ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

AND INDEPENDENT AUDITOR'S REPORT

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

INDEX OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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Independent auditor's report

To the shareholders of
Abdullah Al-Othaim Markets Company (Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Abdullah Al-Othaim Markets Company (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of income and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment of non-current assets	
Key audit matters	***How the matters were addressed in our audit***
Non-current assets included property, plant and equipment, intangible assets, investment properties, and investment in associates. Total non-current assets and the right of use assets to the Group as of 31 December 2019 amounted to SR 3,478 million (31 December 2018: SR 2,332 million). The Group assesses, at each financial reporting date, whether there is any indication of any impairment. If any indication exists, the recoverable amount is estimated. The recoverable amount of the asset is its value in use or fair value less costs to sell, whichever is higher. We consider this to be a key audit matter because of the judgments and estimates used by the management in determining the recoverable amount, which including assumptions regarding the expected economic conditions, especially growth in the markets in which the Group operates are mainly assumptions about the Group's major competitors on the assumptions of expected income, gross profit margin, and the discount rate used in the value in use model.	Our procedures included the following Performed are as follows: • Consider the appropriateness of the group's policies on the impairment in value of non-current assets and assess the adherence to the applicable accounting standards. • Evaluation of management procedures in the determination of indicators of impairment in value, the test of impairment, and evaluation of the design and application of the main controls over such procedures. • Assess the reasonableness of key assumptions and methodologies used. In addition to comparing the indicators used by management with the relevant market information as well as the Group information related to its current operations. • We have assessed the adequacy of the relevant disclosures.
For more details refer to notes (4, 5)	

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Key audit matters (continued)

Application of IFRS 16 " Leases"	
Key audit matters	***How the key audit matters was addressed in our audit***
The group has adopted IFRS 16 "Leases" with effect from 1 January 2019 and this new standard supersedes the requirements of IAS 17 "Leases". Management performed a detailed analysis of each lease contract to identify difference between the requirements of the two standards, identify the changes required to be made on existing accounting policies, controls, recognition and measurement. IFRS 16 principally modifies the accounting treatment of operating leases at inception, with the recognition of a right-of-use assets and a corresponding lease liabilities. The Group has elected retrospective approach of the standard application and record the cumulative impact of initial application on the date of initial application which is 1 January 2019. This resulted in recognition of right-of-use assets amounted to SR 1,034 million as at 1 January 2019 and lease liabilities of SR 1,086 million as of that date. Management also assessed the disclosure requirements of the new standard to be made in the consolidated financial statements. We considered this as a key audit matter because it has been adopted for the first time by the Group and use of significant management judgement relating to the terms in the contracts.	Our procedures included the following: • Review the management's assessment of the impact of IFRS 16, in respect of recognition and measurement of the right-of-use assets and lease liabilities and understood the approach taken towards implementation. • Assessed the accuracy of used data in lease contracts account for a sample of lease contract by vouching test. • Recalculated sample of the right-of-use assets and lease liabilities, based on the terms of the lease contracts. • Assessed the appropriateness of the used discount rates. • We assessed the adequacy of the Group's disclosures included in the consolidated financial statements in relation to the implementation of the new standard.
For more details refer to notes (4-4)	

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Other information

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

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS endorsed in the Kingdom of Saudi Arabia, other standards and versions endorsed by SOCPA 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 Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

For Dr. Mohamed Al-Amri & Co.,

Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331

30 March 2020 (G)
06 Shaaban 1441 (H)

ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Saudi Riyals)

	Note	As of 31 December 2019	As of 31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment, net	6	**1,433,482,523**	1,459,117,727
Right of use leased assets	7	**1,158,035,201**	-
Investment properties, net	8	**615,677,933**	606,334,021
Intangible assets, net	9	**4,642,641**	5,914,554
Investments in associates	10	**262,397,200**	250,461,747
Equity instruments at fair value through other comprehensive income	11	**4,019,032**	9,833,133
Total non-current assets		**3,478,254,530**	2,331,661,182
Current assets			
Inventories, net	12	**786,016,674**	823,797,653
Financial assets at amortized cost		**7,911,111**	7,705,556
Prepayments and other receivables, net	13	**176,814,434**	217,643,555
Trade receivables, net		**41,055,379**	47,706,561
Cash and cash equivalents	14	**262,430,338**	219,226,055
Total current assets		**1,274,227,936**	1,316,079,380
Non-current assets held for sale		**13,643,929**	-
TOTAL ASSETS		**4,766,126,395**	3,647,740,562
LIABILITIES AND EQUITY			
EQUITY			
Paid-in share capital		**900,000,000**	900,000,000
Statutory reserve	16	**64,727,410**	30,260,138
Retained earnings		**529,539,987**	738,600,887
Fair value reserve		**(1,938,106)**	(6,124,005)
Exchange differences on translation of foreign operations		**(5,949,535)**	(3,961,256)
The Company's share in other comprehensive income of associates		**1,055,741**	976,226
Equity attributable to shareholders of the Company		**1,487,435,497**	1,659,751,990
Non-controlling interests		**37,745,493**	39,696,754
Total equity		**1,525,180,990**	1,699,448,744
Non-current liabilities			
Lease contracts Liabilities		**1,133,073,678**	-
Obligation for employees' end-of-service benefits	18	**139,689,218**	120,876,329
Total non-current liabilities		**1,272,762,896**	120,876,329
Current liabilities			
Trade Payables		**1,328,739,847**	1,410,155,294
Short term loans and murabahat	17	**135,956,936**	-
Lease contracts Liabilities		**87,631,515**	-
Accruals and other payables	20	**393,124,920**	398,111,454
Zakat provision	21	**20,684,424**	19,148,741
Total current liabilities		**1,966,137,642**	1,827,415,489
Obligations related to assets held for sale		**2,044,867**	-
TOTAL LIABILITIES		**3,240,945,405**	1,948,291,818
TOTAL LIABILITIES AND EQUITY		**4,766,126,395**	3,647,740,562

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

Vice-president, financial affairs | **Chief Executive Officer** | **Chairman**

ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

CONSOLIDATED STATEMENT OF INCOME

(Saudi Riyals)

	Note	For the year ended 31 December 2019	2018
Net sales	25	**8,165,875,242**	7,504,457,590
Cost of sales		**(6,472,962,118)**	(5,973,291,047)
Gross profit		**1,692,913,124**	1,531,166,543
Rental income, net		**80,177,021**	80,552,155
Vouchers sales commissions		**2,286,571**	2,716,503
Selling and marketing expenses	22	**(1,267,484,771)**	(1,182,422,688)
General and administrative expenses	23	**(108,402,357)**	(100,776,916)
Operating profit		**399,489,588**	331,235,597
The Company's share in income of associates	10	**32,445,184**	36,321,420
Income from financial assets at amortized cost and others		**2,079,975**	760,685
Impairment losses from property, plant & equipment		**-**	(6,967,629)
Financing costs of lease contracts liabilities		**(62,862,171)**	-
Financing charges, net		**(4,595,244)**	(4,605,261)
Other income and expenses , net		**(274,035)**	(799,999)
Income before zakat		**366,283,297**	355,944,813
Zakat	21	**(10,842,953)**	(9,161,637)
Income from continuing operations		**355,440,344**	346,783,176
Discontinued Operations :			
Income (loss) from discontinued operations, after zakat		**(7,468,950)**	(37,444,207)
Net income for the year		**347,971,394**	309,338,969
Attributable to:			
Shareholders of the Company			
Continuing operations		**352,141,674**	340,045,590
Discontinued operations		**(7,468,950)**	(37,444,207)
		344,672,724	302,601,383
Non-controlling interest			
Continuing operations		**3,298,670**	6,737,586
Discontinued operations		**-**	-
		3,298,670	6,737,586
Earnings per share			
Basic and diluted earnings per share from the net income attributable to the shareholders of the Company	24	**3.83**	3.36
Basic and diluted earnings per share from income from continuing operations attributable to the shareholders of the company		**3.91**	3.78

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

Vice-president, financial affairs **Chief Executive Officer** **Chairman**

ABDULLAH AL-OTHAIM MARKETS COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Saudi Riyals)

	Note	For the year ended 31 December	
		2019	2018
Net income for the year		**347,971,394**	309,338,969
Other comprehensive income for the year			
Items not to be reclassified to income:			
Actuarial gains (losses) for employees' end of service benefits	18	**843,361**	(455,477)
Net changes in fair value of equity instruments measured at fair value through other comprehensive income	11	**283,199**	(1,897,773)
Items to be reclassified to income:			
Exchange differences on translation of foreign operations		**(1,988,279)**	**54,019**
The Company's share in other comprehensive income of associates		**(142,788)**	**(324,681)**
Other comprehensive income for the year		**(1,004,507)**	**(2,623,912)**
Total comprehensive income for the year		**346,966,887**	306,715,057
Attributable to:			
Shareholders of the Company		**344,118,148**	299,904,958
Non-controlling interests		**2,848,739**	6,810,099
		346,966,887	306,715,057

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

Vice-president, financial affairs	**Chief Executive Officer**	**Chairman**

ABDULLAH AL-OTHAIM MARKETS COMPANY

A Saudi Joint Stock Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Saudi Riyals)

	Share capital	statutory reserve	Retained earnings	Fair value reserve	Exchange differences on translation of foreign operations	Company's share in other comprehensive income of associates	Total Shareholders Equity	Non-controlling interests	Total equity
For the year ended 31 December 2019									
Balance as at 1 January 2019	**900,000,000**	**30,260,138**	**738,600,887**	**(6,124,005)**	**(3,961,256)**	**976,226**	**1,659,751,990**	**39,696,754**	**1,699,448,744**
Impact of applying IFRS 16	**-**	**-**	**(111,434,641)**	**-**	**-**	**-**	**(111,434,641)**	**-**	**(111,434,641)**
Balance as at 1 January 2019 (Restated)	**900,000,000**	**30,260,138**	**627,166,246**	**(6,124,005)**	**(3,961,256)**	**976,226**	**1,548,317,349**	**39,696,754**	**1,588,014,103**
Net income for the year	**-**	**-**	**344,672,724**	**-**	**-**	**-**	**344,672,724**	**3,298,670**	**347,971,394**
Items of other comprehensive income	**-**	**-**	**1,293,292**	**283,199**	**(1,988,279)**	**(142,788)**	**(554,576)**	**(449,931)**	**(1,004,507)**
Total comprehensive income for the year	**-**	**-**	**345,966,016**	**283,199**	**(1,988,279)**	**(142,788)**	**344,118,148**	**2,848,739**	**346,966,887**
The Company's share in other comprehensive income of associates	**-**	**-**	**(222,303)**	**-**	**-**	**222,303**	**-**	**-**	**-**
Transfer to statutory reserve	**-**	**34,467,272**	**(34,467,272)**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value losses transferred to retained earnings	**-**	**-**	**(3,902,700)**	**3,902,700**	**-**	**-**	**-**	**-**	**-**
Cash dividends (Note 30)	**-**	**-**	**(405,000,000)**	**-**	**-**	**-**	**(405,000,000)**	**-**	**(405,000,000)**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,800,000)**	**(4,800,000)**
Balance as at 31 December 2019	**900,000,000**	**64,727,410**	**529,539,987**	**(1,938,106)**	**(5,949,535)**	**1,055,741**	**1,487,435,497**	**37,745,493**	**1,525,180,990**
For the year ended 31 December 2018									
Balance as at 1 January 2018	450,000,000	112,518,350	939,269,282	(4,226,232)	(4,015,275)	1,300,907	1,494,847,032	32,886,655	1,527,733,687
Net income for the year	-	-	302,601,383	-	-	-	302,601,383	6,737,586	309,338,969
Items of other comprehensive income	-	-	(527,990)	(1,897,773)	54,019	(324,681)	(2,696,425)	72,513	(2,623,912)
Total comprehensive income for the year	-	-	302,073,393	(1,897,773)	54,019	(324,681)	299,904,958	6,810,099	306,715,057
Transfer to capital	450,000,000	(112,518,350)	(337,481,650)	-	-	-	-	-	-
Transfer to statutory reserve	-	30,260,138	(30,260,138)	-	-	-	-	-	-
Cash dividends (Note 30)	-	-	(135,000,000)	-	-	-	(135,000,000)	-	(135,000,000)
Balance as at 31 December 2018	900,000,000	30,260,138	738,600,887	(6,124,005)	(3,961,256)	976,226	1,659,751,990	39,696,754	1,699,448,744

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

Vice-president, financial affairs **Chief Executive Officer** **Chairman**

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

	For the year ended 31 December	
	2019	**2018**
OPERATING ACTIVITIES		
Income before zakat from continuing operations	**366,283,297**	355,944,813
Income before zakat from discontinued operations	**(7,468,950)**	(37,444,207)
Income before zakat	**358,814,347**	318,500,606
Adjustments		
Finance charges/net	**67,457,415**	4,605,261
Depreciation & amortization	**318,942,231**	186,324,639
Impairment losses from property, plant and equipment	**-**	6,967,629
Impairment losses from property, plant and equipment in discontinued operations	**-**	31,744,113
Provision for obsolete and slow moving inventory	**501,236**	1,921,646
Provision for doubtful debts	**11,292,759**	2,211,684
Obligation for employees' end-of-service benefits	**24,688,258**	20,748,992
loss on sale of property, plant and equipment	**115,840**	2,998,594
Foreign currency translation differences	**(3,122,375)**	176,887
The Company's share in income of associates	**(32,445,184)**	(36,321,420)
Income from financial assets at amortized cost and others	**(2,079,975)**	-
Changes in:		
Inventories/net	**37,279,743**	(89,473,199)
Trade receivables	**(4,641,577)**	(35,750,666)
Prepayments and other receivables	**(27,437,608)**	(53,244,769)
Trade payables	**(72,341,876)**	190,273,662
Accruals and other payables	**(3,874,240)**	60,643,250
	673,148,994	612,326,909
End of service benefits paid	**(4,708,817)**	(3,598,324)
Zakat Paid	**(9,307,270)**	(13,093,642)
Net cash from operating activities	**659,132,907**	595,634,943
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(184,582,153)**	(232,861,096)
Additions to investment properties	**(339,770)**	(125,700,455)
Proceeds from sale of property, plant and equipment	**1,767,032**	911,033
Additions to intangible assets	**(526,310)**	-
Dividends from associate	**27,307,700**	-
Purchase of financial assets at amortized cost	**-**	(7,705,556)
Net cash used in investing activities	**(156,373,501)**	(365,356,074)
FINANCING ACTIVITIES		
Proceeds from loans and murabahat	**805,572,237**	805,025,884
Payments of loans and murabahat	**(669,615,301)**	(940,425,884)
Payments of lease contracts liabilities	**(118,254,644)**	-
Financing charges paid	**(67,457,415)**	(4,605,261)
Dividends paid	**(409,800,000)**	(135,000,000)
Net cash used in financing activities	**(459,555,123)**	(275,005,261)
Net change in cash and cash equivalents	**43,204,283**	(44,726,392)
Cash and cash equivalents at the beginning of the year	**219,226,055**	263,952,447
Cash and cash equivalents at the end of the year	**262,430,338**	219,226,055

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

Vice-president, financial affairs **Chief Executive Officer** **Chairman**

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

1- INFORMATION ABOUT THE COMPANY

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

The main activities of the Company include wholesale and retail trade of food, fish, meat, agricultural products, livestock and household items. The Company is also engaged in establishing, managing, operating and maintaining supermarkets, commercial complexes, and bakeries, providing cooked and uncooked catering services, and managing training and educational centers, in addition to acquiring lands to construct buildings for lease or sale for the interest of the Company. The Company also provides import, export and marketing services to others. The company operates through the main commercial register and sub-registry as detailed in (note 26).

The company's share capital as in 31 December 2019 is SR 900 million divided into 90 million shares with par value of SR 10 per share.

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

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

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

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

Name	Country of incorporation	Main Activity	Effective ownership percentage DECEMBER 2019	DECEMBER 2018
Haley Holding Company	Saudi Arabia	Wholesale and retail trade	100	100
Universal Marketing Centre Company	Saudi Arabia	Wholesale and retail trade	100	100
Seven Services Company	Saudi Arabia	Import, export and wholesale and retail trade	100	100
Bayt Al Watan Company	Saudi Arabia	Import, export and wholesale and retail trade	100	100
Marafeq Al Tashgheel Company	Saudi Arabia	General contracting for building	100	100
Abdullah Al Othaim Markets - Egypt	Egypt	Wholesale and retail	100	100
Thamarat Al Qassim Company	Saudi Arabia	Cultivation of vegetables and fodder	100	100
Shurofat Al Jazeerah Company	Saudi Arabia	General contracting and operation of commercial complexes	100	100
Mueen For Human Resources Company	Saudi Arabia	Labor services	68	68

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

Haley Holding Company

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

Universal Marketing Centre Company

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

Seven Services Company

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

Bayt Al Watan Company

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

Marafeq Al Tashgheel Company

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

Abdullah AL Othaim Markets - Egypt:

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

Thamarat Al Qassim Company

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

Shurofat Al Jazeerah Company

A limited liability company that operates under commercial registration number 1010228732 issued in Riyadh on 2 Safar 1428H (corresponding to 19 November 2007). The main activities of the company are general contracting and operating commercial complexes.

Mueen For Human Resources Company

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

2- BASIS OF PREPARATION

2-1 Statement of compliance

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

As required by the Capital Market Authority ("CMA") through its circulation dated 16th October 2016 Group needs to apply the cost model to measure the property, plant and equipment, investment property and intangible assets upon adopting the IFRS for three years' period starting from the IFRS adoption date.

2-2 Basis of measurement

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

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

2-3 Functional and presentation currency

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

2-4 Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

Following are new standards, amendments and interpretations effective from 1 January 2019:

- IFRS (16) "Lease Contracts".
- IFRIC (23) "Uncertainty over Income Tax Treatments".
- Amendments to IFRS (9) "related to Prepayment Features with Negative Compensation".
- Amendments to IAS (28) "Long-term Investments in Associates and Joint Ventures.
- Amendments to IAS (19) "Plan Amendment, Curtailment or Settlement.
- IFRS (11) "Joint Arrangements" Held Interests in a joint operation.
- IAS (12) "Income Taxes" related to Income Tax Consequences of Payments on Financial Instruments Classified as Equity.
- IAS (23) "Borrowing Costs" Borrowing Costs qualified for Capitalization.
- IFRS (3) "Business Combinations" held Interests in a joint operation.

Except for IFRS 16 "Lease Contracts "(Note 4 below), the above standards, interpretations and amendments have no significant impact on the Group's consolidated financial statements.

New issued standards and interpretations but not yet effective

- IFRS (17) "Insurance Contracts "(Effective date 1 January 2021).

The Group did not approve the early adoption of any of the above-mentioned new standards, amendments or interpretations.

3- ACCOUNTING ESTIMATES AND SIGNIFICANT ASSUMPTIONS

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

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

a- Summary of Significant Adopted Accounting Estimates and Assumptions

Definition of the lease term with renewal and termination options

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

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

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

The implicit rate of return for lease contracts

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

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

Useful lives of property, plant and equipment

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

Useful lives of intangible assets

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

Provision for obsolete and slow-moving inventory

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

Selling Incentives

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

Progressive rebate incentives

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

Recoverability

Management estimates the recoverable value of assets to test impairment.

Obligation for employees end of service benefits

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

a. Going concern

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

4- CHANGES IN SIGNIFICANT ACCOUNTING POLICIES ATTRIBUTABLE TO ADOPTING NEW IFRS AND INTERPRETATIONS:

Except whatever mentioned below, the accounting policies applied on these consolidated financial statements are consistent with those applied on the consolidated financial statements of the previous year ended on 31 December 2018.

The Group has adopted IFRS No. 16 "Leases". Below is the impact of applying the new standards.
IFRS 16 "Leases" introduces a single, accounting model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets in addition to lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has adopted IFRS 16 "Leases" using the revised retrospective method, whereby, the cumulative effect of the initial application is recognized as an adjustment to the opening balance of the retained earnings on the date of the initial application on 1 January 2019. Accordingly, there is no restatement on the financial statements of 2018.

The details of the new significant accounting policies and the nature of the changes on the previous accounting policies are set out below:

4-1 Definition of a lease contract

In the past, the Group was determining, at the inception of a contract, whether an arrangement is, or contains, a lease under IFRIC 4, to determine whether an arrangement is, or contains, a lease.
Now, the Group shall assess whether a contract is, or contains, a lease based on the definition of the lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At initial application, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at 1 January 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date of each contract, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group had used the following exemptions upon the initial application of IFRS 16:

- Not to recognize right-of-use assets and lease liabilities for leases with remaining periods less than 12 months and those for which the underlying assets are of low value.
- Ignoring initial direct costs from measuring the right-of-use asset at the date of initial application.
- Combining non-lease components with lease components and account for them as a single lease component.
- Using hindsight when determining the lease term if the contract contains options to extend or terminate the lease

4-2 As a lessee

The Group had previously classified lease as an operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases in the statement of financial position.
However, the Group has elected not to recognize right-of-use asset and lease liabilities for some leases of short term and low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant accounting policies

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

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

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

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

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

4-3 As a lessor

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

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

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

4-4 Impact on the statement of financial position as at 01 January 2019

The following table summarizes the impact of adopting IFRS16 on certain components of the statement of financial position as at 1 January 2019.

	Balances – As per IAS 17	Impact of adopting IFRS 16	Balances after adopting IFRS 16
ASSETS			
Non-current assets			
Right of use leased assets	-	1,033,575,250	**1,033,575,250**
Investments in associates	250,461,747	(6,713,093)	**243,748,654**
Total non-current assets	250,461,747	1,026,862,157	**1,277,323,904**
Current assets			
Prepayments and other receivables, net	217,643,555	(60,986,446)	**156,657,109**
Total current assets	217,643,555	(60,986,446)	**156,657,109**
TOTAL ASSETS	468,105,302	965,875,711	**1,433,981,013**
LIABILITIES AND EQUITY			
EQUITY			
Retained earnings	738,600,887	(111,434,641)	**627,166,246**
Total equity	738,600,887	(111,434,641)	**627,166,246**
Non-current liabilities			
Lease contracts liabilities	-	976,896,609	**976,896,609**
Total non-current liabilities	-	976,896,609	**976,896,609**
Current liabilities			
Trade Payables	1,410,155,294	(8,464,189)	**1,401,691,105**
Lease contracts liabilities	-	108,877,932	**108,877,932**
Total current liabilities	1,410,155,294	100,413,743	**1,510,569,037**
TOTAL LIABILITIES AND EQUITY	2,148,756,181	965,875,711	**3,114,631,892**

4-5 Impact on the consolidated statement of income for year ended 31 December 2019.

	Balances as per IAS 17	Impact of adopting IFRS 16	Balances after adopting IFRS 16
Net sales	8,165,875,242	-	**8,165,875,242**
Cost of sales	(6,472,962,118)	-	**(6,472,962,118)**
Gross profit	1,692,913,124	-	**1,692,913,124**
Rental income, net	71,945,964	8,231,057	**80,177,021**
Vouchers sales commissions	2,286,571	-	**2,286,571**
Selling and marketing expenses	(1,299,148,787)	31,664,016	**(1,267,484,771)**
General and administrative expenses	(108,992,235)	589,878	**(108,402,357)**
Operating profit	359,004,637	40,484,951	**399,489,588**
The Company's share in income of associates	32,295,669	149,515	**32,445,184**
Income from financial assets at amortized cost and others	2,079,975	-	**2,079,975**
Financing costs of lease contracts liabilities	-	(62,862,171)	**(62,862,171)**
Financing charges, net	(4,595,244)	-	**(4,595,244)**
Other income and expenses , net	(274,035)	-	**(274,035)**
Income before zakat	388,511,002	(22,227,705)	**366,283,297**
Income from discontinued operations ,net	(7,468,950)	-	**(7,468,950)**

5- SUMMARY OF SIGNIFICSNT ACCOUNTS POLICIES

The accounting policies used in the preparation of the consolidated financial statements as of 31 December 2019 are the same as those followed in the consolidated statement of financial position as at 31 December 2018, except for the policy adopted in IFRS 16 "Lease Contracts" as detailed in (Note 4). The significant accounting policies used by the Group in preparing the consolidated financial statements are as follows:

A. Basis of consolidation

The consolidated financial statements are comprised of the financial statements of the Company and its subsidiaries which are under its control as at 31 December 2019. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investees. Specifically, the Company controls an investee, if and only if the company has all of the following elements:

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

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

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

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

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

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

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

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

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

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

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

An asset is current when it is:

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

The Group classifies all other assets as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

C. Financial instruments

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

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

C.1. Financial assets

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

Initial measurement of the financial asset

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

Subsequent measurement of the financial asset

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

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

De-recognition of financial assets

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

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

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

Impairment of financial assets

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

C.2 Financial liabilities

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

De-recognition of financial liabilities

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

C.3 Reclassification of financial assets and liabilities:

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

D. Equity, reserves and dividends payments

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

Retained earnings include all current and prior periods profits.

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

E. Dividends payments

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

F. Trade receivables

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

G. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with a maturity of three months or less.
For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits and cash at banks.

H. Property, plant and equipment

H.1 Recognition and measurement

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

H.2 Subsequent costs

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

H.3 Depreciation

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

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

Item	Useful lives (year)
Machinery and equipment	10
Buildings	20 -25
Motor vehicles	5-7
Computers	5-7
Furniture and fixtures	7
Leasehold improvements	10

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

H.4 Capital work in progress:

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

I. Investment properties

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

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

J. Impairment of non-financial assets

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

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

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

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

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

K. Intangible assets

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

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

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

Intangible assets consist of the costs incurred to obtain the rights to use from the real estate sites for leased markets from the original lessee and are amortized over the lease term. Subsequent to initial recognition, they are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is charged to the consolidated income statement on a straight-line basis over the useful life of each item of the intangible assets.

L. Investments in associates

- An associate is an entity over which the Company exercises significant influence, as an investor.
- When an entity holds- directly or indirectly- 20% or more of the voting right in the investee, the Company is assumed to have a significant influence unless there is clear evidence that this is not the case.
- The significant influence is the ability to participate in financial and operational policies of the investee and not control or joint control over those policies.
- The Company's investments in its associates are accounted for using the equity method.
- At initial recognition, the investment in an associate is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share in the investee's profit or loss is recognized in the Company's statement of income. Dividends received from the investee decreases the carrying amount of the investment. Other comprehensive income of the Company includes its share of the investee's other comprehensive income.
- The Company's share of income of an associate is stated in the consolidated statement of income outside operating profit and represents the established share of profit or loss after tax and zakat and equity of other owners in the associate.
- The financial statements of the associate are prepared for the same financial year as that of the Company, using consistent accounting policies.
- After applying the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to its investment in an associate. The Company determines at the end of each fiscal year whether there is an objective evidence of impairment of the investment in an associate. If there is an evidence on impairment, the Company calculates the impairment as the difference between the associate's recoverable amount and its carrying amount. The loss is recognized in the consolidated statement of income. When losing the significant influence over an associate, the Company measures and recognizes the return on investment at fair value, any differences between the carrying amount of the investment and the fair value are recorded in the consolidated statement of income.

M. <u>Revenue</u>

M1. Sales revenue recognition

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

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

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

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

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

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

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

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

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

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

- The revenue is recognized when the obligation is met through transferring the good or service promised to the client and the asset is considered transferred when the client obtains control over the asset, and when the contract is made, meeting the obligation is determined to be made over a time period or at a point in time.

Incentives and other benefits from suppliers:

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

M2. Other income

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

M3. Customer loyalty program (Iktissab)

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

N. Inventory and spare Parts

N.1 Inventories:

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

N2. Agricultural stock

The agricultural stock is measured at fair value less any sale costs at the harvest point. Current purchase prices from major suppliers of similar products are used as a guidance for the fair value.

N3. Spare parts inventory

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

O. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuous use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell and depreciation is ceased.

P. Provisions

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

Q. Employees' end-of-service benefits obligation

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

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

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

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

R. Long-term loans

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

S. Borrowing costs

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

T. Accounts payable and accruals

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

U. Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions, Monetary assets and liabilities denominated in foreign currencies at the end of the financial period are translated into Saudi Riyals using the exchange rates prevailing at that date. As for non-monetary item in foreign currencies recorded at fair value, they are retranslated according the exchange rate prevailing at the date of determining its fair value. Non-monetary items in quoted currencies at historical cost are not retranslated.

Translation differences on settlement of non-monetary items and retranslation of, monetary items are included in the consolidated statement of income for that year, Translation differences resulting from non-monetary items like equity classified as financial assets through comprehensive income are recognized under cumulative changes in fair value in the consolidated statement of comprehensive income.

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

V. Segmental information

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

W. Offset

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

X. Zakat and taxes

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

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

6. PROPERTY, PLANT AND EQUIPMENT- NET

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

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

PROPERTY, PLANT AND EQUIPMENT- NET (Continued)

	Properties								
	Lands	**Buildings**	**Machinery and equipment**	**Motor Vehicles**	**Computers**	**Furniture and fixtures**	**Leasehold improvements**	**Capital work in progress**	**Total**
Cost									
As at 1 January 2018	452,628,708	449,797,171	458,900,338	116,665,005	154,956,997	240,798,273	267,728,929	72,862,500	2,214,337,921
Additions	16,483,086	8,327,368	47,806,840	2,892,803	24,222,742	27,872,437	10,090,230	95,165,590	232,861,096
Transferred from capital work in progress	-	55,104,968	2,673,863	-	3,142,096	6,424,309	37,312,604	(104,657,840)	-
Disposals	-	(5,000)	(6,049,694)	(4,107,379)	(3,766,283)	(4,132,077)	(3,950,947)	-	(22,011,380)
Translation reserve for foreign subsidiary	-	-	(68,327)	(6,062)	(16,993)	(1,667)	(61,070)	(1,272)	(155,391)
As at 31 December 2018	469,111,794	513,224,507	503,263,020	115,444,367	178,538,559	270,961,275	311,119,746	63,368,978	2,425,032,246
Accumulated depreciation				(1,756)					
As at 1 January 2018	-	107,497,975	238,287,243	74,664,103	91,902,233	139,353,374	134,184,934	-	785,889,862
Charged during the year	-	23,667,105	49,850,400	11,739,633	24,238,992	25,340,554	24,610,507	-	159,447,191
Impairment losses	8,717,885	8,747,062	5,020,976	492,033	599,370	10,139,323	4,995,093	-	38,711,742
Disposals	-	-	(5,946,013)	(2,946,296)	(3,086,791)	(3,765,686)	(2,356,967)	-	(18,101,753)
Translation reserve for foreign subsidiary	-	-	(13,451)	(1,756)	(7,835)	(419)	(9,062)	-	(32,523)
As at 31 December 2018	8,717,885	139,912,142	287,199,155	83,947,717	113,645,969	171,067,146	161,424,505	-	965,914,519
Net book value									
As at 31 December 2018	460,393,909	373,312,365	216,063,865	31,496,650	64,892,590	99,894,129	149,695,241	63,368,978	1,459,117,727

*- This balance represents impairment losses in property, plant and equipment during 2018.

- At the end of the fiscal year 2018, the Group's management appointed an independent consultant to conduct the impairment test of the Property, plant and equipment for two of its subsidiaries. The book value of these properties, plant and equipment before recognizing the impairment loss SR 71 million as of 31/12/2018. The test showed a decline in the value of the property of these companies by SR 38.7 million. Accordingly, the Board of Directors decided to reduce the book value of these properties, plant and equipment by the amount of the calculated decline so that their total book value is SR 32.3 million.
- The financing cost capitalized on the capital work in progress amounted to SR 454,000 for the fiscal year ended 31 December 2018

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

7. RIGHT OF USE LEASED ASSETS

	Buildings	Lands	Total
Cost:			
1 January 2019	-	-	-
Impact of applying IFRS 16	1,454,398,879	106,326,365	1,560,725,244
1 January 2019 (restated)	1,454,398,879	106,326,365	1,560,725,244
Additions	261,154,667	333,522	261,488,189
Disposals	(16,781,183)	-	(16,781,183)
Foreign currency translation differences	3,542,305	-	3,542,305
31 December 2019	1,702,314,668	106,659,887	1,808,974,555
Accumulated depreciation:			
Impact of applying IFRS 16	458,401,907	68,748,087	527,149,994
1 January 2019 (restated)	458,401,907	68,748,087	527,149,994
Charge for the year	123,231,112	4,774,562	128,005,674
Disposals	(5,076,245)	-	(5,076,245)
Foreign currency translation differences	859,931	-	859,931
31 December 2019	577,416,705	73,522,649	650,939,354
Net Book Value as at 31 December 2019	**1,124,897,963**	**33,137,238**	**1,158,035,201**

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

8. INVESTMENT PROPERTIES, NET

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

	31 December 2019	31 December 2018
Cost		
Balance at the beginning of year	**796,826,323**	671,125,868
Additions during the year	**339,770**	125,700,455
Transfers from property, plant and equipment / capital work in progress	**34,989,357**	-
Balance at the end of year	**832,155,450**	796,826,323
Accumulated depreciation		
Balance at the beginning of year	**190,492,302**	165,413,081
Depreciation for the year	**25,985,215**	25,079,221
Balance at the end of year	**216,477,517**	190,492,302
Net Book Value at the end of the year	**615,677,933**	606,334,021

- The fair value of investment properties as at 31 December 2019 amounted to SAR 1,037 million SR (31 December 2018: SR 895.8 million), were assessed by qualified and independent experts as at the date of the current financial statements.

The following is the information about the real estate valuers :

1- Name : Yard Real Estate Valuation Company
Qualifications : Membership of Saudi Authority for Accredited Valuers
License number : 1210000176

2- Name : Olat Real Estate Valuation Company
Qualifications : Membership of Saudi Authority for Accredited Valuers
License number : 1210000397

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

9. INTANGIBLE ASSETS, NET

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

	31 December 2019	31 December 2018
Cost		
Balance at the beginning of year	**19,597,230**	19,597,230
Additions	**526,310**	-
Balance at the end of year	**20,123,540**	19,597,230
Accumulated amortization		
Balance at the beginning of year	**13,682,676**	11,884,449
Amortization charged during the year	**1,798,223**	1,798,227
Balance at the end of year	**15,480,899**	13,682,676
Net Book Value for the year	**4,642,641**	5,914,554

10. INVESTMENTS IN ASSOCIATES

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

		Ownership	
Associate company	**Country of Incorporation**	**31 December 2019**	**31 December 2018**
Abdullah Al-Othaim for Investment Company(1)	Kingdom of Saudi Arabia	13.653%	13.653%
Al-Wousta Food Services Company	Kingdom of Saudi Arabia	25%	25%
Riyadh Food Industries Company (2)	Kingdom of Saudi Arabia	55%	55%

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

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

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

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

	31 December 2019	31 December 2018
Opening Balance	**250,461,747**	228,118,858
Share in associate's net profit	**32,445,184**	36,321,420
Cash dividends	**(13,653,850)**	(13,653,850)
Share of other comprehensive income of the associate	**(142,788)**	(324,681)
Impact of applying IFRS 16 on retained earnings	**(6,713,093)**	-
	262,397,200	250,461,747

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

Associate Company	31 December 2019	31 December 2018
Abdullah Al-Othaim for Investment Company	**200,432,656**	191,633,276
Al-Wousta Food Services Company	**23,238,969**	22,480,119
Riyadh Food Industries Company	**38,725,575**	36,348,352
	262,397,200	250,461,747

C. **The following is the financial statements of important associates**

Abdullah Al-Othaim for Investment Company	31 December 2019	31 December 2018
Current assets	**407,798,341**	499,620,867
Non-current assets	**3,333,011,099**	3,083,727,103
Current liabilities	**1,273,135,587**	757,980,713
Non-current liabilities	**863,172,411**	1,281,717,041

	31 December 2019	31 December 2018
Revenues	**1,049,364,489**	933,767,826
Net income after zakat and tax	**235,469,467**	255,663,061

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

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2019	31 December 2018
Equity instruments at fair value –listed shares	**10,499,997**	10,499,997
Equity instruments at fair value –unlisted shares	**5,457,141**	5,457,141
Disposals of equity instruments at fair value - listed	**(10,000,000)**	-
Total	**5,957,138**	15,957,138
Fair value reserve –listed shares	**(3,935,529)**	(4,312,292)
Fair value reserve –unlisted shares	**(1,905,277)**	(1,811,713)
Loss on disposal of equity instruments at fair value -listed	**3,902,700**	-
Total	**(1,938,106)**	(6,124,005)
Net	**4,019,032**	9,833,133

12. INVENTORIES, NET

	31 December 2019	31 December 2018
Commercial inventories	**815,952,474**	846,668,113
Other	**13,440,615**	20,004,720
Provision for obsolete and slow-moving inventory	**(43,376,415)**	(42,875,180)
	786,016,674	823,797,653

13. PREPAYMENTS AND OTHER RECEIVABLES, NET

	31 December 2019	31 December 2018
Prepaid expenses	**129,192,192**	171,401,940
Refundable deposits	**1,311,865**	1,234,925
Advanced payments to suppliers	**9,011,426**	6,950,098
Employees' receivables	**4,055,913**	3,330,618
Margin on letters of credit and letter of guarantees	**12,413,361**	13,637,054
Due from related parties (Note 19)	**7,777,886**	16,884,479
Others	**16,240,869**	6,818,061
	180,003,512	220,257,175
Provision for doubtful debts	**(3,189,078)**	(2,613,620)
	176,814,434	217,643,555

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

14. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash in hand	**60,667,211**	36,305,362
Cash at banks	**201,763,127**	182,920,693
	262,430,338	219,226,055

15. DISCONTINUED OPERATIONS

The balance as of 31 December 2019 represent the net book value is the amount of the remaining non-current assets held for sale related to the activities that were discontinued in the Thamarat Al-Qassim Company based on the decision of the Board of Directors. These activities are for fodder cultivation, livestock and animal production activities.

The income from discontinued operations is as follows:

The result of discontinued operations	**2019**	**2018**
Revenues	**11,276,246**	10,666,267
Cost	**(13,450,289)**	(8,983,460)
Expenses other than Financing charges	**(5,294,907)**	(7,382,901)
Impairment losses from property, plant and equipment	**-**	(31,744,113)
	(7,468,950)	(37,444,207)

16. STATUTORY RESERVE

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

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

17. SHORT TERM LOANS AND MURABAHAT

Islamic bank facilities (Murabaha) are guaranteed by promissory notes issued on behalf of Abdullah Al Othaim Markets Company, the Murabaha facilities are due during a period of less than one year and they are renewable and used in financing the working capital. Islamic bank facilities (Murabaha) that are available for use but not yet used as at 31December 2019 amounted to SR 1,164 million (31 December 2018: SR 440 million).

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

	31 December 2019	31 December 2018
Opening Balance for the year	**120,876,329**	103,270,184
Cost of service and cost of discount factor	**24,688,258**	20,748,992
Payments during the year	**(4,708,817)**	(3,598,324)
Actuarial (gains)/losses from remeasurement of end of service benefits	**(843,361)**	455,477
Transferred to obligations related to assets held for sale	**(323,191)**	-
	139,689,218	120,876,329

19. RELATED PARTIES

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

Related party	Nature of relationship
Al-Othaim Holding Company	Founding Shareholder
Abdullah Al-Othaim for Investment Company	Associate
AlWousta Food Services Company	Associate
Riyadh Food Industries Company	Associate
General Organization of Social Insurance	Related party - Board member
Abdullah Al Othaim Fashion Company (Nahj Alkhayal Co.)	Subsidiary of an associate
Members of the board of directors and senior executives	Company Management
Musanada for recruitment and employment inside Co.- Egypt	Related party to an executive
Dani Trading Company	Related to the Chairman of the Board

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

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

Related party	Rent expense	Rent revenue	Merchandise purchases	Manpower revenue and other	Expenses Manpower cost and other
Al-Othaim Holding Company	**110,000**	**710,050**	-	**260,309**	-
Abdullah Al-Othaim for Investment Company	**14,087,570**	**37,224,948**	-	**8,226,240**	**14,038,210**
AlWousta Food Services Company	-	**600,000**	-	-	-
Riyadh Foods Industries Company	-	-	**126,291,819**	**1,865,063**	-
General Organization of Social Insurance	**5,735,346**	-	-	-	-
Abdullah Al Othaim Fashion Company (Nahj Alkhayal Co.)	-	**175,525**	-	**1,659,793**	-
Musanada for recruitment and employment inside Co. - Egypt	-	-	-	-	**6,087,433**
Dani Trading Company	-	**373,000**	-	-	-
Rimal Alsawahil for Contracting and Maintenance	-	-	-	**23,395,193**	-

Transactions with related parties for the year ended 31 December 2018 are as follows

Related party	Rent expense	Rent revenue	Merchandise purchases	Manpower revenue and other	Expenses Manpower cost and other
Al-Othaim Holding Company	10,000	710,050	-	272,859	-
Abdullah Al-Othaim for Investment Company	14,075,570	37,224,948	-	5,514,381	5,443,973
AlWousta Food Services Company	-	600,000	-	-	-
Riyadh Foods Industries Company	150,848	-	130,430,947	2,708,046	-
General Organization of Social Insurance	5,735,345	-	-	-	-
Abdullah Al Othaim Fashion Company (Nahj Alkhayal Co.)	-	175,175	-	-	-
Musanada for recruitment and employment inside Co. - Egypt	-	-	-	-	6,577,966
Dani Trading Company	-	474,349	-	-	-

Board members and senior executives' benefits during the year

	Charge to income	
	31 December 2019	**31 December 2018**
Short term benefits	**15,706,336**	15,722,253
Post-employment benefits	**206,201**	275,690
	15,912,537	15,997,943

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

Below are the balances due from/to related parties

Due from related parties (note 19):

	31 December 2019	31 December 2018
Abdullah Al-Othaim for Investment Company	**133,398**	13,653,850
Riyadh Foods Industries Company	**2,025,953**	3,230,629
Rimal Alsawahil for Contracting and Maintenance	**5,423,353**	-
Al-Othaim Holding Company	**195,182**	-
	7,777,886	16,884,479

Due to related parties (note 20):

	31 December 2019	31 December 2018
Riyadh Foods Industries Company	**26,277,489**	28,198,046
Abdullah Al-Othaim for Investment Company	**7,785,664**	-
Blissar Holding Company	**1,733,385**	1,733,385
Musanada for recruitment and employment inside Co. - Egypt	**103,808**	136,575
Al-Othaim Holding Company	**9,570**	-
	35,909,916	30,068,006

20. ACCRUALS AND OTHER PAYABLES

	31 December 2019	31 December 2018
Due to employees	**107,568,143**	120,656,286
Deferred revenues of customer loyalty program	**51,267,617**	56,439,302
Al-Othaim cards received in advance	**36,505,658**	37,452,060
Provisions	**29,217,980**	20,928,535
Deposits received from others	**49,590,487**	50,751,620
Accrued utilities	**26,897,264**	34,854,048
Advance payments from tenants and others	**35,849,314**	33,911,614
Due to related parties (Note 19)	**35,909,916**	30,068,006
Other	**20,318,541**	13,049,983
	393,124,920	398,111,454

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

21. ZAKAT PROVISION

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

	31 December 2019	31 December 2018
Balance at the beginning of year	**19,148,741**	23,080,746
Charge for the year	**10,842,953**	9,161,637
Payments for the year	**(9,307,270)**	(13,093,642)
Balance at the end of year	**20,684,424**	19,148,741

- The Company had submitted its consolidated Zakat declarations for all years up to 2018, and paid zakat obligations accordingly.
- The Company had requested the Authority to finalize the Zakat position of the Company and issue the final Zakat assessments for the years 2012 and 2013. The Zakat assessments has not yet been issued

22. SELLING AND MARKETING EXPENSES

	31 December 2019	31 December 2018
Salaries and benefits	**738,555,562**	670,818,132
Rents	**15,499,034**	139,654,749
Depreciation of the right to use the leased assets	**107,039,638**	-
Depreciation and amortization	**136,969,024**	127,247,295
Utilities	**96,678,999**	79,574,811
Advertising and marketing promotion	**26,593,053**	22,860,760
Packaging, supplies and materials	**36,103,241**	36,435,453
Maintenance and repairs	**23,450,153**	23,427,540
Fuel and oil	**12,353,080**	15,472,173
Freight charges for branches	**22,775,177**	16,907,119
Commissions for using payments network	**19,556,177**	17,593,206
Cleaning, hospitality and office supplies	**11,063,937**	11,385,563
Fees and subscriptions	**10,781,586**	7,551,300
Insurance expenses	**6,292,358**	6,851,385
Others	**3,773,752**	6,643,202
	1,267,484,771	1,182,422,688

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

23. ADMINISTRATIVE AND GENERAL EXPENSES

	31 December 2019	31 December 2018
Salaries and benefits	**79,980,323**	72,676,816
Depreciation and amortization	**8,427,519**	8,953,484
Fees and subscriptions	**4,349,491**	6,066,434
Professional fees	**2,410,193**	1,586,426
Utilities	**2,028,574**	1,389,746
Rents	**634,479**	3,107,841
Depreciation of the right to use the leased assets	**3,129,009**	-
Maintenance and repairs	**1,430,357**	1,738,448
Cleaning, hospitality and office supplies	**1,237,031**	1,101,200
Others	**4,775,381**	4,156,521
	108,402,357	100,776,916

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

Earnings per share for the Company's ordinary shareholders' profits and losses for the year ended 31 December 2019, 2018, are calculated based on the weighted average number of shares outstanding during those years. Diluted earnings per share is the same as the basic earnings per share because the company does not have any issued dilutive instruments.

Earnings per share for the current and comparative years have been calculated to reflect the increase in the company's capital from 45 million shares to 90 million shares capitalization, based on the decision of the Extraordinary General Assembly of Shareholders on 23 April 2018

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

	For the year ended 31 December	
	2019	2018
Net income for the year	**352,141,674**	340,045,590
Weighted-average number of shares	**90,000,000**	90,000,000
Basic and diluted earnings per share from net income for the year	**3,91**	3.78

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

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

	For the year ended 31 December	
	2019	2018
Net income for the year	**344,672,724**	302,601,383
Weighted-average number of shares	**90,000,000**	90,000,000
Basic and diluted earnings per share from net income for the year	**3,83**	3.36

25. SEGMENTAL INFORMATION

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

a. The selected information for each business segment for the year ended 31 December 2019 are summarized below:

Item	Retail and wholesale	Real estate and leasing	Other	Total
Property, plant and equipment, net	1,426,935,854	-	6,546,669	1,433,482,523
Investment properties, net	-	615,677,933	-	615,677,933
Right of use of leased assets	1,119,981,621	38,053,580	-	1,158,035,201
Intangible assets, net	4,116,331	-	526,310	4,642,641
Non-current assets held for sale	-	-	13,643,929	13,643,929
Total assets	**3,659,308,125**	**661,540,402**	**445,277,868**	**4,766,126,395**
Total liabilities	**3,085,821,195**	**68,684,119**	**86,440,091**	**3,240,945,405**
Sales outside the Group	7,916,263,884	-	249,611,358	8,165,875,242
Sales and revenues - Inter segments	-	2,060,000	71,662,492	73,722,492
Rental income from outside the Group	-	134,447,221	-	134,447,221
Total revenue, sales commissions and net rental income	1,640,709,380	80,177,021	54,490,315	1,775,376,716
Operating Income	**311,498,211**	**80,177,021**	**7,814,356**	**399,489,588**

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

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

	For year ended 31 December 2019					
Geographical area	**Retail and wholesale**	**Percentage %**	**Rental income**	**Percentage %**	**Other**	**Percentage %**
Central region - Saudi Arabia	5,078,206,097	64.2%	67,788,143	50.4%	249,611,358	100%
Eastern Region - Saudi Arabia	754,610,488	9.5%	55,807,075	41.5%	-	-
Southern Region - Saudi Arabia	1,024,922,008	13%	3,855,793	2.9%	-	-
Northern Region - Saudi Arabia	581,150,535	7.3%	3,992,176	3.0%	-	-
Western Region - Saudi Arabia	292,527,759	3.7%	2,420,265	1.8%	-	-
Egypt	184,846,997	2.3%	583,769	0.4%	-	-
Total	**7,916,263,884**	**100%**	**134,447,221**	**100%**	**249,611,358**	**100%**

26. COMMERCIAL REGISTER AND SUB-REGISTERY

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

Branch commercial registration number	Date	Location	Branch commercial registration number	Date	Location
1010031185	07/07/1400	Riyadh	3450171380	05/07/1439	Arar
1010167109	21/03/1422	Riyadh	2050240897	11/07/1439	Dammam
1010167452	06/04/1422	Riyadh	1010448247	17/08/1439	Riyadh
1010167451	06/04/1422	Riyadh	1010449640	02/09/1439	Riyadh
1010172886	24/10/1422	Riyadh	5901716779	03/11/1439	Abu Arish
1010177602	25/03/1423	Riyadh	1010471509	28/01/1440	Riyadh
1010177603	25/03/1423	Riyadh	1010471518	28/01/1440	Riyadh
2511005548	14/09/1424	Hafar Al Batin	1131295606	24/04/1440	Buraidah
1010191669	08/10/1424	Riyadh	4030327964	07/07/1440	Jeddah
1010191816	13/10/1424	Riyadh	1010564926	07/07/1440	Riyadh
1134000732	22/05/1426	Albukiria	2050123343	07/07/1440	Dammam
1010225160	01/11/1427	Riyadh	5900117278	07/07/1440	Jizan
5855027502	21/11/1427	Khamis Mushait	2031101056	07/07/1440	Al Ahsa
4650039245	16/06/1428	Almadina	5850123122	07/07/1440	Alardiat
1010238502	13/09/1428	Riyadh	5800104098	07/07/1440	Sabat Alalaya
1010257796	06/11/1429	Riyadh	1010564925	07/07/1440	Riyadh
1010257798	06/11/1429	Riyadh	4650208437	07/07/1440	Al Madina

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

3453002583	21/11/1429	Rafha	1010564924	07/07/1440	Riyadh
1010270690	12/07/1430	Riyadh	1010564927	07/07/1440	Riyadh
1010275699	07/11/1430	Riyadh	4650208436	07/07/1440	Al Madina
1010275701	07/11/1430	Riyadh	1010568789	26/07/1440	Riyadh
5855033231	16/11/1430	Khamis Mushait	1010588058	16/11/1440	Riyadh
1010280812	12/02/1431	Riyadh	3450173854	16/11/1440	alewyqila
5860033691	19/02/1431	Mahayil Aseer	1010588059	16/11/1440	Riyadh
1010296774	25/11/1431	Riyadh	4031229626	16/11/1440	Mecca
1010306608	07/05/1432	Riyadh	1010588057	16/11/1440	Riyadh
1010306605	07/05/1432	Riyadh	1010594012	06/01/1441	Riyadh
1010320848	02/01/1433	Riyadh	1010595063	12/01/1441	Riyadh
2251053231	15/08/1434	Al Hofuf	1010595062	12/01/1441	Riyadh
1010416304	05/08/1435	Riyadh	1010595061	12/01/1441	Riyadh
1010435916	13/10/1436	Alshifa	1010595060	12/01/1441	Riyadh
4030283764	14/10/1436	Jeddah	1010595059	12/01/1441	Riyadh
2511023875	14/10/1436	Hafar Al Batin	1010595058	12/01/1441	Riyadh
3400019472	14/10/1436	Aljauf	1010598928	02/02/1441	Riyadh
4030283859	18/10/1436	Jeddah	1010598927	02/02/1441	Riyadh
5906033026	04/12/1436	Jizan	4030367402	16/02/1441	Jeddah
5860069193	17/02/1437	Mahayil Aseer	3350145953	16/02/1441	Hail
1010443956	24/07/1437	Riyadh	1010599291	16/02/1441	Riyadh
1010462796	15/10/1437	Riyadh	2056102604	16/02/1441	Alnuairyia
4030297999	16/03/1439	Jeddah	1120100849	03/03/1441	Riyadh
4030603291	24/04/1439	Jeddah	1010618961	28/04/1441	Riyadh
1010931574	24/04/1439	Riyadh	1010618960	28/04/1441	Riyadh
1010938723	13/06/1439	Riyadh	1010080676	1411/05/16	Riyadh
1010090534	1412/06/29	Riyadh	2511006396	1426/08/13	Hafar Al Batin
1010137057	1416/03/09	Riyadh	2511006397	1426/08/13	Hafar Al Batin
1010138824	1416/06/12	Riyadh	2515000004	1426/08/14	King Khalid Military City
1010138943	1416/06/15	Riyadh	2515000003	1426/08/14	King Khalid Military City
1010145630	1418/01/13	Riyadh	1131020975	1426/08/22	Buraidah
1131015790	1422/04/02	Buraidah	1010213252	1426/09/09	Riyadh
1010171174	1422/08/18	Riyadh	1135000684	1426/11/05	Riyadh
1010171171	1422/08/18	Riyadh	5850026673	1427/01/23	Abha

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1010177256	1423/03/14	Riyadh	1010223040	1427/08/16	Riyadh
1010177251	1423/03/14	Riyadh	1122002735	1427/08/23	Almajmaea
1010177262	1423/03/14	Riyadh	1130001283	1427/09/09	Almudhnab
1010177264	1423/03/14	Riyadh	2511006896	1427/09/09	Hafar Al Batin
1010177259	1423/03/14	Riyadh	5855027348	1427/10/14	Khamis Mushait
1010177275	1423/03/14	Riyadh	5855027353	1427/10/15	Khamis Mushait
1010177267	1423/03/14	Riyadh	5855027504	1427/11/20	Khamis Mushait
1010177253	1423/03/14	Riyadh	1010229967	1428/02/28	Riyadh
1010188356	1424/05/12	Riyadh	1010229965	1428/02/28	Riyadh
1010188524	1424/05/15	Riyadh	1010229962	1428/02/28	Riyadh
1010188533	1424/05/16	Riyadh	2252034289	1428/03/05	Almubarraz
1010188526	1424/05/16	Riyadh	1113001040	1428/03/07	Shuqara
1011009998	1424/05/16	Al Kharj	1128007104	1428/03/28	Unaizah
1011009997	1424/05/16	Al Kharj	1010238504	1428/09/13	Riyadh
1010188522	1424/05/16	Riyadh	2512005596	1428/10/22	Alqaysuma
1010188519	1424/05/16	Riyadh	1011012754	1429/11/06	Al Kharj
1010188527	1424/05/16	Riyadh	2251039396	1430/10/30	Al Ahsa
1010188532	1424/05/16	Riyadh	2515000016	1430/11/07	King Khalid Military City
1010188531	1424/05/16	Riyadh	3400012968	1431/06/08	Sakaka
1010188528	1424/05/16	Riyadh	1010289458	1431/06/23	Riyadh
1010188529	1424/05/16	Riyadh	1010289502	1431/06/23	Riyadh
1010188525	1424/05/16	Riyadh	1012001917	1431/06/23	Alsahna
1010188530	1424/05/16	Riyadh	2251040248	1431/06/23	Al Hofuf
1010188731	1424/05/25	Riyadh	5855034628	1431/06/23	Alkhalidia
1010188730	1424/05/26	Riyadh	2511011206	1431/06/23	Hafar Al Batin
1010188729	1424/05/26	Riyadh	1011014067	1431/06/24	Al Kharj
1131018424	1424/06/8	Buraidah	3450014067	1431/06/29	Arar
1010191670	1424/10/08	Riyadh	2050071342	1431/07/09	Dammam
1010191671	1424/10/08	Riyadh	4030204792	1431/10/25	Jeddah
1123001472	1425/10/23	Al Zulfi	4030204790	1431/10/25	Jeddah
3550021583	1426/03/16	Tabuk	1010312430	1432/08/10	Riyadh
3550021590	1426/03/18	Tabuk	1131035991	1432/08/10	Al qassim
3550021582	1426/03/26	Tabuk	1010177274	1433/03/14	Riyadh
3550021581	1426/04/16	Tabuk	1010377428	1434/07/23	Riyadh
1132002987	1426/05/22	Al Rass	1128016793	1434/08/13	Unaizah

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

1010380648	1434/08/13	Riyadh	1011023511	1436/10/14	Al Kharj
5850053412	1434/08/13	Abha	1018000533	1436/10/14	harimla
2055020069	1434/08/13	Jubail Industrial City	3450014950	1436/10/14	Arar
2250053175	1434/08/13	Al Ahsa	3350043614	1436/10/14	Hail
1010380647	1434/08/13	Riyadh	1015002801	1436/10/14	Alaflaj
1131049220	1434/08/13	Al qassim	2050106284	1436/10/14	Dammam
5951001851	1434/08/13	Sharura	1116011064	1436/10/17	Aldawadimi
1131049202	1434/08/14	Buraidah	1017001964	1436/10/17	Alsalil
1010380871	1434/08/14	Riyadh	1013002232	1436/10/17	Hotat Bani Tamim
5855053489	1434/08/14	Khamis Mushait	4603008754	1436/10/17	Al Qunfudhah
1010380875	1434/08/14	Riyadh	2051060968	1436/10/17	Al Khobar
1010380873	1434/08/14	Riyadh	1115003388	1436/10/18	Sajir
1010380876	1434/08/14	Riyadh	5851008492	1436/10/18	Baysha
5950027442	1434/08/25	Najran	1131056119	1436/10/18	Buraidah
1185005063	1434/08/25	Wadi Al Dawasir	3452010295	1437/06/22	Al Qurayyat
5900023717	1434/08/26	Jizan	3451003467	1437/07/03	Turaif
5850059594	1435/04/05	Abha	1117004607	1437/07/03	Al-Quwayiyah
1010422718	1435/11/05	Riyadh	1010443382	1437/07/03	Riyadh
1010422721	1435/11/05	Riyadh	1129004812	1437/07/07	Al qassim
1010422678	1435/11/05	Riyadh	5900034634	1437/08/10	Jizan
1010422708	1435/11/05	Riyadh	1010462830	1437/10/16	Riyadh
1010422705	1435/11/05	Riyadh	1131056989	1437/10/16	Alshamasia
1011022342	1435/11/05	Al Kharj	1011024103	1437/10/16	Al Kharj
1123004300	1435/11/06	Al Zulfi	5855069953	1437/10/16	Khamis Mushait
1135002092	1435/11/06	Riyadh Al Khabra	1010462825	1437/10/16	Riyadh
4030275808	1435/11/06	Jeddah	3452010438	1438/01/15	Al Qurayyat
4030275812	1435/11/06	Jeddah	5856070255	1438/02/03	Sarat Obaidah
2511022699	1436/02/05	Hafar Al Batin	1010467222	1438/04/13	Riyadh
1010428392	1436/02/05	Riyadh	1131057375	1438/04/13	Al qassim
5901032474	1436/08/21	Abu Arish	1010467219	1438/04/13	Riyadh
1010435914	1436/10/13	Riyadh	2050111410	1438/04/13	Dammam
1010435919	1436/10/13	Riyadh	1010467220	1438/04/13	Riyadh
1010435915	1436/10/13	Riyadh	1118004613	1438/04/13	Afif
1010435920	1436/10/13	Riyadh	1010467218	1438/04/13	Riyadh
1010435921	1436/10/13	Riyadh	1010467224	1438/04/13	Riyadh
1010435922	1436/10/13	Riyadh	2050111411	1438/04/13	Dammam

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

1010435912	1436/10/13	Riyadh	4032051196	1438/04/13	Taif
1111002429	1436/10/13	Riyadh	4031098593	1438/04/13	Mecca
1131056080	1436/10/13	Al qassim	1011024379	1438/06/14	Al Kharj
1136003215	1436/10/14	Asyah	5859007149	1438/07/02	Al Namas
1124000574	1436/10/14	Al Ghat	1010469526	1438/07/02	Riyadh
3452010000	1436/10/14	Al Qurayyat	5950033069	1438/07/02	Najran
1126002263	1436/10/14	Rawdat Sudair	5900036108	1438/07/02	Jizan
5864070717	1438/07/02	Almajardah	1010949505	1439/07/10	Riyadh
2251068085	1438/07/20	Al Hofuf	1010949508	1439/07/10	Al Kharj
5900036359	1438/08/15	Jizan	1011138162	1439/07/10	Al Kharj
5857069954	1438/10/16	Ahad Rafidah	1010949513	1439/07/10	Riyadh
1010610489	1438/11/16	Riyadh	1010949512	1439/07/10	Riyadh
2055026296	1439/03/01	Al Jubail	1010949502	1439/07/10	Riyadh
5900037551	1439/03/12	Jizan	1010949500	1439/07/10	Riyadh
1010613419	1439/03/12	Riyadh	1117101488	1439/08/13	Al-Quwayiyah
2250069574	1439/03/12	Al Ahsa	1010447630	1439/08/13	Riyadh
1131058228	1439/03/12	Buraidah	1010448661	1439/08/21	Riyadh
2051065208	1439/03/12	Al Khobar	4650201342	1439/10/18	Al Madina
1010613429	1439/03/12	Riyadh	1011138589	1439/11/02	Al Kharj
1123004585	1439/03/16	Al Zulfi	1010453595	1439/11/02	Riyadh
2066004575	1439/03/16	Ras tannura	1010453594	1439/11/02	Riyadh
2050239181	1439/03/26	Dammam	1010471504	1440/01/28	Riyadh
5860610032	1439/03/26	Muhayil Aseer	1010471520	1440/01/28	Riyadh
5861615657	1439/03/26	Rijal Almae	1010471506	1440/01/28	Riyadh
1123101351	1439/04/24	Al Zulfi	1010471519	1440/01/28	Riyadh
1010931572	1439/04/24	Riyadh	3402101431	1440/01/28	Tabrjal
5855338960	1439/04/24	Khamis Mushait	3401100588	1440/01/28	Riyadh
1010938595	1439/06/11	Riyadh	1010499948	1440/04/13	Riyadh
1010948894	1439/07/04	Riyadh	1010518911	1440/04/25	Buraidah
2511108271	1439/07/04	Hafar Al Batin	4700108137	1440/05/18	Yanbou
1163101145	1439/07/04	Dhariyya	1010518904	1440/05/22	Riyadh
1010948888	1439/07/04	Riyadh			

27. CONTINGENCIES AND COMMITMENTS

- The Company has the following contingent liabilities and capital commitments:

Details	31 December 2019	31 December 2018
Letters of credit	**68,245,273**	50,239,361
Letters of guarantee	**62,458,280**	64,070,653
Commitments on capital work in progress	**39,362,594**	71,668,757

28. Financial Instruments - Risk Management

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

Foreign currencies exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Company did not undertake significant transactions in currencies other than Saudi Riyal and US Dollar, Whereas the Saudi Riyal is pegged to the US Dollar, transactions in US Dollars are not considered of significant currency risk. The Company management monitors foreign currency rates and believes that currency risk is insignificant.

Credit risk

Credit risk is the risk that one party in a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The financial instruments of the Company that may be exposed to credit risks principally include cash at banks and receivables. The Company deposits its money in financial institutions that have high trustworthiness and high credit capacity. Also, the Company has a policy on the volume of deposited funds in each bank. The management doesn’t expect to incur significant credit risks resulting from that. Also, the management does not expect to have significant credit exposure coming from trade receivables because of its wide customer base operating in different activities and various sites. The management monitors outstanding trade receivables periodically, in addition to guarantees provided by customers to cover any receivables expected to be irrecoverable.

Liquidity risk

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

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

Financial liabilities maturity schedule

	As of 31 December 2019			
	Less than one year	From 1 to 3 years	From 3 to 5 years	Total
Loans and murabahat	**135,956,936**	-	-	**135,956,936**
Trade payables, accruals and other payables	**1,721,864,767**	-	-	**1,721,864,767**
	1,857,821,703	-	-	**1,857,821,703**

	As of 31 December 2018			
	Less than one year	From 1 to 3 years	From 3 to 5 years	Total
Loans and murabahat	-	-	-	-
Trade payables, accruals and other payables	1,808,266,748	-	-	1,808,266,748
	1,808,266,748	-	-	1,808,266,748

Fair value

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

- The Company management considers that the fair value of short-term financial assets and liabilities approximates their carrying amount due to their short-term maturities.
- The management has estimated that the fair value of long-term loans and murabaha is close to their carrying amount, as the commission rates on these loans are floating and changes with the change in the market commission rate (*SIBOR*).
- Equity instruments at fair value through other comprehensive income include investment funds measured at the quoted market price (fair value level 1).
- Equity instruments at fair value through other comprehensive income include investments in unlisted companies where the fair value has been estimated on the basis of the net adjusted assets value from the latest available financial statements (fair value level 3).

Interest rate risks

The Company's exposure to the risk of changes in market interest rates relates primarily to financial assets and liabilities with floating interest rates.

29. COMPARATIVE FIGURES

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

30. DIVIDENDS

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

The board of directors has decided in it meeting held on 11 November 2019 to distribute interim cash dividends to shareholders for the nine-month period ended 30 September 2019 at a rate of SR (1.5) per share with a total amount of SR (135) million.

31. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

- In light of the outbreak of the new Corona virus (COVID-19) across the world, which has cast a shadow over all aspects of life, including economic aspects, the Kingdom of Saudi Arabia has made tremendous efforts and precautionary measures to confront the risks of the spread of this epidemic and mitigate its effects. In addition, the government has taken several economic decisions and measures to help business sectors overcome this health pandemic with minimal harm.

The Group believes that, in light of the information currently available, this event has no impact on the financial statements of the Company for the year ended 31 December 2019, and it is considered a subsequent event and does not require any adjustment to the financial statements for the year ended 31 December 2019.

The financial statements for the year ended 31 December 2019 were prepared on the basis of Going concern assumption, as the management believes that the application of this assumption is appropriate within the information currently available about the future that extends at least to twelve months from the date of the reporting period.

Although the developments of this event may have significant impact on future financial results, cash flows and the financial position of the Company or some of its activities, such as real estate investment activity, food service activities, food processing and human resource services, it is difficult at the present time to assess the financial impact that may result from this event and its consequences, due to the high level of uncertainty and the inability to predict future results and the absence of sufficient information to help predict.

The management is monitoring the developments of the event to assess the potential impacts on the Company's business, investments, and assets, nevertheless, according to the management's estimates, if this event ends and matters return to its norm in a relatively short period of time, it does not expect substantial negative impacts on its financial statements within the information currently available

- The board of directors has decided in it meeting held on 17 March 2020 to distribute interim cash dividends to shareholders for the twelve months' period ended 31 December 2019 period at a rate of SR (1.5) per share with a total amount of SR (135) million. These interim distributions are subject to the approval of the Shareholders' General Assembly

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 6 sha'ban 1441 H corresponding to: 30 March 2020 G.