

**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, 2019 AND REVIEW REPORT

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

**CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 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 of March 31, 2019 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 2, 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 March 31, 2019	As at December 31, 2018
	Notes	(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4, 8	893,645,539	847,620,999
Intangible assets		28,145,481	27,679,775
Net investment in a joint venture		332,755,592	334,804,164
Other non-current assets		4,742,610	5,035,935
		<u>1,259,289,222</u>	<u>1,215,140,873</u>
<b>Current assets</b>			
Inventories		532,627,677	533,721,230
Trade receivables	6	954,340,609	907,925,707
Due from related parties		4,773,946	2,041,584
Prepayments and other current assets		121,945,957	123,181,454
Cash and cash equivalents		42,998,785	65,465,034
		<u>1,656,686,974</u>	<u>1,632,335,009</u>
<b>TOTAL ASSETS</b>		<u><b>2,915,976,196</b></u>	<u><b>2,847,475,882</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and lease liabilities	4, 7	49,028,181	11,210,578
Employees defined benefit liabilities		125,409,140	128,619,962
		<u>174,437,321</u>	<u>139,830,540</u>
<b>Current liabilities</b>			
Trade payables		196,997,139	153,863,257
Accrued expenses and other current liabilities		297,015,209	268,339,799
Due to related parties		14,851,186	16,186,372
Loans and lease liabilities	4, 7	1,031,081,090	1,087,091,143
Zakat and income tax payable	9	138,417,451	133,022,477
		<u>1,678,362,075</u>	<u>1,658,503,048</u>
<b>Total liabilities</b>		<u><b>1,852,799,396</b></u>	<u><b>1,798,333,588</b></u>
<b>EQUITY</b>			
Share capital		800,000,000	800,000,000
Statutory reserve		406,568,677	406,568,677
Retained earnings		48,312,696	36,003,868
Foreign currency translation reserve		(184,249,430)	(184,372,579)
<b>Equity attributable to shareholders of the parent</b>		<u><b>1,070,631,943</b></u>	<u><b>1,058,199,966</b></u>
Non-controlling interests		(7,455,143)	(9,057,672)
<b>Net shareholder's equity</b>		<u><b>1,063,176,800</b></u>	<u><b>1,049,142,294</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>2,915,976,196</b></u>	<u><b>2,847,475,882</b></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)

	Notes	For the three months period ended March 31,	
		2019	2018
Revenue	10	466,672,674	476,820,023
Cost of revenue		<u>(282,555,724)</u>	<u>(285,319,187)</u>
<b>Gross profit</b>		<b>184,116,950</b>	<b>191,500,836</b>
Selling and distribution expenses		<u>(88,146,434)</u>	<u>(88,038,389)</u>
General and administrative expenses		<u>(40,456,832)</u>	<u>(46,502,500)</u>
Provision for impairment of financial assets	6	<u>(3,770,744)</u>	<u>(6,464,116)</u>
Research expenses		<u>(5,201,330)</u>	<u>(6,134,498)</u>
<b>Income from operations</b>		<b>46,541,610</b>	<b>44,361,333</b>
Share of net loss in a joint venture		<u>(7,030,289)</u>	<u>(7,218,784)</u>
Financial costs		<u>(25,274,437)</u>	<u>(13,633,136)</u>
Other income, net		<u>3,236,149</u>	<u>8,727,924</u>
<b>Income before zakat and income tax</b>		<b>17,473,033</b>	<b>32,237,337</b>
Zakat and income tax expense	9	<u>(6,982,442)</u>	<u>(5,569,983)</u>
<b>Net income for the period</b>		<b>10,490,591</b>	<b>26,667,354</b>
<b>Attributable to:</b>			
Shareholders of the parent		8,907,048	25,530,269
Non-controlling interests		<u>1,583,543</u>	<u>1,137,085</u>
		<b>10,490,591</b>	<b>26,667,354</b>
<b>Earnings per share attributable to shareholders of the parent (basic and diluted)</b>		<b>0.11</b>	<b>0.32</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)

	<b>For the three months period ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Net income for the period	<b>10,490,591</b>	26,667,354
<b>Other comprehensive income to be reclassified to income in subsequent periods:</b>		
Exchange gains (losses) on translation of foreign operations	<b>123,149</b>	(19,622,013)
<b>Other comprehensive income not to be reclassified to income in subsequent periods:</b>		
Re-measurement gain on employees defined benefit liabilities	<b>3,420,766</b>	158,761
<b>Total comprehensive income for the period</b>	<b>14,034,506</b>	<b>7,204,102</b>
<b>Attributable to:</b>		
Shareholders of the parent	<b>12,431,977</b>	5,909,674
Non-controlling interests	<b>1,602,529</b>	1,294,428
	<b>14,034,506</b>	<b>7,204,102</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 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 shareholders' equity
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	
December 31, 2018 - audited	800,000,000	406,568,677	36,003,868	(184,372,579)	1,058,199,966	(9,057,672)	1,049,142,294
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
December 31, 2017 - Audited	800,000,000	406,568,677	162,485,932	(136,713,678)	1,232,340,931	(5,016,247)	1,227,324,684
Adoption of IFRS 9 and IFRS 15	-	-	(110,932,482)	-	(110,932,482)	-	(110,932,482)
January 1, 2018	800,000,000	406,568,677	51,553,450	(136,713,678)	1,121,408,449	(5,016,247)	1,116,392,202
Income for the period	-	-	25,530,269	-	25,530,269	1,137,085	26,667,354
Other comprehensive income/ (loss)	-	-	174,859	(19,795,454)	(19,620,595)	157,343	(19,463,252)
Total comprehensive income	-	-	25,705,128	(19,795,454)	5,909,674	1,294,428	7,204,102
March 31, 2018 - unaudited	800,000,000	406,568,677	77,258,578	(156,509,132)	1,127,318,123	(3,721,819)	1,123,596,304

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

	Notes	For the three months period ended March 31	
		2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before zakat and income tax		17,473,033	32,237,337
<b>Adjustments for non-cash items</b>			
Depreciation and amortization	8	20,166,920	19,017,984
Share of net loss in a joint venture		7,030,289	7,218,784
Finance costs		25,274,437	13,633,136
Provision for impairment of financial assets	6	3,770,744	6,464,116
Provision for obsolete and slow moving inventories		10,962,694	4,942,666
Employee defined benefit cost		5,385,009	5,183,548
<b>Changes in operating assets and liabilities:</b>			
Inventories		(9,869,141)	(30,020,525)
Trade receivables		(50,185,646)	(110,859,722)
Due from related parties		(2,732,362)	(422,723)
Prepayments and other assets		(799,849)	(9,612,800)
Trade payables		43,133,882	36,971,237
Accrued expenses and other current liabilities		28,675,407	27,921,114
Due to related parties		(1,335,186)	(3,558,689)
End of service benefits paid		(5,175,065)	(8,947,814)
Zakat and income tax paid		(1,587,465)	(1,514,558)
<b>Net cash generated from / (used in) operating activities</b>		<b>90,187,701</b>	<b>(11,346,909)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	8	(15,698,549)	(22,678,494)
Proceeds from sale of property, plant and equipment		58,546	22,591
Additions to intangible assets		(606,032)	(66,941)
Investments in a joint venture – net		(4,981,717)	(1,641,796)
<b>Net cash used in investing activities</b>		<b>(21,227,752)</b>	<b>(24,364,640)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net movement in loans and lease liabilities		(67,787,348)	48,914,104
Finance costs paid		(24,715,801)	(13,633,136)
<b>Net cash (used in) / generated from financing activities</b>		<b>(92,503,149)</b>	<b>35,280,968</b>
<b>Net change in cash and cash equivalents</b>		<b>(23,543,200)</b>	<b>(430,581)</b>
Cash and cash equivalents at the beginning of the period		65,465,034	98,264,025
Net foreign exchange gain / (loss)		1,076,951	(9,755,739)
Non-controlling interests, net		-	157,343
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>42,998,785</b>	<b>88,235,048</b>
<b>Supplement schedule of non-cash information</b>			
Right-of-use assets	4	49,527,652	-
Lease liabilities	4, 7	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, 2019**  
(All amounts are in Saudi Riyals unless otherwise stated)

**1 ORGANIZATION AND ACTIVITIES**

Astra Industrial Group Company (the "Company" / "Group") 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 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 three months period ended March 31, 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 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.

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 THREE MONTHS PERIOD ENDED MARCH 31, 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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
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(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.

**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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2019**  
 (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:

	March 31, 2019	January 1, 2019
<b>Right-of-use assets</b>		
Land and buildings	48,997,742	50,721,203
Vehicles	529,910	643,730
	<u>49,527,652</u>	<u>51,364,933</u>
<b>Lease liabilities</b>		
Non-current	40,323,179	43,120,003
Current	6,162,988	5,916,258
	<u>46,486,167</u>	<u>49,036,261</u>

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 three months period ended March 31, 2019 included the following amounts related to leases:

Depreciation charge of right-of-use assets	1,845,335
Interest expense (included in finance costs)	558,636
	<u>2,403,971</u>

4.3 There were no additions to the right-of-use assets during the three months ended March 31, 2019. The total cash outflow for leases during the three months ended March 31, 2019 was SAR 3.1 million.

4.4 The contractual maturities of lease liabilities were as follows:

	March 31, 2019	January 1, 2019
Less than one year	6,162,988	5,916,258
One to three years	12,325,976	11,832,516
More than three years	27,997,203	31,287,487
	<u>46,486,167</u>	<u>49,036,261</u>

**5 STANDARDS AND AMENDMENTS EFFECTIVE AFTER JANUARY 1, 2019**

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.

**6 TRADE RECEIVABLES**

	March 31, 2019	December 31, 2018
Trade receivables	985,196,852	944,408,722
Retention receivables	32,721,414	34,931,082
Unbilled receivables (contract assets)	38,977,827	28,322,608
	<u>1,056,896,093</u>	<u>1,007,662,412</u>
Provision for impairment	(102,555,484)	(99,736,705)
	<u>954,340,609</u>	<u>907,925,707</u>
Provision to trade receivables coverage ratio	<u>9.7%</u>	<u>9.9%</u>

**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, 2019**  
(All amounts are in Saudi Riyals unless otherwise stated)

**6 TRADE RECEIVABLES (continued)**

Movements in the provision for impairment was as follows:

	March 31, 2019	December 31, 2018
Opening balance	99,736,705	42,545,965
IFRS 9 adjustment	-	17,959,915
	<u>99,736,705</u>	<u>60,505,880</u>
Provision	3,770,744	45,138,381
Reversals / write - offs	(951,965)	(5,907,556)
Closing balance	<u>102,555,484</u>	<u>99,736,705</u>

**7 LOANS AND LEASE LIABILITIES**

	Notes	March 31, 2019	December 31, 2018
<i>Non-current</i>			
Lease liabilities	4	40,323,179	-
Long-term loans		8,705,002	11,210,578
		<u>49,028,181</u>	<u>11,210,578</u>
<i>Current</i>			
Short-term loans		1,016,424,361	1,079,618,451
Lease liabilities	4	6,162,988	-
Current portion of long-term loans		8,493,741	7,472,692
		<u>1,031,081,090</u>	<u>1,087,091,143</u>
		<u>1,080,109,271</u>	<u>1,098,301,721</u>

**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 March 31, 2019, facilities amounting to SAR 1.4 billion was 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 March 31, 2019, an amount of SAR 6.12 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.

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**8 PROPERTY, PLANT AND EQUIPMENT**

	Note	March 31, 2019	December 31, 2018
<b>Cost:</b>			
Opening balance		1,403,769,582	1,396,444,969
IFRS 16 adjustment	4	51,364,933	-
		<b>1,455,134,515</b>	1,396,444,969
Additions		15,698,549	57,056,212
Disposals / write - offs		(464,849)	(15,726,921)
Exchange differences		(1,547,335)	(34,004,678)
<b>Closing balance</b>		<b>1,468,820,880</b>	1,403,769,582
<b>Accumulated depreciation:</b>			
Opening balance		556,148,583	501,494,818
Depreciation charge		20,026,594	70,458,026
Disposals / write - offs		(406,303)	(6,733,535)
Exchange differences		(593,533)	(9,070,726)
<b>Closing balance</b>		<b>575,175,341</b>	556,148,583
<b>Net book value</b>		<b>893,645,539</b>	847,620,999

**9 ZAKAT AND INCOME TAX**

There is no change in the status of assessments since last year, except the Group has filed its zakat tax returns for the year ended December 31, 2018.

**10 SEGMENT REPORTING**

	Pharmaceuticals	Specialty Chemical	Power and steel industries	Other	Total
<b>March 31, 2019</b>					
Revenue	234,957,610	173,835,499	53,736,872	8,410,177	470,940,158
Inter segment revenue	-	-	(4,267,484)	-	(4,267,484)
Revenue from third parties	234,957,610	173,835,499	49,469,388	8,410,177	466,672,674
Gross profit (loss)	129,366,890	55,190,869	(1,953,077)	1,512,268	184,116,950
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)
Net income (loss) before zakat and tax	27,990,752	15,358,312	(18,351,176)	(7,524,855)	17,473,033
<b>March 31, 2018</b>					
Revenue	225,541,802	183,102,016	66,715,207	11,934,409	487,293,434
Inter segment revenue	-	-	(4,406,917)	(6,066,494)	(10,473,411)
Revenue from third parties	225,541,802	183,102,016	62,308,290	5,867,915	476,820,023
Gross profit	135,836,174	49,276,974	6,352,122	35,566	191,500,836
Depreciation and amortization	9,902,282	4,561,452	2,219,355	2,334,895	19,017,984
Share of net loss in a joint venture	-	-	(7,218,784)	-	(7,218,784)
Net income (loss) before zakat and tax	40,972,146	17,892,476	(13,668,475)	(12,958,810)	32,237,337
<b>March 31, 2019</b>					
Property, plant and equipment	475,789,157	204,883,087	91,585,751	121,387,544	893,645,539
Assets	1,330,331,322	797,051,608	653,918,341	134,674,925	2,915,976,196
Liabilities	802,556,280	548,899,934	321,034,280	180,308,902	1,852,799,396
<b>December 31, 2018</b>					
Property, plant and equipment	452,732,627	182,852,878	91,096,476	120,939,018	847,620,999
Assets	1,280,309,488	763,198,764	666,434,430	137,532,200	2,847,475,882
Liabilities	715,374,575	529,649,522	337,065,520	216,243,971	1,798,333,588

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**10 SEGMENT REPORTING (continued)**

Selected financial information summarized by geographic location is as follows:

	KSA	Republic of Iraq	Africa	Other locations	Total
<b>Revenue</b>					
March 31, 2019	300,157,300	11,926,091	43,061,186	111,528,097	466,672,674
March 31, 2018	334,920,153	10,253,940	36,432,970	95,212,960	476,820,023
<b>Non-current assets</b>					
March 31, 2019	758,623,176	336,835,208	84,227,154	79,603,684	1,259,289,222
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.

**14 COMPARATIVES**

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

Reclassification from	Reclassification to	Amount (SAR in million)
<b>Statement of income</b>		
Selling and distribution expenses - Provision of slow-moving and obsolete inventory	Cost of revenue- provision of slow moving and obsolete inventory	3.9
Selling and distribution expenses - Provision for impairment of financial assets	Provision for impairment of financial assets	6.5
<b>Statement of cash flows</b>		
Cash flows from operating activities - finance cost paid	Cash flows from financing activities - finance cost paid	13.6
Cash flows from financing activities - investment in a joint venture	Cash flows from operating activities - share of net loss in a joint venture	7.2

**15 SUBSEQUENT EVENT**

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 May 2, 2019.