

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Financial Statements**  
**For the year ended 31 December 2020**  
**With Independent Auditor's Report**

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Financial Statements**

For the year ended 31 December 2020

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<b>Index</b>	<b>Page</b>
Independent Auditors' Report	1-7
Statement of Financial Position	8
Statement of profit or loss and other comprehensive income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11-12
Notes to the Financial Statements	12-46

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of**  
**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have Audited the financial statements of Al Gassim Investment Holding company, a Saudi Joint Stock Company ("the company"), which comprise of statement of financial position as at 31 December, 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended and notes accompanying to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as on 31 December, 2020 and its financial performance and its cash flows for the year ended, in accordance with international financial reporting standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as 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 Financial Statements" section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter listed below, our description of how our audit have addressed this matter is set below:

## INDEPENDENT AUDITOR'S REPORT (Continued)

**To the Shareholders of**  
**Al Gassim Investment Holding company**  
 (A Saudi Joint Stock Company)

### **Report on the Audit of the Financial Statements (Continued)** **Key Audit Matters (Continued)**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p><b><u>Fair value of financial assets</u></b></p> <p>As of 31 December, 2020, the company owns financial assets at fair value through profit or loss amounting to SR 13,677,264 (2019:SR11,152,331) represented in equity instruments in companies that not listed in the financial market in the Kingdom of Saudi Arabia.</p> <p>In accordance with the requirements of international financial reporting standards, the company's management must evaluate those assets at fair value, and determining the fair value of the assets requires the exercise of estimates and assumptions.</p> <p>The company determines the fair value and relies on the evaluation of those assets by an independent, accredited external evaluator.</p> <p>The fair value measurement was considered a key audit matter because - :</p> <ul style="list-style-type: none"> <li>- Fair value measurement requires significant estimates and assumptions that may be uncertain in nature.</li> <li>- The potential impact of the fair value measurement may be material on the balance sheet and the company's business results.</li> <li>- Please refer to note (5) that includes the accounting policy regarding the value of financial assets, and note (14) for the disclosure of financial assets at fair value through profit or loss .</li> </ul>	<p>We performed the following audit procedures among others:</p> <ul style="list-style-type: none"> <li>- Review the appropriateness of the applied accounting policy to determine the type and classification of financial assets according to the business model.</li> <li>- Review the method of conducting the valuation and the appropriateness of the inputs to valuation of those assets.</li> <li>- Ensure that the documents confirming the company's ownership of those assets as of 31 December, 2020.</li> <li>- Obtaining a report of the fair value of these assets as of 31 December, 2020.</li> <li>- Evaluating the extent of the external evaluator's independence and reading the terms of contracting with him to determine whether there are matters that may affect the evaluator's objectivity or impose restrictions on the scope of his work.</li> <li>- Compare the fair value of the financial assets with their book value to ascertain the need to prove the effect (if material) in the financial statements.</li> <li>- Evaluating the appropriateness and adequacy of the disclosures in the financial statements in accordance with the International Financial Reporting Standards.</li> </ul>

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

**To the Shareholders of**  
**Al Gassim Investment Holding company**  
 (A Saudi Joint Stock Company)

### **Report on the Audit of the Financial Statements (Continued)** **Key Audit Matters (Continued)**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p><b><u>Impairment investments in properties</u></b></p> <p>As of 31 December, 2020, the company owns investment in property amount of SR 217,911,706 (2019: SR 226,036,608) represented in lands on which projects leased to others are established on it.</p> <p>Investment in Property are held for the purpose of achieving a rental return, capital gains, or both.</p> <p>Investments in Property are stated at cost less any impairment losses.</p> <p>According to the requirements of international financial reporting standards, the company's management must re-measure property investments regarding impairment losses whenever events or changes in circumstances arise that indicate that the book value may not be recoverable and the effect of re-measurement is demonstrated at the value in which the recoverable value exceeds book value of those investments.</p> <p>To assess the decline in the value of real estate investment in property, the company's management hired a certified and independent real estate appraiser to carry out a valuation of real estate investments in property on an annual basis.</p> <p>The fair value measurement of real estate investments in property and determining the impairment were considered a Key audit matter because: -</p> <ul style="list-style-type: none"> <li>- Fair value measurement requires significant estimates and assumptions that may be uncertain in nature.</li> <li>- The potential impact of the fair value measurement may be material on the balance sheet and the company's business results.</li> <li>- Please refer to note (5) which includes the accounting policy relating to property investments and their impairment in their value, and note (7) for the disclosure of details of property investments and their fair value.</li> </ul>	<p>We performed the following audit procedures among others:</p> <ul style="list-style-type: none"> <li>- Ensure that the documents confirming the company's ownership of those assets as on 31 December, 2020.</li> <li>- Obtaining a report of the fair value of these assets as of 31 December, 2020.</li> <li>- Evaluating the experiences and qualifications of the property investment evaluator and the extent of his independence and reading the terms of the contract with him to determine whether there are matters that may affect the evaluator's objectivity or impose restrictions on the scope of his work.</li> <li>- Review the evaluation methods and methodology and the reasonableness of the assumptions used by the evaluator.</li> <li>- Comparing the fair value of investments in properties with their book value to ascertain the need to prove the impact of the decline in value (if material) in the financial statements.</li> <li>- Evaluating the appropriateness and adequacy of the disclosures in the financial statements in accordance with the International Financial Reporting Standards.</li> </ul>

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

**To the Shareholders of**  
**Al Gassim Investment Holding company**  
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### **Report on the Audit of the Financial Statements (Continued)**

#### **Key Audit Matters (Continued)**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p><b><u>Revenue recognition:</u></b></p> <p>As on December 31, 2020, the company recognized net revenues in the amount of SR 11,657,910 (2019: SR 11,997,802). Revenue recognition was considered a key audit matter because: -</p> <ul style="list-style-type: none"> <li>- IFRSs assume that there are significant risks related to revenue recognition.</li> <li>- Revenue is considered an essential component of the company's performance, and management may override controls and procedures towards meeting revenue expectations and objectives, which may lead to a misrepresentation of the revenues.</li> <li>- Please refer to Note No. (5) which includes the accounting policies related to revenue recognition, and Note No. (26) which clarifies the revenue details.</li> </ul>	<p>We performed the following audit procedures among others:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of the procedures followed by the administration, related to the recognition and calculation of revenues, as well as evaluation of design and implementation and selection of the efficiency and effectiveness of control systems related to the revenue cycle</li> <li>- Evaluating the appropriateness of accounting policies related to revenue recognition, taking into account the relevant international accounting standards.</li> <li>- Examining a sample of revenue transactions that took place before and after the end of the year to assess whether the revenue was recognized in the correct accounting period.</li> <li>- Conducting documentary examination tests for a sample of revenues and cash receipts, with banks, and for delivery to customers and links with the registrar.</li> <li>- Conducting revenue analytical review procedures</li> <li>- Ensuring the adequacy of disclosure in the financial statements in accordance with international standards.</li> </ul>

#### **Emphasis of matter**

We would like to draw attention to Note No. (11) in the financial statements, which indicates that during year 2018 the company decided to enter as a founder with a group of independent investors in a company specializing in the manufacture and marketing of dates with a 40% share of the new company's capital of 100 million Saudi riyals. The company has the assets of the Dates factory and other assets. However, to date, the company is still under the incorporation procedures, and our conclusion has not been modified regarding this matter.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

**To the Shareholders of**  
**Al Gassim Investment Holding company**  
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### **Report on the Audit of the Financial Statements (Continued)** **Emphasis of matter (Continued)**

We would like to draw attention to Note No. (32). There is a lawsuit from the company against the branch of the Ministry of Environment, Water and Agriculture in Al-Qassim region, which relates to a request to cancel the negative decision represented by the Ministry's branch's refusal to raise to the Royal Authority by requesting the company's ownership of the entire area that it revived from the land handed over to the company. Where an approval was issued by the Royal Authority for the company to own an area of only 74 million square meters of the area it has revived, and the company demands that it be submitted to the Royal Authority by requesting to own the rest of the area that it has revived of that land amounting to 116 million square meters. Note when assuming the loss of the lawsuit The company will be materially affected, due to the connection of the disputed land with the lease contracts entered into by the company, which represents the main source of income for the company, and the expected losses cannot be determined except upon the final decision in the lawsuit, and on 30 March, 2021, a primary ruling was issued by the Administrative Court in the Qassim region in the case filed by Al Gassim Investment Holding company against the Ministry of Environment, Water and Agriculture branch in the Qassim region by not accepting the case, and based on the opinion of the legal advisor of the company that the reason for rejecting the case is due to the lack of jurisdiction of the administrative court to hear the case and that the specialist is a committee in the Ministry of Environment, Water and Agriculture. in two weeks, the company will receive the judgment and contest it before the Administrative Appeal Court.

### **Other Matters**

The company's financial statements for the fiscal year ending on 31 December, 2019 were Audited by another auditor who expressed an unqualified opinion on these financial statements on 1 Shaaban, 1441 AH corresponding to 25 March, 2020.

### **Other information included in the company's annual report for the year 2020**

Management is responsible for the other information. Other information consists of information included in the company's annual report other than the financial statements and our report on them. It is expected that the annual report will be available to us after the date of our report.

Our opinion on the financial statements does not cover the other information, nor do we and will not express any form of assurance or conclusion thereon.

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

When we read the annual report, if we become aware of a material misstatement, we are required to report the matter to those charged with governance.



## **INDEPENDENT AUDITOR'S REPORT (Continued)**

**To the Shareholders of**  
**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

### **Report on the Audit of the Financial Statements (Continued)** **Responsibilities of management and those charged with governance for the financial statements**

The management is responsible for preparation and fair presenting the financial statements in accordance with the International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and the other standards and pronouncements issued by SOCPA, Company's By-laws and the applicable requirements of regulations of companies, the Company's Articles of Association, and for such internal control as management determined is necessary to enable the preparation of financial statements Free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to remain as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the company or cease its operations or has no realistic alternative but to do so.

The company's board of directors is responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing ISAs that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with International Standards on Auditing ISAs as 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 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT (Continued)**

**To the Shareholders of**  
**Al Gassim Investment Holding company**  
 (A Saudi Joint Stock Company)

**Report on the Audit of the Financial Statements (Continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- 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 Company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate 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 a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationship and other matters that may be reasonably be brought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with those charged with governance, we determined those matters that are most significance in the audit of the financial statements of current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations preclude 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.

**Report on Other Legal and Regulatory Requirements**

Based on the information that has been made available to us while performing our audit procedures, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

**For Al-Bassam & Co.**

**Ibrahim Ahmed Al-Bassam**  
**Certified Public Accountant**  
**License No. (337)**  
**Al-Qassim, Kingdom of Saudi Arabia**  
**18 Shaban 1442 AH**  
**March 31, 2021**



**Al Gassim Investment Holding company**  
**(A Saudi Joint Stock Company)**

**Statement of Financial Position**

As at 31 December 2020

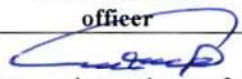
(All amounts are in Saudi Riyal unless otherwise stated)

	Note	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	6	21,262,082	21,115,103
Investments in properties	7	217,911,706	226,036,608
Installment sales contract debtors – Non current portion	8	12,085,322	12,462,210
Net investment in finance lease contracts- Non current portion	9	132,938,530	137,084,313
<b>Total non-current assets</b>		<b>384,197,640</b>	<b>396,698,234</b>
<b>Current assets</b>			
Inventories, net	10	296,024	318,829
Assets held for sale	11	10,462,166	10,462,166
Trade receivables, net	12	739,465	1,306,520
Installment sales contract debtors – current portion	8	376,888	358,942
Net investment in finance lease contracts – current portion	9	4,145,785	3,948,366
Prepayments and other receivables, net	13	909,572	3,837,741
Investments at fair value Through profit and loss	14	13,677,264	11,152,331
Cash and cash equivalents	15	28,880,817	20,579,403
<b>Total current assets</b>		<b>59,487,981</b>	<b>51,964,298</b>
<b>TOTAL ASSETS</b>		<b>443,685,621</b>	<b>448,662,532</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	300,000,000	300,000,000
Statutory reserve	17	334,431	334,431
Other reserve		113,740	178,823
Accumulated loss		(9,502,080)	(5,338,699)
<b>Total Equity</b>		<b>290,946,091</b>	<b>295,174,555</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred revenue	18	58,000,000	58,000,000
Employees' post-employment benefits	19	982,029	865,766
<b>Total non-current liabilities</b>		<b>58,982,029</b>	<b>58,865,766</b>
<b>Current liabilities</b>			
Trade payables		887,503	932,503
Accrued expenses and other payables	20	2,875,347	3,031,580
Surplus stock sale and unpaid profits	21	51,371,560	51,442,617
Creditors buy investment properties	22	33,438,374	33,951,766
Underwriting creditors	23	1,365,535	1,365,535
Provision for Legal settlements	24	5,633	947,555
Zakat payable	25	3,813,549	2,950,655
<b>Total current liabilities</b>		<b>93,757,501</b>	<b>94,622,211</b>
<b>TOTAL LIABILITIES</b>		<b>152,739,530</b>	<b>153,487,977</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>443,685,621</b>	<b>448,662,532</b>

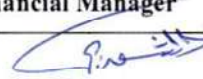
Chairman of Board of  
Directors



chief executive  
officer



Financial Manager



The accompanying notes 1 to 37 form an integral part of these financial statements.

**Al Gassim Investment Holding company**  
**(A Saudi Joint Stock Company)**

**Statement of profit or loss And other comprehensive income**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

	Note	2020	2019
Revenue, net	26	11,657,910	11,997,802
Cost of Revenue	27	(1,752,344)	(1,709,361)
<b>Gross profit</b>		<b>9,905,566</b>	<b>10,288,441</b>
Selling and distribution expenses	28	(167,649)	(153,484)
General and administrative expenses	29	(4,475,651)	(5,237,563)
Provision Impirement loss on commission receivables	12	(969,855)	(4,326)
Impairment Prepayments and other receivables	13	—	(173,179)
<b>Profit from operations</b>		<b>4,292,411</b>	<b>4,719,889</b>
Unrealized gain on Investments at fair value through profit and loss	11	2,524,933	9,239,983
Profits from sale of investments		—	4,410,000
Profits from sale of investments at fair value through profit and loss		—	3,523,948
Capital (loss) / gain		(103,659)	29,420
Dividends received		43,997	217,500
Impairment of invesments in properties	7	(6,950,722)	(34,580,103)
Provision for Legal settlements	24	(55,000)	(947,555)
Provision no longer required		67,419	—
Other income /(expense)		(240,584)	47,057
<b>Net (loss) from continuing operations</b>		<b>(421,205)</b>	<b>(13,339,861)</b>
(loss) from discontinued operations	31	(161,722)	(572,593)
<b>Net (loss) for the period before zakat</b>		<b>(582,927)</b>	<b>(13,912,454)</b>
Zakat	25	(3,580,454)	(736,777)
<b>Net (loss) for the period after zakat</b>		<b>(4,163,381)</b>	<b>(14,649,231)</b>
<b>Other Comprehensive Income:</b>			
Actuarial (loss) on remeasurement of defined benefit obligation	19	(65,083)	(37,885)
<b>Total Comprehensive (loss) for the year</b>		<b>(4,228,464)</b>	<b>(14,687,116)</b>
<b>Loss per shares (Expressed in SAR Per share)</b>			
Loss per shares from continuing operations	30	(0,014)	(0,44)
Loss per shares from discontinued operations	30	(0,005)	(0,019)
Loss per shares for the year	30	(0,014)	(0,49)
Loss per shares from Other Comprehensive Income /(loss)	30	(0,014)	(0,49)

Chairman of Board of  
Directors

chief executive  
officer

Financial Manager

The accompanying notes 1 to 37 form an integral part of these financial statements.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Statement of changes in Equity**

For the year ended 31 December 2020

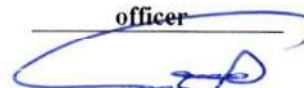
(All amounts are in Saudi Riyal unless otherwise stated)

	Share capital	Statutory reserve	Other reserve	Accumulated (loss) / earnings	Total equity
Balance as at 1 January 2019	300,000,000	334,431	216,708	9,310,532	309,861,671
Net loss for the year	-	-	-	(14,649,231)	(14,649,231)
Other comprehensive (loss) for the year	-	-	(37,885)	-	(37,885)
Balance as at 31 December 2019	300,000,000	334,431	178,823	(5,338,699)	295,174,555
Balance as at 1 January 2020	300,000,000	334,431	178,823	(5,338,699)	295,174,555
Net loss for the year	-	-	-	(4,163,381)	(4,163,381)
Other comprehensive (loss) for the year	-	-	(65,083)	-	(65,083)
Balance as at 31 December 2020	300,000,000	334,431	113,740	(9,502,080)	290,946,091

Chairman of Board of  
Directors



chief executive  
officer



Financial Manager



The accompanying notes 1 to 37 form an integral part of these financial statements.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Statement of Cash Flows**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

	2020	2019
<b>Cash Flow From Operating activities:</b>		
(Loss) before zakat	(582,927)	(13,912,454)
<b>Adjustments for non-cash items</b>		
Depreciation of Investments in Properties	1,174,180	1,177,397
Depreciation of property, plant and equipment	412,040	352,774
(Gain) / loss on disposal of property, plant and equipment	103,659	(29,420)
Provision for obsolete inventory	--	454,999
Provision no longer required	(67,419)	--
Provision Impairment of account receivable	969,855	4,326
Provision Impairment Prepayments and other receivables	--	173,179
Provision for Legal settlements	55,000	947,555
Unrealized gain on Investments at fair value Through profit and loss	(2,524,933)	(9,239,983)
Realized gain from selling Investments at fair value Through profit and loss	--	(3,523,948)
Impairment on Investments in Properties	6,950,722	34,580,103
Provision for Employees' post-employment benefits	120,574	163,174
	<b>6,610,751</b>	<b>11,147,702</b>
<b>Changes in Working Capital</b>		
Inventories	90,224	7,173
Trade receivables, net	(402,800)	(289,835)
Installment sales contract debtors	358,942	341,850
Prepayments and other receivables	2,928,170	(2,687,458)
Trade payables	(45,000)	197,050
Accrued expenses and other payables	(156,234)	(412,521)
<b>Net Cash generated from operating activities</b>	<b>9,384,053</b>	<b>8,303,961</b>
Provision for Legal settlements (paid)	(996,922)	--
Employees' post-employment benefits (paid)	(69,394)	(238,267)
Zakat (paid)	(2,717,560)	(155,246)
<b>Net cash flows generated from operating activities</b>	<b>5,600,177</b>	<b>7,910,448</b>
<b>Cash flows from investing activities:</b>		
Proceeds from the net investment in finance lease contracts	3,948,364	3,760,349
Payment to purchase of property, plant and equipment	(674,637)	--
Proceeds from sale of property, plant and equipment	11,959	50,560
Assets held for sale	--	87
Purchase of Investments at fair value Through profit and loss	--	(1,800,000)
Proceeds from Investments at fair value Through profit and loss	--	9,000,000
Payments Creditors buy investment properties	(513,392)	(200,000)
<b>Net cash flows generated from investing activities</b>	<b>2,772,294</b>	<b>10,810,996</b>
<b>Financing activities:</b>		
Payment of Surplus stock sale and unpaid profits	(71,057)	(69,105)
<b>Net cash flows (used in) financing activities</b>	<b>(71,057)</b>	<b>(69,105)</b>



**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Statement of Cash Flows**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

Net change in cash and cash equivalents	8,301,414	18,652,339
Cash and cash equivalent at the beginning of the year	20,579,403	1,927,064
Cash and cash equivalents at end of the year	<u>28,880,817</u>	<u>20,579,403</u>

288

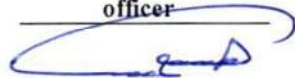
**Non-cash transaction:**

	<u>2020</u>	<u>2019</u>
Actuarial loss on remeasurement of defined benefit obligation	65,083	37,885

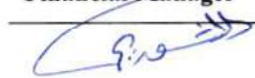
Chairman of Board of  
Directors



chief executive  
officer



Financial Manager



The accompanying notes 1 to 37 form an integral part of these financial statements.



**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION**

Al-Gassim Investment Holding Company is a Saudi joint stock company registered in the city of Buraidah in the Kingdom of Saudi Arabia under the Commercial Registry No. 1131006443 issued on Muharram 10, 1406, corresponding to 25 September, 1985.

The company is engaged in investing in the agricultural field, both plant and animal, and the manufacture of agricultural products and the import of seeds.

And based on the approval of the extraordinary general assembly of the shareholders of the company, which was held on 16 Jumada Al-Waal , 1438 corresponding to 13 February, 2017, the name of the company has been changed from Al-Qassim Agricultural Company to Al-Qassim Holding Company for Investment and it exercises its activities in managing its subsidiaries or participating in the management of other companies in which it shares And providing the necessary support for it and owning the real estate and movables necessary to carry out its activity and owning industrial property rights such as patents, trademarks, industrial and franchising rights and other intangible rights and exploiting them and leasing them to its subsidiaries or others.

The accompanying financial statements include the accounts of the Company and its branches as follows:

CR number	branch name	City
1131010287	Al-Gassim Investment Holding Company, Saudi Dates Factory	Qassim
1131012206	Al Qassim Dairy Factory *	Qassim

\* The latest renewal for the branch's commercial registration ended on 15/7/1429 corresponding to 18/7/2008.

**2. Basis of Preparation and Measurement**

**A. Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Certified Public Accountants.

The company has applied the International Financial Reporting Standard NO. (16) "Lease Contracts" with effect from 1 January 2019, and the accounting policy for this standard has been disclosed.

**B. Basis of measurement**

The financial statements have been prepared under the historical cost method, unless otherwise stated as explained in the significant accounting policies (Note 5).

**C. Functional and presentation currency**

The financial statements are presented in Saudi riyals, which is the company's functional and presentation currency.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

**3. Standards, Interpretations and Amendments to Existing Standards**

There are a number of standards and amendments to standards and interpretations issued by the International Accounting Standards Board that are considered effective in future accounting periods that the company decided to apply at an early date. The most important of them are as follows:

**3/1 New Standards, Interpretations and Amendments**

The accounting policies used in preparing these financial statements are consistent with those used and disclosed in the annual financial statements of the company for the year ended 31 December, 2019.

There are new standards, amendments and interpretations that will be applied for the first time in the year 2020, but that do not have an impact on the financial statements of the company.

There are many other amendments and interpretations that were issued but did not become effective until the date of issuance of the company's financial statements. The company's board of directors believes that this will not have a significant impact on the company's financial statements. The Company's Board of Directors intends to adopt these amendments and interpretations, when applied.

**3/1/1 New standards, amendments to standards and interpretations Adjustments**

The following are a number of amendments to the standards issued that are effective from this year, but do not have a material impact on the financial statements of the company, with the exception of what is mentioned below.

**Amendments to the standards issued and applied effective from 1 January, 2020.**

Amendments to standards	Description	Apply for years beginning on or after	Amendment summary
International Accounting and (1) Standard International Accounting (8) Standard International Financial Reporting (3) Standard	Definition of materiality	1 January 2020	The adjustments clarify that materiality will depend on the nature or volume of information, either individually or in combination with other information, in the context of the financial statements
Framework concepts for a revised financial report	Amendments to the conceptual framework reference in International Financial Reporting Standards, as well as revised definitions and requirements for realizing assets and liabilities and clarifying some important concepts	1 January 2020	he amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, inputs and an objective process that together contribute significantly to the ability to create outputs. Further, it demonstrates that work can exist without including all the inputs and processes needed to create the output The revised conceptual framework includes some new concepts, updated definitions, criteria for recognition of assets and liabilities, and clarifies some important concepts

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

**3. Standards, Interpretations and Amendments to Existing Standards (continued)**

**3/1 New Standards, Interpretations and Amendments (continued)**

**3/1/2 New and revised standards and interpretations that are not yet effective**

The company has not implemented the following new and revised IFRSs that were issued but not yet effective.

<b>Amendments to standards</b>	<b>Description</b>	<b>Apply for years beginning on or after</b>	<b>Amendment summary</b>
IFRS 9,7,4,16 and IAS 39	Interest Rate Index Fix - Stage 2	1 January 2020	These amendments amend the specific hedge accounting requirements to allow hedge accounting to continue for the affected hedge during the period of uncertainty prior to modification of hedging items or hedging instruments affected by current interest rate standards as a result of standard reforms to ongoing interest rates. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9
International Accounting Standard 37	Unfair contracts - the cost of completing the contract	1 January 2020	The amendments specify that the "cost of fulfilling" the contract includes "the costs that are directly related to the contract." These amendments apply to contracts in which the entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the entity first applies the amendments
IFRS 1, 9, 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2020	IFRS 16: The amendment removes the reimbursement fee for leasehold improvements  The amendment clarifies that when 9IFRS percent" test to assess 10applying the "whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment must be applied prospectively to modifications and exchanges that occur on or after the date on which the entity first applies the amendment The amendment eliminates the 41IAS for entities to exclude 41requirement of IAS tax cash flows when measuring fair value The amendment provides an 1IFRS additional exemption for a subsidiary that, after its first application after the parent company, becomes accountablefor difference cumulative translation.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

**3- Standards, Interpretations and Amendments to Existing Standards (continued)**

**3/1/2 New and revised standards and interpretations that are not yet effective (continued)**

<b>Amendments to standards</b>	<b>Description</b>	<b>Apply for years beginning on or after</b>	<b>Amendment summary</b>
IFRS 3	An indication of the conceptual framework	1 January 2020	The amendment as a whole has been updated to IFRS 3 to refer to the conceptual framework for the year 2018 .instead of the 1989 framework
IFRS 1	Classification of liabilities as current or non-current	1 January 2020	The amendment clarifies what is meant by the right to defer settlement, and that the right to postponement must be present at the end of the reporting period, and that this classification is not affected by the entity's likelihood of exercising its right to defer, and that only if the derivatives are included in a transferable obligation that is itself a rights instrument. Ownership and the terms of compliance will not affect its rating
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between the investor and the partner or joint venture	do not apply	Amendments to IFRS 10 and IAS 28 deal with situations in which a sale or contribution to assets is between an investor and an associate or joint venture. Specifically, the amendments provide that profits or losses result from .losing control of a subsidiary

Management expects that interpretations and amendments to these new standards will be applied in the company's financial statements when applicable, and the application of these interpretations and amendments may not have any material impact on the company's financial statements in the initial application period.

**3/2 Annual Improvements to International Financial Reporting Standards (2015-2017 Cycle)**

- IFRS 3 "Business Combination", when the company obtains control over the business that represents a joint operation, the company applies the requirements of the business grouping that have been realized in stages, including re-measuring its previously held share in the joint operation at fair value. The previously held interest to be remeasured includes any assets, liabilities and unrecognized goodwill related to the joint operation.
- IFRS No. 11 "Joint Arrangements", when a company participates in a joint operation without having joint control over it, and the joint operation is a commercial activity that obtains joint control, the company does not re-measure its previously owned stake in the joint operation.
- International Accounting Standard No. (23) "Borrowing costs", if specific loans remain unpaid after the asset is ready for its intended use or ready for sale, then these loans become part of the money that the company generally borrows when calculating the capitalization rate on public loans.
- International Accounting Standard No. 19 "Employee Benefits", when a retirement plan is modified, reduced or settled, the company must use updated assumptions to determine the current service cost and net current benefit for the remainder of the financial period disclosed after changing the program.

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**4. Significant accounting estimates and assumptions**

The preparation of the company's financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of potential assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Amendments that result from reviewing accounting estimates are shown in the review period and future periods that are affected by these adjustments.

**4/1 The main sources of uncertainty related to accounting estimates**

The following information related to the significant areas of estimates, uncertainties, and significant judgments when applying accounting policies that have a material impact on the amounts included in the financial statements:

**4/1/1 Actuarial evaluation of employees' end of service benefits liabilities**

The present value of the liability depends on a number of factors which are determined on an actuarial basis using a number of assumptions. In addition, adherence to the assumptions that should be made for future results requires that they mainly include an increase in salaries and benefits, and the discount rate used to convert future cash flows to present value. Any changes in these assumptions will affect the carrying amount of the liability. Assumptions about them are disclosed in Note 19.

**4/1/2 Estimating the useful life, depreciation rate, depreciation method, and residual values of property, plant and equipment.**

Management reviews its estimates of the useful lives of depreciable assets, the depreciation rate, the depreciation method, and the residual value used in the calculation of depreciation at each reporting date based on the expected use of the assets. The uncertainties in these estimates relate to the maintenance and repair program in addition to technical obsolescence and considerations of the recoverable value of the asset that may alter the future usefulness of those assets.

**4/1/3 Zakat provision**

When estimating the current Zakat due by the company, the management takes into consideration the applicable laws and decisions / provisions of the General Authority for Zakat and tax regarding some of the previous issues. Whether it is a liability or a tax asset, the management of the company establishes entitlement to zakat based on the best estimate in line with the laws of zakat and taxes. The differences between zakat liabilities and zakat assessments are calculated by the Authority in the list of profits or losses for the period in which the final assessments are issued, unless they are anticipated.

**4/1/4 Impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each cash-generating asset or unit on the basis of expected future cash flows and uses the interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of an appropriate discount rate.

**4/1/5 Impairment of financial assets**

A provision for impairment of financial assets is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the agreement. The significant financial difficulties facing the customer, the possibility of the customer entering the stage of bankruptcy or financial restructuring, and the deficit or delay in payment are all indications of the existence of objective evidence of the decline in the value of trade receivables. For individually significant amounts, this assessment is performed on an individual basis. Amounts which are not individually significant, but which are in arrears, are assessed collectively and a provision is recognized by taking into account the length of time in accordance with the previous recovery rates, together with the expected information.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**4. Significant accounting estimates and assumptions (Continued)**

**4/1 The main sources of uncertainty about accounting estimates (Continued)**

**4/1/6 Inventory Verifiable Values**

Management estimates the net realizable values of the inventory, taking into account the most reliable evidence at the time the estimates are used, and makes a provision for slow moving and obsolete inventory. Estimates of the net recoverable amount of inventory are based on the most reliable evidence at the time the estimates are used. These estimates take into account changes in demand for goods, technological changes, quality matters and fluctuations in prices. Accordingly, the company studies these factors and takes them into account to calculate the provision for slow-moving and damaged inventory.

**4/1/7 fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions consistent with how market participants price the instrument. Management bases its assumption on inputs that are as observable as possible but this is not always available. In that case, management uses the best available information. Estimated fair values may differ from the actual prices that would be achieved in a commercial transaction at the reporting date.

**4/1/8 Lease Contracts - Estimating the additional borrowing rate**

The company cannot easily determine the interest rate implicit in the lease agreement, so it uses the incremental borrowing rate to measure the lease liability, and the additional borrowing rate is the interest rate that the company has to pay to borrow, over a similar period and with a similar collateral, and the funds needed to obtain an asset of similar value. The right to use in a similar economic environment, therefore, the additional borrowing rate is what the company must pay, which requires an estimate when observable rates are not available or when they need to be modified to reflect the terms and conditions of the lease contract, and the company estimates the additional borrowing rate using observable inputs ( Such as market interest rates) when available.

**5. Significant accounting policies**

**Classifying assets and liabilities as current and non-current**

The company shows its assets and liabilities in the balance sheet based on its current / non-current classification. Assets are current when:

- It is expected that it will be liquidated or there is an intention to sell it or be depleted during the normal operational business cycle,
- Maintaining it mainly for trading purposes,
- It is expected to be sold during the twelve months following the disclosed financial period.
- In the form of cash and cash equivalents, unless there are no restrictions on replacing it or using it to pay any liabilities for a period of not less than twelve months after the disclosed financial period.

All other assets are classified as non-current assets.

Liabilities are current when:

- It is expected to be repaid during the normal operating cycle,
- Maintaining it mainly for trading purposes,
- Due to be paid during the twelve months following the disclosed financial period,
- The absence of an unconditional right to postpone the payment of the obligation for a period of not less than twelve months after the disclosed financial period.

The company classifies all other liabilities as non-current liabilities.



**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Property, plant and equipment**

Property, plant and equipment are recognized initially at acquisition cost, including any other direct costs of bringing the assets to the site and in the condition necessary to enable them to operate in the manner intended by the management of the company. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the major components of items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditures are capitalized only when they increase the future economic benefits to the company, and they can be measured reliably.

Finance costs related to loans to finance the creation of qualifying assets are capitalized during the period necessary to complete and prepare the assets for their intended purpose.

Depreciation is charged to the statement of profit or loss and calculated on a straight line basis over the estimated useful lives of each item of property, plant and equipment. The following are the estimated useful lives of the assets to be depreciated:

<b>Asset Categories</b>	<b>Percentage</b>
Buildings and construction	3-10%
The machines and the equipments	7.5-25%
Vichels	25%
Irrigation network	2.5-20%
Furniture and fixtures	10-25%
Agricultural machinery	7.5-10%
fruitful trees	2.5%

Non-current assets are reviewed if there are any losses as a result of decline in their value whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss (if any) is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable value is the fair value of the asset after deducting the costs of selling and the residual value for use, whichever is higher.

Capital work-in-progress at the end of the period includes some assets that have been acquired but are not ready for use for which they are intended. These assets are transferred to the relevant asset classes and are depreciated when they are ready for use.

The depreciation method, the residual value estimates and the useful lives of the assets are reviewed at the end of each financial year and adjusted prospectively, if required.

The gain or loss resulting from disposal of property, plant and equipment is determined by the difference between the proceeds of disposal and the net book value of the assets and recognized in the statement of profit or loss.

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Property, plant and equipment (Continued)**

Fruit trees

International Accounting Standard 16, "Property, plant and equipment" defines fruit trees as:

- It is used in the production or supply of agricultural products
- It is expected to bear fruit more than once during the period.
- Other than occasional scrap sales, there is a remote possibility of selling them as agricultural products.

The initial recognition of fruit trees is made at cost after deducting the accumulated depreciation and the accumulated losses of depreciation in value, if any.

Cost includes the amounts incurred by the company to acquire the asset and includes the costs of raw materials, labor and all other direct costs associated with placing the assets in the condition that enables it to achieve the purpose for which it was purchased.

Any profits or losses resulting from the exclusion of fruit trees (calculated on the basis of the difference between the net sales proceeds and the book value of plants) are recognized in the other income item in the list of profits and losses in the period in which they are excluded.

**Investment in properties**

Investment in properties consist of lands and buildings owned by the company. Investment in properties are initially recognized and recorded at cost including the costs of executing the transaction. Transaction execution costs include professional fees and commissions until the investment reaches the state that makes it fit for its intended purpose. A cost model was used.

Subsequent recognition of real estate investments is as follows:

Land at cost

The subsequent recognition of those lands at cost and in the event that some indications and indications of the possibility of a decrease in the value of the investments appear at the date of the non-consolidated financial statements, then the book value of the value of the lands shall be reduced to its recoverable value, and the resulting decline losses shall be immediately included in the statement of profit or loss.

**Real estate**

Real estate leased to others is depreciated at a rate of 3-10% in the straight-line method, and depreciation is charged to the profit or loss statement, and in the event that some indications and indications of a possible decrease in the value of investments occur on the date of the financial statements, the book value of the real estate value is reduced to its recoverable value and losses The resulting decrease is immediately in the statement of profit or loss.

Investment in properties are eliminated either by sale or by termination of their use altogether as no future benefits are expected from disposal. Profits or losses arising from the disposal or disposal of real estate investments are recognized in the statement of profit or loss in the year of disposal or sale.

Gains or losses arising from the sale of real estate investments are determined as the difference between the net sale proceeds or the net realizable value of the assets received and the book value of the investment property at that date.

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Right-of-use assets and contracts**

Leases are recognized as right-to-use assets with their obligations on the date the leased assets are made available for use by the company. Each rental payment is apportioned between commitment costs and financing costs. The financing cost is recognized in the statement of other comprehensive income and income over the term of the lease contract. Right-of-use assets are depreciated according to the straight-line method over the useful life of the asset or the lease term, whichever is less.

Right-to-use assets are measured initially at cost, which includes the following:

- The amount of the initial measurement of the lease liability,
- Any rent payments made on or before the lease commencement date minus any rent incentives received, any initial direct costs,
- Restoration costs, if any.

Lease obligations, where applicable, include the net present value of:

- Fixed payments (including fixed payments in substance) minus any lease incentives receivable, Variable rental payments that are based on an index or price,
- Amounts expected to be paid by the tenant under the residual value guarantees,
- The price of exercising the call option if the lessee is reasonably certain that he will exercise the option,
- The amounts of fines paid to terminate the contract, if the lease term reflects the tenant's exercise of this option.

**Short term lease contracts**

Short-term leases are leases with a duration of 12 months or less. Low-value assets are items that do not meet the company's capitalization limits and are considered insignificant to the company's statement of financial position as a whole. Payments of short-term leases and lease contracts for low-value assets are recognized in accordance with the straight-line method in the statement of profit or loss and other comprehensive income.

**Variable rental payments**

Some lease contracts include variable payments related to the use / performance of the leased asset. These payments are recognized in the statement of profit or loss other comprehensive income and income.

**Extension and termination options**

When determining the term of the lease contract, the management takes into account all the facts and circumstances that would create an economic incentive to encourage the exercise of the option of extension or not to exercise the option of termination. Extension options (or periods following an option to terminate) are not included in the lease term unless the extension (or non-termination) of the lease is reasonably certain. The Company shall assess, at the commencement of the lease, whether it is reasonably certain that the extension options will be exercised. The company reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in the controlled conditions.

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Inventory**

Inventory are evaluating at cost or net realizable value, whichever is lower, with the exception of inventories of raw materials and spare parts, which are recorded at cost, and the cost is determined on the basis of weighted average. The cost of finished and in-progress goods includes the cost of raw materials, labor and industrial overheads that contribute to converting raw materials into a finished product. The net recoverable value consists of the estimated selling price during the normal course of business, after deducting the estimated costs of making the sale.

The company reviews the carrying value of the inventory on a regular basis, and when needed, the inventory is reduced to the net recoverable value or an obsolescence provision is created if there is any change in the pattern of use or the physical shape of the relevant inventory.

**Trade receivables and other**

Initial recognition of trade receivables and other at fair value and measured in the subsequent period at amortized cost using the effective interest method less any provisions for doubtful debts. A provision for doubtful debts is established based on the Company's best estimates of expected credit losses on trade receivables.

The Expected Credit Loss measurement is an indication of the probability of default or the loss at default rate (that is, the size of the loss if there is a default) and exposure to the risk of default.

The assessment of probability of default and hypothetical loss is based on historical data modified by forward-looking information.

**Non-current assets are held for sale**

Non-current assets held for sale are non-current assets whose book value is expected to be recovered mainly from a sale transaction and not from continuing to be used. These assets are measured at book value or fair value minus selling costs, whichever is less, and they are classified within current assets.

In the event of a decline in the value of those assets, the book value is adjusted for the value of this decrease and is included in the statement of profit or loss, and the refund of the decline losses is recognized in the period in which it occurred, not exceeding the previous book value that was reduced unless the impairment loss of the asset is recognized in Previous years.

**Financial instruments**

**Financial instruments include financial assets and financial liabilities**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognition when the company becomes a party to the contractual provisions of the financial instrument. On initial recognition, financial assets and financial liabilities are measured at fair value. Transaction costs related to financial assets and financial liabilities are stated at fair value through profit or loss and are recorded as an expense from the statement of profit or loss and comprehensive income, and in the case of financial assets and liabilities not included in fair value through profit or loss, their fair value is less transaction costs directly related to the acquisition of Financial assets and liabilities or their issuers are the amount of initial recognition.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Financial assets (Continued)**

Classification of financial assets

The company classifies its financial assets into the following categories:

- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets at fair value through profit or loss.

These classifications are based on the company's business model for managing financial assets and cash flow characteristics. At the date of the current financial statements, the company only maintains financial assets at fair value through profit or loss.

**Financial assets at amortized cost**

Financial assets are measured at amortized cost, which is not measured at Fair Value Through Profit and loss if the following two conditions are met:

- The financial asset is held in the business model and is intended to collect contractual cash flows, and
- The contractual terms of the financial asset arise on specific dates for cash flows representing payments of the principal amount and interest on the principal outstanding amount.

**Financial assets at fair value through other comprehensive income**

**A) Debt instruments**

Debt instruments that are measured at Fair Value Through Profit and loss and which have not been designated as Fair Value Through Profit and loss are measured when the following conditions are met:

The financial asset is kept in the business model and is intended to collect contractual cash flows and sell the financial assets.

- The contractual terms of the financial asset give rise on specific dates to cash flows representing payments of the principal amount and interest on the principal outstanding amount.

**B) Equity instruments**

They are tools that meet the definition of equity from the source's point of view, that is, tools that do not contain a contractual obligation to pay, and that prove the existence of a residual benefit from the net assets of the source.

Subsequently, the company measures all equity investments at fair value through profit or loss, except if the company's director, upon initial recognition and irrevocably, chooses to classify an equity investment at fair value through other comprehensive income.

The Company's policy is to classify equity investments at Fair Value Through Profit and loss when those investments are held for purposes other than trading. When this option is used, fair value gains or losses are recognized through other comprehensive income which are not subsequently reclassified to the statement of profit and loss, even on disposal. Impairment losses are not disclosed separately from other changes in fair value. Dividends are still recognized when they represent a return on those investments in the comprehensive income statement when there is an inventory for the company to receive those payments.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Financial assets at fair value through profit or loss**

All other financial assets are classified as measured at Fair Value Through Profit and loss.

In addition, upon initial recognition, the company may choose to classify a financial asset at fair value through profit or loss if it does not meet the requirements for its classification as a financial instrument at amortized cost or at FVOCI, if this results in a materially canceling or diminishing of the financial asset. Accounting compatibility that may arise.

Financial assets are not reclassified after initial recognition, except for the period after the Company changes its business model for managing financial assets.

**Business Model Evaluation**

The company evaluation the objective of the business model in which the asset is being held because that is the best way to manage the business this information is presented to the management. The information taken into consideration includes:

Policies and objectives set and applying those policies in practice. In particular, the management strategy focuses on achieving contracted revenues, maintaining a certain profit rate, matching the term of these financial assets with the duration of the financial liabilities that finance those assets or achieving cash flows through the sale of assets;

- How is the performance of the portfolio evaluated and reported to the company's managers;
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how these risks are managed;
- How to compensate the directors, that is, if the compensation is based on the fair value of the assets managed or the contractual cash flows collected;

The frequency, volume and timing of sales in previous periods, the reasons for those sales and expectations about future sales activity. However, these sales cannot be taken into account on their own, but rather as part of the overall assessment of how the company will achieve the company's objectives for managing financial assets and how cash flows are achieved.

Financial assets held for trading, if any, and whose performance is evaluated on the basis of fair value are measured and included in financial assets at fair value through profit or loss because they are not held to collect contractual cash flows nor are they held to collect contractual cash flows and sell the Financial assets.

The Evaluation of the business model is based on predictions that are reasonably expected, without taking into account the "worst case" or "stress situation" scenarios. If cash flows are achieved after initial recognition differently from the original company's expectations, the company does not change the classification of the remaining financial assets held within that business model, but rather uses this information to move forward when evaluating a newly formed or newly purchased financial asset.

**Evaluate whether the contractual cash flows are only payments of principal and interest**

For the purposes of this evaluation, the "principal amount" represents the carrying value of the financial assets at the date of initial recognition. As for "interest", it represents compensation against the time value of money and against other credit risks related to the principal amount outstanding during a period, or other basic lending costs (such as liquidity risk and administrative costs), as well as a profit margin.



**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Evaluate whether the contractual cash flows are only payments of principal and interest (Continued)**

When assessing whether the contractual cash flows represent only payments of principal and interest, the firm takes into account the contractual terms of the instrument. This includes whether the financial asset contains a contractual clause that can change the timing or amount of cash flows that do not meet this condition.

To make this evaluation, the company takes into consideration the following:

- Possible events that change the amount and timing of cash flows;
- Leveraged properties;
- Advance payment and terms of extension;
- Conditions that limit the firm's claim to cash flows from specified assets (for example, asset arrangements without recourse);

Properties that adjust the offer against the time value of money, such as price readjustment.

**Impairment of financial assets (expected credit losses)**

The company recognizes a provision for expected credit losses (if any and is significant).

**Significant increase in credit risk**

To determine whether the default risk of default on a financial instrument has increased significantly since initial recognition, the company considers reasonable and supportive relevant information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's previous experience and credit evaluation, including the assessment of the change in the likelihood of default in payment as at the date of the financial statements and the probability of default at the time of the initial recognition of the exposure.

**Measuring expected credit losses**

Expected credit loss (ECL) is an estimate of the likely probability of credit loss. It is measured as follows:

Financial assets that are not credit impaired at the date of the financial statements, the present value of all cash shortages (i.e. the difference between the cash flows owed to the company according to the contract and the cash flows the company expects to receive);

Financial assets whose credit value has decreased at the reporting date are measured as the difference between the total book value and the present value of the estimated future cash flows.

**Low credit level of financial assets**

At each financial position date, the company assesses whether financial assets recorded at amortized cost have a low credit level. A financial asset is considered to have a low level of credit when one or more events that have a significant effect on the estimated future cash flows of the financial asset have occurred. Examples indicating that a financial asset has a low level of credit are the following observable data:

- Significant financial difficulty faced by the borrower or exporter;
- Breach of contract such as default or overdue;
- Rescheduling the loan or advance by the borrower or the issuer according to conditions that are not appropriate for the company;
- the possibility of the borrower entering bankruptcy or financial restructuring;
- The disappearance of an active market for that financial instrument due to financial difficulties.

Presentation of the allowance for expected credit losses

The expected credit loss allowance for financial assets at amortized cost is presented in the statement of financial position as a deduction from the total carrying amount of the assets.

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Financial liabilities**

The company classifies financial liabilities at amortized cost unless it has liabilities classified at fair value through profit or loss.

A financial liability is derecognised when it is discharged from the obligation under the obligation, canceled or expires. When an existing financial obligation is replaced by another one from the same lender on substantially different terms, or the terms of the existing liabilities are modified substantially, such an exchange or amendment is treated as exclusion of the original obligation and recognition of a new liability and the difference is recognized in the amounts recognized in Statement of comprehensive income.

**Financial liabilities and equity.**

**Classification as debt or equity**

Debt and equity instruments are classified as financial liabilities or equity in line with the substance of the contractual arrangements and the definitions of a financial commitment and an equity instrument.

**Equity tools**

An equity instrument is any contract that evidences a residual interest in the company's assets after deducting all of its liabilities. Equity instruments issued by the company are recorded with the amounts received after deducting direct issuance expenses.

The repurchase of the company's equity instruments is recognized and deducted directly from the equity. No gain or loss is recognized in the income statement when buying, selling, issuing, or canceling the company's equity instruments.

**Financial liabilities**

Financial liabilities are recognized initially at fair value, and in the case of loans and advances, they are shown at the amounts received, net of directly attributable transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss.

**De-recognition of financial liabilities**

The company derecognises financial liabilities only when the company's obligations are fulfilled, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the amount paid and payable is recognized in the statement of profit or loss.

**Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and are recorded net of the statement of financial position when there is a legally binding right to measure the amounts recognized and when the company intends to pay on a net basis or to realize the asset and settle the obligation simultaneously. Likewise, the income and expense items of those assets and liabilities are also offset and the net amount is included in the financial statements.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks and other short-term, highly liquid investments with original maturities of three months or less (if any) that are available to the company without any restrictions and that are subject to immaterial risks of changes in value.

**Impairment of non-financial assets**

Non-financial assets are reviewed if there are any losses as a result of impairment in their value whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss (if any) is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable value is the fair value of the asset after deducting the costs of selling and the residual value for use, whichever is higher. Assets are grouped to the lowest level where there are independently determinable cash flows. Non-financial assets other than financial assets and those that are impaired in value are reviewed for the possibility of reversing the decline in value at each balance sheet date. When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable value, but the increased carrying amount must not exceed the carrying amount that could have been determined, which if it had been determined would not be Recording any impairment loss in the value of the asset or cash generating unit in previous years. The reversal of an impairment loss is recognized immediately in the statement of profit or loss.

**Dividends**

Dividends are recorded in the financial statements in the period in which approved.

**Employees benefits**

**Short-term employees benefits**

Wages and salaries obligations, including non-cash benefits, accrued vacations, airline tickets and other allowances expected to be paid in full within the twelve months after the end of the period during which employees provide the related service are recognized as current liabilities on the balance sheet.

**Other long-term employees benefits**

Other long-term employee benefit obligations (including extended service leave and annual leave that are expected to be settled in full within twelve months after the end of the period during which employees provide the related service) are measured at the present value of the expected future payments to be paid for services rendered by employees up to the end of the period. The financial period reported using the projected unit credit method, is recorded as a non-current liability. It takes into account the levels of wages, expected future salaries, employee resignations, rates of workforce reduction, and periods of service. A re-measurement is recognized as a result of experience-based adjustments and changes in actuarial assumptions in the statement of profit or loss and other comprehensive income.

The liabilities are presented as current liabilities in the balance sheet unless the company has an unconditional right to delay payment for a period of at least 12 months after the disclosed financial period, regardless of the actual payment date.

**5. Significant accounting policies (Continued)**

**Employee end of service benefits**

End of service compensation for company employees shall be made in accordance with the provisions of the labor law in force in the Kingdom of Saudi Arabia. Liabilities related to the employee end service benefit obligation recognized in the statement of financial position represents the present value of the employee end service benefit obligation at the end of the reporting period. The employee end service benefit obligation is calculated annually by actuaries using the projected unit credit method.

The net financing cost is calculated using the discount rate on the net balance of the employee end of service benefits obligation and the cost is included in the employee's benefit expense in the statement of profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions in the period in which they occur are recognized directly in other comprehensive income. Changes in the present value commitment to employee end of service benefits arising from modifications or reductions in the plan are recognized directly in the statement of profit and loss as previous service costs.

**Benefits of expiry of employment**

Termination of employment benefit liability is recognized when the company has a present legal or constructive obligation as a result of past events that can be estimated reliably. The obligation is measured using the best estimate of the amount required to settle the obligation at the reporting date, and if the effect of the time value of money is of relative importance, it is measured by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to that obligation. The reduction in the discount is recognized as a financing cost in the period in which it arises.

**Provisions**

A provision is recognized if, as a result of past events, it appears that the company has a present legal or contractual obligation the amount of which can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the date of each financial position and adjusted to reflect the current best estimates. If the effect of the time value of money is of relative importance, it is measured by discounting the expected future cash flows at a discount rate that reflects, when appropriate, the risks associated with that commitment. The increase in the provision due to the passage of time as a financing burden.

**Contingent liabilities**

All contingent liabilities arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the company, or all current liabilities arising from previous events but are not established for the following reasons:

- (1) There is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, or
- (2) the amount of the obligation cannot be measured with sufficient reliability; Therefore, all of them must be evaluated at each statement of financial position date and disclosed in the company's financial statements as a potential liability.

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Revenues**

Revenue is recognized when control of an asset is transferred, either over time or at a specific time. Control of an asset is known as the ability to direct the use and effect of all benefits related to that asset.

**Selling goods or services**

Revenue is recognized upon transfer of required goods or services to customers at an amount that reflects the consideration to which the company expects it to be entitled in exchange for those goods or services. Revenue is recognized when the following steps are met:

- 1- Determine the sales contract concluded with the customer. This contract does not need to be in writing.
- 2- Existence of performance obligation.
- 3- Determine the transaction price.
- 4- Distribution of the transaction price over the performance obligation.
- 5- Revenue recognition upon fulfillment of performance obligations.

When assessing these steps, management takes the following into account:

- The consent of both parties (the buyer and the seller) to the sale with the transfer of each party's rights to these goods and services under the sale. The terms of payment should also be studied to ensure that the contract has a commercial basis and that it is likely that the consideration for the sale of these goods and services will be charged.

Determining independent goods or services agreed upon under the contract. These independent goods and services are referred to as a performance obligation. When studying whether these goods and services are independent, the management evaluates whether these goods or services can provide a benefit in themselves and that the company's promise to transfer these goods and services to the customer has been determined separately, and all sales of the company are considered independent.

The financial compensation expected to be due to the company in return for transporting these goods and services. All sales of the company have a fixed fee.

- Distribution of the transaction price to the goods or services under the contract.
- Fulfill the performance obligation.

**Interest and dividends**

Interest income and expense are recognized on an accrual basis using the effective interest method. Dividends are recognized at the time the right to receive payments is established.

**Expenses**

**Cost of revenue**

All expenses are recognized on an accrual basis. It recognizes operating costs on a historical cost basis. This item includes costs of raw materials, direct labor, and other associated indirect costs.

**Selling and distribution expenses**

This item includes any costs incurred to conduct or facilitate all of the company's selling activities.

**General and administrative expenses**

This item relates to expenditures that are not directly related to the production or sale of any goods or services. Indirect expenses are apportioned among the cost of revenues, selling and distribution expenses, and general and administrative expenses when necessary, on a consistent basis.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**Notes to the Financial Statements**

For the year ended 31 December 2020

(All amounts are in Saudi Riyal unless otherwise stated)

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**5. Significant accounting policies (Continued)**

**Zakat**

In accordance with the regulations of the General Authority for Zakat and Tax (the "Authority"), the company is subject to Zakat. The zakat provision for the company is recognized and charged to the statement of profit and loss. Additional zakat liabilities, if any, relating to prior year assessments are computed by the Authority in the period in which the final assessments are issued.

The company is primarily eligible to pay zakat only. Whereas, reversing the timing differences, if any, is not expected to have any material impact on the amount of Zakat in the foreseeable future, and therefore no deferred tax liability or asset has been recognized in these financial statements.

**Value added tax**

The company records the expenses and revenues after deducting the value-added tax, except if they are not refundable, and in this case they are recorded in the cost of the asset or the expense. The net recoverable or due tax is recognized in the debit or credit balances in the statement of financial position.

**Segments reporting**

The sector alone is identifiable in the company as this unit is engaged in either providing products or services (business sector), or providing products or services within a specific economic environment (geographical sector), provided that each sector has its own risks and benefits different from the risks and benefits of other sectors. (Geographical sector) represents the local revenues during the period from the company's revenues. All the assets and liabilities of the company are located in the Kingdom of Saudi Arabia.

(Operating Segment) The company does not have any of the quantitative limits referred to in IFRS 8 "Operating Sectors". Accordingly, the operating segment information has not been disclosed in the accompanying financial statements.

**Transactions and balances in foreign currencies**

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities recorded in foreign currencies as at the date of the balance sheet are converted into Saudi riyals according to the exchange rates prevailing on that date. Non-monetary items carried at outstanding fair value are translated into exotic currencies at the rates prevailing on the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains or losses arising from repayments or foreign exchange transfers are included in the statement of profit or loss and other comprehensive income.

**Cost of Borrowing**

Borrowing costs directly attributable to the purchase, construction or production of qualifying assets, which are assets that inevitably require a period of time to be ready for their intended use or sale, are capitalized to the costs of those assets until the assets are substantially ready for their intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred and included under 'Finance cost'. Investment income earned on the temporary investment of specific loans until it is spent on qualifying assets is deducted from borrowing costs eligible for capitalization. Borrowing costs are the costs of interest and other costs that a company incurs in connection with the process of borrowing funds.

**Earnings per share**

The company displays the basic and diluted earnings per share (if any) per common share. Basic earnings per share from net profit or loss is calculated by dividing the profit or loss of the company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the number of ordinary shares repurchased or issued during the period. Reduced earnings per share is calculated by adjusting the profit or loss of the ordinary shareholders of the company and the weighted average number of shares outstanding during the period for the effects of all the reduced ordinary shares that are likely to be issued.



**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**6. Property, Plant and Equipment, Net**

	Land*	Building	Plant and equipment	Vehicles	irrigation network	Furniture and fixtures	Agricultural machinery	fruitful trees	Total 31 December 2020	Total 31 December 2019
<b>Cost:</b>										
Balance on 1 January 2020	17,413,208	1,647,470	1,510,438	373,500	1,029,951	999,432	280,999	3,170,000	26,424,998	29,141,613
Additions	-	638,392	-	-	-	36,245	-	-	674,637	-
Disposals	-	-	-	-	-	(38,859)	-	(390,000)	(428,859)	(2,716,615)
<b>Balance at 31 December 2020</b>	<b>17,413,208</b>	<b>2,285,862</b>	<b>1,510,438</b>	<b>373,500</b>	<b>1,029,951</b>	<b>996,818</b>	<b>280,999</b>	<b>2,780,000</b>	<b>26,670,776</b>	<b>26,424,998</b>
<b>Accumulated Depreciation</b>										
Balance on 1 January 2020	-	142,009	1,149,738	373,497	756,931	561,480	280,995	2,045,245	5,309,895	7,652,596
Depreciation for the year	-	129,350	87,670	-	44,280	79,851	-	70,889	412,040	352,774
Disposals	-	-	-	-	-	(38,847)	-	(274,394)	(313,241)	(2,695,475)
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>271,359</b>	<b>1,237,408</b>	<b>373,497</b>	<b>801,211</b>	<b>602,484</b>	<b>280,995</b>	<b>1,841,740</b>	<b>5,408,694</b>	<b>5,309,895</b>
<b>Net book value as at 31 December 2020</b>	<b>17,413,208</b>	<b>2,014,503</b>	<b>273,030</b>	<b>3</b>	<b>228,740</b>	<b>394,334</b>	<b>4</b>	<b>938,260</b>	<b>21,262,082</b>	<b>-</b>
Net book value as at 31 December 2019	17,413,208	1,505,461	360,700	3	273,020	437,952	4	1,124,755	-	21,115,103

\* The land clause includes a plot of land in Madinah Monawarah with a value of SR 13,223,238 owned by the company registered in the name of Al-Rajhi Bank as a guarantee of facilities obtained by the company during the previous years, and the company has paid all its obligations to Al-Rajhi Bank and the instrument is still registered in the name of Al-Rajhi Bank and the procedures for re-transfer have not been completed. Ownership of the company.

**Depreciation has been charged to the statement of profit or loss as follows:**

	2020	2019
Cost of revenues (Note 27)	274,651	203,244
General and administrative expenses (Note 29)	137,389	149,530
	<b>412,040</b>	<b>352,774</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**7. Investment in properties**

The Investment in properties "Al-Ofuq Land Project" as on 31 December, 2020 amounted to SR 126,378,000 (31 December, 2019 the amount of SR 131,644,106), according to the evaluation process carried out by the real estate evaluator, "Mansour Saleh Al-Saleem Real Estate Appraisal Office", an independent evaluator approved by the Saudi Authority for Accredited Valuers. Under license No. 1210000477, Impairment losses in the value of investment in properties until the year ending 31 December, 2020, amounted to SR 52,336,266.

The Investment in properties "land located in the center of Shri" as on 31 December, 2020 amounted to SR 76,373,706 (2019: SR 76,938,482), according to the evaluation process carried out by the real estate evaluator, "Mansour Saleh Al-Saleem Real Estate Appraisal Office", an independent evaluator approved by the Saudi Authority for Accredited Valuers. With license number 1210000477.

The Investment in properties "Al Mulida Land" as of 31 December, 2020, amounted to SR 15,160,000 (2019: SR 17,454,020)

The investment was evaluated at cost according to the evaluation process carried out by the real estate appraiser, "Mansour Saleh Al-Saleem Real Estate Appraisal Office", an independent evaluator accredited by the Saudi Authority for Accredited Valuers with License No. 1210000477. Also, Impairment losses in the value of investment in properties for the year ended 31 December, 2020 amounted to SR 1,684,616.

	2020	2019
Al-Ofuq Land Project	126,378,000	131,644,106
Shri	76,373,706	76,938,482
Al- Mulida	15,160,000	17,454,020
<b>Balance at 31 December, 2020</b>	<b>217,911,706</b>	<b>226,036,608</b>

	fruitful trees	buliding and constuctions	Land	Total
<b>The Cost</b>				
Balance as at 1 January, 2020	45,828,939	1,055,795	238,982,266	285,867,000
Balance at 31 December, 2020	45,828,939	1,055,795	238,982,266	285,867,000
Accumulated depreciation				
Balance on 1 January, 2020	(12,531,763)	(228,469)	--	(12,760,232)
Depreciation charged for the year	(1,142,593)	(31,587)	--	(1,174,180)
Balance at 31 December, 2020	(13,674,356)	(260,056)	--	(13,934,412)
<b>Net book value</b>				
On 31 December, 2020	32,154,583	795,739	238,982,266	271,932,588
On 31 December, 2019	33,297,176	827,326	238,982,266	273,106,768

	31 Dec 2020	31 Dec 2019
Net book value	271,932,588	273,106,768
Impairment losses in the value of investment in properties	(54,020,882)	(47,070,160)
	<b>217,911,706</b>	<b>226,036,608</b>

**The following is the movement of impairment losses in the value of investment in properties**

	31 Dec 2020	31 Dec 2019
Balance at the beginning of the year	47,070,160	12,490,057
Formed during the year	6,950,722	34,580,103
Balance at the end of the year	<b>54,020,882</b>	<b>47,070,160</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**8. Contracts Debtors for sale by installments**

The leasing contract of the company's project in the Shri area of the National Poultry Company included the sale of some property, machinery and equipment in the amount of 25 million Saudi riyals paid in annual installments (25 installments starting from 1 March, 2016) with the annual rent value of one million Saudi riyals. SR 12,462,210 as on 31 December, 2020 (31 December, 2019, SR 12,821,152), and they are as follows:

	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Current portion	376,888	358,942
Non – Current portion	<u>12,085,322</u>	<u>12,462,210</u>
	<u>12,462,210</u>	<u>12,821,152</u>

**9. Net investment in financial leasing contracts**

The company entered into a lease agreement with the National Poultry Company, by leasing its two projects in the Shri area (the agricultural project and the poultry project) for a period of 25 years, starting from 1 March, 2016.

The company's management decided to divide the lease contract between an operating lease of land and palm trees and a finance lease contract for buildings and equipment.

The balance of the indebtedness of the finance lease contracts amounted to a total amount of SR 137,084,315 as on 31 December, 2020 (31 December, 2019: SR 141,032,679), and it is as follows:

	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Investment in financial leasing contracts	220,000,000	231,000,000
Unearned revenue	<u>(82,915,685)</u>	<u>(89,967,321)</u>
Net investment in financial leasing contracts	<u>137,084,315</u>	<u>141,032,679</u>

	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
Current portion	4,145,785	3,948,366
Non – Current portion	<u>132,938,530</u>	<u>137,084,313</u>
	<u>137,084,315</u>	<u>141,032,679</u>

	<u>31, December 2020</u>		
	<u>Total investment</u>	<u>Unrealized revenue</u>	<u>Net investment</u>
First year	11,000,000	6,854,215	4,145,785
Second Year	11,000,000	6,646,927	4,353,073
Third Year	11,000,000	6,429,273	4,570,727
Fourth year	11,000,000	6,200,736	4,799,264
Fifth year and beyond	176,000,000	56,784,534	119,215,466
	<u>220,000,000</u>	<u>82,915,685</u>	<u>137,084,315</u>

	<u>31, December 2019</u>		
	<u>Total investment</u>	<u>Unrealized revenue</u>	<u>Net investment</u>
First year	11,000,000	7,051,634	3,948,366
Second Year	11,000,000	6,854,215	4,145,785
Third Year	11,000,000	6,646,927	4,353,073
Fourth year	11,000,000	6,429,273	4,570,727
Fifth year and beyond	187,000,000	62,985,272	124,014,728
	<u>231,000,000</u>	<u>89,967,321</u>	<u>141,032,679</u>

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**10. Inventories, net**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Spare parts	3,660,445	3,738,437
Packing and warping material	851,603	862,604
Other materials	47,851	49,082
Total	4,559,899	4,650,123
Provision for obsolescence and slow movement	(4,263,875)	(4,331,294)
	<b>296,024</b>	<b>318,829</b>

**Movement in provision for obsolete inventory**

	<b>2020</b>	<b>2019</b>
Balance at Beging of the year	4,331,294	3,876,295
Provision	—	454,999
Provision No longer required	(67,419)	—
<b>Balance at the end of the year</b>	<b>4,263,875</b>	<b>4,331,294</b>

**11. Assets held for sale**

During the year 2018, the Company decided to enter as a founder with a group of independent investors to establish a company specialized in manufacturing and marketing dates with a 40% share of the new company's capital of SR 100 million, so that the company provides the dates factory assets and other assets it has with a fair value for the buildings and land only (without the machinery and equipment) During the year 2020, an amount of SR 18,903,715 (in 2018, an amount of SR 29,121,586) and the payment of the remainder of its share in the capital of the new company referred to above in cash, and that the legal procedures to prove the aforementioned are still under implementation procedures.

	<b>31 Dec 2020</b>	<b>2019</b>
Assets held for sale	10,462,166	10,462,166
	<b>10,462,166</b>	<b>10,462,166</b>

**12. Trade Receivables, Net**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Account receivables - Local customers	2,071,581	1,668,781
Provision for impairment	(1,332,116)	(362,261)
	<b>739,465</b>	<b>1,306,520</b>

**Movement in the provision for impairment is as follows:**

	<b>2020</b>	<b>2019</b>
Balance at Beging of the year	362,261	357,935
Formed during the year	969,855	4,326
<b>Balance at the end of the year</b>	<b>1,332,116</b>	<b>362,261</b>

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2020  
(All amounts are in Saudi Riyal unless otherwise stated)

**13. Prepayments and Other Receivable**

	2020	2019
Advance payments to suppliers	725,696	3,600,697
Insurance Deposits	13,000	13,000
Staff loans	68,036	60,915
Dividends from investments receivables	37,500	180,000
Value added tax receivables	66,640	37,985
Advance payments	160,110	106,554
Other	698,433	698,433
Total	1,769,415	4,697,584
Provision for impairment in debit balances	(859,843)	(859,843)
	909,572	3,837,741

The following is a summary of the movement in the provision for impairment of prepayments and other receivables as follows:

	2020	2019
Balance at Beging of the year	859,843	686,664
Formed during the year	--	173,179
Balance at the end of the year	859,843	859,843

**14. Financial assets at fair value through profit or loss**

		31 December 2020		31 December 2019	
	% of ownership	Cost	Fair value	Cost	Fair value
The National seed and Agricultural Services CO.Buthor	4.19%	1,238,400	1,860,001	1,238,400	1,337,370
United Dairy Farms Company	8.30%	600,000	9,122,133	600,000	7,218,936
Saudi Industries Development Company	0.75%	750,000	1,074,787	750,000	1,131,377
Al-Bateen Agricultural Cooperative Association	1.43%	120,900	330,028	120,900	--
Wasatah Capital	1.20%	1,800,000	1,290,315	1,800,000	1,464,648
		4,509,300	13,677,264	4,509,300	11,152,331

\* These investments are represented in equity instruments in companies not listed in the financial market in the Kingdom of Saudi Arabia. They were evaluated as on 31 December, 2020 by the evaluator "Value Hub for Business valuation and Partners Co." independent evaluator accredited by the Saudi Authority for Accredited Valuers, License No. 3912000018.

\* The fair value of investments according to the evaluator's report amounted to SR 13,677,264 (2019: SR 11,152,331), which resulted in unrealized profits that were charged to the statement of profit or loss.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**15. Cash and Cash Equivalents**

	2020	2019
Cash at banks	<u>28,880,817</u>	<u>20,579,403</u>
	<u>28,880,817</u>	<u>20,579,403</u>

**16. Share Capital**

The Company's issued and paid capital is SR 300 million divided into 30 million shares issued and paid with a par value of SR 10 per share.

**17. Statutory Reserve**

In accordance with its By-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This Statutory Reserve is not available for distribution to shareholders.

**18. Deferred revenue**

The company received on 23 Shawwal 1441 corresponding to 15 June 2020 a letter issued by the Ministry of Environment, Water and Agriculture No. 1441/1057/547885 dated 22 Shawwal 1441 corresponding to 14 June 2020 indicating the issuance of the Royal Decree No. 56822 on 18/10/1441 to approve the ownership of a Al-Gassim investment Holding company: The specified area is (74,043,400 square meters) seventy-four million and forty-three thousand and four hundred square meters of the land delivered to it, based on Royal Order No. 1305 on 24/6/1409, which the company has previously established as a restricted government grant (deferred revenue) in the amount of Only SR 58,000,000 fifty-eight million Saudi riyals with an area (116,000,000 square meters) registered in the books, and the revenues of government grants as a hedge from the company have not been recognized until the legal procedures for transferring ownership are completed in the name of the company.

**19. Employees' post-employment benefits**

**1/19 General description**

Employee benefits are calculated on the basis of the labor system in the Kingdom of Saudi Arabia for all employees who complete the eligible service period and are entitled to receive amounts mentioned under the labor law for each year / period of this service.

The annual provision is based on the actuarial valuation. The valuation was performed as on 31 December, 2020, and 31 December, 2019 by an external actuary, using the projected unit credit method.

**19/2 The movement in the present value of the employee end of service benefit obligation**

	31 Dec 2020	2019
The present value of the obligation at the beginning of the year	865,766	902,974
The service cost and interest charged to the profit or loss statement	120,574	163,174
Actuarial losses	65,083	37,885
Paid benefits	<u>(69,394)</u>	<u>(238,267)</u>
The present value of the obligation at the end of the year	<u>982,029</u>	<u>865,766</u>

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**19. Employees' post-employment benefits ( Continued)**

**19/3 Principal Actuarial Assumptions**

	<b>2020</b>	<b>2019</b>
	<b>(Annually Percentage)</b>	
The expected rate of increase in employee salaries	%2	2%
Discount rate	%2,78	3.08%
death rate	AM92 Ultimate	AM92 Ultimate
The employee turnover rate	Average	Average

**19/4 Sensitivity Analysis**

The following table shows the approximate effect on the defined benefit obligation if the company were to change one major assumption while keeping the other actuarial assumptions unchanged. The sensitivity analysis aims to clarify the uncertainty inherent in assessing the defined benefit obligation under market conditions at the measurement date. Their results cannot be extrapolated due to the non-linear effects that changes in the principal actuarial assumptions may have on the total defined benefit obligation.

**Sensitivity Analysis of significant actuarial assumptions**

	<b>Change in assumption</b>	<b>2020</b>	<b>2019</b>
Discounted Rate	%1+	1,377,489	1,235,127
	%1-	1,534,484	1,381,509
Long-Term Salary	%1+	1,542,650	1,389,801
	%1-	1,368,793	1,226,336
Death rates	%20+	1,450,657	1,303,470
	%20-	1,450,637	1,303,297
Withdrawal rates	%1+	1,449,511	1,303,699
	%1-	1,451,678	1,302,799

**20. Accrued Expenses and Other Payables**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Accrued expenses	210,030	86,355
Advance payments from customers	147,933	142,415
Accrued staff	1,298,910	1,343,437
Allowance for attending sessions	275,623	221,623
Rentals in advance	500,000	500,000
Others	442,851	737,750
	<b>2,875,347</b>	<b>3,031,580</b>

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2020  
(All amounts are in Saudi Riyal unless otherwise stated)

**21. Surplus stock sale and unpaid profits**

	2020	2019
Shares sale surplus (21 / a)	45,255,836	45,321,197
Unpaid dividends (21 / b)	6,115,724	6,121,420
	<u>51,371,560</u>	<u>51,442,617</u>

**21 / A share sale surplus**

The balance of the surplus sale of shares amounted to SR 45,255,836, and it represents the surplus of the sale of shares belonging to shareholders who did not commit themselves to paying the capital installments at the specified time, as the company, after taking the procedures and approvals in this regard, sold the shares whose owners did not pay the required installments and the sale was made at a price higher than The value of the required installments, and therefore the difference between the sale value and the value of the installments required for the benefit of these shareholders was recorded, and the company disburses the amounts to whoever provides documents supporting his eligibility in compensation.

Details of the movement on this account are as follows:

	2020	2019
Balance at the beginning of the year	45,321,197	45,382,343
paid during the year	(65,361)	(61,146)
<b>Balance at the end of the year</b>	<u>45,255,836</u>	<u>45,321,197</u>

**21 / B Dividends not paid**

Shares profits not Paid amounted to SR 6,115,724, which are balances from 1991 and earlier, and are as follows:

	2020	2019
Balance at the beginning of the year	6,121,420	6,129,379
paid during the year	(5,696)	(7,959)
<b>Balance at the end of the year</b>	<u>6,115,724</u>	<u>6,121,420</u>

**22. Creditors to purchase investment properties**

Creditors to purchase investment properties as of 31 December, 2020 amounted to SR 33,438,374 (2019: SR 33,951,766), which is the remainder of the purchase value of Al Ofuq land.

**23. Under writing creditors**

It represents the sums owed to the shareholders in return for a subscription surplus for the shares allocated to them, an amount of SR 1,365,535.

**24. Provision for legal settlements**

	2020	2019
Balance at the beginning of the year	947,555	--
paid during the year	(996,922)	--
Formed during the year	55,000	947,555
<b>Balance at the end of the year</b>	<u>5,633</u>	<u>947,555</u>

The lawsuit of a person against the company for meat losses in the company's refrigerator in the Riyadh branch on 7/5/1441 corresponding to 2/1/2020 The judgment of the Riyadh Court of Appeal was issued in Case No. 791 of 1440 confirming the ruling of the First Commercial Chamber of the General Court in Buraidah issued in Case No. 250 of the year 1437 obliging the company to pay the plaintiff an amount of SR 941,922.

A lawsuit from a contractor against the company to claim legal fees on 20/7/1441 corresponding to 15/3/2020 AD, the decision of the General Court in Buraidah was issued in Case No. 39891550 of 1439 obliging the company to pay the plaintiff an amount of SR 55,000, and the payment was made on 30/6/2020.



**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**25. Zakat provision**

**1/25 Zakat position**

The company submitted its declarations to the General Authority for Zakat and Tax ("the Authority") until the year ending on 31 December, 2019, and the company obtained a certificate from the General Authority for Zakat and Income, valid until 18 Ramadan 1442 corresponding to 30 April, 2021.

The last final Zakat assessment obtained by the company for the year ending in 2006. It includes the balance based on the last installment of the Zakat differentials due for the years from 2002 to 2006, amounting to SR 1,281,437.

The company received letters from the General Authority for Zakat and Tax amending the zakat declarations submitted for the period from 2014 to 2018 and demanding payment of zakat differences for the years referred to, with a total amount of SR 13.26 million, noting that the company submitted zakat declarations and paid zakat for those years based on a calculation mechanism External consultants and auditors for zakat accounts and it is worth noting that according to these letters, the company has the right to object to these amendments during the statutory period (sixty days) from the date of receiving these letters. Accordingly, the company has raised a list of objection to these amendments during the statutory period and the payment of 10% of The disputed amounts. .

Based on the assessment of the zakat advisor in objecting to the amendments, he sees that the amounts due for zakat are SR 39,472,727, and a provision of SR 986,818 has been formed.

**25/2 The Zakat base**

Zakat is calculated at a rate of 2.5% based on the Zakat base or adjusted net income, whichever is greater, taking into account the accounting period

	<b>31 Dec 2020</b>	<b>2019</b>
Net profit	(582,927)	(13,912,454)
End of service benefits for employees	120,574	163,174
Legal provision	55,000	947,555
Provision impairment for inventory	—	454,999
Impairment in the value of trade receivables	969,855	177,505
<b>Adjusted net profit</b>	<b>562,502</b>	<b>(12,169,221)</b>
Share capital	300,000,000	300,000,000
Reserves	513,254	334,431
Adjusted profit	562,502	(12,169,221)
(Accumulated losses) / Retained earnings	(5,338,699)	9,310,532
Deferred revenue	58,000,000	58,000,000
Underwriting creditors	1,365,535	1,365,535
Trade payables	885,978	
Accrued and Other Payables	1,866,943	3,024,196
Surplus stock sale and unpaid profits	51,371,560	51,269,027
Provisions	6,232,984	7,799,479
Creditors to purchase investment properties	33,438,374	33,951,766
Other	—	216,708
<b>Deduct:</b>		
Property, Plant and Equipment, Net	(21,262,082)	(115,507,603)
Investments at fair value Through profit and loss	—	(11,152,331)
Property Investments	(217,911,706)	(131,644,106)
Bank balance earmarked for shareholders' receivables spare parts	—	(1,609,272)
	(4,512,048)	(4,601,041)
Installment sale contract debtors - non-current portion	—	(12,462,210)
Net investment in finance leases - non-current portion	(132,938,530)	(137,084,313)
Assets held for sale	(10,462,166)	(10,462,166)
<b>Zakat base</b>	<b>61,811,899</b>	<b>28,579,411</b>
<b>The adjusted net profit or the zakat base, whichever is greater</b>	<b>61,811,899</b>	<b>28,579,411</b>
<b>Zakat</b>	<b>1,545,297</b>	<b>736,777</b>

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**25. Zakat provision ( Continued)**

**25/3 Zakat movement**

Movements' summary for the years ended December 31 are as follows:

	2020	2019
Balance at the beginning of the year	2,950,655	2,369,124
Formed during the year	1,545,297	736,777
Formed to meet zakat differences	1,048,339	--
Formed to meet zakat differences	986,818	--
Paid during the year	(2,717,560)	(155,246)
	<b>3,813,549</b>	<b>2,950,655</b>

**26. Revenue**

	2020	2019
Financial leasing leases	7,692,693	7,897,802
Operating leases	3,800,000	3,800,000
Dates sales	165,217	300,000
	<b>11,657,910</b>	<b>11,997,802</b>

**27. Cost of Revenue**

	2020	2019
Depreciation of investments in properties	1,174,180	1,177,397
Depreciation of property, plant and equipment	274,651	203,244
Salaries and wages	112,915	148,509
End of service benefits expense	7,393	7,307
Commodity supplies	92,212	91,945
Governmental fees	21,834	16,509
Maintenance and spare parts	26,014	14,466
Other	43,145	49,984
	<b>1,752,344</b>	<b>1,709,361</b>

**28. Selling and Distribution expenses**

	2020	2019
Salaries and wages	155,286	141,637
End of service benefits expense	11,163	8,550
Advertising	1,200	--
Other	--	3,297
	<b>167,649</b>	<b>153,484</b>

**29. General and Administrative expenses**

	2020	2019
Salaries and wages	2,461,901	2,459,750
Professional and consulting fees	1,190,120	1,828,234
Allowance to attend sessions	196,900	114,900
Government fees	168,332	50,106
Depreciation: Property, plant and equipment	137,389	149,530
End of service benefits expense (formed)	102,018	147,317
Post, phone and electricity	41,683	38,337
Maintenance, spare parts and fuels	45,875	132,352
Advertising	17,064	16,936
Other	114,369	300,101
	<b>4,475,651</b>	<b>5,237,563</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2020  
(All amounts are in Saudi Riyal unless otherwise stated)

**30. Loss per share**

The loss per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the year.

The share from the losses for the year was calculated as follows:

A) Loss per shares from continuing operations

	2020	2019
Loss for the year from continuing operations	(421,205)	(13,339,861)
Weighted average number of shares available	30,000,000	30,000,000
(Loss) per share – in Saudi riyals	(0,014)	(0,44)

B) Loss per shares from discontinued operations

	2020	2019
Loss for the year from discontinued operations	(161,722)	(572,593)
Weighted average number of shares available	30,000,000	30,000,000
(loss) per share– in Saudi riyals	(0,005)	(0,019)

C) Loss per share for the year

	2020	2019
Loss for the year	(4,163,381)	(14,649,231)
Weighted average number of shares available	30,000,000	30,000,000
(loss) per share - in Saudi riyals	(0,14)	(0,49)

D) Loss per shares from Other Comprehensive Income /(loss)

	2020	2019
Total other comprehensive income for the year	(4,228,464)	(14,687,116)
Weighted average number of shares available	30,000,000	30,000,000
(loss) per share - in Saudi riyals	(0,14)	(0,49)

**31. Loss from discontinued operations**

Losses resulting from the discontinued operations of the Dates Branch as of December 31 are as follows:

	2020	2019
Revenue	78,412	68,580
Expenses	(240,134)	(641,173)
	(161,722)	(572,593)

**32. Legal position**

The existing cases and claims filed (from / against) the company are summarized as follows:

- The company's lawsuit against Al Bandariyah Group, which is a financial case before the Commercial Court in Riyadh, and the required amount is SR 27,828,162, and a judgment was issued against the defendant in favor of the company to pay the aforementioned amount on 14/5/1439 corresponding to 31/1/2018. The judgment acquired the definitive character of a decision issued by the Court of Appeal in Riyadh confirming the ruling of the Commercial Court at the Board of Grievances in Riyadh on 2/5/1440 corresponding to 8/1/2019. The defendant submitted a petition to the judgment and the petition was rejected, but the plaintiff appealed the rejection ruling on 18/2/1442, corresponding to 5/10/2020, the appeal was rejected.
- Charging the company with attorney fees against Al-Bandariya Group in the amount of SR 1,400,000, and a ruling was issued in favor of the company to compel the defendant to pay, and the defendant submitted an appeal to the judgment before the Court of Appeal and issued a ruling to revoke the judgment of the Commercial Court and canceled the case, and accordingly the company submitted a request to revoke the judgment before the Supreme Court on 11-3-1442 corresponding to 28/10/2020.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

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**32. The legal position (Continued)**

- A lawsuit from the Al Bandariyah Group, which is a financial invitation before the Commercial Court in Riyadh demanding an amount of SR 23,033,989. A judgment was issued to dismiss the case in favor of the company on 30/3/1441 corresponding to 27/11/2019 and the judgment was delivered on 15/4/1441 corresponding to 12/12 / 2019. and the verdict is subject to appeal.
- A lawsuit from the company against one of the persons, which is in the stage of appeal, and the required amount is SR 149,766, in which a judgment was issued by the Court of Appeal in favor of the company on 13/11/2012.
- A lawsuit from citizens against the company as they demand the company an amount of SR 14,000,000 due to damage to their land adjacent to the company's land from the company's project in a Shri Center. A date has been set for the next session on 3/4/1442 corresponding to 18/11/2020, and one of the two cases, amounting to SR 7,000,000, was decided. A ruling was decided to dismiss the case in favor of the company on 12/7/1442, corresponding to 25/2/2021.
- The company's lawsuit against Al-Wusta Foodstuff Corporation, which is a financial claim before the Commercial Court in Riyadh, and the required amount is SR 118,003. A judgment has been issued in favor of the company to compel the defendant to pay the full amount, and the implementation procedures will be implemented after acquiring the final judgment.
- The company's lawsuit against one of the clients, where the company is claiming an amount of SR 103,348, the value of wheat sold to the defendant.
- A lawsuit from the company against a customer for a financial case for the value of sales of dates at an amount of SR 421,503, in which a judgment was issued in favor of the company in connection with making sure that the defendant did not appeal the judgment.
- The company's lawsuit against one of the clients, where the company is demanding an amount of SR 15,409 at the Sixth Law Department of the General Court in Riyadh, and it is still pending before the court.
- Al-Bandariya Dairy Company's lawsuit against the company in the amount of SR 1,000,000, a lawsuit in which the plaintiff demands compensation for the damage and defamation of its reputation and an apology to it, for the company to publish an advertisement on the Tadawul website and a ruling was issued on 18 January, 2021, to dismiss the case for the lack of jurisdiction of the committee, and this is a preliminary ruling that is subject to appeal.
- The company's lawsuit against the branch of the Ministry of Environment, Water and Agriculture in the Qassim region, which relates to the request to cancel the negative decision represented in the refusal of the Ministry's branch to submit to the Supreme Court a request for the company's ownership of the entire area that it revived from the land handed over to it. Where an approval was issued by the High Commissioner for the company to own an area of only 74 million square meters of the area it has revived, and the company demands that it be submitted to the Supreme Court by requesting the company to own the rest of the area that it has revived of that land amounting to 116 million square meters. Note that assuming the loss of the lawsuit will be substantially affected On the company due to the connection of the disputed land with the lease contracts entered into by the company. Which represents the main source of income for the company, and the expected losses cannot be determined except when the lawsuit is decided. On 30 March, 2021, a primary ruling was issued by the Administrative Court in the Qassim region in the case filed by the Qassim Holding Company for Investment against the branch of the Ministry of Environment, Water and Agriculture in the Qassim region not accepting the case And based on the opinion of the legal advisor to the company that the reason for rejecting the invitation is due to the lack of jurisdiction of the administrative court to hear the case, and that the specialist is a committee in the Ministry of Environment, Water and Agriculture, and this will be clear to the company upon receiving the primary ruling after two weeks, the company will receive the judgment and object to it before the Administrative Appeal Court .

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**33. Segment reporting**

**Operating sector**

The company's products are manufactured in the Kingdom of Saudi Arabia, and no sector has achieved any of the quantitative limits referred to in the International Financial Reporting Standard "Operating Sectors No. 8", and accordingly, the operational segment information has not been disclosed in the accompanying financial statements.

**Geographical sector**

Local sales represent 100% of the company's sales as of 2020 (2019: 100% local sales). All of the company's assets and liabilities are located in the Kingdom of Saudi Arabia

**34. Financial risk management**

**A) Financial risk factors**

The company's activities expose the following financial risks:

Credit risk.

Liquidity risk.

Market risk (commission rates, foreign exchange risk, price risk and fair value risk).

Foreign exchange risk

Commission rate risk

Price risk

Fair value risk

Capital risk management

Concentration risks

The company's comprehensive risk management program focuses on areas where financial market predictability is scarce and seeks to minimize potential negative impacts on the company's financial performance.

**Credit risk**

Credit risk represents the accounting loss that will be recognized on the date of the financial position if the counterparties fail to comply with the contract. The company has policies in place to limit its exposure to credit risk. The maximum exposure to credit risk at the balance sheet date is as follows:

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	28,880,817	20,579,403
Trade receivables, net	739,465	1,306,520
<b>Total financial assets</b>	<b>29,620,282</b>	<b>21,885,923</b>
<b>Financial liabilities</b>		
Accrued expenses and other liabilities	2,875,347	3,031,580
Trade payables	887,503	932,503
<b>Total financial liabilities</b>	<b>3,762,850</b>	<b>3,964,083</b>

Due to the company's long-term relationships with counterparties and after taking into account its clients' financial position, the company's management does not expect those parties to fail to fulfill their obligations towards the company.

The company's management focuses on credit risk by monitoring the creditworthiness of the existing customers on a quarterly basis and by monthly reviewing the aging analysis of the debt from trade receivables. In monitoring customer credit risk, customers are grouped according to credit characteristics. Clients classified as "high risk" are classified on the list of clients who are not dealt with, and forward contracts are not entered into except with the approval of the Board of Directors, or payment is made in advance.

**Al Gassim Investment Holding company**  
(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**34. Financial risk management (Continued)**

**Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial obligations. Liquidity requirements are monitored on a regular basis and management attempts to provide sufficient liquidity to meet any commitments as they arise.

It is the company's policy to ensure that it always has enough liquidity to be able to meet its obligations as they fall due. To achieve this goal, it seeks to maintain cash balances to meet projected requirements for a period of no less than 30 days.

The following are the entitlements according to the financial liabilities at the end of the fiscal year: -

	<u>Book value</u>	<u>On request or less than a year</u>	<u>More than one year</u>
<b>31 December, 2020</b>			
<b>Financial liabilities</b>			
Accrued liabilities and other credit balances	2,875,347	2,875,347	-
Trade payables	887,503	887,503	-
Zakat provision	3,813,549	3,813,549	-
End of service benefits for employees	982,029	-	982,029
	<u>8,558,428</u>	<u>7,576,399</u>	<u>982,029</u>

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes three types of risk: foreign exchange risk, commission rate risk and other price risk.

**Foreign exchange risk**

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Most of the company's transactions are in Saudi riyals or currencies pegged to the Saudi riyal. Therefore, the impact of foreign currency risk on the company is not significant.

**Commission rate risk**

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates.

The company is not exposed to commission rate risk, as the company does not have any commission bearing financial instruments.

**Price risk**

Price risk is the risk that the value of a company's financial instruments will fluctuate due to changes in market prices due to factors other than the movement of foreign exchange rates and commissions.

Price risk arises mainly from uncertainty about the prices of future financial instruments that the company owns. The company's management closely monitors the price movement of its financial instruments listed in foreign markets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

**34. Financial risk management (Continued)**

**Fair value risk**

The fair value of financial instruments traded in active markets depends on the quoted market prices at the end of trading on the reporting date. Unreported instruments are valued at the most recent offer price.

An active market is a market in which assets and liabilities are traded with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less provision for impairment, if any, of financial instruments recorded at amortized cost is assumed to approximate their fair value.

The fair value hierarchy contains the following levels:

Level 1: market prices (unadjusted) in active markets for identical assets or liabilities that may be reached on the measurement date.

Level 2: Valuation techniques at which the lowest level of income that is significant to the fair value measurement can be directly or indirectly observed.

Level 3: Valuation techniques for which it is not possible to observe the lowest level of income that is significant to the fair value measurement.

The following table analyzes the financial instruments of the company on 31 December, 2020 and 31 December, 2019 according to the level of the hierarchy

For the fair value (by category) into which the fair value measurement is categorized:

<b>Equity</b>	<b>2020</b>	<b>2019</b>
level one	--	--
Second Level	13,677,264	11,152,331
Third level	--	--
	<b>13,677,264</b>	<b>11,152,331</b>

\* The second level investments include investments in equity instruments of companies not listed on the financial market in the Kingdom of Saudi Arabia.

**Capital risk management**

The firm's objectives when managing capital are to maintain the firm's ability to continue as a going concern, so that it can continue to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may obtain / repay financing to / from the financial institutions.

In line with industry peers, the company manages capital risk by monitoring its debt levels and liquid assets taking into account future investment requirements and shareholder expectations. The main information related to the company's capital risk management as of 31 December, 2020 and 2019 was as follows:

	<b>2020</b>	<b>2019</b>
Total debt	93,757,501	94,622,211
Discounted: Cash and cash equivalents	(28,880,817)	(20,579,403)
Net debt	64,876,684	74,042,808
Total shareholders' equity	290,946,091	295,174,555
Share capital (equity + net debt)	355,822,775	369,217,363
Debt Ratio	%26	%26

**Concentration risks**

It is the risk of concentrating the company's revenues in a limited number of customers, which would result in the event of stopping sales for those customers who represent a substantial percentage of the company's revenues for any reason, such as the end of the contract, to achieving large losses for the company, which threatens its ability to continue. One of the company's clients represents the largest substantial percentage of the company's debts and revenues. The administration is in the process of taking necessary measures to continuously expand the client base.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(All amounts are in Saudi Riyal unless otherwise stated)

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**35. Impact of the Covid-19 Pandemic**

The outbreak of the new Corona virus ("Covid-19") since the beginning of 2020, and its spread in China and then worldwide, has caused disruption to business and economic activity globally, including the Kingdom of Saudi Arabia, and the World Health Organization declared the virus to be classified as a pandemic, which necessitated the establishment of management. The company shall review its significant judgments when applying the company's accounting policies, methods of calculation, and the main sources of estimates applied to the annual financial statements for the year ending on 31 December, 2020. Although it is difficult now to predict the full extent and duration of the resulting impact on commercial and economic businesses, the company's management has fully evaluated the impact on the operations and aspects of the company's business operations, and it has been found, as at the date of issuance of these financial statements, that substantial changes are not required to the judgments and estimates. Main. However, in light of the current lack of clarity, any future change in assumptions and estimates may result in a material adjustment to the carrying values of the assets or liabilities affected in future periods. Given the rapidly evolving situation and the associated uncertainty, management will continue to evaluate the resulting impact in accordance with future developments.

**36. Comparative figures**

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

**37. Approval of the financial statements**

The accompanying financial statements were approved by the Company's Board of Directors on 18 Shaban, 1442, corresponding to 31 March, 2021.