

**ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)**

CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2010 AND
INDEPENDENT AUDITORS' REPORT

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

	Pages
Independent auditors' report	1
Consolidated balance sheet	2
Consolidated income statement	3
Consolidated cash flow statement	4
Consolidated statement of changes in shareholders' equity	5
Notes to the consolidated financial statements	6 - 22

INDEPENDENT AUDITORS' REPORT

February 21, 2011

To the Shareholders of Astra Industrial Group Company
(A Saudi Joint Stock Company)

Scope of audit

We have audited the accompanying consolidated balance sheet of Astra Industrial Group Company (the "Company") and Subsidiaries (collectively the "Group") as of December 31, 2010 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended, and the notes which form an integral part of the consolidated financial statements. These consolidated financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Company for the year ended December 31, 2009 were audited by other auditors whose report dated February 10, 2010 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion

In our opinion, such consolidated financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Group as of December 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Group; and
- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's By-laws with respect to the preparation and presentation of consolidated financial statements.

PricewaterhouseCoopers



By: _____
Omar M. Al Sagga
License Number 369

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated balance sheet
(All amounts in Saudi Riyals unless otherwise stated)

		December 31,	
	Notes	2010	2009
Assets			
Current assets			
Cash and cash equivalents	4	188,496,240	88,857,422
Murabaha investments		751,681,239	373,206,512
Accounts receivable, net	5	504,298,597	443,574,630
Due from related parties	9	43,438,589	96,307,701
Inventories, net	6	415,808,528	385,628,027
Prepayments and other assets	7	67,114,846	56,977,887
		<u>1,970,838,039</u>	<u>1,444,552,179</u>
Non-current assets			
Investment in unconsolidated subsidiaries and associates	8	9,095,196	2,250,069
Property and equipment, net	10	873,449,243	606,924,461
Goodwill	11	34,868,562	18,848,057
Other intangible assets, net	12	911,718	3,452,681
		<u>918,324,719</u>	<u>631,475,268</u>
Total assets		<u>2,889,162,758</u>	<u>2,076,027,447</u>
Liabilities			
Current liabilities			
Short-term tawaroq loans	13	488,306,618	-
Current portion of murabaha loan	17	37,500,000	-
Notes payable	14	8,595,086	17,557,018
Accounts payable		96,933,803	110,771,039
Due to related parties	9	543,817	1,943,289
Accrued and other liabilities	15	137,543,679	99,388,840
Provision for zakat and income tax	16	49,504,330	43,716,601
		<u>818,927,333</u>	<u>273,376,787</u>
Non-current liabilities			
Murabaha loan	17	103,125,000	-
Due to related parties	9	160,242,206	128,180,656
Other liabilities	18	10,812,133	-
End of service benefits	19	51,160,192	48,072,253
		<u>325,339,531</u>	<u>176,252,909</u>
Total liabilities		<u>1,144,266,864</u>	<u>449,629,696</u>
Equity			
Shareholders of the Company:			
Share capital	1,20	741,176,470	741,176,470
Statutory reserve	21	406,568,677	406,568,677
Foreign currency translation reserve		(3,868,076)	-
Retained earnings		540,514,006	414,066,606
Total shareholders' equity		<u>1,684,391,077</u>	<u>1,561,811,753</u>
Minority interest		<u>60,504,817</u>	<u>64,585,998</u>
Total equity		<u>1,744,895,894</u>	<u>1,626,397,751</u>
Total liabilities and equity		<u>2,889,162,758</u>	<u>2,076,027,447</u>
Contingencies and commitments	30		

The notes on pages 6 to 22 form an integral part of these consolidated financial statements.

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated income statement
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31,	
		2010	2009
Sales		1,120,460,275	971,526,159
Cost of sales		(612,504,810)	(529,481,368)
Gross profit		507,955,465	442,044,791
Operating expenses			
Selling and marketing	22	(218,723,778)	(189,084,932)
General and administrative	23	(102,668,818)	(75,443,501)
Research and development		(11,245,663)	(8,147,373)
Income from operations		175,317,206	169,368,985
Other income (expenses)			
Share in net (losses) income of unconsolidated subsidiaries and associates	8	(5,364,607)	139,952
Financial charges	13,17	(12,868,635)	(1,228,107)
Gain on sale of a subsidiary	24	28,836,929	-
Other, net	25	64,540,342	23,412,121
Income from continuing operations before minority interest		250,461,235	191,692,951
Income from discontinued operations	24	-	10,515,351
Minority interest		8,527,595	1,830,085
Net income for the year		258,988,830	204,038,387
Earnings per share:			
Operating income	27	2.37	2.29
Non-operating income		1.01	0.30
Net income		3.49	2.75

The notes on pages 6 to 22 form an integral part of these consolidated financial statements.

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated cash flow statement
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31,	
		2010	2009
Cash flow from operating activities			
Net income for the year		258,988,830	204,038,387
<u>Adjustments for non-cash items</u>			
Gain on sale of a subsidiary	24	(28,836,929)	-
Depreciation	10	30,603,910	24,208,240
Amortization	12	368,597	89,487
Share in net losses (income) of unconsolidated subsidiaries and associates		5,364,607	(139,952)
Loss applicable to minority interest		(8,527,595)	(1,830,085)
<u>Changes in working capital</u>			
Accounts receivable		(86,477,415)	(30,030,840)
Due from related parties		52,869,112	30,839,646
Inventories		(57,819,021)	23,067,632
Prepayments and other current assets		(11,479,055)	34,755,644
Accounts payable		(14,800,342)	(71,408,992)
Due to related parties		(1,399,472)	88,416,138
Accrued and other current liabilities		41,496,965	(8,002,803)
Zakat and income tax paid		(29,910,719)	(18,941,509)
End of service benefits		8,060,016	7,668,517
Net cash generated from operating activities		158,501,489	282,729,510
Cash flow from investing activities			
Murabaha investments		(378,474,727)	(373,206,512)
Investment in unconsolidated subsidiaries and associates		(12,209,734)	(364,325)
Purchases of property and equipment, net		(299,943,763)	(82,165,282)
Proceeds from disposal of property and equipment, net		5,958,380	2,442,039
Purchase of a subsidiary, net		(26,184,269)	(228,115,279)
Sale of a subsidiary, net		87,610,883	-
Additions to intangible assets		(128,957)	(1,793,203)
Proceeds from sale of intangible assets, net		2,351,271	-
Net cash utilized in investing activities		(621,020,916)	(683,202,562)
Cash flow from financing activities			
Short-term tawaroq loan		488,306,618	-
Change in murabaha loan		140,625,000	-
Due to related parties		32,061,550	-
Notes payable		(8,834,278)	1,484,019
Dividends paid		(92,647,059)	(37,058,824)
Remuneration for board members		(1,800,000)	-
Minority interest		4,446,414	-
Net cash generated from (utilized in) financing activities		562,158,245	(35,574,805)
Net change in cash and cash equivalents		99,638,818	(436,047,857)
Cash and cash equivalents at beginning of year		88,857,422	524,905,279
Cash and cash equivalents at end of year	4	188,496,240	88,857,422
Supplemental non-cash information -			
Provision for zakat and income tax charged to shareholders' equity	16	38,094,371	43,323,901
Other liabilities against purchase of property and equipment		10,812,133	-

For other supplemental non-cash information related to acquisition and disposal of subsidiaries please refer to note 24 and 26.

The notes on pages 6 to 22 form an integral part of these consolidated financial statements.

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of changes in shareholders' equity
 (All amounts in Saudi Riyals unless otherwise stated)

	Notes	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
January 1, 2010		741,176,470	406,568,677	-	414,066,606	1,561,811,753
Net income for the year		-	-	-	258,988,830	258,988,830
Dividends	29	-	-	-	(92,647,059)	(92,647,059)
Board members' remuneration		-	-	-	(1,800,000)	(1,800,000)
Currency translation difference of consolidated subsidiaries		-	-	(3,868,076)	-	(3,868,076)
Zakat and income tax		-	-	-	(38,094,371)	(38,094,371)
December 31, 2010		741,176,470	406,568,677	(3,868,076)	540,514,006	1,684,391,077
January 1, 2009		741,176,470	386,164,838	-	310,814,783	1,438,156,091
Net income for the year		-	-	-	204,038,387	204,038,387
Transfer to statutory reserve		-	20,403,839	-	(20,403,839)	-
Dividends		-	-	-	(37,058,824)	(37,058,824)
Zakat and income tax		-	-	-	(43,323,901)	(43,323,901)
December 31, 2009		741,176,470	406,568,677	-	414,066,606	1,561,811,753

The notes on pages 6 to 22 form an integral part of these consolidated financial statements.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

1) General information

Astra Industrial Group Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No.1010069607 dated Muharram 9, 1409H (corresponding to August 22, 1988). The shares of Astra Industrial Group Company were listed on the Saudi Stock Market ("Tadawul") on Shabaan 17, 1429H (corresponding to August 18, 2008) through subscription of 30% of the Company's shares by the public.

Astra Industrial Group Company and its subsidiaries (collectively the "Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries listed below. The Company's main objectives, as per its commercial registration, include establishment, management, operating and investment in industrial entities (subject to obtaining the Saudi Arabian General Investment Authority ("SAGIA") approval for each project to be established).

The accompanying consolidated financial statements include the accounts of the Company and its following subsidiaries, operating under individual commercial registrations:

Name of Subsidiary	Country of incorporation	Effective ownership % at December 31, 2010	
		Direct	Indirect
➤ Tabuk Pharmaceutical Manufacturing Company ("TPMC"). This company has the following subsidiaries:	Saudi Arabia	95	5
- Tabuk Pharmaceutical Research Company	Jordan	100	-
- Alsaudia Advanced Pharmaceutical Industries - incorporated in 2010	Sudan	80	-
➤ Astra Polymer Compounding Company Limited ("Polymer"). This company has the following fully owned subsidiary:	Saudi Arabia	95	5
- Constab Middle East Polimer A.S. ("CMEP") (Note 26)	Turkey	100	-
➤ International Building Systems Factory Company Limited ("IBSF")	Saudi Arabia	95	5
➤ Astra Industrial Complex Co. Ltd. for Fertilizer and Agrochemicals ("AstraChem"). This company has the following foreign subsidiaries:	Saudi Arabia	95	5
- AstraChem Saudia	Algeria	100	-
- AstraChem Morocco	Morocco	100	-
- Aggis International Limited	British Virgin Islands	100	-
- AstraChem Turkey	Turkey	100	-
- Astrachem Syria - incorporated in 2009	Syria	100	-
- Astrachem Tashqand - incorporated in 2009	Uzbekistan	100	-
- Astra Industrial Complex Co. Ltd. for Fertilizer and Agrochemicals, Jordan - incorporated in 2010	Jordan	50	-
➤ Al-Tanmiya Company for Steel Manufacturing. The company has the following fully owned subsidiary:	Jordan	51	-
- Al Inma'a Company	Iraq	51	-
➤ Astra Energy LLC	Jordan	76	-

The principal activities of the subsidiaries are as follows:

- Production, marketing and distribution of medicine and pharmaceutical products inside the Kingdom of Saudi Arabia and abroad.
- Production of polymer compounds, plastic additives, color concentrates and other plastic products.
- Metal based construction of industrial buildings and building frames.
- Production of compounded fertilizers and agriculture pesticides and the wholesale and retail trading of fertilizers, forages and insecticides. Also, execution of agricultural contracting projects.
- Production of steel pallets and rebar.

These consolidated financial statements were approved by the Board of Directors on February 21, 2011.

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

2.3 Investments

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiaries which are not considered as material to the consolidated financial statements are accounted for using the equity method of accounting.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition income or losses is recognized in the consolidated income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

2.4 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

- (i) Engaged in revenue producing activities;
- (ii) Results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) Financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.5 Foreign currency translation

(a) Reporting currency

These consolidated financial statements are presented in Saudi Riyals ("SR") which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

(c) Group companies

The results and financial position of foreign subsidiaries and associates having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates; and
- (iii) components of the equity accounts are translated at the exchange rates in effect at the dates the related items originated.

Cumulative adjustments resulting from the translations of the financial statements of foreign subsidiaries and associates into Saudi Riyals, if material, are reported as a separate component of equity.

Dividends received from an associate are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated income statement.

When investment in a foreign subsidiary and an associate is partially disposed off or sold, currency translation differences that were recorded in equity are recognized in income as part of gain or loss on disposal or sale.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

2.7 Murabaha investments

Murabaha investments are short-term highly liquid investments with original maturities of three months or more but not more than one year from the purchase date. Commission income is recognized on accrual basis using agreed commission rates..

2.8 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts 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 receivables. Such provisions are charged to the consolidated income statement, and reported under "Selling and marketing expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "Selling and marketing expenses" in the consolidated income statement.

2.9 Accrued revenue

Accrued revenue represents revenue earned but not yet billed at year-end. Such amounts will be billed in the subsequent period. These balances are currently included under accounts receivable.

2.10 Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 Property and equipment

Property and equipment are carried at cost less accumulated depreciation except projects under construction which is carried at cost. Land is not depreciated. Depreciation is charged to the consolidated income statement, using the straight-line method to allocate the costs of the related assets over the following estimated useful lives:

	Number of Years
Buildings	10 - 33
Leasehold improvements	4 - 10
Machinery and equipment	5 - 12.5
Furniture, fixtures and office equipment	3 - 10
Vehicles	4

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated income statement, as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.12 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets 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 income statement. Impairment losses recognized on intangible assets are not reversible.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

2.13 Intangible assets

Intangible assets, apart from goodwill, represent registration and license fee and are amortized on a straight-line method over a period of 5 years.

2.14 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the consolidated income statement.

2.15 End of service benefits

End of service benefits required by Saudi Labor and Workman Law are accrued by the Group and charged to the consolidated income statement. The liability is calculated; at the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile. There are no funded or unfunded benefit plans established by the foreign subsidiaries.

2.16 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

2.17 Zakat and taxes

In accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"), the Group is subject to zakat attributable to the Saudi shareholders and to income taxes attributable to the foreign shareholders. Provisions for zakat and income taxes are charged to the equity accounts of the Saudi and the foreign shareholders, respectively. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. For subsidiaries outside the Kingdom of Saudi Arabia, provision for income tax is computed in accordance with tax regulations as applicable in the respective countries, if required, and charged to the consolidated income statement.

Deferred income taxes are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be utilized. Deferred income taxes are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income taxes arising out of such temporary differences were not significant and, accordingly, were not recorded as of December 31, 2010 and 2009.

The Group and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.18 Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.19 Revenue recognition

Revenues are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Revenues are shown net of trade or quantity discounts and transportation expenses, if any, and after eliminating sales within the Group. Royalty income is recognized on an accrual basis in accordance with the substance at agreements.

2.20 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and production costs, when required, are made on a consistent basis.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

2.21 Research and development costs

Research and development costs are charged to the consolidated income statement in the period in which they are incurred.

2.22 Operating leases

Rental expenses under operating leases are charged to the consolidated income statement over the period of the respective lease.

2.23 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Company.

2.24 Reclassification

Certain comparative amounts have been reclassified to conform with 2010 presentation are principally related to the discontinued operation (please see Note 24).

3) Financial instruments and risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management. The most important types of risks are summarized below.

Financial instruments carried on the consolidated balance sheet include cash and cash equivalents, Murabaha investments, accounts receivable, due from related parties, short-term tawaroq loan, accounts payable, notes payable, due to related parties, borrowings and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.1 Currency risk

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 Riyals, US dollars and Sudanese Pound.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group also has investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals against Sudanese Pound. Such exposures are recorded as a separate component of shareholders' equity in the accompanying consolidated financial statements.

3.2 Fair value and cash flow interest rate risks

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group's interest rate risks arise mainly from its murabaha investments and murabaha loan which are at floating rate of interest and are subject to repricing on a regular basis.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

3.3 Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is currently not exposed to price risk.

3.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Cash is placed with banks with sound credit ratings. Accounts receivable are carried net of provision for doubtful debts.

3.5 Liquidity risk

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 an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

3.6 Fair value

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 Group's financial instruments are compiled under the historical cost convention, differences can arise between the book values and 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.

4) Cash and cash equivalents

	<u>2010</u>	<u>2009</u>
Cash in hand	551,113	-
Cash at banks	<u>187,945,127</u>	<u>88,857,422</u>
	<u>188,496,240</u>	<u>88,857,422</u>

5) Accounts receivable, net

	<u>2010</u>	<u>2009</u>
Accounts receivable – trade	493,862,806	449,484,512
Accrued revenue	25,788,106	8,352,520
Less: Provision for doubtful receivables	<u>(15,352,315)</u>	<u>(14,262,402)</u>
	<u>504,298,597</u>	<u>443,574,630</u>

6) Inventories, net

	<u>2010</u>	<u>2009</u>
Raw and packing materials	281,234,938	213,114,493
Finished goods	89,762,230	103,797,901
Work in process	24,350,634	23,951,254
Goods in transit	18,416,565	22,909,302
Spare parts and consumables (not held for sale)	<u>19,400,816</u>	<u>33,417,073</u>
	<u>433,165,183</u>	<u>397,190,023</u>
Less: Provision for obsolete and slow moving inventories	<u>(17,356,655)</u>	<u>(11,561,996)</u>
	<u>415,808,528</u>	<u>385,628,027</u>

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

7) Prepayments and other current assets

	<u>2010</u>	<u>2009</u>
Prepaid expenses	17,429,768	15,663,767
Employees' receivables	15,599,447	14,943,087
Advances to suppliers	15,294,046	14,917,876
Refundable deposits and insurance claims	12,593,977	2,670,020
Other	6,197,608	8,783,137
	<u>67,114,846</u>	<u>56,977,887</u>

8) Investment in unconsolidated subsidiaries and associates

	<u>Ownership interest</u>	
	<u>2010</u>	<u>2009</u>
Unconsolidated subsidiaries:		
Tabuk Poland Limited – Poland	100%	100%
Tabugen France - France	100%	100%
Tabuk Czech s.r.o - Czech Republic	100%	100%
Aganova Company -Turkey (Under restructuring)	100%	-
Associates:		
Mastra Agricultural Company – Egypt	49%	49%
Astra Agricultural Company Ltd. - Republic of Yemen	49%	49%

Movement of the Group's share in unconsolidated subsidiaries and associates is as follows:

	<u>2010</u>	<u>2009</u>
January 1	2,250,069	1,745,792
Additions	12,209,734	364,325
Share in net (loss) income	(5,364,607)	139,952
December 31	<u>9,095,196</u>	<u>2,250,069</u>

9) Related party transactions and balances

During the years 2010 and 2009, the Company and its subsidiaries transacted with various related parties. Terms of those billings and charges are similar to commercial transactions with external parties. Following are the details of the major transactions with related parties during the years ended December 31:

	<u>2010</u>	<u>2009</u>
Sales	16,755,973	31,119,858
Purchases	6,048,451	3,594,794
Finance commission charged	5,953,050	3,627,203

Due from related parties comprise of the following as of December 31:

	<u>2010</u>	<u>2009</u>
Al-Kendi Factory – Algeria	21,721,046	72,379,481
United Pharmaceutical Manufacturing Company	8,540,421	8,538,109
Munir Sukhtian Group – Jordan	7,442,890	7,995,390
Astra Agricultural Company Ltd. - Republic of Yemen	2,588,712	3,795,405
Arab Supply and Trading Company	590,285	-
AstraNova –Turkey	1,394,794	-
Societe Tabuk Al Geri (E.U.R.L)	827,895	827,895
Other	332,546	2,771,421
	<u>43,438,589</u>	<u>96,307,701</u>

ASTRA INDUSTRIAL GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the consolidated financial statements for the year ended December 31, 2010**

(All amounts in Saudi Riyals unless otherwise stated)

Due to related parties comprise of the following as of December 31:

<u>Current:</u>	<u>2010</u>	<u>2009</u>
Arab Supply and Trading Company	-	1,290,178
Nour Communications Company	305,138	-
Others	238,679	653,111
	<u>543,817</u>	<u>1,943,289</u>
<u>Non-current:</u>	<u>2010</u>	<u>2009</u>
Al Maseera International Company	124,617,206	74,743,156
Ali Shamara	35,625,000	53,437,500
	<u>160,242,206</u>	<u>128,180,656</u>

Non-current amounts above represent long term loans from the minority shareholders in Al-Tanmiya Company for Steel Manufacturing and Astra Energy Company (subsidiaries), to finance the construction of the steel factory and a power station. These balances are not scheduled for repayment during next twelve month.

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements for the year ended December 31, 2010
 (All amounts in Saudi Riyals unless otherwise stated)

10) Property and equipment, net

	Lands	Buildings	Leasehold improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Projects under construction	Total
Cost								
January 1, 2010	5,679,000	130,769,169	4,249,964	254,277,700	29,857,830	18,915,221	391,918,494	835,667,378
Acquisition of a subsidiary (Note 26)	1,087,617	2,770,283	-	3,172,547	238,316	83,256	159,502	7,511,521
Sale of a subsidiary (Note 24)	(4,369,000)	(11,571,664)	(111,692)	(6,758,682)	(1,177,209)	(1,782,631)	-	(25,770,878)
Additions	10,474,620	10,902,851	1,532,255	27,068,590	5,670,768	3,631,482	247,607,254	306,887,820
Disposals/transfers	-	(377,828)	-	(1,532,543)	(2,956,180)	(1,167,731)	(5,443,366)	(11,477,648)
December 31, 2010	12,872,237	132,492,811	5,670,527	276,227,612	31,633,525	19,679,597	634,241,884	1,112,818,193
Accumulated depreciation								
January 1, 2010	-	48,891,434	2,935,543	142,533,885	21,982,830	12,399,225	-	228,742,917
Sale of a subsidiary (Note 24)	-	(6,340,893)	(36,246)	(5,832,335)	(722,952)	(1,526,183)	-	(14,458,609)
Charge for the year	-	4,569,030	769,496	16,565,623	4,128,568	4,571,193	-	30,603,910
Disposals	-	(365,290)	(394)	(1,813,016)	(2,184,582)	(1,155,986)	-	(5,519,268)
December 31, 2010	-	46,754,281	3,668,399	151,454,157	23,203,864	14,288,249	-	239,368,950
Net book value								
December 31, 2010	12,872,237	85,738,530	2,002,128	124,773,455	8,429,661	5,391,348	634,241,884	873,449,243
December 31, 2009	5,679,000	82,105,693	1,364,928	111,098,356	8,520,734	6,612,413	391,543,337	606,924,461

Some of the buildings and plant facilities of the Company's subsidiaries are constructed on land leased under various operating lease agreements at nominal annual rent under renewable operating leases.

The property and equipment also comprise an amount equal to Saudi Riyals 19 million related to commission on loans which was capitalized as part of property and equipment cost in accordance with the accounting standards applicable in the Kingdom of Saudi Arabia.

The Group is in the process of expanding and establishing new production facilities. Projects under construction at December 31, 2010 principally represent costs incurred on several expansion and new projects.

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements for the year ended December 31, 2010
(All amounts in Saudi Riyals unless otherwise stated)

11) Goodwill

	<u>2010</u>	<u>2009</u>
January 1	18,848,057	-
Additions	16,020,505	18,848,057
December 31	<u>34,868,562</u>	<u>18,848,057</u>

(Also see Note 26)

12) Other intangible assets, net

	<u>2010</u>	<u>2009</u>
Cost		
January 1	3,919,083	2,125,880
Additions	178,905	1,793,203
Disposals	<u>(2,664,758)</u>	-
December 31	<u>1,433,230</u>	<u>3,919,083</u>
Accumulated amortization		
January 1	466,402	376,915
Charge for the year	368,597	89,487
Disposals	<u>(313,487)</u>	-
December 31	<u>521,512</u>	<u>466,402</u>
Net book value		
December 31	<u>911,718</u>	<u>3,452,681</u>

13) Short-term tawaroq loans

The Group has number of bank facility agreements in the form of short-term Tawaroq loans with local banks to finance the Group companies' ongoing funding needs of which SR 488 million was utilized as of December 31, 2010. The loans bear commission charges at prevailing market rates.

14) Notes payable

The Group was liable to various vendors for interest-free notes payable issued in the normal course of business amounting to SR 8,595,086 (December 31, 2009: SR 17,557,018).

15) Accrued expenses and other current liabilities

	<u>2010</u>	<u>2009</u>
Employees' benefits	22,518,027	4,640,373
Operations costs	21,448,370	16,414,998
Sales commission	19,059,615	15,692,509
Advances from customers	17,264,115	10,182,343
Professional fees	16,465,269	12,332,750
Accrued expenses	14,698,339	7,833,855
Employee's bonus and incentives	14,447,345	21,059,457
Other	11,642,599	11,232,555
	<u>137,543,679</u>	<u>99,388,840</u>

16) Provision for zakat and income tax

16.1 Components of zakat base

The Group's Saudi Arabian subsidiaries file separate zakat and income tax declarations on unconsolidated basis. The significant components of the zakat base of each company under zakat and income tax regulation are principally comprised of equity, provisions at the beginning of year, Murabaha loans and estimated taxable income, less deductions for the net book value of property and equipment, investments and certain other items.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

16.2 Provision for zakat and income tax

Movement for the year ended December 31, 2010:

	Zakat	Tax	Total
January 1	38,442,753	5,273,848	43,716,601
Provisions:			
For current year	32,352,866	5,741,505	38,094,371
Adjustments	(2,129,737)	(266,187)	(2,395,924)
Payments	(26,282,784)	(3,627,934)	(29,910,718)
December 31	42,383,098	7,121,232	49,504,330

Movement for the year ended December 31, 2009:

	Zakat	Tax	Total
January 1	13,951,868	5,382,341	19,334,209
Provisions:			
For current year	37,099,447	4,938,151	42,037,598
Adjustments	1,432,936	(146,633)	1,286,303
Payments	(14,041,498)	(4,900,011)	(18,941,509)
December 31	38,442,753	5,273,848	43,716,601

16.3 Status of final assessments

The Company and its subsidiaries filed zakat/tax returns upto the year ended December 31, 2009. The following are the final zakat and tax assessments of the Subsidiaries that have been agreed with the DZIT up to December 31, 2010:

Name of subsidiary	Final zakat / tax assessments up to
Tabuk Pharmaceutical Manufacturing Company	2002
ASTRA Polymer Compounding Company Limited	2002
International Building Systems Factory Company Limited	2002
Astra Industrial Complex Ltd. for Fertilizers and Agrochemicals	2005

17) Murabaha loan

	2010	2009
Bank loan	140,625,000	-
Current maturity shown under current liabilities	(37,500,000)	-
Non-current portion	103,125,000	-

The Company obtained a murabaha loan amounting to Saudi Riyals 150 million to finance working capital requirements. The facility carries profit charges based on prevailing market rates. The murabaha loan is payable in sixteen equal quarterly annual installments which commenced on October 30, 2010. The loan is secured by mortgage on certain property and equipment of a subsidiary.

Subsequent to year end, the Group settled all the outstanding amount of such murabaha loan.

18) Other liabilities

Other liabilities are principally related to purchase of assets during the year by the Group's subsidiary in Sudan from Sigma Tau International SA. Such balance due after the year ending 2011.

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements for the year ended December 31, 2010
 (All amounts in Saudi Riyals unless otherwise stated)

19) End of service benefits

	2010	2009
January 1	48,072,253	40,299,407
Provisions	9,162,601	8,934,875
Payments	(6,074,662)	(1,162,029)
December 31	<u>51,160,192</u>	<u>48,072,253</u>

20) Share capital

The share capital of the Company as of December 31 was comprised of 74,117,647 shares stated at SR 10 per share owned as follows:

Shareholders	Shareholding	
	2010	2009
Saudi founding shareholders	58.89%	58.89%
Non-Saudi founding shareholders	11.11%	11.11%
Public	30.00%	30.00%
	<u>100.00%</u>	<u>100.00%</u>

21) Statutory reserve

In accordance with Regulations for Companies in Saudi Arabia and the Company's By-laws, 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.

22) Selling and distribution expenses

	2010	2009
Employees' salaries, bonus and other benefits	97,860,670	88,945,824
Marketing, advertising and promotions	65,631,988	56,011,255
Sales delivery	10,108,590	7,615,528
Travel and transportation	6,744,671	5,605,879
Freight charges	6,301,986	7,135,106
Registration	6,263,462	-
Medical samples	4,901,179	5,390,243
Provision for doubtful debts	3,999,800	2,337,755
Rent	2,563,738	2,500,252
Expired and damaged inventory	2,490,181	616,151
Utilities	1,714,259	2,683,505
Depreciation	1,312,909	1,060,879
Other	8,830,345	9,182,555
	<u>218,723,778</u>	<u>189,084,932</u>

23) General and administrative expenses

	2010	2009
Employees' salaries and other benefits	57,791,830	39,404,366
Travel and transportation	11,594,061	5,528,200
Professional fees	6,939,390	8,077,379
Depreciation	4,424,947	3,166,904
Rent	3,954,562	2,176,023
Communications and office expenses	1,630,043	765,228
Utilities	1,053,118	621,264
Maintenance	798,514	588,196
Amortization	368,597	89,487
Other	14,113,756	15,026,454
	<u>102,668,818</u>	<u>75,443,501</u>

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

24) Sale of a subsidiary and related income

In February 2010, the Board of Directors approved the offer received for the sale of a subsidiary; Arabian Company for Comforts and Pillows ("ACCP"). The sale was further approved by the General Assembly in its meeting held on March 30, 2010. Accordingly, the subsidiary was sold during the year ended December 31, 2010. The Company sold its shareholding in ACCP based on December 31, 2009 balances in accordance with the underlying arrangement except for its investment in Astra Chem amounting to SR 3.99 million.

Following is the composition of the balance sheet as of December 31, 2009 and income statement for the year then ended of the ACCP and the calculation of gain on disposal:

Balance sheet**Assets:**

Cash and cash equivalents	7,396,810
Accounts receivable	28,812,506
Inventories	30,341,945
Prepayments and other assets	2,383,785
Property and equipment	11,312,269

Liabilities:

Notes payable	(2,056,027)
Accounts payable	(1,111,709)
Accrued and other liabilities	(3,450,381)
Provision for zakat and income tax	(2,486,357)
Employees termination benefits	(4,972,077)

Net assets sold	66,170,764
------------------------	-------------------

Total consideration	95,007,693
----------------------------	-------------------

Gain on sale	28,836,929
---------------------	-------------------

Income statement

Sales	70,033,450
Cost of sales	(50,658,091)
Gross profit	19,375,359

Selling and distribution expenses	(1,898,132)
General and administrative expenses	(6,966,941)
Operating income	10,510,286

Other income	5,065
--------------	-------

Net income	10,515,351
-------------------	-------------------

25) Other income, net

	<u>2010</u>	<u>2009</u>
Income on Murabaha investments	34,417,767	23,084,294
Toll manufacturing fee	24,315,958	4,491,687
Royalty income	2,226,748	1,074,271
Provisions for writing down of certain assets	-	(7,237,342)
Sale of scraped items	1,504,635	-
Other	2,075,234	1,999,211
	<u>64,540,342</u>	<u>23,412,121</u>

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements for the year ended December 31, 2010
(All amounts in Saudi Riyals unless otherwise stated)

26) Acquisition of subsidiaries and related goodwill

During the year ended December 31, 2010, the Group acquired 100% of Constab Middle East Polymer A.S. ("CMEP"), through purchase of 100% of its shares for an amount of SR 26,907,644.

Following is the composition of the fair value, which approximates the book value, of net assets acquired and the goodwill arising on acquisition of CMEP:

Cash and cash equivalent	723,375
Accounts receivable	3,059,058
Inventories	2,703,425
Prepayments and other assets	996,427
Property and equipment	7,511,521
Intangible assets	49,948
Other assets	45,262
Bank loan	(1,928,373)
Accounts payable	(2,074,815)
Accrued and other liabilities	(108,255)
Provision for income tax	(90,434)
Net assets acquired	<u>10,887,139</u>
Total consideration paid	<u>26,907,644</u>
Goodwill	<u>16,020,505</u>

CMEP is located in European free trade zone in Corlu, Turkey. The main activity of the CMEP is production and sales of non-color master batch.

On October 31, 2009, the Company acquired 51% of Al Tanmiya Company for Steel Manufacturing - Jordan, ("Al Tanmiya") from Al Maseera Co. (a related party) for an amount of SR 88 million. The Company also absorbed a portion of loans granted from Al Maseera to Al Tanmiya through payment of SR 140 million to Al Maseera Company, accordingly the gross amount paid amounted to SR 228 million. Al Tanmiya was consolidated from the acquisition date of October 31, 2009. The fair value, which approximate the book value, of the net assets acquired, the consideration paid and the resulting goodwill on acquisition of the subsidiary is as follows:

Inventories, net	31,579,503
Prepaid expenses and other assets	45,867,232
Property, plant and equipment, net	331,884,472
Accounts payable	(72,602,741)
Accrued expenses and other liabilities	(40,041,090)
End-of-service indemnities	(104,329)
Long-term loans	(161,040,021)
Net assets	<u>135,543,026</u>
Company's share of subsidiary's net assets	<u>69,126,943</u>
Total consideration paid	<u>87,975,000</u>
Goodwill	<u>18,848,057</u>

The main objectives of Al Tanmiya are steel manufacturing, import and export, working as trade agents, incorporation, contribution, and acquisition of other companies to achieve its purposes. The assets of Al Tanmiya are principally comprise of an owned steel manufacturing factory existing in Al Basra City in Iraq.

27) Earnings per share

Earnings per share for the years ended December 31, 2010 and 2009 have been computed by dividing the income from operations, non-operating income and net income for each year by weighted average number of shares outstanding during such years.

28) Segment information

The Group operates principally in the following major business segments:

- (i) Pharmaceuticals;
- (ii) Specialty Chemicals;
- (iii) Steel Industries; and
- (iv) Holding Company and Other

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

Selected financial information as at December 31, 2010 and 2009 and for the years then ended summarized by the above business segments was as follows:

	Pharmaceuticals	Specialty Chemicals	Steel Industries	Holding Company and Other	Total
2010					
Sales and projects revenue:					
– Local	311,206,078	295,130,865	171,404,717	-	777,741,660
– Export	139,721,838	151,824,454	51,172,323	-	342,718,615
– Total	450,927,916	446,955,319	222,577,040	-	1,120,460,275
Gross profit	303,758,914	143,318,535	60,878,016	-	507,955,465
Income (loss) from operations	83,710,085	84,612,015	25,023,831	(18,028,725)	175,317,206
Income from continuing operations	102,404,857	82,027,622	25,128,930	40,899,826	250,461,235
Amortization	368,597	-	-	-	368,597
Depreciation	17,969,849	6,508,398	5,529,656	596,007	30,603,910
Property and equipment	112,348,303	77,435,342	526,742,898	156,922,700	873,449,243
Capital expenditures incurred	29,600,336	16,319,934	104,159,070	156,808,480	306,887,820
2009					
Sales and projects revenue:					
– Local	290,954,924	217,895,074	149,796,812	-	658,646,810
– Export	131,828,153	125,586,660	55,464,536	-	312,879,349
Total	422,783,077	343,481,734	205,261,348	-	971,526,159
Gross profit	272,323,442	114,649,328	55,072,021	-	442,044,791
Income (loss) from operations	77,782,275	66,877,780	36,206,271	(11,497,341)	169,368,985
Income from continuing operations	72,117,586	68,709,844	36,690,223	14,175,298	191,692,951
Income from discontinued operations	-	-	-	10,515,351	10,515,351
Amortization	89,487	-	-	-	89,487
Depreciation	11,093,795	7,665,421	3,746,775	1,702,249	24,208,240
Property and equipment	100,999,266	61,895,348	431,800,814	12,229,033	606,924,461
Capital expenditures incurred	5,893,979	6,751,094	68,969,076	551,133	82,165,282

The Group's operations are conducted principally in Saudi Arabia, in addition to Iraq and other countries. Selected financial information as of December 31 and for the years then ended summarized by geographic area, was as follows:

	Saudi Arabia	Iraq	Other countries	Total
2010				
Property and equipment	222,457,736	620,322,405	30,669,102	873,449,243
2009				
Property and equipment	210,503,740	390,537,770	5,882,951	606,924,461

More than 70% of the Group's export sales are in the Middle East and North African (MENA) region.

Property and equipment in Iraq is owned by the Group through its two subsidiaries, Al Inma'a Company and Astra Energy LLC., in which it holds 51% and 76% interest.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended December 31, 2010

(All amounts in Saudi Riyals unless otherwise stated)

29) Dividends

The General Assembly approved in its meeting held on 14 Rabi Al Thani, 1431H (corresponding to March 30, 2010) the Company's Board of Directors' recommendation to distribute cash dividends amounting to SR 92,647,059 for the year ended December 31, 2009 being SR 1.25 for each outstanding share.

30) Contingencies and commitments

At December 31, 2010, the Group had contingent liabilities arising in the normal course of business, in respect of letters of guarantee, amounting to SR 79,548,103 (2009: SR 54,198,468) and letters of credit amounting to SR 91,235,407 (2009: SR 60,619,509).