

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

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

<b>Table of contents</b>	<b>Pages</b>
Report on review of condensed interim consolidated financial statements	1
Condensed interim consolidated statement of financial position	2
Condensed interim consolidated statement of income	3
Condensed interim consolidated statement of comprehensive income	4
Condensed interim consolidated statement of changes in shareholders' equity	5
Condensed interim consolidated statement of cash flows	6
Notes to the condensed interim consolidated financial statements	7 - 15



## 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 June 30, 2020 and the related condensed interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and the condensed interim consolidated statements of changes in shareholders' equity and cash flows for the six-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

Mufaddal A. Ali  
License Number 447

August 18, 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 June 30, 2020	As at December 31, 2019
<b>ASSETS</b>	<b>Notes</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	3	1,197,461,956	1,225,369,236
Intangible assets	4	30,065,588	29,524,564
Other non-current assets		16,840,604	18,918,685
		<b>1,244,368,148</b>	<b>1,273,812,485</b>
<b>Current assets</b>			
Inventories		632,854,725	610,647,301
Trade receivables	5	819,956,456	766,626,792
Due from related parties		5,347,670	2,599,951
Prepayments and other current assets	6	147,166,977	121,676,123
Cash and cash equivalents		40,702,910	45,279,521
		<b>1,646,028,738</b>	<b>1,546,829,688</b>
<b>Total assets</b>		<b>2,890,396,886</b>	<b>2,820,642,173</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and lease liabilities	7	40,056,386	143,160,166
Due to a related party - loan	8	94,304,312	86,735,702
Employees' defined benefit liabilities		127,421,757	125,997,480
		<b>261,782,455</b>	<b>355,893,348</b>
<b>Current liabilities</b>			
Trade payables		243,804,669	145,893,885
Accrued expenses and other current liabilities	9	324,007,134	272,367,830
Due to related parties	8	1,587,466	16,014,969
Loans and lease liabilities	7	730,443,575	750,110,410
Zakat and income tax payable	10	74,363,647	76,913,594
		<b>1,374,206,491</b>	<b>1,261,300,688</b>
<b>Total liabilities</b>		<b>1,635,988,946</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		124,548,609	70,599,830
Foreign currency translation reserve	16	(73,667,860)	(61,887,098)
<b>Equity attributable to shareholders of the parent</b>		<b>1,257,449,426</b>	<b>1,215,281,409</b>
Non-controlling interests	17	(3,041,486)	(11,833,272)
<b>Total equity</b>		<b>1,254,407,940</b>	<b>1,203,448,137</b>
<b>Total liabilities and equity</b>		<b>2,890,396,886</b>	<b>2,820,642,173</b>

The accompanying notes (1) through (20) 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 June 30,		For the six-month period ended June 30,	
		2020	2019	2020	2019
Revenue	13	441,511,675	493,406,442	951,021,347	963,588,625
Cost of revenue		(275,752,521)	(283,426,295)	(578,095,789)	(565,982,019)
<b>Gross profit</b>		<b>165,759,154</b>	<b>209,980,147</b>	<b>372,925,558</b>	<b>397,606,606</b>
Selling and distribution expenses		(77,775,771)	(97,858,943)	(175,327,451)	(186,005,377)
General and administrative expenses		(31,402,794)	(42,507,011)	(78,742,188)	(82,963,843)
Provision for impairment of financial assets	5	(7,686,307)	(11,225,245)	(1,964,368)	(14,995,989)
Research expenses		(5,624,014)	(4,624,495)	(10,573,802)	(9,825,825)
<b>Income from operations</b>		<b>43,270,268</b>	<b>53,764,453</b>	<b>106,317,749</b>	<b>103,815,572</b>
Share of net loss in a joint venture	12	-	(6,945,738)	-	(13,976,027)
Finance costs	13	(12,975,043)	(19,261,154)	(26,783,123)	(44,535,591)
Other expenses, net	11	(3,131,805)	(1,954,453)	(13,283,594)	(2,227,813)
<b>Income before zakat and income tax</b>		<b>27,163,420</b>	<b>25,603,108</b>	<b>66,251,032</b>	<b>43,076,141</b>
Zakat and income tax expense	10	(5,269,344)	(8,587,032)	(13,665,197)	(15,569,474)
<b>Net income for the period</b>		<b>21,894,076</b>	<b>17,016,076</b>	<b>52,585,835</b>	<b>27,506,667</b>
<b>Attributable to:</b>					
Shareholders of the parent		24,223,085	15,776,188	58,316,688	24,683,236
Non-controlling interests		(2,329,009)	1,239,888	(5,730,853)	2,823,431
		<b>21,894,076</b>	<b>17,016,076</b>	<b>52,585,835</b>	<b>27,506,667</b>
<b>Earnings per share attributable to shareholders of the parent (basic and diluted)</b>		<b>0.30</b>	<b>0.20</b>	<b>0.73</b>	<b>0.31</b>

The accompanying notes (1) through (20) 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 June 30,		For the six-month period ended June 30,	
		2020	2019	2020	2019
<b>Net income for the period</b>		<b>21,894,076</b>	17,016,076	<b>52,585,835</b>	27,506,667
<b>Other comprehensive income</b>					
<i>Item that may be reclassified to statement of income in subsequent periods:</i>					
Exchange (loss)/ gain on translation of foreign operations	16	<b>(1,822,565)</b>	3,642,288	<b>(11,780,762)</b>	3,765,437
<i>Item that will not be reclassified to statement of income in subsequent periods:</i>					
Re-measurement gain on employees' defined benefit liabilities		<b>2,221,670</b>	166,253	<b>1,735,730</b>	3,587,019
<b>Other comprehensive (loss)/ income for the period</b>		<b>399,105</b>	3,808,541	<b>(10,045,032)</b>	7,352,456
<b>Total comprehensive income for the period</b>		<b>22,293,181</b>	20,824,617	<b>42,540,803</b>	34,859,123
<b>Attributable to:</b>					
Shareholders of the parent		<b>24,621,155</b>	19,617,322	<b>48,261,932</b>	32,049,299
Non-controlling interests		<b>(2,327,974)</b>	1,207,295	<b>(5,721,129)</b>	2,809,824
		<b>22,293,181</b>	20,824,617	<b>42,540,803</b>	34,859,123

The accompanying notes (1) through (20) 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 SIX-MONTH PERIOD ENDED JUNE 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			
<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	-	-	<b>58,316,688</b>	-	<b>58,316,688</b>	<b>(5,730,853)</b>	<b>52,585,835</b>
Other comprehensive loss for the period	-	-	<b>1,730,215</b>	<b>(11,780,762)</b>	<b>(10,050,547)</b>	<b>5,515</b>	<b>(10,045,032)</b>
<b>Total comprehensive income for the period</b>	-	-	<b>60,046,903</b>	<b>(11,780,762)</b>	<b>48,266,141</b>	<b>(5,725,338)</b>	<b>42,540,803</b>
Increase of shareholding in a subsidiary	-	-	<b>(6,098,124)</b>	-	<b>(6,098,124)</b>	<b>14,517,124</b>	<b>8,419,000</b>
<b>June 30, 2020 - unaudited</b>	<b>800,000,000</b>	<b>406,568,677</b>	<b>124,548,609</b>	<b>(73,667,860)</b>	<b>1,257,449,426</b>	<b>(3,041,486)</b>	<b>1,254,407,940</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	-	-	24,683,236	-	24,683,236	2,823,431	27,506,667
Other comprehensive income for the period	-	-	3,600,626	3,765,437	7,366,063	(13,607)	7,352,456
Total comprehensive income for the period	-	-	28,283,862	3,765,437	32,049,299	2,809,824	34,859,123
June 30, 2019 - unaudited	800,000,000	406,568,677	64,287,730	(180,607,142)	1,090,249,265	(6,247,848)	1,084,001,417

The accompanying notes (1) through (20) 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 six-month period ended June 30,</b>	
	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before zakat and income tax		<b>66,251,032</b>	43,076,141
<b>Adjustments for non-cash items</b>			
Depreciation and amortization	13	<b>45,221,382</b>	40,107,656
Share of net loss in a joint venture	12	-	13,976,027
Finance costs	13	<b>26,783,123</b>	44,535,591
Provision for impairment of financial assets		<b>1,964,368</b>	14,995,989
Provision for near expiry, obsolete and slow-moving inventories		<b>12,348,126</b>	18,926,885
Employee defined benefit cost		<b>9,896,074</b>	10,499,912
<b>Changes in operating assets and liabilities:</b>			
Inventories		<b>(34,555,550)</b>	(17,083,800)
Trade receivables		<b>(55,294,032)</b>	(117,409,569)
Due from related parties		<b>(2,747,719)</b>	(2,787,321)
Prepayments and other assets		<b>(25,490,854)</b>	(19,461,721)
Trade payables		<b>97,910,784</b>	59,372,661
Accrued expenses and other current liabilities		<b>51,639,304</b>	24,403,411
Due to related parties		<b>1,560,107</b>	(1,610,016)
End of service benefits paid		<b>(6,736,067)</b>	(12,886,611)
Zakat and income tax paid		<b>(16,215,144)</b>	(27,351,555)
<b>Net cash generated from operating activities</b>		<b>172,534,934</b>	71,303,680
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		<b>(28,041,537)</b>	(18,753,187)
Proceeds from sale of property, plant and equipment		<b>1,319,113</b>	212,930
Additions to intangible assets		<b>(1,179,353)</b>	(2,022,632)
Other non-current assets		<b>2,078,081</b>	356,936
Investments in a joint venture – net	12	-	(11,320,887)
<b>Net cash used in investing activities</b>		<b>(25,823,696)</b>	(31,526,840)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net movement in short-term borrowings		<b>(15,184,349)</b>	(103,575,877)
Proceeds from long-term loans		-	97,300,000
Repayment of long-term loans		<b>(102,770,921)</b>	(2,937,843)
Payment of lease liabilities		<b>(5,373,935)</b>	(5,608,401)
Finance costs paid		<b>(26,224,533)</b>	(43,518,823)
<b>Net cash used in financing activities</b>		<b>(149,553,738)</b>	(58,340,944)
<b>Net change in cash and cash equivalents</b>		<b>(2,842,500)</b>	(18,564,104)
Cash and cash equivalents at the beginning of the period		<b>45,279,521</b>	65,465,034
Net foreign exchange (loss) / gain		<b>(1,734,111)</b>	2,520,146
<b>Cash and cash equivalents at the end of the period</b>		<b>40,702,910</b>	49,421,076
<b>Supplement schedule of non-cash information</b>			
Right-of-use assets		-	47,720,128
Lease liabilities		-	44,444,630
Increase of shareholding in a subsidiary	17	<b>8,419,000</b>	-

The accompanying notes (1) through (20) 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 SIX-MONTH PERIOD ENDED JUNE 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 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 June 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.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**3 PROPERTY, PLANT AND EQUIPMENT**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>Cost:</b>		
Opening balance	1,791,991,367	1,409,123,392
Effect of IFRS 16 adoption – Right-of-use (ROU) asset	-	51,364,933
	<b>1,791,991,367</b>	<b>1,460,488,325</b>
Additions for the period / year	28,041,537	36,911,251
Acquired under business combination	-	374,605,229
Disposals / write - offs for the period / year	(2,083,315)	(80,553,287)
Exchange differences	(12,519,454)	539,849
<b>Closing balance</b>	<b>1,805,430,135</b>	<b>1,791,991,367</b>
<b>Accumulated depreciation:</b>		
Opening balance	566,622,131	561,502,393
Depreciation charge for the period / year	44,787,229	81,222,279
Disposals / write - offs for the period / year	(764,202)	(76,254,967)
Exchange differences	(2,676,979)	152,426
<b>Closing balance</b>	<b>607,968,179</b>	<b>566,622,131</b>
<b>Net book value</b>	<b>1,197,461,956</b>	<b>1,225,369,236</b>

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.

**4 INTANGIBLE ASSETS**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Goodwill	25,206,754	25,206,754
Software and licenses	4,858,834	4,317,810
	<b>30,065,588</b>	<b>29,524,564</b>

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 June 30, 2020 indicated no impairment charge.

**5 TRADE RECEIVABLES**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade receivables	942,255,319	872,307,199
Provision for impairment	(122,298,863)	(105,680,407)
	<b>819,956,456</b>	<b>766,626,792</b>
Provision to trade receivables coverage ratio	<b>12.98%</b>	12.12%

5.1 As at June 30, 2020, trade receivables include retention receivables of SAR 13 million (December 31, 2019: SAR 24 million) and unbilled receivables of SAR 20.8 million (December 31, 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 SIX-MONTH PERIOD ENDED JUNE 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 was as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	<b>105,680,407</b>	99,736,705
Provision for the period / year	<b>21,534,966</b>	17,421,253
Acquisition of a subsidiary (see Note 12)	-	9,475,397
Adjustments / write - offs during the period / year	<b>(4,916,510)</b>	(20,952,948)
Closing balance	<b>122,298,863</b>	105,680,407

5.3 Provision for impairment - net

	<b>For the six-month period ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Impairment provision charge	<b>21,534,966</b>	14,995,989
Recoveries from a customer of power and steel industries segment after write-off, net of direct recovery fee of SAR 4.6 million.	<b>(19,570,598)</b>	-
Net impairment	<b>1,964,368</b>	14,995,989

5.4 Ageing analysis of the trade receivables was as follows:

<b>June 30, 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>507,213,957</b>	<b>256,773,285</b>	<b>55,509,429</b>	<b>45,944,513</b>	<b>76,814,135</b>	<b>942,255,319</b>
Provision	<b>(1,713,059)</b>	<b>(8,602,930)</b>	<b>(13,263,654)</b>	<b>(21,905,085)</b>	<b>(76,814,135)</b>	<b>(122,298,863)</b>
Net receivables	<b>505,500,898</b>	<b>248,170,355</b>	<b>42,245,775</b>	<b>24,039,428</b>	<b>-</b>	<b>819,956,456</b>
Average loss rates	<b>0.2% to 0.5%</b>	<b>0.3% to 12%</b>	<b>7% to 43%</b>	<b>29% 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 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 13 - Segment reporting.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**6 PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Financial assets</b>		
Restricted cash in bank	6,674,613	6,021,918
Refundable deposits and insurance claims	2,699,006	4,487,968
	<b>9,373,619</b>	<b>10,509,886</b>
<b>Non-financial assets</b>		
Prepayments / advances to suppliers	116,718,327	81,215,139
Employees' receivable	11,497,913	14,816,653
Value-added taxes	8,834,309	12,040,333
Other	742,809	3,094,112
	<b>137,793,358</b>	<b>111,166,237</b>
	<b>147,166,977</b>	<b>121,676,123</b>

**7 LOANS AND LEASE LIABILITIES**

<b>June 30, 2020 (Unaudited)</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Short-term loans	723,683,678	-	723,683,678
Long-term loans	1,634,273	4,469,625	6,103,898
	<b>725,317,951</b>	<b>4,469,625</b>	<b>729,787,576</b>
Lease liabilities	5,125,624	35,586,761	40,712,385
	<b>730,443,575</b>	<b>40,056,386</b>	<b>770,499,961</b>
<b>December 31, 2019 (Audited)</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
	745,833,103	101,909,743	847,742,846
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>

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Saudi Riyals and United States Dollar	592,744,117	689,812,738
Turkish Lira	85,108,314	100,174,449
Others	51,935,145	57,755,659
	<b>729,787,576</b>	<b>847,742,846</b>

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 June 30, 2020, six-month SIBOR was 0.99% (June 30, 2019: 2.71%).

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 June 30, 2020, facilities amounting to SAR 1.94 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.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX-MONTH PERIOD ENDED JUNE 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 six-month period ended June 30, 2020, the Group settled the loan.

The Group also have long-term loan facilities with banks to finance its working capital. As at June 30, 2020 an amount of SAR 12.16 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

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<i>Non-current</i>		
Al Maseera International Company	94,304,312	86,735,702
<i>Current</i>		
Al Maseera International Company (transferred to non-current)	-	6,570,320
Tharawat Mining Company - Saudi Arabia (partner in a subsidiary) - also see Note 17	-	7,371,680
Other	1,587,466	2,072,969
	<u>1,587,466</u>	<u>16,014,969</u>
	<u>95,891,778</u>	<u>102,750,671</u>

8.2 Key management personnel compensation

Key management personnel compensation for the six-month period ended June 30, 2020 amounted to SAR 5.7 million (June 30, 2019: SAR 4.7 million).

**9 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Sales commission and promotional expenses	82,906,445	86,470,846
Employee benefits	71,209,319	66,486,208
Accrued expenses	81,455,830	67,257,736
Contract liabilities - expected sales returns	37,081,470	28,413,792
Customer advances and deferred revenues	44,216,421	17,268,984
Other	7,137,649	6,470,264
	<u>324,007,134</u>	<u>272,367,830</u>

**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.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**11 OTHER EXPENSES, NET**

	For the six-month period ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Foreign exchange losses*	15,848,126	1,630,538
Others	(2,564,532)	597,275
	<b>13,283,594</b>	<b>2,227,813</b>

This mainly arose from subsidiaries operating in Sudan and Algeria.

**12 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 six-month period ended June 30, 2020 amounted to nil (June 30, 2019: SAR 14 million).

**13 SEGMENT REPORTING**

	Pharmaceuti- cals	Specialty chemical	Power and steel industries	Other	Total
<b>June 30, 2020</b>					
Revenue from sale of goods	462,130,663	343,320,131	33,524,329	14,922,422	853,897,545
Revenue from rendering of services	14,572,945	66,978,998	15,571,859	-	97,123,802
Total revenue	476,703,608	410,299,129	49,096,188	14,922,422	951,021,347
Inter segment revenue	-	-	-	-	-
Revenue from third parties	476,703,608	410,299,129	49,096,188	14,922,422	951,021,347
Gross profit (loss)	261,786,766	129,160,533	(19,724,502)	1,702,761	372,925,558
Depreciation and amortization	(20,930,332)	(10,308,424)	(10,785,351)	(3,197,275)	(45,221,382)
Finance costs	(7,728,662)	(12,110,079)	(4,262,828)	(2,681,554)	(26,783,123)
Income (loss) before zakat and tax	59,022,343	43,620,921	(23,826,557)	(12,565,675)	66,251,032
<b>June 30, 2019</b>					
Revenue from sale of goods	463,555,789	291,268,384	97,118,479	16,679,053	868,621,705
Revenue from rendering of services	24,029,832	74,263,660	5,208,396	-	103,501,888
Total revenue	487,585,621	365,532,044	102,326,875	16,679,053	972,123,593
Inter segment revenue	-	-	(8,534,968)	-	(8,534,968)
Revenue from third parties	487,585,621	365,532,044	93,791,907	16,679,053	963,588,625
Gross profit	277,762,382	120,184,711	(3,676,368)	3,335,881	397,606,606
Depreciation and amortization	(21,928,952)	(10,212,701)	(4,602,652)	(3,363,351)	(40,107,656)
Share of net loss in a joint venture	-	-	(13,976,027)	-	(13,976,027)
Finance costs	(13,927,436)	(23,034,684)	(5,568,462)	(2,005,009)	(44,535,591)
Income (loss) before zakat and tax	57,323,190	35,760,874	(34,144,177)	(15,863,746)	43,076,141

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**13 SEGMENT REPORTING (continued)**

	Pharmaceuti- cals	Specialty chemical	Power and steel industries	Other	Total
<b><u>June 30, 2020 (unaudited)</u></b>					
Property, plant and equipment including right of use assets	448,753,403	177,623,791	452,423,429	118,661,333	1,197,461,956
Trade receivables	471,702,987	334,768,019	132,379,106	3,405,207	942,255,319
Provision for impairment of trade receivables	(36,641,122)	(57,530,794)	(28,126,947)		(122,298,863)
Trade receivables - net	435,061,865	277,237,225	104,252,159	3,405,207	819,956,456
Total assets	1,241,877,396	738,389,746	777,909,245	132,220,499	2,890,396,886
Total liabilities	706,097,062	369,197,069	409,284,300	151,410,515	1,635,988,946
<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>					
June 30, 2020	617,226,942	16,363,488	96,474,050	220,956,867	951,021,347
June 30, 2019	617,968,293	27,115,176	92,738,823	225,766,333	963,588,625
<b><u>Non-current assets</u></b>					
June 30, 2020	719,430,799	368,102,538	87,626,549	69,208,262	1,244,368,148
December 31, 2019 (audited)	724,095,861	374,373,881	95,355,844	79,986,899	1,273,812,485

**14 CONTINGENCIES AND COMMITMENTS**

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

**15 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 was as follows:

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Equity	1,254,407,940	1,203,448,137
Liabilities	1,635,988,946	1,617,194,036
Total capital structure	2,890,396,886	2,820,642,173
Gearing ratio	56.60%	57.33%
Current ratio	1.20%	1.23%

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**15 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.

**16 CAPITAL AND FINANCIAL RISK MANAGEMENT**

16.1 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.

16.2 During the six-month period ended June 30, 2020, exchange loss on translation of foreign operations amounted to SAR 11.78 million (June 30, 2019: exchange income of SAR 3.77 million) was recognized in other comprehensive income. Foreign currency translation reserve as at the financial position date was as follows:

<b>Country of operations</b>	<b>June 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Sudan	35,925,662	28,318,559
Egypt	28,350,952	28,300,953
Other	9,391,246	5,267,586
	<b>73,667,860</b>	<b>61,887,098</b>

**17 NON-CONTROLLING INTERESTS**

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

<b>Entity</b>	<b>June 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Astra Mining*	1,469,129	(12,099,017)
Tanmiya	(4,513,154)	263,206
Other	2,539	2,539
	<b>(3,041,486)</b>	<b>(11,833,272)</b>

During the period, Astra Mining share capital was increased from SAR 5 million to SAR 45.9 million through conversion of shareholders' loans to equity. Accordingly, the Group's shareholding in Astra Mining has increased from 60% to 77.3% and the loan balance due to the partner in a subsidiary has decreased (also see Note 8.1).



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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**  
(All amounts are in Saudi Riyals unless otherwise stated)

**18 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 June 30, 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. 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.

**19 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) for the six-month period ended June 30, 2019</b>
<b>Statement of income:</b>		
Other expenses, net (service revenue from toll manufacturing)	Revenue (based on the reassessment of recurrence of transaction and ordinary business activities of the Group)	11.2

**20 BOARD OF DIRECTORS' APPROVAL**

These condensed interim consolidated financial statements were approved by the Group's Board of Directors on August 18, 2020.