ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INDEX OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

الدكتور محمد العمري وشركاه
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Independent auditor's report

To the shareholders of
Abdullah Al-Othaim Markets Company
(Saudi Joint Stock Company)
Riyadh –Kingdom of Saudi Arabia
Report on the audit of the consolidated financial statement

Opinion

We have audited the consolidated financial statements of Abdullah Al-Othaim Markets Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Auditors and Accountants .

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the professional code of conduct and that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	*How the matters were addressed in our audit*
Impairment of non-current assets	
In accordance with the requirements of IAS 36 "Impairment of Assets", the Group assesses, at each financial reporting date, whether there is any indication of any impairment. If any indication exists, the recoverable amount is estimated. The recoverable amount of the asset is its value in use or fair value less costs to sell, whichever is higher. As of 31 December 2020, the Group identified indicators of impairment in the value of the assets of one of its subsidiaries outside the Kingdom of Saudi Arabia that operates in the retail and wholesale sector. As a result, the Group's management has assessed this impairment with the help of an independent consultant by determining the recoverable amount based on the value in use of the company's assets and also its fair value less cost to sell. This study did not result in any adjustment to the carrying values of the related cash generating units of the Group. We consider this as a key audit matter due to the judgments and estimates used by the management in determining the recoverable amount, which includes assumptions regarding the expected economic conditions, especially growth in the markets in which the Group operates and the assumptions of expected income, gross profit margin, and the discount rate used in the value in use model.	Our procedures included the following: - Assessed the objectivity, independence and competence of the consultant used by the Group; - Evaluated the appropriateness of the group's policies related to the impairment in value of non-current assets and assess the adherence to the requirements of relevant IFRS, - Evaluated management procedures in the determination of indicators of impairment in value, and the test of impairment, - Assess the reasonableness of key assumptions and methodologies used by the management with the Group's information related to its current operations. - Checked the arithmetical accuracy of the model. - Compared the forecasts with the historical experience, and applied our understanding of future business expectations based on the historical information of the Group. - We have assessed the adequacy of the relevant disclosures.
Refer to note 4 for the accounting policy and note 5 for related disclosures	

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Key audit matter	*How the matter was addressed in our audit*
Valuation of inventory	
As of 31 December, 2020 inventory of the group amounted to SR 859 million (31 December 2019: SR 786 million). After deducting the monthly provision for slow moving inventory by SR 32.7 million (December 31, 2019: SR 43.4 million). Inventory represents approximately as at 31 December, 2020, 17.3% of the Group's assets. (31 December, 2019: 16.5%) Inventory is recorded at the lower of cost or net realisable value. At each reporting date, management reviews the valuation of inventories and writes down the cost of the inventory that are expected to be sold below its cost. A provision is recorded, when necessary, for slow moving and obsolete. The management determines the level of obsolescence of inventories by considering their nature, ageing profile, expiry dates and sales expectations using historical trends and other qualitative factors. At each reporting date, the cost of inventories is reduced where inventories are forecasted to be sold at below cost. We consider this as a key audit matter due to the significant judgments and key assumptions applied by the management in determining the allowance for slow moving inventories and the level of inventories write down required based on the net realizable value assessment.	Our audit procedures included the following: - Assessed the appropriateness of the Group's accounting policies for recognition and measurement of inventories in line with the requirements of relevant IFRS; - Assessed the design and implementation and tested the operating effectiveness of the Group's relevant controls including automated controls around recognition and measurement of inventories including the monitoring of the allowance for slow moving items; - Evaluated of management procedures related to provisions of slow-moving inventories, compared historical estimates with actual losses and current and future expectations with respect to sales. - Obtained inventory counts results from the Group's management and considered the appropriateness of the allowance for the expected level of slow-moving inventory items and appropriateness of management's reconciliation procedures of the physically counted quantities to those recorded in the Group's accounting records. Further, to understanding the process of inventory counts and observed the operation of the controls in place, we attended inventory counts at a sample of stores and warehouses along-with management. Also, reconciled, on sample basis, certain inventory items quantities back to the Group's accounting records; - Tested the net realisable value of finished goods inventories on sample basis by comparing their costs to their net realizable value; - Tested a sample of inventory issuance and received right before and after year end to check the appropriateness of the inventory recording in the respective periods; - Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the IFRS.
Refer to note 4 of the accounting policy and note 11 for the related disclosures.	

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Other information

The other information comprises the information included in the annual report in 2020, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS endorsed in the Kingdom of Saudi Arabia, other standards and versions endorsed by Saudi Organization for Auditors and Accountants and Regulations for Companies and the Article of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so. Those charged with governance, in particular the Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the management and with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Dr. Mohamed Al-Amri & Co.

د. محمد العمري وشركاه - محاسبون قانونيون
س. ت: ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

11 Sha'ban 1442. (H)
24 March 2021 (G)

ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of 31 December 2020	As of 31 December 2019
		(Saudi Riyals)	
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	**1,408,098,327**	1,433,482,523
Right of use leased assets	6	**1,329,581,061**	1,158,035,201
Investment properties, net	7	**590,461,652**	615,677,933
Intangible assets, net	8	**3,473,064**	4,642,641
Investments in associates	9	**267,138,201**	262,397,200
Equity instruments at fair value through other comprehensive income	10	**3,398,734**	4,019,032
Total non-current assets		**3,602,151,039**	3,478,254,530
Current assets			
Inventories, net	11	**859,301,604**	786,016,674
Financial assets at amortized cost		**7,505,000**	7,505,000
Prepayments and other receivables, net	12	**157,182,368**	177,220,545
Trade receivables, net		**42,240,287**	41,055,379
Cash and cash equivalents	13	**277,764,776**	262,430,338
Total current assets		**1,343,994,035**	1,274,227,936
Non-current assets held for sale	14	**19,083,631**	13,643,929
TOTAL ASSETS		**4,965,228,705**	4,766,126,395
LIABILITIES AND EQUITY			
EQUITY			
Paid-in share capital		**900,000,000**	900,000,000
Statutory reserve	15	**109,824,670**	64,727,410
Retained earnings		**523,033,874**	529,539,987
Fair value reserve		**(2,058,404)**	(1,938,106)
Exchange differences on translation of foreign operations		**(6,417,559)**	(5,949,535)
The Company's share in other comprehensive income of associates		**(58,531)**	1,055,741
Equity attributable to shareholders of the Company		**1,524,324,050**	1,487,435,497
Non-controlling interests		**44,436,190**	37,745,493
Total equity		**1,568,760,240**	1,525,180,990
Non-current liabilities			
Lease contracts Liabilities		**1,279,556,625**	1,133,073,678
Obligation for employees' end-of-service benefits	16	**171,440,559**	139,689,218
Total non-current liabilities		**1,450,997,184**	1,272,762,896
Current liabilities			
Trade Payables		**1,364,301,036**	1,328,739,847
Short term loans and murabahat	17	**-**	135,956,936
Lease contracts Liabilities		**108,314,092**	87,631,515
Accruals and other payables	19	**446,261,748**	393,124,920
Zakat provision	20	**26,353,223**	20,684,424
Total current liabilities		**1,945,230,099**	1,966,137,642
Obligations related to assets held for sale	14	**241,182**	2,044,867
TOTAL LIABILITIES		**3,396,468,465**	3,240,945,405
TOTAL LIABILITIES AND EQUITY		**4,965,228,705**	4,766,126,395

The accompanying notes from (1) to (32) form an integral part of these consolidated financial statements and to be read therewith.

Vice-president, financial affairs	Chief Executive Officer	Chairman
Marwan Ahmed Ibrahim	Abdulaziz Abdullah Al-Othaim	Abdullah Saleh Al-Othaim

ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

CONSOLIDATED STATEMENT OF INCOME

	Note	2020	2019
		For the year ended 31 December (Saudi Riyals)	
Net sales	24	8,811,497,123	8,165,875,242
Cost of sales		(6,900,343,261)	(6,472,962,118)
Gross profit		1,911,153,862	1,692,913,124
Rental income, net	24	57,453,945	80,177,021
Vouchers sales commissions		1,933,483	2,286,571
Selling and marketing expenses	21	(1,343,059,746)	(1,267,484,771)
General and administrative expenses	22	(108,552,884)	(108,402,357)
Operating profit		518,928,660	399,489,588
The Company's share in income of associates	9	19,561,729	32,445,184
Income from financial assets at amortized cost and others		2,417,859	2,079,975
Financing costs of lease contracts liabilities		(66,717,222)	(62,862,171)
Financing charges, net		(1,310,129)	(4,595,244)
Other expenses, net		(4,291,078)	(274,035)
Income before zakat		468,589,819	366,283,297
Zakat	20	(16,221,417)	(10,842,953)
Income from continuing operations		452,368,402	355,440,344
Discontinued Operations:			
Gain (Loss) from discontinued operations, after zakat	14	5,347,074	(7,468,950)
Net income for the year		457,715,476	347,971,394
Attributable to:			
Shareholders of the Company			
Continuing operations		445,625,522	352,141,674
Discontinued operations		5,347,074	(7,468,950)
		450,972,596	344,672,724
Non-controlling interest			
Continuing operations		6,742,880	3,298,670
Discontinued operations		-	-
		6,742,880	3,298,670
Earnings per share			
Basic and diluted earnings per share from the net income attributable to the shareholders of the Company	23	5.01	3.83
Basic and diluted earnings per share from income from continuing operations attributable to the shareholders of the company		4.95	3.91

The accompanying notes from (1) to (32) form an integral part of these consolidated financial statements and to be read therewith.

Vice-president, financial affairs	Chief Executive Officer	Chairman
Marwan Ahmed Ibrahim	Abdulaziz Abdullah Al-Othaim	Abdullah Saleh Al-Othaim

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December (Saudi Riyals) 2020	2019
Net income for the year		**457,715,476**	347,971,394
Other comprehensive income for the year			
Items not to be reclassified to income:			
Actuarial (losses) gains for employees' end of service benefits	16	**(7,353,065)**	843,361
Net changes in fair value of equity instruments measured at fair value through other comprehensive income		**(148,259)**	283,199
Items to be reclassified to income:			
The Company's share in other comprehensive income of associates	9	**(1,166,878)**	(142,788)
Exchange differences on translation of foreign operations		**(468,024)**	(1,988,279)
Other comprehensive loss for the year		**(9,136,226)**	(1,004,507)
Total comprehensive income for the year		**448,579,250**	346,966,887
Attributable to:			
Shareholders of the Company		**441,888,553**	344,118,148
Non-controlling interests		**6,690,697**	2,848,739
		448,579,250	346,966,887

The accompanying notes from (1) to 32) form an integral part of these consolidated financial statements and to be read therewith.

Vice-president, financial affairs	Chief Executive Officer	Chairman
Marwan Ahmed Ibrahim	Abdulaziz Abdullah Al-Othaim	Abdullah Saleh Al-Othaim

ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Exchange differences on translation of foreign operations	Company's share in other comprehensive income of associates	Total shareholders' equity	Non-controlling interests	Total equity
					(Saudi Riyals)				
For the year ended 31 December 2020									
Balance as at 1 January 2020	**900,000,000**	**64,727,410**	**529,539,987**	**(1,938,106)**	**(5,949,535)**	**1,055,741**	**1,487,435,497**	**37,745,493**	**1,525,180,990**
Net income for the year	-	-	**450,972,596**	-	-		**450,972,596**	**6,742,880**	**457,715,476**
Items of other comprehensive income	-	-	**(7,300,882)**	**(148,259)**	**(468,024)**	**(1,166,878)**	**(9,084,043)**	**(52,183)**	**(9,136,226)**
Total comprehensive income for the year	-	-	**443,671,714**	**(148,259)**	**(468,024)**	**(1,166,878)**	**441,888,553**	**6,690,697**	**448,579,250**
The Company's share in other comprehensive income of associates	-	-	**(52,606)**	-	-	**52,606**	-	-	-
The impact of disposing of equity instruments at fair value through other comprehensive income		-	**(27,961)**	**27,961**	-	-	-	-	-
Transferred to statutory reserve		**45,097,260**	**(45,097,260)**	-	-	-	-	-	-
Cash dividends (Note 29)	-	-	**(405,000,000)**	-	-	-	**(405,000,000)**	-	**(405,000,000)**
Balance as at 31 December 2020	**900,000,000**	**109,824,670**	**523,033,874**	**(2,058,404)**	**(6,417,559)**	**(58,531)**	**1,524,324,050**	**44,436,190**	**1,568,760,240**
For the year ended 31 December 2019									
Balance as at 1 January 2019	900,000,000	30,260,138	627,166,246	(6,124,005)	(3,961,256)	976,226	1,548,317,349	39,696,754	1,588,014,103
Net income for the year	-	-	344,672,724	-	-	-	344,672,724	3,298,670	347,971,394
Items of other comprehensive income	-	-	1,293,292	283,199	(1,988,279)	(142,788)	(554,576)	(449,931)	(1,004,507)
Total comprehensive income for the year	-	-	345,966,016	283,199	(1,988,279)	(142,788)	344,118,148	2,848,739	346,966,887
The Company's share in other comprehensive income of associates	-	-	(222,303)	-	-	222,303	-	-	-
Transferred to statutory reserve	-	34,467,272	(34,467,272)	-	-	-	-	-	-
Fair value losses transferred to retained earnings	-	-	(3,902,700)	3,902,700	-	-	-	-	-
Cash dividends (Note 29)	-	-	(405,000,000)	-	-	-	(405,000,000)	-	(405,000,000)
Non-controlling interests	-	-	-	-	-	-	-	(4,800,000)	(4,800,000)
Balance as at 31 December 2019	900,000,000	64,727,410	529,539,987	(1,938,106)	(5,949,535)	1,055,741	1,487,435,497	37,745,493	1,525,180,990

The accompanying notes from (1) to (32) form an integral part of these consolidated financial statements and to be read therewith.

Vice-president, financial affairs	Chief Executive Officer	Chairman
Marwan Ahmed Ibrahim	Abdulaziz Abdullah Al-Othaim	Abdullah Saleh Al-Othaim

ABDULLAH AL-OTHAIM MARKETS COMPANY
A Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December (Saudi Riyals)	
	2020	2019
OPERATING ACTIVITIES		
Income before zakat	**474,073,997**	358,814,347
Adjustments		
Financing costs of lease contracts liabilities and Finance charges, net	**68,027,351**	67,457,415
Depreciation & amortization	**332,324,352**	318,942,231
Provision for obsolete and slow moving inventory	**(10,651,387)**	501,236
Provision for doubtful debts	**9,341,135**	11,292,759
Obligation for employees' end-of-service benefits	**31,498,996**	24,688,258
Loss on sale of property, plant and equipment	**1,346,487**	115,840
Exchange differences on translation of foreign operations	**(614,992)**	(3,122,375)
The Company's share in income of associates	**(19,561,729)**	(32,445,184)
Income from financial assets at amortized cost and others	**(1,357,949)**	(2,079,975)
Income from equity instruments at fair value through income	**(1,059,910)**	-
Changes in:		
Inventories, net	**(62,633,543)**	37,279,743
Trade receivables, net	**(8,058,988)**	(4,641,577)
Prepayments and other receivables, net	**8,006,895**	(29,088,069)
Trade payables	**35,561,189**	(72,341,876)
Accruals and other payables	**48,858,300**	(3,874,240)
	905,100,204	671,498,533
Paid zakat	**(10,689,722)**	(9,307,270)
End of service benefits paid	**(7,100,720)**	(4,708,817)
Net cash from operating activities	**887,309,762**	657,482,446
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(137,675,896)**	(184,582,153)
Additions to investment properties	**(1,187,117)**	(339,770)
Proceeds from sale of property, plant and equipment	**2,090,357**	1,767,032
Additions to intangible assets	**(318,299)**	(526,310)
Proceeds from disposal of investment properties	**305,966**	-
Dividends from associates	**13,653,850**	27,307,700
Proceeds from equity instruments at fair value through income and other comprehensive income	**7,629,246**	-
Proceeds from financial assets at amortized cost and other	**1,860,020**	1,650,461
Net cash used in investing activities	**(113,641,873)**	(154,723,040)
FINANCING ACTIVITIES		
Proceeds from loans and murabahat	**275,124,216**	805,572,237
Payments of loans and murabahat	**(411,081,152)**	(669,615,301)
Payments of lease contracts liabilities	**(149,349,164)**	(118,254,644)
Financing charges paid	**(68,027,351)**	(67,457,415)
Dividends paid	**(405,000,000)**	(409,800,000)
Net cash used in financing activities	**(758,333,451)**	(459,555,123)
Net change in cash and cash equivalents	**15,334,438**	43,204,283
Cash and cash equivalents at the beginning of the year	**262,430,338**	219,226,055
Cash and cash equivalents at the end of the year	**277,764,776**	262,430,338

The accompanying notes from (1) to (32) form an integral part of these consolidated financial statements and to be read therewith.

Vice-president, financial affairs	Chief Executive Officer	Chairman
Marwan Ahmed Ibrahim	Abdulaziz Abdullah Al-Othaim	Abdullah Saleh Al-Othaim

(All amounts are presented in Saudi riyals unless otherwise indicated)

1- INFORMATION ABOUT THE COMPANY, ITS SUBSIDIARIES AND THEIR ACTIVITIES

Abdullah Al-Othaim Markets Company (the "Company") is a Saudi joint stock company registered in Riyadh under Commercial Register Number 1010031185, on 7 Rajab 1400H (corresponding to 21 May 1980). The Company was transferred from a limited liability company into a joint stock company according to the Ministerial Decree No.227/G on 3 Ramadan 1428H (corresponding to 15 September 2007).

The main activities of the Company include wholesale and retail trade of food, fish, meat, agricultural products, livestock and household items. The Company is also engaged in establishing, managing, operating and maintaining supermarkets, commercial complexes, and bakeries, providing cooked and uncooked catering services, and managing training and educational centers, in addition to acquiring lands to construct buildings for lease or sale for the interest of the Company. The Company also provides import, export and marketing services to others.
The company operates through the main commercial register and sub-registry as detailed in (note 32).

The company's share capital is SR 900 million divided into 90 million shares with par value of SR 10 per share.

The company's headquarters are located in Riyadh, Al Rabwa, Eastern Ring Road PO Box 41700, Saudi Arabia.

The Company's fiscal year begins on 1 January and ends on 31 December of each Gregorian year.

The consolidated financial statements include the financial statements of Abdullah Al-Othaim Markets Company and its following subsidiaries and referred to them together the "Group".

Details of the companies controlled by the company are as follows:

			Effective ownership percentage	
Name	**Country of incorporation**	**Main Activity**	**December 2020**	**December 2019**
Haley Holding Company	Saudi Arabia	Wholesale and retail trade	100	100
Universal Marketing Centre Company	Saudi Arabia	Wholesale and retail trade	100	100
Seven Services Company	Saudi Arabia	Import, export and wholesale and retail trade	100	100
Bayt Al Watan Company	Saudi Arabia	Import, export and wholesale and retail trade	100	100
Marafeq Al Tashgheel Company	Saudi Arabia	General contracting for building	100	100
Abdullah Al Othaim Markets - Egypt	Egypt	Wholesale and retail	100	100
Thamarat Al Qassim Company	Saudi Arabia	Cultivation of vegetables and fodder	100	100
Shurofat Al Jazeerah Company	Saudi Arabia	General contracting and operation of commercial complexes	100	100
Mueen For Human Resources Company	Saudi Arabia	Labor services	68	68

The following is a summary of the subsidiaries whose balances have been consolidated in these consolidated financial statements:

Haley Holding Company

A limited liability company that operates under commercial registration number 1010314228 issued in Riyadh city on 9 Ramadan 1432H (corresponding to 9 August 2011). The main activities of the company are investment in other companies to obtain control over them, wholesale and retail trading of food products, wheat, rice, meat, fish, home products, computer services (application systems and data bases), import and export services, marketing, maintenance of training and entertaining centers and catering.

Universal Marketing Centre Company

A limited liability company that operates under commercial registration number 1010314201 issued in Riyadh city on 9 Ramadan 1432H (corresponding to 9 August 2011). The main activities of the company are investment in other companies to obtain control over them, wholesale and retail trading of food products, wheat, rice, meat, fish, home products, computer services (application systems and data bases), import and export services, marketing, Maintenance of training and entertaining centers and catering.

Seven Services Company

A limited liability company that operates under commercial registration number 1010320848 issued in Riyadh on 2 Muharram 1433H (corresponding to 27 November 2011). The main activities of the company are importing, exporting, wholesale and retail trading of ready-made clothes, sport clothes, jewelry, sewing tools, bags, leather products, decorations, dropped ceilings, vehicles spare parts, agricultural produce, in addition to providing importing and exporting services on behalf of others, establishing agriculture projects and operating and managing bakeries and cafes.

Bayt Al Watan Company

A limited liability company that operates under commercial registration number 1010320847 issued in Riyadh on 2 Muharram 1433H (corresponding to 27 November 2011). The main activities of the company are importing, exporting, and retail and whole sales trading of fruits and vegetables, fish, dairy products, ghee, olive, halawa, pasta, soft drinks, in addition to providing importing, exporting and marketing services for others, maintenance of training, entertainment and sports, general contracting, construction, maintenance, demolition and restoration and electrical and electronic work.

Marafeq Al Tashgheel Company

A limited liability company that operates under commercial registration number 1010321917 issued in Riyadh on 15 Muharram 1433H (corresponding to 10 December 2011). The main activities of the company are contracting of buildings, and construction, demolition and restoration of highways, roads, streets and bridges and reinforcing and carpentry.

Abdullah AL Othaim Markets - Egypt:

A Joint stock company that operates under commercial registration number 55010 issued in Egypt on 20 Thu Al-Hijjah 1432H (corresponding to 16 November 2011). The main activities of the company are wholesale and retail trading and general trade.

Thamarat Al Qassim Company

A limited liability company that operates under commercial registration number 1010378315 issued in Riyadh on 30 Rajab 1434H (corresponding to 9 June 2013). The main activities of the company are agriculture, fodder, livestock and poultry breeding, in addition to import and export and marketing; and acquisition of lands to construct buildings thereon and invest them by sale or lease out and utilizing properties for the interest of the company.

Shurofat Al Jazeerah Company

A limited liability company that operates under commercial registration number 1010228732 issued in Riyadh on 2 Safar 1428H (corresponding to 20 February 2007). The main activities of the company are general contracting and operating commercial complexes.

Mueen for Human Resources Company

A closed joint stock company that operates under commercial registration number 1010435202 issued in Riyadh on 6 Ramadan 1436H (corresponding to 23 June 2015). The main activities of the company are providing labor services regarding household workers and workers for both public and private sectors under an authorization from the Ministry of Labor No. UMM 24 issued on 23 Thul Hijja 1436H corresponding to 16 October 2015.

2- BASIS OF PREPARATION

2-1 Statement of compliance

These companying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and wherever appeared in these notes that refers to the (IFRSs) adopted in Saudi Arabia and other standards and issuances and adopted by SOCPA.

According to the circular of the Capital Market Authority ("CMA") on 16 October 2016 amended by its resolution on 31 December 2019, the Group should apply the cost model to measure the real estate properties, plants, equipment, investment properties and intangible assets until 31 December 2021. After that, the group shall decide to apply either the cost model or the fair value model to measure the real estate and investment properties, while it should continue to apply the cost model to measure the plants, equipment and intangible assets.

2-2 Basis of measurement

The consolidated financial statements have been prepared at historical cost, except for the following significant items stated in the consolidated statement of financial position as follows:

- Derivative financial instruments are measured at fair value.
- Investment in equity instruments at fair value through other comprehensive income and measured through fair value.
- End of service benefits is measured by the present value of future obligations using the expected credit unit method.

2-3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal which represents the company's functional currency. All amounts in the consolidated financial statements are in Saudi Riyal unless otherwise stated.

2-4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair values maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Due to the short-term maturity of financial instruments such as receivables and payables, other debit and credit balances, their carrying amount approximate fair values significantly.

2-5 Impact of changes in accounting policies due to applying IFRS and new interpretations:

2-5-1 New Standards, applied by the group:

The Group has applied the following standards and amendments for the first time starting from 1 January 2020.

2-5-1-1 The effect of Amendment to IFRS 16: COVID-19 related rent concessions

In May 2020, the IASB had issued an amendment on IFRS 16 (COVID-19 related rent concessions), which provide a practical expedient for rent concessions that arise as a direct consequence of the COVID-19 pandemic allowing a lessee not to assess whether a rent concession that meets certain criteria is a lease modification and account for such rent concession as if it was not lease modification.
The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The amendment is effective for annual periods beginning on or after June 1, 2020, however, earlier application is permitted. The Group has elected to early adopt the amendment of the IFRS 16 (is issued by the ISAB in May 2020) before it becomes effective.

The accounting impact of changes in rent payments by applying the exemption

The application of the practical expedient rent concession, that meets certain criteria, has resulted in the reduction of lease contracts liabilities which was reflected in the consolidated statement of income for the current year by SR 4.85 million.

2-5-1-2. Amendments to IFRS 3 – Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020. These amendments did not have any impact on consolidated financial statements of the Group.

2-5-1-3. Amendments to IAS 1 and IAS 8 on the definition of material

These amendments to IAS 1, "Presentation of financial statements", and IAS 8, "Accounting policies, changes in accounting estimates and errors", and consequential amendments to other IFRSs:

i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

2-5-1-4. Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally, cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the Consolidated Statement of Profit or Loss.

The adoption of above amendments do not have any material impact on the Consolidated Financial Statements of the Group.

2-5.2. Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for reporting periods beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

2-5-2-1. Amendments to IAS 1,"Presentation of financial statements" on classification of liabilities

These narrow-scope amendments to IAS 1, "Presentation of financial statements", clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability.

2-5-2-2. Amendments to IFRS 3, IAS 16, IAS 37

- IFRS 3, "Business combinations" updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, "Property, plant and equipment "prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- IAS 37, "Provisions, contingent liabilities and contingent assets" specify which costs a company includes when assessing whether a contract will be loss-making.

2-5-3. Annual Improvements to IFRSs 2018–2020 Cycle

These improvements are effective on or after 1 January 2021.

- IFRS 9, "Financial Instruments" - Clarify the fees a company includes in performing the "10 per cent test" in order to assess whether to derecognize a financial liability.
- IFRS 16, "Leases" - Remove the potential for confusion regarding lease incentives by amending an Illustrative Example 13 accompanying IFRS 16.
- IAS 41, "Agriculture" – Align the fair value measurement requirements in IAS 41 with those in other IFRSs.

The standards, interpretations and amendments mentioned above do not have any material impact on the consolidated financial statements of the Group.

3- ACCOUNTING ESTIMATES AND SIGNIFICANT ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with the International Financial Reporting Standards" IFRS" that are applied in Kingdom of Saudi Arabia, according to requires the use of critical judgment and estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the notes besides the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities that might be affected in the future.

The key assumptions concerning the future and other key sources of uncertainty estimation at the consolidated financial statements date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below. In making its assumptions and estimates, the Company relies on standards available when preparing the consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are stated when they occur.

In view of the Corona pandemic outbreak (Covid-19), and as explained in Note (27), the management has reviewed the uncertainties about the main sources of the estimates that have been disclosed and taking into consideration the potential impact of the new Corona pandemic (Covid-19).

a- Summary of Significant Adopted Accounting Estimates and Assumptions

Definition of the lease term with renewal and termination options

The Group has defined the term of the lease as the non-cancellable lease term, in addition to any periods covered by the option to extend the lease if this option is certain to be exercised.

The group has several lease contracts that include options for extension and termination. The Group applies its judgment in assessing whether it is reasonably certain to exercise the option of renewing or terminating the contract. This means, to consider all relevant factors that create an economic incentive to exercise the option to renew or terminate the contract.

After the starting date of the lease contract, the group management use to re-assess the lease contract term whenever a significant change in conditions or major event controllable by the group occurs and affects its ability to exercise the option of renewal or cancelation.

The implicit rate of return for lease contracts

The group cannot easily determine the implicit rate of return for all lease contracts, and therefore it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the borrowing rate that the group must pay to borrow for a similar period, with similar guarantees to obtain an asset of value similar to the right of use leased asset in a similar environment.

The Group estimates the incremental borrowing rate using obtainable inputs (such as market rates of returns).

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are estimated by the Group for the purposes of accounting for depreciation based on the expected use of those assets. Management reviews the residual value and useful lives annually. Future depreciation charges would be adjusted where management believes the useful lives different from previous estimates.

Useful lives of intangible assets

Intangible assets represent costs incurred to obtain the right of use to properties leased from the principal tenant (key money). These assets are amortized over the respective term of the lease contracts.

Provision for obsolete and slow-moving inventory

Management estimates a provision to reduce the inventory value to its net realizable value, if the inventory cost is not recoverable ,the inventory was damaged or became obsolete in whole or in part, if the selling price is lower than the cost, or if there are any factors that cause a decrease in the recoverable amount below the carrying value.

Selling Incentives

The liability of the variable consideration of the selling incentives in accordance with the loyalty program (Iktissab) is estimated based on customary practices and the Company's previous experience. This liability is reviewed when preparing the financial reports to reflect the potential value of the Company's liability toward the customers.

Progressive rebate incentives

The Company may receive additional incentives from suppliers according to the volume of purchases during the fiscal year. The Company recognizes these incentives upon realization in accordance with contracts signed with suppliers. The Company management exercises its professional judgement in examining market variables and consumer behavior when estimating the recognition of the incentives at the date of the consolidated financial statements.

Recoverability

Management estimates the recoverable value of assets to test impairment.

Obligation for employees end of service benefits

The employees' end-of-service benefits obligation is determined according to a defined unfunded benefit plan and measured using actuarial evaluation. Actuarial evaluation includes many assumptions that may differ from the actual future developments. These assumptions include the determination of the discount rate and future salary increases and turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. Thus, all assumptions are reviewed once a year or more often, as deemed necessary.

b- Going concern

The Group has no doubts regarding its capability to continue its operations. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

4- SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES

The accounting policies used in the preparation of the consolidated financial statements as of 31 December 2020 are the same as those followed in the consolidated financial statements as at 31 December 2019. The significant accounting policies used by the Group in preparing the consolidated financial statements are as follows:

A. Basis of consolidation

The consolidated financial statements are comprised of the financial statements of the Company and its subsidiaries which are under its control as at 31 December 2020. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investees. Specifically, the Company controls an investee, if and only if the company has all of the following elements:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the Investee).
- Exposure or rights to variable returns from its involvement with the investee.
- The ability to exercise its power over the investee to influence its returns.

Generally, there is an assumption that the majority of voting rights result in control. In support of this assumption, when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The company's voting rights and any potential voting rights.

The Group re-assesses whether it has control over an investee, if the facts and circumstances indicate any changes in one or more of the three control elements. The consolidation of the subsidiary begins from the date when the Group obtains control over the subsidiary and ceases when the Group loses its control over the subsidiary. The assets, liabilities, revenues and expenses of a subsidiary acquired during the period are recognized in the consolidated financial statements from the date the Group obtains control until such control ceases to exist.

Profit or loss and each component of other comprehensive income are attributable to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. In other words, losses on non-controlling interests are recognized even if this results in a deficit balance in the non-controlling interests.

Upon consolidating the financial statements, adjustments are made to the consolidated financial statements of the subsidiaries, if necessary, to make their accounting policies consistent with the Company's accounting policies. All assets, liabilities, equity, revenues, expenses and cash flows related to inter-company transactions are entirely eliminated.

Changes in the ownership of subsidiaries under control that do not result in loss of control are treated as equity transactions

In case the Group loses control over the subsidiary, it would:

- Derecognize the related assets and liabilities of the invested subsidiary;
- Derecognize the carrying amount of any non-controlling interest;

- Derecognize accumulated exchange differences recorded in equity;
- Recognize the fair value of the consideration received;
- Recognize the fair value of any held investment;
- Recognize any surplus or deficit in the statement of income
- Reclassify its share of items previously recognized in other comprehensive income to the income statement or transfer directly to retained earnings, if, as required by other international standards

B. Classification of assets and liabilities into current / non-current

The Group presents the assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is held primarily for the purpose of trading.
- It is expected to be settled in the normal operating cycle.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

C. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes the financial asset and liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. A purchase, sale or de recognition is accounted for on trade date basis.

C.1. Financial assets

When the Company acquires a financial asset, the financial asset is classified at amortized cost or at fair value through other comprehensive income or at fair value through income based on (a) the Company's business model for managing financial assets, and (b) the contractual cash flow characteristics of the financial asset.

Initial measurement of the financial asset

Financial asset is measured at initial recognition at fair value plus any transaction costs, except for financial assets at fair value through income which are measured at fair value, (without adding the transaction costs).

Subsequent measurement of the financial asset

After initial recognition, the Company subsequently measures the financial assets based on the category under which the financial asset is classified:

- At amortized cost if the Company's objective is to hold a group of financial debt instruments to collect the contractual cash flows at defined dates that are solely payments of principal and interest on the principal amount outstanding.
- At fair value through the statement of other comprehensive income if the Company's objective is to hold a group of financial debit instruments to collect the contractual cash flows at defined dates and sell the financial asset; and result in contractual cash flows on defined dates that are solely payments of principal and interest on the principal amount outstanding.
- At fair value through other comprehensive income, if the Company uses this measurement option that is available in the *IFRS* 9, Financial instruments.
- At fair value through the income statement, unless measured at amortized cost or at fair value through the statement of other comprehensive income.
- Financial assets are measured at amortized cost using the effective interest rate. Disposal gains and losses are recognized in the consolidated income statement when derecognizing the financial asset. As for the financial assets measured at fair value, they are measured at fair value while presenting the valuation differences through the statement of income, except for the financial assets which the Company chooses to measure at fair value at the initial recognition through the statement of other comprehensive income, in this case, the valuation differences presented in the statement of other comprehensive income. Further, the dividends realized from such assets are recognized through the statement of income.

De-recognition of financial assets

The financial asset is de-recognized when -and only when:

- The contractual rights to receive cash flows from the financial asset expire, or
- Transfers contractual rights to receive cash flows from the financial asset and transferring substantially all the risks and rewards of ownership of the financial asset, or retaining contractual rights to receive cash flows from the financial asset with a contractual obligation to pay cash flows to one or more of the recipients and transferring substantially all risks and rewards of ownership of the financial asset, or
- Transfers contractual rights to receive cash flows from the financial asset without transferring or retaining substantially all the risks and rewards of ownership of the financial asset not retain control of the financial asset. or
- Retains contractual rights to receive cash flows from the financial asset, with assuming a contractual obligation to pay the cash flows to one or more recipients without transferring or retaining substantially all the risks and rewards of ownership of the financial asset retain control over the financial asset.

When de-recognizing a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset acquired less any new liability assumed) is recognized in the statement of income.

Impairment of financial assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event'), and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial restructuring and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

C.2 Financial liabilities

The group classifies all its financial liabilities to be measured -subsequently- at amortized cost.

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) can only be removed from the statement of financial position when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

C.3 Reclassification of financial assets and liabilities:

When the group reclassifies a financial asset, it applies the reclassification prospectively from the date of the reclassification. The previously recognized gains, losses (including impairment losses and gains) or interests are not adjusted. Furthermore, reclassification of financial liabilities from one category to the other is not permitted.

D. Equity, reserves and dividends payments

Share capital represents the nominal value of shares that have been issued,

Retained earnings include all current and prior periods profits.

All transactions with owners of the parent are recorded separately within equity.

E. Dividends payments

Dividends are recognized as a liability when the dividends are approved. In accordance with the Companies Regulations in Saudi Arabia, dividends must be approved by the shareholders or the delegation of the shareholders to the Board of Directors to distribute interim dividends to the shareholders of the Company on a semi-annual or quarterly basis, in accordance with the company's financial position and cash flows. The corresponding amount is deducted directly from the equity.

F. Trade receivables

Trade receivables represent the amounts due from customers for goods sold or services performed in the Group's normal course of business. Trade receivables are initially recognized at fair value represented by the exchange consideration, Subsequent to initial recognition, they are measured at amortized cost.

G. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with a maturity of three months or less.

For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits and cash at banks.

H. Lease Contracts

As a lessee

Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases in the statement of financial position. However, the Group has elected not to recognize right-of-use asset and lease liabilities for some leases of short term and low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognizes the right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment loss and adjusted for certain re-measurements of the lease liability.

The lease is 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 or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured whenever there is a change in future lease payments arising from a change in an index or rate used to determine those payments, a change in the estimate of the expected payable amount under a residual value guarantee, or as appropriate, a changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied its judgment to determine the lease term for some leases which contains renewal options. The assessment of whether the Group is reasonably certain to exercise such options affects the lease term; which significantly affects the amount of lease liabilities and right-of-use assets recognized.

As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Upon the initial application of IFRS 16, the Group is not required to make any adjustments for leases in which it acts as lessor. However, the Group has applied IFRS 15 “Revenue from Contracts with Customers” to allocate the consideration of each lease and non-lease component in the contracts.

I. Property, plant and equipment

I.1 Recognition and measurement

- Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.
- Cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.
- When the useful lives of property, plant and equipment items are different, they are accounted for as separate items.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of such items and are recognized net in the consolidated statement of income.

I.2 Subsequent costs

- The cost of the replaced part for an item of property, plant and equipment is recorded in the value reported for that item when it is probable that future economic benefits will flow from that part to the Company and the cost of the item can be measured reliably. The value reported for the old replaced part is written off.
- Daily costs and expenses incurred by the Company for maintaining and operating the property, plant and equipment are charged to the consolidated statement of income when incurred.

I.3 Depreciation

Depreciation charge is recognized in the consolidated statement of income using the straight-line method over the estimated useful life of each item of properties, plant and equipment, except for land. Assets constructed on leased lands are depreciated over the lower of lease term, or over their respective useful lives. The depreciation of properties, plant and equipment starts when they are available for use as intended by the management.

The estimated useful lives of property, plant and equipment and the useful lives during the current year are the same for the previous years as follows:

Item	Useful lives (years)
Machinery and equipment	5-10
Buildings and constructions	25 years or contract period whichever less
Transportation	5-7
Computer hardware and systems	3-10
Furniture and fixtures	2-10
Leasehold improvements	10 or contract period whichever less

The Group reviews the useful lives and residual values to all items of property, plant and equipment at the end of each financial period and adjusts them as necessary.

I.4 Capital work in progress:

Capital work-in-progress is stated at cost and include the cost of construction, equipment and direct expenses. These are not depreciated until they become ready for their intended use by the Company where they are transferred to property, plant and equipment.

J. <u>Investment properties</u>

The Group classifies an asset as an investment property if the purpose of holding it is to (a) earn rental income, or (b) increase the share capital or (c) both. At initial recognition, investment property is stated at cost, including expenditure that is directly attributable to the acquisition of investment properties. Upon subsequent measurement, the Company uses the cost module where the accumulative depreciation and accumulative impairment losses are deducted, and their fair value is disclosed as required by the IFRS at the date of preparing the consolidated financial statements.

The Group uses the straight-line method to depreciate investment properties over the estimated life of each of the investment property items. Assets built on leased lands are depreciated over the lower of the lease term or their respective useful lives. Depreciation charge is recorded in the consolidated statement of comprehensive income.

K. Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired, if any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount of an asset's or cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks identified to the asset. The Group calculation of impairment relies on detailed budgets and forecasts, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

Later where an asset impairment loss is reversed when there are indications for such, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash-generating unit in prior period.

A reversal of an impairment loss is immediately recognized as income in the consolidated statement of income.

L. Intangible assets

Acquired intangible assets are measured at cost separately at the date of initial recognition. The cost of intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated Intangible assets, except for capitalized development costs, are not capitalized. Expenses are recognized in the consolidated statement of income when incurred, and the estimated useful lives of the intangible assets are estimated to be finite or infinite.

Intangible assets with definite lives are amortized over the useful life. The Group conducts the needed tests to assess for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for the intangible assets with finite useful lives are reviewed at the end of each financial period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method and are treated as changes in accounting estimates. The amortization expenses for intangible assets with finite lives are recognized in the consolidated statement of income under an expenses category that matches the intangible assets function.

Profit or loss resulting from the de-recognition of intangible assets is measured by the difference between the net proceeds of disposal and the asset's carrying amount, and they are included in the consolidated statement of income, upon de-recognition of the asset.

Subsequent to initial recognition, they are measured at cost less accumulated amortization and accumulated impairment losses. amortization is charged to the consolidated income statement on a straight-line basis over the useful life of each item of the intangible assets

M. Investments in associates

- An associate is an entity over which the Company exercises significant influence, as an investor.
- When an entity holds- directly or indirectly- 20% or more of the voting right in the investee, the Company is assumed to have a significant influence unless there is clear evidence that this is not the case.

- The significant influence is the ability to participate in financial and operational policies of the investee and not control or joint control over those policies.
- The Company's investments in its associates are accounted for using the equity method.
- At initial recognition, the investment in an associate is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share in the investee's profit or loss is recognized in the Company's statement of income. Dividends received from the investee decreases the carrying amount of the investment. Other comprehensive income of the Company includes its share of the investee's other comprehensive income.
- The Group's share of income of an associate is stated in the consolidated statement of income outside operating profit and represents the established share of profit or loss after tax and zakat and equity of other owners in the associate.
- The consolidated financial statements of the associate are prepared for the same financial year as that of the Company, using consistent accounting policies.
- After applying the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to its investment in an associate. The Company determines at the end of each fiscal year whether there is an objective evidence of impairment of the investment in an associate. If there is an evidence on impairment, the Group calculates the impairment as the difference between the associate's recoverable amount and its carrying amount. The loss is recognized in the consolidated statement of income. When losing the significant influence over an associate, the Group measures and recognizes the return on investment at fair value, any differences between the carrying amount of the investment and the fair value are recorded in the consolidated statement of income.

N. Revenue

N1. Sales revenue recognition

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties. The Group recognizes revenue when it transfers control of goods or services to the customer. The principles of IFRS (15) "Revenue from Contracts with Customers " are applied by using the following five steps:

Step 1: Identify the contract - in the following cases:

- When the contract has been approved and the parties are committed.
- When each party's rights are identified.
- When the payment terms are defined.
- When the contract has a commercial substance.
- When the contract is collectible.

Step 2: **Identify the performance obligations of the contract**, by identifying promised goods or services agreed in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if:

- The customer can benefit from the goods or services separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: Determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: Allocate the transaction price to performance obligations in the contract, by allocating the transaction price to each separate performance obligation based on the relative standalone selling price of the goods or services being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer.

Accordingly, a contract with a customer is accounted for upon fulfilling all the following criteria:

- The contract parties agreed (in writing, verbally or according to other business practice) to commit to its obligations.
- The rights of each party regarding the goods and services to be transferred is established.
- The repayment terms for goods and services to be transferred can be determined.
- The contract has a commercial implication (meaning that it is expected for the risks or the timing or amount of future cash flows of the entity to change due to the contract).
- The possibility of receiving a consideration to which the Group has the right in return of goods or services it transferred to the client. When assessing the probability of receiving a consideration, the client's ability and intention to repay when the amount falls due is taken into consideration. It is taken into account that the consideration might be lower than the price stated by the contract if the consideration is variable.
- The revenue is recognized when the obligation is met through transferring the good or service promised to the client and the asset is considered transferred when the client obtains control over the asset, and when the contract is made, meeting the obligation is determined to be made over a time period or at a point in time.

N2. Incentives and other benefits from suppliers:

- Revenue of opening fees agreed upon with the suppliers at the opening of the branch is recognized and deducted from the cost of the goods sold.
- The incentives and earned benefits from suppliers are recognized on an accrual basis according to the contracts signed with the suppliers. For the presentation purposes, the incentives and earned benefits are deducted from the cost of the goods sold.

N3. Other income

- Rental income is recognized on an accrual basis in accordance with the lease contracts terms.
- Dividends income are recognized when approved by the General Assemblies of the investees in the consolidated statement of income.
- Other revenues are recognized according to accrual principle and when the conditions to earn such revenues are fulfilled in accordance with the *IFRS*s.

N4. Customer loyalty program (Iktissab)

The Group defers recognition of variable consideration of incentives arising from the Customer Loyalty Program (Iktissab) where the Group estimates this consideration based on usual practice and previous experience of the Company. Then, the consideration is recognized as a liability till it is utilized by the customer. The sale revenue is reduced by the amount of this liability being recognized as a deferred income, Subsequently, this liability is transferred to the income upon utilization or when the right to utilize expires. Meanwhile, the cost of revenue is recognized and represented by the cost of goods delivered to the customer.

O. Inventory and spare Parts

O.1 Inventories:

Inventory is stated at the lower of cost or net realizable value. The cost is determined by using the weighted average costing method. Inventory cost consists of costs incurred to get the inventories to the warehouses, Net realizable value is the estimated selling price in the ordinary course of business, less the expected costs of sale.

O.2. Spare parts inventory

Spare parts are charged to property, plant and equipment when they meet the definition and conditions for such classification, Otherwise, they are classified as inventory.

P. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuous 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 and depreciation is ceased.

Q. Provisions

Provisions are recognized when the Group has a current obligation (legal or contractual) arising from a past event, and it is probable that there will be outflow of economic benefits to settle this obligation and can be reliably measured. They are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks associated with that obligation.

R. Employees' end-of-service benefits obligation

Obligation for employees' end-of-service benefits is a compensation plan paid to employees at the end of their services. As per the Saudi Labor Law, the Group pays employees cash when their service ends based on the period of service, salary and reason for terminating the service.

Obligation recognized in the statement of financial position regarding the end-of-service benefits represent the current value of the defined benefits obligation at the end of the reporting period. The end-of-service benefits obligation is calculated by the management on annual basis using the expected credit unit method.

The cost of the services of the defined benefits plan is recognized in the consolidated statement of income under employees' benefits cost. This cost reflects the increase in the defined benefits obligation resulting from the employee's service in the current period plus changes, reduction and settlement of benefits, past-service costs are recognized immediately in the consolidated statement of comprehensive income.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from previous changes in actuarial assumptions are charged or credited to equity in other comprehensive income statement in the period in which they arise.

S. Long-term loans

A loan is recognized at net received amount and interests are recognized using the effective interest method. Interests on long-term loans are recognized during the period in which they are incurred. Interest of long-term loans used to finance capital works are capitalized and considered part of these works cost.

T. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized as a part of the asset cost. Qualified assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the consolidated statement of income in the period in which they are incurred by the Company.

U. Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether demanded by the supplier or not.

V. Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions, Monetary assets and liabilities denominated in foreign currencies at the end of the financial period are translated into Saudi Riyals using the exchange rates prevailing at that date. As for non-monetary item in foreign currencies recorded at fair value, they are retranslated according the exchange rate prevailing at the date of determining its fair value. Non-monetary items in quoted currencies at historical cost are not retranslated.
Translation differences on settlement of non-monetary items and retranslation of, monetary items are included in the consolidated statement of income for that period, Translation differences resulting from non-monetary items like equity classified as financial assets through comprehensive income are recognized under cumulative changes in fair value in the consolidated statement of comprehensive income.

Assets and liabilities of foreign subsidiaries are translated into Saudi Riyals using the exchange rates prevailing at the date of the financial statements, Income and expenses are translated for each of the statement of income and the statement of other comprehensive income using the exchange rates prevailing at the transactions dates. The translation differences are recognized in the statement of other comprehensive income. These differences are recognized in the consolidated statement of income during the period at which foreign operations are disposed of, Goodwill and change in fair value resulting from acquisitions of foreign companies are treated as foreign companies' assets and liabilities and translated using the exchange rate prevailing at the financial reporting date.

W. Segmental information

A business segment consists of assets and operations providing goods or services that are exposed to risks and returns different from those of other business segments which are measured according to the reports used by the executive management. A geographic segment relates to providing goods or services within an economic environment exposed to risks and returns different from those of other segments working in other economic environments.

X. Offset

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and when the Company either (i) intends to settle on a net basis, the assets and liabilities; or (ii) to realize the asset and to settle the liability simultaneously.

Y. Zakat and taxes

The Company and its subsidiaries is subject to the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. As for subsidiaries outside the KSA, they are subject to the laws of countries they are registered in. Zakat is recognized according to the accrual basis. The zakat provision is calculated according to the zakat base. Any differences between the provision and the final assessment are recorded when realized and recognized at that time.

(All amounts are presented in Saudi riyals unless otherwise indicated)

5. PROPERTY, PLANT AND EQUIPMENT- NET

	Properties								
	Land	Buildings	Machinery and equipment	Motor Vehicles	Computers	Furniture and fixtures	Leasehold improvements	Capital work in progress	Total
Cost									
As at 1 January 2020	457,719,313	538,127,362	518,931,027	116,053,072	199,645,132	285,421,214	339,268,707	30,254,653	2,485,420,480
Additions	25,055,313	512,978	30,916,043	9,726,678	12,895,119	16,264,598	703,775	41,601,392	137,675,896
Transferred from capital work in progress	-	8,589,341	2,626,094	-	2,079,583	4,989,886	11,862,350	(30,147,254)	-
Transfers between items	-	16,315,297	-	-	-	52,137	(16,367,433)	211,560	211,561
Disposals	-	(2,868,520)	(8,227,779)	(4,841,644)	(3,039,332)	(7,548,197)	(21,511,958)	(1,065,937)	(49,103,367)
Translation reserve for foreign subsidiary	-	-	317,319	27,813	78,731	7,579	290,128	666	722,236
As at 31 December 2020	482,774,626	560,676,458	544,562,704	120,965,919	211,659,233	299,187,217	314,245,569	40,855,080	2,574,926,806
Accumulated depreciation									
As at 1 January 2020	-	140,371,861	316,627,131	88,994,161	136,852,064	185,489,170	183,603,570	-	1,051,937,957
Depreciation for the year	-	26,000,989	42,983,679	10,464,354	25,827,768	27,919,490	26,745,006	-	159,941,286
Disposals	-	(2,868,516)	(7,568,403)	(4,196,645)	(2,803,008)	(7,210,464)	(21,019,487)	-	(45,666,523)
Transfers between items	-	4,000,441	99,947	1,680	12,001	114,603	(4,017,111)	-	211,561
Translation reserve for foreign subsidiary	-	-	173,561	20,110	63,447	4,815	142,265	-	404,198
As at 31 December 2020	-	167,504,775	352,315,915	95,283,660	159,952,272	206,317,614	185,454,243	-	1,166,828,479
Net book value									
As at 31 December 2020	**482,774,626**	**393,171,683**	**192,246,789**	**25,682,259**	**51,706,961**	**92,869,603**	**128,791,326**	**40,855,080**	**1,408,098,327**

(All amounts are presented in Saudi riyals unless otherwise indicated)

Property, plant and equipment, net (continued)

-	Properties								
	Land	Buildings	Machinery and equipment	Motor Vehicles	Computers	Furniture and fixtures	Leasehold improvements	Capital work in progress	Total
Cost									
As at 1 January 2019	469,111,794	513,224,507	503,263,020	115,444,367	178,538,559	270,961,275	311,119,746	63,368,978	2,425,032,246
Additions	28,534,563	12,763,857	24,509,287	6,357,080	18,591,111	26,448,637	5,686,377	61,691,241	184,582,153
Transferred from capital work in progress	-	40,192,388	5,108,543	-	5,259,034	9,466,458	26,936,739	(86,963,162)	-
Transferred to investment properties	(27,463,100)	-	-	-	-	-	-	(7,526,257)	(34,989,357)
Transferred to assets held for sale	(12,463,944)	(13,169,780)	(9,055,102)	(96,220)	(344,429)	(16,768,387)	(4,975,285)	-	(56,873,147)
Disposals	-	(14,883,610)	(6,550,827)	(5,798,103)	(2,810,333)	(4,726,747)	(990,314)	(204,527)	(35,964,461)
Translation reserve for foreign subsidiary	-	-	1,656,106	145,948	411,190	39,978	1,491,444	(111,620)	3,633,046
As at 31 December 2019	457,719,313	538,127,362	518,931,027	116,053,072	199,645,132	285,421,214	339,268,707	30,254,653	2,485,420,480
Accumulated depreciation									
As at 1 January 2019	8,717,885(*)	139,912,142	287,199,155	83,947,717	113,645,969	171,067,146	161,424,505	-	965,914,519
Depreciation for the year	-	24,871,708	43,771,098	10,751,699	25,609,165	31,359,574	26,789,875	-	163,153,119
Transferred to assets held for sale	(8,717,885)	(9,528,381)	(9,029,073)	(94,599)	(342,012)	(12,786,055)	(4,329,366)	-	(44,827,371)
Disposals	-	(14,883,608)	(6,081,730)	(5,693,910)	(2,341,155)	(4,172,306)	(908,880)	-	(34,081,589)
Translation reserve for foreign subsidiary	-	-	767,681	83,254	280,097	20,811	627,436	-	1,779,279
As at 31 December 2019	-	140,371,861	316,627,131	88,994,161	136,852,064	185,489,170	183,603,570	-	1,051,937,957
Net book value									
As at 31 December 2019	457,719,313	397,755,501	202,303,896	27,058,911	62,793,068	99,932,044	155,665,137	30,254,653	1,433,482,523

(All amounts are presented in Saudi riyals unless otherwise indicated)

6. RIGHT OF USE LEASED ASSETS

	Buildings	Lands	Total
Cost:			
As at 1 January 2020	1,702,314,668	106,659,887	1,808,974,555
Additions	338,524,108	-	338,524,108
Disposals	(33,277,217)	-	(33,277,217)
Foreign currency translation differences	666,814	-	666,814
31 December 2020	2,008,228,373	106,659,887	2,114,888,260
Accumulated depreciation:			
As at 1 January 2020	577,416,705	73,522,649	650,939,354
Charged to the year	140,067,372	4,730,386	144,797,758
Disposals	(10,646,598)	-	(10,646,598)
Foreign currency translation differences	216,685	-	216,685
31 December 2020	707,054,164	78,253,035	785,307,199
Net book value as at 31 December 2020	1,301,174,209	28,406,852	1,329,581,061
Net book value as at 31 December 2019	1,124,897,963	33,137,238	1,158,035,201

7. INVESTMENT PROPERTIES, NET

Investment properties are represented in commercial centers, exhibitions, buildings and their lands, which are mainly dedicated for investment and lease to other parties. The movement was as follows:

	31 December 2020	31 December 2019
Cost		
Balance at the beginning of year	**832,155,450**	796,826,323
Additions during the year	**1,187,117**	339,770
Disposals during the year	**(339,994)**	-
Transfers from property, plant and equipment (capital work in progress)	**-**	34,989,357
Balance at the end of year	**833,002,573**	832,155,450
Accumulated depreciation		
Balance at the beginning of year	**216,477,517**	190,492,302
Depreciation for the year	**26,097,432**	25,985,215
Disposals during the year	**(34,028)**	-
Balance at the end of year	**242,540,921**	216,477,517
Net Book Value at the end of the year	**590,461,652**	615,677,933

- The fair value of investment properties as at 31 December 2020 amounted to SAR 979 million SR (31 December 2019: SR 1,037 million), were assessed by a qualified and independent experts.

(All amounts are presented in Saudi riyals unless otherwise indicated)

The following is the information about the real estate valuers :

Name :	Yard For Real Estate Valuation Company
Qualifications :	Membership of Saudi Authority for Accredited Valuers
License number :	1210000176
Name :	Olat & Partner For Real Estate Valuation Company
Qualifications :	Membership of Saudi Authority for Accredited Valuers
License number :	1210000397
Name :	Tasneef For Real Estate Valuation
Qualifications :	Membership of Saudi Authority for Accredited Valuers
License number :	1210000254
Name :	Fahd Sulaiman Al-Mushaiti For Real Estate Valuation
Qualifications :	Membership of Saudi Authority for Accredited Valuers
License number :	1210001184

8. INTANGIBLE ASSETS, NET

Intangible assets represent the costs incurred to acquire the utilization rights of properties leased from the original tenant (key money), in addition to computer software. Intangible assets are amortized over their useful lives or contract periods, which is between 5 to 15 Years. The movement in intangible assets was as follows:

	31 December 2020	31 December 2019
Cost		
Balance at the beginning of year	**20,123,540**	19,597,230
Additions	**318,299**	526,310
Disposal	**(10,155,000)**	-
Balance at the end of year	**10,286,839**	20,123,540
Accumulated amortization		
Balance at the beginning of year	**15,480,899**	13,682,676
Amortization charged during the year	**1,487,876**	1,798,223
Disposal	**(10,155,000)**	-
Balance at the end of year	**6,813,775**	15,480,899
Net book value for the year	**3,473,064**	4,642,641

(All amounts are presented in Saudi riyals unless otherwise indicated)

9. INVESTMENTS IN ASSOCIATES

Details of the significant data of the Company's associates in the consolidated financial statements which are accounted for by using equity method as follows:

Associate company	Country of Incorporation	Ownership 31 December 2020	Ownership 31 December 2019
Abdullah Al-Othaim for Investment Company (1)	Kingdom of Saudi Arabia	13.653%	13.653%
AlWousta Food Services Company	Kingdom of Saudi Arabia	25%	25%
Riyadh Food Industries Company (2)	Kingdom of Saudi Arabia	55%	55%

(1) The main activities of the Company and its subsidiaries are the purchase of lands to construct buildings thereon for the purpose of selling or renting for its own interest, in addition to management, maintenance, and development of real estate properties, operating shopping malls , entertainment centers, creating and operating games cities and areas, issuing any type of negotiable debt instrument including Sukuk. The investment has been classified as an investment in associate company since there is a significant influence on the company evidenced by the representation in the board of directors and the existence of material transactions with the investee.

(2) The main activities of the company are the purchase of lands to construct manufacturing buildings thereon for the purpose of investment for its own interest, in addition to management, maintenance, and development of manufacturing plants for others, marketing food and consumable goods, and whatever necessary to establish or participate in shops and markets, import and export of food and consumable goods. The investment has been classified as an associate since there is a significant influence on the company (no control exists on the company's decisions).

A. **Summary of movements in investment during the year:**

	31 December 2020	31 December 2019
Opening balance	**262,397,200**	250,461,747
Share in associate's net profit	**19,561,729**	32,445,184
Cash dividends	**(13,653,850)**	(13,653,850)
Share of other comprehensive income of the associate	**(1,166,878)**	(142,788)
Impact of applying IFRS 16 on retained earnings	**-**	(6,713,093)
	267,138,201	262,397,200

B. **Investments in associates are as follows:**

Associate Company	31 December 2020	31 December 2019
Abdullah Al-Othaim for Investment Company	**200,077,127**	200,432,656
AlWousta Food Services Company	**24,426,703**	23,238,969
Riyadh Food Industries Company	**42,634,371**	38,725,575
	267,138,201	262,397,200

(All amounts are presented in Saudi riyals unless otherwise indicated)

10. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2020	31 December 2019
Equity instruments at fair value –listed shares	**500,000**	10,500,000
Equity instruments at fair value –unlisted shares	**5,457,138**	5,457,138
Disposals of equity instruments at fair value - listed	**(500,000)**	(10,000,000)
Total	**5,457,138**	5,957,138
Fair value reserve –listed shares	**(32,829)**	(3,935,529)
Fair value reserve –unlisted shares	**(2,058,404)**	(1,905,277)
Loss on disposal of equity instruments at fair value –listed	**32,829**	3,902,700
Total	**(2,058,404)**	(1,938,106)
Net	**3,398,734**	4,019,032

11. INVENTORIES, NET

	31 December 2020	31 December 2019
Commercial inventories	**877,791,633**	815,952,474
spare parts and materials not available for sale	**14,234,999**	13,440,615
Provision for obsolete and slow-moving inventory	**(32,725,028)**	(43,376,415)
	859,301,604	786,016,674

12. PREPAYMENTS AND OTHER RECEIVABLES, NET

	31 December 2020	31 December 2019
Prepaid expenses	**111,501,908**	129,192,192
Refundable deposits	**1,557,545**	1,311,865
Advanced payments to suppliers	**8,635,218**	9,011,426
Employees' receivables	**4,859,688**	4,055,913
Margin on letters of credit and letter of guarantees	**14,707,862**	12,413,361
Due from related parties (Note 18)	**7,356,371**	7,777,886
Others	**11,745,066**	16,646,980
	160,363,658	180,409,623
Provision for doubtful debts	**(3,181,290)**	(3,189,078)
	157,182,368	177,220,545

(All amounts are presented in Saudi riyals unless otherwise indicated)

13. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on hand	**30,675,006**	60,667,211
Cash at banks	**247,089,770**	201,763,127
	277,764,776	262,430,338

14-DISCONTINUED OPERATIONS

The balance as of 31 December 2020 represent the net book value is the amount of the remaining non-current assets held for sale related to the activities that were discontinued in the Thamarat Al-Qassim Company based on the decision of the Board of Directors. These activities are for fodder cultivation, livestock and animal production activities.

The income from discontinued operations is as follows:

The result of discontinued operations	31 December 2020	31 December 2019
Revenues	**200,425**	**11,276,246**
Cost	**(896,813)**	**(13,450,289)**
Expenses	**(662,604)**	**(5,294,907)**
Reversal of impairment losses from property, plant and equipment	**6,843,170**	**-**
Zakat	**(137,104)**	**-**
	5,347,074	**(7,468,950)**

15. STATUTORY RESERVE

In accordance with the Company by laws and the Companies Law in the Kingdom of Saudi Arabia, the Company shall transfer 10% of the annual net income to a statutory reserve until such reserve reaches 30% of the share capital. This reserve is not available for distribution to the shareholders as dividends. However, it can be used to absorb the Company losses or increase its capital.

16. OBLIGATION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

	31 December 2020	31 December 2019
Balance at the beginning of year	**139,689,218**	120,876,329
Cost of service and cost of discount factor for the year	**31,498,996**	24,688,258
Payments during the year	**(7,100,720)**	(4,708,817)
Actuarial (gains)/losses from remeasurement of end of service benefits	**7,353,065**	(843,361)
Transferred to obligations related to assets held for sale	**-**	(323,191)
	171,440,559	139,689,218

17. LOANS AND MURABAHAT

SHORT TERM MURABAHAT

Islamic bank facilities (Murabahat) are guaranteed by promissory notes issued on behalf of Abdullah Al Othaim Markets Company, the Murabahat facilities are due during a period of less than one year and used in financing the working capital. Islamic bank facilities (Murabahat) that are available for use but not yet used as at 31 December 2020 amounted to SR 1,375 million,

(31 December 2019: SR 1,164 million)

18. RELATED PARTIES

Transactions with related parties represent transactions entered between the Company and its associates, subsidiaries, major shareholders and senior executives of the Company. Management of the Company approved a policy for prices and conditions for transactions with related parties. Transactions with related parties represent mainly rent revenue, rent expenses, purchases of goods and manpower services.

Related party	Nature of relationship
Al-Othaim Holding Company	Founding Shareholder
Abdullah Al-Othaim for Investment Company	Associate
AlWousta Food Services Company	Associate
Riyadh Food Industries Company	Associate
General Organization of Social Insurance	Related to a Board member
Abdullah Al-Othaim for Fashion Company	Subsidiary of an associate
Members of the board of directors and senior executives	Company Management
Musanada for recruitment and employment inside Co.- Egypt	Related party to an executive
Dani Trading Company	Related to a Board member
Abdullah Al-Othaim for Entertainment Company	Subsidiary of an associate
Emtiyaz Al Riyadh	Subsidiary of an associate
Rimal Alsawahil for Contracting and Maintenance	Related to a Board member of subsidiary company
Tazej Food Trading Company	Related to a Board member of subsidiary company

(All amounts are presented in Saudi riyals unless otherwise indicated)

Transactions with related parties for the year ended 31 December 2020 are as follows:

Related party	Rent expense	Rent revenue	Merchandise purchases	Manpower service and other revenues	Manpower service and other costs
Al-Othaim Holding Company	10,000	710,050	-	4,104,145	-
Abdullah Al-Othaim for Investment Company	13,939,620	35,674,500	-	587,445	9,888,201
AlWousta Food Services Company	-	600,000	-	-	-
Riyadh Foods Industries Company	-	-	130,408,485	1,302,422	-
General Organization of Social Insurance	5,735,346	-	-	-	-
Abdullah Al-Othaim for Fashion Company	-	175,525	-	1,673,370	-
Musanada for recruitment and employment inside Co. – Egypt	-	-	-	-	106,058
Rimal Alsawahil for Contracting and Maintenance	-	-	-	16,938,079	-
Dani Trading Company	-	673,000	-	-	
Abdullah Al-Othaim for Entertainment Company	-	1,524,911	-	347,308	-
Emtiyaz Al Riyadh	-	-	-	354,757	-
Tazej Food Trading Company	-	-	-	207,402	-

Transactions with related parties for the year ended 31 December 2019 are as follows

Related party	Rent expense	Rent revenue	Merchandise purchases	Manpower service and other revenues	Manpower service and other costs
Al-Othaim Holding Company	110,000	710,050	-	260,309	
Abdullah Al-Othaim for Investment Company	14,087,570	37,244,948	-	8,226,240	14,038,210
AlWousta Food Services Company	-	600,000	-	-	-
Riyadh Foods Industries Company	-		126,291,819	1,865,063	-
General Organization of Social Insurance	5,735,346		-		-
Abdullah Al-Othaim for Fashion Company (Nahj Alkhayal Co.)	-	175,525	-	1,659,793	-
Musanada for recruitment and deployment inside Co. – Egypt	-		-	-	6,087,433
Dani Trading Company	-	373,000	-	-	-

(All amounts are presented in Saudi riyals unless otherwise indicated)

Board members and senior executives' benefits during the year

	Charged to comprehensive income	
	31 December 2020	31 December 2019
Short term benefits	**18,517,587**	15,706,336
Post-employment benefits	**289,496**	206,201
	18,807,083	15,912,537

Below are the balances due from/to related parties

Due from related parties: (note 12):

	31 December 2020	31 December 2019
Rimal Alsawahil for Contracting and Maintenance	**5,960,821**	**5,423,353**
Riyadh Foods Industries Company	**102,707**	**2,025,953**
Abdullah Al-Othaim for Fashion Company	**939,671**	**-**
Abdullah Al-Othaim for Investment Company	**-**	**133,398**
Al-Othaim Holding Company	**222,977**	**195,182**
Abdullah Al-Othaim for Entertainment Company	**50,552**	**-**
Emtiyaz Al Riyadh	**61,218**	**-**
Tazej Food Trading Company	**18,425**	**-**
	7,356,371	**7,777,886**

Due to related parties: : (note 19)

	31 December 2020	31 December 2019
Riyadh Foods Industries Company	**29,522,202**	26,277,489
Abdullah Al-Othaim for Investment Company	**2,596,500**	7,785,664
Musanada for recruitment and deployment inside Co.- Egypt	**-**	103,808
Al-Othaim Holding Company	**56**	9,570
	32,118,758	34,176,531

19. ACCRUALS AND OTHER PAYABLES

	31 December 2020	31 December 2019
Due to employees	**129,804,418**	106,334,190
Deferred revenues of customer loyalty program	**58,029,632**	55,207,934
Al-Othaim cards received in advance	**46,666,897**	36,505,658
Provisions	**21,717,548**	19,718,668
Deposits received from others	**44,220,735**	49,917,414
Accrued utilities	**21,940,049**	26,985,807
Advance payments from tenants and others	**34,774,454**	35,849,314
Due to related parties (Note 18)	**32,118,758**	34,176,531
Accrued VAT	**36,861,109**	9,541,689
Other	**20,128,148**	18,887,715
	446,261,748	393,124,920

(All amounts are presented in Saudi riyals unless otherwise indicated)

20. ZAKAT PROVISION

Zakat expenses are calculated on the basis of adjusted net income or Zakat base whichever is higher according to the regulations of the General Authority for Zakat and Tax in Saudi Arabia. Zakat is calculated in the current year on the basis of the adjusted net income method.

	31 December 2020	31 December 2019
Balance at the beginning of year	**20,684,424**	19,148,741
Charge for the year	**16,221,417**	10,842,953
Charge for the year discontinued operations	**137,104**	-
Payments for the year	**(10,689,722)**	(9,307,270)
Balance at the end of year	**26,353,223**	20,684,424

- The Company had submitted its consolidated Zakat declarations for all years up to 2019 and paid zakat obligations accordingly.
- The Company had requested the Authority to finalize the Zakat position of the Company and issue the final Zakat assessments for the years 2012 and 2013. The Zakat assessments has not yet been issued.
- On 26 August 2020 the Company has received the Zakat assessment from the General Authority for Zakat and Income Tax for the fiscal year 2014. On 6 December 2020, the Company also received the Zakat assessment for the fiscal years from 2015 to 2018. According to the assessment, the Company is requested to pay zakat differences for the aforementioned years, totaling SR 65 million. The Company filed its objection to those claims within the statutory time limits. The Company believes that it has sufficient provisions to meet the contingent liabilities of those claims as per the judgment of the Zakat advisor.

21- SELLING AND MARKETING EXPENSES

	31 December 2020	31 December 2019
Salaries and benefits	**803,025,585**	738,555,562
Rents	**4,358,787**	15,499,034
Depreciation of the right to use the leased assets	**120,511,675**	107,039,638
Depreciation and amortization	**136,847,713**	136,969,024
Utilities	**92,091,718**	96,678,999
Advertising and marketing promotion	**20,668,844**	26,593,053
Packaging, supplies and materials	**37,401,737**	36,103,241
Maintenance and repairs	**22,748,766**	23,450,153
Fuel and oil	**13,164,077**	12,353,080
Freight charges for branches	**27,496,327**	22,775,177
Commissions for using payments network	**13,723,702**	19,556,177
Cleaning, hospitality and office supplies	**18,976,533**	11,063,937
Fees and subscriptions	**11,837,376**	10,781,586
Insurance expenses	**6,276,797**	6,292,358
Others	**13,930,109**	3,773,752
	1,343,059,746	1,267,484,771

(All amounts are presented in Saudi riyals unless otherwise indicated)

22. ADMINISTRATIVE AND GENERAL EXPENSES

	31 December 2020	31 December 2019
Salaries and benefits	**79,500,040**	79,980,323
Depreciation and amortization	**8,615,757**	8,427,519
Fees and subscriptions	**5,629,113**	4,349,491
Professional fees	**3,356,938**	2,410,193
Utilities	**2,143,861**	2,028,574
Rents	**1,704,085**	634,479
Depreciation of the right to use the leased assets	**2,998,804**	3,129,009
Maintenance and repairs	**2,117,994**	1,430,357
Cleaning, hospitality and office supplies	**940,254**	1,237,031
Others	**1,546,038**	4,775,381
	108,552,884	108,402,357

23. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

Earnings per share for the ordinary shareholders' for the year ended 31 December 2020, 2019, are calculated based on the weighted average number of shares outstanding during those years. Diluted earnings per share is the same as the basic earnings per share because the company does not have any issued dilutive instruments

A: Basic and diluted earnings per share from net continuing operating income attributable to the shareholders of the company:

	For the year ended 31 December	
	2020	2019
Net income for the year from continuing operations	**445,625,522**	352,141,674
Weighted-average number of shares	**90,000,000**	90,000,000
Basic and diluted earnings per share from net income for the year from continuing operations	**4.95**	3.91

B: Basic and diluted earnings per share from net income attributable to the shareholders of the company:

	For the year ended 31 December	
	2020	2019
Net income for the year	**450,972,596**	344,672,724
Weighted-average number of shares	**90,000,000**	90,000,000
Basic and diluted earnings per share from net income for the year	**5.01**	3.83

(All amounts are presented in Saudi riyals unless otherwise indicated)

24. SEGMENTAL INFORMATION

The Company is mainly food supplies retail and wholesale. The Company operates in the Kingdom of Saudi Arabia and Egypt, in addition to leasing commercial centers for the purpose of investment for the interest of the Company. The results of the segments are reviewed by the Company' management, Income, profits, assets and liabilities are measured using the same accounting principles used in preparing the interim financial statements.

a. The selected information for each business segment for the year ended 31 December 2020 are summarized below:

Item	Retail and wholesale	Real estate and leasing	Other	Total
Property, plant and equipment, net	1,402,143,916	-	5,954,411	1,408,098,327
Right of use of leased assets	1,285,114,399	40,309,046	4,157,616	1,329,581,061
Investment properties, net	-	590,461,652	-	590,461,652
Intangible assets, net	2,656,609	-	816,455	3,473,064
Non-current assets held for sale	-	-	19,083,631	19,083,631
Total assets	3,813,385,428	635,933,867	515,909,410	4,965,228,705
Total liabilities	3,217,268,657	94,765,554	84,434,254	3,396,468,465
Sales	8,553,062,933	-	311,731,331	8,864,794,264
Sales outside the Group	8,553,062,933	-	258,434,190	8,811,497,123
Sales and revenues - Inter segments	-	1,844,380	53,297,141	55,141,521
Rental income from outside the Group	-	116,584,182	-	116,584,182
Total revenue, sales commissions and net rental income	1,852,466,773	57,453,945	60,620,572	1,970,541,290
Operating Income	445,984,623	57,453,945	15,490,092	518,928,660

b. Distribution of retail and wholesale sales revenues and rental income on geographical regions as follows:

	For year ended 31 December 2020					
Geographical area	**Retail and wholesale**	**Percentage %**	**Rental income**	**Percentage %**	**Other**	**Percentage %**
Central region - Saudi Arabia	5,457,817,573	63.8%	62,712,391	53.8%	258,434,189	100%
Eastern region - Saudi Arabia	862,187,407	10.1%	43,753,576	37.5%	-	-
Southern region - Saudi Arabia	1,066,943,063	12.5%	3,645,318	3.1%	-	-
Northern region - Saudi Arabia	602,404,898	7.0%	3,557,965	3.1%	-	-
Western region - Saudi Arabia	360,303,283	4.2%	2,428,312	2.1%	-	-
Egypt	203,406,710	2.4%	486,620	0.4%	-	-
Total	8,553,062,934	100%	116,584,182	100%	258,434,189	100%

(All amounts are presented in Saudi riyals unless otherwise indicated)

25. CONTINGENCIES AND COMMITMENTS

The Company has the following contingent liabilities and capital commitments:

Details	31 December 2020	31 December 2019
Letters of credit	**42,259,778**	68,245,273
Letters of guarantee	**64,070,014**	62,458,280
Commitments on capital work in progress	**45,595,372**	39,362,594

26. Financial Instruments - Risk Management

Financial assets in the Company's balance sheet are comprised mainly of equity instruments at fair value through other comprehensive income, trade and other receivables, financial assets at amortized cost through income, cash and cash equivalents, loans and murabahat, trade payables, accrued payments and other payables.

Foreign currencies exchange risk

Foreign currency risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates, The Group did not perform any transactions of relative importance in currencies other than the Saudi Riyal, the US Dollar, AED Emirates and Pound Egyptian Since the Saudi riyal and AED emirates is pegged against the US dollar, it does not represent significant currency risk .The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency

Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analyzed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group's management monitors currency exchange rates and believes that currency risk is immaterial,

Credit risk

Credit risk is the risk that one party in a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The financial instruments of the Company that may be exposed to credit risks principally include receivables, due from related parties and cash and cash equivalents. The carrying amount of financial assets represents the maximum exposure to credit risk

Trade receivables and due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of "trade receivables and due from related parties" separately. However, the management does not expect to be exposed to significant credit risk from trade receivables because it has a broad base of clients operating in different activities and multiple locations, and it also monitors outstanding receivables periodically.

Cash and cash equivalents

The group deposits its funds in reliable and high creditworthy financial banks. Liquidity risk is the risk that the Group will encounter difficulty in not fulfilling its obligations associated with its financial liabilities that are settled by paying cash or other financial assets. The group also has a policy regarding the amount of funds deposited in each bank and the group's approach to managing liquidity aims to ensure that it has sufficient liquidity continuously and as much as possible to fulfill its obligations under normal and critical circumstances, without incurring unacceptable losses or endangering the group's reputation. Management does not expect significant credit risks to arise from this.

(All amounts are presented in Saudi riyals unless otherwise indicated)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with financial commitments. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise. The Company's financial liabilities consist of trade payables, accruals and other payables. The Company mitigates liquidity risk by ensuring the availability of bank facilities, in addition to matching the collection period from customers and the settlement periods to suppliers and other creditors.

Financial liabilities maturity schedule

	As of 31 December 2020			
	Less than one year	From 1 to 5 years	More than 5 years	Total
Trade payables, accruals and other payables	1,810,562,784	-	-	1,810,562,784
Lease contracts Liabilities	108,314,092	436,676,147	842,880,478	1,387,870,717
	1,918,876,876	436,676,147	842,880,478	3,198,433,501

	As of 31 December 2019			
	Less than one year	From 1 to 5 years	More than 5 years	Total
Loans and murabahat	135,956,936	-	-	135,956,936
Trade payables, accruals and other payables	1,721,864,767	-	-	1,721,864,767
Lease contracts Liabilities	87,631,515	406,301,892	726,771,786	1,220,705,193
	1,945,453,218	406,301,892	726,771,786	3,078,526,896

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can arise between the carrying amount and the fair value estimates. The fair value definition is the measurement based on the market and assumptions that market participants use.

- The Company management considers that the fair value of short-term financial assets and liabilities approximates their carrying amount due to their short-term maturities.
- The management has estimated that the fair value of long-term loans and murabaha is close to their carrying amount, as the commission rates on these loans are floating and changes with the change in the market commission rate (*SIBOR*).

(All amounts are presented in Saudi riyals unless otherwise indicated)

The following table shows the analysis of items recorded at fair value according to the level of the fair value hierarchy measurement:

As of 31 December 2020	The first level	the second level	the third level
Equity instruments at fair value through other comprehensive income	-	-	**3,398,734**

As of 31 December 2019	The first level	the second level	the third level
Equity instruments at fair value through other comprehensive income	**467,171**	-	**3,551,861**

- Equity instruments at fair value through other comprehensive income include investments in unlisted companies where the fair value has been estimated on the basis of the net adjusted assets value from the latest available financial statements (fair value level 3).

Interest rate risks

The Company's exposure to the risk of changes in market interest rates relates primarily to financial assets and liabilities with floating interest rates. the actual interest rates and the periods which the financial assets and liabilities are reprised or matured are indicated in the related notes

27. NEW CORONA VIRUS AND FINANCIAL IMPACT

Earlier in the year 2020, the outbreak of the Corona virus (Covid-19) was confirmed. Since then, the virus has spread throughout the world, including Saudi Arabia, and has had a major impact on businesses and commercial activities. The government imposed some precautionary measures during the first half of the year which include -amongst other measures - the suspension of non-vital activities, in addition to restrictions on the movement of individuals. The food supply sector was classified by the government as a vital sector. Accordingly, the government did not impose restrictions on the company's operations or its supply chain. As a result, the company has achieved growth in retail and wholesale operations during the first half of 2020. The company has also benefited from some government initiatives to mitigate the effects of the pandemic, which had a positive financial impact on the company results during the first half of the year.
The government lifted restrictions on many commercial activities, while others continued. From time to time, the government takes decisions to impose or reduce restrictions and precautionary measures, depending on the developments in the epidemiological situation.

Although the core business of the group (Retail and Wholesale) was positively affected by the preventive measures, but the other secondary activities, such as real estate investment activity and subsidiary and associate companies' activities related to real estate investment, entertainment, fashion, food services, and manpower services have been negatively affected by those measures.
Since the extent and duration of these impacts are not well defined yet, and depend on future developments of the pandemic that are unpredictable for the time being due to the high level of uncertainty. Hence, it is difficult to estimate the financial impacts of this event and its consequences during the next twelve months.

The management will continue to monitor the situation. Once there is more clarity about the final impact, the company will update all stakeholders, if necessary, in accordance with regulatory requirements.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year classification.

29. DIVIDENDS

Shareholders' General Assembly in its meeting held on 18 April 2019 has approved the Board of Directors' recommendation to distribute cash dividends to the shareholders for the fiscal year ended 31 December 2018 at the rate of SR (3) per share with a total amount of SR (270) Million. The dividends were paid during the second quarter of 2019 (2018: SR 135 Million).

The board of directors has decided in its meeting held on 17 March 2020 to distribute an interim cash dividends to the shareholders for the fourth quarter of the fiscal year ended 31 December 2019 at a rate of SR (1.5) per share with a total amount of SR (135) million. The dividends were paid during the second quarter of 2020.

The board of directors has decided in its meeting held on 15 September 2020 to approve its decision dated 20 August 2020 by circulation to distribute an interim cash dividends to the shareholders for the first half of the fiscal year 2020 at a rate of SR (3) per share with a total amount of SR (270) million. The dividends were paid during the third quarter of 2020.

On 13 March 2021, the Board of Directors of the company took a decision by circulation to distribute interim cash dividends to the shareholders of the company for the second half of the year ending on 31 December 2020 with the sum of SR (270) million at a rate of SR (3) per share. The payment will be made during the subsequent period.

30. Subsequent Events

During the subsequent period, the Company signed a contract to sell assets available for sale with a book value of SR 17.45 million related to the agricultural activity of one of its subsidiaries, which were held for sale and classified in the financial statements for the years 2019 and 2020 within non-current assets. The value of the deal amounted to SAR 20 million. The legal procedures to transfer title to the buyer were be completed during the first quarter 2021. The accounting entries for this transaction were recorded in the first quarter of 2021.

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 21 March 2021 G corresponding to: 8 sha'ban 1442 H.

(All amounts are presented in Saudi riyals unless otherwise indicated)

32. COMMERCIAL REGISTER AND SUB-REGISTERY

The Company operates through the main register and the following sub-register;

Location	Date(H)	Branch commercial registration number	Location	Date(H)	Branch commercial registration number
Jizan	1440/07/07	5900117278	Riyadh	1400/07/07	1010031185
Al Ahsa	1440/07/07	2031101056	Riyadh	1422/03/21	1010167109
Alardiat	1440/07/07	5850123122	Riyadh	1422/04/06	1010167451
Sabat Alalaya	1440/07/07	5800104098	Riyadh	1422/10/24	1010172886
Riyadh	1440/07/07	1010564925	Riyadh	1423/03/25	1010177602
Al Madina	1440/07/07	4650208437	Riyadh	1423/03/25	1010177603
Riyadh	1440/07/07	1010564924	Hafar Al Batin	1424/09/14	2511005548
Riyadh	1440/07/07	1010564927	Riyadh	1424/10/08	1010191669
Al Madina	1440/07/07	4650208436	Riyadh	1424/10/13	1010191816
Riyadh	1440/07/26	1010568789	Albukiria	1426/05/22	1134000732
Riyadh	1440/11/16	1010588058	Riyadh	1427/11/01	1010225160
alewyqila	1440/11/16	3450173854	Khamis Mushait	1427/11/21	5855027502
Riyadh	1440/11/16	1010588059	Almadina	1428/06/16	4650039245
Mecca	1440/11/16	4031229626	Riyadh	1428/09/13	1010238502
Riyadh	1440/11/16	1010588057	Riyadh	1429/11/06	1010257796
Riyadh	1441/01/06	1010594012	Riyadh	1429/11/06	1010257798
Riyadh	1441/01/12	1010595063	Rafha	1429/11/21	3453002583
Riyadh	1441/01/12	1010595062	Riyadh	1430/07/12	1010270690
Riyadh	1441/01/12	1010595061	Riyadh	1430/11/07	1010275699
Riyadh	1441/01/12	1010595060	Riyadh	1430/11/07	1010275701
Riyadh	1441/01/12	1010595059	Khamis Mushait	1430/11/16	5855033231
Riyadh	1441/01/12	1010595058	Riyadh	1431/02/12	1010280812

(All amounts are presented in Saudi riyals unless otherwise indicated)

Location	Date(H)	Branch commercial registration number	Location	Date(H)	Branch commercial registration number
Riyadh	1441/02/02	1010598928	Mahayil Aseer	1431/02/19	5860033691
Riyadh	1441/02/02	1010598927	Riyadh	1431/11/25	1010296774
Jeddah	1441/02/16	4030367402	Riyadh	1432/05/07	1010306605
Riyadh	1441/02/16	1010599291	Al Hofuf	1434/08/15	2251053231
Alnuairyia	1441/02/16	2056102604	Riyadh	1435/08/05	1010416304
Riyadh	1441/03/03	1120100849	Alshifa	1436/10/13	1010435916
Riyadh	1441/04/28	1010618961	Hafar Al Batin	1436/10/14	2511023875
Riyadh	1441/04/28	1010618960	Jizan	1436/12/04	5906033026
Riyadh	1411/16/05	1010080676	Riyadh	1437/07/24	1010443956
Hafar Al Batin	1426/13/08	2511006396	Riyadh	1437/10/15	1010462796
Hafar Al Batin	1426/13/08	2511006397	Jeddah	1439/03/16	4030297999
King Khalid Military City	1426/14/08	2515000003	Jeddah	1439/04/24	4030603291
Buraidah	1426/22/08	1131020975	Riyadh	1439/04/24	1010931574
Riyadh	1426/09/09	1010213252	Riyadh	1439/06/13	1010938723
Riyadh	1426/11/05	1135000684	Riyadh	1412/06/29	1010090534
Abha	1427/01/23	5850026673	Riyadh	1416/03/09	1010137057
Riyadh	1427/08/16	1010223040	Riyadh	1416/06/12	1010138824
Almajmaea	1427/08/23	1122002735	Riyadh	1416/06/15	1010138943
Almudhnab	1427/09/09	1130001283	Riyadh	1418/01/13	1010145630
Hafar Al Batin	1427/09/09	2511006896	Buraidah	1422/04/02	1131015790
Khamis Mushait	1427/10/14	5855027348	Riyadh	1422/08/18	1010171174
Khamis Mushait	1427/10/15	5855027353	Riyadh	1422/08/18	1010171171
Khamis Mushait	1427/11/20	5855027504	Riyadh	1423/03/14	1010177256
Riyadh	1428/02/28	1010229967	Riyadh	1423/03/14	1010177251
Riyadh	1428/02/28	1010229965	Riyadh	1423/03/14	1010177262
Riyadh	1428/02/28	1010229962	Riyadh	1423/03/14	1010177264
Almubarraz	1428/03/05	2252034289	Riyadh	1423/03/14	1010177259
Shuqara	1428/03/07	1113001040	Riyadh	1423/03/14	1010177275
Riyadh	1428/09/13	1010238504	Riyadh	1423/03/14	1010177253
Alqaysuma	1428/10/22	2512005596	Riyadh	1424/05/12	1010188356
Al Kharj	1429/11/06	1011012754	Riyadh	1424/05/15	1010188524

(All amounts are presented in Saudi riyals unless otherwise indicated)

Location	Date(H)	Branch commercial registration number	Location	Date(H)	Branch commercial registration number
Al Ahsa	1430/10/30	2251039396	Riyadh	1424/05/16	1010188533
King Khalid Military City	1430/11/07	2515000016	Riyadh	1424/05/16	1010188526
Sakaka	1431/06/08	3400012968	Al Kharj	1424/05/16	1011009998
Riyadh	1431/06/23	1010289458	Al Kharj	1424/05/16	1011009997
Riyadh	1431/06/23	1010289502	Riyadh	1424/05/16	1010188522
Alsahna	1431/06/23	1012001917	Riyadh	1424/05/16	1010188519
Al Hofuf	1431/06/23	2251040248	Riyadh	1424/05/16	1010188527
Alkhalidia	1431/06/23	5855034628	Riyadh	1424/05/16	1010188532
Hafar Al Batin	1431/06/23	2511011206	Riyadh	1424/05/16	1010188531
Al Kharj	1431/06/24	1011014067	Riyadh	1424/05/16	1010188528
Arar	1431/06/29	3450014067	Riyadh	1424/05/16	1010188529
Dammam	1431/07/09	2050071342	Riyadh	1424/05/16	1010188525
Jeddah	1431/10/25	4030204792	Riyadh	1424/05/16	1010188530
Jeddah	1431/10/25	4030204790	Riyadh	1424/05/25	1010188731
Riyadh	1432/08/10	1010312430	Riyadh	1424/05/26	1010188730
Al qassim	1432/08/10	1131035991	Riyadh	1424/05/26	1010188729
Riyadh	1433/03/14	1010177274	Buraidah	1424/06/08	1131018424
Riyadh	1434/07/23	1010377428	Riyadh	1424/10/08	1010191670
Unaizah	1434/08/13	1128016793	Riyadh	1424/10/08	1010191671
Al Kharj	1436/10/14	1011023511	Tabuk	1426/03/16	3550021583
harimla	1436/10/14	1018000533	Tabuk	1426/03/18	3550021590
Arar	1436/10/14	3450014950	Tabuk	1426/03/26	3550021582
Alaflaj	1436/10/14	1015002801	Al Rass	1426/05/22	1132002987
Dammam	1436/10/14	2050106284	Riyadh	1434/08/13	1010380648
Aldawadimi	1436/10/17	1116011064	Abha	1434/08/13	5850053412
Alsalil	1436/10/17	1017001964	Jubail Industrial City	1434/08/13	2055020069
Hotat Bani Tamim	1436/10/17	1013002232	Al Ahsa	1434/08/13	2250053175
Al Qunfudhah	1436/10/17	4603008754	Riyadh	1434/08/13	1010380647
Al Khobar	1436/10/17	2051060968	Al qassim	1434/08/13	1131049220
Sajir	1436/10/18	1115003388	Sharura	1434/08/13	5951001851
Baysha	1436/10/18	5851008492	Buraidah	1434/08/14	1131049202

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Location	Date(H)	Branch commercial registration number	Location	Date(H)	Branch commercial registration number
Buraidah	1436/10/18	1131056119	Riyadh	1434/08/14	1010380871
Al Qurayyat	1437/06/22	3452010295	Khamis Mushait	1434/08/14	5855053489
Turaif	1437/07/03	3451003467	Riyadh	1434/08/14	1010380875
Al-Quwayiyah	1437/07/03	1117004607	Riyadh	1434/08/14	1010380873
Riyadh	1437/07/03	1010443382	Riyadh	1434/08/14	1010380876
Al qassim	1437/07/07	1129004812	Najran	1434/08/25	5950027442
Jizan	1437/08/10	5900034634	Wadi Al Dawasir	1434/08/25	1185005063
Riyadh	1437/10/16	1010462830	Jizan	1434/08/26	5900023717
Alshamasia	1437/10/16	1131056989	Abha	1435/04/05	5850059594
Al Kharj	1437/10/16	1011024103	Riyadh	1435/11/05	1010422718
Khamis Mushait	1437/10/16	5855069953	Riyadh	1435/11/05	1010422721
Riyadh	1437/10/16	1010462825	Riyadh	1435/11/05	1010422678
Al Qurayyat	1438/01/15	3452010438	Riyadh	1435/11/05	1010422708
Sarat Obaidah	1438/02/03	5856070255	Riyadh	1435/11/05	1010422705
Riyadh	1438/04/13	1010467222	Al Kharj	1435/11/05	1011022342
Al qassim	1438/04/13	1131057375	Al Zulfi	1435/11/06	1123004300
Dammam	1438/04/13	2050111410	Jeddah	1435/11/06	4030275808
Riyadh	1438/04/13	1010467220	Jeddah	1435/11/06	4030275812
Afif	1438/04/13	1118004613	Hafar Al Batin	1436/02/05	2511022699
Riyadh	1438/04/13	1010467218	Riyadh	1436/02/05	1010428392
Riyadh	1438/04/13	1010467224	Abu Arish	1436/08/21	5901032474
Dammam	1438/04/13	2050111411	Riyadh	1436/10/13	1010435914
Taif	1438/04/13	4032051196	Riyadh	1436/10/13	1010435919
Mecca	1438/04/13	4031098593	Riyadh	1436/10/13	1010435915
Al Kharj	1438/06/14	1011024379	Riyadh	1436/10/13	1010435920
Al Namas	1438/07/02	5859007149	Riyadh	1436/10/13	1010435921
Riyadh	1438/07/02	1010469526	Riyadh	1436/10/13	1010435922
Najran	1438/07/02	5950033069	Riyadh	1436/10/13	1010435912
Jizan	1438/07/02	5900036108	Riyadh	1436/10/13	1111002429
Riyadh	1439/07/10	1010949505	Al qassim	1436/10/13	1131056080
Al Kharj	1439/07/10	1010949508	Asyah	1436/10/14	1136003215

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Location	Date(H)	Branch commercial registration number	Location	Date(H)	Branch commercial registration number
Al Kharj	1439/07/10	1011138162	Al Ghat	1436/10/14	1124000574
Riyadh	1439/07/10	1010949513	Al Qurayyat	1436/10/14	3452010000
Riyadh	1439/07/10	1010949512	Rawdat Sudair	1436/10/14	1126002263
Riyadh	1439/07/10	1010949502	Almajardah	1438/07/02	5864070717
Riyadh	1439/07/10	1010949500	Al Hofuf	1438/07/20	2251068085
Al-Quwayiyah	1439/08/13	1117101488	Jizan	1438/08/15	5900036359
Riyadh	1439/08/13	1010447630	Ahad Rafidah	1438/10/16	5857069954
Riyadh	1439/08/21	1010448661	Riyadh	1438/11/16	1010610489
Al Madina	1439/10/18	4650201342	Al Jubail	1439/03/01	2055026296
Al Kharj	1439/11/02	1011138589	Jizan	1439/03/12	5900037551
Riyadh	1439/11/02	1010453594	Al Ahsa	1439/03/12	2250069574
Riyadh	1440/01/28	1010471504	Buraidah	1439/03/12	1131058228
Riyadh	1440/01/28	1010471520	Al Khobar	1439/03/12	2051065208
Riyadh	1440/01/28	1010471506	Riyadh	1439/03/12	1010613429
Riyadh	1440/01/28	1010471519	Al Zulfi	1439/03/16	1123004585
Tabrjal	1440/01/28	3402101431	Ras tannura	1439/03/16	2066004575
Riyadh	1440/01/28	3401100588	Dammam	1439/03/26	2050239181
Riyadh	1440/04/13	1010499948	Muhayil Aseer	1439/03/26	5860610032
Buraidah	1440/04/25	1010518911	Rijal Almae	1439/03/26	5861615657
Yanbou	1440/05/18	4700108137	Al Zulfi	1439/04/24	1123101351
Riyadh	1440/05/22	1010518904	Riyadh	1439/04/24	1010931572
Al Namas	1438/08/02	5859007149	Khamis Mushait	1439/04/24	5855338960
Hafar Al Batin	1441/09/06	2511116846	Riyadh	1439/06/11	1010938595
Riyadh	1433/01/15	1010321917	Riyadh	1439/07/04	1010948894
Mecca	1441/12/20	4031239414	Hafar Al Batin	1439/07/04	2511108271
Riyadh	1441/12/20	1010646294	Dhariyya	1439/07/04	1163101145
Riyadh	1441/07/09	1010630604	Riyadh	1439/07/04	1010948888
Riyadh	1419/09/09	1010152303	Arar	1439/07/05	3450171380
Riyadh	1426/07/05	1010211748	Dammam	1439/07/11	2050240897
Turbah	1442/02/18	4034102055	Riyadh	1439/08/17	1010448247
Al Kharj	1442/02/18	1011143995	Riyadh	1439/09/02	1010449640

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Location	Date(H)	Branch commercial registration number	Location	Date(H)	Branch commercial registration number
Hail	1442/03/04	1010663017	Abu Arish	1439/11/03	5901716779
Riyadh	1442/03/04	1010663016	Riyadh	1440/01/28	1010471509
Riyadh	1442/03/04	1010663015	Riyadh	1440/01/28	1010471518
Mecca	1442/03/04	4036100994	Buraidah	1440/04/24	1131295606
Riyadh	1442/03/18	1010666193	Jeddah	1440/07/07	4030327964
Riyadh	1442/03/18	1010666194	Riyadh	1440/07/07	1010564926
Riyadh	1442/04/10	1010670419	Dammam	1440/07/07	2050123343