

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2021

| <b>Index</b>   | <b>Page</b> |
|--|-------------|
| Independent auditor's review report                              | 1           |
| Interim condensed consolidated statement of financial position   | 2           |
| Interim condensed consolidated statement of income               | 3           |
| Interim condensed consolidated statement of comprehensive income | 4           |
| Interim condensed consolidated statement of changes in equity    | 5           |
| Interim condensed consolidated statement of cash flows           | 6           |
| Notes to the interim condensed consolidated financial statements | 7-15        |

**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 June 2021, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2021, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-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 34, "Interim Financial Reporting" ("IAS 34") 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: 29 Dhul-Hijjah 1442H  
(8 August 2021)

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

|  | Note | 30 June 2021<br>SR | 31 December 2020<br>SR |
|--|------|--------------------|------------------------|
| <b>Assets</b>  |      |                    |                        |
| <b>Current assets</b>  |      |                    |                        |
| Cash and cash equivalents  |      | 229,818,719        | 57,909,641             |
| Murabaha time deposits   |      | -                  | 260,000,000            |
| Accounts receivable  | 4    | 154,446,032        | 185,096,059            |
| Contract assets  | 4    | 59,321,791         | 57,604,837             |
| Prepayments and other current assets                                 |      | 153,461,638        | 179,899,043            |
| Available visas  |      | 26,554,000         | 28,510,000             |
| <b>Total current assets</b>  |      | <b>623,602,180</b> | <b>769,019,580</b>     |
| <b>Non-current assets</b>  |      |                    |                        |
| Accounts receivable, non-current portion                             | 4    | 5,413,729          | -                      |
| Property and equipment   |      | 136,179,638        | 173,031,258            |
| Right-of-use assets  |      | 22,076,323         | 26,071,438             |
| Investment property  | 6    | 37,567,495         | -                      |
| Intangible assets – Goodwill   |      | 4,450,237          | 4,450,237              |
| Other intangible assets  |      | 2,468,926          | 2,654,134              |
| Financial assets at fair value through profit or loss ("FVTPL")      | 7    | 133,677,145        | 33,428,757             |
| Investment in an associate   |      | 14,910,399         | 16,006,778             |
| Other non-current assets   |      | 10,265,025         | 1,347,316              |
| <b>Total non-current assets</b>                                      |      | <b>367,008,917</b> | <b>256,989,918</b>     |
| <b>Total assets</b>  |      | <b>990,611,097</b> | <b>1,026,009,498</b>   |
| <b>Liabilities and equity</b>  |      |                    |                        |
| <b>Liabilities</b>   |      |                    |                        |
| <b>Current liabilities</b>   |      |                    |                        |
| Accounts payable, accruals and other current liabilities             |      | 180,610,229        | 197,314,373            |
| Contract liabilities   |      | 83,884,085         | 90,319,601             |
| Retained deposits  |      | 83,170,675         | 85,321,190             |
| Zakat payable  | 8    | 10,848,549         | 16,476,723             |
| <b>Total current liabilities</b>                                     |      | <b>358,513,538</b> | <b>389,431,887</b>     |
| <b>Non-current liabilities</b>                                       |      |                    |                        |
| Lease liabilities – non-current                                      |      | 14,201,124         | 17,358,401             |
| Employees' end-of-service benefits                                   |      | 71,832,748         | 63,689,749             |
| <b>Total non-current liabilities</b>                                 |      | <b>86,033,872</b>  | <b>81,048,150</b>      |
| <b>Total liabilities</b>   |      | <b>444,547,410</b> | <b>470,480,037</b>     |
| <b>Equity</b>  |      |                    |                        |
| 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  |      | 121,020,998        | 125,989,840            |
| <b>Equity attributable to the Shareholders of the Parent Company</b> |      | <b>549,987,568</b> | <b>559,056,410</b>     |
| Non-controlling interests  |      | (3,923,881)        | (3,526,949)            |
| <b>Total equity</b>  |      | <b>546,063,687</b> | <b>555,529,461</b>     |
| <b>Total liabilities and equity</b>                                  |      | <b>990,611,097</b> | <b>1,026,009,498</b>   |

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 income**  
**For the three-month and six-month periods ended 30 June 2021**

|   | Note | For the three-month period<br>ended 30 June |               | For the six-month period<br>ended 30 June |               |
|---|------|---|---------------|---|---------------|
|   |      | 2021<br>SR                                  | 2020<br>SR    | 2021<br>SR                                | 2020<br>SR    |
| Revenue   |      | <b>322,615,186</b>                          | 352,487,587   | <b>644,228,752</b>                        | 742,243,090   |
| Cost of revenue   |      | <b>(269,073,929)</b>                        | (278,598,897) | <b>(535,625,041)</b>                      | (589,323,403) |
| <b>Gross profit</b>   |      | <b>53,541,257</b>                           | 73,888,690    | <b>108,603,711</b>                        | 152,919,687   |
| General and administration expenses                                     |      | <b>(14,668,233)</b>                         | (15,399,620)  | <b>(31,609,402)</b>                       | (30,689,242)  |
| Marketing expenses  |      | <b>(1,682,040)</b>                          | (2,294,769)   | <b>(4,360,800)</b>                        | (4,447,353)   |
| Reversal of (provision for) provision for doubtful debts                | 4    | <b>6,279,458</b>                            | (1,747,520)   | <b>4,157,689</b>                          | (3,573,221)   |
| <b>Income from main operations</b>                                      |      | <b>43,470,442</b>                           | 54,446,781    | <b>76,791,198</b>                         | 114,209,871   |
| Other income  |      | <b>1,553,225</b>                            | 962,837       | <b>3,392,312</b>                          | 2,464,062     |
| Finance cost  | 4    | <b>(1,928,716)</b>                          | -             | <b>(1,928,716)</b>                        | -             |
| Share in net loss of an associate                                       |      | <b>(1,198,354)</b>                          | (383,137)     | <b>(1,096,379)</b>                        | (673,663)     |
| Net gain on financial assets at FVTPL                                   | 7    | <b>224,957</b>                              | 148,990       | <b>304,109</b>                            | 334,762       |
| <b>Income before zakat</b>  |      | <b>42,121,554</b>                           | 55,175,471    | <b>77,462,524</b>                         | 116,335,032   |
| Zakat   | 8    | <b>(3,554,489)</b>                          | (3,092,711)   | <b>(7,828,298)</b>                        | (7,742,992)   |
| <b>Net income for the period</b>  |      | <b>38,567,065</b>                           | 52,082,760    | <b>69,634,226</b>                         | 108,592,040   |
| <b>Net income for the period attributable to:</b>                       |      |   |               |   |               |
| Shareholders of the Parent Company                                      |      | <b>38,714,417</b>                           | 49,421,781    | <b>70,031,158</b>                         | 106,675,731   |
| Non-controlling interests   |      | <b>(147,352)</b>                            | 2,660,979     | <b>(396,932)</b>                          | 1,916,309     |
|   |      | <b>38,567,065</b>                           | 52,082,760    | <b>69,634,226</b>                         | 108,592,040   |
| <b>Basic and diluted earnings per share:</b>                            |      |   |               |   |               |
| Net income per share attributable to Shareholders of the Parent Company | 11   | <b>1.03</b>                                 | 1.32          | <b>1.87</b>                               | 2.84          |

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 six-month periods ended 30 June 2021**

|  | <b>For the three-month period<br/>ended 30 June</b> |             | <b>For the six-month period<br/>ended 30 June</b> |             |
|--|---|-------------|---|-------------|
|  | <b>2021</b>   | <b>2020</b> | <b>2021</b>                                       | <b>2020</b> |
|  | <b>SR</b>   | <b>SR</b>   | <b>SR</b>   | <b>SR</b>   |
| Net income for the period  | <b>38,567,065</b>                                   | 52,082,760  | <b>69,634,226</b>                                 | 108,592,040 |
| <b>Other comprehensive loss:</b>   |   |             |   |             |
| <i>Item that will not be reclassified to consolidated statement of income:</i> |   |             |   |             |
| Re-measurements of employees' end-of-service benefits                          | <b>(3,809,630)</b>                                  | (2,301,000) | <b>(4,100,000)</b>                                | (2,901,000) |
| <b>Other comprehensive loss for the period</b>                                 | <b>(3,809,630)</b>                                  | (2,301,000) | <b>(4,100,000)</b>                                | (2,901,000) |
| <b>Total comprehensive income for the period</b>                               | <b>34,757,435</b>                                   | 49,781,760  | <b>65,534,226</b>                                 | 105,691,040 |
| <b>Total comprehensive income for the period attributable to:</b>              |   |             |   |             |
| Shareholders of the Parent Company   | <b>34,904,787</b>                                   | 47,120,781  | <b>65,931,158</b>                                 | 103,774,731 |
| Non-controlling interests  | <b>(147,352)</b>                                    | 2,660,979   | <b>(396,932)</b>                                  | 1,916,309   |
|  | <b>34,757,435</b>                                   | 49,781,760  | <b>65,534,226</b>                                 | 105,691,040 |

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 six-month period ended 30 June 2021**

|   | Attributable to Shareholders of the Parent Company |                      |                     |                      | Non-controlling interests SR | Total equity SR    |
|---|--|----------------------|---------------------|----------------------|------------------------------|--------------------|
|   | Share Capital SR                                   | Statutory reserve SR | Other reserves SR   | Retained earnings SR | Total SR                     |                    |
| Balance as at 31 December 2019            | 375,000,000  | 49,780,945           | (4,994,161)         | 170,778,768          | 590,565,552                  | 585,452,953        |
| Net income for the period                 | -  | -                    | -                   | 106,675,731          | 106,675,731                  | 108,592,040        |
| Other comprehensive loss for the period   | -  | -                    | (2,901,000)         | -                    | (2,901,000)                  | (2,901,000)        |
| Total comprehensive income for the period | -  | -                    | (2,901,000)         | 106,675,731          | 103,774,731                  | 105,691,040        |
| Interim dividends (note 10)               | -  | -                    | -                   | (120,000,000)        | (120,000,000)                | (120,000,000)      |
| Balance as at 30 June 2020                | 375,000,000  | 49,780,945           | (7,895,161)         | 157,454,499          | 574,340,283                  | 571,143,993        |
| Balance as at 31 December 2020            | <b>375,000,000</b>                                 | <b>67,512,731</b>    | <b>(9,446,161)</b>  | <b>125,989,840</b>   | <b>559,056,410</b>           | <b>555,529,461</b> |
| Net income (loss) for the period          | -  | -                    | -                   | 70,031,158           | 70,031,158                   | 69,634,226         |
| Other comprehensive loss for the period   | -  | -                    | (4,100,000)         | -                    | (4,100,000)                  | (4,100,000)        |
| Total comprehensive income for the period | -  | -                    | (4,100,000)         | 70,031,158           | 65,931,158                   | 65,534,226         |
| Interim dividends (note 10)               | -  | -                    | -                   | (75,000,000)         | (75,000,000)                 | (75,000,000)       |
| <b>Balance as at 30 June 2021</b>         | <b>375,000,000</b>                                 | <b>67,512,731</b>    | <b>(13,546,161)</b> | <b>121,020,998</b>   | <b>549,987,568</b>           | <b>546,063,687</b> |

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 six-month period ended 30 June 2021**

|   |             | <b>For the six-month<br/>period ended 30 June</b> |               |
|---|-------------|---|---------------|
|   |             | <b>2021</b>                                       | <b>2020</b>   |
|   | <b>Note</b> | <b>SR</b>   | <b>SR</b>     |
| <b>Operating activities</b>   |             |   |               |
| Income before zakat   |             | 77,462,524  | 116,335,032   |
| Adjustments:  |             |   |               |
| Provision for employees' end-of-service benefits                            |             | 10,023,358  | 10,649,993    |
| (Reversal of) provision for provision<br>for doubtful debts                 | 4           | (4,157,689)                                       | 3,573,221     |
| Depreciation of property and equipment                                      |             | 7,514,261   | 6,882,856     |
| Depreciation of right-of-use assets   |             | 4,552,704   | 5,290,533     |
| Amortization of intangible assets   |             | 185,208   | 731,862       |
| Share in net loss of an associate   |             | 1,096,379   | 673,663       |
| Net gain on financial assets at FVTPL                                       | 7           | (304,109)   | (334,762)     |
| Finance costs on lease liabilities  |             | 372,836   | 546,791       |
| Finance costs on long-term accounts receivable                              | 4           | 1,928,716   | -             |
| Earnings from Murabaha time deposits  |             | (678,636)   | (1,340,818)   |
| Reversal of accrued salaries no longer payable                              |             | (1,083,560)                                       | (239,869)     |
| Gain on disposal of property and equipment                                  |             | (206,254)   | -             |
|   |             | 96,705,738  | 142,768,502   |
| Changes in working capital:   |             |   |               |
| Accounts receivable   |             | 27,663,255  | 16,019,275    |
| Contract assets   |             | (1,914,938)                                       | (23,716,596)  |
| Prepayments and other current assets  |             | 17,875,680  | 82,447,846    |
| Available visas   |             | 1,956,000   | 4,306,000     |
| Accounts payable, accruals and other current liabilities                    |             | (15,620,581)                                      | 24,911,705    |
| Contract liabilities  |             | (6,435,516)                                       | 3,085,268     |
| Retained deposits   |             | (2,150,515)                                       | (22,530,459)  |
| <b>Cash generated from operations</b>                                       |             | 118,079,123                                       | 227,291,541   |
| Zakat paid  | 8           | (13,456,472)                                      | (7,453,101)   |
| Employees' end-of-service benefits paid                                     |             | (5,980,359)                                       | (6,531,028)   |
| <b>Net cash from operating activities</b>                                   |             | 98,642,292  | 213,307,412   |
| <b>Investing activities</b>   |             |   |               |
| Movements in Murabaha time deposits, net                                    |             | 260,678,636                                       | (88,659,182)  |
| Purchase of property and equipment  |             | (5,082,980)                                       | (3,195,279)   |
| Additions to investment property  | 6           | (3,157,517)                                       | -             |
| Payment of deferred consideration related to acquisition<br>of an associate | 5           | -   | (1,882,298)   |
| Proceeds from disposal of property and equipment                            |             | 216,614   | -             |
| Additions to financial assets at FVTPL                                      |             | (99,944,280)                                      | -             |
| <b>Net cash from (used in) investing activities</b>                         |             | 152,710,473                                       | (93,736,759)  |
| <b>Financing activities</b>   |             |   |               |
| Dividends paid  | 10          | (75,000,000)                                      | (120,000,000) |
| Payment of lease liabilities  |             | (4,443,687)                                       | (3,155,809)   |
| <b>Cash used in financing activities</b>                                    |             | (79,443,687)                                      | (123,155,809) |
| <b>Net increase (decrease) in cash and cash equivalents</b>                 |             | 171,909,078                                       | (3,585,156)   |
| Cash and cash equivalents at beginning of the period                        |             | 57,909,641  | 188,704,375   |
| <b>Cash and cash equivalents at end of the period</b>                       |             | 229,818,719                                       | 185,119,219   |
| <b>Supplemental non-cash information</b>                                    |             |   |               |
| - Right-of-use assets   |             | 3,617,738   | 2,514,849     |
| - Lease liabilities   |             | 3,990,575   | 3,061,640     |

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 the "Group") are engaged in providing recruitment services for public and private sectors.

The interim condensed consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 29 Dhul-Hijjah 1442H (corresponding to 8 August 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.

### **3 Summary of significant accounting policies (continued)**

#### Summary of new accounting policies

During the six-month period ended 30 June 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.

#### 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

|   | <b>30 June 2021</b> | <b>31 December 2020</b> |
|---|---------------------|-------------------------|
|   | <b>SR</b>           | <b>SR</b>               |
| Accounts receivable                       | <b>201,528,045</b>  | 229,991,119             |
| Amounts due from related parties (note 5) | <b>24,746,711</b>   | 25,875,608              |
|   | <b>226,274,756</b>  | 255,866,727             |
| Less: provision for doubtful debts        | <b>(66,414,995)</b> | (70,770,668)            |
|   | <b>159,859,761</b>  | 185,096,059             |
| Less: Non-current portion (*)             |                     |                         |
| Accounts receivable                       | <b>13,994,803</b>   | -                       |
| Less: provision for doubtful debts        | <b>(8,581,074)</b>  | -                       |
|   | <b>5,413,729</b>    | -                       |
| Current portion                           | <b>154,446,032</b>  | 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.

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

|                                  | <b>For the three-month period ended 30 June</b> |             | <b>For the six-month period ended 30 June</b> |             |
|----------------------------------|---|-------------|---|-------------|
|                                  | <b>2021</b>                                     | <b>2020</b> | <b>2021</b>                                   | <b>2020</b> |
|                                  | <b>SR</b>                                       | <b>SR</b>   | <b>SR</b>                                     | <b>SR</b>   |
| At the beginning of the period   | <b>73,355,887</b>                               | 64,504,200  | <b>70,770,668</b>                             | 62,982,354  |
| (Reversal) charge for the period | <b>(6,940,892)</b>                              | 2,007,724   | <b>(4,355,673)</b>                            | 3,529,570   |
| Written-off                      | -   | (41,230)    | -   | (41,230)    |
| <b>At the end of the period</b>  | <b>66,414,995</b>                               | 66,470,694  | <b>66,414,995</b>                             | 66,470,694  |

The ageing of unimpaired accounts receivable is shown below:

|                     |                    | <b>Past due but not impaired</b>     |                     |                      |                       |                      |
|---------------------|--------------------|--------------------------------------|---------------------|----------------------|-----------------------|----------------------|
|                     |                    | <b>Neither past due nor impaired</b> | <b>&lt; 90 days</b> | <b>90 – 180 days</b> | <b>180 – 360 days</b> | <b>&gt; 360 days</b> |
|                     | <b>Total SR</b>    | <b>SR</b>                            | <b>SR</b>           | <b>SR</b>            | <b>SR</b>             | <b>SR</b>            |
| <b>30 June 2021</b> | <b>159,859,761</b> | <b>65,807,308</b>                    | <b>46,302,746</b>   | <b>21,704,412</b>    | <b>8,681,765</b>      | <b>17,363,530</b>    |
| 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.

|                                    | <b>30 June 2021</b> | <b>31 December 2020</b> |
|------------------------------------|---------------------|-------------------------|
|                                    | <b>SR</b>           | <b>SR</b>               |
| Contract assets                    | <b>61,829,596</b>   | 59,914,658              |
| Less: provision for doubtful debts | <b>(2,507,805)</b>  | (2,309,821)             |
| <b>Total</b>                       | <b>59,321,791</b>   | 57,604,837              |

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

|                                  | <b>For the three-month period ended 30 June</b> |             | <b>For the six-month period ended 30 June</b> |             |
|----------------------------------|---|-------------|---|-------------|
|                                  | <b>2021</b>                                     | <b>2020</b> | <b>2021</b>                                   | <b>2020</b> |
|                                  | <b>SR</b>                                       | <b>SR</b>   | <b>SR</b>                                     | <b>SR</b>   |
| At the beginning of the period   | <b>1,846,371</b>                                | 425,532     | <b>2,309,821</b>                              | 121,677     |
| Charge (reversal) for the period | <b>661,434</b>                                  | (260,204)   | <b>197,984</b>                                | 43,651      |
| <b>At the end of the period</b>  | <b>2,507,805</b>                                | 165,328     | <b>2,507,805</b>                              | 165,328     |

## 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<br>ended 30 June |                  | For the six-month period<br>ended 30 June |                  |
|--|---|------------------|---|------------------|
|  | 2021<br>SR                                  | 2020<br>SR       | 2021<br>SR                                | 2020<br>SR       |
| Salaries and short-term benefits         | 3,700,496                                   | 2,961,800        | 6,979,718                                 | 6,474,400        |
| End-of-service benefits                  | 200,425                                     | 244,768          | 425,555                                   | 413,516          |
| <b>Total key management compensation</b> | <b>3,900,921</b>                            | <b>3,206,568</b> | <b>7,405,273</b>                          | <b>6,887,916</b> |

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                           |            | Balance as at      |                        |
|--|--------------|------------------------------------|--|------------|--------------------|------------------------|
|  |              |                                    | For the six-month period ended 30 June |            | 30 June 2021<br>SR | 31 December 2020<br>SR |
|  |              |                                    | 2021<br>SR                             | 2020<br>SR |                    |                        |
| <u>Amounts due from related parties (note 4)</u> |              |                                    |  |            |                    |                        |
| Spectra Support Services                         | Affiliate    | Manpower services                  | 46,366,166                             | 33,275,036 |                    |                        |
|  |              | Collections                        | 50,298,192                             | 26,159,781 | 22,634,731         | 24,936,220             |
| Others   | Affiliate    | Manpower services                  | 2,194,250                              | 2,078,255  |                    |                        |
|  |              | Collections                        | 943,408                                | 2,698,352  | 2,111,980          | 939,388                |
|  |              |                                    |  |            | 24,746,711         | 25,875,608             |
| <u>Amounts due to related parties (*)</u>        |              |                                    |  |            |                    |                        |
| Directors  | BOD          | Remuneration                       | 1,524,445                              | 1,678,057  |                    |                        |
|  |              | Payments                           | 2,987,500                              | 2,623,000  | 1,465,000          | 2,928,055              |
| Maharah Travel and Tourism Company               | Affiliate    | Purchase of air tickets            | 3,518,155                              | 2,531,500  |                    |                        |
|  |              | Payments                           | 3,240,775                              | 2,790,501  | 230,018            | -                      |
| Bloovo Ltd.                                      | Associate    | Payments of deferred consideration | -                                      | 1,882,298  | -                  | -                      |
|  |              |                                    |  |            | 1,695,018          | 2,928,055              |

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

## 6 Investment property

|  | Land<br>SR | Capital work in<br>progress<br>SR | Total<br>SR |
|--|------------|-----------------------------------|-------------|
| <b>For the six-month period ended 30 June 2021</b> |            |                                   |             |
| <u>Cost</u>  |            |                                   |             |
| At the beginning of the period                     | -          | -                                 | -           |
| Transfers from property and equipment              | 18,148,500 | 16,261,478                        | 34,409,978  |
| Additions  | -          | 3,157,517                         | 3,157,517   |
| At the end of the period                           | 18,148,500 | 19,418,995                        | 37,567,495  |

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 June 2021<br>SR | 31 December 2020<br>SR |
|--------------------------------|--------------------|------------------------|
| Liquidity fund investment (i)  | 50,061,926         | -                      |
| Commodity fund investment (ii) | 33,580,355         | 33,428,757             |
| Investment funds - Sukuk (ii)  | 29,459,397         | -                      |
| Quoted equity securities (iii) | 20,575,467         | -                      |
| <b>Total</b>                   | <b>133,677,145</b> | <b>33,428,757</b>      |

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

|                                | For the three-month period<br>ended 30 June |                   | For the six-month period<br>ended 30 June |                   |
|--------------------------------|---|-------------------|---|-------------------|
|                                | 2021<br>SR                                  | 2020<br>SR        | 2021<br>SR                                | 2020<br>SR        |
| <u>Cost</u>                    |   |                   |   |                   |
| At the beginning of the period | 30,000,000                                  | 30,000,000        | 30,000,000                                | 30,000,000        |
| Additions                      | 99,944,280                                  | -                 | 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 | 3,507,908                                   | 3,071,392         | 3,428,756                                 | 2,885,620         |
| Net gain during the period     | 224,957                                     | 148,990           | 304,109                                   | 334,762           |
| At the end of the period       | 3,732,865                                   | 3,220,382         | 3,732,865                                 | 3,220,382         |
| <b>Net book value</b>          | <b>133,677,145</b>                          | <b>33,220,382</b> | <b>133,677,145</b>                        | <b>33,220,382</b> |

- (i) Investments include financial assets that are invested in various mutual funds, purchased for SR 50 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:

|                                 | <b>For the three-month period ended 30 June</b> |             | <b>For the six-month period ended 30 June</b> |             |
|---------------------------------|---|-------------|---|-------------|
|                                 | <b>2021</b>                                     | <b>2020</b> | <b>2021</b>                                   | <b>2020</b> |
|                                 | <b>SR</b>                                       | <b>SR</b>   | <b>SR</b>                                     | <b>SR</b>   |
| At the beginning of the period  | <b>20,750,532</b>                               | 23,867,950  | <b>16,476,723</b>                             | 26,670,770  |
| Provision for the period        | <b>3,554,489</b>                                | 3,092,711   | <b>7,828,298</b>                              | 7,742,992   |
| Paid during the period          | <b>(13,456,472)</b>                             | -           | <b>(13,456,472)</b>                           | (7,453,101) |
| <b>At the end of the period</b> | <b>10,848,549</b>                               | 26,960,661  | <b>10,848,549</b>                             | 26,960,661  |

### **Status of assessments**

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.

## **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 June 2021 and 31 December 2020:

| <b>Name</b>  | <b>Place of incorporation/residence</b> | <b>Ownership %</b>  |                         |
|--|---|---------------------|-------------------------|
|  |   | <b>30 June 2021</b> | <b>31 December 2020</b> |
| Alahlia International Real Estate Investment Company | KSA                                     | <b>19.4%</b>        | 19.4%                   |
| Dr Abdullah Bin Sulaiman Alamro                      | KSA                                     | <b>12.2%</b>        | 12.2%                   |
| Architectural Experience Company                     | KSA                                     | <b>11.1%</b>        | 11.1%                   |
| Other  | KSA                                     | <b>57.3%</b>        | 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 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 six-month period ended 30 June 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<br>ended 30 June |            | For the six-month<br>period ended 30 June |             |
|---|---|------------|---|-------------|
|   | 2021  | 2020       | 2021                                      | 2020        |
| Net income attributable to Shareholders of the Parent Company (SR)  | <b>38,714,417</b>                           | 49,421,781 | <b>70,031,158</b>                         | 106,675,731 |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 9) | <b>37,500,000</b>                           | 37,500,000 | <b>37,500,000</b>                         | 37,500,000  |
| Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company (SR)                      | <b>1.03</b>                                 | 1.32       | <b>1.87</b>                               | 2.84        |

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<br>30 June 2021 |                   |                   |
|--|--|-------------------|-------------------|
|  | Corporate<br>SR                                  | Individual<br>SR  | Total<br>SR       |
| Revenue                                  | 230,329,418                                      | 92,285,768        | 322,615,186       |
| Cost of revenue                          | (197,366,433)                                    | (71,707,496)      | (269,073,929)     |
| Gross profit                             | 32,962,985                                       | 20,578,272        | 53,541,257        |
| General and administration expenses      | (8,316,540)                                      | (6,351,693)       | (14,668,233)      |
| Marketing expenses                       | (847,549)  | (834,491)         | (1,682,040)       |
| Reversal of provision for doubtful debts | 4,817,578  | 1,461,880         | 6,279,458         |
| Income from main operations              | <b>28,616,474</b>                                | <b>14,853,968</b> | <b>43,470,442</b> |

|  | For the three-month period ended<br>30 June 2020 |                   |                   |
|--|--|-------------------|-------------------|
|  | Corporate<br>SR                                  | Individual<br>SR  | Total<br>SR       |
| Revenue  | 256,864,118                                      | 95,623,469        | 352,487,587       |
| Cost of revenue                                      | (211,682,285)                                    | (66,916,612)      | (278,598,897)     |
| Gross profit   | 45,181,833                                       | 28,706,857        | 73,888,690        |
| General and administration expenses                  | (10,917,814)                                     | (4,481,806)       | (15,399,620)      |
| Marketing expenses                                   | (1,242,041)                                      | (1,052,728)       | (2,294,769)       |
| (Provision) reversal of provision for doubtful debts | (1,759,878)                                      | 12,358            | (1,747,520)       |
| Income from main operations                          | <b>31,262,100</b>                                | <b>23,184,681</b> | <b>54,446,781</b> |

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 six-month period ended<br>30 June 2021 |                  |               |
|--|--|------------------|---------------|
|  | Corporate<br>SR                                | Individual<br>SR | Total<br>SR   |
| Revenue                                  | 463,267,667                                    | 180,961,085      | 644,228,752   |
| Cost of revenue                          | (395,775,182)                                  | (139,849,859)    | (535,625,041) |
| Gross profit                             | 67,492,485                                     | 41,111,226       | 108,603,711   |
| General and administration expenses      | (19,149,914)                                   | (12,459,488)     | (31,609,402)  |
| Marketing expenses                       | (2,398,510)                                    | (1,962,290)      | (4,360,800)   |
| Reversal of provision for doubtful debts | 3,189,764                                      | 967,925          | 4,157,689     |
| Income from main operations              | 49,133,825                                     | 27,657,373       | 76,791,198    |

|                                     | For the six-month period ended<br>30 June 2020 |                  |               |
|-------------------------------------|--|------------------|---------------|
|                                     | Corporate<br>SR                                | Individual<br>SR | Total<br>SR   |
| Revenue                             | 539,774,113                                    | 202,468,977      | 742,243,090   |
| Cost of revenue                     | (443,230,279)                                  | (146,093,124)    | (589,323,403) |
| Gross profit                        | 96,543,834                                     | 56,375,853       | 152,919,687   |
| General and administration expenses | (20,654,462)                                   | (10,034,780)     | (30,689,242)  |
| Marketing expenses                  | (2,715,985)                                    | (1,731,368)      | (4,447,353)   |
| Provision for doubtful debts        | (3,514,462)                                    | (58,759)         | (3,573,221)   |
| Income from main operations         | 69,658,925                                     | 44,550,946       | 114,209,871   |

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:

| <b><u>For the three-month period ended<br/>30 June 2021</u></b> | <b>KSA<br/>SR</b> | <b>UAE<br/>SR</b> | <b>Total<br/>SR</b> |
|---|-------------------|-------------------|---------------------|
| Revenue   | 313,367,892       | 9,247,294         | 322,615,186         |
| Cost of revenue   | (261,980,292)     | (7,093,637)       | (269,073,929)       |
| Gross profit  | 51,387,600        | 2,153,657         | 53,541,257          |
| General and administration expenses                             | (12,032,177)      | (2,636,056)       | (14,668,233)        |
| Marketing expenses  | (1,153,108)       | (528,932)         | (1,682,040)         |
| Reversal of provision for doubtful debts                        | 6,279,458         | -                 | 6,279,458           |
| Income (loss) from main operations                              | 44,481,773        | (1,011,331)       | 43,470,442          |

| <b><u>For the three-month period ended<br/>30 June 2020</u></b> |               |             |               |
|---|---------------|-------------|---------------|
| Revenue   | 341,115,598   | 11,371,989  | 352,487,587   |
| Cost of revenue   | (275,658,024) | (2,940,873) | (278,598,897) |
| Gross profit  | 65,457,574    | 8,431,116   | 73,888,690    |
| General and administration expenses                             | (13,966,014)  | (1,433,606) | (15,399,620)  |
| Marketing expenses  | (1,713,055)   | (581,714)   | (2,294,769)   |
| (Provision) reversal of provision for doubtful debts            | (1,759,878)   | 12,358      | (1,747,520)   |
| Income from main operations                                     | 48,018,627    | 6,428,154   | 54,446,781    |

| <b><u>For the six-month period ended<br/>30 June 2021</u></b> | <b>KSA<br/>SR</b> | <b>UAE<br/>SR</b> | <b>Total<br/>SR</b> |
|---|-------------------|-------------------|---------------------|
| Revenue   | 625,574,642       | 18,654,110        | 644,228,752         |
| Cost of revenue   | (521,072,702)     | (14,552,339)      | (535,625,041)       |
| Gross profit  | 104,501,940       | 4,101,771         | 108,603,711         |
| General and administration expenses                           | (26,552,131)      | (5,057,271)       | (31,609,402)        |
| Marketing expenses  | (3,231,859)       | (1,128,941)       | (4,360,800)         |
| Reversal of provision for doubtful debts                      | 4,157,689         | -                 | 4,157,689           |
| Income (loss) from main operations                            | 78,875,639        | (2,084,441)       | 76,791,198          |



## **12 Segment information (continued)**

| <i>For the six-month period ended<br/>30 June 2020</i> | KSA<br>SR     | UAE<br>SR    | Total<br>SR   |
|--|---------------|--------------|---------------|
| Revenue  | 723,582,419   | 18,660,671   | 742,243,090   |
| Cost of revenue  | (579,129,167) | (10,194,236) | (589,323,403) |
| Gross profit   | 144,453,252   | 8,466,435    | 152,919,687   |
| General and administration expenses                    | (27,129,019)  | (3,560,223)  | (30,689,242)  |
| Marketing expenses                                     | (3,785,505)   | (661,848)    | (4,447,353)   |
| Provision for doubtful debts                           | (3,514,462)   | (58,759)     | (3,573,221)   |
| Income from main operations                            | 110,024,266   | 4,185,605    | 114,209,871   |

### ***As at 30 June 2021***

|  |                    |                   |                    |
|--|--------------------|-------------------|--------------------|
| Net book value of property and equipment | <b>132,480,861</b> | <b>3,698,777</b>  | <b>136,179,638</b> |
| Total assets                             | <b>977,777,376</b> | <b>12,833,721</b> | <b>990,611,097</b> |
| Total liabilities                        | <b>390,230,965</b> | <b>54,316,445</b> | <b>444,547,410</b> |

### ***As at 31 December 2020***

|  |               |            |               |
|--|---------------|------------|---------------|
| 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 six-month period ended 30 June 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 0.5 million (31 December 2020: SR 7.9 million) in respect of contract performance, in the normal course of business.

## **15 Events subsequent to the reporting date**

Effective 1 July 2021, the Company acquired 90% ownership on Spectra Support Services Company ("Spectra"), a Limited Liability Company registered in the Kingdom of Saudi Arabia. Spectra is engaged in providing comprehensive workforce related solutions to organisations across the Kingdom of Saudi Arabia. Spectra will be consolidated on the interim condensed consolidated financial statements of the Group for the three-month and nine-month periods ending 30 September 2021. As at the reporting date, the Company is still in the process of finalizing the legal formalities of the acquisition.

No other events have occurred subsequent to the balance sheet date which requires adjustment to, or disclosure, in these interim condensed consolidated financial statements.

## **16 Comparative information**

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