,317
Transfer to statutory reserve	12	-	7,532	(7,532)	-
Directors' remuneration		-	-	(1,400)	(1,400)
Dividends	20	-	-	(40,500)	(40,500)
December 31, 2012		300,000	19,448	103,324	422,772
Net income for year		-	-	44,387	44,387
Transfer to statutory reserve	12	-	4,439	(4,439)	-
Increase in share capital	1	50,000	-	(50,000)	-
Dividends	20	-	-	(15,000)	(15,000)
December 31, 2013		350,000	23,887	78,272	452,159

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	2013 SR 000	2012 SR 000
OPERATING ACTIVITIES		
Net income before zakat	47,347	77,338
Adjustments for:		
Depreciation	45,227	43,172
Amortization of intangible assets	1,622	2,273
Finance charges (net of amortization)	11,323	6,416
End-of-service indemnities	2,137	1,753
Gain on disposals of property, plant and equipment	(57)	(76)
Gain on sale of investments held for trading	(18,953)	-
Changes in operating assets and liabilities:		
Accounts receivable	(23,309)	963
Inventories	4,113	(26,544)
Prepaid expenses and other debit balances	(12,039)	(1,662)
Accounts payable and other liabilities	(79,392)	2,369
Cash (used in) from operations	(21,981)	106,002
Finance charges paid	(10,665)	(5,992)
End-of-service indemnities paid	(887)	(1,303)
Zakat paid	(2,715)	(3,529)
Net cash (used in) from operating activities	(36,248)	95,178
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(193,391)	(63,447)
Proceeds from disposal of property, plant and equipment	58	377
Additions to intangible assets	(4,332)	(7,746)
Net movement in investments held for trading	14,141	-
Net cash used in investing activities	(183,524)	(70,816)
FINANCING ACTIVITIES		
Change in short term borrowings	277,483	49,574
Change in medium and long term loans	(20,983)	(28,091)
Directors' remunerations	(849)	(551)
Dividends paid (note 20)	(15,000)	(40,500)
Net cash from (used in) financing activities	240,651	(19,568)
Net change in cash and cash equivalents	20,879	4,794
Cash and cash equivalents, January 1	46,084	41,290
CASH AND CASH EQUIVALENTS, DECEMBER 31	66,963	46,084
Non - cash transactions:		
Increase in share capital by transferring from retained earnings (note 1)	50,000	-
Directors' remuneration payable	-	849

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

TAKWEEN ADVANCED INDUSTRIES
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

ORGANIZATION AND 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 9th Muharram 1432H (December 15, 2010). The Company's share capital is SR 300 million divided in to 30 million shares of SR 10 each.

Following the approval by the Capital Market Authority ("CMA"), the Company made an initial public offering of 9 million shares with a par value of SR 10 each, representing 30% of issued shares, in January 2012. The offering was fully subscribed at an offer price of SR 26 per share and the shares were listed on the Saudi Stock Exchange (Tadawul) on February 7, 2012.

The Board of Directors in their meeting held on February 17, 2013 proposed to increase the share capital of the Company from SR 300 million to SR 350 million by capitalizing part of the retained earnings by distributing one bonus share for every six existing shares held at the closing of trading on the day of the Extra Ordinary General Assembly Meeting. On April 8, 2013, the bonus shares have been approved by the shareholders at their Extra Ordinary General Assembly Meeting and the legal formalities to obtain the revised commercial registration have been completed.

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as listed below:

	Effective ownership	
	2013	2012
Advanced Fabrics Factory Company ("SAAF")	100%	100%
Ultra Pak Manufacturing Company ("Ultra Pak")	100%	100%

The principal activities of the Group companies, each of which operates under individual commercial registration, are:

- Production of disposable polystyrene cups, lids and other plastic related products
- Production of non-woven plastics
- Production of PET (Polyethylene Terephthalate) pre-forms

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Group:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention, modified to include the measurement at fair value of held for trading investments.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company. All significant inter-company transactions and balances between the group companies have been eliminated in preparing the consolidated financial statements.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Research and development expenses

Research and development expenses are charged to the consolidated statement of income in the period in which they are incurred.

Selling and distribution and general and administrative expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Investments in financial instruments

Investments in financial instruments are classified according to the Company's intent with respect to those investments. The Company classified its investment as held for trading, as it has been acquired principally for the purpose of selling it in the near term. Held for trading securities are stated at fair value, realized and unrealized gains and losses thereon are included in the consolidated statement of income.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined based on a weighted average cost basis. Finished goods include cost of materials, labor and an appropriate proportion of direct overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

	Rate %
Buildings and leasehold improvements	3 - 4
Plant, machinery and equipment	10 - 33.3
Vehicles	20 - 25
Furniture, fixtures and office equipment	15 - 33.3

Depreciation for machinery owned by SAAF is determined based on total annual output in proportion to total production capacity.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the qualifying asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Impairment

At each reporting date, the management reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized as income immediately.

Intangible assets

Intangible assets anticipated to provide identifiable future benefits are classified as non-current assets. Intangible assets comprise loan appraisal fees, software and system development costs.

The loan appraisal fees relate to the loans from Saudi Industrial Development Fund ("SIDF") which are being amortized over the period of the loans.

Enterprise resource planning (ERP) system development costs represent costs incurred to implement new systems and amortized over 5 year period from the date it is fully implemented.

Dividends

Dividends are recognised as a liability at the time of their approval in the Annual General Assembly meeting.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

End-of-service indemnities

End-of-service indemnities, required by the labor laws of the Kingdom of Saudi Arabia, are provided in the consolidated financial statements based on the employees' length of service.

Zakat

The Group is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat for the Company and its subsidiaries is filed with the Department of Zakat and Income Tax ("DZIT") on a consolidated basis by the Company, Takween Advanced Industries. Zakat is provided on an accruals basis for the Group. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and its subsidiaries.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less. At December 31, 2013 and 2012, cash and cash equivalents consist entirely of cash and bank balances.

ACCOUNTS RECEIVABLE

	2013 SR 000	2012 SR 000
Trade receivables – others	171,759	159,887
Trade receivables – related parties (note 13)	27,588	16,264
Due from related parties (note 13)	189	76
	199,536	176,227

INVENTORIES

	2013 SR 000	2012 SR 000
Finished goods	42,437	55,599
Raw, work-in-process and packing materials	105,997	104,603
Spare parts not held for sale	32,505	31,042
Goods-in-transit	7,140	948
	188,079	192,192

PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements SR 000	Plant, machinery and equipment SR 000	Vehicles SR 000	Furniture, fixtures and office equipment SR 000	Capital work-in- progress ("CWIP") SR 000	Total SR 000
Cost						
January 1, 2013	72,470	593,013	3,876	7,017	84,345	760,721
Additions	163	2,721	143	348	190,016	193,391
Disposals	-	-	(227)	-	-	(227)
Transfer	-	19,055	-	284	(19,339)	-
December 31, 2013	72,633	614,789	3,792	7,649	255,022	953,885
Depreciation						
January 1, 2013	18,373	321,262	3,134	6,101	-	348,870
Charge for year	1,771	42,750	305	401	-	45,227
Disposals	-	-	(226)	-	-	(226)
December 31, 2013	20,144	364,012	3,213	6,502	-	393,871
Net book value						
December 31, 2013	52,489	250,777	579	1,147	255,022	560,014
December 31, 2012	54,097	271,751	742	916	84,345	411,851

The Company's and SAAF's buildings and production facilitates are constructed on a parcel of land owned by an affiliated company.

Ultra Pak warehouse and administration building are situated on land rented at a nominal rent from Jeddah Chamber of Commerce & Industry for a period of fourteen years from 27 Rabi I, 1419H (July 22, 1998). This lease agreement has been extended up to April 30, 2016. The management of the Ultra Pak anticipates extending the lease upon its expiry.

Capital work-in-progress at December 31, 2013 is principally related to various additions to the production facilities and other improvements, which were under progress at the year-end. The new production facilities are expected to commence its commercial production from the first quarter of 2014. Interest capitalized as part of capital work-in-progress at December 31, 2013 amounted to SR 2.4 million (2012 – SR 0.8 million).

INTANGIBLE assets

	2013 SR 000	2012 SR 000
Cost		
January 1	24,213	18,421
Addition during the year	4,332	7,746
Adjustment	-	(1,954)
December 31	28,545	24,213
Amortization		
January 1	14,072	13,753
Charge for year	1,622	2,273
Adjustment	-	(1,954)
December 31	15,694	14,072
Net book value		
December 31	12,851	10,141

BANK FACILITIES

The Group has credit facilities agreements with local commercial banks comprising of overdrafts, short, medium and long term loans, letters of credit and guarantee etc. Borrowings under the facilities bear financing charges at the prevailing market rates and are secured principally by demand order note, promissory notes and corporate guarantees. The facilities contain covenants requiring the maintenance of certain financial ratios and other covenants.

MEDIUM AND LONG TERM LOANS

	2013 SR 000	2012 SR 000
Commercial loans	70,000	66,333
SIDF loans	29,470	54,120
	99,470	120,453
Less: current portion	(10,725)	(55,983)
	88,745	64,470

Commercial loans

The Group has entered into various medium term loan agreements with local commercial banks to finance capital expenditure and to restructure its borrowings, out of which SR 70.0 million (2012 - SR 66.3 million) is outstanding at the year-end. The loans are secured principally by demand order note, promissory notes and corporate guarantees and bear financial charges at the prevailing market rates.

Subsequently in 2014, SAAF received a new SIDF loan of SR 56.4 million and used SR 56 million of the SIDF loan to partially settle this medium term commercial loan.

SIDF loans

The Group entered into various loan agreements with SIDF to finance the construction of the plant facilities of the Group, out of which SR 29.47 million (2012 - SR 54.1 million) was outstanding at the year end. The loans bear no periodic financing charges. The loans are secured by mortgage on the property, plant and equipment of the Group companies and two parcels of land owned by an affiliated company. The loan appraisal fees totaling SR 11.7 million are deferred and are being amortized over the term of the loans.

SIDF approved a new loan of SR 125.7 million to finance the construction of SAAF's new production facilities. Repayment of the loan is in 14 unequal semi-annual installments commencing from 15 Shawwal 1436H (corresponding to July 31, 2015). Subsequent to year end, an amount of SR 56.4 million out of total facility of SR 125.7 million was drawn down by SAAF. The loan is secured against the mortgage of the property, plant and equipment of SAAF, the Company and its affiliates and a corporate guarantee from the Company. SR 56 million from the amount drawn down from the SIDF loan has been used to partially settle the medium term commercial loan.

The SIDF and the commercial loans contain covenants requiring the maintenance of certain financial ratios and other covenants.

Aggregate maturities of medium and long term loans outstanding at December 31, 2013 are as follows:

	SR 000
2014	10,725
2015	10,925
2016	26,000
2017	14,600
2018	27,800
After 2018	9,420
	99,470

ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2013 SR 000	2012 SR 000
Accounts payable – trade	23,980	106,812
Due to related parties (note 13)	130	604
Accrued expenses and other liabilities	15,545	11,822
Zakat payable (note 17)	3,891	3,646
	43,546	122,884

END-OF-SERVICE INDEMNITIES

	2013 SR 000	2012 SR 000
January 1	6,236	5,786
Additional provision in year	2,137	1,753
Utilization of provision	(887)	(1,303)
December 31	7,486	6,236

STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

RELATED PARTY TRANSACTIONS

In the normal course of business, the Group transacts with related parties. Prices and terms of payment are approved by management of each affiliated entity. During the year, the Group transacted with the following related parties:

Name	Relationship
Al Othman Group of companies	Affiliates
Senior executive	Shareholder

The significant transactions and the related amounts are as follows:

	2013 SR 000	2012 SR 000
Sales made to affiliates	(66,337)	(58,048)
Cost and expenses charged by affiliates	7,053	6,877
Cost and expenses charged to affiliates	(245)	(685)
Other services received	3,700	2,554
Remuneration to a director	1,900	1,297

All significant related party transactions between the group entities have been eliminated in the consolidated financial statements.

Amounts due from and due to related parties at December 31, 2013 and 2012 are disclosed in notes 4 and 10 respectively and principally include balances related to the above mentioned transactions.

SELLING AND DISTRIBUTION EXPENSES

	2013 SR 000	2012 SR 000
Employee related costs	4,227	3,690
Transportation	12,289	10,341
Bad and doubtful debts	1,950	698
Others	1,572	1,165
	20,038	15,894

GENERAL AND ADMINISTRATIVE EXPENSES

	2013 SR 000	2012 SR 000
Employee related costs	17,969	14,550
Professional and other services	1,184	618
Communication and other office expenses	5,471	3,456
Depreciation	274	283
Travel and entertainment	733	620
Facility costs	1,169	715
Others, net	1,266	1,273
	28,066	21,515

OTHER INCOME, NET

Other income, net of other expenses, mainly includes gain on sale of investments held for trading amounting to SR 18.95 million.

ZAKAT

The principal elements of the zakat base are as follows:

	2013 SR 000	2012 SR 000
Non-current assets	572,865	421,992
Non-current liabilities	96,231	70,706
Spare parts	32,505	31,042
Opening shareholders' equity	422,772	389,355
Net income before Zakat	47,347	77,338
Dividends paid	15,000	40,500

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in zakat provision is as follows:

	2013 SR 000	2012 SR 000
January 1	3,646	5,154
Provision for year	2,960	2,397
Over provision for previous year	-	(376)
Payments during year	(2,715)	(3,529)
December 31	3,891	3,646

The charge for the year is as follows:

	2013 SR 000	2012 SR 000
Charge for current year	2,960	2,397
Over provision for previous year	-	(376
Charge in the consolidated statement of income	2,960	2,021

Outstanding assessments

Zakat returns for the Group companies have been filed independently and paid for all years through 2011 and the zakat certificates have been received. Zakat for the Company and its subsidiaries has been filed on a consolidated basis by the Group for 2012 and zakat certificate has been received.

The Company and its subsidiaries' assessments have been agreed upto different years. The Company and its subsidiaries have filed objection against the assessments. Total additional zakat against which objection have been filed amounted to SR 6.8 million (2012: SR 5.7 million). The management is confident of favorable outcome, hence no additional provision has been made.

OPERATING LEASE ARRANGEMENTS

	2013 SR 000	2012 SR 000
Payments under operating leases recognized as an expense during year	2,995	2,730

Operating lease payments represent rentals payable by the Company for certain employees' housing, office space, warehouses and factory land. Leases are negotiated for an average term of one year. There were no significant future rental commitments outstanding at December 31, 2013.

EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year by the weighted average number of shares outstanding during the year totalling 35 million shares of SR 10 each (2012: the number of shares have been adjusted to 35 million of SR 10 each to accommodate increase in share capital (note 1)).

Earnings per share from the continuing main operations is computed by dividing the operating income less finance charges and zakat for the year by the weighted average number of shares outstanding.

Earnings per share from other operations is computed by dividing the other income for the year by the weighted average number of shares outstanding.

DIVIDENDS

In 2013, the Company proposed and distributed dividends of SR 15 million (2012 - SR 40.5 million).

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. Transactions between the business segments are reported as recorded by the Group's transfer pricing system.

The Group's revenue, operating income, property, plant and equipment, total assets and total liabilities, by business segment, are as follows:

	Disposable polystyrene cups, lids and other plastic related products	Non-woven plastics	Polyethylene Terephthalate (PET) pre-forms	Total
2013	**SR 000**			
Revenues	280,897	266,647	183,478	731,022
Operating income	939	30,226	15,472	46,637
As of December 31, 2013				
Property, plant and equipment	100,296	429,882	29,836	560,014
Total assets	361,962	594,162	116,382	1,072,506
Total liabilities	234,817	340,424	45,106	620,347
2012	**SR 000**			
Revenues	243,130	250,880	175,646	669,656
Operating income	22,664	36,693	25,405	84,762
As of December 31, 2012				
Property, plant and equipment	92,158	285,639	34,054	411,851
Total assets	279,007	440,017	145,683	864,707
Total liabilities	204,033	178,394	59,508	441,935

Geographical segments:

All of Group's operating assets are located in the Kingdom of Saudi Arabia.

CONTINGENCIES AND COMMITMENTS

At December 31, the Group had the following contingencies and commitments:

	2013 SR 000	2012 SR 000
Letters of credit	5,273	21,096
Letters of guarantee	33,005	30,456
Capital commitments	25,680	142,900

FAIR VALUES

The fair values of the Group's financial assets and liabilities approximate their carrying amounts.

COMPARATIVE FIGURES

Certain figures for 2012 have been reclassified to conform to the presentation in current year.

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Takween

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Takween Advanced Industries