

**SAUDI RESEARCH AND MEDIA GROUP  
(SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

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UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

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**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Research and Media Group (SRMG)  
(A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Research and Media Group ("the company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2022, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2022, and the related interim condensed statements changes in equity and cash flows for the six-month period then ended, 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.

**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Research and Media Group (SRMG)  
(A Saudi Joint Stock Company) (continued)**

**Other matter**

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 4 Ramadan 1443H (corresponding to 5 April 2022G). Further, the interim condensed consolidated financial statements of the group for the three-month period ended 31 March 2022 and for the three-month and six-month periods ended 30 June 2021 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 21 Shawwal 1443H (corresponding to 22 May 2022G) and 14 Muharram 1443H (corresponding to 22 August 2021G), respectively.

for Ernst & Young Professional Services

Waleed G. Tawfiq  
Certified Public Accountant  
License No. (437)

Riyadh: 23 Muharram 1444H  
(21 August 2022G)



SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 (Unaudited) SR	As at 31 December 2021 (Audited) SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	7	1,148,622,343	1,113,694,086
Right-of-use assets	8	121,274,582	87,343,732
Intangible assets and goodwill	9	877,653,882	839,945,533
Investment properties	10	25,631,784	25,961,117
Financial assets at fair value through other comprehensive income	11	1,160,825,255	1,155,872,141
Financial assets at amortized cost		-	307,152,000
Non-current trade receivables		11,989,959	3,856,127
Derivative financial instruments	16	5,097,610	-
<b>Total non-current assets</b>		<b>3,351,095,415</b>	<b>3,533,824,736</b>
<b>Current assets</b>			
Inventories	12	233,344,526	216,256,632
Trade receivables		889,779,528	1,024,693,434
Prepayments and other current assets		232,151,912	147,274,863
Financial assets at amortized cost		303,817,201	-
Financial assets at fair value through profit or loss	11	151,103,774	349,302,897
Short-term investments		1,000,000,000	700,000,000
Cash and cash equivalents		380,491,488	396,786,676
<b>Total current assets</b>		<b>3,190,688,429</b>	<b>2,834,314,502</b>
<b>TOTAL ASSETS</b>		<b>6,541,783,844</b>	<b>6,368,139,238</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders of the Parent Company		2,314,641,136	2,066,457,537
Non-controlling interests		228,404,637	235,739,033
<b>Total equity</b>		<b>2,543,045,773</b>	<b>2,302,196,570</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings and Murabaha	17	405,348,292	418,680,482
Defined employees' benefits liabilities		134,308,046	129,392,757
Trade payables		119,824,164	80,379,078
Contract liabilities		610,544,155	830,011,706
Other non-current liabilities		15,415,636	15,478,746
Deferred tax liabilities		60,308	60,301
Lease liabilities		100,742,416	70,383,979
<b>Total non-current liabilities</b>		<b>1,386,243,017</b>	<b>1,544,387,049</b>
<b>Current liabilities</b>			
Borrowings and Murabaha	17	461,445,571	439,393,795
Trade payables		304,212,469	329,667,273
Contract liabilities		1,398,914,596	1,263,809,142
Accrued expenses and other current liabilities		265,922,620	305,625,353
Lease liabilities		28,933,803	26,376,068
Provision for Zakat and income tax	18	153,065,995	156,683,988
<b>Total current liabilities</b>		<b>2,612,495,054</b>	<b>2,521,555,619</b>
<b>Total liabilities</b>		<b>3,998,738,071</b>	<b>4,065,942,668</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,541,783,844</b>	<b>6,368,139,238</b>

Chairman  
Abdulrahman Al Rowaita

CEO and Board Member  
Jomana AlRashid

CFO  
Mohammed Abdulfatah Nazer

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three-month and six-month periods ended 30 June 2022

	Notes	For the three months period ended 30 June		For the six months period ended 30 June	
		2022	2021	2022	2021
		(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
Revenue	22	907,245,743	702,736,161	1,693,585,418	1,299,550,426
Cost of revenue		(578,427,833)	(431,078,391)	(1,103,142,892)	(819,487,371)
<b>Gross profit</b>		<b>328,817,910</b>	<b>271,657,770</b>	<b>590,442,526</b>	<b>480,063,055</b>
General and administrative expenses		(114,934,803)	(93,738,637)	(215,280,731)	(170,521,166)
Selling, marketing and distribution expenses		(18,523,719)	(15,555,911)	(41,433,572)	(30,483,185)
Allowance for expected credit losses on trade receivables		(7,680,281)	(568,672)	(14,899,179)	(1,658,089)
Other operational income / (expenses), net		5,804,755	(1,965,330)	9,853,589	(2,887,294)
<b>Income from operations</b>		<b>193,483,862</b>	<b>159,829,220</b>	<b>328,682,633</b>	<b>274,513,321</b>
Finance costs		(13,682,945)	(13,609,128)	(20,821,177)	(28,676,521)
Finance income		9,249,442	576,865	11,161,700	961,381
<b>Net finance cost</b>		<b>(4,433,503)</b>	<b>(13,032,263)</b>	<b>(9,659,477)</b>	<b>(27,715,140)</b>
<b>Income before zakat and income tax</b>		<b>189,050,359</b>	<b>146,796,957</b>	<b>319,023,156</b>	<b>246,798,181</b>
Zakat and income tax		(21,900,485)	(17,853,938)	(41,439,936)	(31,664,662)
<b>Net income for the period</b>		<b>167,149,874</b>	<b>128,943,019</b>	<b>277,583,220</b>	<b>215,133,519</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		168,722,083	134,552,543	281,234,888	226,083,509
Non-controlling interests		(1,572,209)	(5,609,524)	(3,651,668)	(10,949,990)
		<b>167,149,874</b>	<b>128,943,019</b>	<b>277,583,220</b>	<b>215,133,519</b>
<b>Basic and diluted earnings per share</b>					
Earnings per share from net income attributable to shareholders of the Parent Company	19	2.11	1.68	3.52	2.83
Number of equity shares		80,000,000	80,000,000	80,000,000	80,000,000

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2022

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022 (Unaudited) SR	2021 (Unaudited) SR	2022 (Unaudited) SR	2021 (Unaudited) SR
Net income for the period	167,149,874	128,943,019	277,583,220	215,133,519
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss (net of tax):</i>				
- Fair value changes of financial assets at fair value through other comprehensive income	(18,951,452)	(16,230,163)	(23,467,159)	11,864,248
<i>Items that may be reclassified subsequently to profit or loss (net of tax):</i>				
- Foreign currency translation differences – foreign operations	(9,667,232)	(5,546,154)	(13,266,858)	(5,731,028)
<b>Movement of other comprehensive (loss) / income for the period</b>	<b>(28,618,684)</b>	<b>(21,776,317)</b>	<b>(36,734,017)</b>	<b>6,133,220</b>
<b>Total comprehensive income for the period</b>	<b>138,531,190</b>	<b>107,166,702</b>	<b>240,849,203</b>	<b>221,266,739</b>
<b>Attributable to:</b>				
Shareholders of the Parent Company	140,121,640	112,896,943	244,512,841	232,387,164
Non-controlling interests	(1,590,450)	(5,730,241)	(3,663,638)	(11,120,425)
	<b>138,531,190</b>	<b>107,166,702</b>	<b>240,849,203</b>	<b>221,266,739</b>

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.



SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests SR	Total equity SR
	Capital SR	Statutory reserve SR	Contractual reserve SR	Translation reserve SR	Fair value of financial assets reserve SR	Retained earnings SR	Total SR	
Balance as at 1 January 2021	800,000,000	240,000,000	67,547,177	(22,245,409)	24,092,729	418,084,308	1,527,478,805	1,769,281,867
Net change in non-controlling interests	-	-	-	-	-	-	3,583,125	3,583,125
Net income	-	-	-	-	-	226,083,509	226,083,509	215,133,519
Other comprehensive (loss) / income	-	-	-	(5,560,593)	11,864,248	-	6,303,655	6,133,220
Total comprehensive (loss) / income	-	-	-	(5,560,593)	11,864,248	226,083,509	232,387,164	221,266,739
Balance as at 30 June 2021 (unaudited)	800,000,000	240,000,000	67,547,177	(27,806,002)	35,956,977	644,167,817	1,759,865,969	1,994,131,731
<b>Balance as at 1 January 2022</b>	<b>800,000,000</b>	<b>293,701,965</b>	<b>67,547,177</b>	<b>(29,523,376)</b>	<b>32,240,686</b>	<b>902,491,085</b>	<b>2,066,457,537</b>	<b>2,302,196,570</b>
Transactions with non-controlling interests – business unit acquisition transaction	-	-	-	-	-	3,670,758	3,670,758	(3,670,758)
Net income / (loss)	-	-	-	-	-	281,234,888	281,234,888	277,583,220
Other comprehensive loss	-	-	-	(13,254,888)	(23,467,159)	-	(36,722,047)	(36,734,017)
Total comprehensive (loss) / income	-	-	-	(13,254,888)	(23,467,159)	281,234,888	244,512,841	240,849,203
Balance as at 30 June 2022 (unaudited)	800,000,000	293,701,965	67,547,177	(42,778,264)	8,773,527	1,187,396,731	2,314,641,136	2,543,045,773

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.



SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

		For the six-month period ended 30 June 2022 (Unaudited) SR	2021 (Unaudited) SR
	Notes		
<b>Operating activities:</b>			
Income before zakat and income tax		319,023,156	246,798,181
<i>Adjustments to reconcile income before zakat and income tax to net cash inflow from operating activities:</i>			
Depreciation		69,497,503	60,373,643
Amortisation		46,855,129	42,421,779
Fund management fees	11	1,237,917	1,184,975
Realised gain from sale of financial assets at fair value through profit or loss (FVTPL)	11	(12,063,649)	(2,261,150)
Change in fair value of financial assets at fair value through profit or loss (FVTPL)	11	10,672,834	1,772,511
Gain from sale of property, plant, and equipment		(16,892)	(27,824)
Fair value gain from derivatives		(5,097,610)	-
Finance costs		25,183,818	28,676,521
Allowance for expected credit losses on trade receivables, net		14,899,179	1,658,089
Provision for slow-moving inventories		824,939	359,440
Amortization of financial assets at amortized cost		3,334,799	-
Employees' defined benefits liability provision		11,060,254	8,455,096
Foreign exchange gains		(9,926,693)	-
		475,484,684	389,411,261
<i>Changes in operating assets and liabilities:</i>			
Inventories		(17,912,833)	(32,981,941)
Trade receivables		111,881,067	97,960,242
Prepayments and other current assets		(84,877,049)	(11,652,037)
Trade payables		(56,060,734)	(11,765,845)
Contract liabilities		(84,362,097)	(249,896,816)
Accrued expenses and other current liabilities		(39,702,732)	(18,985,183)
<b>Cash from operations</b>		304,450,306	162,089,681
Zakat and income tax paid		(45,055,383)	(13,595,371)
Finance cost paid		(23,120,407)	(19,845,269)
Employees' defined benefits liability paid		(6,144,827)	(7,780,940)
<b>Net cash from operating activities</b>		230,129,689	120,868,101
<b>Investing activities:</b>			
Proceeds from sale of property, plant, and equipment		40,945	661,619
Addition of property, plant, and equipment		(96,237,833)	(26,039,436)
Addition of intangible assets		(5,524,678)	(4,643,238)
Proceeds from sale of financial assets at FVTPL	11	199,589,938	43,000,000
Short-term investments, net		(300,000,000)	-
Addition of financial assets at FVTOCI	11	(29,658,190)	(3,240,000)
<b>Net cash (used in) / from investing activities</b>		(231,789,818)	9,738,945
<b>Financing activities:</b>			
Proceeds from Murabaha and term borrowings	17	619,704,352	882,964,186
Repayment of Murabaha and term borrowings	17	(611,806,180)	(902,044,847)
Lease liabilities paid		(14,909,880)	(14,299,580)
Change in non-controlling interests		-	3,583,125
<b>Net cash used in financing activities</b>		(7,011,708)	(29,797,116)
Net change in cash and cash equivalents		(8,671,837)	100,809,930
Effect of movements in exchange rates		(7,623,351)	(5,520,400)
Cash and cash equivalents at the beginning of the period		386,993,766	387,700,102
Change in restricted cash at banks		58	-
<b>Cash and cash equivalents at the end of the period</b>		370,698,636	482,989,632

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2022

	<i>For the six-month period ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<u>Notes</u>	SR	SR
<b><u>Significant non-cash transactions:</u></b>		
Additions to right-of-use assets and lease liabilities	52,498,784	4,822,367
Intangible assets acquired but not yet settled and included under trade payables	79,114,305	-

For the purposes of the interim condensed consolidated statement of cash flows, the cash and cash equivalents exclude restricted bank account representing deposit pledged against a loan obtained by the Saudi Printing and Packaging Company (a subsidiary) amounting to SR 9.8 million (2021: SR 9.8 million).

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022

**1. Corporate information**

Saudi Research and Media Group (the “Company” or the “Parent Company”) is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia and operates under commercial registration number 1010087772 dated 29 Rabi Al-Awwal 1421H (corresponding to 1 July 2000) and has a registered branch in Jeddah under sub-commercial registration number 4030061258. The Company’s head office address is Al-Moutamarat District, Makkah Road, P.O. Box 53108, Riyadh 11583, Kingdom of Saudi Arabia.

The Company has announced to the shareholders on 2 May 2021 the approval of the Extraordinary General Assembly held on 17 Ramadan 1442H (corresponding to 29 April 2021) to amend Article (2) of the Company’s by-laws regarding changing the Company’s name from Saudi Research and Marketing Group to Saudi Research and Media Group, after completion of all legal requirements on 5 Shawwal 1442H (corresponding to 17 May 2021).

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in trading, media, advertising, promotions, distribution, printing and publishing, and public relations, and operate mainly in the Middle East, Europe, and North Africa.

These interim condensed consolidated financial statements include the financial position and results of operations of the Company and its domestic and foreign subsidiaries in the schedule below.

The following is a list of the subsidiaries incorporated within these interim condensed consolidated financial statements:

Subsidiaries	Country of incorporation and activities	Principal activity	Direct and indirect ownership %	
			30 June 2022	31 December 2021
Intellectual Holding Company for Advertisement and Publicity	Kingdom of Saudi Arabia	Investment in subsidiaries	100	100
Scientific Works Holding Company	Kingdom of Saudi Arabia	Investment in subsidiaries	100	100
Saudi Research and Publishing Company	Kingdom of Saudi Arabia	Publishing	100	100
Al-Khaleejiah Advertisement and Public Relations Company	Kingdom of Saudi Arabia	Advertisement and publicity	100	100
Arab Media Company Limited	Kingdom of Saudi Arabia	Visual and readable media and advertising services	100	100
Saudi Distribution Company	Kingdom of Saudi Arabia	Publishing and distribution	100	100
Moutamarat Company for Exhibitions and Conferences	Kingdom of Saudi Arabia	Holding and organizing specialized exhibitions, conferences, and forums	100	100
Emirates Printing, Publishing, and Distribution Company Ltd.	United Arab Emirates	Distribution	100	100
Moroccan Printing and Publishing Company	Morocco	Printing and publishing	100	100

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

As at 30 June 2022

**1. Corporate information (continued)**

The following is a list of the subsidiaries incorporated within these interim condensed consolidated financial statements (continued):

Subsidiaries	Country of incorporation and activities	Principal activity	Direct and indirect ownership (%)	
			30 June 2022	31 December 2021
VOX Asia Productions Limited	Pakistan	Advertising	100	100
Numu Media Holding Company	Kingdom of Saudi Arabia	Management of subsidiaries	100	100
Scene Visual Media Company (previously "Numu Visual Media Company")	Kingdom of Saudi Arabia	Advertising	100	100
Numu Elmiah Co. (previously Educational Bookshop Co.)	Kingdom of Saudi Arabia	Development of educational methods and books trade	100	100
Saudi Specialized Publishing Company	Kingdom of Saudi Arabia	Specialized publishing	100	100
Saudi Commercial Company	Kingdom of Saudi Arabia	Trading in printing accessories	100	100
Al-Ofoq Management Information System and Communication Company	Kingdom of Saudi Arabia	Trading in communication equipment and software development	100	100
Character Company Limited	Kingdom of Saudi Arabia	Trade	100	100
Taoq Public Relations Company Limited	Kingdom of Saudi Arabia	Public relations and communication	100	100
Takanah Public Relations Company Limited (c)	Kingdom of Saudi Arabia	Trading in advertisement and publicity materials	100	100
Numu Training and Consulting Company	Kingdom of Saudi Arabia	Training and consulting	100	100
Education Concept for Educational and Technical Solutions Company	Kingdom of Saudi Arabia	Import, export, and wholesale trade	100	100
Numu Alelaniah for Advertising	Kingdom of Saudi Arabia	Visual and readable media and advertising services	100	100
Arab Net Technology Co. Ltd	United Kingdom	Internet services	100	100
Al Khaleejiah Company Ltd	United Kingdom	Advertising	100	100
Book Depot for Publishing and Distribution (Ethra'a)	Jordan	Publishing and distribution	100	100
Raff Publishing Company (previously Nasheroon for Publishing co.) (c)	Kingdom of Saudi Arabia	Publishing and distribution	100	100
Taoq Media Research Company	Kingdom of Saudi Arabia	Research and support	100	100
Asharq News Services Company Limited	United Arab Emirates	TV broadcasting, radio, and other media platforms	100	100
Content Specialized Media Company	United Arab Emirates	Specialized publishing	100	100
University Book Shop Company	United Arab Emirates	Publishing and distribution	100	100
Smart Super Stores Company	United Arab Emirates	Publishing and distribution	100	100

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

As at 30 June 2022

**1. Corporate information (continued)**

The following is a list of the subsidiaries incorporated within these interim condensed consolidated financial statements (continued):

Subsidiaries	Country of incorporation and activities	Principal activity	Direct and indirect ownership (%)	
			30 June 2022	31 December 2021
HH Saudi Research and Marketing Company	United Kingdom	Publishing and distribution	100	100
Media Investment Company Limited	United Kingdom	Rental services	100	100
Al-Majalla Magazine Limited	United Kingdom	Commercial activities	100	100
Asharq Al Awsat Co. Ltd	United Kingdom	Main center activities	100	100
IPM Ltd	Guernsey Islands	Registration, maintenance, and ownership of the Group's intellectual property	100	100
Sayidaty Products Co.	United Kingdom	Commercial activities	100	100
Sayidaty Limited Company	United Kingdom	Commercial activities	100	100
Euromena Company (formerly "Satellite Graphics")	United Kingdom	Commercial activities	100	100
Media Arabia Company Limited	Jersey	Commercial activities	100	100
Asharq News Services Company Limited	Kingdom of Saudi Arabia	TV broadcasting, radio, and platforms	100	100
Asharq TV Company	Kingdom of Saudi Arabia	Television broadcasting and radio and forums	100	100
The News Hub Limited	United Kingdom		100	100
Saudi Printing and Packaging Company (a)	Kingdom of Saudi Arabia	Printing, packaging, and plastic industries	70	70
Argaam Investment and Trading Company (b)	Kingdom of Saudi Arabia	Publishing and electronic content	51	51
Thmanyah Co. for Publishing and distribution (d)	Kingdom of Saudi Arabia	Publishing audiovisual content	51	51

(a) The Saudi Printing and Packaging Company (SPPC) owns the following subsidiaries:

Subsidiaries	Country of incorporation and activities	Principal activity	The Group percentage of indirect ownership (%)	
			30 June 2022	31 December 2021
Al Madinah Al Mounoura for Printing and Publishing Company	Kingdom of Saudi Arabia	Printing	70	70
Hala Printing company	Kingdom of Saudi Arabia	Printing	70	70
Future Industrial Investment Company	Kingdom of Saudi Arabia	Printing and packaging	70	70
Emirates National Factory for Plastic Industries and its Subsidiaries	United Arab Emirates	Packaging and plastic industries	70	70

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**1. Corporate information (continued)**

- (b) Argaam Investment and Trading Company (Argaam) owns the following subsidiaries:

Subsidiaries	Country of incorporation and activities	Principal activity	The Group percentage of indirect ownership (%)	
			30 June 2022	31 December 2021
Danat Free Zone Company	United Arab Emirates	Publishing and electronic content	51	51
Argaam Media Company	Arab Republic of Egypt	Publishing and electronic content	51	51

- (c) Takanah Public Relations Company Limited and Raff Publishing Company own 100% of the shares in Global Media Company and its subsidiaries, based in the United Kingdom.
- (d) On 1 October 2021, the Arab Media Company, a subsidiary of the Group, acquired 51% of the issued capital of Thmanyah for Publishing and Distribution Company (Thmanyah), one of the leading digital media companies in the Kingdom of Saudi Arabia that works in the production and distribution of podcasts and documentaries on social media platforms. The acquisition is part of the Group's multi-platform approach and commitment to provide original, distinguished, and exclusive content to audiences and customers through digital platforms and social media.

Acquisition accounted for as business combinations in accordance with IFRS 3, using the acquisition method, as all assets and liabilities were recognised at their fair value as on the acquisition date. Subsequently, in March 2022, the Group completed the purchase price allocation (PPA) to the net identifiable assets.

The details of the cash consideration for the purchase of net assets and goodwill are as follows:

	SR million
<b>Cash consideration fair value</b>	
Cash Paid	17.5
Present value of deferred cash consideration (*)	7.2
	<b>24.7</b>

(\*) A deferred cash consideration of SR 8.0 million to be paid to the seller in installments starting from the second year of the transaction date until the fifth year. The present value of the deferred cash consideration was defined at SR 7.2 million and recognized in other non-current liabilities. This amount is discounted as a cash outflow using a discount rate 5%.

Details of the assets and liabilities fair values recognized as a result of the acquisition are as follows:

Description	SR million
Property, plant, and equipment	3.1
Intangible assets	0.4
Intangible assets: trade names	10.4
Right-of-use assets	0.8
Trade receivables	1.6
Cash and cash equivalents	0.1
Lease liabilities	(1.0)
Defined employees' benefits liabilities	(0.1)
Zakat provision	(0.1)
Other current liabilities	(5.6)
<b>Fair value of the net identifiable assets</b>	<b>9.6</b>

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**1. Corporate information (continued)**

**Goodwill:**

<b>Description</b>	<b>SR million</b>
Cash consideration at fair value	24.7
Non-controlling interests (**)	4.7
Fair value of the net identifiable assets	(9.6)
<b>Goodwill resulting from acquisition</b>	<b>19.8</b>

(\*\*) The non-controlling interests are calculated at (49%) of the net fair value of the identifiable assets.

**2. Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for the following:

- Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;
- Derivative financial instruments are measured at fair value; and

**Functional and presentation currency**

The interim condensed consolidated financial statements are presented in Saudi Riyal (SR), which is the Company's functional currency and the Group's presentation currency. All amounts are shown in full unless otherwise indicated.

**3. Significant accounting judgements, estimates and assumptions**

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The significant judgements exercised by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.



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At 30 June 2022

**4. Accounting Policies**

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2021 except as disclosed below and in note 6.

**Derivative financial instruments**

The Group uses derivative financial instruments such as Interest Rate Swaps (IRS) to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are charged directly to income statement.

**5. Fair value measurements**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values for financial assets and liabilities. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**6. New standards, interpretations and amendments adopted by the Group**

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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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At 30 June 2022

**6. New standards, interpretations and amendments adopted by the Group (continued)**

**Reference to the Conceptual Framework – Amendments to IFRS 3**

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent consideration payable with respect to business combinations.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in income statement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

**IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

**7. Property, plant, and equipment**

As at 30 June 2022, the cost of property, plant and equipment amounted to SR 2,319.3 million (31 December 2021: SR 2,236.9 million) and the accumulated depreciation as at 30 June 2022 amounted to SR 1,170.7 million (31 December 2021: SR 1,123.2 million).

**Additions**

During the six months ended 30 June 2022, the Group purchased assets with a cost of SR 96.7 million (30 June 2021: SR 26 million).

**Pledged assets**

Certain plant, property and equipment with net book value amounting to SR 71 million as at 30 June 2022 (31 December 2021: SR 91 million) were placed as collateral against long-term borrowing (note 17).

**Capital commitments**

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SR 64.1 million as at 30 June 2022 (31 December 2021: SR 140.4 million). These are expected to be delivered in 2022.

**8. Right-of-use assets**

During the six-month period ended 30 June 2022, the Group obtained a lease contract for a new building which increased the right-of-use assets by SR 52.5 million (30 June 2021: SR 4.8 million).

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**9. Intangible assets and goodwill**

The details of intangible assets and goodwill are as follows:

	As at 30 June 2022 SR	As at 31 December 2021 SR
Goodwill (a)	389,745,066	389,745,066
Visual content project, websites, and copyrights	258,513,250	219,300,110
Mastheads (a)	172,126,350	172,126,350
Computer software	45,018,623	48,303,153
Trade names	9,382,225	10,029,275
Projects in progress	2,868,368	441,579
	<b>877,653,882</b>	<b>839,945,533</b>

**a. Sensitivity to changes in assumptions**

With regard to the assessment of value-in-use, there are no significant changes to the key assumptions, or the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

**10. Investment properties**

As at 30 June 2022, the group holds investment properties with carrying value of SR 25.6 million (31 December 2021: SR 26 million) which has fair value of SR 37.9 million (31 December 2021: SR 37.9 million).

**11. Financial assets at fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL)**

This includes investment in funds in the Kingdom of Saudi Arabia regulated by the Saudi Capital Market Law and its executive regulations, private equity fund and shares in an unquoted company.

**a. Financial assets at fair value through other comprehensive income (FVOCI)**

Financial assets at FVOCI represents the investments which the Group has the intention to hold for a long term for strategic purposes. In accordance with IFRS 9, the Group has initially recognized them as financial assets at FVOCI.

The movement of financial assets at FVOCI is as follows:

	For the six-month period ended 30 June 2022 SR	For the year ended 31 December 2021 SR
At 1 January	1,155,872,141	1,139,499,770
Additions	29,658,190	5,390,000
Dividends	-	5,316,057
Management fees	(1,237,917)	(2,481,643)
Changes in fair value	(23,467,159)	8,147,957
	<b>1,160,825,255</b>	<b>1,155,872,141</b>

During the six-month period ended 30 June 2022, the group invested SR 19.2 million in a newly established private equity fund.

In accordance with the terms and conditions of investment funds with fair values of SR 1.14 billion (31 December 2021: SR 1.15 billion), the control of these mutual funds rest with the fund manager.

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**11. Financial assets at fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) (continued)**

**b. Financial assets at fair value through profit or loss (FVTPL):**

Financial assets at FVTPL represents the investments which the Group holds with intention to trade. The movement of financial assets at FVTPL is as follows:

	<b>For the six-month period ended 30 June 2022 SR</b>	<b>For the year ended 31 December 2021 SR</b>
At 1 January	<b>349,302,897</b>	241,211,454
Additions during the year	-	150,000,000
Disposals during the period / year	<b>(199,589,938)</b>	(43,000,000)
Realized gain on disposal during the period / year	<b>12,063,649</b>	2,261,151
Changes in fair value during the period / year	<b>(10,672,834)</b>	(1,169,708)
	<b>151,103,774</b>	349,302,897

**12. Inventories**

The provision for slow-moving inventories as at 30 June 2022 amounted to SR 27.1 million (31 December 2021: SR 26.3 million) was in line with the policy adopted by the Group.

**13. Share capital**

The Company's share capital amounting to SR 800 million as of 30 June 2022 and 31 December 2021 is divided into 80 million shares of SR 10 each.

**14. Statutory reserve**

In accordance with the Parent Company's by-laws, the Group is required to set aside 10% of its net profit as statutory reserve. The general assembly may cease such transfer when this reserve equals 30% of the share capital. Based on the approval of the Ordinary General Assembly of Shareholders at its meeting on 18 Shawwal 1433H corresponding to 19 May 2022, the transfer to statutory reserve was ceased. The statutory reserve is not available for distribution.

**15. Contractual reserve**

In accordance with the Parent Company's by-laws, the Ordinary General Assembly may, based on the proposal of the Board of Directors, set aside 10% of net profits for the formation of a contractual reserve allocated for specific purpose(s).

**16. Derivative financial instruments**

The fair value on derivative financial instruments as at the reporting date was as follows:

	<b>As at 30 June 2022 SR</b>	<b>As at 31 December 2021 SR</b>
<b>Derivatives designated as hedging instruments</b>		
Profit rate swaps	<b>5,097,610</b>	-

The Group uses derivative financial instruments mainly, profit rate swaps to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group has recognised SAR 5.1 million as a financial asset during the period ended 30 June 2022. Other details related to the profit rate swap arrangement are as follows:

	<b>As at 30 June 2022 SR</b>	<b>As at 31 December 2021 SR</b>
Change in fair value of the hedging instrument	<b>5,097,610</b>	-
Carrying amount of the hedging instrument	<b>5,097,610</b>	-
Notional amount of the hedging instrument	<b>173,637,341</b>	184,150,800
Maturity date of the hedging instrument	<b>6 December 2025</b>	6 December 2025

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**17. Murabaha and Borrowings**

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include borrowings and Murabaha, credit facilities, letters of credit and letters of guarantee, amounting to SR 1.3 billion (31 December 2021: SR 1.2 billion). The purpose of these facilities is to finance the working capital, investments, import of raw materials, and equipment relating to the Group's activities. These facilities bear financial charges as per the relevant agreements.

The subsidiary company of the Group, Saudi Printing and Packaging Company signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans, short-term borrowings, Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods starting from December 2018 and ending in March 2029, which are subject to renewal. The credit limit for total facilities was SR 940.3 million as at 30 June 2022 (31 December 2021: SR 884.6 million). These agreements are subject to the terms and conditions that apply to all types of facilities provided by banks to their clients, as well as compliance with debt covenants of banking facilities. The purpose of these facilities is to finance the activity, working capital, investments, capital expenditures import of raw materials, and equipment related to SPPC's activities and projects.

In January 2021, Emirates National Factory for Plastic Industries (a wholly owned subsidiary of SPPC in the United Arab Emirates) signed a banking facility agreement (in compliance with the provisions of Islamic Sharia) with a local bank in the United Arab Emirates for a total amount of AED 475 million (equivalent to SR 484.5 million) representing the following:

- Long-term financing of AED 375 million (equivalent to SR 382.5 million), repayable over 8 years. The facility was obtained for the purposes of financing capital projects in the amount of AED 100 million (equivalent to SR 102 million), in addition to early payment of existing facilities in favor of other banks in the United Arab Emirates, amounting to AED 275 million (equivalent to SR 280.5 million); and
- Short-term financing of AED 100 million (equivalent to SR 102 million) for the purpose of working capital financing.

This loan has an IRS which has resulted in a derivative financial instrument asset as at 30 June 2022 (note 16). These facilities are subject to interest charges according to the relevant agreements, ranging from 1.65% to 3.5% + SAIBOR and EIBOR. Under these agreements, SPPC and its subsidiary provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities;
- A plot of land in Abhor district in Jeddah placed as collateral;
- An insurance policy which grants the bank the right to be the first beneficiary for the amount equal to the value of the facility;
- A corporate guarantee provided by a subsidiary of SR 16.6 million; and
- Restricted bank accounts amounting to SR 9.8 million (31 December 2021: SR 9.8 million).

Based on the decision of the Board of Directors of SPPC in their meeting held on 7 May 2018, the bank has the right, in the event of default by SPPC, to recourse through some of the subsidiaries, and the bank has the right to request additional guarantees other than what is mentioned in the loan agreement.

SRMG also obtained Islamic financing (Tawaruq) amounting to SR 32 million on 26 April 2022 from a local bank which shall be due for repayment on 26 July 2022, this borrowing carries financial charges at prevailing market borrowing costs. Of the facilities available to the Group and its subsidiaries, as at 30 June 2022, the balance outstanding amounted to SR 866.8 million (31 December 2021: SR 858.1 million).

The following is an analysis of the loans and Murabaha transactions:

	As at 30 June 2022 SR	As at 31 December 2021 SR
Short-term borrowing	346,248,191	325,506,091
Long-term borrowing*	496,158,150	510,213,224
Bank overdrafts	20,383,785	19,172,640
Accrued finance costs	4,003,737	3,182,322
Total borrowings and Murabaha	866,793,863	858,074,277
Less: Current portion	(461,445,571)	(439,393,795)
Non-current portion	405,348,292	418,680,482

\* Including the current portion of long-term loans.

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**17. Murabaha and Borrowings**

The following is the movement in the balance of Murabaha and borrowings:

	For the six-month period ended 30 June 2022 SR	For the year ended 31 December 2021 SR
At 1 January	858,074,277	943,554,857
Proceeds from borrowings	619,704,352	1,446,343,578
Repayment of borrowings	(611,806,180)	(1,530,432,225)
Finance costs	18,445,666	38,601,249
Paid finance costs	(17,624,252)	(39,993,182)
	<b>866,793,863</b>	<b>858,074,277</b>

**18. Zakat and income tax**

**Zakat and income tax assessments for the “Parent Company and its wholly owned subsidiaries”**

Provision for zakat and income tax is recognised and provided within the interim condensed consolidated statement of income. The differences arising from calculating the zakat related to the final assessment are settled in the period in which they are completed.

Zakat returns of the Company and its wholly owned subsidiaries are submitted to the Zakat, Tax and Customs Authority (ZATCA) based on the standalone financial statements prepared for Zakat purposes up to 2006. Other non-wholly owned subsidiaries file their Zakat returns separately.

During the year 2007, the Group had obtained the approval of ZATCA on filing a consolidated Zakat return for the Company and its wholly owned subsidiaries. The Company and its wholly owned subsidiaries have filed Zakat returns to ZATCA for the years from 2007 through 2021.

During the year 2020, a session was held with the Committee for the Settlement of the Zakat and Tax Disputes for the years 2007-2010, in which the Committee issued a final decision, and the Company and its wholly owned subsidiaries paid the amount proposed by the Committee, after which the status of the Company and its wholly owned subsidiaries was finalized and cleared for the aforementioned years.

The Company and its wholly owned subsidiaries have filed Zakat returns for the years from 2011 through 2013 to ZATCA. The final assessments for these years have not yet been raised by ZATCA. Since the Zakat returns have been submitted for more than five years ago, the status for these years is considered terminated due to the statute of limitations.

The Company and its wholly owned subsidiaries have filed Zakat returns for the years 2014 through 2018. The ZATCA has issued the final assessment for the years from 2014 to 2018 and accordingly the Company and its wholly owned subsidiaries has made a provision to cover the potential claims as at 31 December 2020 amounting to SR 57,169,524. Subsequent to the year ended 31 December 2020, the Company and its wholly owned subsidiaries have filed an appeal to the Zakat Dispute Committee and the objection was partially accepted by ZATCA and the assessment was adjusted to be SR 27,318,553 for the years 2015 through 2018. Accordingly, the Company and its wholly owned subsidiaries have resorted to General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes to file an objection on the Zakat Dispute Committee’s resolution.

ZATCA also issued Zakat assessment on Numu Al Elmiah Company (a wholly owned subsidiary of the Company) with a value of SR 8,088,037 for the years 2016 to 2018. Numu Al Elmiah filed and submitted an objection to the Zakat Disputes Committee, and the objection was not accepted by ZATCA. Subsequently, Numu Al Elmiah resorted to the General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes, and the objection was not accepted by General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes, Numu Al Elmiah resorted to the Appeal Committee for Violations and Disputes.

The Company and its wholly owned subsidiaries have submitted their Zakat returns for the years 2019 to 2021, which are still under review by ZATCA, and therefore amendments may occur to them that may lead to an amendment of the Zakat accrued for those years.

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**18. Zakat and income tax(continued)**

**Zakat and income tax for “not-wholly-owned major subsidiaries”**

**a. Saudi Printing and Packaging Company:**

Zakat provision is estimated and charged to the interim condensed consolidated statement of income. The differences arising from calculating the zakat related to the final assessment are settled in the year in which they are completed.

SPPC filed consolidated Zakat returns to ZATCA for the years ended 31 December 2005 until 2008 and received Zakat certificate for these years.

ZATCA issued assessment notices for the years 31 December 2005 to 2008 and requested SPPC to pay additional Zakat amounting to SR 6,582,634. SPPC filed an objection against the said assessment, and in 2016 the objection was rejected by ZATCA except for some deferred gains which amounted to SR 2,004,578 for which the objection was accepted and was mentioned in the original objection amount. Furthermore, ZATCA also requested payment of Zakat differences due to the unauthorized profit difference for the years 2005 and 2006 amounted to SR 143,203, which were paid by SPPC during 2018 and were mentioned within the original objection amount. The assessment discussions for the years ended 31 December 2005 to 2008 between ZATCA and SPPC are ongoing as at 30 June 2022.

SPPC filed consolidated zakat returns to ZATCA for the years ended 31 December 2009 until 2013 and received Zakat certificate for these years. The assessment notices for the mentioned years up to 31 December 2021 have not yet issued by ZATCA. ZATCA issued assessment for the year ended 31 December 2014 without additional amounts.

SPPC filed consolidated Zakat returns to General Authority of Zakat and Income Tax for the years ended 31 December 2015, 2016, and 2018 and received a restricted Zakat certificate for these years. ZATCA issued assessment for these years and requested SPPC to pay amount of SR 16,314,362. The ZATCA and the first level of General Secretariat of Tax and Appeal Committee (“GSTC”) has rejected the appeal. Accordingly, SPPC has filed the appeal to the second level of GSTC. The second level of GSTC ruling will be considered final and therefore could not be appealed by the ZATCA or the SPPC. The ruling from the second level of GSTC is awaited.

ZATCA issued an assessment on SPPC Zakat return accounts for the year ended 31 December 2017 with a total difference of SR 12,180,465 of which an amount of SR 3,057,612 was paid based on the return submitted and ZATCA requested SPPC to pay the difference amounting to SR 9,122,853. However, SPPC objected to the assessment and the objection was partially accepted; differences were adjusted to be SR 2,253,606 which was paid within the year 2019.

SPPC filed consolidated Zakat returns to ZATCA for the years ended 31 December 2019 and 2020 and received a restricted zakat certificate for these years. ZATCA issued an assessment for these years during 2021 and requested SPPC to pay an additional amount of SR 22,428,203. SPPC accepted an amount of SR 17,735 and accordingly the same has been settled before filing the appeal with ZATCA.

For the rest of the assessment, SPPC didn't accept ZATCA's treatment and filed appeal against the same. The ZATCA has partially accepted SPPC's appeal, whereby the total Zakat liability is amounting to SR 21,809,019.

SPPC didn't accept the revised assessment and has filed its appeal under the 1st level of GSTC. However, to file its appeal to the 1st level of the GSTC, SPPC had to settle 25% of the total zakat liability. Thus, SPPC settled SR 6,170,214 (according to the ZATCA regulations) and filed an objection against the said revised assessment. The ruling from the 1st level of GSTC is pending.

**b. Argaam Investment Trading Company:**

Zakat returns have been filed to Zakat and Tax and Customs Authority (ZATCA) up to the year ended 31 December 2021. No zakat provisions accrued to the Company for the years ended 31 December 2021, 2020, and 2019 because the zakat base was negative. Argaam has not been subject to any Zakat examination up to the date of these financial statements.

**c. Thmanyah for Publishing and Distribution Company:**

Zakat returns have been filed to Zakat and Tax and Customs Authority (ZATCA) up to the year ended 31 December 2021.

**Income tax:**

Foreign subsidiaries file their tax returns on a regular basis, and the difference between the effective and accounting tax rate is deemed insignificant.



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**19. Earnings per share**

Basic / diluted earnings per share (EPS) for income attributable to ordinary shares are calculated by the appropriation of the weighted average number of outstanding ordinary shares. Earnings per share for the three-month and six-month periods ended 30 June 2022 has been computed based on the weighted average number of shares outstanding during the periods which amounted to 80,000,000 shares for the three-month and six-months periods ended 30 June 2022 (three- and six-months periods ended 30 June 2021: 80,000,000 shares). There are no contingent ordinary diluted shares. Diluted earnings per share is the same as the basic earnings per share as the Group does not have any convertible securities nor diluted instruments to exercise.

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**20. Financial instruments fair values and risk management**

The table below shows the carrying and fair values of financial assets and liabilities as at 30 June 2022 and 31 December 2021:

	Carrying value					Fair value			
	Financial assets at fair value through profit or loss SR	Financial assets at fair value through OCI SR	Amortized cost SR	Other financial liabilities SR	Total SR	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
<b>30 June 2022</b>									
<b>Financial assets measured at fair value</b>									
Financial assets at fair value through profit or loss	151,103,774	-	-	-	151,103,774	151,103,774	-	-	151,103,774
Financial assets at fair value through other comprehensive income (OCI)*	-	1,159,825,255	-	-	1,159,825,255	-	1,140,667,065	19,158,190	1,159,825,255
Derivative financial instruments	5,097,610	-	-	-	5,097,610	-	5,097,610	-	5,097,610
	156,201,384	1,159,825,255	-	-	1,316,026,639	151,103,774	1,145,764,675	19,158,190	1,316,026,639
<b>Financial assets not measured at fair value</b>									
Trade receivables-current	-	-	889,779,528	-	889,779,528	-	-	-	-
Trade receivables-non-current	-	-	11,989,959	-	11,989,959	-	-	-	-
Financial assets at amortised cost	-	-	303,817,201	-	303,817,201	-	-	-	-
Short-term investments	-	-	1,000,000,000	-	1,000,000,000	-	-	-	-
Cash and cash equivalents	-	-	380,491,488	-	380,491,488	-	-	-	-
	-	-	2,586,078,176	-	2,586,078,176	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Loans and Murabaha - current	-	-	-	461,445,571	461,445,571	-	-	-	-
Loans and Murabaha - non-current	-	-	-	405,348,292	405,348,292	-	-	-	-
Trade payable - current	-	-	-	304,212,469	304,212,469	-	-	-	-
Trade payable - non-current	-	-	-	119,824,164	119,824,164	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	265,922,620	265,922,620	-	-	-	-
Non-current liabilities - others	-	-	-	7,476,078	7,476,078	-	-	-	-
Lease liabilities - current	-	-	-	28,933,803	28,933,803	-	-	-	-
Lease liabilities - non-current	-	-	-	100,742,416	100,742,416	-	-	-	-
	-	-	-	1,693,905,413	1,693,905,413	-	-	-	-

\*Financial assets at fair value through comprehensive income excludes SR 1.0 million of unquoted investments.

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At 30 June 2022

20. Financial instruments fair values and risk management (continued)

	Carrying value					Fair value			
	Financial assets at fair value through profit or loss SR	Financial assets at fair value through OCI SR	Amortized cost SR	Other financial liabilities SR	Total SR	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
<b>31 December 2021</b>									
<b>Financial assets measured at fair value</b>									
Financial assets at fair value through profit or loss	349,302,897	-	-	-	349,302,897	150,008,466	199,294,431	-	349,302,897
Financial assets at fair value through other comprehensive income (OCI)*	-	1,154,872,141	-	-	1,154,872,141	-	1,154,872,141	-	1,154,872,141
	<u>349,302,897</u>	<u>1,154,872,141</u>	<u>-</u>	<u>-</u>	<u>1,504,175,038</u>	<u>150,008,466</u>	<u>1,354,166,572</u>	<u>-</u>	<u>1,504,175,038</u>
<b>Financial assets not measured at fair value</b>									
Trade receivables – non-current	-	-	1,024,693,434	-	1,024,693,434	-	-	-	-
Trade receivables - current	-	-	3,856,127	-	3,856,127	-	-	-	-
Financial assets at amortized cost	-	-	307,152,000	-	307,152,000	-	-	-	-
Short-term investments	-	-	700,000,000	-	700,000,000	-	-	-	-
Cash and cash equivalents	-	-	396,786,676	-	396,786,676	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,432,488,237</u>	<u>-</u>	<u>2,432,488,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Loans and Murabaha - current	-	-	-	439,393,795	439,393,795	-	-	-	-
Loans and Murabaha - non-current	-	-	-	418,680,482	418,680,482	-	-	-	-
Trade payable - current	-	-	-	329,667,273	329,667,273	-	-	-	-
Trade payable - non-current	-	-	-	80,379,078	80,379,078	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	305,625,353	305,625,353	-	-	-	-
Non-current liabilities - others	-	-	-	7,287,235	7,287,235	-	-	-	-
Lease liabilities - current	-	-	-	26,376,068	26,376,068	-	-	-	-
Lease liabilities - non-current	-	-	-	70,383,979	70,383,979	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,677,793,263</u>	<u>1,677,793,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*Financial assets at fair value through comprehensive income excludes SR 1.0 million of unquoted investments.

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At 30 June 2022

**21. Commitments and contingencies**

**Contingent legal claims**

Certain subsidiaries of the Group are involved in litigation matters in their ordinary course of business, which are being defended. The ultimate results of these matters cannot be determined with certainty. However, the management believes that the results of these matters will not have a significant impact on the Group's interim condensed consolidated financial statements as at 30 June 2022.

The Group has the following contingent liabilities and commitments:

	As at 30 June 2022 SR million	As at 31 December 2021 SR million
Letters of credit	77.9	22.1
Letters of guarantee	12.5	5.3
Trades and marketing commitments	14.7	16.0
Capital commitments (note 7)	64.1	140.4

**22. Segment information**

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

- Publishing, visual, and digital content:** Comprise the publishing works locally and internationally, media activities, research and marketing of the products of the Group and third parties. The segment is also involved in the publishing of specialized publications for third parties, issuance of licensed international publications/media platforms, translation services and selling electronic and visual content.
- Public relations and advertising:** Comprise the local and international public relations services, studies, research, marketing, media events, international advertising, production, representation and marketing of audio visual and readable advertising media, and advertising panels.
- Printing and packaging:** Comprise printing works on paper and plastic, commercial posters, in addition to manufacturing of plastic products for the Group and others.
- All other segments:** Comprise the wholesale and retail trading of school supplies, office furniture, installation and maintenance of laboratories, and providing technical, training and educational courses, services, international and local distribution of newspapers, magazines, publications, investments, books and the publications of the Group and other related activities.

**The following segments have been aggregated in these interim condensed consolidated financial statements, as follows:**

**Publishing:** This segment comprises the publishing and specialized publishing segments. These two segments have been aggregated based on the criteria of having similar nature of services and similar type or class of customers for their products.

**All other segments:** This segment is an aggregation of all other business activities and operating segments that do not individually meet the quantitative thresholds required under IFRS 8.

The Chief Executive Officer and the Chief Operating Officer both monitor the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently with income in the interim condensed consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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At 30 June 2022

**22. Segment information (continued)**

The following table presents revenues and profit information for the Group's operating segments for the six-month period ended 30 June 2022:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
<b>Revenues</b>							
External customers	714,117,413	480,213,681	479,744,261	19,510,063	1,693,585,418	-	1,693,585,418
Inter-segment	175,691,664	-	26,916,599	1,800,647	204,408,910	(204,408,910)	-
<b>Total revenues</b>	<b>889,809,077</b>	<b>480,213,681</b>	<b>506,660,860</b>	<b>21,310,710</b>	<b>1,897,994,328</b>	<b>(204,408,910)</b>	<b>1,693,585,418</b>
<b>Gross profit</b>	<b>220,807,649</b>	<b>298,214,162</b>	<b>74,686,465</b>	<b>5,508,686</b>	<b>599,216,962</b>	<b>(8,774,436)</b>	<b>590,442,526</b>
<b>Segment profit / (loss) attributable to shareholders of the Parent Company</b>	<b>142,933,768</b>	<b>189,529,986</b>	<b>(2,379,911)</b>	<b>(15,038,983)</b>	<b>315,044,860</b>	<b>(33,809,972)</b>	<b>281,234,888</b>

The following table presents revenues and profit information for the Group's operating segments for the six-month period ended 30 June 2021:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
<b>Revenues</b>							
External customers	453,613,915	455,206,651	364,515,000	26,214,860	1,299,550,426	-	1,299,550,426
Inter-segment	173,499,998	33,375,424	3,134,520	1,900,529	211,910,471	(211,910,471)	-
<b>Total revenue</b>	<b>627,113,913</b>	<b>488,582,075</b>	<b>367,649,520</b>	<b>28,115,389</b>	<b>1,511,460,897</b>	<b>(211,910,471)</b>	<b>1,299,550,426</b>
<b>Gross profit</b>	<b>139,391,807</b>	<b>290,954,691</b>	<b>44,210,047</b>	<b>16,220,112</b>	<b>490,776,657</b>	<b>(10,713,602)</b>	<b>480,063,055</b>
<b>Segment profit / (loss) attributable to shareholders of the Parent Company</b>	<b>65,768,640</b>	<b>234,788,962</b>	<b>(28,909,113)</b>	<b>(1,980,503)</b>	<b>269,667,986</b>	<b>(43,584,477)</b>	<b>226,083,509</b>

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**22. Segment information (continued)**

The following table presents total assets and total liabilities information for the Group's operating segments as at 30 June 2022:

	<b>Publishing, visual, and digital content SR</b>	<b>Public relations and advertising SR</b>	<b>Printing and packaging SR</b>	<b>All other segments SR</b>	<b>Total SR</b>	<b>Adjustments and eliminations SR</b>	<b>Total SR</b>
<b>Total assets</b>	<b>3,861,439,765</b>	<b>7,090,835,739</b>	<b>1,742,236,687</b>	<b>656,441,782</b>	<b>13,350,953,973</b>	<b>(6,809,170,129)</b>	<b>6,541,783,844</b>
<b>Total liabilities</b>	<b>3,798,782,316</b>	<b>4,450,149,230</b>	<b>1,102,874,651</b>	<b>301,028,193</b>	<b>9,652,834,390</b>	<b>(5,654,096,319)</b>	<b>3,998,738,071</b>

The following table presents total assets and total liabilities information for the Group's operating segments as at 31 December 2021:

	<b>Publishing, visual, and digital content SR</b>	<b>Public relations and advertising SR</b>	<b>Printing and packaging SR</b>	<b>All other segments SR</b>	<b>Total SR</b>	<b>Adjustments and eliminations SR</b>	<b>Total SR</b>
Total assets	3,182,723,271	6,493,755,361	1,702,052,042	788,351,341	12,166,882,015	(5,798,742,777)	6,368,139,238
Total liabilities	3,404,600,250	4,437,059,163	1,060,305,829	328,712,391	9,230,677,633	(5,164,734,965)	4,065,942,668

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

**Adjustments and eliminations**

Finance costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Zakat, income taxes, and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

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**22. Segment information (continued)**

**Revenue recognition time:**

The Group recognizes revenue as per the terms and conditions in the contracts with customers for media, advertising, publishing, and other segments services as follows:

Public relations and advertising

Revenue is recognized over time and on a 'stand-ready' basis. The performance obligations are stand-ready obligations and generally agreed that the nature of the promise in a stand-ready obligation is the promise that the customer will have access to a good or service. The standard describes a stand-ready obligation as a promised service that consists of standing ready to provide goods or services or making goods or services available for a customer to use as and when it decides to do so.

Advertising revenue is billed monthly, and payments are due shortly after the bill date. Such services are recognized as a performance obligation satisfied at a point in time. A receivable is recognized by the Group when the goods or services are delivered or rendered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Printing and packaging

Revenue is recognized when customers obtain control of goods when the goods are delivered to customers and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time.

Some contracts allow customers to return goods and replace them with other new goods, and no refunds are permitted. Revenue is recognized when the goods are delivered and have been accepted by customers.

With respect to contracts that allow customers to return goods, revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur in the amount of the accumulated revenue.

Other segments:

Subscription revenues are billed and collected in advance. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as contract liabilities. Subscription revenue is recognized over time as the Group satisfies its performance obligations over time. The transaction price allocated to these subscriptions is recognized as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Penalties on overdue trade receivables are recognized on an accrual basis using the rates stipulated in the service agreements.

	<b>For the six-month period ended 30 June 2022 SR</b>	<b>For the six-month period ended 30 June 2021 SR</b>
At a point in time	<b>546,640,848</b>	428,914,855
Over a period of time	<b>1,146,944,570</b>	870,635,571
	<b><u>1,693,585,418</u></b>	<b><u>1,299,550,426</u></b>

**23. Related party transactions and balances**

Related parties of the Group comprise entities where shareholders and key management personnel have control, joint control, or significant influence.

The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the normal course of business:

	<b>For the six-month period ended 30 June 2022 SR</b>	<b>For the six-month period ended 30 June 2021 SR</b>
BOD expenses, allowances, and respective committees	<b>5,146,000</b>	3,126,000
Benefits of group's key management personnel	<b>22,654,623</b>	5,391,842



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**23. Related party transactions and balances (continued)**

The significant transactions and balances between the Group and its related parties are as follows:

<u>Related parties name</u>	<u>Nature of relationship</u>	<u>Nature of Transaction</u>	<u>For the six-month period ended 30 June 2022 SR</u>	<u>For the six-month period ended 30 June 2021 SR</u>
Al Madarat Company for advertising and its subsidiaries for advertising services	Owned by board of directors' member	Media service, programs, and films production	-	15,477,559
Al-Fahed law firm	Owned by board of directors' member	Legal consultancy	<b>263,650</b>	753,500

In addition, the Group has an outstanding balance of SR 24.7 million (31 December 2021: SR 28 million) and those amounts have been paid for media services to an entity owned by one of the subsidiaries' General Manager. This amount is included in prepayments and other current assets.

**24. Comparative figures**

Certain prior period figures have been reclassified to conform for better presentation of the interim condensed consolidated statement of financial position, statement of income and consolidated statement of cash flows. These reclassifications did not affect the profits and equity of the previous periods / years:

	<i>For the six months period ended 30 June 2021</i>		
	<i>As previously reported</i>	<i>Amount of reclassification</i>	<i>Reclassified amounts</i>
Cost of revenue	(802,822,365)	(16,665,006)	(819,487,371)
General and administrative expenses	(187,186,172)	16,665,006	(170,521,166)

**25. Subsequent events**

No matters have occurred up to and including the date of approval of these interim condensed consolidated financial statements by the board of directors which would materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 30 June 2022.

**26. COVID – 19**

The novel Coronavirus (COVID19) which was declared a pandemic by the World Health Organization (WHO) in March 2020, continues to evolve. It is currently difficult to predict the full extent and duration of the impact of this pandemic on the business and the economies in which the Group operates.

The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time. The Group has taken containment steps that, as at 30 June 2022, have limited the adverse impact of the pandemic on the financial results of the Group.

The Group does not expect future, significant and adverse impact on the going concern, goodwill, property, plant and equipment and loan covenants. The Group will continue to reassess its position and the related impact on a regular basis.

**27. Board of directors' approval**

The interim condensed consolidated financial statements were approved by the Board of Directors on 23 Muharram 1444H corresponding to 21 August 2022G.