

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS
SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31,
2022 AND REVIEW REPORT**

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED March 31, 2022**

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Report on review of condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Astra Industrial Group Company (the “Company”) and its subsidiaries (collective referred to as the “Group”) as at March 31, 2022 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2022, and notes, comprising significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim 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 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 consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

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

Mufaddal A. Ali
License Number 447

May 16, 2022

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**


CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts are in Saudi Riyals unless otherwise stated)

		As at March 31, 2022	As at December 31, 2021
	Notes	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	782,235,960	1,148,057,533
Intangible assets	4	35,361,416	36,160,612
Other non-current assets		5,801,070	6,174,658
		<u>823,398,446</u>	<u>1,190,392,803</u>
Current assets			
Inventories		682,881,231	754,746,498
Trade receivables	5	896,788,654	767,361,756
Due from related parties	6	4,471,357	2,468,249
Prepayments and other current assets	7	123,274,697	126,702,285
Cash and cash equivalents		34,934,501	46,314,000
		<u>1,742,350,440</u>	<u>1,697,592,788</u>
Assets relating to disposal group classified as held for sale	13	468,254,655	-
Total assets		<u>3,034,003,541</u>	<u>2,887,985,591</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Non-current liabilities			
Loans and lease liabilities	8	40,060,587	40,730,463
Employees' defined benefit liabilities		133,420,656	133,401,876
		<u>173,481,243</u>	<u>174,132,339</u>
Current liabilities			
Trade payables		250,041,015	209,557,850
Accrued expenses and other current liabilities	9	488,442,988	411,296,128
Due to related parties	6	592,495	732,731
Due to a related party – loan	6	-	30,052,273
Loans and lease liabilities	8	412,095,406	487,809,789
Zakat and income tax payable	10	76,669,243	70,312,634
		<u>1,227,841,147</u>	<u>1,209,761,405</u>
Liabilities relating to disposal group classified as held for sale	13	53,136,249	-
Total liabilities		<u>1,454,458,639</u>	<u>1,383,893,744</u>
EQUITY			
Share capital		800,000,000	800,000,000
Statutory reserve		406,568,677	406,568,677
Proposed dividend	17	120,000,000	-
Retained earnings		278,054,619	321,723,743
Foreign currency translation reserve	16	(78,258,630)	(76,651,418)
Equity attributable to shareholders of the parent		<u>1,526,364,666</u>	<u>1,451,641,002</u>
Non-controlling interests		53,180,236	52,450,845
Total equity		<u>1,579,544,902</u>	<u>1,504,091,847</u>
Total liabilities and equity		<u>3,034,003,541</u>	<u>2,887,985,591</u>

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


Vice President Finance


President / Chief Executive Officer

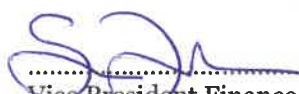

Authorized Board of Directors Member

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

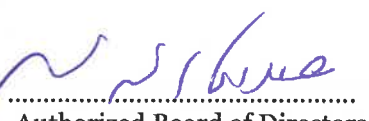
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME - UNAUDITED
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended March 31,	
		2022	2021
Continuing operations			
Revenue	12	634,518,985	594,545,859
Cost of revenue		<u>(360,641,933)</u>	<u>(336,533,675)</u>
Gross profit		273,877,052	258,012,184
Selling and distribution expenses		<u>(105,468,189)</u>	<u>(73,819,282)</u>
General and administrative expenses		<u>(58,784,311)</u>	<u>(45,398,399)</u>
Provision for impairment of financial assets		<u>(8,805,415)</u>	<u>(16,373,897)</u>
Research expenses		<u>(5,513,104)</u>	<u>(5,213,533)</u>
Income from operations		95,306,033	117,207,073
Finance costs	12	<u>(12,080,215)</u>	<u>(12,279,276)</u>
Other expenses, net	11	<u>(2,443,165)</u>	<u>(41,056,567)</u>
Income before zakat and income tax		80,782,653	63,871,230
Zakat and income tax expense	10	<u>(8,753,437)</u>	<u>(7,275,413)</u>
Net income for the period from continuing operations		72,029,216	56,595,817
Gain / (loss) from discontinued operation	13	<u>3,386,856</u>	<u>(9,871,064)</u>
Net income for the period		<u>75,416,072</u>	<u>46,724,753</u>
Attributable to:			
Shareholders of the parent		74,690,225	50,605,768
Non-controlling interests		<u>725,847</u>	<u>(3,881,015)</u>
		<u>75,416,072</u>	<u>46,724,753</u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Group			
Basic and diluted	18	0.90	0.71
Earnings per share for profit attributable to the ordinary equity holders of the Group:			
Basic and diluted	18	0.93	0.63

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


.....
Vice President Finance
Member


.....
President / Chief Executive Officer


.....
Authorized Board of Directors

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME -
UNAUDITED**

(All amounts are in Saudi Riyals unless otherwise stated)

	For the three-month period ended March 31,	
	2022	2021
Net income for the period	<u>75,416,072</u>	<u>46,724,753</u>
Other comprehensive income		
<i>Item that may be reclassified to statement of income in subsequent periods:</i>		
Exchange loss on translation of foreign operations	(1,614,680)	(13,911,164)
<i>Item that will not to be reclassified to statement of income in subsequent periods:</i>		
Re-measurement income on employees' defined benefit liabilities	<u>1,651,663</u>	<u>1,334,033</u>
Other comprehensive gain / (loss) for the period	36,983	(12,577,131)
Total comprehensive income for the period	<u>75,453,055</u>	<u>34,147,622</u>
Attributable to:		
Shareholders of the parent	74,723,664	38,024,819
Non-controlling interests	<u>729,391</u>	<u>(3,877,197)</u>
	<u>75,453,055</u>	<u>34,147,622</u>
Total comprehensive income / (loss) for the period attributable to the owners of the Group arises from:		
Continuing operations	72,522,207	44,441,010
Discontinued operations	<u>2,201,457</u>	<u>(6,416,191)</u>
	<u>74,723,664</u>	<u>38,024,819</u>

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

		
Vice President Finance Member	President / Chief Executive Officer	Authorized Board of Directors

ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

(All amounts are in Saudi Riyals unless otherwise stated)

Note	Share capital	Statutory reserve	Proposed dividend	Retained earnings	Foreign currency translation reserve	Attributable to shareholders of the parent	Non-controlling interests	Total equity
December 31, 2021 (Audited)	800,000,000	406,568,677	-	321,723,743	(76,651,418)	1,451,641,002	52,450,845	1,504,091,847
Net income	-	-	-	74,690,225	-	74,690,225	725,847	75,416,072
Other comprehensive income / (loss)	-	-	-	1,640,651	(1,607,212)	33,439	3,544	36,983
Total comprehensive income	-	-	-	76,330,876	(1,607,212)	74,723,664	729,391	75,453,055
Proposed dividend	-	-	120,000,000	(120,000,000)	-	-	-	-
March 31, 2022 (Unaudited)	800,000,000	406,568,677	120,000,000	278,054,619	(78,258,630)	1,526,364,666	53,180,236	1,579,544,902
December 31, 2020 (Audited)	800,000,000	406,568,677	-	184,463,118	(65,185,232)	1,325,846,563	61,015,131	1,386,861,694
Net income	-	-	-	50,605,768	-	50,605,768	(3,881,015)	46,724,753
Other comprehensive income / (loss)	-	-	-	1,330,215	(13,911,164)	(12,580,949)	3,818	(12,577,131)
Total comprehensive income	-	-	-	51,935,983	(13,911,164)	38,024,819	(3,877,197)	34,147,622
March 31, 2021 (Unaudited)	800,000,000	406,568,677	-	236,399,101	(79,096,396)	1,363,871,382	57,137,934	1,421,009,316

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




 Vice President/Finance President / Chief Executive Officer Authorized Board of Directors Member

Astra Industrial Group Company and Its Subsidiaries
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended March 31,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before zakat and income tax			
Continuing operations		80,782,653	63,871,230
Discontinued operations		3,386,856	(9,871,064)
Income before zakat and income tax including discontinued operations		84,169,509	54,000,166
Adjustments for non-cash items			
Depreciation and amortization	12	19,051,511	22,233,767
Finance costs		12,260,507	12,279,276
Provision for impairment of financial assets		8,805,415	16,373,897
Provision / (reversal) for near expiry, obsolete and slow-moving inventories		8,922,550	(1,487,994)
Employee defined benefit cost		4,898,023	3,894,612
Changes in operating assets and liabilities:			
Inventories		(30,404,660)	10,423,577
Trade receivables		(140,763,523)	(152,113,186)
Due from related parties		(2,003,108)	(990,060)
Prepayments and other assets		(2,661,055)	2,072,271
Trade payables		53,881,500	35,397,447
Accrued expenses and other current liabilities		84,165,205	21,143,111
Due to related parties		(140,234)	(65,904)
End of service benefits paid		(3,227,579)	(5,127,214)
Zakat and income tax paid		(923,815)	(3,639,432)
Net cash generated from operating activities		96,030,246	14,394,334
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions for property, plant and equipment		(11,839,730)	(12,074,993)
Additions to intangible assets		(202,179)	(502,142)
Other non-current assets		373,589	584,582
Net cash used in investing activities		(11,668,320)	(11,992,553)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in short-term and long-term loans		(71,279,307)	4,550,798
Payment of lease liabilities		(3,467,693)	(3,617,700)
Finance costs paid		(11,834,840)	(11,799,589)
Net cash used in financing activities		(86,581,840)	(10,866,491)
Net change in cash and cash equivalents		(2,219,914)	(8,464,710)
Cash and cash equivalents at the beginning of the period		46,314,000	54,460,204
Cash and cash equivalents of disposal group classified as held for sale	13	(13,235,713)	-
Net foreign exchange gain / (loss)		4,076,128	(5,990,146)
Cash and cash equivalents at the end of the period		34,934,501	40,005,348

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





Vice President Finance President / Chief Executive Officer Authorized Board of Directors Member

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

(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 (corresponding to 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, 2021.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed consolidated interim financial statements for the three-month period ended March 31, 2022 have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The condensed consolidated interim 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, 2021.

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (“Group”).

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2021.

2.3 New and amended standards adopted by the Group

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in Group annual consolidated financial statements, but they do not have a material effect on the Group’s condensed consolidated interim financial statements.

2.4 Non-current assets (or disposal group) held for sale and discontinued operation

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, if any.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

(All amounts are in Saudi Riyals unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Non-current assets (or disposal group) held for sale and discontinued operation
(continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the condensed consolidated interim balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the condensed consolidated interim balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the condensed consolidated interim statement of profit or loss and other comprehensive income.

2.5 Significant accounting estimates and judgements

The preparation of the Group's condensed consolidated interim 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 consolidated interim 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 March 31, 2022, management believes that all sources of estimation uncertainty remain similar to those disclosed in the Group's annual consolidated financial statements for the year ended December 31, 2021. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

3 PROPERTY, PLANT AND EQUIPMENT

		March 31, 2022	December 31, 2021
	Note	(Unaudited)	(Audited)
Beginning - net book value		1,148,057,533	1,188,929,364
Additions for the period / year		11,839,730	74,405,201
Depreciation charge for the period / year		(18,629,366)	(92,441,684)
Disposals / write - offs, net - for the period / year		(1,018,558)	(1,322,933)
Exchange differences		(6,551,995)	(21,512,415)
Assets of disposal group classified as held for sale	13	(351,461,384)	-
Closing - net book value		<u>782,235,960</u>	<u>1,148,057,533</u>

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**
(All amounts are in Saudi Riyals unless otherwise stated)

4 INTANGIBLE ASSETS

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Goodwill	25,206,754	25,206,754
Software and licenses	10,154,662	10,953,858
	35,361,416	36,160,612

5 TRADE RECEIVABLES

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Not yet past due	697,153,850	572,782,830
Past due	340,748,205	334,530,184
	1,037,902,055	907,313,014
Provision for impairment	(141,113,401)	(139,951,258)
	896,788,654	767,361,756

5.1 As at March 31, 2022, trade receivables include retention receivables of SAR 13.1 million (December 31, 2021: SAR 42.2 million) and unbilled receivables of SAR 56.9 million (December 31, 2021: SAR 42 million).

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening balance	139,951,258	146,646,647
Provision for the period / year	8,805,415	22,462,819
Adjustments / write - offs during the period / year	(7,643,272)	(29,158,208)
Closing balance	141,113,401	139,951,258

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**
(All amounts are in Saudi Riyals unless otherwise stated)

5 TRADE RECEIVABLES (continued)

5.3 Expected credit loss analysis for trade receivables was as follows:

March 31, 2022 (Unaudited)

	Gross receivables	Provision	Net receivables
Current (not yet past due)	697,153,850	(3,215,892)	693,937,958
<u>Past due</u>			
1 to 180 days	168,085,378	(29,749,515)	138,335,863
181 to 360 days	64,628,005	(22,102,009)	42,525,996
361 to 540 days	22,951,870	(9,728,297)	13,223,573
541 to 720 days	10,354,304	(6,678,633)	3,675,671
721 to 900 days	13,627,600	(8,680,606)	4,946,994
901 to 1080 days	8,276,673	(8,134,074)	142,599
More than 1080 days	52,824,375	(52,824,375)	-
	1,037,902,055	(141,113,401)	896,788,654

December 31, 2021 (Audited)

	Gross receivables	Provision	Net receivables
Current (not yet past due)	572,780,978	(2,085,424)	570,695,554
<u>Past due</u>			
1 to 180 days	175,600,845	(26,347,636)	149,253,209
181 to 360 days	55,655,815	(22,466,072)	33,189,743
361 to 540 days	16,132,033	(9,814,575)	6,317,458
541 to 720 days	12,642,181	(7,306,878)	5,335,303
721 to 900 days	11,166,800	(8,677,737)	2,489,063
901 to 1080 days	6,092,458	(6,011,032)	81,426
More than 1080 days	57,241,904	(57,241,904)	-
	907,313,014	(139,951,258)	767,361,756

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

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

(All amounts are in Saudi Riyals unless otherwise stated)

6 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

6.1 Due from related parties comprises of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Astra Farms Company - Saudi Arabia (Affiliate company)	3,029,045	1,801,155
Other	1,442,312	667,094
	<u>4,471,357</u>	<u>2,468,249</u>

Due from related parties are unsecured and recoverable in cash.

6.2 Due to related parties comprises of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Nour Communications Company - Saudi Arabia (Affiliate company)	415,163	538,628
Tharawat Mining Company – Saudi Arabia (partner in a subsidiary)	15,946	15,946
Other	161,386	178,157
	<u>592,495</u>	<u>732,731</u>

Due to related parties are unsecured and payable in cash.

6.3 Due to a related party - loan

	March 31, 2021 (Unaudited)	December 31, 2021 (Audited)
Al Maseera International Company (a shareholder in Tanmiya). This loan has been classified as part of liabilities relating to disposal group classified as held for sale. See Note 13	-	30,052,273

6.4 Key management personnel compensation

Key management personnel compensation for the three-month period ended March 31, 2022 amounted to SAR 3.6 million (March 31, 2021: SAR 2.9 million).

**ASTRA INDUSTRIAL GROUP COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

(All amounts are in Saudi Riyals unless otherwise stated)

7 PREPAYMENTS AND OTHER CURRENT ASSETS

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets		
Restricted bank balances	13,327	43,480
Refundable deposits	5,446,080	6,293,202
	<u>5,459,407</u>	<u>6,336,682</u>
Non-financial assets		
Prepaid expenses	32,161,604	30,260,899
Advances to suppliers	61,784,728	68,409,485
Value-added tax	13,141,600	9,031,492
Employees' receivables	7,607,206	9,719,674
Other	3,120,152	2,944,053
	<u>117,815,290</u>	<u>120,365,603</u>
	<u>123,274,697</u>	<u>126,702,285</u>

8 LOANS AND LEASE LIABILITIES

<u>March 31, 2022 (Unaudited)</u>	Current	Non-current	Total
Short-term loans	405,504,649	-	405,504,649
Long-term loans	2,494,009	10,565,273	13,059,282
	<u>407,998,658</u>	<u>10,565,273</u>	<u>418,563,931</u>
Lease liabilities	4,096,748	29,495,314	33,592,062
	<u>412,095,406</u>	<u>40,060,587</u>	<u>452,155,993</u>
<u>December 31, 2021 (Audited)</u>	Current	Non-current	Total
Short-term loans	479,543,678	-	479,543,678
Long-term loans	2,756,990	7,542,570	10,299,560
	<u>482,300,668</u>	<u>7,542,570</u>	<u>489,843,238</u>
Lease liabilities	5,509,121	33,187,893	38,697,014
	<u>487,809,789</u>	<u>40,730,463</u>	<u>528,540,252</u>

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Saudi Riyals and United States Dollar	237,018,829	311,593,324
Turkish Lira	70,812,884	81,884,711
Other	110,732,218	96,365,203
	<u>418,563,931</u>	<u>489,843,238</u>

8.2 The major borrowings of Group are short term which are priced based on SAIBOR plus with an agreed fixed rate. The monthly average of three months SAIBOR during the period was 1.04% (2021: 0.65%). As at March 31, 2022, the SAIBOR was 1.47% (2021: 0.79%).

During the three-month period ended March 31, 2022 and 2021, the finance costs related to Turkey based subsidiaries was SAR 5.7 million (March 31, 2021: SAR 4.5 million). As at March 31, 2022, the Turkish LIBOR (Lira Interbank Offered Rate) was 14.00% (March 31, 2021: 19.95%).

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8 LOANS AND LEASE LIABILITIES (continued)

8.3 Short-term loans

The Group has bank facilities in the form of Murabaha, short-term tawarruq and other conventional credit facilities to meet its working capital requirements. As at March 31, 2022, facilities amounting to SAR 1.92 billion were undrawn (December 31, 2021: SAR 1.99 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 from AIG.

8.4 Long-term loans

The Group also has long-term loan facilities with banks to finance its capital assets. As at March 31, 2022, an amount of SAR 73.0 million was undrawn (December 31, 2021: SAR 72.7 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 Algerian Dinar) and repayable within five years through monthly and quarterly equal installments from the date these facilities were availed.

9 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Sales commission and promotional expenses	146,370,909	110,445,349
Employees' benefits	121,390,189	101,245,555
Accrued expenses	77,614,802	78,844,303
Contract liabilities	74,634,058	69,057,978
Contract liabilities - expected sales returns	43,703,645	41,984,386
Other	24,729,385	9,718,557
	<u>488,442,988</u>	<u>411,296,128</u>

Other include SAR 12 million advance payment received in relation to the sale of Tanmiya (refer note 13).

10 ZAKAT AND INCOME TAX

There is no change in the status of zakat and income tax assessments of the Group since December 31, 2021.

Further, during the period, the Group has submitted its consolidated zakat and income tax returns for the year ended December 31, 2021.

11 OTHER EXPENSES, NET

Comparative period expenses include SAR 43.8 million related to foreign exchange losses that mainly arise from one of the subsidiary in Sudan.

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12 SEGMENT REPORTING

	Pharmaceuti- cals	Specialty chemical	Power and steel industries	Other	Total
<u>For the three month ended March 31, 2022 (Unaudited)</u>					
Revenue from sale of goods	266,671,297	216,457,534	50,106,969	7,553,955	540,789,755
Revenue from rendering of services	21,395,997	62,890,104	9,443,129	-	93,729,230
Total revenue	288,067,294	279,347,638	59,550,098	7,553,955	634,518,985
Gross profit	170,585,434	97,316,181	5,034,496	940,941	273,877,052
Depreciation and amortization	(10,991,057)	(3,920,555)	(2,548,026)	(1,591,873)	(19,051,511)
Finance costs	(2,919,627)	(7,313,245)	(1,233,675)	(613,668)	(12,080,215)
Income / (loss) before zakat and tax	51,610,218	41,673,282	(866,626)	(11,634,221)	80,782,653
<u>For the three month ended March 31, 2021 (Unaudited)</u>					
Revenue from sale of goods	248,611,381	214,951,082	45,209,175	7,642,084	516,413,722
Revenue from rendering of services	8,809,941	54,789,989	14,532,207	-	78,132,137
Total revenue	257,421,322	269,741,071	59,741,382	7,642,084	594,545,859
Gross profit	160,945,343	92,079,372	4,294,968	692,501	258,012,184
Depreciation and amortization	(10,856,260)	(5,124,807)	(2,141,597)	(1,871,102)	(19,993,766)
Finance costs	(3,130,910)	(7,446,958)	(1,155,035)	(546,373)	(12,279,276)
Income (loss) before zakat and tax	39,310,909	36,879,267	(163,394)	(12,155,552)	63,871,230

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12 SEGMENT REPORTING (continued)

	Pharmaceuti- cals	Specialty chemical	Power and steel industries	Other	Total
<u>As at March 31, 2022 (Unaudited)</u>					
Property, plant and equipment including right-of-use assets	428,767,738	161,737,819	72,141,516	119,588,887	782,235,960
Trade receivables	503,233,069	342,832,423	187,111,791	4,724,772	1,037,902,055
Provision for impairment of trade receivables	(42,514,931)	(75,350,569)	(22,892,891)	(355,010)	(141,113,401)
Trade receivables – net	460,718,138	267,481,854	164,218,900	4,369,762	896,788,654
Total assets	1,221,967,925	855,260,537	815,676,484	141,098,595	3,034,003,541
Total liabilities	617,357,505	386,200,094	253,063,410	197,837,630	1,454,458,639
	Pharmaceuti- cals	Specialty chemical	Power and steel industries	Other	Total
<u>As at December 31, 2021 (Audited)</u>					
Property, plant and equipment including right-of-use assets	438,312,014	165,378,125	425,578,630	118,788,764	1,148,057,533
Trade receivables	417,136,100	294,846,224	191,435,221	3,895,469	907,313,014
Provision for impairment of trade receivables	(39,641,070)	(70,695,559)	(29,259,618)	(355,011)	(139,951,258)
Trade receivables – net	377,495,030	224,150,665	162,175,603	3,540,458	767,361,756
Total assets	1,157,761,861	787,309,181	805,067,537	137,847,012	2,887,985,591
Total liabilities	529,082,898	345,640,939	329,581,676	179,588,231	1,383,893,744

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12 SEGMENT REPORTING (continued)

Selected financial information summarized by geographic location is as follows:

	KSA	Republic of Iraq	Africa	Turkey	Sudan	Other locations	Total
<u>Revenue (three months)</u>							
March 31, 2022 (Unaudited)	396,575,553	13,033,304	45,988,100	86,431,809	10,361,557	82,128,662	634,518,985
March 31, 2021 (Unaudited)	400,979,094	11,150,207	48,269,684	78,919,530	6,545,785	48,681,559	594,545,859
<u>Non-current assets</u>							
March 31, 2022 (Unaudited)	695,256,977	-*	67,805,634	17,257,403	2,854,763	40,223,669	823,398,446
December 31, 2021 (Audited)	702,736,730	351,829,409	72,539,546	19,373,290	2,600,411	41,313,417	1,190,392,803

* Non-current assets related to Republic of Iraq is for Tanmiya subsidiary which is classified to disposal group - held for sale as a separate line item in the condensed consolidated interim financial statements, refer to Note 13.

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13 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Based on management assessment, Al-Tanmiya Company for Steel Manufacturing ("Tanmiya") is considered as a major line of business in respect of its Power and steel industries. On February 7, 2022, Tanmiya signed an agreement with an Iraqi based entity for exiting its entire investment in Alanmaa for Construction Materials Production Ltd. (Alanmaa) for transaction price of SAR 731.2 million.

During April 2022, the Group received the majority of the sales proceed and also transferred the shares to the buyer after obtaining the related regulatory approvals.

An analysis of the results in relation to the operations of disposal group classified as held for sale during the period ended March 31, 2022 and 2021 is as follows:

13.1 Financial performance and cash flow information

	For the three-month period ended March 31,	
	2022	2021
Revenue	26,335,304	4,739,265
Expenses	(22,948,448)	(14,610,329)
Income / (loss) before zakat and income tax	3,386,856	(9,871,064)
Zakat and income tax expense	-	-
Net income / (loss) from discontinued operation	3,386,856	(9,871,064)
Other comprehensive loss from discontinued operation	-	-
Total comprehensive income / (loss) from discontinued operation	3,386,856	(9,871,064)
Net cash generated from / (used in) operating activities	12,635,256	(643,683)
Net cash used in investing activities	(64,271)	-
Net cash used in financing activities	(572,206)	(42,335)
Net increase / (decrease) in cash and cash equivalent from the discontinued operation	11,998,779	(686,018)

13.2 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities are classified as held for sale in relation to the discontinued operations as at March 31, 2022:

	2022
<u>Assets relating to disposal group classified as held for sale</u>	
Property, plant and equipment	351,461,384
Prepayments and other current assets	7,678,971
Trade and other receivables	2,531,210
Inventories	93,347,377
Cash and cash equivalents	13,235,713
Total assets of disposal group classified as held for sale	468,254,655
<u>Liabilities relating to disposal group classified as held for sale</u>	
Lease liabilities	2,062,926
Accrued expenses and other current liabilities	7,018,358
Zakat and income tax payable	604,358
Trade and other payables	13,398,334
Due to related parties	30,052,273
Total liabilities of disposal group classified as held for sale	53,136,249

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14 CONTINGENCIES AND COMMITMENTS

There was no significant change in the contingencies and commitment level since December 31, 2021.

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.

The calculation of net debt was as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents	34,934,501	46,314,000
Short-term loans	(405,504,649)	(479,543,678)
Long-term loans	(13,059,282)	(10,299,560)
Lease liabilities	(33,592,062)	(38,697,014)
Due to a related party – loan	-	(30,052,273)
Net debt	(417,221,492)	(512,278,525)
Current ratio	1.42	1.40
Unused credit facilities (in SAR billions)	1.99	2.06

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Equity	1,579,544,902	1,504,091,847
Liabilities	1,454,458,639	1,383,893,744
Total capital structure	3,034,003,541	2,887,985,591
Gearing ratio	47.94%	47.92%

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 8).

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 borrowing facilities from multiple banks 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 consolidated interim financial statements have been prepared on a going concern basis.

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

Country of operations	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Sudan	22,856,220	22,677,749
Egypt	29,778,717	28,325,086
Other	25,623,693	25,648,583
	78,258,630	76,651,418

17 DIVIDENDS

During March 2022, the Board of Director of the Group recommended dividend of SAR 120 million at SAR 1.5 per share for distribution from the retained earnings which was subsequently approved by the shareholders in the Group's Annual General Assembly meeting held on April 21, 2022.

18 EARNINGS PER SHARE

The Group presents basic and diluted earnings per shares (EPS) for its ordinary shares. Basic EPS is calculated by dividing profit for the period attributable to the ordinary equity holders of the Group separately from each of the continuing and discontinued operations by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period attributable to ordinary equity holders of the Group and the weighted average number of ordinary shares outstanding during the period for the effects of all dilutive potential ordinary shares. Since the group has no such dilutive potential ordinary shares, the calculation and presentation of basic and diluted EPS of the Group will be the same.

The following table reflects the profit and weighted average number of ordinary shares used in the computations:

	For the three-month period ended March 31,	
	2022	2021
Profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted earnings per share:		
- From continuing operations	72,488,768	54,060,640
- From discontinued operation	2,201,457	(3,454,872)
	74,690,225	50,605,768
Weighted average number of ordinary shares outstanding during the period	80,000,000	80,000,000
Basic and diluted earnings per share		
- From continuing operations attributable to the ordinary equity holders of the Group	0.90	0.67
- From discontinued operation attributable to the ordinary equity holders of the Group	0.03	(0.04)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Group	0.93	0.63

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19 BOARD OF DIRECTORS' APPROVAL

These condensed consolidated interim financial statements were approved by the Group's Board of Directors on May 16, 2022.