

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE MONTHS PERIOD  
ENDED MARCH 31, 2020 AND REVIEW REPORT

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**

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## *Report on review of condensed interim consolidated financial information*

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 of March 31, 2020 and the related condensed interim consolidated statements of income and comprehensive income and the condensed interim consolidated statements of cash flows and changes in shareholders' equity for the three months 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 information 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 this condensed interim consolidated financial information 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 information consists 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 information is 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

May 3, 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 March 31, 2020	As at December 31, 2019
	Notes	(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,211,013,039	1,225,369,236
Intangible assets	4	29,890,668	29,524,564
Other non-current assets		17,585,916	18,918,685
		<b>1,258,489,623</b>	<b>1,273,812,485</b>
<b>Current assets</b>			
Inventories		595,063,065	610,647,301
Trade receivables	5	861,550,605	766,626,792
Due from related parties		6,000,487	2,599,951
Prepayments and other current assets		117,912,971	121,676,123
Cash and cash equivalents		65,929,059	45,279,521
		<b>1,646,456,187</b>	<b>1,546,829,688</b>
<b>Total assets</b>		<b>2,904,945,810</b>	<b>2,820,642,173</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and lease liabilities	6	137,246,064	143,160,166
Due to a related party - loan		93,334,992	86,735,702
Employees' defined benefit liabilities		127,208,550	125,997,480
		<b>357,789,606</b>	<b>355,893,348</b>
<b>Current liabilities</b>			
Trade payables		190,810,911	145,893,885
Accrued expenses and other current liabilities	7	345,088,135	272,367,830
Due to related parties		9,472,684	16,014,969
Loans and lease liabilities	6	708,882,422	750,110,410
Zakat and income tax payable	8	69,206,293	76,913,594
		<b>1,323,460,445</b>	<b>1,261,300,688</b>
<b>Total liabilities</b>		<b>1,681,250,051</b>	<b>1,617,194,036</b>
<b>EQUITY</b>			
Share capital		800,000,000	800,000,000
Statutory reserve		406,568,677	406,568,677
Retained earnings		104,198,804	70,599,830
Foreign currency translation reserve	13	(71,845,295)	(61,887,098)
<b>Equity attributable to shareholders of the parent</b>		<b>1,238,922,186</b>	<b>1,215,281,409</b>
Non-controlling interests		(15,226,427)	(11,833,272)
<b>Total equity</b>		<b>1,223,695,759</b>	<b>1,203,448,137</b>
<b>Total liabilities and equity</b>		<b>2,904,945,810</b>	<b>2,820,642,173</b>

The accompanying notes (1) through (16) 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 months period ended March 31,	
		2020	2019
Revenue	10	509,509,672	470,182,183
Cost of revenue		(302,343,268)	(282,555,724)
<b>Gross profit</b>		<b>207,166,404</b>	<b>187,626,459</b>
Selling and distribution expenses		(97,551,680)	(88,146,434)
General and administrative expenses		(47,339,394)	(40,456,832)
Reversal of / (Provision for) impairment of financial assets	5	5,721,939	(3,770,744)
Research expenses		(4,949,788)	(5,201,330)
<b>Income from operations</b>		<b>63,047,481</b>	<b>50,051,119</b>
Share of net loss in a joint venture		-	(7,030,289)
Finance costs	10	(13,808,080)	(25,274,437)
Other expenses, net	9	(10,151,789)	(273,360)
<b>Income before zakat and income tax</b>		<b>39,087,612</b>	<b>17,473,033</b>
Zakat and income tax expense	8	(8,395,853)	(6,982,442)
<b>Net income for the period</b>		<b>30,691,759</b>	<b>10,490,591</b>
<b>Attributable to:</b>			
Shareholders of the parent		34,093,603	8,907,048
Non-controlling interests		(3,401,844)	1,583,543
		<b>30,691,759</b>	<b>10,490,591</b>
<b>Earnings per share attributable to shareholders of the parent (basic and diluted)</b>		<b>0.43</b>	<b>0.11</b>

The accompanying notes (1) through (16) 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 months period ended March 31,	
		2020	2019
<b>Net income for the period</b>		<b>30,691,759</b>	10,490,591
<b>Other comprehensive income</b>			
<i>Item that may be reclassified to statement of income in subsequent periods:</i>			
Exchange (loss) / gains on translation of foreign operations	13	<b>(9,958,197)</b>	123,149
<i>Item that will not to be reclassified to statement of income in subsequent periods:</i>			
Re-measurement (loss) / gain on employees' defined benefit liabilities		<b>(485,940)</b>	3,420,766
<b>Other comprehensive (loss) / income for the period</b>		<b>(10,444,137)</b>	3,543,915
<b>Total comprehensive income for the period</b>		<b>20,247,622</b>	14,034,506
<b>Attributable to:</b>			
Shareholders of the parent		<b>23,640,777</b>	12,431,977
Non-controlling interests		<b>(3,393,155)</b>	1,602,529
		<b>20,247,622</b>	14,034,506

The accompanying notes (1) through (16) 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 THREE MONTHS ENDED MARCH 31,**

(All amounts are in Saudi Riyals unless otherwise stated)

	Attributable to shareholders of the parent				Total	Non-controlling interests	Total shareholders' equity
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve			
<b>December 31, 2019 - audited</b>	<b>800,000,000</b>	<b>406,568,677</b>	<b>70,599,830</b>	<b>(61,887,098)</b>	<b>1,215,281,409</b>	<b>(11,833,272)</b>	<b>1,203,448,137</b>
Net income for the period	-	-	34,093,603	-	34,093,603	(3,401,844)	30,691,759
Other comprehensive loss	-	-	(494,629)	(9,958,197)	(10,452,826)	8,689	(10,444,137)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>33,598,974</b>	<b>(9,958,197)</b>	<b>23,640,777</b>	<b>(3,393,155)</b>	<b>20,247,622</b>
<b>March 31, 2020 – unaudited</b>	<b>800,000,000</b>	<b>406,568,677</b>	<b>104,198,804</b>	<b>(71,845,295)</b>	<b>1,238,922,186</b>	<b>(15,226,427)</b>	<b>1,223,695,759</b>
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	-	-	8,907,048	-	8,907,048	1,583,543	10,490,591
Other comprehensive income	-	-	3,401,780	123,149	3,524,929	18,986	3,543,915
Total comprehensive income	-	-	12,308,828	123,149	12,431,977	1,602,529	14,034,506
March 31, 2019 – unaudited	800,000,000	406,568,677	48,312,696	(184,249,430)	1,070,631,943	(7,455,143)	1,063,176,800

The accompanying notes (1) through (16) 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 CASH FLOWS**

(All amounts are in Saudi Riyals unless otherwise stated)

		<b>For the three months period ended March 31</b>	
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before zakat and income tax		<b>39,087,612</b>	17,473,033
<b>Adjustments for non-cash items</b>			
Depreciation and amortization		<b>23,924,165</b>	20,166,920
Share of net loss in a joint venture		-	7,030,289
Finance costs		<b>13,808,080</b>	25,274,437
(Reversal of) / Provision for impairment of financial assets	5	<b>(5,721,939)</b>	3,770,744
Provision for near expiry, obsolete and slow-moving inventories		<b>4,033,897</b>	10,962,694
Employee defined benefit cost		<b>4,735,871</b>	5,385,009
<b>Changes in operating assets and liabilities:</b>			
Inventories		<b>11,550,339</b>	(9,869,141)
Trade receivables		<b>(89,201,874)</b>	(50,185,646)
Due from related parties		<b>(3,400,536)</b>	(2,732,362)
Prepayments and other assets		<b>3,763,152</b>	(799,849)
Trade payables		<b>44,917,026</b>	43,133,882
Accrued expenses and other current liabilities		<b>72,720,305</b>	28,675,407
Due to related parties		<b>57,005</b>	(1,335,186)
End of service benefits paid		<b>(4,010,741)</b>	(5,175,065)
Zakat and income tax paid		<b>(16,103,154)</b>	(1,587,465)
<b>Net cash generated from operating activities</b>		<b>100,159,208</b>	90,187,701
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		<b>(16,478,809)</b>	(15,698,549)
Proceeds from sale of property, plant and equipment		<b>228,212</b>	58,546
Additions to intangible assets		<b>(579,010)</b>	(312,707)
Other non-current assets		<b>1,332,769</b>	(293,325)
Investments in a joint venture – net		-	(4,981,717)
<b>Net cash used in investing activities</b>		<b>(15,496,838)</b>	(21,227,752)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net movement in loans and lease liabilities		<b>(47,142,090)</b>	(67,787,348)
Finance costs paid		<b>(13,808,080)</b>	(24,715,801)
<b>Net cash used in financing activities</b>		<b>(60,950,170)</b>	(92,503,149)
<b>Net change in cash and cash equivalents</b>		<b>23,712,200</b>	(23,543,200)
Cash and cash equivalents at the beginning of the period		<b>45,279,521</b>	65,465,034
Net foreign exchange gain		<b>(3,062,662)</b>	1,076,951
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>65,929,059</b>	42,998,785
<b>Supplement schedule of non-cash information</b>			
Right-of-use assets		-	49,527,652
Lease liabilities		-	46,486,167

The accompanying notes (1) through (16) 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 THREE MONTHS PERIOD ENDED MARCH 31, 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 is as follows:

Astra Industrial Group  
P.O. Box 1560  
Riyadh 11441  
Kingdom of Saudi Arabia (KSA)

The principal activities of AIG and its subsidiaries (the "Group") are as follows:

- Building, managing, operating and investing in industrial plants.
- Production, marketing and distribution of medicine and pharmaceutical products.
- Production of polymer compounds, plastic additives, color concentrates and other plastic products.
- Production of compounded fertilizers and agriculture pesticides and wholesale and retail trading of fertilizers, fungicides and insecticides.
- Metal based construction of industrial buildings and building frames.
- Operating plant for processing of minerals.

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 for the three-month period ended March 31, 2020 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 Company and its subsidiaries ("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.

Amendments to the IFRS, effective from January 1, 2020 or later-on, do not have any effect on the Company'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.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**3 PROPERTY, PLANT AND EQUIPMENT**

	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
<b>Cost:</b>		
Opening balance	<b>1,791,991,367</b>	1,409,123,392
Effect of IFRS 16 adoption – Right-of-use (ROU) asset	-	51,364,933
	<b>1,791,991,367</b>	1,460,488,325
Additions for the period / year	<b>16,478,809</b>	36,911,251
Acquired under business combination	-	374,605,229
Disposals / write - offs for the period / year	<b>(771,841)</b>	(80,553,287)
Exchange differences	<b>(8,844,283)</b>	539,849
<b>Closing balance</b>	<b>1,798,854,052</b>	1,791,991,367
<b>Accumulated depreciation:</b>		
Opening balance	<b>566,622,131</b>	561,502,393
Depreciation charge for the period / year	<b>23,711,259</b>	81,222,279
Disposals / write - offs for the period / year	<b>(543,629)</b>	(76,254,967)
Exchange differences	<b>(1,948,748)</b>	152,426
<b>Closing balance</b>	<b>587,841,013</b>	566,622,131
<b>Net book value</b>	<b>1,211,013,039</b>	1,225,369,236

**4 INTANGIBLE ASSETS**

	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Goodwill	<b>25,206,754</b>	25,206,754
Software and licenses	<b>4,683,914</b>	4,317,810
	<b>29,890,668</b>	29,524,564

The goodwill was generated 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 of March 31, 2020 indicated no impairment charge.

**5 TRADE RECEIVABLES**

	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Trade receivables	<b>976,416,699</b>	872,307,199
Provision for impairment	<b>(114,866,094)</b>	(105,680,407)
	<b>861,550,605</b>	766,626,792
Provision to trade receivables coverage ratio	<b>11.76%</b>	12.12%

5.1 Trade receivables include retention receivables of SAR 24.6 million (2019: SAR 24 million) and unbilled receivables of SAR 31.1 million (2019: SAR 32.8 million).

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 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 was as follows:

	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Opening balance	<b>105,680,407</b>	99,736,705
Provision for the period / year	<b>13,848,659</b>	17,421,253
Acquisition of subsidiary "Tanmiya"	-	9,475,397
Adjustments / write - offs during the period / year	<b>(4,662,972)</b>	(20,952,948)
Closing balance	<b>114,866,094</b>	105,680,407

5.3 Reversal of impairment - net

	<b>For the three months ended March 31, 2020</b>		<b>2019</b>
Impairment provision charge	<b>13,848,659</b>		3,770,744
Recoveries from a customer of power and steel industries segment after write-off, net of direct recovery fee of SR 4.6 million.	<b>(19,570,598)</b>		-
Net reversal of impairment	<b>(5,721,939)</b>		3,770,744

5.4 Ageing analysis of the trade receivables was as follows:

<b>March 31, 2020 (Unaudited)</b>	<b>Not past due</b>	<b>Past due</b>				<b>Total</b>
		<b>Less than 1 Year</b>	<b>1 - 2 Years</b>	<b>2 - 3 Years</b>	<b>More than 3 Years</b>	
Gross receivables	<b>587,265,718</b>	<b>238,132,552</b>	<b>51,217,261</b>	<b>34,082,839</b>	<b>65,718,329</b>	<b>976,416,699</b>
Provision	<b>(3,096,160)</b>	<b>(10,475,922)</b>	<b>(15,864,749)</b>	<b>(19,710,934)</b>	<b>(65,718,329)</b>	<b>(114,866,094)</b>
Net receivables	<b>584,169,558</b>	<b>227,656,630</b>	<b>35,352,512</b>	<b>14,371,905</b>	<b>-</b>	<b>861,550,605</b>
Average loss rates	<b>0.2% to 0.5%</b>	<b>0.07% to 6%</b>	<b>10% to 50%</b>	<b>36% to 100%</b>	<b>100%</b>	
<b>December 31, 2019 (Audited)</b>						
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 36 months. 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. In segment reporting disclosure, trade receivables and related provision were specified which mainly represent the common risk characteristics.

5.6 For additional details about trade receivables please refer to Note 10 - Segment reporting.

**Astra Industrial Group Company and Its Subsidiaries**  
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**6 LOANS AND LEASE LIABILITIES**

<b><u>March 31, 2020 (Unaudited)</u></b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Short-term loans	697,582,249	-	697,582,249
Long-term loans	6,548,979	99,540,625	106,089,604
	<b>704,131,228</b>	<b>99,540,625</b>	<b>803,671,853</b>
Lease liabilities	4,751,194	37,705,439	42,456,633
	<b>708,882,422</b>	<b>137,246,064</b>	<b>846,128,486</b>
<b><u>December 31, 2019 (Audited)</u></b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Short-term loans	738,868,027	-	738,868,027
Long-term loans	6,965,076	101,909,743	108,874,819
	<b>745,833,103</b>	<b>101,909,743</b>	<b>847,742,846</b>
Lease liabilities	4,277,307	41,250,423	45,527,730
	<b>750,110,410</b>	<b>143,160,166</b>	<b>893,270,576</b>

6.1 The details of Group's borrowing in different currencies were as follows:

	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Saudi Riyals and United States Dollar	668,923,887	689,812,738
Turkish Lira	83,515,979	100,174,449
Others	51,231,987	57,755,659
	<b>803,671,853</b>	<b>847,742,846</b>

6.2 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. The three months SIBOR as at March 31, 2020 was 1.17% (as at March 31, 2019: 2.87%).

During the period, the interest expenses related to Turkey based subsidiaries was SAR 4.5 million (for the three months period March 31, 2019: SAR 7.7 million). As at March 31, 2020, the Turkish LIBOR (Lira Interbank Offered Rate) was 9.47% (as at March 31, 2019: 23.44%).

**6.3 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 March 31, 2020, facilities amounting to SAR 1.79 billion were undrawn (December 31, 2019: SAR 1.75 billion). The 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.

**6.4 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 is payable in full during April 2021. The agreement includes covenants, which among other things, require that certain financial ratios, such as current ratio and gearing ratio, will be maintained at the subsidiary level. As at March 31, 2020, the subsidiary complied with the financial covenants.

The Group also have long-term loan facilities with banks to finance its working capital. As at March 31, 2020 an amount of SAR 11.67 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.

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**7 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Sales commission and promotional expenses	100,266,287	86,470,846
Employee benefits	95,358,877	66,486,208
Accrued expenses	84,411,575	67,257,736
Contract liabilities – expected sales returns	32,868,902	28,413,792
Customer advances and deferred revenues	25,812,643	17,268,984
Other	6,369,851	6,470,264
	<b>345,088,135</b>	<b>272,367,830</b>

**8 ZAKAT AND INCOME TAX**

There is no change in the status of zakat and income tax assessments of the Group since December 31, 2019.

**9 OTHER EXPENSES, NET**

	March 31, 2020	March 31, 2019
Foreign exchange losses	11,082,919	462,039
Others	(931,130)	(188,679)
	<b>10,151,789</b>	<b>273,360</b>

**10 SEGMENT REPORTING**

	Pharmaceuti- cals	Specialty chemical	Power and steel industries	Other	Total
<b>March 31, 2020</b>					
Revenue from sale of goods	256,568,637	172,101,160	21,376,141	8,552,742	458,598,680
Revenue from rendering of services	6,645,176	32,584,359	11,681,457	-	50,910,992
Total revenue	263,213,813	204,685,519	33,057,598	8,552,742	509,509,672
Inter segment revenue	-	-	-	-	-
Revenue from third parties	263,213,813	204,685,519	33,057,598	8,552,742	509,509,672
Gross profit (loss)	151,312,604	66,399,074	(11,799,443)	1,254,169	207,166,404
Depreciation and amortization	(10,430,955)	(5,435,188)	(6,341,982)	(1,716,040)	(23,924,165)
Finance costs	(3,884,822)	(6,558,102)	(2,469,552)	(895,604)	(13,808,080)
Income (loss) before zakat and tax	31,564,267	20,882,831	(7,790,906)	(5,568,580)	39,087,612
<b>March 31, 2019</b>					
Revenue from sale of goods	227,943,994	142,362,814	48,528,475	8,410,177	427,245,460
Revenue from rendering of services	10,523,125	31,472,685	5,208,397	-	47,204,207
Total revenue	238,467,119	173,835,499	53,736,872	8,410,177	474,449,667
Inter segment revenue	-	-	(4,267,484)	-	(4,267,484)
Revenue from third parties	238,467,119	173,835,499	49,469,388	8,410,177	470,182,183
Gross profit	132,876,399	55,190,869	(1,953,077)	1,512,268	187,626,459
Depreciation and amortization	(11,019,284)	(5,121,529)	(2,275,475)	(1,750,632)	(20,166,920)
Share of net loss in a joint venture	-	-	(7,030,289)	-	(7,030,289)
Finance costs	(9,779,097)	(11,704,490)	(2,557,446)	(1,233,404)	(25,274,437)
Income (loss) before zakat and tax	27,990,752	15,358,312	(18,351,176)	(7,524,855)	17,473,033

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**10 SEGMENT REPORTING (continued)**

	Pharmaceuti- cals	Specialty chemical	Power and steel industries	Other	Total
<b><u>March 31, 2020 (unaudited)</u></b>					
Property, plant and equipment including right of use assets	451,914,647	183,077,958	456,660,639	119,359,795	1,211,013,039
Trade receivables	505,656,657	320,939,937	145,785,553	4,034,552	976,416,699
Provision for impairment of trade receivables	(36,794,953)	(49,898,144)	(28,172,997)	-	(114,866,094)
Trade receivables – net	468,861,704	271,041,793	117,612,556	4,034,552	861,550,605
Total assets	1,244,048,502	739,972,529	783,795,885	137,128,894	2,904,945,810
Total liabilities	734,603,190	377,081,073	399,710,569	169,855,219	1,681,250,051
<b><u>December 31, 2019 (audited)</u></b>					
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
<b><u>Revenue</u></b>					
March 31, 2020	345,402,289	5,153,657	55,724,561	103,229,165	509,509,672
March 31, 2019	303,666,809	11,926,091	43,061,186	111,528,097	470,182,183
<b><u>Non-current assets</u></b>					
March 31, 2020	723,886,197	370,400,094	89,918,812	74,284,520	1,258,489,623
December 31, 2019 (audited)	724,095,861	374,373,881	95,355,844	79,986,899	1,273,812,485

**11 CONTINGENCIES AND COMMITMENTS**

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

**12 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.

The calculation of net debt was as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash and cash equivalents	65,929,059	45,279,521
Short-term loans	(697,582,249)	(738,868,027)
Long-term loans	(106,089,604)	(108,874,819)
Lease liabilities	(42,456,633)	(45,527,730)
Due to a related party – loan	(93,334,992)	(86,735,702)
Net debt	(873,534,419)	(934,726,757)

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**12 LIQUIDITY RISK AND GOING CONCERN (continued)**

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

	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Equity	<b>1,223,695,759</b>	1,203,448,137
Liabilities	<b>1,681,250,051</b>	1,617,194,036
Total capital structure	<b>2,904,945,810</b>	2,820,642,173
Gearing ratio	<b>57.88%</b>	57.33%
Current ratio	<b>1.24%</b>	1.23%

The Group's current assets are more than its current liabilities. The management believes that this is not expected to significantly impact the Group's ability to meet its obligation as the Group manages its liquidity risk by ensuring that bank borrowing facilities from multiple banks are available (see Note 6).

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.

**13 CAPITAL AND FINANCIAL RISK MANAGEMENT**

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

13.2 Foreign currency translation reserve as of financial position date was as follows:

<b>Country of operations</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Sudan	<b>35,938,304</b>	28,318,559
Egypt	<b>28,146,408</b>	28,300,953
Other	<b>7,760,583</b>	5,267,586
	<b>71,845,295</b>	61,887,098

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**14 SIGNIFICANT EVENT DURING THE PERIOD**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and 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 March 31, 2020.

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. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

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.

**15 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 were as follows:

<b>Reclassification from</b>	<b>Reclassification to:</b>	<b>Amount (SAR in million)</b>
<b>Statement of income:</b>		
Other income/ (expenses), net - service revenue from toll manufacturing	Revenue (based on the reassessment of recurrence of transaction and ordinary business activities of the Group)	3.5

**16 BOARD OF DIRECTORS' APPROVAL**

These condensed interim consolidated financial statements were approved by the Group's Board of Directors on May 3, 2020.