

**SAUDI MARKETING COMPANY**  
**(FARM SUPERSTORES)**  
(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, 2020**

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**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(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, 2020**

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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)  
(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 condensed consolidated interim statement of financial position as at June 30, 2020, condensed consolidated interim statement of profit or loss and other comprehensive income for the three months and six months periods then ended and condensed consolidated interim statement of changes in equity and condensed 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 (11).

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.

For Dr. Mohamed Al-Amri & Co.



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

August 19, 2020 G  
Dhul Hijjah 29, 1441 H

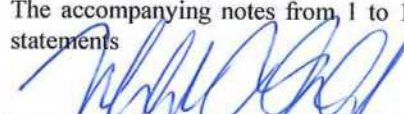


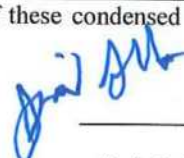
**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**  
(Expressed in Saudi Riyals)

	Notes	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	672,395,502	686,504,058
Right of use assets		678,246,745	711,661,777
Investment properties		29,258,071	29,351,022
Intangible assets		4,357,307	3,634,573
Investment in equity instruments at fair value through other comprehensive income		324,997	506,406
<b>Total non-current assets</b>		<b>1,384,582,622</b>	<b>1,431,657,836</b>
<b>Current assets</b>			
Inventories		785,224,200	759,501,721
Trade receivables		15,689,900	10,852,116
Prepayments and other receivables		33,941,159	29,705,994
Due from related parties		7,084,659	10,282,307
Cash and cash equivalents		19,838,114	20,675,252
<b>Total current assets</b>		<b>861,778,032</b>	<b>831,017,390</b>
<b>TOTAL ASSETS</b>		<b>2,246,360,654</b>	<b>2,262,675,226</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		450,000,000	450,000,000
Statutory reserve		92,884,188	92,884,188
Retained earnings		62,234,980	34,928,245
Fair value reserves		(932,832)	(751,423)
<b>Equity attributable to the shareholders of the Company</b>		<b>604,186,336</b>	<b>577,061,010</b>
Non-controlling interest		246,948	285,793
<b>Total equity</b>		<b>604,433,284</b>	<b>577,346,803</b>
<b>Non-current liabilities</b>			
Term loans	5	30,277,764	71,944,444
Lease liability		655,193,105	675,340,354
Employees' end of service benefits		56,257,936	54,127,994
<b>Total non-current liabilities</b>		<b>741,728,805</b>	<b>801,412,792</b>
<b>Current liabilities</b>			
Trade payables and accruals		421,982,844	323,842,523
Short-term loans	5	316,000,000	370,969,527
Current portion of term loans	5	103,500,000	123,666,659
Current portion of lease liability		51,857,738	57,922,593
Advances against sub lease		1,685,725	3,961,932
Provision for zakat	6	5,172,258	3,552,397
<b>Total current liabilities</b>		<b>900,198,565</b>	<b>883,915,631</b>
<b>Total liabilities</b>		<b>1,641,927,370</b>	<b>1,685,328,423</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,246,360,654</b>	<b>2,262,675,226</b>

The accompanying notes from 1 to 11 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)**  
(A Saudi Joint Stock Company)

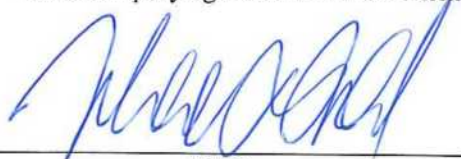
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UNAUDITED)**

**FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2020**

(Expressed in Saudi Riyals)

	Note	For the three months period ended June 30		For the six months period ended June 30	
		2020	2019	2020	2019
Revenue		566,396,946	402,513,256	1,028,479,886	791,933,310
Cost of revenue		(434,360,883)	(287,003,199)	(777,079,900)	(559,808,617)
<b>Gross profit</b>		<b>132,036,063</b>	<b>115,510,057</b>	<b>251,399,986</b>	<b>232,124,693</b>
Selling and distribution expenses		(83,807,431)	(78,996,433)	(162,536,015)	(162,218,848)
General and administrative expenses		(20,198,027)	(23,999,277)	(41,745,875)	(46,675,339)
<b>Profit from operations</b>		<b>28,030,605</b>	<b>12,514,347</b>	<b>47,118,096</b>	<b>23,230,506</b>
Finance cost		(13,167,759)	(17,658,872)	(28,237,742)	(35,160,067)
Other income, net		5,690,987	8,943,072	10,007,397	13,117,047
<b>Profit before zakat</b>		<b>20,553,833</b>	<b>3,798,547</b>	<b>28,887,751</b>	<b>1,187,486</b>
Zakat		(1,411,513)	(35,604)	(1,619,861)	(35,604)
<b>NET PROFIT FOR THE PERIOD</b>		<b>19,142,320</b>	<b>3,762,943</b>	<b>27,267,890</b>	<b>1,151,882</b>
Other comprehensive loss		(181,409)	-	(181,409)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>18,960,911</b>	<b>3,762,943</b>	<b>27,086,481</b>	<b>1,151,882</b>
<b>Net profit / (loss) attributable to:</b>					
Shareholders of the Company		19,189,845	3,775,623	27,306,735	1,174,415
Non-controlling interests		(47,525)	(12,680)	(38,845)	(22,533)
		<b>19,142,320</b>	<b>3,762,943</b>	<b>27,267,890</b>	<b>1,151,882</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		19,008,436	3,775,623	27,125,326	1,174,415
Non-controlling interests		(47,525)	(12,680)	(38,845)	(22,533)
		<b>18,960,911</b>	<b>3,762,943</b>	<b>27,086,481</b>	<b>1,151,882</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share from net profit attributable to the equity holders of the Company	8	<b>0.43</b>	<b>0.08</b>	<b>0.61</b>	<b>0.03</b>

The accompanying notes from 1 to 11 form an integral part of these condensed consolidated interim financial statements.



**CEO**

Maher Hazem Fayeze Al Aswad



**CFO**

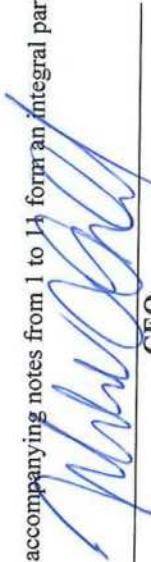
Abduljaleel Mahmoud Atieh Daoud

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


**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**  
(Expressed in Saudi Riyals)

-----Attributable to the shareholders of the Company-----						
	Share capital	Statutory reserve	Retained earnings	Fair value reserves	Non-controlling interest	Total equity
At January 01, 2019 (audited)	450,000,000	91,858,387	27,388,567	(738,417)	233,845	568,742,382
Net profit for the period	-	-	1,174,415	-	(22,533)	1,151,882
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,174,415	-	-	-
At June 30, 2019 (un-audited)	450,000,000	91,858,387	28,562,982	(738,417)	211,312	569,894,264
At January 01, 2020 (audited)	450,000,000	92,884,188	34,928,245	(751,423)	285,793	577,346,803
Net profit for the period	-	-	27,306,735	-	(38,845)	27,267,890
Other comprehensive loss	-	-	-	(181,409)	-	(181,409)
Total comprehensive income for the period	-	-	27,306,735	(181,409)	-	-
At June 30, 2020 (un-audited)	450,000,000	92,884,188	62,234,980	(932,832)	246,948	604,433,284

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim financial statements.

  
CEO

Maher Hazem Fayeze Al Aswad



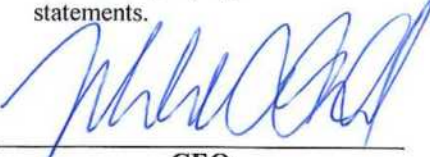
CFO  
Abduljaleel Mahmoud Atieh Daoud

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020**  
(Expressed in Saudi Riyals)

	June 30, 2020	June 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before zakat	28,887,751	1,187,486
<i>Adjustments for non –cash items to reconcile profit before zakat to net cash flows</i>		
Depreciation of property and equipment	25,068,237	24,650,623
Depreciation of right of use assets	33,862,036	34,654,232
Depreciation of investment properties	92,951	92,951
Amortisation of intangible assets	668,069	493,502
Provision for employees' end of service benefits, net	2,129,942	2,016,648
Loss / (gain) on disposal of property and equipment	3,995	(145,343)
Finance cost	28,237,742	35,160,067
	<b>118,950,723</b>	<b>98,110,166</b>
<i>Working capital adjustments</i>		
Inventories	(25,722,479)	(33,402,364)
Trade receivables	(4,837,784)	(8,252,711)
Prepayments and other receivables	(4,235,165)	9,704,552
Due from related parties	3,197,648	23,423,763
Trade payable and accruals	98,140,321	12,732,462
Advances against sub-lease	(2,276,207)	(1,380,462)
Cash provided by operations	183,217,057	100,935,406
Finance cost paid	(8,553,253)	(12,163,165)
Zakat paid	-	(3,204,668)
<b>Net cash generated from operating activities</b>	<b>174,663,804</b>	<b>85,567,573</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(11,328,606)	(16,284,159)
Proceeds from disposal of property and equipment	364,930	145,347
Additions to intangible assets	(1,390,803)	(980,066)
<b>Net cash used in investing activities</b>	<b>(12,354,479)</b>	<b>(17,118,878)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in term loans	(61,833,339)	(81,939,813)
Net change in short term loans	(54,969,527)	49,928,713
Payment of lease liability	(46,343,597)	(39,318,744)
<b>Net cash used in financing activities</b>	<b>(163,146,463)</b>	<b>(71,329,844)</b>
<b>Net change in cash and cash equivalents</b>	<b>(837,138)</b>	<b>(2,881,149)</b>
Cash and cash equivalents at January 01,	20,675,252	16,234,096
Cash and cash equivalents at June 30,	<b>19,838,114</b>	<b>13,352,947</b>

The accompanying notes from 1 to 11 form an integral part of these condensed consolidated interim financial statements.



**CEO**

Maher Hazem Fayeze Al Aswad



**CFO**

Abduljaleel Mahmoud Atieh Daoud



**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(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, 2020**

(Expressed in Saudi Riyals)

**1. CORPORATE INFORMATION AND GROUP STRUCTURE**

Saudi Marketing Company (Farm Superstores) (the "Company") is a Saudi Joint Stock Company registered in Dammam, Kingdom of Saudi Arabia (KSA) under Commercial Registration number 2050006430 dated Muharram 2, 1399H (corresponding to December 3, 1978). The Company has various branches all over the Kingdom of Saudi Arabia. The Company's registered office is P.O. Box 4605, Dammam 31412, Kingdom of Saudi Arabia.

As of 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, 2020	December 31, 2019
Pure Springs Agencies & Trading Company Ltd.	Saudi Arabia	90	90

The subsidiary is engaged in managing and operating coffee shops.

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, 2020 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 prepared in accordance with International Financial Reporting Standards that are endorsed in KSA and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019.

The methods of computation and accounting policies adopted in the preparation of these 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, 2019.

The significant judgements made by management in applying the Group's key sources of estimation uncertainty were same as those described in the Group's annual consolidated financial statements for the year ended December 31, 2019.



**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(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, 2020**

(Expressed in Saudi Riyals)

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**2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT (Continued)**

**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 (FVOCI) and employees' benefits that have been measured at the fair value and present value, respectively. As of June 30, 2020 and December 31, 2019, the carrying values of the financial assets and financial liabilities approximate to their fair values. Investment in equity instrument at FVOCI is determined at level 1 of the fair value hierarchy.

These 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**

These condensed consolidated interim financial statements of the Group incorporate the financial statements of the Company and its subsidiary as mentioned in note 1. 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. Material inter-group investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiary is 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 condensed consolidated interim statement of financial position, condensed consolidated interim statement of profit or loss and other comprehensive income and condensed consolidated interim statement of changes in equity respectively.

**2.4. New accounting standards, interpretations and amendments**

The following amendments to accounting standards and interpretations are effective for annual periods beginning on or after January 01, 2020. These amendments and interpretations did not have a significant impact on the Group's condensed consolidated interim financial statements:

- Amendments to references to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(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, 2020**

(Expressed in Saudi Riyals)

**2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT (Continued)**

The following standards and interpretations are effective for annual periods beginning on or after January 01, 2021. Earlier application of these standards are permitted, however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements. These standards are not expected to have a significant impact on the Group's condensed consolidated interim financial statements:

- IFRS 17 Insurance Contracts - effective from January 01, 2023;
- Classification of Liabilities as current / noncurrent (Amendments to IAS 1) - effective from January 01, 2022;
- Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - Available for optional adoption/effective date deferred indefinitely.

**3. SEGMENT INFORMATION**

**Operating segments**

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

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

All of the Group's operations are located in the Kingdom of Saudi Arabia. The selected information for each operating segment for the period ended June 30, 2020 and June 30, 2019 are as follows:

Period ended June 30, 2020 (unaudited)	Retail	Household	Entertainment services	Total
Revenue	1,017,199,117	4,636,413	6,644,356	1,028,479,886
Profit / (loss) from operations	51,070,683	214,643	(4,167,230)	47,118,096
Net income/(loss) for the period attributable to shareholders	35,837,825	(2,529,728)	(6,001,362)	27,306,735
Total non-current assets	1,267,352,883	-	117,229,739	1,384,582,622
Total assets	2,129,130,915	-	117,229,739	2,246,360,654
Total liabilities	1,641,927,370	-	-	1,641,927,370
Period ended June 30, 2019 (unaudited)	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



**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(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, 2020**  
(Expressed in Saudi Riyals)

**4. PROPERTY AND EQUIPMENT**

During the six months period ended June 30, 2020, the Group acquired property and equipment with a cost of SR 11.3 million (June 30, 2019: SR 16.2 million) and disposed off assets with a cost of SR 1.1 million (June 30, 2019: SR. 0.5 million).

**5. LOANS AND BORROWINGS**

		<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>Notes</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Term loans - non-current portion	5.1	<b>30,277,764</b>	71,944,444
- current portion	5.1	<b>103,500,000</b>	123,666,659
		<b>133,777,764</b>	195,611,103
Short term loans	5.2	<b>316,000,000</b>	370,969,527
		<b>449,777,764</b>	566,580,630

**5.1 Term loans**

Various long term loans facilities have been obtained from local commercial banks which are secured by promissory notes. These long term loan facilities carry financial charges at normal commercial rates.

The loan agreements include covenants which among other things, require certain financial ratios to be maintained. The Group was in breach of certain covenants as at June 30, 2020. However, the Group has obtained waiver letters from respective banks and hence the loans are classified in accordance with their original maturities.

**5.2 Short term loans**

These facilities have been obtained from local commercial banks and comprise of bank overdrafts and short term loans with maturities of less than one year. The short term facilities are secured by promissory notes. The short term facilities carry financial charges at normal commercial rates.

**6. ZAKAT**

**Status of assessments**

The Company has finalized its Zakat assessments for years from 2009 to 2012 with the General Authority of Zakat and Tax (GAZT). The declarations / returns for the years from 2013 to 2018 have been submitted to GAZT. For these assessment years, further information has been requested by the GAZT in May 2020. The Company is in process of submission of the said information /documents to the GAZT.

Pure Springs Agencies and Trading Company Ltd. obtained its final assessments up to 2008. The declarations / returns for years from 2009 to 2018 have been submitted to GAZT.

The Company has filed its 2019 returns in July 2020 whereas the 2019 returns of the subsidiary is yet to be submitted.



**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(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, 2020**

(Expressed in Saudi Riyals)

**7. CONTINGENCIES AND COMMITMENTS**

The Group's bankers have issued payment guarantees, on behalf of the Group, amounting to SR 12.3 million (December 31, 2019: SR 11.8 million) and letter of credits amounted to SR 0.8 million (December 31, 2019: 1.6 million).

**8. EARNINGS PER SHARE**

The calculation of earnings per share has been based on the following profit attributable to the equity holders of the Company and weighted average number of ordinary shares outstanding:

	Three months period ended June 30,		Six months period ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Net profit attributable to the equity holders of the Company	<b>19,189,845</b>	3,775,623	<b>27,306,735</b>	1,174,415
Weighted average number of ordinary shares outstanding	<b>45,000,000</b>	45,000,000	<b>45,000,000</b>	45,000,000
Basic and diluted earnings per share from net profit attributable to the equity holders of the Company	<b>0.43</b>	0.08	<b>0.61</b>	0.03

There has been no item of dilution affecting the weighted average number of ordinary shares.

**9. IMPACTS OF COVID-19**

The existence of novel coronavirus (COVID-19) was confirmed during the first quarter of 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activities. As a result, the management has taken preventive measures to ensure the health and safety of its employees, customers and environment to ensure the continuity of its operations. Notwithstanding these challenges, the Group's retail operations currently remain largely unaffected as the food industry in general was exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and continuity of supply chain. However, the entertainment segment of the Group (Adventure World) has been temporarily closed in March 2020 to prevent spread of COVID-19 and was subsequently re-opened in the last week of June 2020. The management believes that COVID-19 had no adverse impact on the reported financial position and results for the period ended June 30, 2020 based on the following:

1. In view of the historical seasonality in business during Ramadan season and the consumers' spending pattern on food items during this period, the Group's retail segments have reported favorable results;
2. The financial results of entertainment segment are immaterial to the financial results of the Group as a whole.

The Group continues to monitor the situation closely.

**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**  
(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, 2020**

(Expressed in Saudi Riyals)

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**10. SUBSEQUENT EVENTS**

In the opinion of management, there has been no significant subsequent event since the period ended June 30, 2020 till the date of authorization/approval of these condensed consolidated interim financial statements by the Board of Directors that would either require an adjustment or disclosure in these condensed consolidated interim financial statements.

**11. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved by the Board of Directors on August 18, 2020 G.