

**SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS  
SUBSIDIARIES**

**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2018  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

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

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Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report  
For the nine-months period ended 30 September 2018

INDEX

	Pages
Independent auditor's review report	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7-11



Ernst & Young & Co. (Certified Public Accountants)  
General Partnership  
Fluor Building - 4th floor  
King Fahad Road  
PO Box 3795  
Al Khobar 31952  
Kingdom of Saudi Arabia  
Head Office - Riyadh

Registration No. 45/11/323  
C.R. No. 2051058792  
Tel: +966 13 849 9500  
Fax: +966 13 882 0087  
alkhobar@sa.ey.com  
www.ey.com/mena

Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Marketing Company (Farm Superstores) and its subsidiaries  
(A Saudi Joint Stock Company)

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Marketing Company (Farm Superstores) a Saudi Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2018, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine-months period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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 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 that are 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Marwan Al Afaliq  
Certified Public Accountant  
Registration No. 422



30 Safar 1440H  
8 November 2018

Al Khobar

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine-months period ended 30 September 2018

	For the three-months period ended 30		For the nine-months period ended 30	
	September		September	
	2018	2017	2018	2017
	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Revenue	462,311,244	412,064,848	1,380,106,732	1,402,125,885
Rental income	6,259,071	7,430,241	22,184,543	25,251,577
<b>REVENUE</b>	<b>468,570,315</b>	<b>419,495,089</b>	<b>1,402,291,275</b>	<b>1,427,377,462</b>
Cost of revenue	(347,263,578)	(304,811,503)	(1,048,870,564)	(1,057,158,406)
<b>GROSS PROFIT</b>	<b>121,306,737</b>	<b>114,683,586</b>	<b>353,420,711</b>	<b>370,219,056</b>
<b>EXPENSES</b>				
Selling, distribution and administration expenses	(113,472,700)	(104,310,758)	(336,601,324)	(310,192,310)
<b>PROFIT FROM OPERATION</b>	<b>7,834,037</b>	<b>10,372,828</b>	<b>16,819,387</b>	<b>60,026,746</b>
Finance costs	(4,661,995)	(3,484,835)	(13,590,831)	(9,818,766)
Other income, net	71,942	515,555	777,000	1,458,376
<b>INCOME BEFORE ZAKAT AND INCOME TAX</b>	<b>3,243,984</b>	<b>7,403,548</b>	<b>4,005,556</b>	<b>51,666,356</b>
Zakat and income tax	(71)	(203,857)	(498,067)	(1,544,851)
<b>NET INCOME FOR THE PERIOD</b>	<b>3,243,913</b>	<b>7,199,691</b>	<b>3,507,489</b>	<b>50,121,505</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>3,243,913</b>	<b>7,199,691</b>	<b>3,507,489</b>	<b>50,121,505</b>
Attributable to:				
Shareholders of the Company	3,244,364	7,210,605	3,508,158	50,083,552
Non-controlling interests	(451)	(10,914)	(669)	37,953
	<b>3,243,913</b>	<b>7,199,691</b>	<b>3,507,489</b>	<b>50,121,505</b>
<b>EARNINGS PER SHARE (SAUDI RIYAL)</b>				
Number of shares outstanding	45,000,000	45,000,000	45,000,000	45,000,000
Basic and diluted earnings per share attributable to the equity holders of the Company	0.07	0.16	0.08	1.11



CEO  
Maher Hazem Fayezi Al Aswad



CFO  
Abduljaleel Mahmoud Atieh Daoud

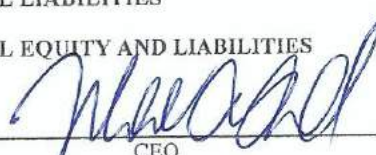
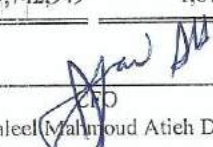
The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	30 September 2018 SR (un-audited)	31 December 2017 SR (audited)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	761,002,384	747,088,423
Investment properties	131,230,617	133,312,622
Intangible assets	2,907,170	3,302,809
Prepaid lease rental	741,667	1,091,667
Available for sale investment	-	1,257,829
Equity instrument at FVOCI	1,257,829	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>897,139,667</b>	<b>886,053,350</b>
<b>CURRENT ASSETS</b>		
Inventories	671,439,773	617,880,299
Trade accounts receivable	48,415,478	39,557,101
Prepayments and other receivables	49,355,009	48,529,329
Investments held for trading	-	7,296,220
Cash and cash equivalents	13,393,022	19,989,342
<b>TOTAL CURRENT ASSETS</b>	<b>782,603,282</b>	<b>733,252,291</b>
<b>TOTAL ASSETS</b>	<b>1,679,742,949</b>	<b>1,619,305,641</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	450,000,000	450,000,000
Statutory reserve	91,480,289	91,480,289
Retained earnings	76,897,235	107,139,077
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY</b>	<b>618,377,524</b>	<b>648,619,366</b>
Non-controlling interest	226,244	226,913
<b>TOTAL EQUITY</b>	<b>618,603,768</b>	<b>648,846,279</b>
<b>NON-CURRENT LIABILITIES</b>		
Term loans	192,972,221	235,662,673
Employees' benefits	53,390,194	51,441,525
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>246,362,415</b>	<b>287,104,198</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accruals	403,259,663	360,486,330
Short-term loans	236,999,900	167,994,169
Current portion of term loans	170,328,190	144,556,502
Deferred revenue	2,412,954	7,281,289
Zakat and income tax provision	1,776,059	3,036,874
<b>TOTAL CURRENT LIABILITIES</b>	<b>814,776,766</b>	<b>683,355,164</b>
<b>TOTAL LIABILITIES</b>	<b>1,061,139,181</b>	<b>970,459,362</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,679,742,949</b>	<b>1,619,305,641</b>
 CEO Maher Hazem Fayez Al Aswad	 Abduljaleel Mahmoud Atieh Daoud	

The accompanying notes 1 to 7 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-months period ended 30 September 2018

	Attributable to the shareholders of the Company				Non-controlling interest	Total equity
	Share capital	Statutory reserve	Retained earnings	Total		
	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2017 (audited)	450,000,000	85,567,150	98,397,726	633,964,876	167,826	634,132,702
Profit for the period	-	-	50,083,552	50,083,552	37,953	50,121,505
Total comprehensive income	-	-	50,083,552	50,083,552	37,953	50,121,505
Dividends	-	-	(45,000,000)	(45,000,000)	-	(45,000,000)
Balance at 30 September 2017 (un-audited)	450,000,000	85,567,150	103,481,278	639,048,428	205,779	639,254,207
Balance as at 1 January 2018 (audited)	450,000,000	91,480,289	107,139,077	648,619,366	226,913	648,846,279
Profit for the period	-	-	3,508,158	3,508,158	(669)	3,507,489
Total comprehensive income	-	-	3,508,158	3,508,158	(669)	3,507,489
Dividends	-	-	(33,750,000)	(33,750,000)	-	(33,750,000)
Balance at 30 September 2018 (un-audited)	450,000,000	91,480,289	76,897,235	618,377,524	226,244	618,603,768



CEO

Maher Hazem Fayed Al Aswad



CFO

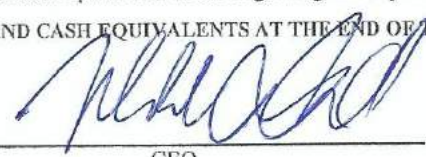
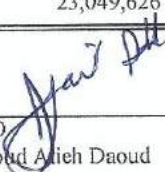
Abduljaleel Mahmoud Atieh Daoud

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-months period ended 30 September 2018

	For the nine-month period ended 30 September	
	2018 SR (Un-audited)	2017 SR (Un-audited)
<b>OPERATING ACTIVITIES</b>		
Income before zakat and income tax	4,005,556	51,666,356
Adjustments for:		
Depreciation of property and equipment	40,420,048	37,859,632
Amortization of intangible assets	538,139	234,344
Amortization of prepaid lease	350,000	524,111
Gain on disposal of property and equipment	(10,498)	(136,776)
Employees' terminal benefits, net	1,948,669	3,733,544
Finance costs	13,590,831	9,818,766
	60,842,745	103,699,977
Working capital adjustments:		
Inventories	(53,559,474)	(38,433,940)
Receivables	(9,684,057)	(25,576,479)
Equity instruments at FVPL	7,296,220	(786,191)
Deferred revenue	(4,868,335)	(1,391,545)
Accounts payable and accruals	42,773,333	(11,594,826)
Cash provided by operations	42,800,432	25,916,996
Finance costs paid	(13,590,831)	(9,818,766)
Zakat paid	(1,758,882)	(2,613,296)
<b>Net cash flows provided by operating activities</b>	<b>27,450,719</b>	<b>13,484,934</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(54,339,911)	(58,318,767)
Proceeds from disposal of property and equipment	16,400	233,121
Investment properties	2,082,005	-
Additions to intangible assets	(142,500)	(379,339)
<b>Net cash flows used in investing activities</b>	<b>(52,384,006)</b>	<b>(58,464,985)</b>
<b>FINANCING ACTIVITIES</b>		
Net change in short term loans	69,005,731	(1,000,000)
Net change in term loans	(16,918,764)	84,276,201
Dividends paid	(33,750,000)	(45,000,000)
<b>Net cash flows provided by financing activities</b>	<b>18,336,967</b>	<b>38,276,201</b>
Net decrease in cash and cash equivalents	(6,596,320)	(6,703,850)
Cash and cash equivalents at the beginning of the period	19,989,342	29,753,476
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>13,393,022</b>	<b>23,049,626</b>
		
	CEO	CFO
	Maher Hazem Fayezi Al Aswad	Abduljaleel Mahmoud Alieh Daoud

The accompanying notes 1 to 7 form part of these interim condensed consolidated financial statements.



# SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARIES

## (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

At 30 September 2018

#### 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 2 Muharram 1399H (corresponding to 3 December 1978).

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

Subsidiary name	Effective Ownership Percentage as at		Country of incorporation
	30 September 2018	31 December 2017	
Pure Springs Agencies & Trading Company Ltd.	90.00	90.00	Saudi Arabia
Saudi Marketing and Trading S.A.L. (Holding)	99.95	99.95	Lebanon

The Company and its subsidiaries listed above (collectively referred to as the "Group") are engaged in:

- 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 centers.

#### 2 Basis of preparation and basis of measurement

##### 2.1 Statement of compliance

The interim condensed consolidated financial statements for the nine-months period ended 30 September 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual consolidated financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

##### 2.2 Basis of measurement

The interim condensed consolidated 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 equity instruments at fair value through profit or loss and employees' benefits that have been measured at the present value of the expected benefits obligation.

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

##### 2.3 Basis of consolidation

The interim condensed consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities 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.

Subsidiaries are 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.



# SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) (Continued)

At 30 September 2018

## 2 Basis of preparation and basis of measurement (continued)

### 2.3 Basis of consolidation (continued)

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

### 2.4 Approval of interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved by the Board of Directors on 30 Safar 1440H (corresponding to 8 November 2018).

## 3 Summary of changes to the Group's accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018 and accounting policies for these new standards are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

### 3.1 IFRS 15 - Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in applicable standards as adopted by SOCPA. This includes:

- a. Identification of a contract with a customer, i.e., agreements with the Group that creates enforceable rights and obligations.
- b. Identification of the performance obligations in the contract, i.e., promises in such contracts to transfer products or services.
- c. Determination of the transaction price which shall be the amount of consideration the Group will expect to be entitled to in exchange for fulfilling its performance obligations (and excluding any amounts collected on behalf of third parties).
- d. Allocation of the transaction price to each identified performance obligation based on the relative stand-alone estimated selling price of the products or services provided to the customer.
- e. Recognition of revenue when / as a performance obligation is satisfied, i.e., when the promised products or services are transferred to the customer and the customer obtains control. This may be over time or at a point in time.

Revenue shall be measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group shall assess its revenue arrangements against specific criteria to determine if it is acting as a principal or agent.

The specific recognition criteria described below must also be met before revenue is recognized. Where there is no specific criteria, above policy will apply and revenue is recorded as earned and accrued.

The Group revenue is recognized upon the transfer of promised goods to customers in an amount that reflect the consideration to which entity expects to be entitled in exchange for these goods, which shall be considered in the context of following the 5-step approach mentioned previously.

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognized at the point in time when control of such goods is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognized.



# SAUDI MARKETING COMPANY (FARM SUPERSTORES) AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) (Continued)

At 30 September 2018

## 3 Summary of changes to the Group's accounting policies (continued)

### 3.1 IFRS 15 - Revenue from Contracts with Customers (continued)

#### Financing components

The Group currently does not have or expect to have any customer contracts in routine sales or products where the period between the transfer of the promised products or services to the customer and payment by the customer exceeds a period of one year. As a consequence, the Group currently does not adjust any of the transaction prices for the time value of money. However, if any such case is identified, the related amounts shall be re-measured to adjust for the time value of money.

### 3.2 IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied the exemption for not to restate the comparative information for prior periods with respect to classification and measurement.

#### (a) Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

At transition date to IFRS 9, the Group has financial assets measured at amortised cost, equity instrument at FVOCI and equity instruments at FVPL. The new classification and measurement of the Group's financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade accounts receivable.

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instrument, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instrument as equity instrument at FVOCI. Equity instrument at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instrument were classified as AFS financial assets.

Financial assets at FVPL comprise quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Group's quoted equity securities were classified as HFT financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

#### (b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade accounts receivable, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) (Continued)

At 30 September 2018

### 3 Summary of changes to the Group's accounting policies (continued)

#### 3.2 IFRS 9 - Financial Instruments (continued)

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of IFRS 9 was not recognized in retained earnings as at 1 January 2018 as the impact was not significant. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

### 4 Zakat and income tax

The Group is subject to zakat in accordance with the regulation of the General Authority of Zakat and Tax ("GAZT"). Provision for zakat for the Company and its Saudi Arabian subsidiary, and foreign income tax related to the Group's ownership in its foreign subsidiary, are charged to the interim condensed consolidated statement of profit or loss.

#### Status of assessments

The Company has received the zakat assessments for the years 2009 to 2012 claiming additional zakat liability. During the period, the Company has settled additional zakat claim of SR 2.4 million and obtained final assessments up to the year 2012. The zakat assessments for the year 2013 to 2017 are still under review by GAZT.

For Pure Springs Agencies and Trading Company Ltd., the assessments have been agreed by GAZT up to year 2008. The assessments for the years 2009 up to 2017 have not been raised yet by GAZT.

Zakat base has been computed based on the management's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations. The assessments to be raised by GAZT could be different from the declarations filed by the companies in Saudi Arabia.

For Saudi Marketing and Trading SAL (Holding) and its subsidiary operating in the Republic of Lebanon ("SMT"), SMT is not subject to income tax on profits, rather it is subject to tax on capital and reserves with ceiling of Lebanese Lirat (LL) 5 million (SR 12,400). SMT's books were reviewed by the department of income tax for the years from 2008 to 2011. The preliminary outcome of this review resulted in additional tax and penalties amounting to LL 107,304,000 (SR 266,144) which were accrued for by SMT.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) (Continued)

At 30 September 2018

**5 Segment information**

Management monitors the operating results as one reportable business segment for the purpose of making decisions about resource allocations and performance assessment. As such and consistent with the Group's internal reporting process. The Group has one business segment.

**Geographical segments**

The following tables include revenue and results of periods ended 30 September 2018 and 30 September 2017. Assets and liabilities information regarding geographical segments are presented as at 30 September 2018 and 30 September 2017:

	Kingdom of Saudi Arabia	Republic of Lebanon	Total
	SR	SR	SR
<b>As At 30 September 2018</b>			
Revenue	1,395,841,346	6,449,929	1,402,291,275
Operations profits /(losses)	20,893,216	(4,073,829)	16,819,387
Net income/(loss)	7,585,264	(4,077,775)	3,507,489
Total assets	1,554,309,104	125,433,845	1,679,742,949
Total liabilities	1,054,767,552	6,371,629	1,061,139,181
	Kingdom of Saudi Arabia	Republic of Lebanon	Total
	SR	SR	SR
<b>As At 30 September 2017</b>			
Revenue	1,418,989,847	8,387,615	1,427,377,462
Operations profits /(losses)	62,563,317	(2,536,571)	60,026,746
Net income/(loss)	52,667,465	(2,545,960)	50,121,505
Total assets	1,462,300,301	128,325,381	1,590,625,682
Total liabilities	945,278,951	6,092,524	951,371,475

**6 Commitment and contingencies**

The Group's bankers have issued payment guarantees, on behalf of the Group, amounting to SR 11.8 million (2017: SR 11.6 million). The Group has future capital commitments of SR 0.7 million (2017: SR 2.1 million) in respect of construction of various outlets.

**7 Subsequent events**

On 5 November 2018, the Shareholders approved the sale of the Company's entire 99.95% stake in Saudi Marketing and Trading S.A.L. (Holding) to its Chairman Hazem Al Aswad for SR 115.9 million which represents the net book value of the Company's stake in its subsidiary as of 31 December 2017. The sale transaction, upon completion of the legal formalities will result in loss of the Company's control over Saudi Marketing and Trading S.A.L. (Holding) and as such it will be de-consolidated from the date of such loss of control.