

**SAUDI MARKETING COMPANY (FARM
SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS AND SIX MONTHS PERIODS
ENDED JUNE 30, 2019**

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Saudi Marketing Company (Farm Superstores) and its subsidiary
(A Saudi Joint Stock Company)
Dammam, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Saudi Marketing Company (Farm Superstores) ("the Company") and its subsidiary (collectively referred to as "the Group") which comprises of consolidated interim statement of financial position as at June 30, 2019, consolidated interim statement of profit or loss and other comprehensive income for the three months and six months periods then ended and consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the six months period then ended and summary of significant accounting policies and selected notes from (1) to (9).

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – ("IAS 34") "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared in all material respects, in accordance with IAS 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.

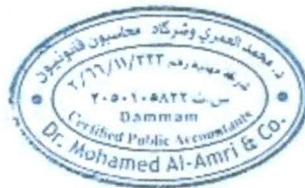
Other Matter

The consolidated financial statements for the year ended December 31, 2018 and condensed consolidated interim financial statements for the quarter ended March 31, 2019 were audited/reviewed by another auditor whose reports dated Rajab 27, 1440-II (corresponding to April 03, 2019) and Ramadan 9, 1440H (corresponding to May 14, 2019) respectively, contained an unqualified opinion/conclusion thereon.

For Dr. Mohamed Al-Amri & Co.



Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



August 7, 2019 G
Dhul Hijjah 6, 1440 II

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

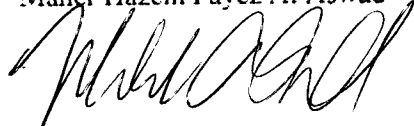
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019
(Expressed in Saudi Riyals)

	Notes	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		698,181,330	706,547,798
Investment properties		29,443,972	29,536,923
Intangible assets		4,172,271	3,685,707
Right of use assets	3	987,035,546	-
Prepaid lease rental		-	600,000
Equity instrument at FVOCI		519,412	519,412
TOTAL NON-CURRENT ASSETS		1,719,352,531	740,889,840
CURRENT ASSETS			
Inventories		728,483,942	695,081,578
Due from a related party		47,341,199	70,764,962
Prepayments and other receivables		27,181,473	58,862,024
Trade receivables		21,640,792	13,388,081
Cash and cash equivalents		13,352,947	16,234,096
TOTAL CURRENT ASSETS		838,000,353	854,330,741
TOTAL ASSETS		2,557,352,884	1,595,220,581
EQUITY AND LIABILITIES			
EQUITY			
Share capital		450,000,000	450,000,000
Statutory reserve		91,858,387	91,858,387
Retained earnings		28,562,982	27,388,567
Fair value reserve of equity instrument at FVOCI		(738,417)	(738,417)
Equity attributable to the shareholders of the Company		569,682,952	568,508,537
Non-controlling interest		211,312	233,845
TOTAL EQUITY		569,894,264	568,742,382
NON-CURRENT LIABILITIES			
Term loans	7	59,861,112	122,916,662
Lease liability	3	903,760,692	-
Employees' terminal benefits		51,276,308	49,259,660
TOTAL NON-CURRENT LIABILITIES		1,014,898,112	172,176,322
CURRENT LIABILITIES			
Accounts payables and accruals		359,471,581	349,500,438
Short-term loans		314,922,531	264,993,818
Current portion of term loans	7	213,972,216	232,856,479
Current portion of lease liability	3	81,792,564	-
Advances against sub lease		1,542,245	2,922,707
Zakat provision		859,371	4,028,435
TOTAL CURRENT LIABILITIES		972,560,508	854,301,877
TOTAL LIABILITIES		1,987,458,620	1,026,478,199
TOTAL EQUITY AND LIABILITIES		2,557,352,884	1,595,220,581

The accompanying notes from 1 to 9 form an integral part of these condensed consolidated interim financial statements

CEO

Maher Hazem Fayez Al Aswad



CFO

Abduljalcel Mahmoud Atieh Daoud



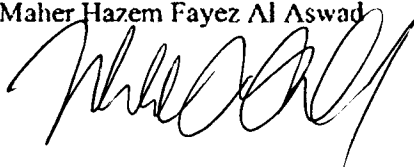
SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2019 (UNAUDITED)
(Expressed in Saudi Riyals)


	For the three months period ended June 30		For the six months period ended June 30	
	2019	2018 (Restated-note 8)	2019	2018 (Restated-note 8)
Revenue	402,513,256	400,892,264	791,933,310	775,342,175
Cost of revenue	(287,003,199)	(307,176,397)	(559,808,617)	(568,572,533)
GROSS PROFIT	115,510,057	93,715,867	232,124,693	206,769,642
Selling and distribution expenses	(78,996,433)	(87,131,714)	(162,218,848)	(167,087,152)
General and administrative expenses	(23,999,277)	(22,510,430)	(46,675,339)	(44,477,802)
PROFIT / (LOSS) FROM OPERATIONS	12,514,347	(15,926,277)	23,230,506	(4,795,312)
Finance cost	(17,658,872)	(4,732,489)	(35,160,067)	(8,928,836)
Other income, net	8,943,072	8,988,926	13,117,047	16,630,530
INCOME / (LOSS) BEFORE ZAKAT	3,798,547	(11,669,840)	1,187,486	2,906,382
Zakat	(35,604)	396,594	(35,604)	(497,996)
NET INCOME / (LOSS) FOR THE PERIOD	3,762,943	(11,273,246)	1,151,882	2,408,386
Attributable to:				
Shareholders of the Company	3,775,623	(11,266,737)	1,174,415	2,408,604
Non-controlling interests	(12,680)	(6,509)	(22,533)	(218)
	3,762,943	(11,273,246)	1,151,882	2,408,386
OTHER COMPREHENSIVE LOSS				
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>				
Net loss on equity instruments at FVOCI	-	-	-	(738,417)
TOTAL COMPREHENSIVE INCOME / (LOSS)	3,762,943	(11,273,246)	1,151,882	1,669,969
Attributable to:				
Shareholders of the Company	3,775,623	(11,266,737)	1,174,415	1,670,187
Non-controlling interests	(12,680)	(6,509)	(22,533)	(218)
	3,762,943	(11,273,246)	1,151,882	1,669,969
EARNING / (LOSS) PER SHARE				
Number of shares outstanding	45,000,000	45,000,000	45,000,000	45,000,000
Basic and diluted earning / (loss) per share from net income / (loss) attributable to the equity holders of the Company	0.08	(0.25)	0.03	0.05

The accompanying notes from 1 to 9 form an integral part of these condensed consolidated interim financial statements.

CEO
Maher Hazem Fayez Al Aswad



CFO
Abduljaleel Mahmoud Atieh Daoud




SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UNAUDITED)
(Expressed in Saudi Riyals)

	-----Attributable to the shareholders of the Company-----						
				Fair value reserve of equity instrument at FVOCI		Non- controlling interest	Total Equity
	Share capital	Statutory reserve	Retained earnings		Total		
At January 01, 2018 (restated-note 8)	450,000,000	91,480,289	52,279,281	-	593,759,570	226,913	593,986,483
Net income for the period (restated-note 8)	-	-	2,408,604	-	2,408,604	(218)	2,408,386
Other comprehensive loss (restated-note 8)	-	-	-	(738,417)	(738,417)	-	(738,417)
Total comprehensive income (restated-note 8)	-	-	2,408,604	(738,417)	1,670,187	(218)	1,669,969
Dividends	-	-	(33,750,000)	-	(33,750,000)	-	(33,750,000)
At June 30, 2018 (un-audited) (restated-note 8)	450,000,000	91,480,289	20,937,885	(738,417)	561,679,757	226,695	561,906,452
At January 01, 2019 (audited)	450,000,000	91,858,387	27,388,567	(738,417)	568,508,537	233,845	568,742,382
Net income for the period	-	-	1,174,415	-	1,174,415	(22,533)	1,151,882
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,174,415	-	1,174,415	(22,533)	1,151,882
At June 30, 2019	450,000,000	91,858,387	28,562,982	(738,417)	569,682,952	211,312	569,894,264

The accompanying notes from 1 to 9 form an integral part of these condensed consolidated interim financial statements.


CEO
Maher Hazem Fayed Al Aswad


CFO
Abduljaleel Mahmoud Atieh Daoud

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UNAUDITED)
(Expressed in Saudi Riyals)

	June 30, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		(note 8)
Income before zakat	1,187,486	2,906,382
<i>Adjustments for non –cash items to reconcile profit before zakat to net cash flows</i>		
Depreciation of property and equipment	24,650,623	24,379,073
Depreciation of investment properties	92,951	92,951
Amortisation of right of use assets	34,654,232	-
Amortisation of intangible assets	493,502	356,417
Provision for employees' terminal benefits, net	2,016,648	2,311,631
Gain on disposal of property and equipment	(145,343)	(10,498)
Finance costs	35,160,067	8,928,836
	98,110,166	38,964,792
<i>Working capital adjustments</i>		
Inventories	(33,402,364)	(54,216,475)
Due from a related party	23,423,763	-
Prepayments and other receivables	9,704,552	(675,893)
Trade receivables	(8,252,711)	(16,292,575)
Investment held for trading	-	7,296,220
Accounts payable and accruals	12,732,462	87,798,931
Advances against sub-lease	(1,380,462)	(5,442,796)
Cash provided by operations	100,935,406	57,432,204
Finance charges paid	(12,163,165)	(8,928,836)
Zakat paid	(3,204,668)	(1,758,882)
Net cash generated from operating activities	85,567,573	46,744,486
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(16,284,159)	(38,386,033)
Purchase of investment properties	-	1,380,888
Proceeds from disposal of property and equipment	145,347	16,400
Additions to intangible assets	(980,066)	(142,500)
Net cash used in investing activities	(17,118,878)	(37,131,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in term loans	(81,939,813)	27,262,368
Net change in short term loans	49,928,713	(1,994,169)
Dividends paid	-	(33,750,000)
Payment of lease liability	(39,318,744)	-
Net cash used in financing activities	(71,329,844)	(8,481,801)
Net change in cash and cash equivalents	(2,881,149)	1,131,440
Cash and cash equivalents at January 01,	16,234,096	19,989,342
Cash and cash equivalents at June 30,	13,352,947	21,120,782
Significant non-cash transactions:		
Right of use assets recognised against advance lease prepayments (note 3)	21,975,999	-
Right of use assets recognised against accrued lease rent (note 3)	2,761,319	-
Lease finance charges (note 3)	22,396,902	-

The accompanying notes from 1 to 9 form an integral part of these condensed consolidated interim financial statements.

CEO

Maher Hazem Fayez Al Aswad

CFO

Abduljaleel Mahmoud Atieh Daoud

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2019
(Expressed in Saudi Riyals)

1. Corporate information

Saudi Marketing Company (Farm Superstores) (the "Company") is a Saudi Joint Stock Company registered in Dammam, Kingdom of Saudi Arabia under commercial registration number 2050006430 dated Muharram 2, 1399H (corresponding to December 3, 1978).

At the reporting date, the Company has the following subsidiary (collectively referred to as the "Group"):

Subsidiary name	Country of incorporation	Effective ownership interest (%)	
		June 30, 2019	December 31, 2018
Pure Springs Agencies & Trading Company Ltd.	Saudi Arabia	90.00	90.00

The Company owned 99.95% of Saudi Marketing and Trading S.A.L (Holding) - ("SMTS") till its disposal on November 5, 2018. Accordingly, the comparative figures for the six-month period ended June 30, 2018, included the results of the aforementioned subsidiary.

The Group is engaged in the following activities:

- Wholesale and retail of foodstuff, household consumables, toys, textiles and stationary,
- Marketing services on behalf of third parties and managing and operating bakeries,
- Managing and operating restaurants and coffee shops and providing fast food items and cold and hot beverages,
- Establishment, operation and maintenance of amusement centers.

2. Basis of preparation and basis of measurement

2.1 Statement of compliance

These condensed consolidated interim financial statements for the three months and six months periods ended June 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in annual consolidated financial statements to be prepared in accordance with IFRS that are endorsed in KSA and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2018.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of International Financial Reporting Standard 16 'Leases' ("IFRS 16") at its effective date January 01, 2019 (note 3).

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared using the accruals basis of accounting under the historical cost convention, except for the remeasurement of equity instrument at fair value through other comprehensive income and employees' benefits that have been measured at the present value of the expected benefits obligations.

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2019
(Expressed in Saudi Riyals)

The condensed consolidated interim financial statements are presented in Saudi Riyal (SR) which is also the functional currency of the Group.

2.3 Basis of consolidation

The condensed consolidated interim financial statements of the Group incorporate the financial statements of the Company and its subsidiary. A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following three elements:

- a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- b) Exposure, or rights, to variable returns from its involvement with the investee and;
- c) The ability to use its power over the investee to affect its returns.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Inter-group investments, transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of financial position and interim consolidated statement of changes in equity, respectively.

3. New accounting policies

IFRS 16 - Leases

The Group has adopted IFRS 16 from its mandatory adoption date of January 1, 2019 using the modified simplified transition approach as permitted under the specific transition provisions of the standard. As a result, comparatives for 2018 financial year have not been restated.

In adopting IFRS 16, the Company has applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases in accordance with IAS 17 as short-term leases with a remaining lease term of less than 12 months at January 1, 2019;
- exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2019
(Expressed in Saudi Riyals)

Upon adoption of IFRS 16, the Group has recognised a lease liability along with the associated right of use assets in relation to contracts that have been concluded to be leases as per the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using Group's internal incremental borrowing rate as of January 1, 2019. The associated right of use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepayments and accruals relating to that lease recognised in the consolidated statement of financial position as at December 31, 2018.

The following table reconcile the operating lease commitments under IAS 17 to lease liability as per IFRS 16 as of January 1, 2019:

	SR
Operating lease commitments disclosed as at December 31, 2018	1,460,150,250
Discounting impact using Group's internal incremental borrowing rates (notes a & b)	447,810,598
Less: short-term leases recognised on a straight-line basis as expense	9,864,554
Lease liability recognised as at January 1, 2019	1,002,475,098
Add: prepayments related to leases as at January 1, 2019	21,975,999
less: accrued rent related to leases at January 1, 2019	(2,761,319)
Right of use assets as at January 1, 2019	<u>1,021,689,778</u>

Lease liabilities as at period end are as follows:

	June 30, 2019
Non-current portion of lease liabilities	903,760,692
Current portion of lease liabilities	81,792,564
Total lease liabilities	<u>985,553,256</u>

Notes:

- a) The carrying value of Right of use asset as at June 30, 2019 is SR 987,035,546. The Group recognized amortization of Right of use assets amounted to SR 34,654,232 during the six months period ended June 30, 2019.
- b) the Group recognized finance costs amounted to SR 22,396,902 during the six months period ended June 30, 2019.
- c) discount rate applied by the Group for computing the lease liability ranged from 4.59% per annum to 5.77% per annum for periods varying between 5 years to 24 years.

Leases are recognised as right of use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated among the liability settlement and finance cost. The finance cost is recognised in the consolidated statement of profit or loss and other comprehensive income over the lease term. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs; if applicable.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2019**
(Expressed in Saudi Riyals)

Lease liabilities include, if applicable, the net present value of:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Short term leases

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

Variable lease payments

Some leases contain variable payments that are linked to the usage / performance of the leased asset. Such payments are recognised in consolidated interim statement of profit or loss and other comprehensive income.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

4. Segmental information

Operating segments

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- a) The retail segment, this segment includes sale of goods to customers commonly at the store checkout for the sales via the Group's stores.
- b) The household segment, this segment includes sale of goods to the wholesale customers.
- c) The entertainment service segment, this segment includes services provided by operating kids play grounds "Adventure World".

The selected information for each operating segment for the periods ended June 30, 2019 and June 30, 2018 were as follows:

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2019
(Expressed in Saudi Riyals)

Period ended June 30, 2019	Retail	Household	Entertainment services	Total
Revenue	762,692,625	10,257,866	18,982,819	791,933,310
Profit/(loss) from operations	18,747,118	(2,643,226)	7,126,614	23,230,506
Net income/(loss) for the period attributable to shareholders	1,756,363	(1,785,413)	1,203,465	1,174,415
Total non-current assets	1,640,158,531	-	79,194,000	1,719,352,531
Total assets	2,478,158,884	-	79,194,000	2,557,352,884
Total liabilities	1,987,458,620	-	-	1,987,458,620
Period ended June 30, 2018	Retail	Household	Entertainment services	Total
Revenue	748,219,689	5,861,674	21,260,812	775,342,175
(Loss) / profit from operations	(3,718,782)	(5,972,203)	4,895,673	(4,795,312)
Net income/(loss) for the period attributable to shareholders	3,215,896	(2,554,924)	1,747,632	2,408,604
Total non-current assets	782,151,082	-	74,331,028	856,482,110
Total assets	1,572,047,283	-	74,331,028	1,646,378,311
Total liabilities	1,084,471,859	-	-	1,084,471,859

Geographical segments

The following tables summaries the Group's geographical segmental information for the periods ended June 30, 2019 and June 30, 2018:

Period ended June 30, 2019	Kingdom of Saudi Arabia	Republic of Lebanon	Total
Revenue	791,933,310	-	791,933,310
Profit from operations	23,230,506	-	23,230,506
Net income for the period	1,174,415	-	1,174,415
Total non current assets	1,719,352,531	-	1,719,352,531
Total assets	2,557,352,884	-	2,557,352,884
Total liabilities	1,987,458,620	-	1,987,458,620
Period ended June 30, 2018	Kingdom of Saudi Arabia	Republic of Lebanon	Total
Revenue	774,556,831	785,344	775,342,175
(Loss) / profit from operations	(7,416,798)	2,621,486	(4,795,312)
Net income /(loss) for the period	5,034,665	(2,626,061)	2,408,604
Total non current assets	742,888,292	113,593,818	856,482,110
Total assets	1,521,119,856	125,258,455	1,646,378,311
Total liabilities	1,080,104,514	4,367,345	1,084,471,859

SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
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(Expressed in Saudi Riyals)

5. Commitment and contingences

The Group's Bankers have issued payment guarantees, on behalf of the Group, amounting to SR 11.9 million (2018: SR 11.8 million). The Group has future capital commitments of SR 5.6 million (2018: SR 2.8 million) in respect of construction and renovation of various outlets.

6. Subsequent events

In the opinion of management, there have been no significant subsequent events since the period ended June 30, 2019 that would have a material impact on the financial position of the Group as reflected in these condensed consolidated interim financial statements.

7. Term loans

The loan agreements include covenants which among other things, require certain financial ratios to be maintained. The Group was in violation with certain covenants for three of its term loans upon which the non-current portion amounted to SR 72.6 million has been reclassified to current liabilities (As at December 31, 2018: SR 71.9 million).

8. Restatement and reclassifications

During the year ended December 31, 2018, Group's management noted certain errors relating to year ended December 31, 2017, which had been corrected by restating the year ended December 31, 2017. Additionally, there was an adjustment posted to January 1, 2018 retained earnings balance in conjunction with IFRS 9 first time adaption.

Also, the Group's management noted overstatement in certain expenses during the three months and six-months period ended June 30, 2018. Those errors had been corrected by restating the comparative figures presented in these condensed consolidated interim financial statements in accordance with the requirements of IAS 8. Summarised below the reconciliation between the previously reported balances as of June 30, 2018 and totals for the three months and six-months periods ended June 30, 2018:

Impact on retained earnings as of January 1, 2018:

	<u>SR</u>
Retained earnings as of January 1, 2018 as previously reported before restatement	107,139,077
Property and equipment impairment adjustment	(41,146,125)
Inventory net realisable value adjustment	(3,641,857)
Net understatement of expenses adjustment	(7,618,551)
IFRS 9 first time adaption adjustment	(2,453,263)
Retained earnings as of January 1, 2018 after restatement	<u>52,279,281</u>

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Impact on the consolidated interim statement of profit or loss and other comprehensive income:

Six months period ended June 30, 2018	Previously reported	Reclassifications	Adjustments	Restated
Revenue	933,720,960	(158,378,785)	-	775,342,175
Cost of revenue	(701,606,986)	133,034,453	-	(568,572,533)
Selling and distribution expenses	(223,128,624)	53,896,662	2,144,810	(167,087,152)
General and administration expenses	-	(44,477,802)	-	(44,477,802)
Other income, net	705,058	15,925,472	-	16,630,530
Net income attributable to the shareholders	263,794	-	2,144,810	2,408,604
Total comprehensive income attributable to the shareholders	263,794	-	1,406,393	1,670,187
Earning per share				
Basic and diluted net income per share	0.01	-	-	0.05

Three months period ended June 30, 2018	Previously reported	Reclassifications	Adjustments	Restated
Revenue	481,404,889	(80,512,625)	-	400,892,264
Cost of revenue	(375,365,316)	68,188,919	-	(307,176,397)
Selling and distribution expenses	(113,080,573)	25,904,804	44,055	(87,131,714)
General and administration expenses	-	(22,510,430)	-	(22,510,430)
Other income, net	59,594	8,929,332	-	8,988,926
Zakat	(153,619)	-	550,213	396,594
Net loss attributable to the shareholders	(11,861,005)	-	594,268	(11,266,737)
Total comprehensive loss attributable to the shareholders	(11,861,005)	-	594,268	(11,266,737)
Earning per share				
Basic and diluted net loss per share	(0.26)	-	-	(0.25)

Notes:

- Certain prior years figures have been reclassified to conform with the current period's presentation.
- An amount of SR 2,453,263 included in the above retained earnings adjustment pertains to the allowance for expected credit loss resulting from first time adaption of IFRS 9.

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Impact on consolidated interim statement of cash flows

Amounts presented in the comparative consolidated interim statement of cash flow for the six-months period had been affected by the aforementioned adjustments.

9. Approval of condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Board of Directors on August 7, 2019 G).