ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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Independent auditor's report

To the shareholders of
Aseer for Trading, Tourism, Industrial, Agriculture, Real Estate and Contracting Company
(a Saudi Joint Stock Company)
Report to consolidated financial statements

Opinion

We have audited the consolidated financial statements of **Aseer for Trading, Tourism, Industrial, Agricultural, Real Estate and Contracting Company** (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of income, consolidated statement of other 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 consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Auditors and Accountants.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are 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 ethics 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 13 to the accompanying consolidated financial statements, on 18 Rabi II 1441H (corresponding to 15 December 2019), the Company filed two lawsuits at the Public Court in Riyadh against the seller of the land located north of Riyadh, Al Khair District, and against the broker of the purchase deal requesting to compel both the land seller and purchase broker (defendants) to return the amount paid to them. During the year 2020 a court decree has been issued in favour of the Company, which obligate the land seller to pay an amount of SAR 202M. Our opinion is not qualified in respect of this matter.

Other matter

The consolidated financial statements of the Group for the ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2020.

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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. The key audit matters include:

Revenue from contracts with customers	
Key audit matter	**How the key audit matter was addressed in our audit**
The management performed detailed analysis for each type of revenue in order to determine the performance obligations and variable considerations arising out of customer contracts, including other factors such as customer right-to-return goods and volume rebate entitlements. Determination of volume rebates involve significant judgment, in addition to allowance for right-to-return goods requires consideration of historical indicators. We considered this a key audit matter as revenue is a key consolidated financial statement item and performance metric and requires judgement by management and the use of significant assumptions.	Our procedures included the following: ▪ Evaluated Company's policy of revenue recognition in accordance with the requirements of the International Financial Reporting Standard (15) "Revenue from contracts with customers" regarding the timing of revenue recognition and recognition of discounts. ▪ Tested design and effectiveness of the Group's internal controls over the revenue cycle. ▪ Reviewed historical indicators used in the estimates related to determining trade discount and entitlement to return goods. ▪ Tested a sample of the revenues movement and match it with the supporting documents. ▪ Evaluated appropriateness of the Group's disclosures in terms of compliance with the relevant international financial reporting standards.
For more details please refer to notes (2,5,E / 3 / 4)	

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Expected credit loss provision	
Key audit matter	**How the key audit matter was addressed in our audit**
Expected credit loss provision balance of trade receivables as of 31 December 2020 was SAR 19.9M (2019: SAR 40M). The ECL provision depends on management judgments and significant estimates and assumptions made by the management. Due to significance of the ECL on the Group's trade receivables, and significance of its related assumptions, we considered this area as a key audit matter.	Our procedures included the following: ▪ Reviewed the model used in calculating expected credit loss provision and tested the mathematical accuracy of the model. ▪ Reviewed significant assumptions used by management to determine the amount of expected credit losses, such as the probability of default, by comparing the used data and the Group's historical data and macroeconomic factors. ▪ Evaluated appropriateness of the Group's disclosures in terms of compliance with the relevant international financial reporting standards.
For more details please refer to notes (2,5,O / 3/19)	

Impairment for test Goodwill	
Key audit matter	**How the key audit matter was addressed in our audit**
The balance of goodwill as of 31 December 2020 amounted to SAR 157M (2019: SAR 157M). Management is required to assess the impairment of goodwill annually or when indications of impairment have been raised. Impairment was considered a key audit matter due to the complexity of the process of assessing impairment and the significant estimates used by management in making key assumptions such as discount and weighted average cost of capital that are affected by internal and external future market conditions.	Our procedures included the following: ▪ Reviewed the reasonableness of the assumptions used in determining the projected cash flows to assess whether there is an impairment of goodwill. ▪ Reviewed the reasonableness of the discount rate used. ▪ Reviewed the mathematical accuracy of the model used by the management. ▪ Evaluated appropriateness of the group's disclosures in terms of compliance with the relevant international financial reporting standards.
For more details please refer to notes 2,5,A/2,5,Q/3/14)	

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Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 of Companies requirements, 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 Audit Committee for the Group is 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 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 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 period 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.

Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh, on: 18 Shaban 1442 H
Corresponding to: 31 March 2021 G

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company
(a Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 SR	2019 SR (Restated)
Net sales	5	**1,569,619,924**	1,883,943,283
Cost of sales		**(1,118,703,187)**	(1,336,761,599)
GROSS PROFIT FROM SALES		**450,916,737**	547,181,684
Company's share from the gain / (loss) of an associate	16 (A)	**4,835,981**	(51,145,457)
Dividend income from investments and financial assets	16 (B)	**2,625,000**	7,917,490
Loss from sale of investments and financial assets		**-**	(28,165)
Gains from sale of investment properties		**-**	3,198,200
Valuation of investments in debt instruments at fair value through profit or loss	16 (B)	**(8,165,000)**	7,291,500
TOTAL LOSS FROM INVESTMENT		**(704,019)**	(32,766,432)
GROSS PROFIT		**450,212,718**	514,415,252
Selling and distribution expenses	6	**(241,449,941)**	(260,045,829)
General and administrative expenses	7	**(179,362,226)**	(181,380,257)
Impairment of property, plant and equipment	12	**(4,599,614)**	-
Other operating income, net	8	**3,410,213**	1,340,335
TOTAL EXPENSES		**(422,001,568)**	(440,085,751)
NET INCOME FROM OPERATIONS		**28,211,150**	74,329,501
Other (expenses) / income		**(1,131,432)**	39,108,932
Finance charges	9	**(27,448,981)**	(38,323,217)
(LOSS) / INCOME BEFORE ZAKAT AND INCOME TAX		**(369,263)**	75,115,216
Zakat	16 (A)	**(16,757,142)**	(34,423,482)
Income tax	16 (B)	**(27,750,914)**	(22,354,571)
NET (LOSS) / INCOME FOR THE YEAR		**(44,877,319)**	18,337,163
NET (LOSS) / INCOME FOR THE YEAR ATTIBUTABLE TO :			
Shareholders of the Parent Company		**(48,548,341)**	(22,751,991)
Non-controlling interests		**3,671,022**	41,089,154
		(44,877,319)	18,337,163
Basic and diluted earnings per share attributable to the Parent Company's shareholders	11	**(0.38)**	(0.18)

Chairman of Board of Directors | Managing Director | Chief Finance Officer

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 SR	2019 SR (Restated)
NET (LOSS) / INCOME FOR THE YEAR		**(44,877,319)**	18,337,163
OTHER COMPREHENSIVE INCOME:			
Items that can be reclassified to consolidated statement of income			
Subsidiary's financial statements' translation differences		**3,160,432**	10,044,292
Items that will not be reclassified to consolidated statement of income			
Net unrealized gains on revaluation of equity instruments at fair value through OCI	16 (B)	**30,360,055**	12,626,212
Gains from sale of equity instruments at fair value through OCI	16 (B)	**(7,953,054)**	(153,626)
Effect of changes in assumptions used by the actuarial expert	16 (A)	**(5,881,385)**	(10,930,947)
Group share of OCI of associate company		**(1,121,885)**	383,650
TOTAL COMPREHENSIVE INCOME		**18,564,163**	11,969,581
NET COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		**(26,313,156)**	30,306,744
ATTRIBUTABLE TO:			
Shareholders of the Parent Company		**(29,282,685)**	(10,703,351)
Non-controlling interests		**2,969,529**	41,010,095
		(26,313,156)	30,306,744

Chairman of Board of Directors | Managing Director | Chief Finance Officer

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**31 December 2020 SR**	31 December 2019 SR (Restated)	01 January 2019 SR (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	12	**945,960,658**	998,650,799	967,340,622
Investment properties	13	**7,163,236**	7,163,236	188,471,581
Intangible assets	14	**158,451,840**	161,512,978	163,255,383
Right of use assets	15	**47,587,426**	55,933,257	-
Investments and financial assets	16	**841,370,662**	840,505,308	872,744,359
Other long-term assets	17	**-**	-	12,547,144
TOTAL NON-CURRENT ASSETS		**2,000,533,822**	2,063,765,578	2,204,359,089
CURRENT ASSETS				
Inventory	18	**366,787,300**	381,733,290	378,707,201
Trade receivables	19	**182,908,459**	255,300,560	268,627,790
Current portion of other long-term assets	17	**-**	12,670,776	12,307,072
Prepaid expenses and other assets	20	**239,546,361**	257,027,670	72,615,475
Due from related parties	21	**219,759**	219,174	1,397,300
Cash and semi-cash items	22	**177,571,679**	134,529,011	92,009,003
TOTAL CURENT ASSETS		**967,033,558**	1,041,480,481	825,663,841
TOTAL ASSETS		**2,967,567,380**	3,105,246,059	3,030,022,930
EQUITY AND LIABILITIES				
EQUITY				
Capital	23	**1,263,888,890**	1,263,888,890	1,263,888,890
Statutory reserve	24	**311,666,945**	311,666,945	405,777,190
Accumulated losses		**(63,684,060)**	(18,193,072)	(83,705,420)
Net unrealised losses on re-valuation of equity instrument at fair value through OCI	16 (B)	**(51,177,261)**	(73,584,262)	(86,056,848)
Subsidiary's financial statements' translation differences		**(80,394,578)**	(82,148,934)	(87,724,520)
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF PARENT COMPANY		**1,380,299,936**	1,401,629,567	1,412,179,292
Non-controlling interests	25	**434,213,174**	445,226,218	430,022,327
TOTAL EQUITY		**1,814,513,110**	1,846,855,785	1,842,201,619
NON-CURRENT LIABILITITIES				
Islamic Murabaha financing contracts and long-term loans	26	**260,053,420**	422,641,400	270,125,730
Lease liability	15	**32,268,393**	38,212,305	-
Employees benefits liabilities	27	**119,660,393**	119,123,800	112,857,130
Capital lease liability		**-**	-	957,612
Deferred tax liabilities	10	**453,474**	1,396,449	2,231,964
TOTAL NON-CURRENT LIAIBILITIES		**412,435,680**	581,373,954	386,172,436

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**31 December 2020 *SR***	31 December 2019 SR (Restated)	01 January 2019 SR (Restated)
CURRENT LIABILITIES				
Trade payables and other accruals	28	**305,507,848**	264,014,938	263,642,482
Due to related parties	21	**1,044,485**	507,344	1,597,624
Bank overdraft		**-**	-	2,530,268
Short-term Islamic Murabaha financing	29	**185,827,234**	202,408,826	271,712,661
Islamic Murabaha financing contracts and long-term loans - current portion	26	**157,414,033**	126,919,351	220,643,484
Capital lease liability – current portion		**-**	-	1,790,884
Lease liability – current portion	15	**12,546,977**	12,611,367	-
Dividends payable		**13,756,771**	13,798,458	15,137,605
Zakat and income tax	10	**64,521,242**	56,756,036	24,593,867
TOTAL CURRENT LIAIBILITEIS		**740,618,590**	677,016,320	801,648,875
TOTAL LIAIBILITIES		**1,153,054,270**	1,258,390,274	1,187,821,311
TOTAL EQUITY AND LIABILITIES		**2,967,567,380**	3,105,246,059	3,030,022,930

Chairman of Board of Directors | Managing Director | Chief Finance Officer

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company (A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Equity attributable to shareholders of the Parent Company							
For the year ended 31 December 2020	**Capital**	**Statutory reserve**	**Accumulated losses**	**Net unrealised (losses) / gain on re-valuation of equity instrument at fair value through OCI**	**Subsidiary's financial statements' translation differences**	**Total equity attributable to the parent Company**	**Non-controlling interests**	**Total equity**
	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2020	**1,263,888,890**	**311,666,945**	**(18,193,072)**	**(73,584,262)**	**(82,148,934)**	**1,401,629,567**	**445,226,218**	**1,846,855,785**
Net loss for the year	**-**	**-**	**(48,548,341)**	**-**	**-**	**(48,548,341)**	**3,671,022**	**(44,877,319)**
Unrealized gain from equity instruments at fair value through OCI	**-**	**-**	**-**	**30,360,055**	**-**	**30,360,055**	**-**	**30,360,055**
Gains from sale of equity instruments through OCI transferred to accumulated losses	**-**	**-**	**-**	**(7,953,054)**	**-**	**(7,953,054)**	**-**	**(7,953,054)**
Other comprehensive income items	**-**	**-**	**(4,895,701)**	**-**	**1,754,356**	**(3,141,345)**	**(701,493)**	**(3,842,838)**
Total comprehensive loss	**-**	**-**	**(53,444,042)**	**22,407,001**	**1,754,356**	**(29,282,685)**	**2,969,529**	**(26,313,156)**
Gain from sale of equity instruments through OCI transferred from net losses on revaluation of equity instruments at fair value through OCI	**-**	**-**	**7,953,054**	**-**	**-**	**7,953,054**	**-**	**7,953,054**
Dividend in a subsidiary company	**-**	**-**	**-**	**-**	**-**	**-**	**(13,982,573)**	**(13,982,573)**
Balance as at 31 December 2020	**1,263,888,890**	**311,666,945**	**(63,684,060)**	**(51,177,261)**	**(80,394,578)**	**1,380,299,936**	**434,213,174**	**1,814,513,110**

Chairman of Board of Directors | Managing Director | Chief Finance Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements.

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company (A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Equity attributable to shareholders of the Parent Company							
For the year ended 31 December 2020	Capital	Statutory reserve	Accumulated losses	Net unrealised (losses) / gain on re-valuation of equity instrument at fair value through OCI	Subsidiary's financial statements' translation differences	Total equity attributable to the parent Company	Non-controlling interests	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2019 as stated before	1,263,888,890	405,777,190	(94,110,245)	(64,778,308)	(87,724,520)	1,423,053,007	430,022,327	1,853,075,334
Restatement (note 36)	-	-	10,404,825	(21,278,540)	-	(10,873,715)	-	(10,873,715)
Restated balance as at 1 January 2019	1,263,888,890	405,777,190	(83,705,420)	(86,056,848)	(87,724,520)	1,412,179,292	430,022,327	1,842,201,619
Net loss for the year	-	-	(22,751,991)	-	-	(22,751,991)	41,089,154	18,337,163
Unrealized gain from equity instruments at fair value through OCI	-		-	12,626,212	-	12,626,212	-	12,626,212
Gains from sale of equity instruments through OCI transferred to accumulated losses	-	-	-	(153,626)	-	(153,626)	-	(153,626)
Other comprehensive income items	-	-	(5,999,532)	-	5,575,586	(423,946)	(79,059)	(503,005)
Total comprehensive income for the year	-	-	(28,751,523)	12,472,586	5,575,586	(10,703,351)	41,010,095	30,306,744
Statuary reserve transferred to accumulated losses (note 24)	-	(94,110,245)	94,110,245	-	-	-	-	-
Dividend in a subsidiary company	-	-	-	-	-	-	(25,806,204)	(25,806,204)
Gains from equity instruments through OCI transferred to accumulated losses	-	-	153,626	-	-	153,626	-	153,626
Balance as at 1 January 2019	1,263,888,890	311,666,945	(18,193,072)	(73,584,262)	(82,148,934)	1,401,629,567	445,226,218	1,846,855,785

Chairman of Board of Directors

Managing Director

Chief Finance Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements.

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 SR	2019 SR (Restated)
OPERATING ACTIVITIES			
(loss) / income before zakat and income tax		**(369,263)**	75,115,216
Adjustments for:			
Company's share of net loss / (income) of associate company	16	**(4,835,981)**	51,145,457
loss / (gain) from valuation of investments in debt instruments at fair value through profit or loss		**8,165,000**	(7,291,500)
(Gain) / loss from sale of investments and financial assets		**-**	(3,170,035)
Dividend income from investments and financial assets		**(2,625,000)**	(7,917,490)
Depreciation of right of use assets	15	**14,207,056**	12,531,518
Depreciation of property, plant and equipment	12	**91,608,746**	82,896,593
Amortization of intangible assets	14	**3,432,464**	2,883,301
Gains from sale of property, plant and equipment	8	**(173,581)**	(869,402)
Employees benefits liabilities	27	**11,134,107**	10,676,670
Provision for trade receivables	19	**853,085**	2,661,116
Provision for due from related party		**47,198**	719,035
Provision for inventory		**6,410,865**	9,070,729
Impairment of property, plant and equipment		**4,599,614**	-
Provisions no longer required		**(3,102,298)**	(2,860)
Finance charges related to lease liability	15	**2,926,848**	2,960,980
Finance charges of Murabaha and loans	9	**24,522,133**	35,362,237
		156,800,993	266,771,565
Changes in operating assets and liabilities:			
Change in trade receivables and other debit balances		**91,164,773**	(10,879,781)
Change in inventory		**8,535,148**	(12,227,755)
Change in trade payable and other accruals		**41,494,079**	19,715,399
Change in due to related parties		**630,880**	(719,035)
Other assets long / short term		**12,670,776**	-
Cash from operations		**311,296,649**	262,660,393
Debit interest paid for lease liability	15	**(2,926,848)**	(2,960,980)
Debit interest paid	9	**(25,641,679)**	(35,362,237)
Employees benefits liabilities	27	**(15,882,599)**	(14,843,401)
Zakat and income tax paid	10	**(38,154,901)**	(27,475,864)
Net cash from operating activities		**228,690,622**	182,017,911
INVESTING ACTIVITIES			
Proceeds from investments income and financial assets		**3,375,000**	8,929,025
Proceeds from sale of investments and financial assets		**25,043,796**	4,550,456
Purchase of property, plant and equipment	12	**(42,850,034)**	(114,531,884)
Proceeds from sale of property, plant and equipment		**445,807**	1,424,842
Purchase of intangible assets	14	**(369,194)**	(1,127,031)
Proceeds from sale of investments at fair value through statement of income		**-**	12,183,440
Purchase of investment properties	13	**-**	(1,188,655)
Net cash used in investing activities		**(14,354,625)**	(89,759,807)

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

	Notes	2020 SR	2019 SR (Restated)
FINANCING ACTIVITIES			
Net movement in Murabaha financing and short and long-term loans		**(148,674,890)**	(10,512,298)
Bank overdraft payment		-	(2,530,268)
Share of non-controlling interest of dividend in a subsidiary company	25	**(13,982,573)**	(25,806,204)
Lease liabilities payment	15	**(11,678,311)**	(16,026,425)
Dividends paid		**(41,687)**	(1,339,147)
Net cash used in financing activities		**(174,377,461)**	(56,214,342)
NET DECREASE IN CASH AND SEMI-CASH ITEMS		**39,958,536**	36,043,762
Effect of exchange difference from translation of cash and semi-cash items		**3,084,132**	6,476,246
Cash and semi cash items at the beginning of the year	22	**134,529,011**	92,009,003
CASH AND SEMI-CASH ITEMS AT THE END OF THE YEAR		**177,571,679**	134,529,011
MAJOR NON-CASH TRANSACTIONS:			
Net unrealised gains from investment's revaluation	16	**30,360,055**	12,626,212
Effect of exchange in a subsidiary's financial statements' translation differences		**3,160,432**	10,044,292
Disposal of investment properties and request purchase amount return	13	-	207.239.441
Right of use assets and lease liabilities	13	-	56,195,669
Reversal of trade payables against investment properties	13	-	12.500.000
Other income (reversal of impairment of investment properties)	13	-	(38,239,441)
Issued bonus shares		-	28,571,430

Chairman of Board of Directors | Managing Director | Chief Finance Officer

1. COMPANY'S INFORMATION

Aseer for Trading, Tourism, Industry, Agriculture, Real estate and Contracting Company ("the Company" or the "Parent Company") was incorporated as a Saudi Joint Stock Company, in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, according to Royal Decree No. 78 dated 7 Dhul- Qadah 1395 H (corresponding to 11 November 1975). The Company operates under Commercial Registration No. 5850000276 issued in Abha on 15 Muharam 1397 H, (corresponding to 5 January 1977).

The Company is also listed in the Capital Market Authority in Kingdom of Saudi Arabia. The Parent Company is 53.18% owned by a major shareholder (Dala Al Baraka Holding Company) and 46.82% by other shareholders.

The Company is engaged in importing, exporting, trading agencies, establishing and investing in businesses and touristic, agricultural, commercial and industrial projects, including packaging, water bottling, real estate, acquisition and plotting of lands, contracting and any related activity, to operate jointly with other entities and companies engaged in similar activities, or merging into such entities or companies and forming subsidiaries alone or jointly with others. The company's subsidiaries are engaged in several activities such as manufacturing dairy, juice and dairy products, as well as manufacturing, packaging, wholesale and retail trading in food products, manufacturing textiles, manufacturing traffic signal lights and control devices, and manufacturing cardboards and its derivatives.

The registered office of the Company is CMC tower, Almalqa district , KING Fahad road, Raydah , Kingdome of Saudi Arabia.

2. BASIS OF PREPARATION AND SUMMEERY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Auditors and Accountants.

2.2 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on a historical cost convention, except for financial instruments that have been measured at fair value. For employees' defined benefit liabilities, actuarial present value calculations are used.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and presentation currency of the Group, except when otherwise indicated.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2020, Control is achieved when the Group owns, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee)
- Right, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of other comprehensive income (OCI) are allocated to shareholders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries, when there are significant differences between the Group and subsidiary, to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Any change in shares of a subsidiary, does not result in loss of control, is treated within equity.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities and any components of equity related to the subsidiary. It also recognizes any profit or loss resulting from loss of control in the consolidated statement of income and recognizes any investment share retained at fair value.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of these consolidated financial statements are as follows:

A) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of derivatives embedded in the contracts entered from the aquiree. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in-excess of aggregate consideration transferred, the Group re-assesses whether it has correctly identified all assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash- generating unit retained.

B) Investments and financial assets

1) Investments in associates

Investment of the Parent Company in associates is accounted for using the equity method of accounting. An associate is an entity in which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in an associate is recognized at cost in the consolidated statement of financial position plus changes in the Parent Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Parent Company's share of the results of operations of the associate. In addition, when there has been a change recognized directly in the equity of the associate, the Parent Company recognises its share of any changes, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

After application of the equity method, the Parent Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each date of consolidated statement of financial position, the Parent Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of an associate' in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

2) Equity instruments at fair value through other comprehensive income

Unquoted shares and interests

Fair value is determined based on the market value when there is an open market, in the absence of an open market, fair value is determined based on the market value of a similar investment or on the basis of predicted discounted cash flows and other related factors.

Changes in fair value are credited / charged to the consolidated statement of other comprehensive income. Where there is an objective evidence that investments may be impaired, the fair value of the investment is determined. The impairment loss is recognized in the consolidated statement of other comprehensive income. In assessing impairment, the expected future cash flows and other factors are taken into consideration. Where partial holdings are sold, the related carrying value of such investments are accounted for on a weighted average basis.

3) Debt instruments at fair value through profit or loss

Investments in Funds

The fair value is determined based on the market value when there is an open market, and in the absence of an open market, the fair value is determined on the basis of the market value of the fund units or on the basis of the expected discounted cash flows and other related factors.

Changes in fair value are recorded / charged to the consolidated statement of income.

4) Investment properties

Investments held to realize rental revenue or capital returns as investments in real estate.

Investment properties are recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. The lands owned are not depreciated. The cost of other real estate is depreciated on a straight-line basis over the estimated useful lives of the assets.

The carrying values of investment in real estate are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

C) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle of the Group
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the date of the consolidated financial position, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of the consolidated financial position.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle of the Group
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the date of the consolidated financial position, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the consolidated financial position.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

The most advantageous market to which the Group has access at that date.

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, with the assumption that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into an 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 utilise the asset in its highest and best use.

The Group uses evaluation techniques in line with circumstances and conditions and available data to measure fair value and maximise the observable inputs and minimise the non-observable date to a large extent.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in active markets for identical assets or liabilities
- Level 2 — Inputs rather than quoted market prices that are significant to the fair value measurement is directly or indirectly observable
- Level 3 — Inputs that are significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

E) Revenue from contracts with customers

Revenues from contracts with customers are achieved when the control over goods or services is transferred to the customer with a consideration reflects the amount which the Group expects to obtain against such goods or services.

The following considerations are to be achieved before recognition of revenues:

(I) Sale of goods

Income from sale of goods should be recognized when control of the asset is transferred to the customer, generally on delivery of the finished goods.

The Group takes into account the extent of availability of other promises in the contract that represent an independent performance obligation allocated with part of the transaction price (i.e. guarantees, quantity discount). In the process of determination of transaction price for the sale of goods, the Group takes into consideration the effect of variable price, the availability of significant finance elements, non-cash consideration and consideration payable to the customer (if any).

Variable consideration

If the price in the contract includes a variable consideration, the Group then estimates the amount of consideration that the Group will deserve against the transfer of goods to the customer. The variable price is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved and continues constrained until it becomes strongly probable to recognize a significant revenue in the recognized accumulated amount of the revenue. Certain contracts to sell goods give customer the right to return and right to obtain quantity discount. Both right of return and quantity discount may lead to the increase of variable consideration.

Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. For the goods expected to be returned, instead of obtaining revenues from, the Group recognizes a return obligation and a right to return asset is recognized (with corresponding adjustment on the sales cost) under products with customer's right to return.

Trade discount

The Group offers discount on quantities with prospective effect to certain customers in case the purchased quantity of products during the period exceeds the specified limit in the contract. The discounts are offset against amount payable to the customer. To determine the variable consideration of the future expected discounts, the Group applies the most probable amount for the contracts with one limit for quantity discount and the expected value method for the contracts of more than one limit to obtain discounts on quantities. The number of limits of trade discount in the contract primarily determine the best method which predicts best variable consideration. Then the Group applies the requirements of constrained estimates on the variable consideration and recognizes a liability against the future expected discount returns on quantities.

Income from dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Finance revenues

Income from Murabaha deals (commission) and financial assets associated with commission is recognized by using the effective return rate which is the rate that decreases the expected future cash payments or proceeds throughout the shorter of assumed life of the financial instruments or less period as required against the net carrying amount of the financial asset or liability.

F) Expenses

All expenses including operating expenses, general and administrative expenses, and other expenses are recognized and stated at the consolidated statement of income in the year in which such expenses are realized.

Selling and distribution expenses are those expenses related to salesmen distribution other related contingent expenses. All other expenses are classified as general and administration expenses.

G) Zakat and taxes

Zakat

Zakat for the Parent Company and subsidiaries is provided for in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Current income tax

Current income tax assets and liabilities and previous periods are measured at the amount expected to be recovered from or Income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the date of the statement of financial position.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the date of preparing the consolidated financial position.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each date of the financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognized deferred tax assets are re-assessed at each date of financial position and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the financial position.

Deferred and current tax is recognized as revenue or expense in the consolidated income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in partners' equity.

Deferred tax relating to items recognized outside profit or loss is recognized outside consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority for the same taxable entity before the same tax Authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as not exceeding goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Sale Taxes
Revenue, expenses and assets are recognized at net value (net of sales taxes) except in the following cases:

- If sales taxes accrued on the acquisition of assets or services not refunded from Tax Authority, in this case, sales taxes are recognized as a part of the asset purchase or a part of expense items based on the case itself.
- Including accounts receivable and payable in taxes on sales.

Net taxes on sales which can be refunded or paid to Tax Authority - is accredited to accounts receivable or payable in the statement of financial position.

H) Foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency prevailing rate at the date the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the date of preparing consolidated statement of financial position.

1) Transactions and balances

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of income, except for the monetary items that are designated as part of the hedge of the Group's net investments of the foreign subsidiary. These are stated in the consolidated statement of comprehensive income until the net investment is disposed of. Then, they are recognized in the consolidated statement of income. Tax charges and changes resulting from exchange differences on those monetary items are also recorded in consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the major transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on re-translation of non-monetary items measured at fair value are treated in line with the recognition of gain or loss on change in fair value in the item (differences from translation of items which are recognized at change in fair value in the consolidated statement of comprehensive income and consolidated statement are treated the same way respectively).

2) Group's companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals (SR) at the rate of exchange prevailing at the date of preparing the consolidated financial statements and translation of the items in consolidated statement of income at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are directly recognized in consolidated statement of other comprehensive income. On disposal of a foreign subsidiary, the OCI component relating to that particular foreign operation is recognized in the consolidated statement of income.

Any goodwill arising on the acquisition of a foreign subsidiary and any fair value adjustments to the fair value of assets and liabilities credited by carrying amount arising on the acquisition are treated as assets and liabilities of the foreign subsidiary and translated at the closing rate at the date of the financial statement.

I) Dividends

Cash or non-cash distributions to shareholders in the Parent Company are recognized as liabilities when the distribution is authorized. As per the Regulations for Companies in KSA, a distribution is authorized when it is approved by the shareholders. The directly distributed amount is deducted from shareholders' equity and recognized as a liability. Board of directors has the right to recognize interim dividends, provided that dividends will be approved by the next general assembly.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of income.

J) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replaced parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a comprehensive inspection is performed, its cost is recognized in the carrying amount as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10-33 years
Plant and equipment	10-16 years
Furniture and fixtures	4-10 years
Computers and software	4-10 years
Motor vehicle	4-8 years
Leasehold improvements	7-10 years

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated statement of income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

K) Projects in progress

Capital work in progress represent all costs directly or indirectly attributable to projects in progress and are capitalized as property, plant and equipment when such projects are completed. Work in progress are not depreciated.

L) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1) Right-of-use assets

The Group recognizes a right-of-use asset from a lease contract at the commencement date of the lease (which is the date that the underlying asset is made available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liability. The cost of the right-of-use asset includes the amount of lease liability recognized, any initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. The Group also considers possible asset retirement obligations in the cost of the right-of-use asset. Right-of-use assets are subject to impairment testing in future periods.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Please refer to accounting policies under “Impairment of non-financial assets”.

2) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date of the lease, the lease liabilities are increased to reflect the interest and decrease the amount when leases payments occur. In addition, the carrying amount of lease liabilities are re-measured if there is an adjustment or change in the lease term or payments (any change in future payments resultant from change in index or rate used to determine such payments) or change in assessment of purchase option of underlying asset.

3) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalisation threshold and considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of income.

M) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of specific assets. Borrowing costs are credited to the consolidated statement of income. Borrowing costs represent commission costs and other costs incurred by the entity in related with the borrowing funds.

N) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired as result of business combination is considered the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets generated inside the entity (except for the capitalised development costs) are not capitalised and stated in the consolidated statement of income for the year in which it occurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of income under expenses in line with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognised.

O) 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.

1) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Please refer to the accounting policies under item E "Revenues from contracts with customers".

In order for a financial asset of any debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not within SPPI are classified and measured at fair value through the consolidated comprehensive income statement regardless of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are maintained through the other comprehensive income within the business model for the purpose of holding the financial assets to collect contractual cash flows from and sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other receivables.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to consolidated statement of comprehensive income.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of comprehensive income. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instrument designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profil or loss are carried our and net changes in the fair value is recognized profit or loss.

Dividends from investments in listed stocks are recognized as other income in the consolidated statement of comprehensive income when the right to pay is established.

Derecognition

A financial asset (a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, when it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The associated liability and transferred asset are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the consolidated statement of comprehensive income. The ELCs are based on the difference between the contractual cash flows payable in accordance with the contract and all the cash flows that the Group expects to receive, discounted by approximately the original EIR. The cash flows include the expected cash flows from sale of collaterals held or other credit enhancements which are considered an integral part of the contractual conditions.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies a simplified approach for low credit risks. As at the reporting date, the Group assessed whether the debt instruments include low credit risks by using all reasonable and supporting information available with no additional cost or effort. When the Group assess, the Group re-assess the internal credit classification of the debt instruments. In addition, the Group considers that there is a significant increase in the credit risks when the contractual payments due for more than 30 days as of its maturity date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the consolidated statement of comprehensive income, as loans, borrowings, payables, derivatives designated as effective hedging instruments, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, accruals, Islamic Murabaha contracts; including overdraft facilities and derivatives.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below. Financial liabilities at fair value through the consolidated statement of comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. The financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income if and only if they satisfy the requirements of IFRS 9.

Financial liabilities at amortized cost (loans and borrowings)

The is the most relevant category to the Group. After initial recognition, commission-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in the consolidated statement of comprehensive income liabilities are de-recognized as well as through amortization process using EIR. The amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of comprehensive income.

Derecognition

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such replacement or modification is treated as the derecognition of the original liabilities and the recognition of new liabilities. The difference in the respective carrying amount is recognized in the consolidated statement of income.

3) Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount represented in the consolidated statement of financial position only, if there is a legal right to offset the recognized amounts, and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

P) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is determined as follows:

Raw materials and spare parts	Purchase cost on weighted average basis
Work in progress and finished goods	Cost of direct materials, labor and a proportion of overheads based on the normal activity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Q) Impairment of non-financial assets

The Group assesses, at each date of preparing financial statements, 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. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs of selling the asset or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate future cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount as it impaired. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-zakat / tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of selling, similar market transactions are taken into account- if available or an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

To cover longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations including inventories are recognized in the consolidated statement of income in expense category consistent with the function of the impaired assets.

For all assets, excluding goodwill, an assessment is made at the date of each statement of financial position to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually on 31 December, either individually or at the cash-generating unit level if appropriate and when the conditions indicate the impairment of the carrying amount

Impairment is determined by assessing the recoverable amount for each cash generating unit (or a group of units) related to goodwill. In case the recoverable amount of the cash generating unit become lower than the carrying amount, impairment is recognized and goodwill impairment cannot be reversed.

R) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances, cash on hand, term deposit convertible to cash and mature in a period less or more than 3 months and not subject for value changes, if any.

For purpose of preparing the consolidated statement of cash flows, cash and cash equivalents consist of cash balances, cash in hand, short term deposits which were previously mentioned net of overdraft as they are considered as a part of the Group's cash management.

S) Trade accounts receivable

Trade accounts receivable are stated at original invoice amount net of impairment losses.

Impairment losses are measured as the difference between the carrying amount of trade account receivable and the present value of the expected future cash flows. Such impairment losses are recognized in the consolidated statement of income. Reversal of impairment losses are recognized in the period at which they occur.

S) T) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

T) Employees' defined benefits liabilities

The Group operates a defined benefit pension plan for its employees as per Saudi labour law. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net returns on the net defined benefit liability, and the return on plan assets (excluding amounts included in net returns on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to income statement in subsequent periods.

Past service costs are recognized in consolidated statement of income either on:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net commission is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administrative expenses' and 'selling and distribution expenses' in the consolidated statement of income (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net finance cost or income

V) Finance

Finance is initially recognized in the amounts received and classified under amounts due within one year under current liabilities, unless the Company has the right to delay the repayment of the financing for a period exceeding one year after the date of the budget. Then, the loan balance is presented under long-term liabilities.

After initial recognition, financing is measured on amortization cost basis by effective return rate method. Gains and losses resulting from derecognition of liabilities plus amortization method in effective return rate method are recognized in the consolidated statement of income.

Amortization cost is calculated by taking into account any discount or premium at the purchase time as well as fees and costs which are part of effective return rate. Amortization is recognized in effective return rate under financing costs in the consolidated statement of income.

U) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to gains and losses that are different from those of other segments. The risks and benefits of each sector differ from the other. Since the Group carries out part of its activities outside the Kingdom of Saudi Arabia, the Group reports under geographical segment.

V) Group's Information

Below are details of the Group's subsidiaries:

Subsidiaries	Country of incorporation	Holding percentage	
		31 December 2020	31 December 2020
Aseer Al Arabiah for Industrial Investment Company Limited (single owner company) and subsidiaries (see notes 1 below)	Kingdom of Saudi Arabia	**100%**	100%
Al Khawatem for Trading and Contracting Company Limited (single owner company)	Kingdom of Saudi Arabia	**100%**	100%
Al Mawajed International for Real Estate Development Company Limited (single owner company) (see note (B) below)	Kingdom of Saudi Arabia	**100%**	100%
Al Ostoul Arabia for Real Estate Development Company Limited single owner company) (see note 3 below)	Kingdom of Saudi Arabia	**100%**	100%
Al Nusrah International for Real Estate Development Company Limited (single owner company) (see note 3 below)	Kingdom of Saudi Arabia	**100%**	100%
Al Telal Regional Investment Company Limited (single owner company) (see note 3 below)	Kingdom of Saudi Arabia	**100%**	100%

1- Following are the subsidiaries included in the consolidated financial statements of Aseer Al Arabiah for Industrial Investment Company Limited (a subsidiary of the Parent Company):

Subsidiary	Country of incorporation	Holding percentage	
		31 December 2020	31 December 2020
Halawani Brothers Company (a Saudi Joint Stock Company) (see note 2 below)	Kingdom of Saudi Arabia	**55.51%**	55.51%
Al Rabie Saudi Foods Company Limited	Kingdom of Saudi Arabia	**57.30%**	57.30%
Textile & Readymade Garments Company Limited	Kingdom of Saudi Arabia	**62.30%**	62.30%

2- The consolidated financial statements of Halawani Brothers (a Saudi joint stock company) include the following subsidiary:

Subsidiary	**Country of incorporation**	**Holding percentage**	
		31 December 2020	31 December 2020
Halawani Brothers Company (a Closed Saudi Joint Stock Company)	Egypt	**100%**	100%

3- According to the decision of the Board of Directors of Aseer Company for Trade, Tourism, Industry, Agriculture, Real Estate and Contracting (a Saudi joint stock company) on September 30, 2020, it was decided to liquidate Al Ostoul Arabia for Real Estate Development Company Limited single owner company), Al Nusrah International for Real Estate Development Company Limited (single owner company) and Altelal Regional Investment Company Limited (single owner company). This is because there is no need to continue to these companies. This liquidation did not have an impact on the Group, as the assets and liabilities of these Companies were transferred to Aseer Company for Trade, Tourism, Industry, Agriculture, Real Estate and Contracting, and consequently the assets and liabilities of these Companies that were liquidated still within the Group.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of preparing the consolidated financial statements. Uncertainty about these assumptions and estimates could result in making material adjustments to the values of asset or liabilities affected in future periods.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the subsequent fiscal year, are described below. The Group based its assumptions and estimates on parameters available at the date of 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 Group. Such changes are reflected in the assumptions when they occur.

Estimating variable consideration for returns

The Group estimates variable considerations to be included in the transaction price for the sale of products with rights of return and volume rebates. The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group has applied the following provisions that materially affect the determination of the amount and timing of revenue from contracts with customers:

• Determining performance obligations in a transaction of selling goods.

• Determine sales verification dates.

• Determining the method of estimating the variable price and evaluating the restrictions: Some contracts for the sale of goods include the right of return and a commercial discount, and this increases the variable price. In the context of estimating the variable price, the Group should use the expected value method or the most probable amount method based on choosing the best method by which to better forecast the amount of variable price that the Group is entitled to in exchange for the goods.

• The Group decided that the expected value method is the appropriate method to use in estimating the variable price of sales of goods with return rights based on the large number of customer contracts that have the same characteristics. In the context of estimating the variable price of sales of merchandise with a trade discount, the Group decided to use a combination of two methods: the most probable amount method and the expected value method. The chosen method is one that best predicts the amount of the variable price based on the number of quantitative ceilings included in the contract.

Impairment of trade accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

Impairment of inventory

Inventories are held at the lower of cost and net market value. When inventories become old or obsolete, an estimate is made of their market value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Defined employees benefit plan

The cost of defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each date of financial statements.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary's increases and pension increases are based on expected future inflation rates for the respective countries.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on some instruments and derivatives in active markets, their fair value is determined using valuation techniques including the pricing models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgment includes consideration of inputs such as liquidity, credit, and price fluctuation risks. Changes in assumptions related to these factors may affect the reported fair value of financial instruments.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives are different from the previous estimates.

Intangible assets

Costs with long-term benefits are classified as intangible assets. They are amortized over the estimated period of use. The carrying amount of intangible assets are reviewed when there are indications or changes in circumstances referring to the inability of recovering the carrying amount. In case such evidence exists and the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount representing the present value. The increase in the carrying amount over the estimated recoverable amount is carried at the consolidated statement of income.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales of long-term transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the estimated budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is based on the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Taxes

Uncertainties exist with respect to the interpretation of compound tax regulations, amount, and timing of taxable income in future. Given the wide range of international business relations, long-term nature, present structured contractual agreements and differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to income tax and expenses already recorded. Provisions, based on reasonable estimates, are recoded for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group's domicile. Contingent liabilities are not recognized when the Group assesses the ability to start proceedings of litigation and the existence of cash flows for deferred funds.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgement by management is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Judgments

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Company has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, the Company's contracts with customers for the sale of finished goods generally include one performance obligation. The Company has concluded that revenue from sale of finished goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition

Component parts of property, plant and equipment

The Group's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to mother asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. SEGMENTAL INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), and its profits and losses are different from other segments.

The Group uses business segment and geographical segment. The Group performs its activities in Kingdom of Saudi Arabia and Republic of Egypt and other countries. The selected financial information for geographical and business segments as at 31 December 2019 and 31 December 2018 as the following:

A) Business segments

The Group's business segments are represented in the investment and industrial segments. Following is selected information about each of those two segments:

31 December 2020	***Investment segment SR'000***	***Industrial segment SR'000***	***Total SR'000***
Total assets	**1,124,897**	**1,842,670**	**2,967,567**
Total liabilities and non-controlling interests	**371,868**	**1,215,399**	**1,587,267**
Net sales and investment income	**(704)**	**1,569,620**	**1,568,916**
Gross Profit	**(704)**	**450,917**	**450,213**
Depreciation	**1,041**	**108,207**	**109,248**
Property, plant and equipment and work in progress	**4,011**	**941,950**	**945,961**
Capital expenses	**1,980**	**40,870**	**42,850**

31 December 2019	*Investment segment SR'000*	*Industrial segment SR'000*	*Total SR'000*
Total assets	1,148,489	1,956,757	3,105,246
Total liabilities and non-controlling interests	396,195	1,307,421	1,703,616
Net sales and investment income	(32,766)	1,883,943	1,851,177
Gross profit	(32,766)	547,181	514,415
Depreciation	392	97,919	98,311
Property, plant and equipment and work in progress	2,258	996,393	998,651
Capital expenses	8,067	106,465	114,532

B) Geographical segments

31 December 2020	***Kingdom of Saudi Arabia***	***Egypt***	***Other Arab and foreign countries***	***Reconciliations***	***Total***
Description	***SR (000')***	***SR (000')***	***SR (000')***	***SR (000')***	***SR (000')***
Net sales	**841,994**	**557,831**	**169,795**	**-**	**1,569,620**
Total assets	**2,851,398**	**264,201**	**-**	**(148,032)**	**2,967,567**
Total liabilities	**1,036,885**	**117,733**	**-**	**(1,564)**	**1,153,054**

31 December 2019	*Kingdom of Saudi Arabia*	*Egypt*	*Other Arab and foreign countries*	*Reconciliations*	*Total*
Description	*SR (000')*	*SR (000')*	*SR (000')*	*SR (000')*	*SR (000')*
Net sales	1,217,434	486,143	183,286	(2,920)	1,883,943
Total assets	3,022,767	224,622	.	(142,143)	3,105,246
Total liabilities	1,175,911	84,527	.	(2,048)	1,258,390

5. NET SALES

Below is the classification of the Group's revenue from contracts with customers as per the various classifications affected by the nature of economic factors, amount and the timing of sales:

	2020 SR	2019 SR
Sales by products		
Food and milk products	**1,055,048,729**	899,871,874
Drinks and beverages	**511,058,737**	971,884,104
Other	**3,512,458**	12,187,305
Total	**1,569,619,924**	1,883,943,283

6. SELLING AND DISTRIBUTION EXPENSES

	2020 SR	2019 SR
Salaries and other benefits	**125,126,146**	128,656,181
Activation of sales and marketing expenses	**25,060,678**	21,073,933
Transfer and upload	**13,415,917**	18,667,606
Car expenses	**10,171,477**	8,175,728
Depreciation of property, plant and equipment (note 12)	**9,740,035**	10,216,611
Promotion expenses	**9,409,935**	22,916,187
Depreciation of right of use assets (note 15)	**8,249,349**	8,013,668
Expenses for export sales activation	**7,086,898**	8,909,103
Stationery and office Supplies	**5,731,987**	3,135,377
Distribution commissions	**5,178,042**	5,785,957
Amortization of intangible assets (note 14)	**3,432,464**	2,797,766
Car rental	**3,189,880**	3,941,533
Insurance	**1,607,153**	1,428,720
Provision expected credit loss – related parties (note 19 - 21)	**900,283**	3,380,151
Other	**13,149,697**	12,947,308
	241,449,941	260,045,829

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2020 SR	2019 SR
Salaries and other benefits	**91,966,597**	87,582,931
Consultancy expenses and professional fees	**12,685,165**	33,509,946
Maintenance and spare parts	**12,417,256**	6,384,322
Insurance	**8,922,798**	3,998,589
Depreciation of property, plant and equipment (note 12)	**8,236,436**	6,686,946
Board of directors and related committee meeting allowances	**7,943,193**	2,926,033
Stationery and branches expense	**7,110,240**	6,159,301
Government expenses	**5,496,736**	8,089,635
Subsidiaries' employees and board of directors' bonuses	**1,675,013**	2,842,129
Depreciation of right of use assets (note 15)	**1,625,484**	1,030,366
Postal and telephone	**480,439**	1,403,367
Other	**20,802,869**	20,766,692
	179,362,226	181,380,257

8. OTHER OPERATING INCOME, NET

	2020 SR	2019 SR
Export sales support income	**2,791,795**	-
Land rent	**676,502**	713,677
Gains from sale of property, plant and equipment	**173,581**	869,402
Other expense, net	**(231,665)**	(242,744)
	3,410,213	1,340,335

9. FINANCE COSTS

	2020	2019
	SR	SR
Murabaha finance charges, net	**23,357,096**	35,362,237
Interest on lease liabilities (note 15 B)	**2,926,848**	2,960,980
Other finance charges	**1,165,037**	-
	27,448,981	38,323,217

10. ZAKAT AND INCOME TAX PAYABLE

Provision for zakat and income tax payable consists of the following:

	2020	2019
	SR	SR
Zakat (note "A" below)	**39,491,244**	35,685,642
Income tax (note "B" below)	**25,029,998**	21,070,394
	64,521,242	56,756,036

A) Zakat

1) Movement in Zakat on the Group was as follows:

	2020	2019
	SR	SR
Balance at the beginning of the year	**35,685,642**	9,782,490
Provided during the year	**16,757,142**	12,838,004
Zakat provision for prior years	**-**	21,585,478
Paid during the year	**(12,951,540)**	(8,520,330)
Balance at the end of the year	**39,491,244**	35,685,642

2) Zakat charged to the consolidated statement of income:

	2020	2019
	SR	SR
Provided during the year	**16,757,142**	12,838,004
Zakat provision for prior years	**-**	21,585,478
Zakat charge for the year	**16,757,142**	34,423,482

3) Zakat status

Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company - Parent Company

- The Company finalized its Zakat status for the year ended 31 December 2008 and obtained an unrestricted Zakat certificate for the said year.
- The Company submitted its Zakat returns for the years ended 31 December 2009 up to 2018 and obtained a restricted Zakat certificate for the year ended 31 December 2018.
- The General Authority for Zakat and Tax ("The authority") has issued primarily zakat assessment for the years from 2009 up to 2018 and requesting additional zakat difference amounting to SR 180,105,610.
- The Company has submitted an objection for the primarily zakat assessment mentioned above. Based on that, the Authority issued a modified zakat assessment requesting the Company to pay zakat difference for the years from 2009 to 2018, with a total amount of SR 70,351,683.

- During 2019, the Company has recognized a provision against the zakat differences of SR 21,585,478 based on the opinion of its zakat advisor as being confident to reduce the zakat claims to that amount.
- Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company and its subsidiaries submitted consolidated Zakat return for the years ended 31 December 2013 up to 2019 which included all of its wholly owned subsidiaries and obtained Zakat certificate.

Below is the zakat status for the wholly owned subsidiaries:

Al Khawatem for Trading and Contracting Company Limited – Subsidiary

- The Company submitted zakat returns for the period / years ended 31 December 1999 up to 2012 and obtained a facility letter for the year 2012.
- The information return was submitted for the year ended on 31 December 2019, and obtained unrestricted zakat certificate.
- The Authority has not issued zakat assessment for the said years up to date.

Al Nusrah International for Real Estate Development Company Limited – Subsidiary

- The Company submitted zakat returns for the period / years ended 31 December 2007 up to 2012 and obtained a facility letter for the year 2012.
- The information return was submitted for the year ended on 31 December 2019, and obtained unrestricted zakat certificate.
- The Authority has not issued zakat assessment for the said years up to date.

Al Ostoul Arabia for Real Estate Development Company Limited – Subsidiary

- The Company submitted zakat returns for the period / years ended 31 December 2007 up to 2012 and obtained a facility letter for the year 2012.
- The information return was submitted for the year ended on 31 December 2019, and obtained unrestricted zakat certificate.
- The Authority has not issued zakat assessment for the said years up to date.

Al Mawajed International for Real Estate Development Company Limited – Subsidiary

- The Company submitted zakat returns for the period / years ended 31 December 2007 up to 2012 and obtained a facility letter for the year 2012.
- The information return was submitted for the year ended on 31 December 2019, and obtained unrestricted zakat certificate.
- The Authority has not issued zakat assessment for the said years up to date.

Al Telal Regional Investment Company Limited – Subsidiary

- The Company submitted zakat returns for the period / years ended 31 December 2009 up to 2012 and obtained a facility letter for the year 2012.
- The information return was submitted for the year ended on 31 December 2019, and obtained unrestricted zakat certificate.
- The Authority has not issued zakat assessment for the said years up to date.

Aseer Al Arabia for Industrial Investment Company Limited – Subsidiary

- The Company finalized its Zakat status up to the year ended 31 December 2004.
- The Company submitted its zakat returns for the years ended 31 December 2005 up to 2008 and obtained a restricted zakat certificate for the year 2008. The Authority issued zakat assessments for these years and requested the Company to pay zakat differences amounted to SR 2,800,299.
- The Company submitted an objection against the mentioned assessment and asked the Authority to transfer the objection to the Preliminary Objection Committee ("POC") to consider the case and issued a resolution. The POC issued its resolution in favour of the Authority. The Company appealed against the said resolution to the Higher Appeal Committee ("HAC"). The appeal issued a resolution in favour of the Company under which the zakat differences decreased by SR 2,800,299.
- The Company submitted Zakat returns for the years ended 31 December 2009 up to 2012 and obtained a restricted zakat certificate for the said years. The Authority issued zakat assessments for the said years, resulting differences in zakat payable with an amount of SR 2,211,791.
- The Company submitted an objection against zakat assessments mentioned above, The Authority Transferred the objection to the Committee for Settlement of zakat /Tax Violations and Disputes, which is still under study by the Committee.
- A consolidated zakat return had field for Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting Company and its subsidiaries for the year ended form 31 December 2013 to 31 December 2019 including Aseer Al Arabia for Industrial Investment Company Limited.
- The Company field an information return for the year ended 31 December 2019 and obtained unrestricted zakat certificate.
- The Authority has not issued zakat assessment for the said years up to date.

Halwani Brothers Company, KSA – subsidiary

- The Company finalized its zakat assessment up to 31 December 2014.
-
- The Company filed zakat declarations for the years from 2015 to 2018 and obtained a zakat certificate until 2018. The General Authority for Zakat and Tax (GAZT) issued zakat assessments for the aforementioned years, which showed additional zakat differences due in the amount of SR 15.3 million, which was objected by the Company. The Company's management believes, according to the assessment of its zakat advisor, the outcome of the objection will be in its favor, and that the expected payment amount is SR 1.6 million, and accordingly, an additional provision was made by this amount.
- The Company filed the zakat returns for the year 2019 and obtained a zakat certificate. As GAZT did not issue the Zakat assessment for the mentioned year.

Al Rabie Saudi Foods Company Limited - KSA – subsidiary

- The Company finalized its zakat status with the Authority for the year ended 31 December 2004 up to 2016 with a final payment settlement of SR 3.1 million. The Authority has not issued zakat assessment for the said years up to date.

Textile & Readymade Garments Company, KSA – subsidiary

- The Company finalized its Zakat status for the years from 31 December 2007 up to 2017 and obtained final assessment.
- The Company submitted Zakat returns for the years ended 31 December 2017 and 31 December 2018 and obtained unrestricted zakat certificate.
- The Authority has not issued zakat assessment for the said years until the date of issuance of these consolidated financial statements.

B) Income Tax

The Group calculates income tax using tax base applicable to expected total annual profits

1) Movement in income tax was as follows:

	31 December 2020 SR	31 December 2019 SR
At the beginning of the year	**21,070,394**	14,811,377
Income tax during the year	**28,716,805**	23,391,140
Paid during the year	**(25,203,361)**	(18,955,534)
Translation differences	**446,160**	1,823,411
Balance at the end of the year	**25,029,998**	21,070,394

2) Movement in deferred income tax is as follows:

	31 December 2020 SR	31 December 2019 SR
At the beginning of the year	**1,396,449**	2,231,964
Change during the year	**(965,891)**	(1,036,569)
Translation differences	**22,916**	201,054
At the end of the year	**453,474**	1,396,449

3) Income tax charged to consolidated statement of income

	2020 SR	2019 SR
Change in deferred tax liability	**(965,891)**	(1,036,569)
Income tax for the year	**28,716,805**	23,391,140
Balance at the end of the year	**27,750,914**	22,354,571

4) Tax Status

Tax status for Halwani Brothers Company, Egypt – subsidiary

1- Corporate taxation
- The Subsidiary is exempt from taxes according to Law 8 until December 31, 2005.
- The books and records of the Subsidiary Company until 2018 were examined and the tax due was paid.
- The books and records of the Subsidiary Company were not checked for the year 2019.
- The declarations were submitted until 2019 and the payment due on them based on the declarations in light of the provisions of Law 91 of 2015.

2- Value Added Tax
- The Company's books and records were examined until the year 2019, and the tax due was paid.
- The Company pays the dues based on the declarations on time.

3- Business earning taxes
- The books and records of the Subsidiary Company until 2017 were examined, and the tax due was paid.
- The Subsidiary Company's books and records for the years 2018 and 2019 were not examined.

4- Stamp due taxes
- The books and records of the Subsidiary Company up to the year 2019 were examined, and the tax due was paid.

5- Tax deduction
- The third period has been paid for the year 2020, and there are no financial dues from the Subsidiary Company.

6- Real estate taxes
- Accounting and payment of dues have been completed until the year 2020, and there are no financial dues on the Subsidiary Company.

7- Value Added Tax
- The Group is registered for VAT purposes in the Kingdom of Saudi Arabia (the Parent Company) and the Arab Republic of Egypt (the Subsidiary Company). The Group pays the VAT due based on the tax returns.

11. LOSS PER SHARE

Basic and diluted loss per share from net loss for the year is calculated by dividing the net loss for the year attributed to shareholders of the parent Company by the number of ordinary outstanding shares during the year amounted to 126,388,889 shares.

The table below reflects the net loss for the year attributed to shareholders of the parent Company and the number of shares used in calculating basic and diluted loss per share:

	For the year ended 31 December	
	2020	2019
	SR	SR
Net loss for the year attributable to the shareholders of the parent Company	**(48,548,341)**	(22,751,991)
Weighted average number of outstanding ordinary shares	**126,388,889**	126,388,889
Basic and diluted loss per share from net loss attributable to the shareholders of parent Company	**(0.38)**	(0.18)

12. PROPERTY, PLANT AND EQUIPMENT

	Land	*Buildings*	*Machines, equipment and tools*	*Furniture and fixtures*	*Computers and software*	*Motor vehicles*	*Lease hold improvement*	*Capital works in progress*	*Total 2020*
For the year 2020	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Cost:									
At the beginning of the year	**71,056,682**	**441,422,354**	**875,697,039**	**127,602,840**	**8,045,228**	**123,695,490**	**-**	**178,018,471**	**1,825,538,104**
Additions	**-**	**-**	**718,535**	**461,249**	**-**	**-**	**-**	**41,670,250**	**42,850,034**
Disposals	**-**	**-**	**(13,693,415)**	**(9,542,574)**	**(2,842,751)**	**(988,700)**	**-**	**-**	**(27,067,440)**
Transfers	**-**	**64,623,363**	**67,799,220**	**25,553,356**	**1,166,984**	**5,213,243**	**2,156,225**	**(166,512,391)**	**-**
Translation differences	**102,503**	**469,871**	**986,081**	**21,161**	**77,027**	**243,928**	**-**	**3,677**	**1,904,248**
	71,159,185	**506,515,588**	**931,507,460**	**144,096,032**	**6,446,488**	**128,163,961**	**2,156,225**	**53,180,007**	**1,843,224,946**
Depreciation:									
At the beginning of the year	**-**	**125,947,601**	**467,581,566**	**120,680,740**	**5,413,874**	**107,263,524**	**-**	**-**	**826,887,305**
Charge for the year	**-**	**16,069,864**	**59,076,479**	**7,999,541**	**1,372,858**	**7,016,860**	**73,144**	**-**	**91,608,746**
Disposals	**-**	**-**	**(13,646,807)**	**(9,540,185)**	**(2,776,959)**	**(831,263)**	**-**	**-**	**(26,795,214)**
Impairment	**-**	**-**	**4,599,614**	**-**	**-**	**-**	**-**	**-**	**4,599,614**
Translation differences	**-**	**181,431**	**580,294**	**12,410**	**45,962**	**143,740**	**-**	**-**	**963,837**
	-	**142,198,896**	**518,191,146**	**119,152,506**	**4,055,735**	**113,592,861**	**73,144**	**-**	**897,264,288**
Net book amount:									
At 31 December 2020	**71,159,185**	**364,316,692**	**413,316,314**	**24,943,526**	**2,390,753**	**14,571,100**	**2,083,081**	**53,180,007**	**945,960,658**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Machines, equipment and tools	Furniture and fixtures	Computers and software	Motor vehicles	Capital works in progress	Total 2019
For the year 2019	SR	SR	SR	SR	SR	SR	SR	SR
Cost:								
At the beginning of the year	69,936,903	430,391,012	853,671,429	129,951,459	8,555,082	121,450,279	135,559,095	1,749,515,259
Additions	-	-	4,038,718	1,310,635	-	-	109,182,531	114,531,884
Disposals	-	-	(30,014,140)	(5,299,843)	(1,287,086)	(3,038,664)	-	(39,639,733)
Transfers	621,166	8,912,193	50,691,571	1,549,863	537,573	4,426,942	(66,739,308)	-
Transfer to right of use assets (note 15)	-	-	(7,378,150)	-	-	-	-	(7,378,150)
Translation differences	498,613	2,119,149	4,687,611	90,726	239,659	856,933	16,153	8,508,844
	71,056,682	441,422,354	875,697,039	127,602,840	8,045,228	123,695,490	178,018,471	1,825,538,104
Depreciation:								
At the beginning of the year	-	111,925,937	443,311,420	119,497,217	4,881,125	102,558,938	-	782,174,637
Charge for the year	-	13,294,425	54,704,903	6,392,184	1,720,335	6,784,746	-	82,896,593
Disposals	-	-	(29,906,639)	(5,264,278)	(1,233,738)	(2,679,637)	-	(39,084,292)
Transfer to right of use assets (note 15)	-	-	(3,103,547)	-	-	-	-	(3,103,547)
Translation differences	-	727,239	2,575,429	55,617	46,152	599,477	-	4,003,914
	-	125,947,601	467,581,566	120,680,740	5,413,874	107,263,524	-	826,887,305
Net book amount:								
At 31 December 2019	71,056,682	315,474,753	408,115,473	6,922,100	2,631,354	16,431,966	178,018,471	998,650,799

12. PROPERTY, PLANT AND EQUIPMENT (continued)

1. The land mentioned above includes a land with amount of SR 6,479,375 registered in the name of one partner in a subsidiary company and the partner confirmed the Company's ownership of this land.
2. As at 31 December 2020, property, plants and equipment includes fully depreciated assets and still in use with total cost of SR 456.4 million (31 December 2019: SR 419.2 million).
3. The new industrial complex of the subsidiary company is constructed on a leased land from Saudi Authority for Industrial Cities and Technology Zones (MODON) under a lease for 25 years started from 16 Sha'ban 1428H (corresponding to: 29 August 2007). The lease is renewable for an additional and similar period based on the two parties' choices.
4. The land mentioned above includes a plot of land registered in a subsidiary company with an amount of SR 3.4 million, the transferring of the ownership in the name of the to the company is under process.
5. The factory buildings related to a subsidiary company constructed on a leased land from Saudi Authority for Industrial Cities and Technology Zones (MODON) for a nominal annual rent of under a lease for 24 years started of 5 Sha'ban 1428H (corresponding to: 18 August 2007). The lease is renewable for some additional similar periods with the same or other conditions as agreed upon between the two parties.
   Also, includes employees' accommodation buildings for one subsidiary company constructed on a land leased from Saudi Authority for Industrial Cities and Technology Zones (MODON) in Riyadh against a nominal rent under a lease for 20 years started from 21 Sha'ban 1428H (corresponding to: 3 September 2007. The lease is renewable for some additional similar periods with the same or other conditions as agreed upon between the two involved parties.
6. All property, plant and equipment of the new industrial complex of the subsidiary company is pledged to Saudi Industrial Development Fund as a guarantee of the financing granted to the company. During the year 2020, the company paid the remaining of the financing amount, therefore, the pledge of property, plants and equipment has been released.

The allocation of depreciation expense is as follows:

	2020 **SR**	2019 SR
Cost of sales	**73,632,275**	65,993,036
Selling and distribution expenses (note 6)	**9,740,035**	10,216,611
General and administrative expenses (note 7)	**8,236,436**	6,686,946
	91,608,746	82,896,593

13. INVESTMENT PROPERTIES

Investment properties represent the value of lands acquired for long-term investment purpose as follows:

	31 December 2020 SR	31 December 2019 SR
Cost at the beginning of the year	**7,163,236**	188,471,581
Additions	**-**	1,188,655
Disposals (see note below)	**-**	(182,497,000)
Cost at the end of the year	**7,163,236**	7,163,236

On 28 April 2019, the Group received a letter from the seller stating that the title deed of the purchased land in 2009 by SR 219,739,441 was revoked by an order issued from the Public Court in Riyadh for a reason outside the control of the seller and Group's will. The Group paid SR 207,239,441 and the remaining amount of SR 12,500,000 was unpaid. The decision has become final and must be adhered to and implemented. The seller presented some solutions and suggestions to the Group in a way that preserves all its rights. After receiving the mentioned letter above, the Group confirmed its validity through the concerned parties and is assured that the revoked is correct for reasons pertaining the seller as the revoked is attributive to the main title deed of the land and its scope. The Group has no relation or involvement in this matter and was not informed or involved in this matter, court hearings, sessions, discussions, or investigations. The Group inquired before purchasing the land, confirmed the validity of the title deed through a committee of attorney public composed of three members as per statement of permission issued in 28 Rajab 1430H.

On 18 Rabi II 1441H (corresponding to: 15 December 2019), the Group filed two lawsuits at the Public Court in Riyadh against the seller of the land located north of Riyadh, Al Khair District, and against the broker of the purchase deal requesting to compel both the land seller and purchase broker (claimers) to return the amount paid to them amounted to SR 207,239 million of the land value to the Group with retaining its right to claim any compensation for any losses or financial claims that have befallen it or that may be caused due to revoked of the said land deed. Based on the opinion of the legal consultant of the Group and inquiries made with him, the documents and papers presented in both lawsuits are strong and explicit and form a legal evidence of contractual relationship and prove the right of the Group to collect and recover the purchase amount paid due to revoked of the title deed and its right as well to collect and recover the brokerage fees paid to the sale broker.

During the year ended 31 December 2019, the Group de-recognized the total land amount from the books amounted to SR 181,500,000 and recognized as trade receivable within trade receivables and other debit balances notes on the seller and broker with total amount of SR 207,239,441 after deducting the remaining amount due to the seller of the land value of SR 12,500,000 (note 20).

The book value of the land amounts to SR 181,500,000 representing purchase price of SR 219,739,441 less impairment previously recognized amount at SR 38,239,441.

During December 2020, a final ruling was issued in favour of the Group to revoked the sale contract between the group and the seller of the land and bind the seller of the land to pay an amount of SR 202 million to the group.

The Group holds investment properties and the fair value of these investments was determined basis of the average valuations made by two independent real estate valuators which are: AMAM and White Cube for Real estate valuation Offices. The fair value was determined depending on the market prevailing price for similar Real estate. The valuation did not reflect an impairment in the investment properties as at 31 December 2020. The average fair value of investment properties amounted to SR 32.3 million (note 31).

14. INTANGEBLE ASSETS

	31 December 2020 SR	31 December 2019 SR
Goodwill (note 14.1 below)	**157,005,634**	157,005,634
Trademarks and software (note 14.2 below)	**1,446,206**	4,507,344
Total intangible assets	**158,451,840**	161,512,978

14.1 The balance of intangible assets represents the goodwill arising from the acquisition of investments in subsidiaries. The Group conducted a study to make sure that there is no impairment in goodwill as at the date of the consolidated financial statements (note 32).

Goodwill is as the following:

	31 December 2020			
	Halawani Brothers Company	**Al Rabie Saudi Foods Company Limited**	**Aseer Al Arabia for Industrial Investment Company Limited**	**Total**
	SR	**SR**	**SR**	**SR**
At the beginning and end of the year	**126,678,293**	**8,117,469**	**22,209,872**	**157,005,634**

	31 December 2019			
	Halawani Brothers Company	Al Rabie Saudi Foods Company Limited	Aseer Al Arabia for Industrial Investment Company Limited	Total
	SR	SR	SR	SR
At the beginning and end of the year	126,678,293	8,117,469	22,209,872	157,005,634

14.2 Movement in Trademarks and royalty and Software is as follows:

	Software	**Trademarks and royalty**	**Total**
	SR	**SR**	**SR**
Cost:			
As at 1 January 2020	**3,075,708**	**9,733,626**	**12,809,334**
Additions	**-**	**369,194**	**369,194**
Translation differences	**18,182**	**-**	**18,182**
As at 31 December 2020	**3,093,890**	**10,102,820**	**13,196,710**
Amortization:			
As at 1 January 2020	**2,969,949**	**5,332,041**	**8,301,990**
Amortization for the year	**28,078**	**3,404,386**	**3,432,464**
Translation differences	**16,050**	**-**	**16,050**
As at 31 December 2020	**3,014,077**	**8,736,427**	**11,750,504**
Net book value:			
As at 31 December 2020	**79,813**	**1,366,393**	**1,446,206**

	Software	Trademarks and royalty	Total
	SR	SR	SR
Cost:			
As at 1 January 2019	3,037,361	8,606,595	11,643,956
Additions	-	1,127,031	1,127,031
Disposals	(38,787)	-	(38,787)
Translation differences	77,134	-	77,134
At 31 December 2019	3,075,708	9,733,626	12,809,334
Amortization:			
As at 1 January 2019	2 ,881,881	2,512,326	5 ,394,207
Amortization for the year	63,586	2,819,715	2,883,301
Disposals	(38,343)	-	(38,343)
Translation differences	62,825	-	62,825
As at 31 December 2019	2,969,949	5,332,041	8,301,990
Net book value:			
As at 31 December 2019	105,759	4,401,585	4,507,344

15. LEASES

Group as lessee

The Group has lease contracts for various leased buildings. Leases generally have lease terms between 1 to 20 years. The Group's obligations under its leases are secured by the lessor's title to the leased buildings. Several leases include extension and termination options and variable payments. Not all leases have variable payments.

The Group also has certain leases of leased properties with lease terms of 12 months or less of low lease value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
The followings are the carrying amounts of right-of-use assets and lease liabilities recognised and their movements during the year:
a) Right-of-use assets are represented as follows:

	31 December 2020	31 December 2019
	SR	SR
Cost:		
As at 1 January	**71,994,630**	56,195,669
Transfer from property, plant and equipment (note 12)	**-**	7 ,378,150
Additions during the year	**6,493,416**	7,424,796
Disposals	**(1,403,875)**	-
Translation differences	**269,518**	996,015
At 31 December	**77,353,689**	71,994,630
Depreciation:		
As at 1 January	**(16,061,373)**	-
Transfer from property, plant and equipment (note 12)	**-**	(3.103.547)
Depreciation for the year	**(14,207,056)**	(12,531,518)
Disposals	**627,450**	-
Translation differences	**(125,284)**	(426,308)
As at 31 December	**(29,766,263)**	(16,061,373)
Net book value as at 31 December	**47,587,426**	55,933,257

b) Lease liabilities as classified in the statement of financial position:

	31 December 2020	31 December 2019
	SR	SR
As at 1 January 2019	**50,823,672**	52,835,563
Transfer from finance lease liabilities	**-**	2,748,496
Additions during the year	**6,382,614**	7,934,323
Interest expense	**2,926,848**	2,960,980
Payments	**(14,605,159)**	(16,026,425)
Disposals	**(798,760)**	-
Adjustments	**(10,439)**	-
Translation differences	**96,594**	370,735
As at 31 December 2019	**44,815,370**	50,823,672
Less: current portion	**(12,546,977)**	(12,611,367)
Non-current portion	**32,268,393**	38,212,305

The Company recognized the depreciation expense related to right of use assets, as follows:

	2020	2019
	SR	SR
Cost of sales	**4,332,223**	3,487,484
Selling and distribution expenses (note 6)	**8,249,349**	8,013,668
General and administrative expenses (note 7)	**1,625,484**	1,030,366
	14,207,056	12,531,518

16. INVESTMENTS AND FINANCIAL ASSETS

	31 December 2020	31 December 2019
	SR	SR
Investments in associate (see note (a) below)	**72,612,289**	68,898,193
Equity instruments at fair value (see note "B" below)	**658,903,373**	653,587,115
Debt instruments at fair value through profit or loss	**109,855,000**	118,020,000
	841,370,662	840,505,308

a) Investments in an associate

Company's name	**Country of incorporation**	**Main activity**	**Shareholding percentage**		**31 December 2020**	31 December 2019
			2020	2019	**SR**	SR
Alessa Industries Company (see note below)	Kingdom of Saudi Arabia	Wholesale and retail	**38%**	38%	**72,612,289**	68,898,193

Number of shares owned by the Company is 28.5 million shares of the total share capital of Alessa Industries Company amounted to 75 million shares with ownership of 38% of its equity.

Movement in investment for the year ended 31 December is as follows:

	31 December 2020	31 December 2019
	SR	SR
Investment balance at the beginning of the year	**68,898,193**	119,660,000
Group's share of profit / (loss) of associate	**4,835,981**	(51,145,457)
Group's share of other comprehensive income	**(1,121,885)**	383,650
	72,612,289	68,898,193

	31 December 2020	31 December 2019
	SR	SR
Non-current assets	**301,338,300**	259,734,874
Current assets	**1,216,006,008**	1,317,704,184
Non-current liabilities	**(61,617,841)**	(67,020,311)
Current liabilities	**(967,772,298)**	(1,032,435,748)
Non-controlling interests	**(13,232,564)**	(13,035,333)
Equity	**474,721,605**	464,947,666
Shareholding percentage	**%38**	%38
Company's share	**180,394,209**	176,680,113
Temporary impairment	**(107,781,920)**	(107,781,920)
Investment book value	**72,612,289**	68,898,193

	2020	2019
	SR	SR
Sales	**862,888,587**	807,498,945
Cost of sales	**(670,979,875)**	(715,790,165)
Selling and distribution expenses	**(63,917,680)**	(75,061,863)
General and administrative expenses	**(60,943,562)**	(55,339,355)
Other income / (expenses)	**1,921,540**	(30,230,643)
Financial charges	**(40,946,175)**	(50,373,664)
Profit /(Loss) before zakat	**28,022,835**	(119,296,745)
Zakat	**(15,296,568)**	(15,296,563)
profit /(Loss) for the year	**12,726,267**	(134,593,308)
Other comprehensive (loss) / income	**(2,952,329)**	1,009,606
Total comprehensive loss for parent Company	**9,773,938**	(133,583,702)
Group's share of the results of the year	**4,835,981**	(51,145,457)
Share of other comprehensive income	**(1,121,885)**	383,650

b) Equity instruments at fair value

	Investment in equity instruments		**Total**	Total
	Quoted	**Un-quoted**	**31 December 2020**	31 December 2019
Cost:	**SR**	**SR**	**SR**	**SR**
At the beginning of the year	**350,000,000**	**377,171,377**	**727,171,377**	728,412,707
Transfer from quoted	**55,600,000**	**(55,600,000)**	**-**	-
Disposals	**(15,000,000)**	**(2,090,743)**	**(17,090,743)**	(1,241,330)
At the end of the year	**390,600,000**	**319,480,634**	**710,080,634**	727,171,377
Net unrealized gains from revaluation of investments and financial assets:				
At the beginning of the year	**(15,750,000)**	**(57,834,262)**	**(73,584,262)**	(86,056,848)
Revaluation gain	**32,103,054**	**(1,742,999)**	**30,360,055**	12,626,212
Transferred to accumulated losses	**(7,953,054)**	**-**	**(7,953,054)**	(153,626)
At the end of the year	**8,400,000**	**(59,577,261)**	**(51,177,261)**	(73,584,262)
Net book value	**399,000,000**	**259,903,373**	**658,903,373**	653,587,115

Investment in quoted equity instruments include the following:

- The Group owns 35 million shares as at 31 December 2020 (31 December 2019: 35 million shares) in Emaar the Economic City Company with amount of SR 322 million as at 31 December 2020 (31 December 2019: SR 322 million). The Company is required to obtain an approval from the Economic Cities and Special Zones Authority before it can dispose of its owned shares.

- During the year 2020, 30% of Amlak International for Real Estate Financing Company was offered for public subscription in the Saudi Capital Market (Tadawul), therefore, the group offered the investment within the quoted investments and evaluated the investment at the market price. The investment in Amlak International Real Estate Financing Company as of 31 December 2020 amounted to SR 76.7 million.

c) Debt instruments at fair value through profit or loss

	31 December 2020	31 December 2019
	SR	SR
Balance as at the begining of the year	**118,020,000**	110,728,500
Revaluation of debt instruments at fair value through profit or loss	**(8,165,000)**	7,291,500
Balance as at the end of the year	**109,855,000**	118,020,000

17. OTHER LONG-TERM ASSETS

a) During the prior years, the Group sold all its shares representing 50.4% of a subsidiary's share capital to unrelated party with an amount of SR 81 million. During the year 2020, the Group collected the remaining amount. As per the sale agreement, the remaining sale price will be collected on long and short-term payments as follows:

	31 December 2020	31 December 2019
	SR	SR
Investment debtors	**13,006,452**	26,012,902
Collected during the year	**(13,006,452)**	(13,006,450)
	-	13,006,452
Less:		
Total payment due during the year	**-**	(12,670,776)
Unearned finance gains	**-**	(335,676)
Net payment due during the year	**-**	(13,006,452)

18. INVENTORY

	31 December 2020	31 December 2019
	SR	SR
Raw materials	**174,834,667**	164,053,881
Finished goods	**91,834,526**	118,745,831
Packing and packaging materials	**62,804,854**	52,919,345
Spare parts	**36,700,247**	35,099,587
Production in progress	**1,345,731**	1,528,861
Others	**652,307**	616,426
	368,172,332	372,963,931
Less:		
Provision for slow moving inventory	**(18,577,003)**	(12,582,767)
	349,595,329	360,381,164
Goods in transit	**17,191,971**	21,352,126
	366,787,300	381,733,290

A) Movement in the provision as follows:

	31 December 2020	31 December 2019
	SR	SR
Balance at the beginning of the year	**12,582,767**	3,910,650
Additions during the year	**6,410,865**	9,070,729
Provision for slow moving inventory write off	**(416,606)**	(529,549)
Provision no longer required	**(33,124)**	-
Translation differences	**33,101**	130,937
Balance at the end of the year	**18,577,003**	12,582,767

19 TRADE RECEIVABLES

	31 December 2020	31 December 2019
	SR	SR
Trade receivables	**202,814,926**	295,883,038
Provision of expected credit losses	**(19,906,467)**	(40,582,478)
	182,908,459	255,300,560

A) Unimpaired trade receivables are expected, on basis of past-experience, to be fully recoverable during the subsequent period where the Group's management has established specific strategies to collect such receivables. Collaterals will be collected from some customers in return to trade receivables. Accordingly, most of these trade receivables are secured.

B) The ageing of unimpaired trade receivables for the two years ended 31 December is as follows:

Year	**Total**	**Neither past due nor impaired**	**Past due but not impaired**		
			31- 90 days	**91- 365 days**	**More than 365 days**
	SR	**SR**	**SR**	**SR**	**SR**
31 December 2020	**182,908,459**	**64,895,910**	**102,212,580**	**15,482,163**	**317,806**
31 December 2019	255,300,560	204,455,545	43,131,116	6,260,936	1,452,963

The movement of the provision is as follows:

	31 December 2020	31 December 2019
	SR	*SR*
Balance at the beginning of the year	**40,582,478**	61,072,889
Additions during the year (note 6)	**853,085**	2,661,116
Used during the year	**(18,634,648)**	(23,381,665)
Provision no longer required	**(2,927,652)**	(2,860)
Translation differences	**33,204**	232,998
Balance at the end of the year	**19,906,467**	40,582,478

C) During the year 2020, the board of director in Halwani Brohters Company (subsidiary) decided to write off trade receivables amounted to SR 18.5 m.

20. PREPAID EXPENSES AND OTHER ASSETS

	31 December 2020	31 December 2019
	SR	SR
Advances to suppliers	**13,021,309**	28,421,881
Prepaid expenses	**6,276,073**	7,394,100
Employees' receivables	**2,628,537**	2,937,214
Accrued income dividends	**1,250,000**	2,000,000
Letter of guarantee (note A below)	-	2,800,299
Deferred finance charges	-	374,975
Other debit balances	**216,370,442**	213,099,201
	239,546,361	257,027,670

A) On 4 October 2018, the Group issued a letter of guarantee issued by the Saudi Investment Bank in favour of the General Authority for Zakat and Income Tax with an amount of SR 2,800,299 fully covered for the value of the zakat differences due for the years ending in 31 December 2005 up to 31 December 2008 (note 10). The group objected to the zakat assessments mentioned above, and requested the Authority to transfer the objection to the Preliminary Objection Committee for consideration and issuance of a decision regarding it. The committee issued its decision in favour of the authority, and the Group has appealed the mentioned decision to the Tax Appeals Committee. The decision of the Tax Appeal Committee was issued in favour of the Group. Accordingly, to which the zakat differences were reduced by SR 2,800,299. The Group obtained a letter from the General Authority for Zakat and Income Tax on 7 September 2020 stating that the purpose for which the letter of guarantee was submitted has ended.

B) Other debit balances as of 31 December 2020 include an amount of SR 207,239,441 representing the amount due from the seller of land located in north Riyadh and the broker (note 13).

21. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, ultimate Parent Company – Dallah Al BarakaHolding Company, subsidiaries of the ultimate Parent Company, and key management personnel, directors, and entities controlled or significantly influenced by such parties. Transactions with related parties are carried out based on the policies, terms and prices of dealing with unrelated parties, and these transactions are approved by the Group's departments.

Below is summery of significant transactions with related parties performed in the course of normal business of the Group during the year:

A) Due from related parties:

Description	**Nature of the Transaction**	**Amount of transactions**		**Balance**	
		31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
		SR	SR	**SR**	SR
Fadeel Halwani	Sale of finished goods	**-**	-	**-**	2,729,352
Others	Other transactions	**1,185,644**	1,379,003	**841,721**	938,209
Total				**841,721**	3,667,561
Less: provision for doubtful debts				**(621,962)**	(3,448,387)
Balance				**219,759**	219,174

The movement in the provision is as follows:

	31 December 2020	31 December 2019
	SR	SR
At the beginning of the year	**3,448,387**	2,729,352
Additions during the year (note 6)	**47,198**	719,035
Provision no longer required	**(141,522)**	-
Write off	**(2,732,101)**	-
Balance at the end of the year	**621,962**	3,448,387

B) Due to related parties:

Description	**Nature of the Transaction**	**Amount of transactions**		**Balance**	
		31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
		SR	SR	**SR**	SR
Dallah Holding Company	Purchase of finished goods	**615,817**	552,099	**-**	73,555
Al Essmaliah Egypt for Poultry Company	Purchas of raw material	**3,979,803**	3,404,030	**641,957**	89,235
Others	Other transactions	**239,901**	1,106,995	**402,528**	344,554
				1,044,485	507,344

Prices and payment terms with related parties are approved in accordance with the Group's policy.

C) Board of directors and executives' allowances and remunerations:

The Group's senior management composes of key management personnel, executives and the Board member, who are responsible for planning, directing and supervising the Group's activities. The total salaries and remunerations for senior management and executives was as follows:

	31 December 2020 SR	31 December 2019 SR
Salaries and remunerations for senior management and executives	**8,420,500**	9,381,600
Board of directors' remunerations	**1,800,000**	1,800,000
Remuneration for attending board of directors and committees	**364,000**	312,000
Remuneration of the board's committees	**1,048,889**	856,000

D) Transactions with Board's directors

Below are the details of all direct and indirect transactions with Board's members of Aseer for Trading, Tourism, Industry, Agriculture, Real estate and Contracting Company:

		2020	2019
		SR	SR
Name of related Party	***Nature of Transaction***	**Transaction amount**	Transaction amount
▪ Abdullah Saleh Kamel (Chairman of the Board) as he owns shares in Al Hkuzama Management Company	Existing lease of offices at Al Faysalia Tower from Al Khuzama Management Company	**-**	1,628,066

22. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
	SR	SR
Cash on hand	**1,623,889**	1,520,874
Bank balances	**156,955,723**	115,134,911
Checks under collection	**5,398,475**	4,237,946
Restricted bank balances (see note below)	**13,593,592**	13,635,280
	177,571,679	134,529,011

The restricted bank balances represent bank balances held by the Group against the unpaid dividends.

23. CAPITAL

The capital of the Parent Company is divided into 126,388,889 shares as at 31 December 2020 with SR 10 each (31 Dec 2019: 126,388,889 shares).

24. STATUTORY RESERVE

In accordance with the Saudi Corporate Law and Group's by-law, the Group must transfer 10% of its net income to the statuary reserve. The Group may stop such transfers when the reserve reaches 30% of the capital. The reserve is not available for distribution. The Group did not perform such transfers for the reported years where the Group achieved losses during those years.

The shareholders at the ordinary general assembly meeting held on 1 May 2019 (corresponding to: 26 Shaban 1440H) decided to decrease the statuary reserve to 24.7% of the capital through transfer an amount of SR 94,110,245 to cover for the accumulated losses.

25 NON-CONTROLLING INTRESETS

The movement in non-controlling interests is as follows:

	31 December 2020	31 December 2019
	SR	SR
At the beginning of the year	**445,226,218**	430,022,327
Share in results of subsidiaries	**3,671,022**	41,089,154
Exchange differences resulted from the translation of financial statement in a foreign currency	**1,406,076**	4,468,705
Actuarial evaluation	**(2,107,569)**	(4,547,764)
Dividend in a subsidiary Company	**(13,982,573)**	(25,806,204)
At the end of the year	**434,213,174**	445,226,218

Non-controlling interests were recorded at initial recognition in accordance with generally accepted accounting principles at the date of recognition. The Company has used the exemptions provided for at first time adoption to international financial reporting standards, which stated that non-controlling interests remain at the previously recognized amount in accordance with general accepted accounting principles without adjustments.

On 14 May 2020, the Extraordinary General Assembly meeting of Halawani Brothers Company, "subsidiary company", agreed to distribute dividends for the year ended at 31 December 2019, with amount of SR 31,428,573, the share of non-controlling interests amounted to SR 13,982,573.

On 13 March 2019, the partners in Al Rabie Saudi Food Company Limited. Agreed to distribute dividends of SR 60 million, the share of the non-controlling interest amounted to SR 25,806,204.

26. ISLAMIC MURABAHA FINANCING CONTRACTS AND LONG-TERM LOANS

The movement in Islamic Murabha and loans during the year is as follows:

	31 December 2020	31 December 2019
	SR	SR
Facilities and long-term loans	**417,467,453**	549,949,639
Less:		
Deferred financing charges	**-**	(388,888)
Facilities and long-term loans, net	**417,467,453**	549,560,751
Amounts due during the year	**(157,414,033)**	(126,919,351)
Non-current portion	**260,053,420**	422,641,400

The following table represents the value of the remaining instalments of the whole amounts of murabha and long-term loans:

	31 December 2020	31 December 2019
	SR	SR
2020	**-**	126,919,351
2021	**157,414,033**	145,884,580
2022	**141,414,135**	141,347,512
2023	**118,639,285**	135,409,308
	417,467,453	549,560,751

Murabaha financing and long-term loans include the following:

During 2013, the Group signed an Islamic Murabaha finance agreement with one local commercial bank at an amount of SR 700 million. The Company used SR 631 million from the mentioned facility to finance the acquisition of a share in Alessa Industries Company. The Company presented an order promissory note as a security for the loans in addition to bank covenants as stipulated in the loan agreement which the Company that the company has committed as at 31 December 2020. The loan repayment on instalments over a period of 7 years with a grace period for 2 years with flexible early repayment. The loan is subject to commission at SIBOR rates plus a fixed commission rate.

On 24 March 2019, the Group signed a re-scheduling agreement to repay the Murabaha loan on unequal payments over a period of 5 years and subject to commission at SIBOR rates plus a fixed commission rate.

On 27 December 2015, the subsidiary company (Al Rabie Saudi Foods Company Ltd.) signed an Islamic financing agreement with the Saudi British Bank with the amount of SR 200 million. As at 31 December 2020 the used portion of the financing amounted to SR 106.8 million (2019: SR 138.9 million). The financing is repayment within a period of 60 months from the date of withdrawal and includes a grace period of one year. The financing carries annual interest of 1.5% + SIBOR. The financing secured by promissory notes.

On 15 June 2010, Halwani Brohters Company (subsidiary) signed a term finance agreement (Tawarruq) with the Saudi Industrial Development Fund ("Fund") with total amount of SR 165.2 million to finance the subsidiary's new industrial complex in Jeddah City. All existing properties, plant and equipment of the project are pledged in favour of the Fund as a loan security. All finance facility balance was withdrawn by the Company. In accordance with the terms and conditions of the agreement, the finance is repayment on semi-annual instalments and the last instalment is due in 2020. The Company paid the remaining balance of the finance amounted to SR 37.2 million to the Fund during the year, Accordingly the pledge properties, plant and equipment of the project has been released during the year. The finance bears prepaid charges at SR 12.5 million recognized as deferred finance charges and amortized over the term of the finance through the effective interest rate method.

During 2019, Halwani Brohters Company (subsidiary) signed a term finance agreement with the Saudi French Bank at SR 150 million. The full finance amount was withdrawn by the subsidiary. Based on the terms and conditions of the agreement, the loan is repayment on quarterly instalment amounted to SR 9,375 million for each instalment starting from 30 September 2019 and the last instalment will be due on 30 June 2023. The finance bears finance charges (the loan is subject to interest plus SIBOR). The loan is secured by promissory notes issued to the bank.

The subsidiary signed short-term and long-term Murabaha contracts with local banks in Arab Republic of Egypt to finance its operations. The subsidiary pays finance charges as per SIBOR rates at market. As at 31 December 2020, the outstanding balance of these contracts amounted to SR 13.3 million (31 December 2019: SR 7.8 million), There is no non-current portion (31 December 2019: SR 3 million).

27. EMPLOYEES' DEFINED BENEFITS

	31 December 2020	31 December 2019
	SR	SR
Balance at the beginning of the year	**119,123,800**	112,857,130
Cost of current service	**8,785,907**	7,635,270
Finance costs	**2,348,200**	3,041,400
Paid during the year	**(15,882,599)**	(14,843,401)
Adjustments of actuarial valuation	**5,285,085**	10,433,401
Balance at the end of the year	**119,660,393**	119,123,800

The most significant actuarial assumptions used in calculating the current value of employees' defined benefits as the following:

	31 December 2020	31 December 2019
	SR	SR
Discount rate	**From 1.6% to 2.55%**	From 2.7% to 2.9%
Salary increase rate	**From 2.2% to 6%**	From 3% to 5%
Turnover rate	**From 8% to 14%**	From 8% to 14%

The effect of employees' defined benefits on actuarial assumptions with reasonable change percentage was presented with all other variables constant as the following:

	31 December 2020
	SR
	119,719,134
Discount rate -25%	**119,647,119**
Discount rate +25%	**119,641,995**
Salary increase -25%	**119,715,903**
Salary increase +25	**119,719,134**

28. TRADE PAYABLES AND OTHER ACCRUALS

	31 December 2020	31 December 2019
	SR	SR
Trade payables	**149,638,830**	125,910,922
Accrued expenses	**93,075,673**	91,770,983
Employees accruals	**25,534,866**	13,377,107
Right to return goods liabilities	**17,787,198**	13,497,994
Advances from customers	**6,135,185**	9,393,429
Subsidiaries companies tax dues	**5,756,893**	2,346,418
Financial derivatives	**646,414**	1,178,689
Other	**6,932,789**	6,539,396
	305,507,848	264,014,938

The subsidiary company ("Halwani and Brothers") entered into a financial derivative contract to swap interest rates with a local commercial bank to meet interest rate fluctuations. As at 31 December 2020, the fair value of the contract amounted to SR 646,414 (31 December 2019: SR 1,178,689). Accordingly, the Parent Company recorded profits during the year ended as at 31 December 2020 amounted to SR 532,275 (2019: losses of SR 1,178,689). The nominal value of the interest rate in a swap contract as at 31 December 2020 amounted to SR 93,750,000 (2019: SR 131,250,000).

29. SHORT TERM ISLAMIC MURABAHA FINANCING

Movement in the Islamic Murabaha financing is as follows:

	31 December 2020	31 December 2019
	SR	SR
Balance at the beginning of the year	**202,408,826**	271,712,661
Net movement during the year	**(16,581,592)**	(69,303,835)
	185,827,234	202,408,826

On 29 November 2018, the Group signed a short-term Murabaha facility agreement with a commercial local bank with amount of SR 140 million, renewed annually. The loan balance as at 31 December 2020 was SR 85.83 million (31 December 2019: SR 86.22 million). The loan is subject to an interest as per SIBOR rates plus a fixed interest rate. a pledge agreement for shares listed in stock market (Tadawul) was signed with the granting bank Accordingly, 5.5 million shares owned by the Group were pledged.

The carrying amount of Islamic Murabaha for the subsidiaries is as follows:

a) The subsidiary company entered into short-term islamic murabaha (Tawaruq) agreement with local banks in the Kingdom of Saudi Arabia. These murabaha are paid within a period of three to eight months and the Parent Company pays financing charges on financing according to the prevailing market rate among Saudi banks (SIBOR) plus a profit margin, as at 31 December 2020, the outstanding balance of these contracts amounted to an amount of SR 80 million (31 December 2019: SR 116.1 million). The murabaha was guaranteed by order bonds issued to the banks.

b) The subsidiary company signed an Islamic financing agreement with Saudi British Bank (SABB) to finance the working capital of the Company. The finance agreement is secured by promissory note . The Islamic financing is payable within a year.

30. CAPITAL COMMITMENTS, CONTINGENCIES

Below are the capital commitments, contingencies and covenants:

	31 December 2020	31 December 2019
	SR	SR
Capital commitments for purchasing property, plants and equipment	**25,385,665**	22.200.000
Letter of credit in ordinary course business of the Group	**5,620,099**	6,300,000
Letter of guarantees in ordinary course business of the Group	**2,882,933**	12,047,365

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between two knowledgeable willing parties in an arm's length transaction. Therefore, differences may result from the carrying amount and estimates of the fair value.

The Group's financial assets consist of investments in financial instruments, cash and cash equivalents, trade accounts receivable and other receivables, amounts due to related parties, and its financial liabilities consist of trade accounts payable, accruals, other payables, Islamic Murabaha contracts, term finance arrangements, lease liabilities, finance lease liabilities, bank overdrafts, and amounts due to related parties.

Hierarchy of the fair value:

The Company uses the hierarchy of the fair value to determine the fair value of financial instruments and disclose it based on the valuation method:

Level 1 — Quoted market prices in active markets for identical assets or liabilities.
Level 2 — Inputs rather than quoted market prices that are significant to the fair value measurement is directly or indirectly observable.
Level 3 — Inputs that are significant to the fair value measurement is unobservable.

The Company used to hold such financial instruments and financial liabilities in the statement of financial position:

31 December 2020	**Level 1 SR**	**Level 2 SR**	**Level 3 SR**	**Total SR**
Financial instruments at fair value				
Listed in an active market	**399,000,000**	**-**	**-**	**399,000,000**
Not listed in an active market	**-**	**-**	**369,758,373**	**369,758,373**
	399,000,000	**-**	**369,758,373**	**768,758,373**
Financial liabilities at fair value:				
Derivatives	**-**	**646,414**	**-**	**646,414**
	-	**646,414**	**-**	**646,414**

31 December 2019	*Level 1 SR*	*Level 2 SR*	*Level 3 SR*	*Total SR*
Financial instruments at fair value:				
Listed in an active market	334,250,000	-	-	334,250,000
Not listed in an active market	-	-	437,357,116	437,357,116
	334,250,000	-	437,357,116	771,607,116
Financial liabilities at fair value:				
Derivatives	-	1,178,689	-	1,178,689
	-	1,178,689	-	1,178,689

Reconciliation of level 3

The table below shows reconciliation of all movements in fair value of financial instruments categorized into level 3 between the beginning and end of the financial period:

	31 December 2020
	SR
Opening balance	**437,357,116**
Disposals	**(2,090,743)**
Transferred to level 1 (Listed in an active market)	**(55,600,000)**
Evaluation	**(9,908,000)**
Closing balance	**369,758,373**

As indicated in note (16) of the accompanying financial statements, during the year 2020, Amlak International Real Estate Finance Company, in which the Company investing in, was offered for trading in Capital Market in the Kingdom of Saudi Arabia, accordingly, the investment was transferred from the level 3 to the level 1 in the hierarchy of the fair value shown above.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks are part of the Group's operations and are managed through a continuous mechanism including the identification and then assessment of risks with follow up. Risk management is important for the Group's ability to achieve gains. Every employee in the Group is responsible for risk management related to his roles and responsibilities.

The Board members review risks and approve them:

Capital risk management

The Group manages its capital to ensure that it will be able to continue. The capital structure of the Group consists of net debts (Murbaha financing to offset against cash and cash equivalents) and equity (comprising of capital, reserves, retained earnings, unrealized gains from revaluation of investments available for sale and a subsidiary's translation of financial statements).

The capital structure as at the end of the year is as follows:

	31 December 2020 SR	*31 December 2019 SR*
Total debts	**603,294,687**	751,969,577
Less: cash and cash equivalents	**(177,571,679)**	(134,529,011)
Net debts	**425,723,008**	617,440,566
Total equity	**1,814,513,110**	1,846,855,785
Debt to equity ratio (%)	**23%**	33%

Liquidity risk

Liquidity risk is the risk that the Company's inability to meet commitments associated with financial instruments when fall due. Liquidity requirements are monitored on monthly basis to ensure that sufficient funds are available to meet any commitments when arise; including credit facility agreements against future commitments.

The table below summarises the maturities of the Company's undiscounted financial liabilities, based on contractual payment dates and current market commission rates:

31 December 2020	***Within one year SR***	***1 to 5 years SR***	***Total SR***
Accounts payable and other accruals	**305,507,848**	**-**	**305,507,848**
Short term Islamic Murabaha financing	**185,827,234**	**-**	**185,827,234**
Murabaha Islamic financing contracts and long-term loans	**157,414,033**	**260,053,420**	**417,467,453**
Lease liabilities	**12,546,977**	**32,268,393**	**44,815,370**
Dividends payable	**13,756,771**	**-**	**13,756,771**
Total	**675,052,863**	**292,321,813**	**967,374,676**

31 December 2019	*Within one year SR*	*1 to 5 years SR*	*Total SR*
Accounts payable and other accruals	264,014,938	-	264,014,938
Short term Islamic Murabaha financing	202,408,826	-	202,408,826
Murabaha Islamic financing contracts and long-term loans	126,919,351	422,641,400	549,560,751
Lease liabilities	12,611,367	38,212,305	50,823,672
Dividends payable	13,798,458	-	13,798,458
	619,752,940	460,853,705	1,080,606,645

Market risk

A proper framework is established to manage the market risks with respect to all assets including those unquoted and/or exposed to price fluctuations.

a) Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in commission rates in the market. The Group is subject to commission rate risk on its commission bearing assets and liabilities; including Murabaha contracts and term loans. The Group limits its commission rate risk by monitoring changes in commission rate risk on its interest-bearing liabilities.

A 10 basis points change in the commission rates of the floating rate SR denominated deposits/loans as at the date of the financial statements would increase/(decrease) the net income of the year by the amounts stated below. The below analysis presumes that all other variables will remain constant:

	31 December 2020		*31 December 2019*	
	+ 10 basis points	***- 10 basis points***	*+ 10 basis points*	*- 10 basis points*
Murabaha financing	**(603,295)**	**603,295**	(751,970)	751,970

b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. 35.6% of the Group's sales for the year ended 31 December 2020 represent the subsidiary's sales Halwani and Brothers Company – Egypt (31 December 2019: 25.7%) Egyptian Pound is used as the operational currency.

There was no significant change in the exchange rate between Saudi Riyals and Egyptian pound during the year ended 31 December 2020 and 31 December 2019.

As at 31 December 2020, the Group's financial assets and financial liabilities in foreign currencies related to the subsidiary (mainly in USD and Egyptian Pound) amounted to SR 99.8 million and SR 112.7 million (2019: SR 63.7 million and SR 78.3 million) respectively. There is no significant decrease in the exchange rates during 2020.

The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars during the year. As the Saudi Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. With respect to the effect of the fluctuations in the currencies rates arising from the translation of the subsidiary' financial statements for purposes of consolidating the financial statements will be shown within the equity in a separate item. The Group manages the currencies risk through monitoring the changes in the currencies rates continuously and taking the appropriate decisions.

c) Raw material price risk

The Group is using various raw materials as production inputs in its production process. Such raw materials are subject to price fluctuations that may affect the business results of the Group. To minimise such risk, the management monitors the prices of raw materials and take the decisions to purchase in view of price forecasts.

Impairment of goodwill

The Company's management assess the goodwill's potential impairment at each reporting period. This assessment takes into consideration the expected future cash flows from each cash generating unit. The calculation of goodwill is most sensitive to the following assumptions:
- Gross Margin.
- Growth rates used.
- Weighted average cost of capital.

Gross margin

Gross margin is based on average value achieved during the three years preceding the budget period, and after adjustments related to the anticipated efficiency improvements in the cash generating units.

Growth rate

Rates are based on average value achieved during the three years preceding the budget period, and after adjustments related to present contracts and the management's perception of the growth in the market size as well as geographical expansion.

Weighted average cost of capital

The Group used this rate in discounting projected cash flows in order to reach the value in use.

Sensitivity to change in assumptions

The Group used a discount rate of 8.13% in discounting projected cash flows for the purpose of goodwill impairment study, and as a result, there is no impairment to be recorded. The impairment may exist, if the discount rate reached 13%.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables, obtaining LCs and LGs as securities from customers.

With respect to credit risk arising from the other financial instruments of the Group including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter parties, with a maximum exposure equal to the carrying amounts of these instruments.

Business risk

Business risks arise from several external factors including epidemic diseases like Avian flu and Swine flu (H1N1) that generally affect processed meat industry. Other risk may arise from the possible shortage of agriculture crops used as basic raw materials in food industry. In addition to the political conflicts in Egypt that may affect the activities of a subsidiary. To reduce such risks the management monitors such risks and takes the appropriate decisions according to the situation.

33. IMPACT OF COVID 19

The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia. The declaration of this pandemic by the World Health Organization necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation during the current year ended 31 December 2020.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operations and business aspects including factors like supply chain, travel restrictions, product demand, etc. and concluded that, as of the issuance date of these consolidated financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective development and will take further actions as necessary and appropriate in response to the economic disruption and other COVID-19 consequences.

Below are the key assumptions about the future and other key sources of estimations that may have significant risk of causing a material adjustment to these consolidated financial statements:

Provision of expected credit losses (ECL) of trade receivables

The uncertainties caused by COVID 19 has required the Group to reassess the input and assumptions used for the determination of ECL as at year end. The Group has considered the relevant forward-looking information with respect to; macro-economic scenario of the market it operates in; significant increase in credit risk; and assessing the indicator of impairment for the exposure in potentially affected sector.

In determining the recoverability of trade receivables, the Group considers any significant change in the credit quality of trade receivables from the date credit was initially granted up to the reporting date. Since the majority of trade receivable are secured against guarantees or letter of credits, management believes that the allowance for ECL at the reporting date is appropriate (Refer Note 19).

Impairment of non-financial assets

Referring to the improved financial performance of the Group reported in these consolidated financial statements despite COVID-19 pandemic and going concern assessment from the Group management, management believes that the COVID-19 does not give rise to any impairment indicator. Accordingly, no impairment assessment is performed by the management.

Fair value of financial instrument

The Group has assessed the appropriateness of valuation techniques in line with the volatile environment due to current market conditions and has concluded that there is no material impact of COVID-19.

34. NEW AMENDED STANDARDS AND INTERPREPERATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

34-1 New and amended standards and interpretations are effective

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated 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 output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments

clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

34-2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

35. RESTATEMENT

The following accounts have been amended as a result of reclassifying investment in some of financial instruments from equity instruments through other comprehensive income to a debt instrument through profit or loss after the management re-evaluated the terms and conditions of the relevant investment agreement and concluded that the financial instrument does not meet the definition of equity instrument. Accordingly, the related accounts were reclassified according to the classification after restatements.

The following is a summary of the adjustments:

Consolidated statement of financial position	1 January 2019 Before restatement	Adjustment	1 January 2019 After restatement
Investments and financial assets	883,618,074	(10,873,715)	872,744,359
Accumulated losses	(94,110,245)	10,404,825	(83,705,420)
Net unrealised losses on re-valuation of equity instrument at fair value through OCI	(64,778,308)	(21,278,540)	(86,056,848)

Consolidated statement of financial position	31 December 2019 Before restatement	Adjustment	31 December 2019 After restatement
Investments and financial assets	838,863,435	1,641,873	840,505,308
Accumulated losses	(35,889,397)	17,696,325	(18,193,072)
Net unrealised losses on re-valuation of equity instrument at fair value through OCI	(57,529,810)	(16,054,452)	(73,584,262)

Consolidated statement of income	31 December 2019 Before restatement	Adjustment	31 December 2019 After restatement
Valuation of investments in debt instruments at fair value through profit or loss	-	7,291,500	7,291,500
Net profit for the year	11,045,663	7,291,500	18,337,163

Consolidated statement of other comprehensive income	31 December 2019 Before restatement	Adjustment	31 December 2019 After restatement
Net unrealised profit on re-valuation of equity instrument at fair value through OCI	7,402,124	5,224,088	12,626,212
Total other comprehensive income	6,745,493	5,224,088	11,969,581

Consolidated statement of cash flow	31 December 2019 Before restatement	Adjustment	31 December 2019 After restatement
Net profit for the year before zakat and income tax	67,823,716	7,291,500	75,115,216
Adjustments: Valuation of investments in debt instruments at fair value through profit or loss	-	7,291,500	7,291,500
Net cash from operating activities	182,017,911	-	182,017,911

36. COMPARATIVE FIGURES

Certain figures for the previous year were re-classified to conform with the presentation for the current year as follow:

Consolidated statement of financial position	2019 Before reclassification	Reclassification	2019 After reclassification
Trade receivables	261,132,514	(5,831,954)	255,300,560
Prepayments and other debit balances	257,420,121	(392,451)	257,027,670
Accruals and other credit balances	270,239,343	(6,224,405)	264,014,938

Consolidated statement of income	2019 Before reclassification	Reclassification	2019 After reclassification
Cost of revenues	1,335,117,171	1,644,428	1,336,761,599
Other income (expenses), net	1,377,548	(37,213)	1,340,335
Selling and marketing expenses	258,542,130	1,503,699	260,045,829
General and administrative expenses	184,565,597	(3,185,340)	181,380,257

37. SUBSEQUENT EVENTS

On 01 February 2021, one of subsidiaries completed the procedures for signing a financing facility agreement according to Islamic Shari'a with a local bank.

The total value of the financing facilities amounted to SAR 342 M, contain SAR 150 M as a term loan and SAR 192 M for financing working capital.

The loan-financing period is five years, including a grace period of six months from the date of the first withdrawal. The working capital financing period is one year from the date of signing the agreement, and renewed annually.

38. BRANCHES OF SUBSIDIARIES

The consolidated financial statements include assets, liabilities and results of operations of the following branches:

Halwani Company:

	City	*Commercial Registration No.*
1	Riyadh	1010062529
2	Braydah	1131009885
3	Dammam	2050021082
4	Tabuk	3550019554
5	Jeddah	4030289283
6	Jeddah	4030296025
7	Jeddah	4030289284
8	Jeddah	4030289281
9	Jeddah	4030132194
10	Jeddah	4030120191
11	Makkah	4031023161
12	Jeddah	4030016296
13	Jeddah	4030016267
14	Taif	4032009936
15	Madinah	4650007871
16	Jeddah	4030296028
17	Jeddah	4030289434
18	Jeddah	4030289287
19	Jeddah	4030289286
20	Jeddah	4030289285
21	Jeddah	4030289282
22	Khamis Mushait	5855011496
23	Yanbu	4700001129

Textile & Readymade Garments Company Limited:

Location	Commercial Registration No.	Issuance date	Ending date
Makkah	4031008300	16/08/1399H	29/05/1443H
Taif	4032235980	25/08/1440H	25/08/1444H
Makkah	4031072878	26/12/1433H	24/12/1442H
City	Licence No	Show room	Ending date
Jeddah	39111405898	Al-Safa Branch	09/02/1442H
Jeddah	39111422631	University Branch	13/05/1441H
Jeddah	39111285013	Al-Ajaweed Branch	15/01/1441H
Jeddah	39111329630	Al-Naeem Branch	27/08/1442H
Makkah	3909484173	Al Sittin Branch	10/05/1441H
Makkah	3909520456	Al Shawqia Branch	01/02/1442H
Makkah	3909437435	The Lakes Branch	29/01/1442H
Makkah	3909436337	Sharia Branch	01/01/1443H
Makkah	3909600266	Azizia Branch	24/01/1442H
Taif	39111019011	Shihar branch	01/05/1441H

Al Rabie Saudi Foods Company Limited:

	City	Commercial Registration No.
1	Riyadh (Head office)	1010025275
2	Riyadh (export)	1010614214
3	Riyadh (Sales)	1010614212
4	Kharj	1011008756
5	Wadi Al Dawaser	1185001651
6	Dammam	2050033489
7	Mubbaraz	2252026326
8	Khafji	2057004092
9	Hafr Al Batin	2511003423
10	Jeddah	4030123496
11	Yanbu	4700011061
12	Madinah	4650022683
13	Hael	3350012039
14	Skaka	3400008687
15	Gurayyat	3452009817
16	Tabuk	3550014766
17	Bishah	5851002325
18	Najran	5950007467
19	Mahayel	5860023508
20	Khameis Mushait	5855015525
21	Jazan	5900005720
22	Al Baha	5800010301
23	Enayza	1128003924
24	Al Dawadmi	1116003922
25	Makkah	4031213827
26	Taif	4032228005
27	Al Mikhwah	4603149656

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

This consolidated financial statements were approved for issue by Board of Directors on 31 March 2021 G.