

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD
ENDED SEPTEMBER 30, 2020 AND REVIEW REPORT

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

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Report on review of condensed interim consolidated financial statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Astra Industrial Group Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at September 30, 2020 and the related condensed interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the condensed interim consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard No. 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review


We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

By:


Mufaddal A. Ali
License Number 447



November 5, 2020

Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts are in Saudi Riyals unless otherwise stated)

		As at September 30, 2020	As at December 31, 2019
ASSETS	Notes	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	3	1,187,449,840	1,225,369,236
Intangible assets	4	29,845,738	29,524,564
Other non-current assets		15,982,445	18,918,685
		<u>1,233,278,023</u>	<u>1,273,812,485</u>
Current assets			
Inventories	17	737,732,601	610,647,301
Trade receivables	5	838,045,455	766,626,792
Due from related parties		1,829,830	2,599,951
Prepayments and other current assets	6	133,204,362	121,676,123
Cash and cash equivalents		54,434,665	45,279,521
		<u>1,765,246,913</u>	<u>1,546,829,688</u>
Total assets		<u>2,998,524,936</u>	<u>2,820,642,173</u>
LIABILITIES			
Non-current liabilities			
Loans and lease liabilities	7	41,768,046	143,160,166
Due to a related party – loan	8	95,642,817	86,735,702
Employees' defined benefit liabilities		122,327,580	125,997,480
		<u>259,738,443</u>	<u>355,893,348</u>
Current liabilities			
Trade payables	17	248,052,398	145,893,885
Accrued expenses and other current liabilities	9	387,051,288	272,367,830
Due to related parties	8	664,350	16,014,969
Loans and lease liabilities	7	758,808,540	750,110,410
Zakat and income tax payable	10	70,174,816	76,913,594
		<u>1,464,751,392</u>	<u>1,261,300,688</u>
Total liabilities		<u>1,724,489,835</u>	<u>1,617,194,036</u>
EQUITY			
Share capital		800,000,000	800,000,000
Statutory reserve		406,568,677	406,568,677
Retained earnings		145,212,038	70,599,830
Foreign currency translation reserve	15	(73,044,589)	(61,887,098)
Equity attributable to shareholders of the parent		<u>1,278,736,126</u>	<u>1,215,281,409</u>
Non-controlling interests	16	(4,701,025)	(11,833,272)
Total equity		<u>1,274,035,101</u>	<u>1,203,448,137</u>
Total liabilities and equity		<u>2,998,524,936</u>	<u>2,820,642,173</u>

The accompanying notes (1) through (19) form an integral part of these condensed interim consolidated financial statements.

Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME - UNAUDITED

(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2020	2019	2020	2019
Revenue	12	433,833,874	447,162,242	1,384,855,221	1,410,750,867
Cost of revenue		(254,457,428)	(285,360,627)	(832,553,217)	(851,342,646)
Gross profit		179,376,446	161,801,615	552,302,004	559,408,221
Selling and distribution expenses		(82,677,276)	(87,512,361)	(258,004,727)	(273,517,738)
General and administrative expenses		(48,994,763)	(38,260,297)	(127,736,951)	(121,224,140)
Provision for impairment of financial assets	5	(11,720,155)	(855,761)	(13,684,523)	(15,851,750)
Research expenses		(6,425,337)	(6,755,253)	(16,999,139)	(16,581,078)
Income from operations		29,558,915	28,417,943	135,876,664	132,233,515
Share of net loss in a joint venture	11	-	(9,584,745)	-	(23,560,772)
Finance costs	12	(11,309,522)	(21,983,621)	(38,092,645)	(66,519,212)
Other income / (expenses), net		4,357,326	(1,032,762)	(8,926,268)	(3,260,575)
Income / (loss) before zakat and income tax		22,606,719	(4,183,185)	88,857,751	38,892,956
Zakat and income tax expense	10	(5,064,566)	(9,461,710)	(18,729,763)	(25,031,184)
Net income / (loss) for the period		17,542,153	(13,644,895)	70,127,988	13,861,772
Attributable to:					
Shareholders of the parent		19,204,251	(14,623,304)	77,520,939	10,059,932
Non-controlling interests		(1,662,098)	978,409	(7,392,951)	3,801,840
		17,542,153	(13,644,895)	70,127,988	13,861,772
Earnings / (loss) per share attributable to shareholders of the parent (basic and diluted)					
		0.24	(0.18)	0.97	0.13

The accompanying notes (1) through (19) form an integral part of these condensed interim consolidated financial statements.

Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2020	2019	2020	2019
Net income / (loss) for the period		17,542,153	(13,644,895)	70,127,988	13,861,772
Other comprehensive income / (loss)					
<i>Item that may be reclassified to statement of income in subsequent periods:</i>					
Exchange gain / (loss) on translation of foreign operations	15	623,271	(2,678,564)	(11,157,491)	1,086,873
<i>Item that will not to be reclassified to statement of income in subsequent periods:</i>					
Re-measurement gain / (loss) on employees' defined benefit liabilities		1,461,737	(551,716)	3,197,467	3,035,303
Other comprehensive income / (loss) for the period		2,085,008	(3,230,280)	(7,960,024)	4,122,176
Total comprehensive income / (loss) for the period		19,627,161	(16,875,175)	62,167,964	17,983,948
Attributable to:					
Shareholders of the parent		21,284,755	(17,861,711)	69,546,687	14,187,588
Non-controlling interests		(1,657,594)	986,536	(7,378,723)	3,796,360
		19,627,161	(16,875,175)	62,167,964	17,983,948

The accompanying notes (1) through (19) form an integral part of these condensed interim consolidated financial statements.

**Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,
(All amounts are in Saudi Riyals unless otherwise stated)**

Note	Attributable to shareholders of the parent				Total	Non-controlling interests	Total shareholders' equity
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve			
December 31, 2019 - audited	800,000,000	406,568,677	70,599,830	(61,887,098)	1,215,281,409	(11,833,272)	1,203,448,137
Net income / (loss) for the period	-	-	77,520,939	-	77,520,939	(7,392,951)	70,127,988
Other comprehensive income / (loss) for the period	-	-	3,189,393	(11,157,491)	(7,968,098)	8,074	(7,960,024)
Total comprehensive income / (loss) for the period	-	-	80,710,332	(11,157,491)	69,552,841	(7,384,877)	62,167,964
Increase of shareholding in a subsidiary	-	-	(6,098,124)	-	(6,098,124)	14,517,124	8,419,000
September 30, 2020 - unaudited	800,000,000	406,568,677	145,212,038	(73,044,589)	1,278,736,126	(4,701,025)	1,274,035,101
January 1, 2019	800,000,000	406,568,677	36,003,868	(184,372,579)	1,058,199,966	(9,057,672)	1,049,142,294
Net income for the period	-	-	10,059,932	-	10,059,932	3,801,840	13,861,772
Other comprehensive income / (loss) for the period	-	-	3,040,783	1,086,873	4,127,656	(5,480)	4,122,176
Total comprehensive income for the period	-	-	13,100,715	1,086,873	14,187,588	3,796,360	17,983,948
September 30, 2019 - unaudited	800,000,000	406,568,677	49,104,583	(183,285,706)	1,072,387,554	(5,261,312)	1,067,126,242

The accompanying notes (1) through (19) form an integral part of these condensed interim consolidated financial statements.

Astra Industrial Group Company and Its Subsidiaries
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in Saudi Riyals unless otherwise stated)

		For the nine-month period ended September 30,	
	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat and income tax		88,857,751	38,892,956
Adjustments for non-cash items			
Depreciation and amortization	12	67,720,210	60,495,947
Share of net loss in a joint venture	11	-	23,560,772
Finance costs	12	38,092,645	66,519,212
Provision for impairment of financial assets		13,684,523	15,851,750
Provision for near expiry, obsolete and slow-moving inventories		18,865,222	29,604,083
Employee defined benefit cost		14,424,463	15,396,555
Changes in operating assets and liabilities:			
Inventories		(145,950,522)	(39,873,672)
Trade receivables		(85,103,186)	(70,285,469)
Due from related parties		770,121	(622,688)
Prepayments and other current assets		(11,528,239)	(20,543,472)
Trade payables		102,158,513	22,072,896
Accrued expenses and other current liabilities		114,683,458	72,312,411
Due to related parties		1,975,496	(1,253,741)
End of service benefits paid		(14,896,896)	(16,677,130)
Zakat and income tax paid		(25,468,541)	(28,505,068)
Net cash generated from operating activities		178,285,018	166,945,342
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(39,358,396)	(17,148,612)
Proceeds from sale of property, plant and equipment		1,276,604	247,865
Additions to intangible assets		(1,354,640)	(2,316,629)
Other non-current assets		2,936,240	289,807
Investments in a joint venture – net	11	-	(21,762,326)
Net cash used in investing activities		(36,500,192)	(40,689,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in short-term and long-term loans		(89,749,258)	(72,022,889)
Payment of lease liabilities		(2,944,732)	(4,515,174)
Finance costs paid		(38,092,645)	(66,519,212)
Net cash used in financing activities		(130,786,635)	(143,057,275)
Net change in cash and cash equivalents		10,998,191	(16,801,828)
Cash and cash equivalents at the beginning of the period		45,279,521	65,465,034
Net foreign exchange (loss) / gain		(1,843,047)	1,165,583
Cash and cash equivalents at the end of the period		54,434,665	49,828,789
Supplement schedule of non-cash information			
Right-of-use assets		-	45,705,779
Lease liabilities		-	44,521,087
Increase of shareholding in a subsidiary	16	8,419,000	-
Additions to property, plant and equipment against trade receivables		-	7,087,269

The accompanying notes (1) through (19) form an integral part of these condensed interim consolidated financial statements.

**Astra Industrial Group Company and Its Subsidiaries
(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

(All amounts are in Saudi Riyals unless otherwise stated)

1 ORGANIZATION AND ACTIVITIES

Astra Industrial Group Company (the “Company”/ “AIG”) is a Saudi Joint Stock Company operating under commercial registration number 1010069607 issued in Riyadh on 9 Muharram 1409H (August 22, 1988). The address of the Group’s head office and the principal activities of AIG and its subsidiaries (collectively the “Group”) remain the same as disclosed in the Group’s annual consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements have been reviewed, not audited.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the KSA and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2019.

The condensed interim consolidated financial statements comprise the financial statements of the Group.

2.2 Summary of significant accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2019.

2.3 New and amended standards adopted by the Group

Amendments to the IFRS, effective from January 1, 2020 or later on, do not have any effect on the Group’s financial statements. Further, the Group has not early adopted any new standard, interpretation or amendment that have been issued but that are not yet effective.

2.4 Significant accounting estimates and judgements

The preparation of the Group’s condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

As at September 30, 2020, management believes that, other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the Group’s annual consolidated financial statements for the year ended December 31, 2019. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

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FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**
(All amounts are in Saudi Riyals unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cost:		
Opening balance	1,791,991,367	1,409,123,392
Effect of IFRS 16 adoption – Right-of-use (ROU) asset	-	51,364,933
	1,791,991,367	1,460,488,325
Additions for the period / year	39,358,396	36,911,251
Acquired under business combination	-	374,605,229
Disposals / write - offs for the period / year	(2,716,783)	(80,553,287)
Exchange differences	(11,721,996)	539,849
Closing balance	1,816,910,984	1,791,991,367
Accumulated depreciation:		
Opening balance	566,622,131	561,502,393
Depreciation charge for the period / year	67,048,262	81,222,279
Disposals / write - offs for the period / year	(1,440,179)	(76,254,967)
Exchange differences	(2,769,070)	152,426
Closing balance	629,461,144	566,622,131
Net book value	1,187,449,840	1,225,369,236

Impairment assessments related to property, plant and equipment, at the cash generating units' level, were performed. The results of impairment test indicated no impairment charge for the period.

4 INTANGIBLE ASSETS

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Goodwill	25,206,754	25,206,754
Software and licenses	4,638,984	4,317,810
	29,845,738	29,524,564

The goodwill was generated in the previous years from the acquisition of Astra Nova, Turkey (SAR 9 million) and Astra Polymers Free Zone, Turkey (SAR 16 million). The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections which are based on financial budgets approved by the management covering a five-year period as well as the factors used in computing terminal value. Terminal value was calculated using earnings multiple / Gordon Growth Model for the final year of the forecast period.

The results of impairment test as at September 30, 2020 indicated no impairment charge for the period.

5 TRADE RECEIVABLES

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade receivables	972,169,442	872,307,199
Provision for impairment	(134,123,987)	(105,680,407)
	838,045,455	766,626,792
Provision to trade receivables coverage ratio	13.80%	12.12%

5.1 As at September 30, 2020, trade receivables include retention receivables of SAR 14.2 million (December 31, 2019: SAR 24 million) and unbilled receivables of SAR 24.8 million (December 31, 2019: SAR 32.8 million).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

(All amounts are in Saudi Riyals unless otherwise stated)

5 TRADE RECEIVABLES (continued)

5.2 Movement in the provision for impairment of trade receivables is as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Opening balance	105,680,407	99,736,705
Provision for the period / year	33,255,121	17,421,253
Acquisition of a subsidiary (see Note 11)	-	9,475,397
Adjustments / write - offs during the period / year	(4,811,541)	(20,952,948)
Closing balance	134,123,987	105,680,407

5.3 Provision for impairment - net

	For the nine-month period ended September 30, 2020 (Unaudited)	2019 (Unaudited)
Impairment provision charge	33,255,121	15,851,750
Recoveries from a customer of power and steel industries segment after write-off, net of direct recovery fee of SAR 4.6 million.	(19,570,598)	-
Net impairment	13,684,523	15,851,750

5.4 Ageing analysis of the trade receivables is as follows:

September 30, 2020 (Unaudited)	Not past due	Past due				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Gross receivables	525,041,183	266,370,772	55,445,760	41,894,735	83,416,992	972,169,442
Provision	(1,690,695)	(13,122,073)	(17,749,175)	(18,145,052)	(83,416,992)	(134,123,987)
Net receivables	523,350,488	253,248,699	37,696,585	23,749,683	-	838,045,455
Average loss rates	0% to 0.5%	0.06% to 12%	12% to 54%	19% to 100%	100%	-
December 31, 2019 (Audited)						
Gross receivables	494,301,230	202,831,415	80,440,046	51,958,675	42,775,833	872,307,199
Provision	(2,451,818)	(8,090,007)	(20,726,966)	(31,635,783)	(42,775,833)	(105,680,407)
Net receivables	491,849,412	194,741,408	59,713,080	20,322,892	-	766,626,792
Average loss rates	0.07% to 0.5%	0.46% to 12%	10% to 37%	30% to 100%	100%	-

5.5 The expected credit loss is calculated based on a loss rate methodology. Loss rates are calculated using a 'roll rate' method (provision matrix approach) based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates are based on the default probability calculated on average flow rates of past 12 quarters. At the end of each reporting period, specific provision and loss rates are adjusted based on latest information and factors considering the future economic outlook. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and type of customer (i.e. government or private). This assessment is performed at each subsidiary level.

5.6 For additional details about trade receivables, please refer to Note 12 - Segment reporting.

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FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
(All amounts are in Saudi Riyals unless otherwise stated)

6 PREPAYMENTS AND OTHER CURRENT ASSETS

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
Financial assets		
Restricted cash in bank	6,220,645	6,021,918
Refundable deposits and insurance claims	3,257,820	4,487,968
	9,478,465	10,509,886
Non-financial assets		
Prepayments / advances to suppliers	100,640,242	81,215,139
Employees' receivable	9,261,042	14,816,653
Value-added taxes	11,320,747	12,040,333
Other	2,503,866	3,094,112
	123,725,897	111,166,237
	133,204,362	121,676,123

7 LOANS AND LEASE LIABILITIES

September 30, 2020 (Unaudited)	Current	Non-current	Total
Short-term loans	749,786,380	-	749,786,380
Long-term loans	3,896,536	4,310,672	8,207,208
	753,682,916	4,310,672	757,993,588
Lease liabilities	5,125,624	37,457,374	42,582,998
	758,808,540	41,768,046	800,576,586
December 31, 2019 (Audited)			
	Current	Non-current	Total
Short-term loans	738,868,027	-	738,868,027
Long-term loans	6,965,076	101,909,743	108,874,819
	745,833,103	101,909,743	847,742,846
Lease liabilities	4,277,307	41,250,423	45,527,730
	750,110,410	143,160,166	893,270,576

7.1 The details of Group's borrowing in different currencies are as follows:

	September 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
Saudi Riyals and United States Dollar	635,782,531	689,812,738
Turkish Lira	72,054,776	100,174,449
Others	50,156,281	57,755,659
	757,993,588	847,742,846

7.2 The major borrowings of the Group are short term which roll over on monthly or quarterly basis and are priced based on Saudi Arabian Interbank Offered Rate (SIBOR) plus an agreed fixed rate. As at September 30, 2020, nine-month SIBOR was 0.87% (September 30, 2019: 2.36%).

7.3 Short term loans

The Group has bank facilities in the form of Murabaha, short-term tawarruq and other conventional credit facilities to meet its working capital requirements. As at September 30, 2020, facilities amounting to SAR 2.04 billion were undrawn (December 31, 2019: SAR 1.75 billion). These facilities bear special commission at prevailing market rates which are mostly based on SIBOR and denominated in Saudi Riyals. These facilities are secured by corporate guarantees from AIG and are rolled over on a monthly or quarterly basis.

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FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

(All amounts are in Saudi Riyals unless otherwise stated)

7 LOANS AND LEASE LIABILITIES (continued)

7.4 Long-term loans

During 2019, a subsidiary of the Group obtained a, non-commission bearing, long-term loan from Saudi Industrial Development Fund (SIDF) amounting to SAR 97.3 million, which was payable in full during April 2021. During the nine-month period ended September 30, 2020, the Group settled the loan.

The Group also has long-term loan facilities with banks to finance its working capital. As at September 30, 2020 an amount of SAR 7.64 million was undrawn (December 31, 2019: SAR 10.16 million). These facilities are secured by corporate guarantees from AIG and bear special commission charges at agreed fixed rates. The facilities are denominated in foreign currencies (mainly Indian Rupee) and repayable within five years through monthly and quarterly equal installments from the date these facilities were availed.

8 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

8.1 Due to related parties' balances

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<i>Non-current</i>		
Al Maseera International Company	95,642,817	86,735,702
<i>Current</i>		
Al Maseera International Company (transferred to non-current)	-	6,570,320
Tharawat Mining Company - Saudi Arabia (shareholder in a subsidiary) - also see Note 17	6,163	7,371,680
Other	658,187	2,072,969
	664,350	16,014,969
	96,307,167	102,750,671

8.2 Key management personnel compensation

Key management personnel compensation for the nine-month period ended September 30, 2020 amounted to SAR 8.5 million (September 30, 2019: SAR 7 million).

9 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Sales commission and promotional expenses	107,980,988	86,470,846
Employee benefits	88,521,905	66,486,208
Accrued expenses	93,166,730	67,257,736
Contract liabilities - expected sales returns	38,164,535	28,413,792
Customer advances and deferred revenues	50,807,075	17,268,984
Other	8,410,055	6,470,264
	387,051,288	272,367,830

10 ZAKAT AND INCOME TAX

There is no change in the status of zakat and income tax assessments of the Group since December 31, 2019. During July 2020, the Group submitted its consolidated zakat return for the year ended December 31, 2019.

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11 SHARE OF NET LOSS IN A JOINT VENTURE

On December 31, 2019, Al-Tanmiya Company for Steel Manufacturing ("Tanmiya") previously accounted as a joint venture, became a subsidiary of AIG. This change was accounted for as step acquisition and was disclosed in the Group's annual consolidated financial statements for the year ended December 31, 2019. Accordingly, the share of net loss in joint venture during the nine-month period ended September 30, 2020 amounted to nil (September 30, 2019: SAR 23.6 million).

12 SEGMENT REPORTING

	Pharmaceuti- cals	Specialty chemicals	Power and steel industries	Other	Total
September 30, 2020					
Revenue from sale of goods	649,796,548	490,721,971	53,641,071	23,503,938	1,217,663,528
Revenue from rendering of services	27,667,870	111,055,338	28,468,485	-	167,191,693
Total revenue	677,464,418	601,777,309	82,109,556	23,503,938	1,384,855,221
Inter segment revenue	-	-	-	-	-
Revenue from third parties	677,464,418	601,777,309	82,109,556	23,503,938	1,384,855,221
Gross profit / (loss)	379,807,534	193,885,512	(24,454,511)	3,063,469	552,302,004
Depreciation and amortization	(31,829,496)	(15,226,286)	(15,593,377)	(5,071,051)	(67,720,210)
Share of net loss in a joint venture	-	-	-	-	-
Finance costs	(12,502,231)	(16,707,108)	(5,532,739)	(3,350,567)	(38,092,645)
Income (loss) before zakat and tax	74,592,570	66,211,558	(34,365,449)	(17,580,928)	88,857,751
September 30, 2019					
Revenue from sale of goods	676,769,264	408,626,727	162,706,094	23,770,571	1,271,872,656
Revenue from rendering of services	27,921,109	118,551,160	5,208,396	-	151,680,665
Total revenue	704,690,373	527,177,887	167,914,490	23,770,571	1,423,553,321
Inter segment revenue	-	-	(12,802,454)	-	(12,802,454)
Revenue from third parties	704,690,373	527,177,887	155,112,036	23,770,571	1,410,750,867
Gross profit	382,892,730	172,508,615	89,890	3,916,986	559,408,221
Depreciation and amortization	(32,843,371)	(15,883,053)	(6,729,000)	(5,040,523)	(60,495,947)
Share of net loss in a joint venture	-	-	(23,560,772)	-	(23,560,772)
Finance costs	(20,917,179)	(34,351,638)	(8,464,155)	(2,786,240)	(66,519,212)
Income (loss) before zakat and tax	68,588,032	43,549,960	(48,492,448)	(24,752,588)	38,892,956

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12 SEGMENT REPORTING (continued)

	Pharmaceuti- cals	Specialty chemicals	Power and steel industries	Other	Total
<u>September 30, 2020</u>					
<u>(unaudited)</u>					
Property, plant and equipment including right of use assets	446,475,500	174,415,431	448,193,987	118,364,922	1,187,449,840
Trade receivables	496,571,604	342,152,750	128,947,262	4,497,826	972,169,442
Provision for impairment of trade receivables	(44,485,893)	(60,347,653)	(29,290,441)	-	(134,123,987)
Trade receivables - net	452,085,711	281,805,097	99,656,821	4,497,826	838,045,455
Total assets	1,314,983,690	761,855,029	785,495,431	136,190,786	2,998,524,936
Total liabilities	773,194,689	372,505,227	420,771,486	158,018,433	1,724,489,835
<u>December 31, 2019 (audited)</u>					
Property, plant and equipment including right of use assets	454,544,190	191,191,033	460,427,964	119,206,049	1,225,369,236
Trade receivables	448,624,079	279,713,560	139,112,568	4,856,992	872,307,199
Provision for impairment of trade receivables	(27,993,313)	(46,952,416)	(30,734,678)	-	(105,680,407)
Trade receivables - net	420,630,766	232,761,144	108,377,890	4,856,992	766,626,792
Total assets	1,173,222,406	740,400,992	774,308,224	132,710,551	2,820,642,173
Total liabilities	678,525,886	390,749,620	396,532,627	151,385,903	1,617,194,036

Selected financial information summarized by geographic location is as follows:

	KSA	Republic of Iraq	Africa	Other locations	Total
<u>Revenue</u>					
September 30, 2020 (unaudited)	878,287,755	23,646,362	153,025,931	329,895,173	1,384,855,221
September 30, 2019 (unaudited)	915,559,145	48,907,850	142,816,568	303,467,304	1,410,750,867
<u>Non-current assets</u>					
September 30, 2020 (unaudited)	715,027,776	365,566,313	88,090,038	64,593,896	1,233,278,023
December 31, 2019 (audited)	724,095,861	374,373,881	95,355,844	79,986,899	1,273,812,485

13 CONTINGENCIES AND COMMITMENTS

There was no significant change in the contingencies and commitments level since December 31, 2019.

14 LIQUIDITY RISK AND GOING CONCERN

Liquidity risk is the risk that the Group 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.

At the statement of financial position date, gearing ratio analysis by the management is as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Equity	1,274,035,101	1,203,448,137
Liabilities	1,724,489,835	1,617,194,036
Total capital structure	2,998,524,936	2,820,642,173
Gearing ratio	57.51%	57.33%
Current ratio	1.21	1.23

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14 LIQUIDITY RISK AND GOING CONCERN (continued)

The management believes that the Group has ability to meet its obligation as:

- (a) The Group's current assets are more than its current liabilities; and,
- (b) The Group manages its liquidity risk by ensuring that bank borrowing facilities from multiple banks are available (see Note 7).

Further, the Group operates in diversified industries including pharmaceutical, specialty chemical, power and steel and other. Further, the operations are geographically spread in various locations. Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources and bank borrowing facilities to continue in business for the foreseeable future. Moreover, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, these condensed interim consolidated financial statements have been prepared on a going concern basis.

15 CAPITAL AND FINANCIAL RISK MANAGEMENT

15.1 The Group's capital and financial risk management strategies have not significantly changed since last year end. All financial assets and financial liabilities are classified and measured at amortized cost.

15.2 During the nine-month period ended September 30, 2020, exchange loss on translation of foreign operations amounted to SAR 11.2 million (September 30, 2019: exchange income of SAR 1.1 million) was recognized in other comprehensive income. Foreign currency translation reserve as at the financial position date is as follows:

Country of operations	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Sudan	36,001,346	28,318,559
Egypt	28,165,195	28,300,953
Other	8,878,048	5,267,586
	73,044,589	61,887,098

16 NON-CONTROLLING INTERESTS

Accumulated non-controlling interests as at the financial position date are as follows:

Entity	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Astra Mining*	1,283,521	(12,099,017)
Tanmiya	(5,987,085)	263,206
Other	2,539	2,539
	(4,701,025)	(11,833,272)

During the nine-month period ended September 30, 2020, Astra Mining share capital was increased from SAR 5 million to SAR 45.9 million through conversion of shareholders' loans to share capital. Accordingly, the Group's shareholding in Astra Mining increased from 60% to 77.3% while the loan balance due to the partner in a subsidiary has decreased close to zero (also see Note 8.1).

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17 SIGNIFICANT EVENT DURING THE PERIOD

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 causing disruptions to businesses and economic activity across the globe. In response to the spread of the Covid-19 in GCC and other territories where Group operates and its resulting disruptions to the social and economic activities in those markets, AIG's management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, AIG's business operations currently remain largely unaffected as the pharmaceutical and other industries in which the Group operates in general are exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. Based on these factors, Covid-19 pandemic has had no material effects on AIG's reported financial results for the period ended September 30, 2020. However, the Group purchased additional raw and packaging material to address any disruption in supply chain and therefore the related inventory and payable balances as of September 30, 2020 have increase by more than SAR 100 million from last year.

AIG has considered potential impacts of the current economic uncertainties and volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on observable information on the period end date. However, markets remain volatile.

It is currently expected that disruptions to a broad range of economic activities will slow economic growth in many countries, particularly in the coming few months and later the situation will improve. However, if COVID-19 outbreak will be prolonged then it could have effect on the future business performance and impairment assessments of the Group's non-current assets and expected credit losses. AIG's management continues to monitor the situation closely.

18 COMPARATIVES

Certain comparative period amounts have been reclassified for purpose of better presentation. However, the effect of those reclassification was not significant. The key reclassifications are as follows:

Reclassification from	Reclassification to	Amount (SAR in million) for the nine-month period ended September 30, 2019
Statement of income:		
Other expenses, net (service revenue from toll manufacturing)	Revenue (based on the reassessment of recurrence of transaction and ordinary business activities of the Group)	15.1

19 BOARD OF DIRECTORS' APPROVAL

These condensed interim consolidated financial statements were approved by the Group's Board of Directors on November 5, 2020.