

**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, 2023**

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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, 2023**

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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) ("the Company") and its subsidiary (collectively referred to as "the Group") which comprises the condensed consolidated interim statement of financial position as at June 30, 2023 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three months and six months periods then ended and the related 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.

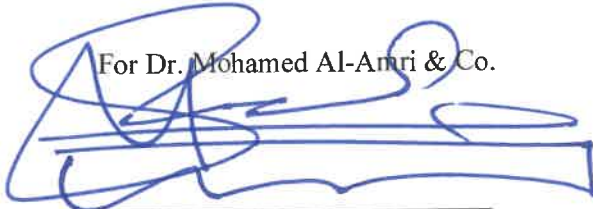
### Scope of review

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 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 as endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



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

Dammam, on 27 Muharram 1445 (H)  
Corresponding to: 14 August 2023 G



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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**  
(Expressed in Saudi Riyals)

	Notes	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	658,496,183	652,958,245
Right of use assets		607,654,338	605,605,076
Investment properties		28,700,368	28,793,319
Intangible assets		1,176,767	1,540,501
Investment in equity instrument at fair value through other comprehensive income ("FVOCI")		644,637	560,057
<b>Total non-current assets</b>		<b>1,296,672,293</b>	<b>1,289,457,198</b>
<b>Current assets</b>			
Inventories		943,040,920	929,137,686
Trade receivables		17,402,823	13,826,195
Prepayments and other receivables		35,843,312	51,964,113
Due from related parties	5	4,282,235	6,043,929
Investments at fair value through profit or loss ("FVTPL")		8,017,333	6,091,506
Cash and bank balances		26,072,832	32,862,359
<b>Total current assets</b>		<b>1,034,659,455</b>	<b>1,039,925,788</b>
<b>TOTAL ASSETS</b>		<b>2,331,331,748</b>	<b>2,329,382,986</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		450,000,000	450,000,000
Statutory reserve		101,120,546	101,120,546
Retained earnings		99,829,392	108,495,902
Fair value reserve of equity instrument at ("FVOCI")		(613,192)	(697,772)
<b>Equity attributable to the shareholders of the Company</b>		<b>650,336,746</b>	<b>658,918,676</b>
Non-controlling interests		39,259	104,522
<b>Total equity</b>		<b>650,376,005</b>	<b>659,023,198</b>
<b>Non-current liabilities</b>			
Long term loans	6	53,466,614	74,221,784
Lease liability		624,720,116	612,740,320
Employees end of service benefits		69,247,285	65,546,347
<b>Total non-current liabilities</b>		<b>747,434,015</b>	<b>752,508,451</b>
<b>Current liabilities</b>			
Trade payables and accruals		396,701,286	413,949,521
Short-term loans	6	441,743,473	404,617,281
Current portion of long term loans	6	41,510,334	38,807,628
Current portion of lease liability		51,097,749	53,967,029
Advances against sub lease		768,886	3,075,543
Provision for Zakat	7	1,700,000	3,434,335
<b>Total current liabilities</b>		<b>933,521,728</b>	<b>917,851,337</b>
<b>Total liabilities</b>		<b>1,680,955,743</b>	<b>1,670,359,788</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,331,331,748</b>	<b>2,329,382,986</b>

The accompanying notes from 1 to 13 form an integral part of these unaudited condensed consolidated interim financial statements.

**Chairman**  
Hazem Fayeze Al Aswad

**CEO**  
Maher Hazem Fayeze Al Aswad

**CFO**  
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, 2023**  
(Expressed in Saudi Riyals)

	Note	For the three months period ended June 30		For the six months period ended June 30	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue		449,221,462	452,406,558	929,157,451	891,199,593
Cost of revenue		(314,977,266)	(324,516,532)	(658,026,411)	(641,947,916)
<b>Gross profit</b>		<b>134,244,196</b>	<b>127,890,026</b>	<b>271,131,040</b>	<b>249,251,677</b>
Selling and distribution expenses		(90,076,460)	(89,519,134)	(182,382,055)	(173,453,567)
General and administrative expenses		(25,152,825)	(22,827,372)	(49,270,649)	(46,943,211)
Rental income		3,784,769	3,827,300	7,590,597	7,942,016
<b>Profit from operations</b>		<b>22,799,680</b>	<b>19,370,820</b>	<b>47,068,933</b>	<b>36,796,915</b>
Finance cost		(17,313,162)	(14,313,139)	(34,336,715)	(26,832,942)
Other income - net		1,700,713	520,265	2,733,320	1,899,446
<b>Profit before Zakat</b>		<b>7,187,231</b>	<b>5,577,946</b>	<b>15,465,538</b>	<b>11,863,419</b>
Zakat		(847,311)	(228,588)	(1,697,311)	(400,743)
<b>NET PROFIT FOR THE PERIOD</b>		<b>6,339,920</b>	<b>5,349,358</b>	<b>13,768,227</b>	<b>11,462,676</b>
<b>Other comprehensive income / (loss)</b>					
<i>Items that will not to be reclassified to profit or loss in subsequent periods:</i>					
Fair value gain/ (loss) on re-measurement of equity instrument at FVOCI		50,291	(121,445)	84,580	(110,184)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>6,390,211</b>	<b>5,227,913</b>	<b>13,852,807</b>	<b>11,352,492</b>
<b>Net profit / (loss) attributable to:</b>					
Shareholders of the Company		6,387,660	5,381,224	13,833,490	11,554,242
Non-controlling interests		(47,740)	(31,866)	(65,263)	(91,566)
		<b>6,339,920</b>	<b>5,349,358</b>	<b>13,768,227</b>	<b>11,462,676</b>
<b>Total comprehensive income/ (loss) attributable to:</b>					
Shareholders of the Company		6,437,951	5,259,779	13,918,070	11,444,058
Non-controlling interests		(47,740)	(31,866)	(65,263)	(91,566)
		<b>6,390,211</b>	<b>5,227,913</b>	<b>13,852,807</b>	<b>11,352,492</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share from net profit attributable to the shareholders of the Company					
	9	0.14	0.12	0.31	0.26

The accompanying notes from 1 to 13 form an integral part of these unaudited condensed consolidated interim financial statements.

**Chairman**  
Hazem Fayeze Al Aswad

**CEO**  
Maher Hazem Fayeze Al Aswad

**CFO**  
Salman Ejaz Khawaja Ejaz Ur Rehman



**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

(Expressed in Saudi Riyals)

	-----Attributable to the shareholders of the Company-----						
	Share capital	Statutory reserve	Retained earnings	Fair value reserve of equity instruments at FVOCI	Total	Non-controlling interests	Total equity
At January 01, 2022 (audited)	450,000,000	98,837,939	86,642,837	(525,868)	634,954,908	185,263	635,140,171
Profit/ (loss) for the period	-	-	11,554,242	-	11,554,242	(91,566)	11,462,676
Other comprehensive loss	-	-	-	(110,184)	(110,184)	-	(110,184)
Total comprehensive income/ (loss) for the period	-	-	11,554,242	(110,184)	11,444,058	(91,566)	11,352,492
At June 30, 2022 (un-audited)	450,000,000	98,837,939	98,197,079	(636,052)	646,398,966	93,697	646,492,663
At January 01, 2023 (audited)	450,000,000	101,120,546	108,495,902	(697,772)	658,918,676	104,522	659,023,198
Profit/ (loss) for the period	-	-	13,833,490	-	13,833,490	(65,263)	13,768,227
Other comprehensive income	-	-	-	84,580	84,580	-	84,580
Total comprehensive income/ (loss) for the period	-	-	13,833,490	84,580	13,918,070	(65,263)	13,852,807
Dividend (note 10)	-	-	(22,500,000)	-	(22,500,000)	-	(22,500,000)
At June 30, 2023 (un-audited)	450,000,000	101,120,546	99,829,392	(613,192)	650,336,746	39,259	650,376,005

The accompanying notes from 1 to 13 form an integral part of these unaudited condensed consolidated interim financial statements.

**Chairman**

Hazem Faye Al Aswad

**CEO**

Maher Hazem Faye Al Aswad

**CFO**

Salman Ejaz Khawaja Ejaz Ur Rehman

**SAUDI MARKETING COMPANY (FARM SUPERSTORES)**

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

(Expressed in Saudi Riyals)

	June 30, 2023 (Un-audited)	June 30, 2022 (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Zakat	15,465,538	11,863,419
<i>Adjustments for non –cash items to reconcile profit before zakat to net cash flows</i>		
Depreciation of property and equipment	28,836,741	26,661,636
Depreciation of right of use assets	33,427,074	31,750,370
Depreciation of investment properties	92,951	92,951
Amortization of intangible assets	366,926	624,650
Provision for employees' end of service benefits	5,586,646	4,599,777
(Gain)/ loss on disposal of property and equipment – net	(7,826)	19,766
Allowance for obsolete/ slow moving inventories	2,715,802	2,884,369
Gain on termination of lease	(632,634)	-
Finance cost	34,336,715	26,832,942
Unrealized gain on investments at FVTPL	(1,835,587)	(1,851,394)
	118,352,346	103,478,486
<i>Working capital adjustments</i>		
Inventories	(16,619,036)	(46,940,060)
Trade receivables	(3,576,628)	(5,399,234)
Prepayments and other receivables	16,120,801	10,899,557
Due from related parties	1,761,694	1,337,257
Trade payables and accruals	(17,248,235)	20,142,108
Advances against sub lease	(2,306,657)	(1,933,339)
<b>Cash provided by operations</b>	96,484,285	81,584,775
Employees' end of service benefits paid	(1,885,708)	(1,822,329)
Finance cost paid	(15,552,189)	(8,674,194)
Zakat paid	(3,431,646)	(1,358,273)
<b>Net cash generated from operating activities</b>	75,614,742	69,729,979
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(34,374,679)	(31,109,684)
Proceeds from disposal of property and equipment	7,826	617,820
Purchases of intangible assets	(3,192)	-
Purchases of investments at FVTPL	(90,240)	(1,181,507)
<b>Net cash used in investing activities</b>	(34,460,285)	(31,673,371)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(22,500,000)	-
Repayment of long term loans	(18,052,464)	(16,823,529)
Net change in short term loans	37,126,192	10,820,768
Repayment of lease liability	(44,517,712)	(29,506,312)
<b>Net cash used in financing activities</b>	(47,943,984)	(35,509,073)
<b>Net change in cash and cash equivalents</b>	(6,789,527)	2,547,535
Cash and cash equivalents at beginning of the period	32,862,359	17,180,690
Cash and cash equivalents at end of the period	26,072,832	19,728,225

The accompanying notes from 1 to 13 form an integral part of these unaudited condensed consolidated interim financial statements.

**Chairman**

Hazem Fayez Al Aswad

**CEO**

Maher Hazem Fayez Al Aswad

**CFO**

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, 2023

(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.

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

Subsidiary name	Country of incorporation	June 30, 2023 (Un-audited)	Effective ownership interest (%)	
			December 31, 2022 (Audited)	June 30, 2022 (Un-audited)
Pure Springs Agencies and Trading Company Limited	Kingdom of Saudi Arabia	90%	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 stationery;
- 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 issued by 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, 2022.

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, 2022.

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, 2022.

The results for the six-months period ended June 30, 2023 are not necessarily indicative of the results that can be expected for the year ending December 31, 2023.



## **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, 2023**

(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 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, 2023 and December 31, 2022, the carrying values of the financial assets and financial liabilities approximate to their fair values. Investment in equity instrument 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**

There are no new standards issued, however, there are number of amendments to standards which are effective from January 01, 2023 and onwards and have been explained in Group's annual consolidated financial statements for the year ended December 31, 2022, but these do not have a material effect on the Group's condensed consolidated interim financial statements for the period ended June 30, 2023. The Group did not early adopt any such amendments.

**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, 2023**

(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, 2023 and June 30, 2022 are as follows:

<b>Period ended June 30, 2023 (un-audited)</b>	<b>Retail</b>	<b>Household</b>	<b>Entertainment services</b>	<b>Total</b>
<b>Revenue</b>	<b>888,412,782</b>	<b>3,315,661</b>	<b>37,429,008</b>	<b>929,157,451</b>
<b>Profit from operations</b>	<b>31,590,349</b>	<b>184,807</b>	<b>15,293,777</b>	<b>47,068,933</b>
<b>Profit/ (loss) for the period attributable to shareholders</b>	<b>11,347,588</b>	<b>(2,915,193)</b>	<b>5,401,095</b>	<b>13,833,490</b>
<b>Total non-current assets</b>	<b>1,157,573,485</b>	<b>234,685</b>	<b>138,864,123</b>	<b>1,296,672,293</b>
<b>Total assets</b>	<b>2,192,232,940</b>	<b>234,685</b>	<b>138,864,123</b>	<b>2,331,331,748</b>
<b>Total liabilities</b>	<b>1,630,435,527</b>	<b>-</b>	<b>50,520,216</b>	<b>1,680,955,743</b>
<b>Period ended June 30, 2022 (un-audited)</b>	<b>Retail</b>	<b>Household</b>	<b>Entertainment services</b>	<b>Total</b>
<b>Revenue</b>	<b>859,192,497</b>	<b>5,217,427</b>	<b>26,789,669</b>	<b>891,199,593</b>
<b>Profit from operations</b>	<b>26,299,615</b>	<b>978,724</b>	<b>9,518,576</b>	<b>36,796,915</b>
<b>Profit/ (loss) for the period attributable to shareholders</b>	<b>10,784,941</b>	<b>(3,578,202)</b>	<b>4,347,503</b>	<b>11,554,242</b>
<b>Total non-current assets</b>	<b>1,152,493,165</b>	<b>289,628</b>	<b>120,171,096</b>	<b>1,272,953,889</b>
<b>Total assets</b>	<b>2,124,427,205</b>	<b>289,628</b>	<b>120,171,096</b>	<b>2,244,887,929</b>
<b>Total liabilities</b>	<b>1,556,479,277</b>	<b>-</b>	<b>41,915,989</b>	<b>1,598,395,266</b>

**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, 2023**

(Expressed in Saudi Riyals)

**4. PROPERTY AND EQUIPMENT**

During the six months period ended June 30, 2023, the Group purchased property and equipment with a cost of SR 34.4 million (June 30, 2022: SR 31.1 million) including additions to construction work in progress amounted to SR 23.6 million (June 30, 2022: SR 25.2 million) and disposed-off assets with a cost of SR 0.04 million (June 30, 2022: SR. 1.4 million). The depreciation charge for the six months period ended June 30, 2023 was amounted to SR 28.8 million (June 30, 2022: SR 26.7 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 are as follows:

Related parties	Relationship	Nature of transactions	Amounts of transaction for six months period ended June 30,	
			2023 (Un-audited)	2022 (Un-audited)
Al Karam Restaurant	Common directorship	Sales	-	154,237
		Collections	(50,000)	(534,007)
Al Aswad Trading and Contracting Company	Common directorship	Rental and advances paid	(1,999,574)	(1,472,560)
		Purchases	(870,856)	(1,202,785)
		Rental income	1,222,127	1,717,858
Al Aswad Trading Company	Common directorship	Purchases	1,132,961	1,479,236
		Gondola, rental income and sales	(85,905)	(111,207)
		Payments	(999,922)	(1,414,822)
Space Travel and Tourism Agency	Common directorship	Purchases	930,700	943,861
		Payments	(853,889)	(743,451)

**Amounts due from related parties:**

Related parties	Balances as at	
	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
Al Aswad Trading and Contracting Company	3,812,263	5,460,566
Al Karam Restaurant	88,671	138,671
Al- Aswad for Real Estate Services Company	381,301	381,301
Space Travel and Tourism Agency	-	63,391
	<b>4,282,235</b>	<b>6,043,929</b>

**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, 2023**

(Expressed in Saudi Riyals)

**5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

Amounts due to related parties presented under trade payables and accruals:

<b>Related parties</b>	<b>Balances as at</b>	
	<b>June 30, 2023 (Un-audited)</b>	<b>December 31, 2022 (Audited)</b>
Al Aswad Trading Company	<b>295,395</b>	248,261
Space Travel and Tourism Agency	<b>13,420</b>	-
	<b>308,815</b>	248,261

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

**Remuneration of key management personnel:**

	<b>June 30, 2023 (Un-audited)</b>	<b>June 30, 2022 (Un-audited)</b>
Short term benefits	<b>1,442,350</b>	1,928,125
End of service benefits	<b>120,196</b>	117,760
Board of Directors' remuneration	<b>225,000</b>	225,000
	<b>1,787,546</b>	2,270,885

**6. LOANS**

	<b>Notes</b>	<b>June 30, 2023 (Un-audited)</b>	<b>December 31, 2022 (Audited)</b>
Long term loans - non-current portion	6.1	<b>53,466,614</b>	74,221,784
- current portion	6.1	<b>41,510,334</b>	38,807,628
		<b>94,976,948</b>	113,029,412
Short term loans	6.2	<b>441,743,473</b>	404,617,281
		<b>536,720,421</b>	517,646,693

**6.1 Long term loans**

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

In 2022, the Group obtained a new loan facility from a local commercial bank amounted to SR 50 million with final maturity date in 2026. This loan is subject to mark-up at SIBOR plus margin and is 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**

Short term loans have been obtained from local commercial banks 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.



## **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, 2023**

(Expressed in Saudi Riyals)

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#### **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 2022 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 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 August 17, 2022, the Tax Committees for Resolution of Tax Violations and Disputes (TCRTVD) issued its decision for which GSTC has accepted the Company's position for certain items in dispute and thereby reduced the amount of VAT liability (related to the years 2018 and 2019) from SR 35.5 million to SR 4.1 million excluding penalties for which the management has re-appealed. Further, on June 30, 2022, TCRTVD issued its decision for which GSTC has accepted the Company's position and thereby reduced 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 re-appealed.

On October 27, 2022, TCRTVD issued its decision for which GSTC has rejected the Company's position against the Zakat assessment for the years 2019 and 2020. The Company, with the help of the external consultant, has filed appeal against the decision.

On December 25, 2022, TCRTVD accepted the Company's position for excise tax assessment related to the year from 2017 to 2021 which resulted in reducing the original liability of SR 0.6 million to zero. ZATCA has appealed against TRCTVD on January 24, 2023 and the appeal decision is still awaited.

Further, in 2022, the Company received an assessment for excise tax for the years from 2021 to July 2022 claiming additional tax liability of SAR 0.1 million. The Company has appealed against the assessment which has been rejected by ZATCA on February 20, 2023. However, the Company is in the process to submit the appeal to GSTC 1 during the statutory deadline.

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 Limited obtained its final assessments up to 2008. The declarations for years from 2009 to 2022 have been submitted to ZATCA.

**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, 2023**

(Expressed in Saudi Riyals)

**8. CONTINGENCIES AND COMMITMENTS**

The Group's bankers have issued payment guarantees, on behalf of the Group, amounted to SR 40.1 million (December 31, 2022: SR 40.2 million) and letter of credits amounted to SR 3.2 million (December 31, 2022: SR 3 million).

**9. EARNINGS PER SHARE**

Considering that Group does not have any dilutive instruments as of June 30, 2023 and 2022, diluted earnings per share was the same as basic earnings per share.

	<b>Three months period ended June 30,</b>		<b>Six months period ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net profit attributable to the shareholders of the Company	<b>6,387,660</b>	5,381,224	<b>13,833,490</b>	11,554,242
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	<b>0.14</b>	0.12	<b>0.31</b>	0.26

**10. DIVIDEND**

On March 29, 2023, the Board of Directors recommended a cash dividend of SR 22.5 million (SR 0.5 per share) for the year ended December 31, 2022 to the General Assembly of the Company which has approved it on May 18, 2023 and it was also paid to the shareholders.

**11. SUBSEQUENT EVENT**

On July 23, 2023 the Board of Directors has recommended to the Extraordinary General Assembly of the Company, to split the nominal value of shares from SR 10 per share to SR 1 per share and increase the number of shares from 45 million shares to 450 million shares while keeping the Company's total share capital unchanged.

**12. COMPARATIVE FIGURES**

Below comparative figure has been reclassified in order to conform with the presentation for the current period. Such reclassification has been made by the Group to improve the quality of information presented.

- Sublease rental income for the three months and six months periods ended amounted to SR 3,827,300 and SR 7,942,016 respectively, previously included in 'other income - net' is now presented under 'rental income' as a separate line item in the condensed consolidated interim statement of profit or loss and other comprehensive income.

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

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on August 10, 2023 G.