

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, 2022

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, 2022**

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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)

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Saudi Marketing Company (Farm Superstores) and its subsidiary (collectively referred to as "the Group") which comprises the condensed consolidated interim statement of financial position as at June 30, 2022, the condensed consolidated interim statement of profit or loss and other comprehensive income for the three months and six months periods ended June 30, 2022, condensed consolidated interim statements of changes in equity and cash flows for the six months period then ended and other explanatory notes. Management is responsible for the preparation and 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 the 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 endorsed in the Kingdom of Saudi Arabia 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 endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Maher T. Al-Khatib
Certified Public Accountant
Registration No. 514

Dammam, on Muharram 26, 1444 H
Corresponding to August 24, 2022 G




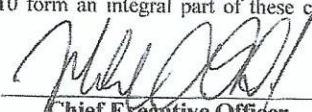
SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022
(Expressed in Saudi Riyals)

	Notes	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment	4	650,321,348	646,510,886
Right of use assets		591,049,369	612,884,410
Investment properties		28,886,269	28,979,220
Intangible assets		2,075,126	2,699,776
Investment in equity instrument at fair value through other comprehensive income ("FVOCI")		621,777	731,961
Total non-current assets		1,272,953,889	1,291,806,253
Current assets			
Inventories		894,398,379	850,342,688
Trade receivables		18,605,458	13,206,224
Prepayments and other receivables		30,400,394	41,299,951
Due from related parties	5	3,862,255	5,199,512
Investments at fair value through profit or loss ("FVTPL")		4,939,329	1,906,428
Cash and cash equivalents		19,728,225	17,180,690
Total current assets		971,934,040	929,135,493
TOTAL ASSETS		2,244,887,929	2,220,941,746
EQUITY AND LIABILITIES			
Equity			
Share capital		450,000,000	450,000,000
Statutory reserve		98,837,939	98,837,939
Retained earnings		98,197,079	86,642,837
Fair value reserve of equity instrument at ("FVOCI")		(636,052)	(525,868)
Equity attributable to the shareholders of the Company		646,398,966	634,954,908
Non-controlling interests		93,697	185,263
Total equity		646,492,663	635,140,171
Non-current liabilities			
Loans and borrowings	6	50,382,353	63,029,412
Lease liability		590,750,822	606,494,897
Employees end of service benefits		64,800,542	62,023,094
Total non-current liabilities		705,933,717	731,547,403
Current liabilities			
Trade payables and accruals		366,015,150	345,873,042
Short-term loans	6	430,820,768	420,000,000
Current portion of long term loans and borrowings	6	32,794,118	36,970,588
Current portion of lease liability		61,312,606	47,000,766
Advances against sub lease		1,199,430	3,132,769
Provision for zakat	7	319,477	1,277,007
Total current liabilities		892,461,549	854,254,172
Total liabilities		1,598,395,266	1,585,801,575
TOTAL EQUITY AND LIABILITIES		2,244,887,929	2,220,941,746

The accompanying notes from 1 to 10 form an integral part of these condensed consolidated interim financial statements.


Chairman
Hazem Fayeze Al Aswad


Chief Executive Officer
Maher Hazem Fayeze Al Aswad



Chief Financial Officer
Salman Ejaz Khawaja Ejaz Ur Rehman

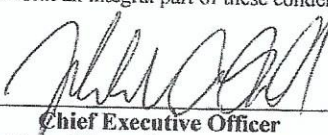
SAUDI MARKETING COMPANY (FARM SUPERSTORES)
(A Saudi Joint Stock Company)


CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS PERIODS ENDED JUNE 30, 2022
(Expressed in Saudi Riyals)

Note	For the three months period ended June 30		For the six months period ended June 30	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue	452,406,558	417,044,572	891,199,593	834,502,850
Cost of revenue	(324,516,532)	(297,579,023)	(641,947,916)	(597,570,845)
Gross profit	127,890,026	119,465,549	249,251,677	236,932,005
Selling and distribution expenses	(89,519,134)	(81,874,665)	(173,453,567)	(162,507,761)
General and administrative expenses	(22,827,372)	(23,210,066)	(46,943,211)	(47,269,784)
Profit from operations	15,543,520	14,380,818	28,854,899	27,154,460
Finance cost	(14,313,139)	(12,480,583)	(26,832,942)	(24,643,103)
Other income, net	4,347,565	2,741,881	9,841,462	6,551,543
Profit before zakat	5,577,946	4,642,116	11,863,419	9,062,900
Zakat	(228,588)	(116,374)	(400,743)	(264,942)
NET PROFIT FOR THE PERIOD	5,349,358	4,525,742	11,462,676	8,797,958
Other comprehensive income / (loss)				
Items that will not be reclassified to profit or loss in subsequent periods:				
Fair value (loss)/ gain on re-measurement of equity instrument at FVOCI	(121,445)	84,000	(110,184)	105,959
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,227,913	4,609,742	11,352,492	8,903,917
Net profit / (loss) attributable to:				
Shareholders of the Company	5,381,224	4,518,929	11,554,242	8,780,186
Non-controlling interests	(31,866)	6,813	(91,566)	17,772
	5,349,358	4,525,742	11,462,676	8,797,958
Total comprehensive income/ (Loss) attributable to:				
Shareholders of the Company	5,259,779	4,602,929	11,444,058	8,886,145
Non-controlling interests	(31,866)	6,813	(91,566)	17,772
	5,227,913	4,609,742	11,352,492	8,903,917
Earnings per share				
Basic and diluted earnings per share from net profit attributable to shareholders of the Company	9 0.12	0.10	0.26	0.20

The accompanying notes from 1 to 10 form an integral part of these condensed consolidated interim financial statements.


Chairman
Hazem Fayeze Al Aswad


Chief Executive Officer
Maher Hazem Fayeze Al Aswad

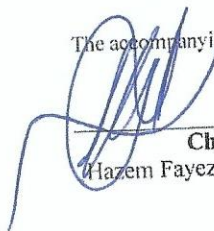

Chief Financial Officer
Salman Ejaz Khawaja Ejaz Ur Rehman

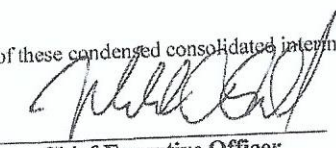
SAUDI MARKETING COMPANY (FARM SUPERSTORES)
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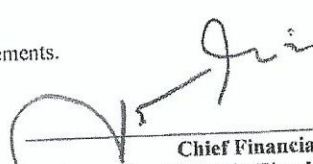
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022
(Expressed in Saudi Riyals)

-----Attributable to the shareholders of the Company-----						
	Share capital	Statutory reserve	Retained earnings	Fair value reserve of equity instrument at FVOCI	Total	Non-controlling interests
At January 01, 2021 (audited)	450,000,000	96,760,548	68,950,422	(902,089)	614,808,881	241,966
Net profit for the period	-	-	8,780,186	-	8,780,186	17,772
Other comprehensive income	-	-	-	105,959	105,959	-
Total comprehensive income for the period	-	-	8,780,186	105,959	8,886,145	17,772
At June 30, 2021 (unaudited)	450,000,000	96,760,548	77,730,608	(796,130)	623,695,026	259,738
At January 01, 2022 (audited)	450,000,000	98,837,939	86,642,837	(525,868)	634,954,908	185,263
Net profit/ (loss) for the period	-	-	11,554,242	-	11,554,242	(91,566)
Other comprehensive loss	-	-	-	(110,184)	(110,184)	-
Total comprehensive income/ (loss) for the period	-	-	11,554,242	(110,184)	11,444,058	(91,566)
At June 30, 2022 (unaudited)	450,000,000	98,837,939	98,197,079	(636,052)	646,398,966	93,697

The accompanying notes from 1 to 10 form an integral part of these condensed consolidated interim financial statements.


Chairman
Maher Fayeze Al Aswad


Chief Executive Officer
Maher Fayeze Al Aswad


Chief Financial Officer
Salman Ejaz Khawaja Ejaz Ur Rehman

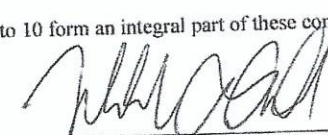
SAUDI MARKETING COMPANY (FARM SUPERSTORES)
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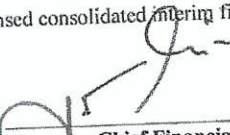
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022
(Expressed in Saudi Riyals)

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat	11,863,419	9,062,900
<i>Adjustments for non-cash items to reconcile profit before zakat to net cash flows</i>		
Depreciation of property and equipment	26,661,636	25,458,737
Depreciation of right of use assets	31,750,370	33,639,159
Depreciation of investment properties	92,951	92,951
Amortisation of intangible assets	624,650	396,560
Provision for employees' end of service benefits	4,599,777	4,330,134
Loss/ (gain) on disposal of property and equipment - net	19,766	(74,992)
Provision for slow moving inventories	2,884,369	3,000,000
Finance cost	26,832,942	24,643,103
Unrealised gain on investment at FVTPL	(1,851,394)	-
	103,478,486	100,548,552
<i>Working capital adjustments</i>		
Inventories	(46,940,060)	(27,548,532)
Trade receivables	(5,399,234)	(4,151,520)
Prepayments and other receivables	10,899,557	7,717,717
Due from related parties	1,337,257	(2,147,566)
Trade payable and accruals	20,142,108	(13,557,748)
Advances against sub-lease	(1,933,339)	(1,940,971)
Cash provided by operations	81,584,775	58,919,932
Employees' end of service benefits paid	(1,822,329)	(1,836,836)
Finance cost paid	(8,674,194)	(4,934,734)
Zakat paid	(1,358,273)	(2,313,255)
Net cash generated from operating activities	69,729,979	49,835,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(31,109,684)	(17,035,993)
Proceeds from disposal of property and equipment	617,820	127,734
Additions to intangible assets	-	(6,434)
Purchases of investments at FVTPL	(1,181,507)	-
Net cash used in investing activities	(31,673,371)	(16,914,693)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans and borrowings	(16,823,529)	(41,666,666)
Proceeds from long term loans and borrowings	-	54,000,000
Net change in short term loans	10,820,768	(14,732,428)
Repayment of lease liability	(29,506,312)	(38,808,453)
Net cash used in financing activities	(35,509,073)	(41,207,547)
Net change in cash and cash equivalents	2,547,535	(8,287,133)
Cash and cash equivalents at the beginning of the period	17,180,690	16,305,127
Cash and cash equivalents at the end of the period	19,728,225	8,017,994

The accompanying notes from 1 to 10 form an integral part of these condensed consolidated interim financial statements.


Chairman
Hazem Fayez Al Aswad


Chief Executive Officer
Maher Hazem Fayez Al Aswad


Chief Financial Officer
Salman Ejaz Khawaja Ejaz Ur Rehman

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(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 under Commercial Registration number 2050006430 dated Muharram 2, 1399H (corresponding to December 03, 1978). The Company's registered office is P.O. Box 4605, Dammam 31412, Kingdom of Saudi Arabia. The Company operates through the branches. The financial results of those branches are included in these condensed consolidated interim financial statements.

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

Subsidiary name	Country of incorporation	Effective ownership interest (%)	
		June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
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 centres.

2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in annual consolidated financial statements and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2021.

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, 2021.

The significant judgements made by management in applying the Group's key sources of estimation uncertainty are similar to those described in the Group's annual consolidated financial statements for the year ended December 31, 2021.

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

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 instruments at FVOCI and at FVTPL which are measured at fair values, and;
- Employees end of service benefits that have been measured at the present value using Projected Unit Credit method.

As of June 30, 2022 and December 31, 2021, the carrying values of the financial assets and financial liabilities approximate to their fair values. Investment in equity instruments at FVOCI and FVTPL are 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 New accounting standards, interpretations and amendments

A number of amendments to existing standards, as explained in the Group's annual consolidated financial statements for the year ended December 31, 2021, became effective from January 1, 2022 but these do not have a material effect on these condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

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:

- 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".

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, 2022 and June 30, 2021 are as follows:

Period ended June 30, 2022 (unaudited)	Retail	Household	Entertainment services	Total
Revenue	859,192,497	5,217,427	26,789,669	891,199,593
Profit from operations	18,357,599	978,724	9,518,576	28,854,899
Net profit/(loss) for the period attributable to shareholders	10,784,941	(3,578,202)	4,347,503	11,554,242
Total non-current assets	1,152,493,165	289,628	120,171,096	1,272,953,889
Total assets	2,124,427,205	289,628	120,171,096	2,244,887,929
Total liabilities	1,556,479,277	-	41,915,989	1,598,395,266

Period ended June 30, 2021 (unaudited)	Retail	Household	Entertainment services	Total
Revenue	815,913,708	5,005,335	13,583,807	834,502,850
Profit from operations	24,739,437	84,835	2,330,188	27,154,460
Net profit/(loss) for the period attributable to shareholders	11,107,323	(2,839,762)	512,625	8,780,186
Total non-current assets	1,228,559,791	371,929	116,154,273	1,345,085,993
Total assets	2,143,357,628	371,929	116,154,274	2,259,883,831
Total liabilities	1,591,321,891	-	44,607,176	1,635,929,067

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

4. PROPERTY AND EQUIPMENT

During the six months period ended June 30, 2022, the Group purchased property and equipment with a cost of SR 31.11 million (June 30, 2021: SR 17.04 million) and disposed-off assets with a cost of SR 1.39 million (June 30, 2021: SR. 0.44 million). The depreciation charge for the six months period ended June 30, 2022 was amounted to SR 26.66 million (June 30, 2021: SR 25.46 million).

5. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties and entities having common directorship.

The significant transactions with related parties have been disclosed below:

Related parties	Relationship	Nature of transactions	For the six months period ended June 30,	
			2022 (Unaudited)	2021 (Unaudited)
Al Karam Restaurant	Common directorship	Sales Collections	154,237 (534,007)	236,954 (150,000)
Al Aswad Trading and Contracting Company	Common directorship	Rental and advances paid Rental income	(2,675,345) 1,717,858	(1,453,690) 3,514,302
Al Aswad Trading Company	Common directorship	Purchases Gondola, rental income and Sales Payments	1,479,236 (111,207) (1,414,822)	912,909 (73,825) (1,078,593)
Space Travel and Tourism Agency	Common directorship	Purchases Payments	943,861 (743,451)	355,568 (423,383)
Al Aswad Trading and Contracting- Electromechanical	Common directorship	Payments	-	(990)

Amounts due from related parties

Related parties	Balances as at	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Al Aswad Trading and Contracting Company	3,364,591	4,322,078
Al Karam Restaurant	107,364	487,134
Al- Aswad for Real Estate Services Company	390,300	390,300
	3,862,255	5,199,512

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Amounts due to related parties presented under trade payables and accruals

	Balances as at	
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Related parties		
Al Aswad Trading Company	246,452	293,245
Space Travel and Tourism Agency	200,410	-
Al Aswad Trading and Contracting- Electromechanical	990	990
	447,852	294,235

Pricing policies and terms of payments for the above transactions have been approved by the Group's management.

Remuneration of key management personnel:

The remuneration of key management personnel was as follows:

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Short term benefits	1,928,125	1,363,267
End of service benefits	117,760	109,400
Board of Directors' remuneration	225,000	225,000
	2,270,885	1,697,667

6. LOANS AND BORROWINGS

		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Term loans - non-current portion	6.1	50,382,353	63,029,412
- current portion	6.1	32,794,118	36,970,588
		83,176,471	100,000,000
Short term loans	6.2	430,820,768	420,000,000
		513,997,239	520,000,000

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

(Expressed in Saudi Riyals)

6. LOANS AND BORROWINGS (Continued)

6.1 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.

In 2021, the Group obtained two new loan facilities from a local commercial bank amounted to SR 54 million and SR 31 million with final maturity dates in 2025 and 2026 respectively. These loans are subject to mark-up at SIBOR plus margin and are secured by promissory notes.

The loan agreements include covenants which among other things, require certain financial ratios to be maintained.

6.2 Short term loans

These facilities have been obtained from local commercial banks and comprise of 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.

7. ZAKAT

Status of assessments

The Company has finalized its Zakat assessments for years from 2009 to 2012 with the Zakat, Tax and Customs Authority (ZATCA). The declarations / returns for the years from 2013 to 2021 have been submitted to ZATCA.

During 2020, ZATCA raised assessments of Zakat for the years from 2014 to 2018 claiming additional Zakat liability which was initially SR 15.6 million and then reduced to SR 13.5 million. Further, in 2020, the Company also received an assessment of VAT for the years 2018 and 2019 amounted to SR 35.5 million excluding penalties.

In 2021, the Company received another Zakat assessment for the years 2019 and 2020 claiming additional Zakat liability aggregated to SR 21 million. In addition, the Company also received assessment for excise tax for the years 2017 to 2021 claiming additional tax liability of SR 0.6 million.

The Company, with an assistance of an external consultant, has filed its appeals against these assessments within the statutory timelines and all of these cases have been escalated to the General Secretariat of Zakat Tax and Customs Committees (GSTC).

On April 12, 2022, the GSTC has issued decision to reduce the amount of VAT liability from SR 35.5 million to SR 4.1 million excluding penalties for which the management has decided to re-appeal. Further, on May 18, 2022, the GSTC has issued decision to reduce the amount of Zakat liability from SR 13.5 million to SR 2.7 million (related to the years from 2014 to 2018) for which the management has already re-appealed.

Based on the opinion of the external consultant, the Company has strong grounds to defend and thereby, management is not expecting a material liability on these matters.

Pure Springs Agencies and Trading Company Ltd. obtained its final assessments up to 2008. The declarations for years from 2009 to 2021 have been submitted to ZATCA.

8. CONTINGENCIES AND COMMITMENTS

The Group's bankers have issued payment guarantees, on behalf of the Group, amounted to SR 40.06 million (December 31, 2021: SR 40.19 million) and letter of credits amounted to SR 3.33 million (December 31, 2021: SR 0.43 million).

SAUDI MARKETING COMPANY (FARM SUPERSTORES)

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

9. EARNINGS PER SHARE

Considering that Group does not have any dilutive instruments as of June 30, 2022 and 2021, diluted earnings per share was the same as basic earnings per share.

	Three months period ended June 30,		Six months period ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Net profit attributable to the shareholders of the Company	5,381,224	4,518,929	11,554,242	8,780,186
Weighted average number of ordinary shares outstanding	45,000,000	45,000,000	45,000,000	45,000,000
Basic and diluted earnings per share	0.12	0.10	0.26	0.20

10. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors on August 23, 2022 G.