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

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019

EY
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements 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"), which comprise the consolidated statement of financial position as at 31 December 2019 and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in KSA that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Valuation of employees' end-of-service benefits	
The carrying value of the Group's obligation in respect of employees' end-of-service benefits as at 31 December 2019 amounted to SR 51.1 million, representing 9.87% of the Group's total liabilities, covering a large number of employees. The obligation in respect of employees' end-of-service benefits is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each reporting period. The Group engaged an external actuarial expert to perform the actuarial valuation of the present value of the defined benefit obligations. Key assumptions applied in the actuarial valuation included discount rates, salary growth rates, withdrawal rates and retirement age. We identified the valuation of the obligation in respect of employees' end-of-service benefits as a key audit matter because of the significance of management judgement, subjectivity of assumptions and the involvement of actuarial expert in the determination of the valuation. Refer to note 4 to the consolidated financial statements for significant accounting policy relating to employees' end-of-service benefits, note 3 for the significant accounting estimates and assumptions relating to long-term assumptions for employee benefits and note 20 for employees' end-of-service benefits related disclosures.	We performed the following procedures in relation to assessing the valuation of the obligation in respect of employees' end-of-service benefits: • Obtained a thorough understanding of the management's valuation process, including key estimates and assumptions and the involvement of the actuarial expert in performing the actuarial valuation of the present value of the defined benefit obligations; • Evaluated the competence, independence and objectivity of the actuarial expert; • Involved our internal valuation specialist to evaluate the reasonableness of the key assumptions adopted in the valuation of the obligation in respect of the defined benefit plans, including the discount rate, salary growth rates, withdrawal rates and retirement age; and • Assessed the adequacy of the Group's disclosures in accordance with the requirements of IAS 19, *Employee Benefits*.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Recognition of employee related costs The Group provides manpower services to its customers and has large number employees. Employee related costs for the year ended 31 December 2019 amounted to SR 1,100 million, representing 97% of the Group's total cost of revenue. We consider employee related costs as a key audit matter due to the significance of management's judgement in accounting for employee related costs, significant number of employees of the Group and also substantial volume of transactions in capturing and recording the employee related costs. This may result in a misstatement of employee costs as recorded in the Group's consolidated financial statements. Refer to note 4 to the consolidated financial statements for significant accounting policies relating to employee related costs and note 25 for employee related costs recorded under cost of revenue for related disclosures.	We performed the following procedures, among others: • Obtained a thorough understanding of the management's process in capturing and recording employee costs; • Evaluated the design, implementation and operating effectiveness of key controls over recording of employee related costs; • Since the recording of employee related costs are automated, we tested various IT application controls to assess the effectiveness of controls of recording employee related costs; • Performed various analysis, including correlation and relationship analysis of employee costs, to test the reasonableness of the patterns in recording employee related costs; and • Assessed the adequacy and appropriateness of the Group's disclosures.

Other information included in the Group's 2019 Annual Report
Other information consists of the information included in the Group's 2019 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2019 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2019 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Saudi Joint Stock Company) (continued)

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as endorsed in KSA and the provisions of the Companies' Law and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

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

Riyadh: 20 Rajab 1441H
(15 March 2020)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
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ترخيص مهني رقم ٤٥
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	Notes	**31 December 2019 SR**	31 December 2018 SR
Assets			
Current assets			
Cash and cash equivalents	6	**188,704,375**	81,693,843
Murabaha time deposits	7	**110,000,000**	274,000,000
Accounts receivable	8	**230,639,631**	145,801,906
Contract assets	9	**31,012,672**	35,787,201
Prepayments and other current assets	10	**219,830,250**	149,025,809
Available visas	11	**29,558,000**	29,394,000
Total current assets		**809,744,928**	715,702,759
Non-current assets			
Property and equipment	13	**178,723,769**	165,062,017
Right-of-use assets	4.2	**36,262,288**	-
Intangible assets – Goodwill	14	**4,450,237**	4,450,237
Other intangible assets	15	**3,184,968**	5,172,137
Equity investments at fair value through profit or loss (“FVTPL”)	16	**32,885,619**	31,991,284
Investment in an associate	17	**16,330,373**	18,639,605
Other non-current assets	10	**21,528,002**	-
Total non-current assets		**293,365,256**	225,315,280
Total assets		**1,103,110,184**	941,018,039
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable, accruals and others	18	**195,412,747**	236,139,472
Contract liabilities	9	**97,440,652**	91,096,897
Retained deposits		**119,079,009**	137,035,965
Zakat payable	19	**26,670,770**	12,073,729
Total current liabilities		**438,603,178**	476,346,063
Non-current liabilities			
Lease liabilities, non-current	4.2	**27,976,379**	-
Employees’ end-of-service benefits	20	**51,077,674**	35,253,000
Total non-current liabilities		**79,054,053**	35,253,000
Total liabilities		**517,657,231**	511,599,063
Equity			
Share capital	21	**375,000,000**	375,000,000
Statutory reserve	22	**49,780,945**	22,572,306
Other reserves	22	**(4,994,161)**	6,914,664
Retained earnings		**170,778,768**	26,026,014
Equity attributable to the Shareholders of the Parent Company		**590,565,552**	430,512,984
Non-controlling interests		**(5,112,599)**	(1,094,008)
Total equity		**585,452,953**	429,418,976
Total liabilities and equity		**1,103,110,184**	941,018,039

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

	Notes	**2019** **SR**	2018 SR
Revenue	24	**1,512,298,527**	1,351,924,291
Cost of revenue	25	**(1,132,491,947)**	(1,053,543,096)
Gross profit		**379,806,580**	298,381,195
General and administration expenses	26	**(67,144,052)**	(64,485,878)
Marketing expenses	27	**(8,734,757)**	(5,778,556)
Provision for doubtful debts	8 & 9	**(21,388,539)**	(11,664,716)
Income from main operations		**282,539,232**	216,452,045
Other income	28	**11,391,090**	14,464,443
Share in net loss of an associate	17	**(2,309,232)**	(119,524)
Net gain on equity investments at FVTPL	16	**894,335**	729,675
Income before zakat		**292,515,425**	231,526,639
Zakat	19	**(25,584,742)**	(10,967,678)
Net income for the year		**266,930,683**	220,558,961
Net income for the year attributable to:			
Shareholders of the Parent Company		**272,086,393**	222,249,855
Non-controlling interests		**(5,155,710)**	(1,690,894)
		266,930,683	220,558,961
Basic and diluted earnings per share:			
Income from main operations per share attributable to Shareholders of the Parent Company	29	**7.53**	5.77
Net income for the year per share attributable to Shareholders of the Parent Company	29	**7.26**	5.93

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

	Notes	**2019** **SR**	2018 SR
Net income for the year		**266,930,683**	220,558,961
Other comprehensive (loss) income:			
Item that will be reclassified to consolidated statement of income:			
Cumulative currency translation loss	22	**(1,825)**	(654)
Item that will not be reclassified to consolidated statement of income:			
Re-measurements of employees' end-of-service benefits	20	**(11,907,000)**	3,012,000
Other comprehensive (loss) income for the year		**(11,908,825)**	3,011,346
Total comprehensive income for the year		**255,021,858**	223,570,307
Total comprehensive income (loss) for the year attributable to:			
Shareholders of the Parent Company		**260,177,568**	225,261,201
Non-controlling interests		**(5,155,710)**	(1,690,894)
		255,021,858	223,570,307

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

	Attributable to Shareholders of the Parent Company						
	Share capital SR	**Statutory reserve SR**	**Other reserves SR**	**Retained earnings (accumulated losses) SR**	**Total SR**	**Non-controlling interests SR**	**Total equity SR**
Balance as at 1 January 2018	250,000,000	20,347,320	3,903,318	(9,998,855)	264,251,783	(1,738)	264,250,045
Net income (loss) for the year	-	-	-	222,249,855	222,249,855	(1,690,894)	220,558,961
Other comprehensive income for the year	-	-	3,011,346	-	3,011,346	-	3,011,346
Total comprehensive income for the year	-	-	3,011,346	222,249,855	225,261,201	(1,690,894)	223,570,307
Share capital increase (note 21)	125,000,000	(20,000,000)	-	(105,000,000)	-	-	-
Transfer to statutory reserves (note 22)	-	22,224,986	-	(22,224,986)	-	-	-
Dividends (note 23)	-	-	-	(59,000,000)	(59,000,000)	-	(59,000,000)
Acquisition of partially-owned subsidiary (note 30)	-	-	-	-	-	598,624	598,624
Balance as at 31 December 2018	**375,000,000**	**22,572,306**	**6,914,664**	**26,026,014**	**430,512,984**	**(1,094,008)**	**429,418,976**
Net income (loss) for the year	-	-		272,086,393	272,086,393	(5,155,710)	266,930,683
Other comprehensive loss for the year	-	-	(11,908,825)	-	(11,908,825)	-	(11,908,825)
Total comprehensive income for the year	-	-	(11,908,825)	272,086,393	260,177,568	(5,155,710)	255,021,858
Movement in non-controlling interest	-	-	-	-	-	1,137,119	1,137,119
Transfer to statutory reserves (note 22)	-	27,208,639	-	(27,208,639)	-	-	-
Dividends (note 23)	-	-	-	(100,125,000)	(100,125,000)	-	(100,125,000)
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**

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2019

	Notes	**2019** SR	2018 SR
Operating activities			
Income before zakat		**292,515,425**	231,526,639
Adjustments:			
Provision for employees' end-of-service benefits	20	**18,255,399**	19,292,000
Provision for doubtful debts	8 & 9	**21,388,539**	11,664,716
Depreciation of property and equipment	13	**10,508,099**	9,960,271
Depreciation of right-of-use assets	4.2	**8,310,862**	-
Amortization of intangible assets	15	**2,006,615**	2,038,316
Share in net loss of an associate	17	**2,309,232**	119,524
Net gain on equity investments at FVTPL	16	**(894,335)**	(729,675)
Finance costs on lease liabilities	4.2	**(1,038,781)**	-
Earnings from Murabaha time deposits	28	**(6,234,402)**	(5,359,530)
Reversal of accrued salaries no longer payable	28	**(6,206,996)**	(8,328,475)
		340,919,657	260,183,786
Changes in working capital:			
Accounts receivable		**(107,853,098)**	(44,312,568)
Contract assets		**6,401,363**	(11,357,054)
Prepayments and other assets		**(99,296,090)**	(90,686,383)
Available visas		**(164,000)**	(8,330,000)
Accounts payable, accruals and others		**(40,149,232)**	55,771,306
Contract liabilities		**6,343,755**	7,889,363
Retained deposits		**(17,956,956)**	5,273,061
Cash generated from operations		**88,245,399**	174,431,511
Zakat paid	19	**(10,987,701)**	(8,364,491)
Employees' end-of-service benefits paid	20	**(14,337,725)**	(16,969,000)
Net cash from operating activities		**62,919,973**	149,098,020
Investing activities			
Purchase of property and equipment	13	**(24,169,851)**	(71,934,655)
Acquisition of subsidiaries	30	**-**	(11,304,610)
Additions to intangible assets	15	**(19,446)**	(207,308)
Acquisition of an associate	17	**-**	(5,628,000)
Payment of deferred consideration related to acquisition of an associate	12	**5,629,503**	-
Non-controlling interests		**1,137,119**	3,089,342
Movements in Murabaha time deposits, net		**170,234,402**	(264,640,470)
Net cash from (used in) investing activities		**152,811,727**	(350,625,701)
Financing activities			
Payment of lease liabilities	4.2	**(8,596,168)**	-
Dividends paid	23	**(100,125,000)**	(59,000,000)
Cash used in financing activities		**(108,721,168)**	(59,000,000)
Net increase (decrease) in cash and cash equivalents		**107,010,532**	(260,527,681)
Cash and cash equivalents at beginning of the year	6	**81,693,843**	342,221,524
Cash and cash equivalents at end of the year		**188,704,375**	81,693,843
Supplemental non-cash information:			
- Right-of-use assets		**44,577,013**	-
- Lease liabilities		**43,968,750**	-
- Deferred consideration related to acquisition of an associate		**-**	13,141,129

The accompanying notes from 1 to 37 form an integral part of these 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 the “Group”) are engaged in providing recruitment services for public and private sectors.

Following is the subsidiary included in these consolidated financial statements as at 31 December 2019 and 2018:

	Ownership
Musanid Cleaning Services	85%

On 17 September 2017, the Company acquired 85% ownership of Musanid Cleaning Services (the “Subsidiary”), a Limited Liability Company registered in United Arab Emirates (UAE) (collectively with the Company referred to as the “Group”) 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.

Effective 1 January 2018, the Subsidiary acquired a 70% ownership of TPH Center for Domestic Workers “Formerly TPH Cleaning Services” (“TPH”), a Limited Liability Company registered in 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.

As at 31 December 2019 and 2018, the following are the subsidiaries owned by TPH:

	Ownership %
The Perfect Help LLC (*)	100%
TPH Public Health Pest Control Services One Person Co. LLC (formerly “Missing Ingredient Cleaning Establishment”) (**)	100%
MPL Building maintenance LLC (***)	100%
Yalla Fix It One Person Company LLC (****)	100%

(*) As at the date of the Subsidiary’s acquisition of TPH, these entities are already 100% owned by TPH.

(**) On 1 January 2018, TPH acquired 100% shares of TPH Public Health Pest Control Services One Person Co. LLC (formerly “Missing Ingredient Cleaning Establishment”) ("TPHC"), 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.

(***) On 1 January 2018, TPH acquired 100% shares of MPL Building Maintenance LLC ("MPL"), a Limited Liability Company registered in UAE under commercial registration numbered 1344621 and dated 12 Rajab 1435H (corresponding to 11 May 2014). MPL is licensed in providing building maintenance services.

(****) TPH established a wholly owned subsidiary, Yalla Fix It One Person Company LLC ("Yalla"), 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 consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 20 Rajab 1441H (corresponding to 15 March 2020).

2 Basis of preparation

Statement of compliance
These are the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in KSA and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

Basis of measurement and functional currency
These consolidated financial statements are prepared under the historical cost convention except for measurement of equity investments at FVTPL that are measured at fair value.

These consolidated financial statements are presented in Saudi Arabian Riyal (SR), which is the functional currency of the Parent Company.

3 Significant accounting estimates, assumptions and critical judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Long-term assumptions for employee benefits
Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next four to six years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

3 Significant accounting estimates, assumptions and critical judgements (continued)

Estimates and assumptions (continued)

Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of control and significant influence
Management's judgement in assessing control over consolidated subsidiaries:
Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has, in relation to the investees.

Management's judgement in assessing significant influence over investees:
Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("Associate").

The Group is accounting for such investment in an associate under the equity method of accounting.

Provision for doubtful debts
The Group reviews its accounts receivable at each reporting date to assess whether a provision for doubtful debts should be recorded in the consolidated statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision. Refer to note (33) for further information.

Economic useful lives of property and equipment
The Group's management determines the estimated useful lives of its property and equipment 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 lives and the depreciation method to ensure that the method and year of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

3 Significant accounting estimates, assumptions and critical judgements (continued)

Critical judgements in applying accounting standards (continued)

Significant judgement in determining the lease term of contracts with extension and termination options
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

4 Significant accounting policies

4.1 Summary of significant account policies

The significant accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below:

Basis of consolidation

Subsidiaries
Refer to note (3) for details on judgements applied by the Group in respect of determination of control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit / loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of income; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate for an investment in a subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of income

Details of the subsidiaries are provided in note (1). This note also discloses the country of incorporation, principal activities and percentages of ownership.

Non-controlling interests
Non-controlling interests in the results and equity of subsidiary is shown separately in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Basis of consolidation (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Contingent (deferred) consideration

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, Financial Instruments, is measured at fair value with the changes in fair value recognized in the consolidated statement of income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of income.

Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in an associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Equity method

Equity method of accounting is used for the investment in an associate. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of income, and the Group's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Basis of consolidation (continued)

Associate (continued)
Equity method (continued)
Dividends received or receivable from an associate is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions, if any, between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill, if any, relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income outside operating income.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'share in earnings' of an associate in the consolidated statement of income.

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to the consolidated statement of income where appropriate.

Foreign currencies

Presentation currency
The consolidated financial statements are presented in SR; as it is the Company's functional currency.

Transactions and balances
Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of income).

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained previously.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Revenue recognition

The Group recognizes revenue as and when customer receives and consumes the services provided by the Group over a period of time i.e. number of days services are provided, which is in line with the requirements of IFRS 15.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when the services are rendered to customers. Contract revenues are recognized based on manpower services provided to the customers (the services represent the performance obligation of the contract) over the terms of these agreements.

<u>Variable consideration</u>
If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group is entitled in exchange for transferring the promised services to a customer.

<u>Significant financing component</u>
The Group adjusts the promised amount of consideration, if any, for the time value of money if the contract contains a significant financing component.

<u>Measuring progress towards complete satisfaction of a performance obligation</u>
The performance obligation (rendering of services) is satisfied over time. The Group applies a single method of measuring progress toward satisfaction of the obligation. The Group uses input method as a basis to measure performance completed to date.

<u>Contract costs</u>
Contract costs are recognized as an expense unless the Group has a reasonable expectation to recover these costs from its customers and in cases where these costs are recoverable from the customers. The Group amortize these costs, if any, on a systematic basis, consistent with the transfer to the customer of the services. The Group recognizes contract costs if:

- The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify.
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The incremental costs of obtaining a contract with a customer is expected to recovered.
- Those costs would not have incurred if the contract had not been obtained or if an anticipated contract has not been identified by the Group.
- The costs that directly relates to a contract (or a specific anticipated contract) includes:
    a) direct labour;
    b) direct materials;
    c) allocation costs that directly relate to the contract or to contract activities;
    d) costs that are explicitly chargeable to the customer under the contract; and
    e) other costs that are incurred only because the entity entered into the contract.

<u>Contract assets and liabilities</u>
When either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

<u>Principal versus agent consideration</u>
The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded that they are principal in all revenue arrangements.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Revenue recognition (continued)

Presentation and disclosure requirements
The Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note (24) for the disclosure on disaggregated revenue.

Other income
Profit from Murabaha time deposits are recognized on accrual basis.

Other income is recognized when earned.

Costs and expenses

Costs which are directly related to services provided are classified as cost of revenue. Expenses which are attributable to marketing and promotional activities are classified as marketing expenses. All other indirect expenses are classified as general and administration expenses.

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Cash and cash equivalents

Cash and bank balances comprise cash on hand and deposits held with banks, all of which are available for use by the Group unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Murabaha time deposits

Murabaha time deposits represents deposits with local commercial banks having a maturity of more than three months from the date of acquisition and expected to be realized within one year from the date of the reporting period.

Financial instruments

Recognition and initial measurement
A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognized in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial assets
Classification of financial assets
On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ('FVOCI') or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Financial instruments (continued)

Financial assets (continued)
Classification of financial assets (continued)
On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition.

The Group has classified its investments in units of a mutual fund as FVTPL as these contractual cash flows are not limited to principal and interest only. The Group has not exercised irrevocable option to classify these at FVOCI as these fail the definition of equity instrument under IAS 32.

Subsequent measurement
Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of income.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate (“EIR”) method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in consolidated statement of income. Any gain or loss on derecognition is recognized in the consolidated statement of income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of income. Other net gains and losses are recognized in the consolidated statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of income.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the consolidated statement of comprehensive income and are never reclassified to profit or loss.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Financial instruments (continued)

Financial assets (continued)
Derecognition (continued)
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Expected credit loss ("ECL") assessment for accounts receivables
The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:
- financial assets measured at amortized cost; and
- contract assets

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product ("GDP") of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modeling into following parts: probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"). These are briefly described below:

- LGD: This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD
- PD: the likelihood of a default over a particular time horizon
- EAD: This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

ECL Model
The Group uses a point-in-time ("PIT") probability of default model to measure its impairment on financial assets. PIT PD models incorporate information from a current credit cycle and assess risk at a PIT. The PIT PD term structure can be used to measure credit deterioration and starting PD when performing the allowance calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, you can project the cash flows and calculate the gross carrying amount, loss allowance, and amortized cost for the financial instrument.

Macroeconomic weighted average scenarios
The Group includes macroeconomic factor of GDP to develop scenarios with the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis incorporates forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

The Group assesses its financial assets based on credit risk characteristics using segmentations such as geographical region, type of customer, customer rating, etc. The different segments reflect differences in PDs and in recovery rates in the event of default.

Definition of default
In the above context, the Group considers default when:
- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the customer is more than 360 days past due on any material credit obligation to the Group.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Financial instruments (continued)

Financial assets (continued)
Definition of default (continued)
The Group has rebutted the presumption that default does not occur later than when these financial assets are past due to define and assess default. This is demonstrated by past historical data where collections exceeding 70% were experienced in 360 days ageing bucket.

Specific provision
Specific provision is recognized on customer to customer basis at every respective reporting date. The Group recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities
Initial recognition and measurement
The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement
Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of income. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of income. Any gain or loss on derecognition is also recognized in the consolidated statement of income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Purchased, available, used visas and recruitment costs

Purchased visas
Purchased visas represent the amounts paid to the government authorities against issuing manpower visas and are recorded at cost as available visa. Cost comprises all the purchase cost paid to the government authorities for securing the manpower visas.

Available, used visas and recruitment costs
Available visas represent the unused balance of visas from the government. As per Saudi Labour Law, the Group, upon its wish, may get a full refund of the cost paid to acquire the purchased visas. Available visas are classified under current assets.

Visas are transferred from ‘available visas’ to ‘used visas’ and are amortized in the consolidated statement of income on a straight-line basis over two years, in line with the employment contract period.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Purchased, available, used visas and recruitment costs (continued)

Available, used visas and recruitment costs (continued)
Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortised at the time of visa activation in the consolidated statement of income over two years in line with the employment contract period.

The amount of unamortized balance of used visas and recruitment costs are written off directly in the consolidated statement of income in case of termination of the contract or occurrence of anything that prevents the continuation of the service.

Previously, used visas and recruitment costs were immediately recognized as expenses when incurred as the said costs did not meet the criteria of recognizing asset under the conceptual framework. This treatment is considered as an application of new accounting policy (note 4.2).

Used visas and recruitment costs are classified as current assets if they are expected to be used within one year from the date of the consolidated statement of financial position. Otherwise, these are presented as non-current assets.

Residential and work permits

Residential fees and work permits are amortized in the consolidated statement of income over one year in line with the validity of such permits.

Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the consolidated statement of income in the period they are incurred. Betterments that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

Capital work in progress (“CWIP”) account are assets in the course of construction or development. CWIP is transferred to the appropriate category in property and equipment (depending on the nature of the asset), once the asset is in a location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction/development cost and any other directly attributable to the construction or acquisition of an item of CWIP intended by management. Costs associated with testing the items of CWIP (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the testing period. Land and CWIP are not depreciated nor amortized.

Depreciation is calculated from the date the item of depreciable property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

	Number of years
Office equipment	4 - 10
Buildings	20 - 40
Vehicles	4
Furniture and fixtures	10
Leasehold improvement	10 or lease term, whichever is shorter

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of income.

Residual values, useful lives and methods of depreciation of property and equipment are reviewed on an annual basis, and adjusted prospectively, if appropriate, at each consolidated statement of financial position date.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Property and equipment (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period when the asset is derecognized.

The carrying amounts of property and equipment is written-down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in consolidated statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income under general and administration expenses.

Amortization is calculated from the date the when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

	Number of years
Tadbeer licenses	10
Customer relationship	2

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Impairment of non-financial assets (continued)

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss, except for goodwill, is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Retained deposits

Retained deposits represent the amounts equivalent to two-month salary collected from customers as security deposits which the Group retain until the completion/termination of the manpower contracts. Upon termination of the manpower contract, or occurrence of anything that prevents the continuation of the service, the Group either refunds the balance or applies against the outstanding receivable from customers. Accordingly, these retained deposits are presented under current liabilities.

Employees' end-of-service benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented under accounts payable, accruals and others in the consolidated statement of financial position.

End-of-services benefits obligation
The Group's primary defined benefit plan is an end of service lump sum benefits plan.

The benefit liability recognized in the consolidated statement of financial position is the present value of the Defined Benefit Obligation ("DBO") at the reporting date. The plan is unfunded, which means the Group pays benefits as they fall due when employees leave service.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Where there is no deep market for high-quality corporate bonds, the market rates on government bonds are used. At 31 December 2019, the discount rate was set according to yields observed on KSA government bonds.

The DBO also depends on the assumptions for future salary increases and the rate at which employees and workers are expected to leave. The Group has assumed salaries will increase at a rate of 5%pa for employees and 0% for workers and home workers , in order to provide stability to the OCI account. Employee withdrawal rates are very high but can change quickly from year to year. The Group therefore reconsiders this assumption from year to year as new experience develops.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the consolidated statement of income. Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of income as past service costs.

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the consolidated statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI

4 Significant accounting policies (continued)

4.1 Summary of significant account policies (continued)

Employees' end-of-service benefits (continued)

End-of-services benefits obligation (continued)
The actuarial valuation process takes into consideration the provisions of the Saudi labour and workmen law as well as the Group's policy.

Dividends

The Group recognizes a liability to make dividend distribution to the shareholders of the Parent Company when the distribution is authorized, and the distribution is no longer at the discretion of the Company. In accordance with the provisions of the Companies' Law and Company's By-laws, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as and when declared and approved by the Board of Directors.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as finance costs.

Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of its operations are continuously analysed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

The Group's operating business are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different products to its respective market.

For management purpose, the Group is organised into two segments, based on supply of manpower, as described below:

- The Group supplies manpower to corporates forming part of the revenue from its corporate segment.
- Similarly, the Group supplies manpower to individuals based on their needs (i.e. nurses, maids etc.) which forms part of the revenue from individual segment.

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operations are conducted in KSA and UAE.

4.2 Changes to significant accounting policies and disclosures

IFRS 16, Leases

The Group has adopted IFRS 16 from its mandatory adoption date 1 January 2019 using the modified simplified transition approach as permitted under the specific transition provisions in the standard. As a result, comparatives have not been restated. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value assets').

4 Significant accounting policies (continued)

4.2 Changes to significant accounting policies and disclosures (continued)

IFRS 16, Leases (continued)

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	SR
Assets	
Right-of-use assets	34,996,496
Prepayments and other current assets	(1,647,043)
Total assets	**33,349,453**
Liabilities	
Lease liabilities – non-current	26,962,169
Accounts payable, accruals and others (*)	6,387,284
Total liabilities	**33,349,453**

(*) current portion of lease liabilities is included under accounts payable, accruals and others.

On adoption of IFRS 16, the Group has recognised lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The associated right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the number of prepayments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranges from 3.12% - 5.50%.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- information was available to assess and include such costs in determining lease liabilities
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The following table shows reconciliation of operating lease commitments under IAS 17 to lease liabilities under IFRS 16 as at 1 January 2019:

	SR
Operating lease commitments as at 31 December 2018	25,330,843
(Less): Commitments relating to short-term and low-value assets	(391,800)
	24,939,043
Discounted using the Group's incremental borrowing rate	23,359,652
Add: contracts reassessed with optional extension periods not recognised as at 31 December 2018	9,989,801
Lease liabilities recognised as at 1 January 2019	**33,349,453**

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the consolidated statement of income over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4 Significant accounting policies (continued)

4.2 Changes to significant accounting policies and disclosures (continued)

IFRS 16, Leases (continued)

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year ended 31 December 2019:

	Right-of-use assets SR	Lease liabilities (*) SR
As at 1 January 2019	34,988,189	33,341,146
Additions	9,584,961	9,584,961
Depreciation	(8,310,862)	-
Finance costs	-	1,038,781
Payments	-	(8,596,168)
As at 31 December 2019	**36,262,288**	**35,368,720**

(*) As at 31 December 2019, non-current portion of lease liabilities amounted to SR 28.0 million (current portion amounting to SR 7.4 million were included in accounts payable, accruals and others).

Summary of new accounting policies

Right-of-use assets
Right-of-use assets are initially measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs; if applicable.

Lease liabilities
Lease liabilities include, if applicable, the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Low-value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with extension and termination options and estimating the incremental borrowing rate is disclosed in note 3.

Used visas and recruitment costs

Previously, used visas and recruitment costs were immediately recognized as expenses when incurred as the said costs did not meet the criteria of recognizing asset under the conceptual framework. However, effective 1 July 2019, the Group included certain provisions in the employment contracts which demonstrated the recoverability of the said costs and accordingly capitalized the costs as asset. This treatment is considered as an application of new accounting policy (note 10).

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

5. Standards issued but not yet effective (continued)

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

6 Cash and cash equivalents

	2019 **SR**	2018 SR
Cash at banks	**131,423,976**	81,485,478
Cash in hand	**280,399**	208,365
Short-term deposits with original maturities of three-months or less	**57,000,000**	-
Total	**188,704,375**	81,693,843

7 Murabaha time deposits

Murabaha time deposits represent deposits with local commercial banks having a maturity of more than three months from date of acquisition and expected to be realized within one year from the reporting date. The variable commission rates on the murabaha time deposits as at 31 December 2019 and 31 December 2018 are based on prevailing commercial market rates.

8 Accounts receivable

	2019 **SR**	2018 SR
Accounts receivable	**270,871,159**	174,252,291
Amounts due from related parties (note 12)	**22,750,826**	16,105,695
	293,621,985	190,357,986
Less: provision for doubtful debts	**(62,982,354)**	(44,556,080)
Total	**230,639,631**	145,801,906

Trade receivables comprise of interest free net receivables due from customers with no credit rating. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Movements in the provision for doubtful debts were as follows:

	2019 **SR**	2018 SR
At the beginning of the year	**44,556,080**	33,420,229
Charge for the year	**23,015,373**	11,135,851
Written-off	**(4,589,099)**	-
At the end of the year	**62,982,354**	44,556,080

8 Accounts receivable (continued)

The ageing of unimpaired accounts receivable was as follows:

			Past due but not impaired			
	Total SR	**Neither past due nor impaired SR**	**< 90 days SR**	**90 – 180 days SR**	**180-360 days SR**	**> 360 days SR**
31 December 2019	**230,639,631**	**78,481,147**	**67,923,120**	**30,143,042**	**13,060,135**	**41,032,187**
31 December 2018	145,801,906	16,196,604	119,766,902	4,117,284	1,278,250	4,442,866

9 Contract assets and liabilities

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.

	2019 SR	2018 SR
Contract assets	**31,134,349**	37,535,712
Less: provision for doubtful debts	**(121,677)**	(1,748,511)
Total	**31,012,672**	35,787,201

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

	2019 SR	2018 SR
At the beginning of the year	**1,748,511**	1,219,646
(Reversal) charge for the year	**(1,626,834)**	528,865
At the end of the year	**121,677**	1,748,511

Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers and unearned revenues, for which revenue is recognized on satisfaction of performance obligations.

10 Prepayments and other assets

	2019 SR	2018 SR
Residence fees and work permits	**147,076,805**	115,637,023
Recruitment costs (a)	**22,778,750**	-
Advances to suppliers	**16,184,924**	15,110,133
Letters of guarantee cash margin	**12,381,991**	-
Used visas (a)	**7,923,266**	-
Prepaid rent	**5,594,106**	4,606,560
Advances to key management personnel	-	3,142,441
Other prepayments	**7,890,408**	10,529,652
	219,830,250	149,025,809

(a) Recruitment costs and used visas are presented as current and non-current assets as shown below:

	2019 SR	2018 SR
Recruitment costs	**38,715,825**	-
Used visas	**13,514,193**	-
	52,230,018	-
Less: Current portion of recruitment costs	**22,778,750**	-
Less: Current portion of used visas	**7,923,266**	-
Non-current portion of recruitment costs and used visas	**21,528,002**	-

10 Prepayments and other assets (continued)

The movement in recruitment costs during the year was as follows:

	2019 SR	2018 SR
At the beginning of the year	**-**	-
Additions during the year	**74,548,272**	-
Amortization during the year	**(35,832,447)**	-
At the end of the year	**38,715,825**	-

The movement in used visas during the year was as follows:

	2019 SR	2018 SR
At the beginning of the year	**-**	-
Transferred from available visas (note 11)	**31,725,750**	25,738,000
Directly expensed out during the year	**(14,570,150)**	(25,738,000)
Amortization during the year	**(3,641,407)**	-
At the end of the year	**13,514,193**	-

11 Available visas

Available visas represent the balance of unused visas as of the reporting date. Amounts of available visas are transferred to used visas when visas are issued to the recruited manpower. The movement in available visas is shown below:

	2019 SR	2018 SR
At the beginning of the year	**29,394,000**	21,064,000
Purchased visas during the year	**31,889,750**	34,068,000
Transferred to used visas (note 10)	**(31,725,750)**	(25,738,000)
At the end of the year	**29,558,000**	29,394,000

12 Related party transactions and balances

Related parties comprise of shareholders, key management personnel, directors and entities which are controlled directly or indirectly or influenced by these parties. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors ("BOD") in the ordinary course of business.

12.1 Key management personnel compensation

The remuneration of directors and other key management personnel for the year are as follow:

	2019 SR	2018 SR
Salaries and short-term benefits	**13,334,765**	13,204,435
End-of-service benefits	**756,705**	1,070,382
Total key management compensation	**14,091,470**	14,274,817

12.2 Terms and conditions of transactions with related parties

Outstanding balances at the consolidated statement of financial position date are unsecured, interest free and settlement occurs in cash

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12 Related party transactions and balances (continued)

12.3 Related party transactions and balances

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

Related party	***Relationship***	***Nature of transactions***	***Transactions***		***Balances***	
			2019 SR	2018 SR	**31 December 2019 SR**	31 December 2018 SR
Amounts due from related parties (note 8)						
Spectra Support Services	Affiliate	Manpower services	**61,521,310**	70,363,228		
		Collections	**51,493,359**	67,347,412	**20,116,188**	10,088,237
Maharah Holding Company	Affiliate	Financing	-	-		
		Collections	**4,080,150**	-	-	4,080,150
Al Safi Danone Co. Ltd.	Affiliate	Manpower services	**7,779,524**	3,924,283		
		Collections	**7,416,530**	5,172,227	**1,010,210**	647,216
Others	Affiliate	Manpower services	**11,528,357**	12,013,627		
		Collections	**11,051,122**	11,836,687	**1,624,428**	1,290,092
					22,750,826	16,105,695
		Less: provision for doubtful debts			-	(560,181)
					22,750,826	15,545,514
Key management personnel (*)	Key management personnel	Employee advances	-	3,142,441		
		Settlement	**3,142,441**	-	-	3,142,441

12 Related party transactions and balances (continued)

12.3 Related party transactions and balances (continued)

Related party	***Relationship***	***Nature of transactions***	***Transactions***		***Balances***	
			2019	2018	**31 December 2019**	31 December 2018
			SR	SR	**SR**	SR
<u>Amounts due to related parties (note 18)</u>						
Bloovo Ltd.	Associate	Deferred consideration (note 17)	-	13,130,600		
		Payments	**5,629,503**	-	**7,501,097**	13,130,600
Maharah Travel and Tourism Company	Affiliate	Purchase of air tickets	**18,391,973**	22,561,199		
		Payments	**19,162,194**	22,324,402	**259,201**	1,029,422
					7,760,298	14,160,022
Directors (*)	BOD	Remuneration (note 26)	**2,580,000**	2,000,000		
		Payments	**2,400,001**	2,185,056	**2,194,943**	2,014,944

(*) Amounts due from / to related parties are included in “accounts receivable” and “accounts payable, accruals and others”, respectively, except for amounts due from key management personnel which are included in “prepayments and other current assets”.

13 Property and equipment

31 December 2019	**Land**	**Buildings**	**Leasehold improvement**	**Furniture and fixtures**	**Office equipment**	**Vehicles**	**Capital work in progress (*)**	**Total**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Cost								
At the beginning of the year	63,187,014	55,361,142	17,183,442	5,658,853	17,337,342	17,309,961	17,000,286	**193,038,040**
Additions	-	10,074,030	-	2,040,824	3,087,499	8,393,447	574,051	**24,169,851**
Transfers	-	-	-	-	12,290	-	(12,290)	-
At the end of the year	63,187,014	65,435,172	17,183,442	7,699,677	20,437,131	25,703,408	17,562,047	**217,207,891**
Accumulated depreciation								
At the beginning of the year	-	3,092,085	8,019,412	2,282,276	7,820,984	6,761,266	-	**27,976,023**
Charge for the year	-	873,513	1,532,527	535,470	2,738,279	4,828,310	-	**10,508,099**
At the end of the year	-	3,965,598	9,551,939	2,817,746	10,559,263	11,589,576	-	**38,484,122**
Net book value								
31 December 2019	**63,187,014**	**61,469,574**	**7,631,503**	**4,881,931**	**9,877,868**	**14,113,832**	**17,562,047**	**178,723,769**
31 December 2018	63,187,014	52,269,057	9,164,030	3,376,577	9,516,358	10,548,695	17,000,286	165,062,017

13 Property and equipment (continued)

31 December 2018	Land SR	Buildings SR	Leasehold improvement SR	Furniture and fixtures SR	Office equipment SR	Vehicles SR	Capital work in progress (*) SR	Total SR
Cost								
At the beginning of the year	45,976,200	18,896,705	16,770,170	4,676,610	12,700,372	11,010,700	8,997,052	119,027,809
Additions	17,210,814	36,464,437	413,272	223,833	3,717,090	5,901,975	8,003,234	71,934,655
Relating to acquisition of subsidiaries	-	-	-	758,410	919,880	397,286	-	2,075,576
At the end of the year	63,187,014	55,361,142	17,183,442	5,658,853	17,337,342	17,309,961	17,000,286	193,038,040
Accumulated depreciation								
At the beginning of the year	-	1,445,174	6,323,691	1,239,460	4,896,907	3,413,764	-	17,318,996
Charge for the year	-	1,646,911	1,695,721	764,729	2,565,876	3,287,034	-	9,960,271
Relating to acquisition of subsidiaries	-	-	-	278,087	358,201	60,468	-	696,756
At the end of the year	-	3,092,085	8,019,412	2,282,276	7,820,984	6,761,266	-	27,976,023
Net book value								
31 December 2018	**63,187,014**	**52,269,057**	**9,164,030**	**3,376,577**	**9,516,358**	**10,548,695**	**17,000,286**	**165,062,017**
31 December 2017	45,976,200	17,451,531	10,446,479	3,437,150	7,803,465	7,596,936	8,997,052	101,708,813

(*) Pertains to expenditures relating to the construction and development of the Group's additional office.

Depreciation charge for the year has been allocated as follows:

	2019 SR	2018 SR
Cost of revenue (note 25)	**4,918,580**	4,194,829
General and administration expenses (note 26)	**5,578,650**	5,758,774
Marketing expenses (note 27)	**10,869**	6,668
	10,508,099	9,960,271

14 Intangible assets - Goodwill

Carrying amount of goodwill are as follows (note 30):

	2019 **SR**	2018 SR
TPH	**3,001,536**	3,001,536
MPL	**1,175,521**	1,175,521
TPHC	**273,180**	273,180
	4,450,237	4,450,237

Effective 1 January 2018, the Subsidiary acquired a 70% ownership of TPH. The total consideration amounted to SR 10.2 million. TPH is licensed in providing building cleaning services and residential property core services (note 30).

On 1 January 2018, TPH acquired 100% shares of MPL for a total consideration of SR 1.5 million. MPL is licensed in providing building maintenance services (note 30).

On 1 January 2018, TPH acquired 100% shares of TPHC for a total consideration amounting to SR 1.2 million. TPHC is licensed in providing building cleaning services and public health pests control services (note 30).

Goodwill impairment test
Goodwill is tested annually for impairment by management. For the year ended 31 December 2019, the management has determined that goodwill carrying amounts are less than their recoverable amounts. Recoverable amounts were determined on the basis of value-in-use calculations. These calculations use cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each company. In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for the business in which the companies operate. Key assumptions for the value-in-use calculation are set out below:

	%
Discount rate	13.5-14.5
Average annual growth rate for sale	4.3
Terminal growth rate	2.1

The discount rates used are pre-zakat and reflect specific risks relating to the subsidiaries. Management has determined the budgeted gross margins based on past performance and its expectations for the market development.

Sensitivity to changes in assumptions
With regard to the assessment of value-in-use for the subsidiaries, any adverse changes in a key assumption would result in an impairment loss. The key assumptions, where reasonably possible changes could result in impairment, are the terminal growth rates and the discount rates used.

15 Other intangible assets

	2019 **SR**	2018 SR
Tadbeer licenses	**2,938,029**	3,305,283
Customer relationship	**230,234**	1,731,999
Other intangible assets	**16,705**	134,855
	3,184,968	5,172,137

15 Other intangible assets (continued)

31 December 2019	**Tadbeer licenses SR**	**Customer relationship SR**	**Other intangible SR**	**Total SR**
Cost				
At the beginning and end of the year	3,672,537	3,268,266	704,766	7,645,569
Additions	-	-	19,446	19,446
	3,672,537	3,268,266	724,212	7,665,015
Accumulated amortization				
At the beginning of the year	367,254	1,536,267	569,911	2,473,432
Charge for the year (note 26)	367,254	1,501,765	137,596	2,006,615
	734,508	3,038,032	707,507	4,480,047
Net book value	**2,938,029**	**230,234**	**16,705**	**3,184,968**
31 December 2018				
Cost				
Arising from the acquisition of subsidiaries during the year (note 30)	3,672,537	3,060,958	-	6,733,495
Relating to acquisition of subsidiaries	-	-	704,766	704,766
Additions	-	207,308	-	207,308
	3,672,537	3,268,266	704,766	7,645,569
Accumulated amortization				
Relating to acquisition of subsidiaries	-	-	435,116	435,116
Charge for the year (note 26)	367,254	1,536,267	134,795	2,038,316
	367,254	1,536,267	569,911	2,473,432
Net book value	3,305,283	1,731,999	134,855	5,172,137

Tadbeer licenses and customer relationships are intangible assets acquired through business combinations. The Tadbeer licenses have been granted by the Ministry of Human Resources and Emiratisation to provide specific services related to domestic worker recruitment and welfare while customer relationships relate to TPH's current customers consist predominantly of residential cleaning clients across UAE.

16 Equity investments at FVTPL

	2019 SR	2018 SR
Equity investments at FVTPL	**32,885,619**	31,991,284

Equity investments at FVTPL 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 (note 33).

The movement in FVTPL investments for the year was as follows:

	2019 SR	2018 SR
Cost		
At the beginning and end of the year	**30,000,000**	30,000,000
Revaluation adjustments		
At the beginning of the year	**1,991,284**	1,261,609
Net gain during the year	**894,335**	729,675
At the end of the year	**2,885,619**	1,991,284
Net book value	**32,885,619**	31,991,284

17 Investment in an associate

Effective 19 November 2018, the Group acquired 40% share capital of Bloovo Ltd. (the “Associate”) for a total consideration of SR 18.75 million. The Associate is engaged in providing online recruitment and advisory services.

The Company has two directors out of the five BOD members of the Associate, achieving significant influence over the relevant policy-making processes, including participation in decisions about dividends and other distributions.

The movement of the investment during the year is as follow:

	Percentage of ownership	Opening balance SR	Share in net loss SR	Ending balance SR
2019	**40%**	**18,639,605**	**(2,309,232)**	**16,330,373**
2018	40%	18,759,129	(119,524)	18,639,605

Purchase consideration	SR
Cash paid	5,628,000
Deferred consideration (note 12)	13,130,600
Exchange difference	529
Total consideration	18,759,129

Deferred consideration
As part of the purchase agreement, the consideration amounting to SR 13.1 million shall be paid by the Company within 18 months from the effective date of acquisition and is subject to conditions on whether the Associate will be able to meet the business plan agreed by both parties which include cash flow forecasts (the “Conditions”). In the event that the Associate fails to meet the Conditions after 18 months from the effective date agreed by both parties, the deferred consideration will not be paid but shareholding of the Company in the Associate will reduce to the extent of cash paid at the acquisition date including share in net losses or earnings from the Associate for the period of shareholding.

As at 31 December 2019, the fair value of the deferred consideration was estimated to be SR 7.5 million (31 December 2018: SR 13.1 million).

The tables below provide summarized financial information for the Associate. The information disclosed reflects the amounts presented in the financial statements of the Associate and not the Group’s share of those amounts as of the end of their reporting period.

Summarized statement of financial position:

	2019 SR	2018 SR
Total current assets	**12,139,924**	18,248,619
Total non-current assets	**1,922,163**	1,182,789
Total current liabilities	**(702,005)**	(233,181)
Total non-current liabilities	**(89,998)**	(5,807)
Net assets	**13,270,084**	19,192,420

Statement of comprehensive income:

	2019 SR	2018 SR
Revenue	**1,925,256**	525,453
Direct costs	**(764,000)**	(917,568)
Gross profit (loss)	**1,161,256**	(392,115)
Selling and distribution expenses	**(2,291,273)**	(533,208)
General and administration expenses	**(4,643,063)**	(1,611,093)
Net loss for the year	**(5,773,080)**	(2,536,416)

The Associate had no contingent liabilities or capital commitments as at 31 December 2019 and 2018.

18 Accounts payable, accruals and others

	2019 **SR**	2018 SR
Accrued tickets and vacations	**103,126,442**	104,489,267
Accrued salaries and other employee costs	**45,538,801**	87,326,426
Accrued bonus and incentives	**12,199,433**	10,486,210
Accounts payable	**10,995,207**	9,181,077
Amounts due to related parties (note 12)	**7,760,298**	14,160,022
Current portion of lease liabilities (note 4.2)	**7,392,341**	-
Value Added Tax ("VAT"), net	**6,631,706**	4,289,474
Provision for operational risk (note 33)	**1,768,519**	6,206,996
	195,412,747	236,139,472

19 Zakat

Charge for the year

Zakat charge for the year ended 31 December 2019 amounted to SR 25,584,742 (2018: SR 10,967,678) which includes current year provision amounting to SR 18.1 million (2018:SR 10.9) and prior years adjustment as a result of zakat assessment amounting to SR 7.5 (2018: SR Nil) million. The current year zakat provision is based on the following:

	2019 **SR**	2018 SR
Shareholders' equity, beginning balance	**430,512,984**	264,251,783
Income before zakat	**292,515,425**	231,526,639
Opening provisions and adjustments	**214,982,906**	135,859,184
Non-current liabilities	**79,054,053**	35,253,000
Non-current assets	**(293,365,256)**	(225,315,280)

Some of these amounts as reported above have been adjusted in arriving at the zakat charge for the year.

Movements in zakat provision during the year

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

	2019 **SR**	2018 SR
Balance at beginning of the year	**12,073,729**	9,470,542
Provision for the year	**18,073,250**	10,967,678
Adjustment for prior years	**7,511,492**	-
Paid during the year	**(10,987,701)**	(8,364,491)
Balance at end of the year	**26,670,770**	12,073,729

Status of assessments

On 9 May 2019, the Company received zakat assessments from the General Authority of Zakat and Tax (the "GAZT") for the years 2014 to 2017 with additional zakat liability of approximately SR 25.0 million and made an appeal during the year. Subsequent to 31 December 2019, the Company received the final assessment amounting to SR 7.5 million and settled it during 2020. The zakat return for 2018 is still under review by the GAZT.

20 Employees' end-of-service benefits

	2019 **SR**	2018 SR
Defined benefits obligation ("DBO")	**51,077,674**	35,253,000

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in KSA. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within re-measurements of employees' end-of-service benefits under the consolidated statement of comprehensive income and cumulative actuarial gains or losses in the consolidated statement of changes in equity.

The following table represents the movement in the DBO for the year:

	2019 **SR**	2018 SR
Opening balance	**35,253,000**	35,942,000
Current service cost	**17,392,399**	18,649,000
Interest cost	**863,000**	643,000
Amount recognized in the consolidated statement of income	**18,255,399**	19,292,000
Financial assumptions	**1,352,000**	(2,950,000)
Demographic assumptions	**(2,238,000)**	-
Experience losses (gains)	**12,793,000**	(62,000)
Amount recognized in the consolidated statement of comprehensive income (note 22)	**11,907,000**	(3,012,000)
Benefits paid during the year	**(14,337,725)**	(16,969,000)
Closing balance	**51,077,674**	35,253,000

Significant actuarial assumptions

The significant actuarial assumptions used in the DBO computation:

	2019	2018
Gross discount rate	**2.20%**	3.60%
Salary growth rate	**Employee 5.00%**	Employee 5.00%
	Workers 0%	Workers 0%
	Home workers 0%	Home workers 0%
Withdrawal rate	**40%**	50%
	Employee 20%	
% withdrawing before completion of contract	**Workers 40%**	All 20%
Retirement age	**55-60**	55-60

20 Employees' end-of-service benefits (continued)

Sensitivity analysis

The results are sensitive to the assumptions used, in particular the withdrawal assumption due the short duration of the plan's liabilities. The table below shows the change in DBO based on increases or decreases in the base assumption value as of 31 December 2019 and 2018:

31 December 2019			**Impact on defined benefit obligation**	
	Change in assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	0.25%	51,077,674	48,632,326	51,353,674
Salary growth rate	1%	51,077,674	51,353,674	48,858,326
Withdrawal rate	30% or 50%	51,077,674	46,933,326	53,829,674

31 December 2018			Impact on defined benefit obligation	
	Change in assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	1%	35,253,000	34,182,000	35,527,000
Salary growth rate	1%	35,253,000	35,516,000	34,180,000
Withdrawal rate	35%or 65%	35,253,000	32,931,000	38,136,000

The average duration of the DBO at the end of the reporting period is 2.2 years (31 December 2018: 2 years).

The Group expects to make payments during the year ending 31 December 2020, to the benefit plan amounting to SR 20.9 million (year ended 31 December 2019: SR 20.4 million).

21 Share capital

Authorized and issued share capital is divided into 37.5 million shares (31 December 2018: 37.5 million shares) of SR 10 each.

The following are the major shareholders of the Group as of 31 December 2019 and 2018:

		Ownership %	
Name	**Place of incorporation/residence**	**31 December 2019**	31 December 2018
Alahlia International Real Estate Investment Company	KSA	**19.4%**	28.0%
Architectural Experience Company	KSA	**16.0%**	23.0%
Al Faisaliah Group Holding Company (*)	KSA	**14.0%**	20.0%
Dr Abdullah Bin Sulaiman Alamro	KSA	**12.2%**	17.0%
Dr Sulaiman Alhabib Trading Commercial Investment Company	KSA	**7.0%**	10.0%
Other	KSA	**31.4%**	2.0%

On 18 June 2019, the shareholders of the Company sold 30% of the shares through an Initial Public Offering ("IPO") and upon successful listing process, the said shares are part of trading in Saudi Stock Exchange "Tadawul".

(*) Subsequent to 31 December 2019, the shareholder sold portion of his shares resulting to an ownership to be less than 5%.

In the extraordinary general assembly meeting held on 5 Rabi Thani 1440H (corresponding to 12 December 2018) the shareholders resolved to increase the share capital to SR 375 million by transferring SR 105 million and SR 20 million from retained earnings and statutory reserve, respectively to proposed capital increase account. The legal formalities required to enforce the increase of the share capital were completed during the year ended 31 December 2018.

22 Reserves

Statutory reserves

In accordance with the Companies Law and the Company's By-Laws, the Company must transfer 10% of its income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. Accordingly, the Company transferred 10% of its income during the year. The reserve is not available for distribution.

Other reserves

Movement in other reserves is shown below:

	Cumulative currency translation reserve SR	**Cumulative actuarial (losses) gains SR**	**Total SR**
2019			
At the beginning of the year	(336)	6,915,000	6,914,664
Changes during the year due to:			
Cumulative currency translation losses	(1,825)	-	(1,825)
Re-measurements of employees' end-of-service benefits (note 20)	-	(11,907,000)	(11,907,000)
At the end of the year	**(2,161)**	**(4,992,000)**	**(4,994,161)**

	Cumulative currency translation reserve SR	Cumulative actuarial gains SR	Total SR
2018			
At the beginning of the year	318	3,903,000	3,903,318
Changes during the year due to:			
Cumulative currency translation losses	(654)	-	(654)
Re-measurements of employees' end-of-service benefits (note 20)	-	3,012,000	3,012,000
At the end of the year	(336)	6,915,000	6,914,664

23 Dividends

The Company's Board of Directors, in their meeting held on 16 Muharram 1441H (corresponding to 15 September 2019), resolved to declare interim dividends for the last quarter of 2018 and first half of 2019 amounting to SR 100,125,000 (SR 2.67 per share) on which, SR 100,112,003 was paid on 17 Safar 1441H (corresponding to 16 October 2019). Remaining balance of SR 12,997 is still outstanding as of 31 December 2019. The Board of Directors will present it to the shareholders in the upcoming Annual General meeting for approval.

The Company's shareholders in the extraordinary general assembly meeting held on 5 Rabi Thani 1440H (corresponding to 12 December 2018), resolved to distribute interim dividends for the period from 1 September 2017 to third quarter of 2018 amounting to SR 0.236 per share aggregating to SR 59 million, which was paid during the year ended 31 December 2018.

24 Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by type of sector, customer and contracts, and also duration of contracts (timing of revenue). Recognition and revenue between group companies are eliminated on consolidation.

Type of sector	**2019 SR**	2018 SR
Individuals	**419,827,362**	391,315,479
Industrial and operations	**391,809,100**	350,081,700
Retail	**256,714,549**	232,825,143
hospitality	**194,231,316**	170,221,317
Healthcare	**163,293,651**	151,251,286
Commercial	**86,422,549**	56,229,366
	1,512,298,527	1,351,924,291

24 Revenue (continued)

Disaggregation of revenue (continued)

Type of customer	2019 SR	2018 SR
Corporate - private	**1,086,977,852**	953,889,010
Individuals	**419,827,362**	391,315,479
Corporate - governmental & semi-government	**5,493,313**	6,719,802
	1,512,298,527	1,351,924,291

Type of contracts	2019 SR	2018 SR
Corporate	**1,092,471,165**	960,608,812
Retail	**320,574,980**	312,745,515
Hourly "Khidma"	**99,252,382**	78,569,964
	1,512,298,527	1,351,924,291

Duration of contracts	2019 SR	2018 SR
More than one year	**1,092,471,165**	960,608,812
One year and less	**419,827,362**	391,315,479
	1,512,298,527	1,351,924,291

The Group has a policy of recognizing revenue over time hence all the revenue is recognized over the term of the contract as services are rendered.

25 Cost of revenue

	2019 SR	2018 SR
Employee costs	**780,520,867**	729,500,597
Resident fee and work permits	**186,677,087**	139,381,703
Recruitment and visa costs	**54,044,001**	72,960,439
Leave salaries and tickets	**46,124,348**	65,042,067
Other employees' cost	**32,612,951**	31,030,453
Depreciation (note 13)	**4,918,580**	4,194,829
Others	**27,594,113**	11,433,008
Total	**1,132,491,947**	1,053,543,096

26 General and administration expenses

	2019 SR	2018 SR
Employee costs	**42,961,703**	38,288,205
Depreciation (note 13)	**5,578,650**	5,758,774
Utilities and subscription	**4,641,378**	1,755,939
Travel	**2,639,433**	1,828,979
BOD remuneration (note 12)	**2,580,000**	2,000,000
Amortization (note 15)	**2,006,615**	2,038,316
Professional fees	**1,625,389**	3,996,004
Rent	**1,243,384**	2,632,029
Bank charges	**1,218,751**	1,703,789
Repairs and maintenance	**605,919**	1,752,762
Others	**2,042,830**	2,731,081
Total	**67,144,052**	64,485,878

27 Marketing expenses

	2019 SR	2018 SR
Advertisements	**6,083,625**	3,792,708
Marketing commission	**2,640,263**	1,979,180
Depreciation (note 13)	**10,869**	6,668
Total	**8,734,757**	5,778,556

28 Other income

	2019 SR	2018 SR
Earnings from Murabaha time deposits	**6,234,402**	5,359,530
Reversal of accrued salaries no longer payable	**6,206,996**	8,328,475
Other (expenses) income	**(1,050,308)**	776,438
Total	**11,391,090**	14,464,443

29 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 year.

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.

	2019 SR	2018 SR
Income from main operations for the year	**282,539,232**	216,452,045
Net income attributable to Shareholders of the Parent Company	**272,086,393**	222,249,855
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 21)	**37,500,000**	37,500,000
Basic and diluted earnings per share of income from main operations for the year	**7.53**	5.77
Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company	**7.26**	5.93

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

30 Business combination

Assets acquired and liabilities assumed

Effective 1 January 2018, the Subsidiary acquired 70% ownership of TPH through a tender offer by the Subsidiary for cash amounting in an aggregate SR 10.2 million. The acquisition was accounted for using the purchase method of accounting. The purchase consideration was allocated based on the proportionate share of the identifiable net assets. The excess of the purchase consideration over the estimated fair values of the net assets acquired and any amount of non-controlling interests has been allocated to goodwill. The estimated fair values of the net assets acquired as at the date of acquisition were:

	SR
Assets	
Cash and cash equivalents	1,459,938
Accounts receivable	295,993
Prepayments other current assets	1,780,647
Property and equipment	1,063,005
Other noncurrent assets	269,570
	4,869,153
Liabilities	
Less: accounts payable, accruals and others	1,302,223
Total net assets	3,566,930
Intangible assets (note 15)	6,733,495
Non-controlling interest	(3,089,342)
Goodwill arising on acquisition (note 14)	3,001,536
Purchase consideration (note 14)	10,212,619

	SR
Cash acquired with the subsidiary	1,459,938
Cash paid	(10,212,619)
Net cash flow on acquisition	(8,752,681)

30 Business combination (continued)

Assets acquired and liabilities assumed (continued)

Effective 1 January 2018, TPH acquired 100% shares of TPHC for a cash consideration of SR 1.2 million. The estimated fair values of the net assets acquired as at the date of acquisition were:

	SR
Assets	
Cash and cash equivalents	27,111
Accounts receivable	400,152
Prepayments and other current assets	928,737
Property and equipment	113,934
	1,469,934
Liabilities	
Less: accounts payable, accruals and others	517,794
Total net assets	952,140
Goodwill arising on acquisition (note 14)	273,180
Purchase consideration (note 14)	1,225,320

	SR
Cash acquired with the subsidiary	27,111
Cash paid	(1,225,320)
Net cash flow on acquisition	(1,198,209)

Effective 1 January 2018, TPH acquired 100% shares of MPL for a cash consideration of SR 1.5 million. The estimated fair values of the net assets acquired as at the date of acquisition were:

	SR
Assets	
Cash and cash equivalents	126,875
Accounts receivable	252,866
Prepayments other current assets	162,992
Property and equipment	201,881
	744,614
Liabilities	
Less: accounts payable, accruals and others	439,540
Total net assets	305,074
Goodwill arising on acquisition (note 14)	1,175,521
Purchase consideration (note 14)	1,480,595

	SR
Cash acquired with the subsidiary	126,875
Cash paid	(1,480,595)
Net cash flow on acquisition	(1,353,720)

31 Segment information

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of its operations are continuously analysed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note (4) of these consolidated financial statements.

31 Segment information (continued)

The Group is organized into the following main business segments:

Corporate: This segment pertains to services provided to corporate entities that have contract terms for two years.

Individual: This segment pertains to services provided, ranging from worker rentals to khidma services, for individual customers that contract term ranges from an hour to one year.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group has no significant customer which contributes 10.0% or more to the revenues of the Group.

The Group is organised into the following main business segments:

	2019		
	Corporate SR	**Individual SR**	**Total SR**
Revenue	1,092,471,165	419,827,362	**1,512,298,527**
Cost of revenue	(842,961,690)	(289,530,257)	**(1,132,491,947)**
Gross profit	249,509,475	130,297,105	**379,806,580**
General and administration expenses	(41,222,470)	(25,921,582)	**(67,144,052)**
Marketing expenses	(5,765,720)	(2,969,037)	**(8,734,757)**
Provision for doubtful debts	(13,990,424)	(7,398,115)	**(21,388,539)**
Income from main operations	188,530,861	94,008,371	**282,539,232**

	2018		
	Corporate SR	Individual SR	Total SR
Revenue	960,608,812	391,315,479	**1,351,924,291**
Cost of revenue	(748,440,895)	(305,102,201)	**(1,053,543,096)**
Gross profit	212,167,917	86,213,278	**298,381,195**
General and administration expenses	(41,914,259)	(22,571,619)	**(64,485,878)**
Marketing expenses	(3,364,409)	(2,414,147)	**(5,778,556)**
Provision for doubtful debts	(9,646,956)	(2,017,760)	**(11,664,716)**
Income from main operations	157,242,293	59,209,752	**216,452,045**

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 UAE. Following is the geographical segment analysis of the Group:

	KSA SR	**UAE SR**	**Total SR**
For the year ended 31 December 2019			
Revenue	1,477,906,434	34,392,093	**1,512,298,527**
Cost of revenue	(1,102,061,798)	(30,430,149)	**(1,132,491,947)**
Gross profit	375,844,636	3,961,944	**379,806,580**
General and administration expenses	(58,065,181)	(9,078,871)	**(67,144,052)**
Marketing expenses	(7,898,248)	(836,509)	**(8,734,757)**
Provision for doubtful debts	(13,990,424)	(7,398,115)	**(21,388,539)**
Income from main operations	295,890,783	(13,351,551)	**282,539,232**
As at 31 December 2019			
Net book value of property and equipment	174,147,335	4,576,434	**178,723,769**
Total assets	1,085,955,499	17,154,685	**1,103,110,184**
Total liabilities	495,389,949	22,267,282	**517,657,231**

31 Segment information (continued)

	KSA SR	UAE SR	Total SR
For the year ended 31 December 2018			
Revenue	1,317,919,097	34,005,194	1,351,924,291
Cost of revenue	(1,028,597,122)	(24,945,974)	(1,053,543,096)
Gross profit	289,321,975	9,059,220	298,381,195
General and administration expenses	(53,637,562)	(10,848,316)	(64,485,878)
Marketing expenses	(4,727,448)	(1,051,108)	(5,778,556)
Provision for doubtful debts	(9,646,956)	(2,017,760)	(11,664,716)
Income from main operations	221,310,009	(4,857,964)	216,452,045
As at 31 December 2018			
Net book value of property and equipment	161,508,762	3,553,255	165,062,017
Total assets	908,806,876	32,211,163	941,018,039
Total liabilities	507,734,960	3,864,103	511,599,063

32 Financial instruments

Financial instruments by category
Financial instruments have been categorised as follows:

Financial assets	**2019** **SR**	2018 SR
Cash and cash equivalents	**188,704,375**	81,693,843
Murabaha time deposits	**110,000,000**	274,000,000
Accounts receivable	**207,888,805**	129,136,030
Amounts due from related parties	**22,750,826**	15,545,514
Equity investments at FVTPL	**32,885,619**	31,991,284
Cash margin against license guarantee letter	**12,381,991**	-
Total financial assets	**574,611,616**	532,366,671

Financial liabilities	**2019** **SR**	2018 SR
Accounts payable	**10,995,207**	9,181,077
Amounts due to related parties	**7,760,298**	14,160,022
Retained deposits	**119,079,009**	137,035,965
Lease liabilities	**35,368,720**	-
Total financial liabilities	**173,203,234**	160,377,064

Fair value estimation of financial instruments
The following table present the Group's financial instruments measured at fair value at 31 December 2019 and 31 December 2018:

	Level 1 **SR**	**Level 2** **SR**	**Level 3** **SR**	**Total** **SR**
31 December 2019				
Equity investments at FVTPL	**32,885,619**	**-**	**-**	**32,885,619**
31 December 2018				
Equity investments at FVTPL	31,991,284	-	-	31,991,284

33 Financial risk and capital management

The Group's principal financial instruments consist of cash and cash equivalents and accounts receivable which are generated directly from operations. The Group has various other financial instruments such as murabaha time deposits, equity investments at FVTPL, amounts due from related parties, cash margin against license guarantee letter, accounts payable, retained deposits and amounts due to related parties, which are incurred to finance operations in the normal course of business.

The Group is exposed to market risk (e.g. currency risk and commission rate risk), credit risk and liquidity risk and equity price risk.

33 Financial risk and capital management (continued)

Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group transacts principally in SR, US Dollars and UAE Dirhams. Management monitors regularly the fluctuations in currency exchange rates and the effects of the currency fluctuation has been accounted for in the consolidated financial statements accordingly.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on its commission bearing assets including cash and cash equivalents and Murabaha time deposits which is not likely to be significant. The Group does not have any commission bearing liability at the consolidated financial position date.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the consolidated statement of financial position date SR 71.8 million (31 December 2018: SR 44 million) of the gross accounts receivable pertains to 5 major customers.

Accounts receivable
Customers are assessed according to Group's criteria prior to entering into service arrangements.

Amounts due from related parties
An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (note 12). The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to amounts due from related parties as low, as majority of the related parties are owned by the same shareholders.

Credit risk related to time deposit and cash deposit
Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

ECL assessment for accounts receivable

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The key inputs into the measurement of ECL are the following variables:
- Probability of default ("PD") using statistical model (i.e. normal distribution curve)
- GDP of KSA, as a macroeconomic variable to adjust the historic loss rate

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

33 Financial risk and capital management (continued)

Liquidity risk (continued)
The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities 31 December 2019	**Less than 1 year SR**	**Between 1 and 2 years SR**	**Between 2 and 5 years SR**	**Over 5 years SR**	**Total SR**
Accounts payable	**10,995,207**	-	-	-	**10,995,207**
Amounts due to related parties	**7,760,298**	-	-	-	**7,760,298**
Retained deposits	**119,079,009**	-	-	-	**119,079,009**
Lease liabilities	**7,392,341**	**7,232,179**	**13,509,527**	**7,234,673**	**35,368,720**
Total	**145,226,855**	**7,232,179**	**13,509,527**	**7,234,673**	**173,203,234**

Contractual maturities of financial liabilities 31 December 2018	Less than 1 year SR	Between 1 and 2 years SR	Between 2 and 5 years SR	Over 5 years SR	Total SR
Accounts payable	9,181,077	-	-	-	9,181,077
Amounts due to related parties	14,160,022	-	-	-	14,160,022
Retained deposits	137,035,965	-	-	-	137,035,965
Total	160,377,064	-	-	-	160,377,064

Equity price risk

The Group is exposed to equity price risks arising from equity investments. At the end of the reporting period, most of the Group's equity investments are held for strategic purposes rather than trading purposes. The Group does not actively trade these investments.

At the reporting date, the exposure of quoted equity investments was SR 32.9 million (31 December 2018: SR 32.0 million) (note 16).

Operational risk

Operational risk is the risk that the Group will encounter difficulties in providing the required manpower or failing to complete the period of the contract due to rejection of work, lack of good work performance, escape, death and change of related laws and regulations. The Group seeks to manage the operation risks by monitoring these cases on a regular basis in order to avoid or reduce occurrence of such cases. The Group also provides a provision to encounter these cases when occurred. During the year, the Group was able to compute the net exposure/impact upon considering the related prepayments and accruals balances for inactive employees. Provision for operational risk as at the end of the reporting period amounted to SR 1,768,519 (31 December 2018: SR 6,206,996) (note 18).

Capital management
Capital is equity attributable to the shareholders. The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The management policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The management also monitors the level of dividends to shareholders. There were no changes in the Group's approach to capital management during the year. Neither the Group are subject to externally imposed capital requirements.

34 Contingent liabilities

The Group's bankers have issued, on its behalf, guarantees amounting to SR 12.3 million (31 December 2018; SR 10 million) in respect of contract performance, in the normal course of business.

35 Company's operations

Following are Company's branches details as at 31 December 2019:

Name	***Commercial Registration Number***	***Commercial Registration Date***
Al Yasameen	1010465207	2 Safar 1438H
Al Moroj	1010436553	28 Shawwal 1436H
Al Taawon	1010427484	9 Muhurram 1435H
Ar Rass	1132010275	7 Dhul-Qadah 1435H
Al Rawdah	1010465209	2 Safar 1438H
Head office (Olaya)	1010364538	07 Rabi Thani 1434 H
Al Kharj	1011139356	25 Rabi Awal 1440H
Suwaidi	1010427485	9 Muhurram 1435H
Medina	4650074415	7 Dhul-Qadah 1435H
Buraydah 1	1131056729	29 Jumad Awal 1437H
Ha'il	3350043316	27 Rabi Thani 1436H
Khurais	1010436554	28 Shawwal 1436H
Unaizah	1128019121	15 Rabi Awal 1436H
Jeddah - Naeem	4030278496	9 Muhurram 1435H
Jeddah – Al Marwa	4030296922	20 Muhurram 1439H
Dammam	2050111011	29 Safar 1438H
Abha	5850071792	23 Rabi Thani 1439H
Al Qassim Buradah 2	1131291194	3 Jumad Thani 1439H

36 Events subsequent to the reporting date

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

37 Comparative information

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