

Société d'Articles Hygiéniques S.A
"SAH"

Auditors' Reports on
Financial statements for the year ended December 31, 2016

This is a free translation into English of the statutory auditors' reports issued in the French language and is provided solely for the convenience of English readers. The statutory auditors' reports include information specifically required by Tunisian laws in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements.

These reports should be read in conjunction with, and prepared in accordance, with Tunisian law and professional auditing standards applicable in Tunisia.

General Report

Tunis, April 28, 2017

***To the shareholders of
la Société d'Articles Hygiéniques SA
« SAH »
5, Rue 8610 Zone Industrielle. Charguia I –Tunis-***

Dear Sirs,

In accordance to the assignment entrusted to us by your General Assembly, we hereby report to you, for the year ended December 31, 2016:

- The audit of the financial statements of la Société d'Articles Hygiéniques SA « SAH », joined to the present report,
- The specific verifications and information required by law.

Report on the financial statements

We have audited the accompanying financial statements of la Société d'Articles Hygiéniques SA « SAH », as presented in the following report which comprise the balance sheet as at December 31, 2016, the income statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, showing a total Equity of TND 153.056.106, including the net income of the period of TND 28.560.261.

Board of director's responsibility for the financial statements

The board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Tunisian Generally Accepted Accounting Principles, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in circumstances.

Auditors' responsibility

The financial statements have been prepared by your Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional Standards on Auditing applicable in Tunisia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances.

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 information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of "la Société d'Article Hygiéniques SA" «SAH» as at December 31, 2016, its financial performance and its cash flows for the year then ended in accordance with the Tunisian Generally Accepted Accounting Principles.

Verifications and specific information

We have also performed the specific verifications as required by law, in accordance with the profession standards applicable in Tunisia.

Based on these verifications, we have no matters to report regarding the fair presentation and conformity with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

As part of our audit, we also reviewed the internal control procedures relating to the accounting information and the financial statements preparation. We point out, in accordance with the requirements of law 94-117, article 3, November 14, 1994 as amended by law 2005-96, October 18, 2005, that we have not noted, based on our review, major deficiencies that could impact our opinion on the financial statements.

In addition, and according to article 19 of the decree N° 2001-2728 dated November 20, 2001, we have carried out the necessary procedures and we have no observations with regard to the compliance of the securities accounts issued by “la Société d’Articles Hygiéniques SA” « SAH » with the regulation in force.

Les Commissaires aux Comptes Associés
M.T.B.F

Cabinet HAYET LABIDI

Ahmed BELAIFA

Hayet Labidi

Special Report

Tunis, April 28, 2017

***To the shareholders of
la Société d'Articles Hygiéniques SA
« SAH »
5, Rue 8610 Zone Industrielle. Charguia I –Tunis-***

Pursuant to Article 200 and subsequent articles and to Article 475 of the commercial companies code, we hereby report on the agreements concluded and transactions referred to in the aforementioned texts.

Our responsibility is to verify The compliance with the legal procedures for the authorization and approval of these agreements or transactions and their correct translation, into the financial statements. Our responsibility is not to investigate the existence of such agreements or transactions, but to inform you, based on the information provided to us and those gathered through our audit procedures, of their major characteristics without having to express an opinion on their usefulness and validity. It is your responsibility to assess the interest of the conclusion of such agreements and the completion of these transactions for their approval.

A. New Agreements and transactions

Your Board of Directors informed of the following new agreements and transactions concluded during the year ended December 31, 2016:

- In November 2016, the company granted an advance of TND 800.000 to its subsidiary “AZUR Détérgent”. This advance generated interest income at the rate of 8% per year of TND 9.119.
- In December 2016, the company contracted a loan of TND 5.500.000 repayable over 7 years with one year grace period at the interest rate of TMM + 1.25%.

- As at December 31, 2016, the operating loans totaled TND 42.358.575 and are detailed as follows:

Bank	Montant
UBCI	11.000.000
Attijari Bank	10.993.458
UIB	6.438.041
BNA	6.000.000
BTL	4.000.000
BH	2.927.076
BIAT	1.000.000
Total	42.358.575

- As at December 31, 2016, bank overdrafts amounted TND 1.013.646.

B. Agreements and transactions concluded during previous financial years, of which effects continued in 2016

The following agreements concluded during the previous financial years continued to be executed during the financial year ended 31 December 2016:

- In July 2015, the company contracted a loan of TND 2.300.000 from UBCI Bank, of which TND 1.700.000 were released in 2015 and TND 600.000 in 2016, repayable over 7 years with two years of grace, at the interest rate of TMM + 1.25%.
- In August 2015, the company contracted a loan of TND 5.000.000 from UBCI Bank, repayable over 7 years with two years of grace, at the interest rate of TMM + 1.25%.
- In December 2015, the company contracted a loan of TND 3.600.000 from Attijari Bank, repayable over 7 years with one year of grace, at the interest rate of TMM +1.25%.
- In December 2014, the company contracted a loan of TND 5.000.000 from UIB Bank, repayable over 7 years with one year of grace, at the interest rate of TMM +1.5%. As at December 31, 2016 the loan remaining balance amounts to TND 4.166.667.
- In December 2013, the company contracted a loan of TND 2.700.000 from BNA Bank, repayable over 7 years with two years of grace, at the interest rate of TMM +1.5%. As at December 31, 2016 the loan remaining balance amounts to TND 1.890.000.
- In December 2013, the company contracted two loans of TND 5.500.000 and TND 5.000.000 from Attijari bank, repayable over 7 years with two years of grace, at the interest rate of TMM +1.5%. As at December 31, 2016 the remaining balance of the loan amounts to TND 7.819.194.
- In December 2013, the company contracted two loans of TND 4.000.000 and TND 3.000.000 from BIAT Bank, repayable over 7 years with one year of grace, at the interest rate of TMM +1.5%. As at December 31, 2016 the remaining balance of the loan amounts to TND 4.440.177.

- In December 2013, the company contracted a loan of TND 10.000.000 from UIB Bank, repayable over 7 years with one year of grace, at the interest rate of TMM +1.5%. The first part of TND 6.000.000 was released in December 2013, the second part of TND 4.000.000 was released in 2014. As at December 31, 2016 the remaining balance of the loan amounts to TND 7.500.000.
- In December 2012, the company contracted a loan of TND 3.000.000 from BNA Bank, repayable over 7 years with two years of grace, at the interest rate TMM +1.5%. As at December 31, 2016 the remaining balance of the loan amounts to TND 1.800.000.
- As at December 31, 2016, the balance of the third loan contracted with BNA Bank amounts to TND 1.900.000. This loan was contracted in 2010 for a total of TND 6.000.000 repayable over 7 years, including two years of grace (first repayment on January 31, 2013), at an interest rate of TMM + 1%. A first part of TND 2.000.000 was released in November 2010. A second part of TND 2.000.000 was released in April 2011 and the third part of TND 2.000.000 was released in January 2012.
- In 2009, the company contracted loan of TND 3.000.000 from the BNA bank, repayable over 7 years with two years of grace, at the interest rate TMM +1.5%. As at December 31, 2016 this loan has been fully repaid.
- In accordance to the rental agreement of the storage deposit , the company has paid to it's CEO and managing director, the rental fees for 2016 totaling TND 98.461.
- The loans granted to AZUR Papier SA generated interest income at the rate of 8% of TND 34.676. As at December 31, 2016, AZUR Papier SA current account balance amounts to TND 325.726.
- In July 2015, SAH Tunisie SA granted a letter of comfort to Natixis Algeria Bank in order to guarantee an operating credit of DZD 190 million (TND 3m) requested by SAH Algeria.
- In December 2015, SAH Tunisie SA granted a letter of comfort to Société Générale Bank of Algeria in order to guarantee an operating credit of DZD 451 million (TND8m) requested by SAH Algeria.

C. Executives Compensations

The obligations and commitments of the company to its executive management as referred to, in Article 200 (new) II § 5 of commercial companies' code, are detailed as follows:

- The remuneration and benefits granted to the Chief Executive Officer as determined by the Board of Directors on November 10, 2009 and as shown in the financial statements are as follows:
 - ✓ An annual gross remuneration for 2016 of TND 544.336 payable over 13 monthly installments.
 - ✓ The Board of Directors meeting on April 27, 2017 fixed the gross variable compensation for the 2016 at TND 1.329.940 equivalent to 4% of the consolidated net profit of SAH Group. The amount provisioned in the company's accounts for this remuneration amounted to TND 1.400.000 for the year 2016.

- ✓ Other benefits in kind are also granted to the Chief Executive Officer related to his function (telephone, car and related expenses).
- The annual gross remuneration granted to the managing director, as set by the Bord of Directors meeting held on November 10, 2009 is of TND 52.500 and is annually increased by 5%. The amount of this remuneration for the year 2016 is of TND 64.520.
- The ordinary general meeting held on May 31, 2016, decided to grant the following attendance fees:
 - ✓ TND 15k to the members of the board of directors
 - ✓ TND 5k to the members of the audit committee

Apart from the aforementioned agreements and transactions, our work did not raise the existence of other agreements or transactions falling within the scope of the provisions of Article 200 and subsequent articles and 475 of the Tunisian Commercial Companies Code.

Les Commissaires aux Comptes Associés
M.T.B.F

Cabinet HAYET LABIDI

Ahmed BELAIFA

Hayet Labidi

Financial Statements

Société d'Articles Hygiéniques SA
Balance sheet at December 31
(In Tunisian Dinars)

<u>Assets</u>	Notes	2016	2015
<u>Non-current assets</u>			
<u>Fixed assets</u>			
Intangible assets		1 394 025	1 321 874
Accumulated Depreciation		<1 153 431>	<988 555>
	II.1	240 594	333 319
Property, Plant and Equipment		148 672 160	130 304 614
Accumulated Depreciation		<51 478 095>	<43 128 280>
	II.2	97 194 065	87 176 334
Financial assets	II.3	49 050 519	44 699 203
Total fixed assets		146 485 178	132 208 856
Other non-current assets		-	140 097
Total non-current assets		146 485 178	132 348 953
<u>Current assets</u>			
Inventories	II.4	79 177 618	59 645 195
Less: provisions		<2 851 616>	<2 567 141>
		76 326 002	57 078 054
Accounts receivable	II.5	65 837 384	53 310 653
Less: provisions		<3 755 592>	<3 556 191>
		62 081 792	49 754 462
Other current assets	II.6	14 689 232	11 756 105
Less: provisions		<874 321>	<874 321>
		13 814 911	10 881 784
Available for sale financial assets	II.7	4 216	3 004 216
Cash and Cash equivalents	II.8	14 920 063	7 331 102
Total current assets		167 146 984	128 049 618
Total assets		313 632 162	260 398 571

Société d'Articles Hygiéniques SA
Balance sheet at December 31
(In Tunisian Dinar)

<u>Shareholders Equity & Liabilities</u>	Notes	2016	2015
Shareholders' Equity			
Share capital		43 879 431	43 879 431
Legal reserve		4 387 943	3 656 621
Investment subsidy		1 793 656	2 256 163
Share premium		28 988 711	28 988 711
Retained earnings		45 446 104	32 092 357
Total shareholders' Equity before income		124 495 845	110 873 283
Profit of the year		10 560 261	26 590 707
Profit of the year allocated to reinvestment reserve		18 000 000	-
Total shareholders' Equity before allocation	II.9	<u>153 056 106</u>	<u>137 463 990</u>
Liabilities			
<u>Non-current liabilities</u>			
Long term bank loans	II.10	35 829 416	38 763 467
Other non-current liabilities		2 230 576	1 199 113
Non-current liabilities		38 059 992	39 962 580
<u>Current liabilities</u>			
Accounts payable	II.11	55 345 520	46 850 651
Other current liabilities	II.12	13 260 784	8 112 037
Other financial liabilities	II.13	52 896 114	27 572 984
Bank overdrafts		1 013 646	436 329
Total current liabilities		122 516 064	82 972 001
Total liabilities		<u>160 576 056</u>	<u>122 934 581</u>
Total Equity and liabilities		313 632 162	260 398 571

Société d'Articles Hygiéniques SA
Income statement
Year ended 31, December
(In Tunisian Dinar)

	<i>Notes</i>	2016	2015
Operating income			
Revenue		259 180 390	246 743 887
Others operating income		1 495 368	1 497 199
Total operating income	III.1	260 675 758	248 241 086
Operating expenses			
Changes in inventories		4 121 213	<849 769>
Consumed purchases	III.2	<172 056 781>	<165 548 335>
Payroll expenses	III.3	<22 983 407>	<20 726 620>
Allowances for depreciation and provisions	III.4	<10 540 929>	<8 707 504>
Other operating expenses	III.5	<24 828 713>	<23 076 857>
Total operating expenses		<226 288 617>	<218 909 085>
Operating profit		34 387 141	29 332 001
Finance costs - net	III.6	<4 223 128>	<4 969 779>
Finance income	III.7	4 179	2 591 278
Other ordinary gains	III.8	671 663	617 312
Other ordinary losses		<22 608>	<16 999>
Profit before income tax		30 817 247	27 553 813
Income taxes		<1 116 352>	<963 106>
Profit after tax		29 700 895	26 590 707
Extraordinary Items		<1 140 634>	-
Net income		10 560 261	26 590 707
Allocation into the special reinvestment reserve		18 000 000	-
Profit for the year		28 560 261	26 590 707

Société d'Articles Hygiéniques SA
Cash flow statement
Year ended 31, December
(In Tunisian Dinar)

	2016	2015
<i>Cash flows from operating activities</i>		
Net income	28 560 261	26 590 707
Adjustments for:		
• Amortization and depreciation	10 540 929	8 707 504
• Gains or losses from disposal of fixed assets	<207 504>	<78 844>
• Share of investment grants	<462 507>	<495 204>
Change in :		
• Inventories	<19 532 423>	<3 970 993>
• Accounts receivable	<12 526 731>	<9 886 062>
• Other assets	<2 933 127>	<3 792 413>
• Accounts payable	8 095 808	1 291 780
• Other liabilities	5 124 559	1 600 138
• Held for sale investments	3 000 000	19
<u>Operating cash flows</u>	IV.1 19 659 265	19 966 632
<i>Cash flows from investing activities</i>		
Proceeds from equipment disposal	228 366	90 000
Purchase of property, plant and equipment	<18 432 300>	<17 813 649>
Purchase of financial assets	<4 351 316>	<3 587 911>
<u>Net cash used in investing activities</u>	IV.2 <22 555 250>	<21 311 560>
<i>Cash flows from financing activities</i>		
Issuance of share capital	<12 481 450>	<7 534 147>
Bank loan, CMT and subsidized short-term loans	<283 725>	4 279 218
Operating loans collection/repayment	22 672 804	2 508 695
Receipt /Investment subsidy	-	316 825
<u>Net cash from financing activities</u>	IV.3 9 907 629	<429 409>
Change in cash and cash equivalents	7 011 644	<1 774 337>
<i>Cash and cash equivalents at beginning of the year</i>	6 894 773	8 669 110
<i>Cash and cash equivalents at end of year</i>	13 906 417	6 894 773

Notes to financial statements

I Accounting principles, rules and methods

The financial statements of SAH SA are presented in accordance with the Tunisian Generally Accepted Principles as determined by the law n° 96-112 of 30 December 1996 relating to the corporate accounting system applicable in Tunisia.

The fundamental accounting policies used for the presentation of the financial statements and methods adopted for the preparation of the financial information are based on the accounting framework as determined by the aforementioned law. The accounting methods used by the Company are in conformity with the Tunisian Accounting Principles as issued by the act of the Minister of Finance dated December 30, 1996.

The accounting policies and basis of the most significant methods used for the preparation of the financial statements are detailed in the following paragraphs:

I-1 Company Presentation

“Société d’Articles Hygiéniques” SAH SA is a public limited liabilities company incorporated on February 7, 1994. Its operating activity began on October 25, 1995. The company specializes in the production and marketing of hygienic products. The trading name of products manufactured and marketed by the company « SAH SA » is « LILAS »

The company specializes in the production and commercialization of the following four product families:

- Babies diapers ;
- Feminine hygiene products ;
- Adults diapers ;
- Hygiene papers and tissues and other derived products.

I-2 Basic principles

The financial statements have been prepared in accordance with the Tunisian Generally Accepted Accounting Principles.

The financial statements have been prepared in accordance with the historical cost method.

I-3 Tangible and Intangible assets

All capital assets are initially recorded at acquisition cost.

Amortization rates applied to the company’s tangible and intangible assets are:

- Trademarks	20%
- Software	33%
- Buildings	5%
- Technical plant, machinery and equipment	10%
- Transport equipment	20%
- Office equipment	10%
- Fixtures and fittings	10%
- Production machines	6.66%

I-4 Long term bank loans

Long term bank loans are included in the balance sheet for the released part under “Non-current liabilities”. The portion due within less than one year is reclassified as a current liability.

I-5 Inventories

Inventories of the company are recognized as follows:

- Raw materials, furniture and spare parts are recognized at the actual cost using the weighted average cost (“WAC”). Purchase Costs include the purchase price, import duties and other non-recoverable taxes, transport and handling costs.
- Finished goods are recognized at the lower amount between the production cost and the net realizable value.

I-6 Investments

Held for sale investments

Held for sale investments are those that the company does not intend to hold for more than one year, and which, by nature, can be liquidated in a short term. These investments are classified as current assets under held for sale investments.

At the closing date, short term investments are assessed at market value for the listed securities, and at the fair value for the others. Listed securities that are highly liquid are accounted for their market value and the resulting gains and losses are recognized in the income statement. For the other short term investments, losses over cost are considered as depreciations whereas gains are not recognized.

Long term Investments

Long term investments are investments held with the intention of holding them on a long-term basis in particular to exercise over the issuing company an exclusive control, significant influence, joint control, to obtain long-term capital gains or income or to protect or promote commercial relationships. These investments are presented among the non-current assets at the level of «Investments» line item.

At the closing date, it is proceeded to the evaluation of the long term investments at their fair value. The losses over historical costs are subject to depreciation. The gains over historical costs are not recognized. The fair value takes into account several factors, such as the market value, the benefits and prospects of profitability of the issuing company as well as the economic situation and the utility brought to the company.

The investments held by the company in the various Group companies are considered as long-term investments. They are recognized and disclosed at their costs.

I-7 Revenue

Revenue is recognized at the sale price less any discounts and rebates granted by the company.

II Balance sheet notes

II-1 Intangible assets (In TND)

Intangible assets net book value is of TND240.594 as at December 31, 2016, compared to TND333.319 at December 31, 2015 and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Design, patent, trademark	347 154	322 259
Software	1 046 871	999 615
TOTAL	1 394 025	1 321 874
<i>Less: Accumulated depreciation</i>	<i><1 153 431></i>	<i><988 555></i>
Net intangible assets	240 594	333 319

II- 2 Property, Plant and Equipment (In TND)

Property, Plant and Equipment net book value is of TND97.194.065 as at December 31, 2016, compared to TND87.176.334 at December 31, 2015 and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Lands	2 698 703	2 635 216
Buildings	19 252 117	19 222 708
Fixtures, fittings and improvements to buildings	15 256 036	12 191 525
Technical installations	1 734 316	1 573 067
Industrial equipment	76 467 047	65 081 456
Transport equipment	8 785 829	7 955 748
Infrastructure development and others technical installations	1 583 537	1 039 919
Office equipment	496 311	431 073
Hardware	1 586 239	1 367 630
Laboratory equipment	101 826	23 079
Property, Plant and Equipment in progress	11 414 642	12 333 913
Payments on account on orders for tangible fixed assets	9 295 557	6 380 180
Transport equipment acquired through finance lease	-	69 100
TOTAL	148 672 160	130 304 614
<i>Less: Accumulated depreciation</i>	<i><51 478 095></i>	<i><43 128 280></i>
Net tangible assets	97 194 065	87 176 334

Changes in the carrying amount of intangible assets, Property, Plant and Equipment as at December 31, 2016

DETAIL	Gross values				Amortization				NBV	
	31/12/2015	Acquisition	Disposal Reclass°	31/12/2016	31/12/2015	Depreciat°	Disposal	31/12/2016	31/12/2015	31/12/2016
<u>Intangible assets</u>										
Design, patent, trademark	322 259	24 895	-	347 154	234 921	34 279	-	269 200	87 338	77 954
Software	999 615	24 690	22 566	1 046 871	753 634	131 546	<949>	884 231	245 981	162 640
Total intangible assets	1 321 874	49 585	22 566	1 394 025	988 555	165 825	<949>	1 153 431	333 319	240 594
<u>Property, Plant and Equipment</u>										
Lands	2 635 216	63 487	-	2 698 703	-	-	-	-	2 635 216	2 698 703
Buildings	19 222 708	29 409	-	19 252 117	3 757 896	957 321	-	4 715 217	15 464 812	14 536 900
Fixtures, fittings and improvements to buildings	12 191 525	1 450 359	1 614 152	15 256 036	3 929 761	1 268 923	<435>	5 198 249	8 261 764	10 057 787
Technical installations	1 573 067	161 249	-	1 734 316	823 539	166 361	-	989 900	749 528	744 416
Infrastructure development and others Technical installations	1 039 919	451 171	92 447	1 583 537	401 189	117 557	-	518 746	638 730	1 064 791
Industrial equipment	65 081 456	10 746 613	638 978	76 467 047	27 909 254	4 727 838	-	32 637 092	37 172 202	43 829 955
Transport equipment	7 955 748	1 143 225	<313 144>	8 785 829	5 368 496	1 173 403	<361 382>	6 180 517	2 587 252	2 605 312
Office equipment	431 073	71 839	<6 601>	496 311	224 102	37 236	<6 781>	254 557	206 971	241 754
Hardware	1 367 630	206 064	12 545	1 586 239	709 691	266 828	<1 255>	975 264	657 939	610 975
Laboratory equipment	23 079	78 747	-	101 826	4 352	4 201	-	8 553	18 727	93 273
Property, Plant and Equipment in progress (advance and payment on account)	6 380 180	3 317 753	<402 376>	9 295 557	-	-	-	-	6 380 180	9 295 557
Property, plant and Equipment in progress	12 333 913	1 061 860	<1 981 131>	11 414 642	-	-	-	-	12 333 913	11 414 642
Transport equipment /Finance lease	69 100	-	<69 100>	-	-	-	-	-	69 100	-
Total Property Plant and Equipment	130 304 614	18 781 776	<414 230>	148 672 160	43 128 280	8 719 668	<369 853>	51 478 095	87 176 334	97 194 065
Total	131 626 488	18 831 361	<391 664>	150 066 185	44 116 835	8 885 493	<370 802>	52 631 526	87 509 653	97 434 659

II-3 Investments and financial assets (In TND)

Investments are of TND49.050.519 as at December 31, 2016, compared to TND44.699.203 at December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Investments in subsidiaries, affiliates(*)	48 074 246	43 929 328
Loans to employees	455 253	490 555
Grants and deposits	521 020	279 320
TOTAL	49 050 519	44 699 203

(*)All shares in subsidiaries are detailed as follows:

<i>Cost of shares or interest in a Partnership</i>	<u>Cost</u>	<u>Held percentage</u>
SAH Algeria	5 402 606	70%
SAH Libya	3 051 647	60%
SAH Morocco	925 075	100%
AZUR Papier SA	34 550 000	99,99%
SAH Ivory Cost	2 944 928	100%
AZUR Détergent	1 199 990	100%
TOTAL	48 074 246	

II-4 Inventories (In TND)

Inventories net book value is of TND76.326.002 as at December 31, 2016 compared to TND57.078.054 at December 31, 2015, and is detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Raw material	48 104 089	36 314 857
Goods in transit	12 116 810	8 818 807
Spare parts	4 167 312	3 843 337
Finished goods	14 272 467	10 446 051
Semi-finished goods	516 940	222 143
Total	79 177 618	59 645 195
Provisions for depreciation of raw materials	<2 489 001>	<2 261 948>
Provisions for depreciation of finished goods	<241 115>	<94 985>
Provisions for depreciation of spare parts	<121 500>	<210 208>
Net total	76 326 002	57 078 054

II-5 Accounts receivable (In TND)

Accounts receivable net book value is of TND62.081.792 as at December 31, 2016 compared to TND49.754.462 at December 31, 2015. These are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Local customers	34 542 116	25 575 646
Foreign customers	22 130 173	21 834 589
Customers - Bills receivable	5 386 211	1 375 237
Doubtful or contested customer accounts	3 755 592	3 556 191
Bills under collection	23 292	968 990
Total accounts receivable	65 837 384	53 310 653
<i>Less: provisions</i>	<i><3 755 592></i>	<i><3 556 191></i>
Net total	62 081 792	49 754 462

II-6 Other current assets (In TND)

Other current assets net book value is of TND13.814.911 as at December 31, 2016 compared to TND10.881.784 at December 31, 2015. These are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Suppliers - Payments on account of orders	89 162	82 030
Purchase rebates and other outstanding debits	511 342	616 131
Tax receivables	9 161 307	7 500 361
Accrued income (SAH Libya dividends)	2 879 399	2 604 240
Partners/associates - Current accounts (SAH Algeria)	236 827	236 827
Partners/associates - Current accounts (Azur Papier SA)	325 726	288 970
Partners/associates - Current accounts (Azur Detergent)	800 000	-
Prepayments	574 927	348 334
Other debtors	110 542	79 212
TOTAL	14 689 232	11 756 105
<i>Less: Provisions</i>	<i><874 321></i>	<i><874 321></i>
Net other current assets	13 814 911	10 881 784

I-7 Held for sale investments (In TND)

Held for sale investments are of TND4.216 as at December 31, 2016, compared to TND3.004.216 at December 31, 2015. These correspond to investments in BNA and UIB bonds. They are recognized at their acquisition cost and are evaluated at the closing date at their market value. The resulting gains and losses are recognized in the income statement.

<i>Bond Investment</i>	<u>SICAV BNA</u>	<u>SICAV UIB</u>
Acquisition cost	3 161	1 066
Value at 31/12/ 2016	3 139	1 077
Gain/loss included in income	(22)	11
 <i>OTHER INVESTMENTS</i>	 <u>31/12/2016</u>	 <u>31/12/2015</u>
UIB Bonds	-	3 000 000

II-8 Cash and cash equivalents (In TND)

Cash and cash equivalents are of TND14.920.063 as at December 31, 2016, compared to TND7.331.102 at December 31, 2015. These are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Bank	14 855 560	7 274 751
Cash	64 503	56 351
TOTAL	14 920 063	7 331 102

II-9 Shareholders' Equity (In TND)

Shareholders' Equity as at December 31, 2016 is of TND153.056.106 compared to TND137.463.990 at December 31, 2015, detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Share capital	43 879 431	43 879 431
Legal reserve	4 387 943	3 656 621
Investment subsidy	1 793 656	2 256 163
Share premium	28 988 711	28 988 711
Retained earnings	45 446 104	32 092 357
Total Equity before income	124 495 845	110 873 283
Net income	10 560 261	26 590 707
Profit of the year allocated to reinvestments reserve	18 000 000	-
Total Shareholders' Equity	153 056 106	137 463 990

Statement of changes in Equity

	Share capital	Legal reserves	Issue premium	Investment subsidy	Retained earnings	Annual Result	Total
Net position at 31/12/2015	43 879 431	3 656 621	28 988 711	2 256 163	32 092 357	26 590 707	137 463 990
Income appropriation 2015 (OGA of May, 31, 2016)	-	731 322	-	-	25 859 385	<26 590 707>	-
Dividends distribution	-	-	-	-	<12 505 638>	-	<12 505 638>
Net position after income allocation	43 879 431	4 387 943	28 988 711	2 256 163	45 446 104	-	124 958 352
Investment subsidy charged to income	-	-	-	<462 507>	-	-	<462 507>
Total shareholders' Equity before income	43 879 431	4 387 943	28 988 711	1 793 656	45 446 104	-	124 495 845
Net income 2016	-	-	-	-	-	10 560 261	10 560 261
Income 2016 allocated to a special reinvestment reserve (*)	-	-	-	-	-	18 000 000	18 000 000
Total shareholders' Equity before allocation	43 879 431	4 387 943	28 988 711	1 793 656	45 446 104	28 560 261	153 056 106

(*): In accordance with the Investment Incentives Code, reinvested profits are recorded in «special reinvestment reserve»

The distributable reserves not subject to withholding taxes amounted to TND6.652.408 at December 31, 2016.

II-10 Long term bank loans (In TND)

Long term bank loans are of TND35.829.416 as at December 31, 2016, compared to TND38.763.467 at December 31, 2015:

<i>Bank</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Loans from BIAT	3 090 102	4 440 177
Loans from BNA	2 915 000	5 255 000
Loans from UIB	14 166 667	11 166 667
Loans from Attijari Bank	8 749 314	11 200 447
Loans from UBCI	6 908 333	6 700 000
Loans from Leasing companies	-	1 176
TOTAL	35 829 416	38 763 467

II-11 Accounts payable (In TND)

Accounts payable are of TND55.345.520 as at December 31, 2016, compared to TND46.850.651 at December 31, 2015:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Suppliers - Purchases of goods and services	45 027 877	38 831 199
Suppliers - Bills payable	10 317 643	8 019 452
TOTAL	55 345 520	46 850 651

II-12 Other current liabilities (In TND)

Other current liabilities are of TND13.260.784 as at December 31, 2016 compared to TND8.112.037 at December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Sales rebates other credits not yet issued	1 956 806	1 834 112
Personnel - Remuneration payables	4 768 915	3 544 008
Tax payables	1 932 247	629 426
Partners/associates - Dividends payable	39 929	15 741
Social security and other social agencies payables	742 955	689 186
Accrued charges payable	3 538 679	1 160 259
Other creditors	281 253	239 305
TOTAL	13 260 784	8 112 037

II-13 Other financial liabilities (In TND)

Other financial liabilities are of TND52.896.114 as at December 31, 2016 compared to TND27.572.984 at December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Short term loans	10 086 622	8 560 066
Short-term loans for inventories financing	35 000 000	17 000 000
Short-term loans for foreign currency financing	7 358 575	1 758 695
Accrued interests	450 917	254 223
TOTAL	52 896 114	27 572 984

III Income statement notes

III-1 Revenue (In TND)

Revenue amounted TND260.675.758 as of December 31, 2016, compared to TND48.241.086 as of December 31, 2015, detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Local revenue	185 984 234	164 664 716
Export revenue	75 977 558	84 252 882
Sales rebates, discounts, allowances granted by the entity	<2 781 402>	<2 173 711>
Other operating income	1 495 368	1 497 199
TOTAL	260 675 758	248 241 086

III-2 Consumed purchases (In TND)

Consumed purchases amounted TND172.056.781 as of December 31, 2016, compared to TND165.548.335 as of December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Purchases of raw materials : Local suppliers	37 020 830	24 970 803
Purchases of raw materials: foreign suppliers	124 023 738	125 943 870
Purchases of Packaging : Local suppliers	10 808 313	8 136 637
Purchases of Packaging : foreign suppliers	12 740 693	12 022 803
Changes in inventories of raw materials	<11 789 232>	<5 038 634>
Purchase rebates, discounts and allowances	<747 561>	<487 144>
TOTAL	172 056 781	165 548 335

III-3 Payroll expenses (In TND)

Payroll expenses amounted TND22.983.407 as of December 31, 2016, compared to TND20.726.620 as of December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Personnel wages and salaries	21 075 002	18 678 439
Paid leaves	<74 572>	108 828
Employer social expenses	1 794 509	1 807 846
Taxes on salaries	188 468	131 507
TOTAL	22 983 407	20 726 620

III-4 Allowances for depreciation and provisions (In TND)

Allowances of depreciation and provisions amounted TND10.540.929 as of December 31, 2016 compared to TND8.707.504 as of December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Amortization of intangible and tangible fixed assets	8 885 493	7 333 288
Provisions for liabilities and charges	1 031 463	474 003
Provisions for inventories depreciation	284 475	291 250
Provisions for accounts receivable depreciation	199 401	312 562
Provisions for other current assets depreciation	-	156 305
Amortization of deferred operating charges	140 097	140 096
TOTAL	10 540 929	8 707 504

III-5 Other operating expenses (In TND)

Other operating expenses amounted TND24.828.713 as of December 31, 2016 compared to TND23.076.857 as of December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Advertising expenses	9 054 567	7 836 844
Electricity	3 568 052	3 350 948
Spare parts and other consumables	2 123 659	2 532 108
Transport of goods Freight out	2 812 926	2 430 282
Maintenance and repairs	1 593 511	1 550 509
Fuel	1 393 489	1 393 473
Remuneration of intermediaries and fees	1 050 844	638 452
Insurance	744 906	701 783
Taxes, levies and similar payments	736 576	689 573
Rental expenses	265 486	270 170
Business travel, missions and receptions	517 604	547 571
Banking and similar services	372 968	582 173
Postal and telecommunication costs	258 160	97 345
Other operating expenses	335 965	455 626
TOTAL	24 828 713	23 076 857

III-6 Net financial expenses (In TND)

Net financial expenses amounted TND4.223.128 as of December 31, 2016, compared to TND4.969.779 as of December 31, 2015, and are detailed as follows:

<i>detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Loans and debt interests	4 112 793	3 967 691
Exchange losses	5 026 047	2 414 064
Exchange gains	<4 794 716>	<1 143 687>
Interest on loans granted to "Azur Papier"	<34 676>	<74 889>
Interest on loan granted to "AZUR Détergent"	<9 119>	-
Other expenses and financial income	<77 201>	<193 400>
TOTAL	4 223 128	4 969 779

III-7 Income from investments (In TND)

Income from investments amounted TND4.179 as of December 31, 2016, compared to TND2.591.278 as of December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Dividends from SAH Libya	-	2 521 260
Others	4 179	70 018
TOTAL	4 179	2 591 278

III-8 Other ordinary gains (In TND)

Other ordinary gains amounted TND671.633 as of December 31, 2016 compared to TND617.312 as of December 31, 2015, and are detailed as follows:

<i>Detail</i>	<u>31.12.2016</u>	<u>31.12.2015</u>
Investments subsidy profit and loss share	462 507	495 204
Net income from disposal of assets	207 504	81 841
Operating subsidy	-	26 638
Others	1 652	13 629
TOTAL	671 663	617 312

IV The cash flow statement

Cash and cash equivalents increased from TND6.894.773 at December 31, 2015 to TND13.906.417 at December 31, 2016, that is a growth of TND7.011.644, derived from operating activities cash flows for TND19.659.265 and financing activities cash flows for TND9.907.629 offset by negative investing activities cash flows for TND22.555.250.

IV-1 Cash flows from operating activities

Operating activities generated a positive cash flow of TND19.659.265, mainly derived from profit before depreciation and provisions of TND38.431.179, offset by an increase in working capital requirement by TND18.771.914.

The increase in working capital requirement is mainly explained by an increase of TND19.532.423 in inventory and of TND12.526.731 in accounts receivable, offset by an increase in accounts payable by TND8.095.808.

IV-2 Cash flow from investing activities

The investing activities cash flows correspond to a payment of TND22.555.250 mainly arising from tangible and intangible assets net cash flows of TND18.203.934 and acquisition of financial assets cash flows of TND4.351.316 related to the creation of the new subsidiaries "SAH Ivory Coast" and "AZUR Détergent".

IV-3 Cash flow from financing activities

Financing activities cash flows correspond to a net cash-in of TND9.907.629 derived from long term and short term loans collection and repayments for TND22.389.079, offset by dividends paid for TND12.481.450.

V Related Parties

V-1 Identification of related parties

The related parties of SAH SA that are subject of the present notes:

Related party	Relation
SAH Algeria	Foreign subsidiary
SAHD Algeria	Foreign subsidiary –Exclusive importer of Lilas products in Algeria.
SAHD Morocco	Foreign subsidiary –Exclusive importer of Lilas products in Morocco
SAH Libya	Foreign subsidiary
SAH Ivory Coast	Foreign subsidiary, not yet entered into operations
AZUR Papier SA	Subsidiary in Tunisia
AZUR Détergent	Subsidiary in Tunisia, not yet entered into operations
MEZNI Jalila	Shareholder - CEO
JAIEZ Mounir	Shareholder- Executive CEO
Société Tacharoukiet EL MAWADA, Société Gharb EL.MOUTAWASSET Société Tacharoukiet El OFOK et	Companies belonging to the Libyan partner, Shareholder of SAH Libya

V- 2 Transactions with related parties

a- Transaction with Libyan partners

- During 2016, sales to the Libyan partners Tacharoukiet EL OFOK and Gharb El MOUTAWASSET amounted to TND48.029 thousand and TND1.219 thousands, respectively.
- The Libyan partners Tacharoukiet EL OFOK and Tacharoukiet EL MAWADA accounts receivable balance, amounts to TND7.804 thousands and TND621 thousands, respectively at December 31, 2016.

b- SAH Algeria

- During 2016, no transactions were recorded between SAH SA and SAH Algeria.
- Other current assets include a TND236 thousands of receivables, which date back to 2008 and that are fully provisioned

c- SAHD Algeria

- During 2016, sales to SAHD Algeria amounted to TND2,599 thousands ;
- SAHD Algeria accounts receivable balance amounts to TND2.271 thousands as at December 31, 2016.

d- SAH Morocco

- During 2016, sales to SAH Morocco amounted to TND492 thousands;
- SAH Morocco accounts receivable balance amounts to TND6.592 thousands as at December 31, 2016.

e- SAH Libya

- During 2016, no transactions were recorded between SAH SA et SAH Libya
- As at December 31, 2016, no receivables are held on SAH Libya.

f- AZUR Papier SA

- An advance of TND5.500 thousands has been granted by SAH SA to AZUR Papier SA for the acquisition by SAH SA of the land and buildings in Béja. The board of directors of AZUR Papier SA authorized the property transfer to SAH SA for a value of TND4.600 thousands, excluding taxes as at March 17, 2011. By December 31, 2016, the transfer of the property has not yet been made.
- During 2016, sales to AZUR Papier SA totaled TND44 thousands;
- AZUR Papier SA accounts receivable balance amounts to TND191 thousands as at December 31, 2016.
- During 2016, purchase of raw materials from AZUR papier SA amounted to TND29.865 thousands.
- AZUR Papier SA accounts payable balance amounts to TND5.111 thousands as at December 31, 2016.
- The AZUR Papier SA current account balance amounts to TND326 thousands as at December 31, 2016.

g- AZUR Détergent

An advance of TND800 thousands was granted in November 2016 by SAH SA to AZUR Détergent for the acquisition of a land in Hammam Zriba. This advance was recognized in the current account and has generated an interest at the rate of 8% per year totaling TND9 thousands in 2016.

h- Mezni Jalila & Mounir Jaiez

During 2016, rental expenses relating to the storage deposits at Charguia owned by Mrs MEZNI Jalila and Mr Mounir JAIEZ, totaled TND98 thousands;

i- Attendance fees

The ordinary general meeting held on May 31, 2016, decided to grant the following attendance fees:

- TND15 thousands to the members of the board of directors
- TND5 thousands to the members of the audit committee

VII Contingencies and subsequent events

The company's management did not identify any event that occurred between the closing date and the financial statement issue date that is linked to conditions existing at the closing date, and that may result in important changes in the assets or liabilities of the company or that is likely to have a significant impact on its future operations.