

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH AND
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND
INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2011

	Pages
Independent accountants' limited review report	1
Interim consolidated balance sheet	2
Interim consolidated income statement	3
Interim consolidated cash flow statement	4
Notes to the interim consolidated financial statements	5 - 13

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

October 17, 2011

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

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Astra Industrial Group Company (A Saudi Joint Stock Company) (the "Company") as of September 30, 2011 and the related interim consolidated statement of income for the three-month and nine-month periods then ended and interim consolidated statement of cash flows for the nine-month period then ended and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our limited review in accordance with the standard of review of interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of the limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Company.

PricewaterhouseCoopers



By: _____
Omar M. Al Sagga
License Number 369

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

	Notes	September 30, 2011	September 30, 2010
Assets			
Current assets			
Cash and cash equivalents		104,023,454	96,424,196
Murabaha investments		469,031,784	763,683,525
Accounts receivable, net		611,073,333	535,029,777
Due from related parties		46,939,138	46,358,743
Inventories, net		530,842,769	429,223,810
Prepayments and other assets		116,386,592	111,036,211
		<u>1,878,297,070</u>	<u>1,981,756,262</u>
Non-current assets			
Investment in unconsolidated subsidiaries and associates		6,740,070	2,728,927
Property and equipment, net		1,010,056,988	794,736,586
Goodwill		44,054,811	34,868,562
Other intangible assets, net		3,951,770	3,463,928
		<u>1,064,803,639</u>	<u>835,798,003</u>
Total assets		<u>2,943,100,709</u>	<u>2,817,554,265</u>
Liabilities			
Current liabilities			
Short-term tawaroq loans	5	463,904,428	560,878,614
Notes payable		17,175,955	19,014,006
Accounts payable		193,394,957	169,364,540
Accrued and other liabilities		194,298,959	147,873,646
Provision for zakat and income tax		28,226,474	30,963,753
		<u>897,000,773</u>	<u>928,094,559</u>
Non-current liabilities			
Long-term borrowings		48,399,371	50,434,834
Due to related parties		144,991,926	83,120,933
End of service benefits		52,839,167	48,865,823
		<u>246,230,464</u>	<u>182,421,590</u>
Total liabilities		<u>1,143,231,237</u>	<u>1,110,516,149</u>
Equity			
Shareholders of the Company:			
Share capital	1,6	741,176,470	741,176,470
Statutory reserve		406,568,677	406,568,677
Foreign currency translation reserve		(2,289,426)	571,606
Retained earnings		605,504,213	501,609,017
Total shareholders' equity		<u>1,750,959,934</u>	<u>1,649,925,770</u>
Minority interest		48,909,538	57,112,346
Total equity		<u>1,799,869,472</u>	<u>1,707,038,116</u>
Total liabilities and equity		<u>2,943,100,709</u>	<u>2,817,554,265</u>

The notes on pages 5 to 13 form an integral part of these interim consolidated financial statements.

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

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2011	2010	2011	2010
Sales		334,402,660	260,984,084	1,063,616,981	813,329,824
Cost of sales		(185,961,752)	(139,598,027)	(605,307,456)	(438,935,371)
Gross profit		148,440,908	121,386,057	458,309,525	374,394,453
Operating expenses					
Selling and marketing		(72,302,840)	(50,487,511)	(211,192,862)	(163,283,645)
General and administrative		(31,167,384)	(27,529,610)	(94,111,056)	(72,838,440)
Research and development		(2,928,696)	(4,481,615)	(10,403,010)	(8,886,083)
Income from operations		42,041,988	38,887,321	142,602,597	129,386,285
Other income (expenses)					
Share in net income of unconsolidated subsidiaries and associates		139,439	-	390,020	16,447
Financial charges		(3,572,381)	(2,833,208)	(8,119,865)	(9,312,515)
Other, net		14,213,786	18,413,846	40,280,153	43,588,672
Income from continuing operations before minority interest		52,822,832	54,467,959	175,152,905	163,678,889
Gain on sale of a subsidiary	4	-	28,836,929	-	28,836,929
Reversal of income from discontinued operations recorded during first six months of the period		-	(6,161,441)	-	(6,161,441)
Income from discontinued operations	4	-	-	-	6,161,441
Income before minority interest		52,822,832	77,143,447	175,152,905	192,515,818
Minority interest		5,671,907	3,501,943	12,665,764	7,473,652
Net income for the period		58,494,739	80,645,390	187,818,669	199,989,470
Earnings per share:					
Operating income	7	0.57	0.52	1.92	1.75
Non-operating income		0.15	0.21	0.44	0.46
Net income for the period		0.79	1.09	2.53	2.70

The notes on pages 5 to 13 form an integral part of these interim consolidated financial statements.

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

	Nine-month period ended September 30,	
	2011	2010
Cash flow from operating activities		
Net income for the period	187,818,669	199,989,470
<u>Adjustments for non-cash items</u>		
Gain on sale of a subsidiary	-	(28,836,929)
Depreciation	20,713,644	17,377,621
Amortization	235,187	784,785
Share in net income of unconsolidated subsidiaries and associates	(390,020)	(16,447)
Loss applicable to minority interest	(12,665,764)	(7,473,652)
<u>Changes in working capital</u>		
Accounts receivable, net	(106,774,736)	(67,393,647)
Inventories, net	(115,034,241)	(71,352,792)
Prepayments and other current assets	(49,271,746)	(32,744,056)
Accounts payable	96,461,154	24,505,021
Accrued and other current liabilities	45,943,147	38,700,191
Zakat and income tax paid	(31,129,847)	(28,352,960)
End of service benefits	1,678,975	5,765,647
Net cash generated from operating activities	37,584,422	50,952,252
Cash flow from investing activities		
Murabaha investments	282,649,455	(390,477,013)
Investment in unconsolidated subsidiaries and associates	(4,862,453)	(1,034,017)
Purchases of property and equipment, net	(157,321,389)	(209,319,717)
Disposal of a subsidiary (Note 4)	-	75,000,000
Purchase of a subsidiary (Note 3)	-	(26,020,169)
Changes in intangible assets	(3,275,239)	(748,273)
Net cash generated from (utilized in) investing activities	117,190,374	(552,599,189)
Cash flow from financing activities		
Short-term tawaroq loans	(24,402,190)	560,878,614
Long-term borrowings	(92,225,629)	46,665,951
Notes payable	8,580,869	3,513,015
Due to / from related parties, net	(19,294,646)	-
Dividends paid	(111,176,471)	(92,647,059)
Board members' remuneration	(1,800,000)	(1,800,000)
Minority interest	1,070,485	-
Net cash (utilized in) generated from financing activities	(239,247,582)	516,610,521
Net change in cash and cash equivalents	(84,472,786)	14,963,584
Cash and cash equivalents at beginning of period	188,496,240	81,460,612
Cash and cash equivalents at end of period	104,023,454	96,424,196
Non-cash item:		
Foreign currency translation difference charged to shareholder's equity	1,578,650	571,606
Provision for zakat and income tax charged to shareholders' equity	3,000,000	18,000,000

The notes on pages 5 to 13 form an integral part of these interim consolidated financial statements.

ASTRA INDUSTRIAL GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)**

(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 in 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 interim 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 September 30, 2011	
		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")	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	Syria	100	-
- Astrachem Tashqand	Uzbekistan	100	-
- Astra Industrial Complex Co. Ltd. for Fertilizer and Agrochemicals, Jordan - incorporated in 2010	Jordan	50	-
- Astra Nova, Turkey	Turkey	67	-
➤ 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	-

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

The principal activities of the subsidiaries are as follows:

- Production, marketing and distribution of medicine and pharmaceutical products.
- 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 and generation of the required power for such activity.

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim 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 interim 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"). These interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2010.

The significant accounting policies used for the preparation of these interim consolidated financial statements mentioned below are in conformity with the accounting policies described in the audited consolidated financial statements for the year ended December 31, 2010.

2.2 Period of the financial statements

The Company's financial year begins on January 1 and ends on December 31 of each Gregorian year. The interim consolidated financial statements have been prepared in accordance with SOCPA Standard of Interim Financial Reporting, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses and losses of the interim period are recognized during the period. The accompanying interim consolidated financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the management to present a fair statements of financial position, results of operations and cash flows.

The results of operations for the interim period may not represent a proper indication of the annual results of operations.

2.3 Critical accounting estimates and judgments in the preparation of interim consolidated financial statements

The preparation of interim 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.

2.4 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, if material, are fully 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 interim consolidated financial statements are accounted for using the equity method of accounting.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

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 interim 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.

2.5 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.

2.6 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 interim consolidated income statement.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

(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 interim consolidated 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 interim 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.

2.7 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.

2.8 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.

2.9 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 interim 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 interim consolidated income statement.

2.10 Accrued revenue

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

2.11 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.

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2.12 Property and equipment

Property and equipment are carried at cost less accumulated depreciation except construction in progress which is carried at cost. Land is not depreciated. Depreciation is charged to the interim 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 interim consolidated income statement.

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

2.13 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 interim consolidated income statement. Impairment losses recognized on intangible assets are not reversible.

2.14 Intangible assets

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

2.15 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 interim consolidated income statement.

2.16 End of service benefits

End of service benefits required by Saudi Labor and Workman Law are accrued by the Group and its Saudi Arabian subsidiaries and charged to the interim 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.

2.17 Accounts payable and accruals

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

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2.18 Zakat and taxes

In accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"), the Company 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 interim 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 September 30, 2011 and 2010.

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.

2.19 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.

2.20 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 substance of the underlying agreements.

2.21 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.

2.22 Research and development costs

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

2.23 Operating leases

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

2.24 Dividends

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

2.25 Reclassification

Certain comparative amounts have been reclassified to conform with 2010 presentation.

ASTRA INDUSTRIAL GROUP COMPANY
(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

3) Acquisition of subsidiary and related goodwill

During the period ended September 30, 2010, the Company acquired 100% of Constab Middle East Polimer A.S. ("CMEP"), through purchasing of 100% of its shares for an amount of SR 26,711,839.

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	691,670
Accounts receivable	2,925,048
Inventories	2,584,936
Prepayments and other assets	952,754
Property and equipment	7,182,298
Intangible assets	47,759
Other assets	43,278
Bank loan	(1,843,854)
Accounts payable	(3,253,691)
Accrued and other liabilities	(103,511)
Provision for income tax	(86,469)
Net assets acquired	9,140,218
Total consideration paid	26,711,839
Goodwill	17,571,621

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

4) Sale of subsidiary and related income

During 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 and the subsidiary was sold during the period ended September 30, 2010 on completion of certain underlying formalities. 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 assets and liabilities of the ACCP and the calculation of gain on disposal:

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
Consideration received till September 30, 2010	75,000,000
Outstanding consideration amount	20,007,693
Total consideration	95,007,693
Gain on disposal	28,836,929

ASTRA INDUSTRIAL GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

5) Short-term tawaroq loans

The Group has number of bank facilities agreements in the form of short-term Tawaroq loans with local banks to finance the Group companies' ongoing funding needs of which SR 463.9 million was utilized as of September 30, 2011. The loans bear profit charges at prevailing market rates.

6) Share capital

The share capital of the Company as of September 30 was comprised of 74,117,647 shares stated at SR 10 per share owned as follows:

Shareholders	Shareholding	
	2011	2010
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>

7) Earnings per share

Earnings per share for the three-month and nine-month periods ended September 30, 2011 and 2010 have been computed by dividing the income from operations, non-operating income and net income for each period by weighted average number of shares outstanding during such periods which was 74,117,647 shares. Earnings per share from discontinued operations for the three-month and nine-month periods ended September 30, 2010 amounted to SR 0.31 and SR 0.39 per share, respectively.

8) Segment Information

The Group operates principally in the following major business segments:

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

Selected financial information as at September 30, 2011 and 2010 and for the nine-month periods then ended summarized by the above business segments was as follows:

	Pharmaceuticals	Specialty Chemicals	Energy and Steel Industries	Holding Company	Total
As of and for the period ended September 30, 2011					
Sales and projects revenue:					
– Local	270,938,123	264,752,595	216,021,802	-	751,712,520
– Export	150,366,106	128,867,365	32,670,990	-	311,904,461
– Total	<u>421,304,229</u>	<u>393,619,960</u>	<u>248,692,792</u>	-	<u>1,063,616,981</u>
Gross profit	284,138,054	122,691,215	51,480,256	-	458,309,525
Income (loss) from operations	72,596,547	73,006,118	14,510,657	(17,510,725)	142,602,597
Income (loss) from continuing operations	96,688,030	67,009,654	12,434,475	(979,254)	175,152,905
Depreciation	10,137,335	6,113,738	3,682,741	779,830	20,713,644
Amortization	235,187	-	-	-	235,187
Property and equipment	136,605,298	110,431,366	749,851,022	13,169,302	1,010,056,988
Capital expenditures	33,603,630	39,844,566	78,195,917	5,677,276	157,321,389

ASTRA INDUSTRIAL GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 (Unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

As of and for the period ended September 30, 2010	Pharmaceuticals	Specialty Chemicals	Energy and Steel Industries	Holding Company	Total
Sales and projects revenue:					
– Local	226,467,199	231,962,420	111,004,989	-	569,434,608
– Export	119,016,063	84,486,853	40,392,300	-	243,895,216
– Total	345,483,262	316,449,273	151,397,289	-	813,329,824
Gross profit	227,703,497	103,903,686	42,787,270	-	374,394,453
Income (loss) from operations	60,521,450	66,417,553	16,049,021	(13,601,739)	129,386,285
Income from continuing operations	75,734,299	64,350,846	14,361,628	9,232,116	163,678,889
Depreciation	8,695,038	4,253,301	4,056,387	372,895	17,377,621
Amortization	280,199	-	-	504,586	784,785
Property and equipment	113,651,133	74,194,021	604,692,443	2,198,989	794,736,586
Capital expenditures	4,619,312	9,697,505	193,161,840	1,841,060	209,319,717

The Group's operations are conducted principally in Saudi Arabia, in addition to Iraq and other countries. Selected financial information as of September 30 and for the nine-month periods then ended summarized by geographic area, was as follows:

<u>2011</u>	Saudi Arabia	Iraq	Other countries	Total
Property and equipment	277,852,229	687,448,782	44,755,977	1,010,056,988

2010

Property and equipment	209,122,569	551,827,603	33,786,414	794,736,586
------------------------	-------------	-------------	------------	-------------

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 the Group holds 51% and 76% interest, respectively.

9) Dividends

The General Assembly approved in its meeting held on 26 Jumada Al-Awwal, 1432H (corresponding to April 30, 2011) the Company's Board of Directors' recommendation to distribute cash dividends amounting to SR 111,176,471 for the year ended December 31, 2010 of SR 1.5 for each outstanding share.

10) Contingencies and commitments

At September 30, 2011, the Group had contingent liabilities and commitments arising in the normal course of business, in respect of letters of guarantee amounting to SR 76,103,642 (September 30, 2010: SR 79,548,103) and letters of credit amounting to SR 83,879,898 (September 30, 2010: SR 91,235,407).