

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2019 AND REVIEW REPORT**

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

**CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

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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 at September 30, 2019 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 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

A handwritten signature in black ink, appearing to read 'Mufaddal A. Ali', is written over a faint, light-colored circular stamp or watermark.

Mufaddal A. Ali
License Number 447

October 29, 2019

**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, 2019	As at December 31, 2018
	Notes	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4, 8	862,700,588	847,620,999
Intangible assets		29,695,107	27,679,775
Net investment in a joint venture	5	333,005,718	334,804,164
Other non-current assets		4,746,128	5,035,935
		<u>1,230,147,541</u>	<u>1,215,140,873</u>
Current assets			
Inventories		543,990,819	533,721,230
Trade receivables	6	955,272,157	907,925,707
Due from related parties		2,664,272	2,041,584
Prepayments and other current assets		141,396,254	123,181,454
Cash and cash equivalents		49,828,789	65,465,034
		<u>1,693,152,291</u>	<u>1,632,335,009</u>
TOTAL ASSETS		<u>2,923,299,832</u>	<u>2,847,475,882</u>
LIABILITIES			
Non-current liabilities			
Loans and lease liabilities	4, 7	139,974,737	11,210,578
Employees defined benefit liabilities		124,304,084	128,619,962
		<u>264,278,821</u>	<u>139,830,540</u>
Current liabilities			
Trade payables		175,936,153	153,863,257
Accrued expenses and other current liabilities		340,652,210	268,339,799
Due to related parties		14,932,631	16,186,372
Loans and lease liabilities	4, 7	930,825,182	1,087,091,143
Zakat and income tax payable	9	129,548,593	133,022,477
		<u>1,591,894,769</u>	<u>1,658,503,048</u>
Total liabilities		<u>1,856,173,590</u>	<u>1,798,333,588</u>
EQUITY			
Share capital		800,000,000	800,000,000
Statutory reserve		406,568,677	406,568,677
Retained earnings		49,104,583	36,003,868
Foreign currency translation reserve		(183,285,706)	(184,372,579)
Equity attributable to shareholders of the parent		<u>1,072,387,554</u>	<u>1,058,199,966</u>
Non-controlling interests		(5,261,312)	(9,057,672)
Net shareholder's equity		<u>1,067,126,242</u>	<u>1,049,142,294</u>
TOTAL LIABILITIES AND EQUITY		<u>2,923,299,832</u>	<u>2,847,475,882</u>

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)

	Note	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2019	2018	2019	2018
Revenue	10	443,270,965	405,345,434	1,395,674,079	1,318,565,648
Cost of revenue		(285,360,627)	(255,999,516)	(851,342,646)	(792,863,399)
Gross profit		157,910,338	149,345,918	544,331,433	525,702,249
Selling and distribution expenses		(87,512,361)	(97,744,211)	(273,517,738)	(268,477,430)
General and administrative expenses		(38,260,297)	(39,477,730)	(121,224,140)	(138,312,912)
Provision for impairment of financial assets	6	(855,761)	(3,007,293)	(15,851,750)	(22,643,920)
Research expenses		(6,755,253)	(5,115,042)	(16,581,078)	(16,343,846)
Income from operations		24,526,666	4,001,642	117,156,727	79,924,141
Share of net loss in a joint venture		(9,584,745)	(7,470,505)	(23,560,772)	(22,412,850)
Finance costs		(21,983,621)	(18,645,144)	(66,519,212)	(48,553,460)
Other income, net		2,858,515	2,034,880	11,816,213	22,720,773
Income (Loss) before zakat and income tax		(4,183,185)	(20,079,127)	38,892,956	31,678,604
Zakat and income tax expense	9	(9,461,710)	(5,665,921)	(25,031,184)	(13,709,411)
Net (loss) / income for the period		(13,644,895)	(25,745,048)	13,861,772	17,969,193
Attributable to:					
Shareholders of the parent		(14,623,304)	(26,869,947)	10,059,932	14,742,830
Non-controlling interests		978,409	1,124,899	3,801,840	3,226,363
		(13,644,895)	(25,745,048)	13,861,772	17,969,193
(Losses) / Earnings per share attributable to shareholders of the parent (basic and diluted)		(0.18)	(0.34)	0.13	0.18

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)

	<u>For the three-month period</u>		<u>For the nine-month period</u>	
	<u>ended September 30,</u>	<u>ended September 30,</u>	<u>ended September 30,</u>	<u>ended September 30,</u>
	2019	2018	2019	2018
Net (loss) / income for the period	(13,644,895)	(25,745,048)	13,861,772	17,969,193
Other comprehensive income to be reclassified to income in subsequent periods:				
Exchange (losses) gains on translation of foreign operations	(2,678,564)	(7,019,332)	1,086,873	(30,544,140)
Other comprehensive income not to be reclassified to income in subsequent periods:				
Re-measurement (loss) / gain on employees defined benefit liabilities	(551,716)	1,373,090	3,035,303	5,201,525
Total comprehensive (loss) / income for the period	(16,875,175)	(31,391,290)	17,983,948	(7,373,422)
Attributable to:				
Shareholders of the parent	(17,861,711)	(32,534,695)	14,187,588	(10,954,623)
Non-controlling interests	986,536	1,143,405	3,796,360	3,581,201
	(16,875,175)	(31,391,290)	17,983,948	(7,373,422)

The accompanying notes (1) through (16) 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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

(All amounts are in Saudi Riyals unless otherwise stated)

	Attributable to shareholders of the parent					Total shareholders' equity
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Non-controlling interests	
December 31, 2018 - audited	800,000,000	406,568,677	36,003,868	(184,372,579)	1,058,199,966	1,049,142,294
Income for the period	-	-	10,059,932	-	10,059,932	13,861,772
Other comprehensive income	-	-	3,040,783	1,086,873	4,127,656	4,122,176
Total comprehensive income	-	-	13,100,715	1,086,873	14,187,588	17,983,948
September 30, 2019 - unaudited	800,000,000	406,568,677	49,104,583	(183,285,706)	1,072,387,554	1,067,126,242
December 31, 2017 - audited	800,000,000	406,568,677	162,485,932	(136,713,678)	1,232,340,931	1,227,324,684
Adoption of IFRS 9 and IFRS 15	-	-	(109,637,146)	-	(109,637,146)	(109,637,146)
January 1, 2018	800,000,000	406,568,677	52,848,786	(136,713,678)	1,122,703,785	1,117,687,538
Income for the period	-	-	14,742,830	-	14,742,830	17,969,193
Other comprehensive income / (loss)	-	-	5,189,371	(30,886,824)	(25,697,453)	(25,342,615)
Total comprehensive income	-	-	19,932,201	(30,886,824)	(10,954,623)	(7,373,422)
Dividends	-	-	(40,000,000)	-	(40,000,000)	(40,000,000)
September 30, 2018 - unaudited	800,000,000	406,568,677	32,780,987	(167,600,502)	1,071,749,162	1,070,314,116

The accompanying notes (1) through (16) 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 - UNAUDITED
(All amounts are in Saudi Riyals unless otherwise stated)

		For the nine-month period ended September 30	
	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat and income tax		38,892,956	31,678,604
Adjustments for non-cash items			
Depreciation and amortization		60,495,947	54,046,864
Share of net loss in a joint venture		23,560,772	22,412,850
Finance costs		66,519,212	48,553,460
Provision for impairment of financial assets	6	15,851,750	22,643,920
Provision for obsolete and slow moving inventories		29,604,083	20,977,511
Employee defined benefit cost		15,396,555	17,186,863
Changes in operating assets and liabilities:			
Inventories		(39,873,672)	(75,994,541)
Trade receivables		(70,285,469)	(151,016,153)
Due from related parties		(622,688)	(3,612,346)
Prepayments and other assets		(20,253,665)	8,300,034
Trade payables		22,072,896	17,062,491
Accrued expenses and other current liabilities		72,312,411	(14,173,446)
Due to related parties		(1,253,741)	(2,888,489)
End of service benefits paid		(16,677,130)	(14,418,800)
Zakat and income tax paid		(28,505,068)	(14,313,853)
Net cash generated from / (used in) operating activities		167,235,149	(33,555,031)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(17,148,612)	(46,631,329)
Proceeds from sale of property, plant and equipment		247,865	3,146,346
Other intangible assets		(2,316,629)	81,868
Investments in a joint venture – net		(21,762,326)	(5,242,471)
Net cash used in investing activities		(40,979,702)	(48,645,586)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in loans and lease liabilities		(77,554,831)	153,686,891
Finance costs paid		(65,502,444)	(48,553,460)
Dividends paid to the Company's shareholders		-	(40,000,000)
Net cash (used in) / generated from financing activities		(143,057,275)	65,133,431
Net decrease in cash and cash equivalents		(16,801,828)	(17,067,186)
Cash and cash equivalents at the beginning of the period		65,465,034	98,264,025
Effects of exchange rate changes on cash and cash equivalents		1,165,583	(10,300,535)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		49,828,789	70,896,304
Supplement schedule of non-cash information			
Right-of-use assets	4	45,705,779	-
Lease liabilities	4, 7	44,521,087	-
Additions to property, plant and equipment against trade receivables		7,087,269	

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**
(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 (22 August 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.
- Exploration of all ores and minerals in KSA except for those land and marine areas that are out of the scope of application of the mining investment regulations.

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 nine-month period ended September 30, 2019 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, 2018.

The condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

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, 2018, except for the adoption of a new standard and amendments to existing standards effective as of January 1, 2019.

The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective. Further, there are no IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group has adopted IFRS 16 'Leases' ("IFRS 16") on its effective date of January 1, 2019. The effect of adoption of new accounting policy is disclosed in Note 4 to these condensed interim consolidated financial statements and the accounting policies affected by the new standard are as follows:

IFRS 16 "Leases"

(a) Group as a lessee: Policy applicable from January 1, 2019

Leases are recognized as a right-of-use asset and a corresponding liability, at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

**Astra Industrial Group Company and Its Subsidiaries
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**
(All amounts are in Saudi Riyals unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

Lease payments include in the measurement of lease liabilities comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liabilities are measure at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of income if the carrying amount of right-of-use asset is reduced to zero.

Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represent, an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the statement of income over the lease term as part of the depreciation of that asset.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-to-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term and low value leases

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment and furniture.

(b) Group as a lessee: Policy applicable before January 1, 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

**Astra Industrial Group Company and Its Subsidiaries
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FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**
(All amounts are in Saudi Riyals unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of income. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of income on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 condensed interim 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.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements, except for the new significant judgments and key sources of estimation uncertainty related to the application of IFRS 16, which are described in Note 4.

4 ADOPTION OF IFRS 16

The Group holds various properties and vehicles on lease. Rental contracts are generally made for the average period of 3 to 9 years and have extension options in certain cases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group has adopted the new standard IFRS 16 from January 1, 2019, using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 - Leases ("IAS 17") and IFRIC 4 - Determining whether an Arrangement contains a Lease ("IFRIC 4"). Accordingly, the information presented in these financial statements for 2018 is not comparable in relation to and due to adoption of IFRS 16.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. For entities in KSA, the weighted average incremental borrowing rate applied to discount lease liabilities was 4.4%.

Right-of use assets were measured at the amount equal to the lease liability. Therefore, there was no impact on the opening retained earnings.

Right-of-use assets were adjusted by the amount of prepayments relating to that lease recognized in the statement of financial position as at December 31, 2018. Due to adoption of IFRS 16, property, plant and equipment increased by SAR 51.4 million on January 1, 2019 and prepayments decreased by SAR 2.3 million.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and,
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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(All amounts are in Saudi Riyals unless otherwise stated)**

4 ADOPTION OF IFRS 16 (continued)

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4.

4.1 The statement of financial position included the following amounts relating to leases:

	September 30, 2019	January 1, 2019
Right-of-use assets		
Land and buildings	45,311,777	50,721,203
Vehicles	394,002	643,730
	45,705,779	51,364,933
Lease liabilities		
Non-current	38,582,537	43,120,003
Current	5,938,550	5,916,258
	44,521,087	49,036,261

Right-of-use assets and lease liabilities were included in the line item "Property plant and equipment" and "Loans and lease liabilities", respectively, in the statement of financial position.

4.2 The statement of income for the nine-month period ended September 30, 2019 included the following amounts related to leases:

Depreciation charge of right-of-use assets	5,396,022
Interest expense (included in finance costs)	1,016,768
	6,412,790

4.3 There were no additions to the right-of-use assets during the nine-month period ended September 30, 2019. The total cash outflow for leases during the nine-month period ended September 30, 2019 was SAR 5.5 million.

4.4 The contractual maturities of lease liabilities were as follows:

	September 30, 2019	January 1, 2019
Less than one year	5,938,550	5,916,258
One to three years	10,689,390	11,832,516
More than three years	27,893,147	31,287,487
	44,521,087	49,036,261

5 NET INVESTMENT IN A JOINT VENTURE

5.1 The investment in a joint venture represents ownership interest of 51% in Al-Tanmiya Company for Steel Manufacturing ("Tanmiya"), an unquoted private entity, incorporated in Jordan which own 100% of Al Inma'a Company (incorporated and have principal place of business in Republic of Iraq). Based on the articles of association of the investee, the Group has a joint control over the entity and accordingly it has been accounted for as Investment in a Joint Venture.

During 2015, the Group decided to suspend the production in Al Inma'a Company facility. The production will likely resume once there is stability in Republic of Iraq. As required by IFRS 9, life-time ECL was recognised from January 1, 2018. The loans are denominated in US dollar, carry fixed interest rates and are repayable on demand. These loans are expected to be recovered in full over the period of 14 years starting 2024. The present value of those loans has been calculated using the original effective interest rate of the respective loan.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
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 (All amounts are in Saudi Riyals unless otherwise stated)

5 NET INVESTMENT IN A JOINT VENTURE (continued)

5.2 Breakup of Net investment in a joint venture

	September 30, 2019	December 31, 2018
Equity investment	-	-
Loans to joint venture	1,395,256,520	1,314,474,427
Share of losses in excess of investment in equity shares	(661,641,733)	(604,908,290)
	<u>733,614,787</u>	<u>709,566,137</u>
Provision for impairment	(400,609,069)	(374,761,973)
	<u>333,005,718</u>	<u>334,804,164</u>

5.3 Reconciliation of provision was as follows:

	September 30, 2019	December 31, 2018
Opening balance	374,761,973	280,553,796
IFRS 9 adjustment recorded in equity	-	60,000,000
	<u>374,761,973</u>	<u>340,553,796</u>
Charge for the period – note 5.3.1	25,847,096	34,208,177
Closing balance	<u>400,609,069</u>	<u>374,761,973</u>

5.3.1 The charge for the period netted-off against the commission income on loans for the period.

5.4 The Group recognized the share of losses amounting to SAR 23.6 for the nine-month period ended September 30, 2019 (September 30, 2018: SAR 22.4 million) using the equity method as the net investment in a joint venture is having a positive carrying value.

5.5 During the third quarter of 2019, management performed updated impairment assessment for net investment in a joint venture (Tanmiya – Iraq) using both the valuation model i.e “Fair value less cost of disposal” and “Value in use” and concluded that no additional impairment required. The Fair value of plant and machinery was based on the third party valuation report.

6 TRADE RECEIVABLES

	September 30, 2019	December 31, 2018
Trade receivables	995,939,932	944,408,722
Retention receivables	36,152,637	34,931,082
Unbilled receivables (contract assets)	37,506,778	28,322,608
	<u>1,069,599,347</u>	<u>1,007,662,412</u>
Provision for impairment	(114,327,190)	(99,736,705)
	<u>955,272,157</u>	<u>907,925,707</u>
Provision to trade receivables coverage ratio	<u>10.7%</u>	<u>9.9%</u>

Movements in the provision for impairment was as follows:

	September 30, 2019	December 31, 2018
Opening balance	99,736,705	42,545,965
IFRS 9 adoption	-	17,959,915
	<u>99,736,705</u>	<u>60,505,880</u>
Provision	15,851,750	45,138,381
Reversals / write - offs	(1,261,265)	(5,907,556)
Closing balance	<u>114,327,190</u>	<u>99,736,705</u>

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7 LOANS AND LEASE LIABILITIES

	Notes	September 30, 2019	December 31, 2018
<i>Non-current</i>			
Lease liabilities	4	38,582,537	-
Long-term loans		101,392,200	11,210,578
		139,974,737	11,210,578
<i>Current</i>			
Short-term loans		915,035,637	1,079,618,451
Lease liabilities	4	5,938,550	-
Current portion of long-term loans		9,850,995	7,472,692
		930,825,182	1,087,091,143
		1,070,799,919	1,098,301,721

7.1 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, 2019, facilities amounting to SAR 1.5 billion were undrawn (December 31, 2018: SAR 1.1 billion). The facilities bear special commission at prevailing market rates which are mostly based on SAIBOR and denominated in Saudi Riyals. These facilities are secured by corporate guarantees.

7.2 Long-term loans

The Group has long-term loan facilities with banks to finance its capital expenditures. As at September 30, 2019, an amount of SAR 8.44 million was undrawn (December 31, 2018: SAR 6.36 million).

These facilities are secured by corporate guarantees and bear special commission charges at agreed fixed rates. The facilities are dominated in foreign currencies and repayable within four years through monthly and quarterly equal installments from the date these facilities were availed.

8 PROPERTY, PLANT AND EQUIPMENT

	Note	September 30, 2019	December 31, 2018
Cost:			
Opening balance		1,403,769,582	1,396,444,969
IFRS 16 adoption	4	51,364,933	-
		1,455,134,515	1,396,444,969
Additions		24,235,881	57,056,212
Disposals / write - offs		(1,818,828)	(15,726,921)
Exchange differences		(863,881)	(34,004,678)
Closing balance		1,476,687,687	1,403,769,582
Accumulated depreciation:			
Opening balance		556,148,583	501,494,818
Depreciation charge		60,073,468	70,458,026
Disposals / write - offs		(1,570,963)	(6,733,535)
Exchange differences		(663,989)	(9,070,726)
Closing balance		613,987,099	556,148,583
Net book value		862,700,588	847,620,999

9 ZAKAT AND INCOME TAX

There is no change in the status of assessments of the Group since last year, except for the following:

- The Group has filed its consolidated zakat return for AIG and its wholly owned subsidiaries, and the zakat information returns for the wholly owned subsidiaries for the year ended December 31, 2018.
- The tax / zakat returns for international Building Systems Factory Company Limited ("IBSF") have been finalized with GAZT for the years 2003 to 2017 with payment amounting to SAR 1.1 million.
- The tax / zakat returns for AIG have been finalized with GAZT for the years 2007 to 2013 with payment amounting to SAR 14 million.

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10 SEGMENT REPORTING

	Pharmaceuticals	Specialty Chemical	Power and steel industries	Other	Total
September 30, 2019					
Revenue	689,613,585	527,177,887	167,914,491	23,770,570	1,408,476,533
Inter segment revenue	-	-	(12,802,454)	-	(12,802,454)
Revenue from third parties	689,613,585	527,177,887	155,112,037	23,770,570	1,395,674,079
Gross profit (loss)	367,815,942	172,508,615	89,890	3,916,986	544,331,433
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)
Net income (loss) before zakat and tax	68,588,032	43,549,960	(48,492,448)	(24,752,588)	38,892,956
September 30, 2018					
Revenue	626,998,843	514,789,909	171,680,493	24,383,646	1,337,852,891
Inter segment revenue	-	-	(13,220,749)	(6,066,494)	(19,287,243)
Revenue from third parties	626,998,843	514,789,909	158,459,744	18,317,152	1,318,565,648
Gross profit	374,377,517	147,964,073	2,546,297	814,362	525,702,249
Depreciation and amortization	(29,217,305)	(12,744,320)	(6,615,131)	(5,470,108)	(54,046,864)
Share of net loss in a joint venture	-	-	(22,412,850)	-	(22,412,850)
Net income (loss) before zakat and tax	74,525,036	44,070,975	(49,831,102)	(37,086,305)	31,678,604
September 30, 2019					
Property, plant and equipment	460,545,052	194,942,913	87,266,050	119,946,573	862,700,588
Total assets	1,344,896,356	805,156,061	637,840,290	135,407,125	2,923,299,832
Total liabilities	816,609,153	546,625,071	333,038,250	159,901,116	1,856,173,590
December 31, 2018					
Property, plant and equipment	452,732,627	182,852,878	91,096,476	120,939,018	847,620,999
Total assets	1,280,309,488	763,198,764	666,434,430	137,533,200	2,847,475,882
Total liabilities	715,374,575	529,649,522	337,065,520	216,243,971	1,798,333,588

Selected financial information summarized by geographic location is as follows:

	KSA	Republic of Iraq	Africa	Other locations	Total
Revenue					
September 30, 2019	900,482,357	48,907,850	142,816,568	303,467,304	1,395,674,079
September 30, 2018	828,857,468	34,166,353	129,190,559	326,351,268	1,318,565,648
Non-current assets					
September 30, 2019	735,966,584	333,005,718	83,639,657	77,535,582	1,230,147,541
December 31, 2018	730,397,360	333,469,775	81,591,029	69,682,709	1,215,140,873

11 CONTINGENCIES AND COMMITMENTS

There was no significant change in the contingencies and commitments since last year end.

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial assets and financial liabilities were classified and measured at amortized cost.

13 CAPITAL AND FINANCIAL RISK MANAGEMENT

The Group's capital and financial risk management strategies were not significantly changed since last year end.

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14 COMPARATIVES

Following comparative period amounts have been reclassified for the purpose of better presentation and also to make these condensed interim consolidated financial statements in line with audited consolidated financial statements for the year ended December 31, 2018:

Reclassification from	Reclassification to	Amount (SAR in million)
Statement of income		
Selling and distribution expenses - Provision of slow-moving and obsolete inventory	Cost of revenue- provision of slow moving and obsolete inventory	8.1
Statement of cash flows		
Cash flows from operating activities - finance cost paid	Cash flows from financing activities - finance cost paid	48.6

15 SUBSEQUENT EVENTS

There was no significant subsequent events, adjusting or non-adjusting, that would have a material impact on the financial position or financial performance of the Group as reflected in these condensed interim consolidated financial statements.

16 BOARD OF DIRECTORS' APPROVAL

These condensed interim consolidated financial statements were approved by the Group's Board of Directors on October --, 2019.