

**Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Maharah for Human Resources Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (together with the Company, referred to as the "Group") as at 30 September 2021, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2021, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" 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 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 5 Rabi' al Thani 1443H
(10 November 2021)



Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 30 September 2021

	Note	30 September 2021 SR	31 December 2020 SR
Assets			
Current assets			
Cash and cash equivalents		72,461,452	57,909,641
Murabaha time deposits		50,000,000	260,000,000
Accounts receivable	4	186,931,831	185,096,059
Contract assets	4	69,171,374	57,604,837
Prepayments and other current assets		204,109,036	179,899,043
Available visas		26,494,000	28,510,000
Total current assets		609,167,693	769,019,580
Non-current assets			
Accounts receivable, non-current portion	4	4,161,608	-
Property and equipment		139,726,695	173,031,258
Right-of-use assets		28,344,116	26,071,438
Investment properties	6	37,703,195	-
Intangible assets – Goodwill		4,450,237	4,450,237
Other intangible assets		3,342,711	2,654,134
Financial assets at fair value through profit or loss (“FVTPL”)	7	129,712,943	33,428,757
Investment in an associate		15,193,359	16,006,778
Other non-current assets		21,597,376	1,347,316
Total non-current assets		384,232,240	256,989,918
Total assets		993,399,933	1,026,009,498
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable, accruals and other current liabilities		183,440,976	197,314,373
Contract liabilities		82,231,443	90,319,601
Retained deposits		87,482,855	85,321,190
Zakat payable	8	14,423,953	16,476,723
Total current liabilities		367,579,227	389,431,887
Non-current liabilities			
Lease liabilities – non-current		19,355,679	17,358,401
Employees’ end-of-service benefits		76,305,782	63,689,749
Total non-current liabilities		95,661,461	81,048,150
Total liabilities		463,240,688	470,480,037
Equity			
Share capital	9	375,000,000	375,000,000
Statutory reserve		67,512,731	67,512,731
Other reserves		(13,546,161)	(9,446,161)
Retained earnings		102,015,209	125,989,840
Equity attributable to the Shareholders of the Parent Company		530,981,779	559,056,410
Non-controlling interests		(822,534)	(3,526,949)
Total equity		530,159,245	555,529,461
Total liabilities and equity		993,399,933	1,026,009,498

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three-month and nine-month periods ended 30 September 2021

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021 SR	2020 SR	2021 SR	2020 SR
Revenue		324,833,016	342,069,235	969,061,768	1,084,312,325
Cost of revenue		(270,803,607)	(279,277,336)	(806,428,648)	(868,600,739)
Gross profit		54,029,409	62,791,899	162,633,120	215,711,586
General and administration expenses		(14,881,386)	(15,474,421)	(46,490,788)	(46,163,663)
Marketing expenses		(2,413,119)	(1,436,365)	(6,773,919)	(5,883,718)
Reversal of (provision for) provision for doubtful debts	4	(736,620)	1,588,598	3,421,069	(1,984,623)
Income from main operations		35,998,284	47,469,711	112,789,482	161,679,582
Other income		1,840,686	1,741,007	5,232,999	4,205,069
Net gain on financial assets at FVTPL	7	1,055,011	114,320	1,359,120	449,082
Share in net earnings (loss) of an associate		282,960	841,167	(813,419)	167,504
Finance cost	4	-	-	(1,928,716)	-
Income before zakat		39,176,941	50,166,205	116,639,466	166,501,237
Zakat	8	(3,575,404)	(2,166,949)	(11,403,702)	(9,909,941)
Net income for the period		35,601,537	47,999,256	105,235,764	156,591,296
Net income for the period attributable to:					
Shareholders of the Parent Company		35,625,910	48,113,569	105,657,069	154,789,300
Non-controlling interests		(24,373)	(114,313)	(421,305)	1,801,996
		35,601,537	47,999,256	105,235,764	156,591,296
Basic and diluted earnings per share:					
Net income per share attributable to Shareholders of the Parent Company	11	0.95	1.28	2.82	4.13

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three-month periods ended 31 September 2020

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
	SR	SR	SR	SR
Net income for the period	35,601,537	47,999,256	105,235,764	156,591,296
Other comprehensive income:				
<i>Item that will not be reclassified to consolidated statement of income:</i>				
Re-measurements of employees' end-of-service benefits	-	207,000	(4,100,000)	(2,694,000)
Other comprehensive income (loss) for the period	-	207,000	(4,100,000)	(2,694,000)
Total comprehensive income for the period	35,601,537	48,206,256	101,135,764	153,897,296
Total comprehensive income for the period attributable to:				
Shareholders of the Parent Company	35,625,910	48,320,569	101,557,069	152,095,300
Non-controlling interests	(24,373)	(114,313)	(421,305)	1,801,996
	35,601,537	48,206,256	101,135,764	153,897,296

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the nine-month period ended 30 September 2021

	Attributable to Shareholders of the Parent Company					Non-controlling interests	Total equity
	Share Capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total SR	SR	SR
Balance as at 31 December 2019	375,000,000	49,780,945	(4,994,161)	170,778,768	590,565,552	(5,112,599)	585,452,953
Net income for the period	-	-	-	154,789,300	154,789,300	1,801,996	156,591,296
Other comprehensive loss for the period	-	-	(2,694,000)	-	(2,694,000)	-	(2,694,000)
Total comprehensive income for the period	-	-	(2,694,000)	154,789,300	152,095,300	1,801,996	153,897,296
Interim dividends (note 10)	-	-	-	(204,375,000)	(204,375,000)	-	(204,375,000)
Balance as at 30 September 2020	375,000,000	49,780,945	(7,688,161)	121,193,068	538,285,852	(3,310,603)	534,975,249
Balance as at 31 December 2020	375,000,000	67,512,731	(9,446,161)	125,989,840	559,056,410	(3,526,949)	555,529,461
Acquisition of a subsidiary (note 15)	-	-	-	10,993,300	10,993,300	-	10,993,300
Movement in non-controlling interest	-	-	-	-	-	3,125,720	3,125,720
Net income (loss) for the period	-	-	-	105,657,069	105,657,069	(421,305)	105,235,764
Other comprehensive loss for the period	-	-	(4,100,000)	-	(4,100,000)	-	(4,100,000)
Total comprehensive income for the period	-	-	(4,100,000)	105,657,069	101,557,069	(421,305)	101,135,764
Interim dividends (note 10)	-	-	-	(140,625,000)	(140,625,000)	-	(140,625,000)
Balance as at 30 September 2021	375,000,000	67,512,731	(13,546,161)	102,015,209	530,981,779	(822,534)	530,159,245

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the nine-month period ended 30 September 2021

		For the nine-month period ended 30 September	
		2021	2020
		SR	SR
Operating activities	Note		
Income before zakat		116,639,466	166,501,237
Adjustments:			
Provision for employees' end-of-service benefits		15,357,369	16,175,270
Depreciation of property and equipment		10,857,114	10,162,496
Depreciation of right-of-use assets		7,021,991	7,375,520
(Reversal of) provision for provision for doubtful debts	4	(3,421,069)	1,984,623
Finance costs		2,513,435	796,030
Net gain on financial assets at FVTPL	7	(1,359,120)	(449,082)
Reversal of accrued salaries no longer payable		(1,304,348)	(843,100)
Earnings from Murabaha time deposits		(844,751)	(1,904,055)
Share in net loss of an associate		813,419	(167,504)
Amortization of intangible assets		288,668	520,008
Gain on disposal of property and equipment		(234,471)	-
		146,327,703	200,151,443
Changes in working capital:			
Accounts receivable and long-term receivables		15,831,863	27,924,836
Contract assets		(9,396,593)	(26,404,295)
Prepayments and other current assets		(9,375,192)	39,998,411
Other noncurrent assets		(20,250,060)	-
Available visas		2,016,000	4,324,000
Accounts payable, accruals and other current liabilities		(32,823,454)	25,507,138
Contract liabilities		(8,088,158)	(10,105,375)
Retained deposits		(3,122,680)	(28,712,778)
Net cash generated from operations		81,119,429	232,683,380
Zakat paid	8	(13,456,472)	(20,409,108)
Employees' end-of-service benefits paid		(11,643,512)	(9,885,300)
Net cash from operating activities		56,019,445	202,388,972
Investing activities			
Movements in Murabaha time deposits, net		210,844,751	(28,095,945)
Additions to financial assets at FVTPL		(94,925,067)	-
Purchase of property and equipment		(6,662,722)	(4,452,478)
Purchase of investment property		(3,293,217)	-
Additions to intangible assets		(694,646)	-
Proceeds from disposal of property and equipment		624,000	-
Payment of deferred consideration related to acquisition of an associate	5	-	(3,762,349)
Net cash from (used in) investing activities		105,893,099	(36,310,772)
Financing activities			
Dividends paid	10	(140,625,000)	(204,375,000)
Payment of lease liabilities		(6,735,733)	(5,722,769)
Cash used in financing activities		(147,360,733)	(210,097,769)
Net increase (decrease) in cash and cash equivalents		14,551,811	(44,019,569)
Cash and cash equivalents at beginning of the period		57,909,641	188,704,375
Cash and cash equivalents at end of the period		72,461,452	144,684,806
Supplemental non-cash information			
- Right-of-use assets		4,841,474	3,255,731
- Lease liabilities		5,426,194	4,051,761

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

1 Corporate information and activities

Maharah for Human Resources Company (the "Company" or "Parent Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration numbered 1010364538 and dated 7 Rabi Thani 1434H (corresponding to 17 February 2013). The registered office is located at Al Olaya Road, Al Yasmeen District, Riyadh, KSA.

The Company and its subsidiaries (collectively, with the Company referred to as the "Group") are engaged in providing recruitment services for public and private sectors.

The following are the subsidiaries of the Company included in these consolidated financial statements:

	Country of incorporation	Direct and indirect ownership	
		30 September 2021	31 December 2020
Spectra Support Services Company ("Spectra")	Saudi Arabia	90%	-
Established Growth Avenue Company ("GAC")	Saudi Arabia	100%	-
Musanid Cleaning Services ("Musanid")	UAE	85%	85%

Spectra

On 4 August 2021, the Company acquired 90% ownership of Spectra. Spectra is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010393045 and dated 1 Muharram 1435H (corresponding to 4 November 2013) (see note 15). Spectra is licensed in providing support services.

GAC

On 14 Dhu al-Qa'dah 1442 (corresponding to 24 June 2021), the Company established GAC with 100% ownership (see note 15). GAC is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010722193 and dated 14 Dhu al-Qa'dah 1442 (corresponding to 24 June 2021) (see note 15). GAC is licensed in providing financial service.

Subsidiary owned by GAC

	Country of incorporation	Direct and indirect ownership	
		30 September 2021	31 December 2020
NABD for Logistics Services ("NABD")	Saudi Arabia	100%	-

NABD is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010733797 and dated 04 Muharram 1443 (corresponding to 12 August 2021). NABD is licensed in providing logistic services (see note 15).

Musanid

Musanid is a limited liability company registered in United Arab Emirates ("UAE") under commercial registration numbered 1304819 and dated 26 Dhul-Hijjah 1438H (corresponding to 17 September 2017). The Subsidiary is licensed in providing building cleaning services.

Subsidiary owned by Musanid

	Country of incorporation	Direct and indirect ownership	
		30 September 2021	31 December 2020
TPH Center for Domestic Workers ("TPH")	UAE	70%	70%

TPH is a limited liability company registered in the UAE under commercial registration numbered 729497 and dated 25 Jumad Awal 1436H (corresponding to 16 March 2015). TPH is licensed in providing building cleaning services and residential property core services.

1 Corporate information and activities (continued)

Subsidiaries owned by TPH

	Country of incorporation	Direct and indirect ownership	
		30 September 2021	31 December 2020
The Perfect Help LLC ("TPHL") (*)	UAE	100%	100%
TPH Public Health Pest Control Services One Person Co. LLC ("TPHC") (**)	UAE	100%	100%
MPL Building maintenance LLC ("MPL") (***)	UAE	100%	100%
Yalla Fix It One Person Company LLC ("Yalla") (****)	UAE	100%	100%

(*) TPHL is a limited liability company registered in UAE under commercial registration numbered 729497 and dated 15 March 2015 (corresponding to 24 Jumada al-awwal 1436). TPHL is licensed in Domestic Workers Services.

(**) TPHC is a limited liability company registered in UAE under commercial registration numbered 1338526 and dated 6 Dhul-Qadah 1432H (corresponding to 4 October 2011). TPHC is licensed in providing building cleaning services and public health pests control services.

(***) MPL is a limited liability company registered in the UAE under commercial registration numbered 1344621 dated 12 Rajab 1435H (corresponding to 11 May 2014). MPL is licensed in providing building maintenance services.

(****) Yalla is a limited liability company registered in UAE under commercial registration numbered 1341927 and dated 7 Sha'aban 1439H (corresponding to 23 April 2018). Yalla is licensed in providing services in air conditioning, ventilations and air filtration systems installation and maintenance; electromechanical equipment installation and maintenance; plumbing and sanitary contracting; solar energy systems installation, floor and wall tiling works; painting contracting; carpentry and flooring contracting; wall paper fixing; and plaster and cladding works.

The interim condensed consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 5 Rabi Thani 1443H (corresponding to 10 November 2021).

2 Basis of preparation

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

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

Basis of measurement and functional currency

These interim condensed consolidated financial statements are prepared under the historical cost convention except for measurement of financial assets at FVTPL. These interim condensed consolidated financial statements are presented in Saudi Arabian Riyal ("SR"), which is the functional currency of the Parent Company.

3 Summary of significant accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021 and recognition of investment properties as disclosed below. The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group. The nature and effect of these changes are disclosed below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR").

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.
- These amendments had no impact on the interim condensed consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

Summary of new accounting policies

During the nine-month period ended 30 September 2021, the Group transferred its property under construction from property and equipment to investment property due to the change in use which is held primarily to earn rentals.

Investment properties

Investment property comprises property that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer charges, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the costs of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, that is after the completion, investment property will be stated at cost less accumulated depreciation and any impairment in value. Land and projects under construction are not depreciated. Depreciation will be calculated from the date the item of depreciable investment property is available for its intended use. It will be calculated on a straight-line basis over the useful life of the asset.

Expenditure for repair and maintenance are charged to interim condensed consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Transfers are made to/from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

Investment properties is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of income in the period of de-recognition.

3 Summary of significant accounting policies (continued)

Summary of new critical judgements

Useful life of investment property

The Group's management determines the estimated useful life of its investment property for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group periodically reviews estimated useful life and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

4 Accounts receivable and contract assets

Accounts receivable

	30 September 2021 SR	31 December 2020 SR
Accounts receivable	265,337,173	229,991,119
Amounts due from related parties (note 5)	2,210,455	25,875,608
	267,547,628	255,866,727
Less: provision for doubtful debts	(76,454,189)	(70,770,668)
	191,093,439	185,096,059
Less: Non-current portion (*)		
Accounts receivable	13,994,804	-
Less: provision for doubtful debts	(9,833,196)	-
	4,161,608	-
Current portion	186,931,831	185,096,059

(*) The amount pertains to accounts receivable which will be settled by the customer on instalment basis for more than one year. The associated finance cost as a result of discounting of such long-term receivables amounted to SR 1.9 million (2020: SR Nil).

Movement in the provision for doubtful accounts receivable is shown below:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021 SR	2020 SR	2021 SR	2020 SR
At the beginning of the period	73,349,641	66,470,694	77,705,314	62,982,354
(Reversal) charge for the period	3,104,548	(1,623,821)	(1,251,125)	1,905,749
Written-off	-	(35,174)	-	(76,404)
At the end of the period	76,454,189	64,811,699	76,454,189	64,811,699

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 September 2021

4 Accounts receivable and contract assets (continued)

The ageing of unimpaired accounts receivable is shown below:

	Total SR	Neither past due nor impaired SR	Past due but not impaired			
			< 90 days SR	90 – 180 Days SR	180 – 360 Days SR	> 360 days SR
30 September 2021	191,093,439	78,664,854	55,349,457	25,945,058	10,378,023	20,756,047
31 December 2020	185,096,059	63,040,909	59,621,419	26,636,275	11,862,497	23,934,959

Contract assets

Contract assets primarily related to the Group's right to consideration for services delivered but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	30 September 2021 SR	31 December 2020 SR
Contract assets	69,311,251	59,914,658
Less: provision for doubtful debts	(139,877)	(2,309,821)
Total	69,171,374	57,604,837

Movement in the provision for doubtful contract assets is shown below:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021 SR	2020 SR	2021 SR	2020 SR
At the beginning of the period	2,507,805	165,328	2,309,821	121,677
Charge (reversal) for the period	(2,367,928)	35,223	(2,169,944)	78,874
At the end of the period	139,877	200,551	139,877	200,551

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 September 2021

5 Related party transactions and balances

The remuneration of directors and other key management personnel for the period are as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
	SR	SR	SR	SR
Salaries and short-term benefits	2,638,624	3,430,340	9,618,342	9,904,740
End-of-service benefits	219,627	208,600	645,182	622,117
Total key management compensation	2,858,251	3,638,940	10,263,524	10,526,857

During the period, the Group transacted with its related parties. The transactions and balances for the period are as follows:

Related party	Relationship	Nature of transactions	Transactions For the nine-month period ended 30 September		Balance as at	
			2021	2020	30 September 2021	31 December 2020
			SR	SR	SR	SR
<u>Amounts due from related parties (note 4)</u>						
Spectra Support Services	Subsidiary (note 15)	Manpower services	-	65,114,870	-	-
		Collections	-	60,754,707	-	24,936,220
Others	Affiliate	Manpower services	2,904,433	2,083,184	-	-
		Collections	1,586,004	2,698,353	2,210,455	939,388
					2,210,455	25,875,608
<u>Amounts due to related parties (*)</u>						
Directors	BOD	Remuneration	2,256,944	2,517,084	-	-
		Payments	2,987,500	2,623,000	2,197,499	2,928,055
Maharah Travel and Tourism Company	Affiliate	Purchase of air tickets	5,053,355	4,271,462		
		Payments	4,610,538	4,406,846	395,455	-
Bloovo Ltd.	Associate	Payments of deferred consideration	-	3,762,349	-	-
					2,592,954	2,928,055

(*) Amounts due to related parties are included under "Accounts payable, accruals and other current liabilities" in the interim condensed consolidated statement of financial position.

6 Investment properties

	Land SR	Capital work in progress SR	Total SR
For the nine-month period ended 30 September 2021			
<u>Cost</u>			
At the beginning of the period	-	-	-
Transfers from property and equipment	18,148,500	16,261,478	34,409,978
Additions	-	3,293,217	3,293,217
At the end of the period	18,148,500	19,554,695	37,703,195

Investment property pertains to a property under construction which are the expenditures relating to construction of a building that will be held primarily to earn rental income.

7 Financial assets at FVTPL

Financial assets at FVTPL comprises of the following:

	30 September 2021 SR	31 December 2020 SR
Liquidity fund investment (i)	45,455,470	-
Commodity fund investment (ii)	33,658,617	33,428,757
Investment funds - Sukuk (iii)	29,599,397	-
Quoted equity securities (iv)	20,999,459	-
Total	129,712,943	33,428,757

Set out below are the movements in the carrying value of financial assets at FVTPL:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021 SR	2020 SR	2021 SR	2020 SR
<u>Cost</u>				
At the beginning of the period	129,944,280	30,000,000	30,000,000	30,000,000
Additions	-	-	99,944,280	-
At the end of the period	129,944,280	30,000,000	129,944,280	30,000,000
<u>Revaluation adjustments</u>				
At the beginning of the period	3,732,865	3,220,382	3,428,756	2,885,620
Net gain during the period	1,055,011	114,320	1,359,120	449,082
At the end of the period	4,787,876	3,334,702	4,787,876	3,334,702
Transferred to cash	(5,019,213)	-	(5,019,213)	-
Net book value	129,712,943	33,334,702	129,712,943	33,334,702

- (i) Investments include financial assets that are invested in various mutual funds, purchased for SR 45 million. The Group considers its investments to be strategic in nature and the contractual cash flows are not limited to principal and interest only.
- (ii) Investments include financial assets that are invested in units of a mutual fund, namely "Al Rajhi Commodity SAR Fund" (206,988.44 units for SR 144.94 each) purchased for SR 30 million. The Group considers its investments to be strategic in nature.
- (iii) These represent investments in certain Sukuks for long term periods, purchased for SR 15 million and SR 14 million from Rawabi Sukuk Series 4 and Allnma Bank Tier 1 Sukuk 2021, respectively. The Group considers its investments to be strategic in nature and the contractual cash flows are not limited to principal and interest only.
- (iv) These represent investments in equity securities in various companies listed on the Saudi Stock Exchange (Tadawul).

8 Zakat

The movement in the provision for zakat for the period is as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
	SR	SR	SR	SR
At the beginning of the period	10,848,549	26,960,661	16,476,723	26,670,770
Provision for the period	3,575,404	2,166,949	11,403,702	9,909,941
Paid during the period	-	(12,956,007)	(13,456,472)	(20,409,108)
At the end of the period	14,423,953	16,171,603	14,423,953	16,171,603

Status of assessments

The Parent Company

The Company filed its zakat returns up to the year ended 31 December 2020. The zakat assessments of the Company have been agreed with Zakat, Tax and Customs Authority ("ZATCA") up to 2017. The zakat assessments for the years 2018 to 2020 are still under review by ZATCA.

Subsidiaries

Spectra filed its zakat returns up to the year ended 31 December 2020. There are no assessments from ZATCA as at reporting date.

9 Share capital

Authorized and issued share capital is divided into 37.5 million shares (31 December 2020: 37.5 million shares) of SR 10 each.

The following are the major shareholders of the Group as of 30 September 2021 and 31 December 2020:

Name	Place of incorporation/residence	Ownership %	
		30 September 2021	31 December 2020
Alahlia International Real Estate Investment Company	KSA	19.4%	19.4%
Dr Abdullah Bin Sulaiman Alamro	KSA	12.2%	12.2%
Architectural Experience Company	KSA	11.1%	11.1%
Other	KSA	57.3%	57.3%

10 Dividends

The Company's Board of Directors, in their meeting held on 3 Sha'aban 1442H (corresponding to 16 March 2021), resolved to declare interim dividends for the second half of 2020 amounting to SR 75 million (SR 2 per share) which was paid on 23 Sha'aban 1442H (corresponding to 5 April 2021). The Board of Directors presented it to the shareholders in their Annual General meeting held on 5 Dhul-Qadah 1442H (corresponding to 15 June 2021).

The Company's Board of Directors, in their meeting held on 08 Muharram 1443H (corresponding to 16 August 2021), resolved to declare interim dividends for the first half of 2021 amounting to SR 65.6 million (SR 1.75 per share) which was paid on 25 Muharram 1443H (corresponding to 2 September 2021).

The Company's Board of Directors, in their meeting held on 22 Muharram 1442H (corresponding to 10 September 2020), resolved to declare interim dividends for the first half of 2020 amounting to SR 84.3 million (SR 2.25 per share) which was paid on 5 Safar 1442H (corresponding to 22 September 2020). The Board of Directors will present it to the shareholders in the upcoming Annual General Meeting.

The Company's Board of Directors, in their meeting held on 22 Sha'aban 1441H (corresponding to 17 March 2020), resolved to declare interim dividends for the second half of 2019 amounting to SR 120 million (SR 3.20 per share) which was paid on 8 Sha'aban 1441H (corresponding to 1 April 2020). The Board of Directors presented it to the shareholders in their Annual General meeting held on 13 Ramadan 1441H (corresponding to 6 May 2020).

The dividends declared during 2021 and 2020 have been recognised in the interim condensed consolidated financial statements for the nine-month period ended 30 September 2021 and 2020, respectively.

11 Earnings per share

Basic earnings per share attributable to the shareholders of the Parent Company is calculated based on the weighted average number of outstanding shares during the period.

Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
Net income attributable to Shareholders of the Parent Company (SR)	35,625,910	48,113,569	105,657,069	154,789,300
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 9)	37,500,000	37,500,000	37,500,000	37,500,000
Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company (SR)	0.95	1.28	2.82	4.13

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

12 Segment information

The Group is organized into corporate and individual business segments.

The segments' financial details are shown below:

	For the three-month period ended 30 September 2021		
	Corporate SR	Individual SR	Total SR
Revenue	234,897,651	89,935,365	324,833,016
Cost of revenue	(203,233,373)	(67,570,234)	(270,803,607)
Gross profit	31,664,278	22,365,131	54,029,409
General and administration expenses	(9,965,632)	(4,915,754)	(14,881,386)
Marketing expenses	(1,433,981)	(979,138)	(2,413,119)
Provision for doubtful debts	(262,350)	(474,270)	(736,620)
Income from main operations	20,002,315	15,995,969	35,998,284

	For the three-month period ended 30 September 2020		
	Corporate SR	Individual SR	Total SR
Revenue	251,867,428	90,201,807	342,069,235
Cost of revenue	(208,417,339)	(70,859,997)	(279,277,336)
Gross profit	43,450,089	19,341,810	62,791,899
General and administration expenses	(10,659,061)	(4,815,360)	(15,474,421)
Marketing expenses	(627,682)	(808,683)	(1,436,365)
(Provision) reversal of provision for doubtful debts	1,755,357	(166,759)	1,588,598
Income from main operations	33,918,703	13,551,008	47,469,711

It is impracticable and also not informative to disclose information pertaining to net book value of property and equipment, total assets and total liabilities pertaining to business segments.

12 Segment information (continued)

For the nine-month period ended 30 September 2021			
	Corporate SR	Individual SR	Total SR
Revenue	698,165,318	270,896,450	969,061,768
Cost of revenue	(599,008,555)	(207,420,093)	(806,428,648)
Gross profit	99,156,763	63,476,357	162,633,120
General and administration expenses	(29,115,546)	(17,375,242)	(46,490,788)
Marketing expenses	(3,832,491)	(2,941,428)	(6,773,919)
Reversal of provision for doubtful debts	2,927,414	493,655	3,421,069
Income from main operations	69,136,140	43,653,342	112,789,482

For the nine-month period ended 30 September 2020			
	Corporate SR	Individual SR	Total SR
Revenue	791,641,539	292,670,786	1,084,312,325
Cost of revenue	(651,647,618)	(216,953,121)	(868,600,739)
Gross profit	139,993,921	75,717,665	215,711,586
General and administration expenses	(30,870,929)	(15,292,734)	(46,163,663)
Marketing expenses	(3,343,667)	(2,540,051)	(5,883,718)
Provision for doubtful debts	(1,770,584)	(214,039)	(1,984,623)
Income from main operations	104,008,741	57,670,841	161,679,582

It is impracticable and also not informative to disclose information pertaining to net book value of property and equipment, total assets and total liabilities pertaining to business segments.

The primary markets for the Group's products are KSA and United Arab Emirates ("UAE"). Following is the geographical segment analysis of the Group:

<u>For the three-month period ended 30 September 2021</u>	KSA SR	UAE SR	Total SR
Revenue	316,850,559	7,982,457	324,833,016
Cost of revenue	(264,736,114)	(6,067,493)	(270,803,607)
Gross profit	52,114,445	1,914,964	54,029,409
General and administration expenses	(12,500,320)	(2,381,066)	(14,881,386)
Marketing expenses	(1,968,527)	(444,592)	(2,413,119)
Provision for doubtful debts	(736,620)	-	(736,620)
Income (loss) from main operations	36,908,978	(910,694)	35,998,284

<u>For the three-month period ended 30 September 2020</u>			
Revenue	336,637,654	5,431,581	342,069,235
Cost of revenue	(274,958,998)	(4,318,338)	(279,277,336)
Gross profit	61,678,656	1,113,243	62,791,899
General and administration expenses	(14,054,560)	(1,419,861)	(15,474,421)
Marketing expenses	(1,217,339)	(219,026)	(1,436,365)
Reversal of provision for doubtful debts	1,588,598	-	1,588,598
Income from main operations	47,995,355	(525,644)	47,469,711

<u>For the nine-month period ended 30 September 2021</u>	KSA SR	UAE SR	Total SR
Revenue	942,425,202	26,636,566	969,061,768
Cost of revenue	(785,808,816)	(20,619,832)	(806,428,648)
Gross profit	156,616,386	6,016,734	162,633,120
General and administration expenses	(39,052,448)	(7,438,340)	(46,490,788)
Marketing expenses	(5,200,386)	(1,573,533)	(6,773,919)
Reversal of provision for doubtful debts	3,421,069	-	3,421,069
Income (loss) from main operations	115,784,621	(2,995,139)	112,789,482

12 Segment information (continued)

<u>For the nine-month period ended</u> <u>30 September 2020</u>	KSA SR	UAE SR	Total SR
Revenue	1,060,220,073	24,092,252	1,084,312,325
Cost of revenue	(854,088,165)	(14,512,574)	(868,600,739)
Gross profit	206,131,908	9,579,678	215,711,586
General and administration expenses	(41,183,579)	(4,980,084)	(46,163,663)
Marketing expenses	(5,002,844)	(880,874)	(5,883,718)
Provision for doubtful debts	(1,925,868)	(58,755)	(1,984,623)
Income from main operations	158,019,617	3,659,965	161,679,582
<u>As at 30 September 2021</u>			
Net book value of property and equipment	136,290,059	3,436,636	139,726,695
Total assets	979,632,642	13,767,291	993,399,933
Total liabilities	408,883,751	54,356,937	463,240,688
<u>As at 31 December 2020</u>			
Net book value of property and equipment	168,217,925	4,813,333	173,031,258
Total assets	1,008,263,014	17,746,484	1,026,009,498
Total liabilities	449,206,603	21,273,434	470,480,037

13 Impact of Covid-19

A novel strain of coronavirus ("COVID-19") was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization ("WHO"). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Group's business, operations, and financial results, is uncertain and depends on many factors and future developments, that the Group may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact to the businesses of the Group's customers and partners and other factors.

As far and as of the date of the approval of these interim condensed consolidated financial statements for the nine-month period ended 30 September 2021, the Group's operations have not incurred significant impact from the COVID-19 outbreak. The Group will continue to evaluate the nature and extent of the impact on its business and financial results.

14 Contingent liabilities

The Group's bankers have issued, on its behalf, guarantees amounting to SR 3.4 million (31 December 2020: SR 7.9 million) in respect of contract performance, in the normal course of business.

15 Business Combination

GAC and NABD

Effective 14 June 2021, the Company established GAC with 100% effective ownership. Subsequently, on 12 August 2021, GAC established NABD with 99.5% ownership. The remaining 0.5% of NABD is owned by Company.

Spectra

Effective 4 August 2021, the Company completed the procedures for acquiring 90% of the ownership of Spectra. (related parties to the Company) . The carrying value of Spectra's net assets amounted to SR 31.1 million, the consideration paid for which is SR 17.1 million trade payables by Spectra to the Company.

Considering this transaction is related to the acquisition of a subsidiary from related parties, accordingly, it has been accounted for as an equity transaction and the difference between the purchase consideration and the carrying amount of Spectra's net assets, is recognized in retained earnings attributable to the shareholders of the Parent.

15 Business Combination (continued)

The carrying values of net assets on the date of acquisition are as follows:

	SR
Assets	
Cash and cash equivalents	6,451,565
Accounts receivable	31,264,725
Prepayments and other current assets	14,682,375
Property and equipment	5,564,134
Right-of-use assets	6,700,280
Intangible assets	282,599
Total assets (A)	<u>64,945,678</u>
Liabilities	
Accounts payable, accruals and others	18,200,484
Retained deposits	5,284,345
Employees' end-of-service benefits	4,802,177
Lease liabilities – noncurrent	5,401,476
Total liabilities (B)	<u>33,688,482</u>
Net asset of Spectra (A - B)	31,257,196
Less: Proportionate share of non-controlling interest	<u>3,125,720</u>
Net asset acquired by the Company	28,131,476
Purchase consideration	<u>(17,138,176)</u>
Difference consideration recognized in retained earnings	<u>10,993,300</u>

16 Comparative information

Certain amounts in the prior period have been reclassified in order to conform to the presentation for the current year.