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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2019

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
30 June 2019

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Maharah for Human Resources Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (together with the Company, referred to as the "Group") as at 30 June 2019, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2019, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

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

Riyadh: 28 Dhul-Qadah 1440H
(31 July 2019)



Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 30 June 2019

	Note	30 June 2019 SR	31 December 2018 SR
Assets			
Current assets			
Cash and bank balances		119,342,186	81,693,843
Murabaha time deposits		250,000,000	274,000,000
Accounts receivable	5	205,011,662	148,944,347
Contract assets	5	39,703,917	35,787,201
Prepayments and other current assets		168,050,238	143,015,162
Available visas		29,940,000	29,394,000
Total current assets		812,048,003	712,834,553
Non-current assets			
Property and equipment		169,800,731	167,930,223
Right-of-use assets	4	41,493,711	-
Intangible assets – Goodwill		4,450,237	4,450,237
Other intangible assets		4,289,382	5,172,137
Equity investments at fair value through profit or loss (“FVTPL”)		32,453,800	31,991,284
Investment in an associate		17,800,108	18,639,605
Total non-current assets		270,287,969	228,183,486
Total assets		1,082,335,972	941,018,039
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable, accruals and others		235,519,517	236,139,472
Contract liabilities		83,928,069	91,096,897
Retained deposits		129,530,261	137,035,965
Zakat payable		9,905,371	12,073,729
Total current liabilities		458,883,218	476,346,063
Non-current liabilities			
Lease liabilities – non-current	4	28,800,705	-
Employees’ end-of-service benefits	7	43,175,018	35,253,000
Total non-current liabilities		71,975,723	35,253,000
Total liabilities		530,858,941	511,599,063
Equity			
Share capital	9	375,000,000	375,000,000
Statutory reserve		22,572,306	22,572,306
Other reserves		4,199,520	6,914,664
Retained earnings		152,031,950	26,026,014
Equity attributable to the Shareholders of the Parent Company		553,803,776	430,512,984
Non-controlling interests		(2,326,745)	(1,094,008)
Total equity		551,477,031	429,418,976
Total liabilities and equity		1,082,335,972	941,018,039

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of income
For the three-month and six-month periods ended 30 June 2019

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2019 SR	2018 SR	2019 SR	2018 SR
Revenue		367,223,255	337,517,775	740,099,803	664,899,968
Cost of revenue		(279,225,003)	(260,483,992)	(573,399,930)	(525,133,075)
Gross profit		87,998,252	77,033,783	166,699,873	139,766,893
General and administration expenses		(14,986,560)	(14,096,500)	(31,089,324)	(31,531,857)
Marketing expenses		(2,240,390)	(1,408,665)	(3,987,550)	(3,729,621)
Reversal of (provision for) provision for doubtful debts	5	1,728,116	(2,178)	(4,541,611)	23,174
Income from main operations		72,499,418	61,526,440	127,081,388	104,528,589
Other income		3,489,729	380,044	6,888,135	8,761,862
Share in net loss of an associate		(452,511)	-	(839,497)	-
Net gain on equity investments at FVTPL		231,745	169,523	462,516	316,547
Income before zakat		75,768,381	62,076,007	133,592,542	113,606,998
Zakat		(4,850,088)	(4,534,398)	(8,819,343)	(7,800,173)
Net income for the period		70,918,293	57,541,609	124,773,199	105,806,825
Net income (loss) for the period attributable to:					
Shareholders of the Parent Company		71,990,724	57,590,206	126,005,936	105,609,211
Non-controlling interests		(1,072,431)	(48,597)	(1,232,737)	197,614
		70,918,293	57,541,609	124,773,199	105,806,825
Basic and diluted earnings per share:	10				
Income from main operations per share attributable to Shareholders of the Parent Company		1.93	1.64	3.39	2.79
Net income per share attributable to Shareholders of the Parent Company		1.92	1.54	3.36	2.82

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three-month and six-month periods ended 30 June 2019

	For the three-month period		For the six-month period	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
	SR	SR	SR	SR
Net income for the period	70,918,293	57,541,609	124,773,199	105,806,825
Other comprehensive (loss) income:				
<i>Item that will be reclassified to consolidated statement of income:</i>				
Cumulative currency translation gain (loss)	151	283	151	(26)
<i>Item that will not be reclassified to consolidated statement of income:</i>				
Re-measurements of employees' end-of-service benefits	(396,000)	-	(2,715,295)	3,685,000
Other comprehensive (loss) income for the period	(395,849)	283	(2,715,144)	3,684,974
Total comprehensive income for the period	70,522,444	57,541,892	122,058,055	109,491,799
Total comprehensive income (loss) for the period attributable to:				
Shareholders of the Parent Company	71,594,875	57,590,489	123,290,792	109,294,185
Non-controlling interests	(1,072,431)	(48,597)	(1,232,737)	197,614
	70,522,444	57,541,892	122,058,055	109,491,799

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the six-month period ended 30 June 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 for the period	-	-	-	105,609,211	105,609,211	197,614	105,806,825
Other comprehensive income for the period	-	-	3,684,974	-	3,684,974	-	3,684,974
Total comprehensive income for the period	-	-	3,684,974	105,609,211	109,294,185	197,614	109,491,799
Acquisition of partially-owned subsidiary	-	-	-	-	-	598,624	598,624
Balance as at 30 June 2018	250,000,000	20,347,320	7,588,292	95,610,356	373,545,968	794,500	374,340,468
Balance as at 1 January 2019	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 period	-	-	-	126,005,936	126,005,936	(1,232,737)	124,773,199
Other comprehensive loss for the period	-	-	(2,715,144)	-	(2,715,144)	-	(2,715,144)
Total comprehensive income (loss) for the period	-	-	(2,715,144)	126,005,936	123,290,792	(1,232,737)	122,058,055
Balance as at 30 June 2019	375,000,000	22,572,306	4,199,520	152,031,950	553,803,776	(2,326,745)	551,477,031

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the six-month period ended 30 June 2019

	Note	For the six-month period ended 30 June	
		2019 SR	2018 SR
Operating activities			
Income before zakat		133,592,542	113,606,998
Adjustments:			
Provision for employees' end-of-service benefits	7	12,442,625	9,442,000
Depreciation of property and equipment		5,201,309	4,091,238
Provision for (reversal of provision for) doubtful debts	5	4,541,611	(23,174)
Depreciation of right-of-use assets	4	3,961,415	-
Amortization of intangible assets		1,068,122	948,867
Share in net loss of an associate		839,497	-
Net gain on equity investments at FVTPL		(462,516)	(316,547)
Finance costs on lease liabilities	4	(517,390)	-
Earnings from Murabaha time deposits		(3,520,352)	(1,952,471)
Reversal of accrued salaries no longer payable		(3,835,369)	(6,824,785)
		153,311,494	118,972,126
Changes in working capital:			
Accounts receivable		(60,608,926)	(36,990,555)
Contract assets		(3,916,716)	(3,176,896)
Prepayments and other current assets		(25,647,338)	(36,269,726)
Available visas		(546,000)	(5,834,000)
Accounts payable, accruals and others		(9,232,128)	(457,317)
Contract liabilities		(7,168,828)	36,272,434
Retained deposits		(7,505,704)	(1,609,267)
Cash generated from operations		38,685,854	70,906,799
Zakat paid		(10,987,701)	(8,364,491)
Employees' end-of-service benefits paid	7	(7,235,902)	(5,454,000)
Net cash from operating activities		20,462,251	57,088,308
Investing activities			
Movements in Murabaha time deposits, net		27,520,352	(101,547,529)
Acquisition of subsidiaries		-	(11,304,610)
Non-controlling interests		-	3,089,342
Additions to intangible assets		(185,367)	-
Purchase of property and equipment		(7,071,817)	(8,556,591)
Net cash from (used in) investing activities		20,263,168	(118,319,388)
Financing activities			
Payment of lease liabilities	4	(3,077,076)	-
Cash used in financing activities		(3,077,076)	-
Net increase (decrease) in cash and bank balances		37,648,343	(61,231,080)
Cash and bank balances at beginning of the period		81,693,843	342,221,524
Cash and bank balances at end of the period		119,342,186	280,990,444
Supplemental non-cash information			
- Right-of-use assets		45,455,126	-
- Lease liabilities		40,731,007	-

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements
30 June 2019

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.

The interim condensed consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 27 Dhul-Qadah 1440H (corresponding to 30 July 2019).

2 Basis of preparation

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

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

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

Certain prior periods' figures have been reclassified to conform to the current period's presentation.

Basis of measurement and functional currency

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

3 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of International Financial Reporting Standard 16 'Leases' ("IFRS 16") at its effective date 1 January 2019.

IFRS 16 replaces IAS 17 'Leases' ("IAS 17"), IFRIC 4 'Whether an arrangement contains a lease' ("IFRIC 4"), SIC-15 'Operating leases - Incentives' and SIC-27 'Evaluating the substance of transactions involving the legal form of a lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective.

4 Changes in significant accounting policies

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').

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 June 2019

4 Changes in significant accounting policies (continued)

IFRS 16, Leases (continued)

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

	SR
Assets	
Right-of-use assets	33,191,405
Prepayments and other current assets	(1,647,043)
Total assets	31,544,362
Liabilities	
Lease liabilities – non-current	25,157,078
Accounts payable, accruals and others (*)	6,387,284
Total liabilities	31,544,362

(*) 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 amount 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% - 3.70%.

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
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Restoration costs for most the leases were considered to be negligible, except where reasonable 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	8,184,710
Lease liabilities recognised as at 1 January 2019	31,544,362

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 interim condensed 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.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 June 2019

4 Changes in significant accounting policies (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 six-month period ended 30 June 2019:

	Right-of-use assets SR	Lease liabilities (*) SR
As at 1 January 2019	33,191,405	31,544,362
Additions	12,263,721	12,263,721
Depreciation	(3,961,415)	-
Finance costs	-	517,390
Payments	-	(3,077,076)
As at 30 June 2019	41,493,711	41,248,397

(*) As at 30 June 2019, non-current portion of lease liabilities amounted to SR 28.8 million (current portion amounting to SR 12.4 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

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.

5 Accounts receivable and contract assets

Accounts receivable

	30 June 2019 SR	31 December 2018 SR
Accounts receivable	254,970,997	193,500,427
Less: provision for doubtful debts	(49,959,335)	(44,556,080)
Total	205,011,662	148,944,347

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 June 2019

5 Accounts receivable and contract assets (continued)

Accounts receivable (continued)

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2019 SR	2018 SR	2019 SR	2018 SR
At the beginning of the period	51,234,086	34,262,795	44,556,080	34,411,684
(Reversal) charge for the period	(1,274,751)	353,906	5,403,255	205,017
At the end of the period	49,959,335	34,616,701	49,959,335	34,616,701

The ageing of unimpaired accounts receivable is shown below:

	Total SR	Neither past due nor impaired SR	Past due but not impaired		
			< 90 days SR	90 – 180 days SR	> 180 days SR
30 June 2019	205,011,662	22,338,101	169,380,970	5,610,487	7,682,104
31 December 2018	148,944,347	16,196,604	122,909,343	4,117,284	5,721,116

Contract assets

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

	30 June 2019 SR	31 December 2018 SR
Contract assets	40,590,784	37,535,712
Less: provision for doubtful debts	(886,867)	(1,748,511)
Total	39,703,917	35,787,201

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2019 SR	2018 SR	2019 SR	2018 SR
At the beginning of the period	1,340,232	1,343,183	1,748,511	1,219,646
Reversal for the period	(453,365)	(351,728)	(861,644)	(228,191)
At the end of the period	886,867	991,455	886,867	991,455

6 Related party transactions and balances

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2019 SR	2018 SR	2019 SR	2018 SR
Salaries and short-term benefits	4,190,126	3,802,107	7,040,085	6,633,439
End-of-service benefits	114,131	163,691	233,658	276,394
Total key management compensation	4,304,257	3,965,798	7,273,743	6,909,833

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 June 2019

6 Related party transactions and balances (continued)

During the period, the Group transacted with its related parties. The terms of those transactions are approved by management in the ordinary course of business. The key transactions and related balances for the period are as follows:

Related party	Relationship	Nature of transactions	Transactions				Balances	
			For the six-month period ended		30 June 2019	31 December 2018		
			2019	2018	SR	SR		
<u>Amounts due from related parties</u>								
Spectra Support Services	Affiliate	Manpower services	31,747,630	37,410,444	19,653,762	10,088,237		
		Collections	(22,182,105)	(34,032,099)	4,080,150	4,080,150		
		Financing	-	-	1,934,490	3,142,441		
Maharah Holding Company	Affiliate	Settlement	(1,207,951)	-	918,809	1,120,917		
Key management personnel	Key management personnel	Manpower services	4,182,676	2,574,776	288,683	647,216		
		Collections	(4,384,784)	(2,128,399)	-	-		
		Manpower services	2,741,562	2,152,299	-	-		
ND Logistics	Affiliate	Collections	(3,100,095)	(3,443,496)	-	-		
		Manpower services	-	342,546	-	-		
		Collections	-	(368,236)	-	-		
Al Safi Danone Co. Ltd.	Affiliate	Manpower services	728,523	658,653	-	103,843		
Elixir Medical Co.	Affiliate	Collections	(782,299)	(701,360)	11,556	65,332		
Others	Affiliate	Manpower services	-	-	26,887,450	19,248,136		
		Collections	-	-	(456,049)	(560,181)		
		Less: provision for doubtful debts	-	-	26,431,401	18,687,955		

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 June 2019

6 Related party transactions and balances (continued)

Related party	Relationship	Nature of transactions	Transactions		Balances	
			For the six-month period ended		30 June 2019	31 December 2018
			2019	30 June	SR	SR
<u>Amounts due to related parties</u>						
Bloovo Ltd.	Associate	Deferred consideration (*)	-	-	13,130,600	13,130,600
Directors	BOD	Remuneration	1,000,000	1,000,000		
		Payments	(2,400,000)	(2,185,056)	614,944	2,014,944
Maharah Travel and Tourism Company	Affiliate	Purchase of air tickets	9,812,732	10,422,221		
		Payments	(10,014,743)	(10,944,990)	827,411	1,029,422
					14,572,955	16,174,966

(*) A deferred consideration related to acquisition of investment in an associate amounting to SR 13.1 million shall be paid by the Group within 18 months from 19 November 2018, the effective date of acquisition of the associate, 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.

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".

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7 Employees' end-of-service benefits

The following table represents the movement in the defined benefits obligation ("DBO") for the period:

	For the six-month period ended 30 June	
	2019 SR	2018 SR
Opening balance	35,253,000	35,942,000
Current service cost	12,030,531	9,120,500
Interest cost	412,094	321,500
Amount recognized in the interim condensed consolidated statement of income	12,442,625	9,442,000
Financial assumptions	(462,719)	-
Demographic assumptions	2,143,004	-
Experience losses (gains)	1,035,010	(3,685,000)
Amount recognized in the interim condensed consolidated statement of comprehensive income	2,715,295	(3,685,000)
Benefits paid during the period	(7,235,902)	(5,454,000)
Closing balance	43,175,018	36,245,000

Significant actuarial assumptions

The significant actuarial assumptions used in the DBO computation:

	30 June 2019	30 June 2018
Gross discount rate	3.20%	3.60%
Salary growth rate	Staff 5.00%; Workers 0%	4.30%
Withdrawal rate	Staff 5% Workers 15%	50%
Retirement age	55-60	55-60

8 Zakat

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. The management believes that the additional zakat liability pertaining to the zakat assessments received is substantially inaccurate as certain items included in zakat base calculation of GAZT have already been considered by the Company in the zakat calculation of the said periods. Hence, the Company has submitted its appeal which is still under review by GAZT as at 30 June 2019.

9 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 30 June 2019 and 31 December 2018:

Name	Place of incorporation/residence	Ownership %	
		30 June 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%

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9 Share capital (continued)

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".

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.

10 Earnings per share

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

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2019	2018	2019	2018
Income from main operations for the period (SR)	72,499,418	61,526,440	127,081,388	104,528,589
Net income attributable to Shareholders of the Parent Company (SR)	71,990,724	57,590,206	126,005,936	105,609,211
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 9)	37,500,000	37,500,000	37,500,000	37,500,000
Basic and diluted earnings per share of income from main operations for the period (SR)	1.93	1.64	3.39	2.79
Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company (SR)	1.92	1.54	3.36	2.82

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

11 Segment information

The Group is organized into corporate and individual business segments.

The segments' financial details are shown below:

<u>For the three-month period ended 30 June 2019</u>	Corporate SR	Individual SR	Total SR
Revenue	269,672,674	97,550,581	367,223,255
Cost of revenue	(213,791,276)	(65,433,727)	(279,225,003)
Gross profit	55,881,398	32,116,854	87,998,252
General and administration expenses	(8,801,359)	(6,185,201)	(14,986,560)
Marketing expenses	(1,496,759)	(743,631)	(2,240,390)
Reversal of (provision for) provision for doubtful debts	2,056,286	(328,170)	1,728,116
Income from main operations	47,639,566	24,859,852	72,499,418
<u>For the three-month period ended 30 June 2018</u>	Corporate SR	Individual SR	Total SR
Revenue	240,467,194	97,050,581	337,517,775
Cost of revenue	(182,993,521)	(77,490,471)	(260,483,992)
Gross profit	57,473,673	19,560,110	77,033,783
General and administration expenses	(9,902,982)	(4,193,518)	(14,096,500)
Marketing expenses	(1,249,824)	(158,841)	(1,408,665)
Provision for doubtful debts	(2,178)	-	(2,178)
Income from main operations	46,318,689	15,207,751	61,526,440

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11 Segment information (continued)

<i>For the six-month period ended 30 June 2019</i>	Corporate SR	Individual SR	Total SR
Revenue	538,113,773	201,986,030	740,099,803
Cost of revenue	(426,975,187)	(146,424,743)	(573,399,930)
Gross profit	111,138,586	55,561,287	166,699,873
General and administration expenses	(18,463,446)	(12,625,878)	(31,089,324)
Marketing expenses	(2,899,279)	(1,088,271)	(3,987,550)
Reversal of (provision for) provision for doubtful debts	377,052	(4,918,663)	(4,541,611)
Income from main operations	90,152,913	36,928,475	127,081,388
<i>For the six-month period ended 30 June 2018</i>	Corporate SR	Individual SR	Total SR
Revenue	471,436,751	193,463,217	664,899,968
Cost of revenue	(369,638,380)	(155,494,695)	(525,133,075)
Gross profit	101,798,371	37,968,522	139,766,893
General and administration expenses	(21,626,642)	(9,905,215)	(31,531,857)
Marketing expenses	(2,644,428)	(1,085,193)	(3,729,621)
Reversal of provision for doubtful debts	23,174	-	23,174
Income from main operations	77,550,475	26,978,114	104,528,589

It is impracticable to disclose information pertaining to net book value of property and equipment, total assets and total liabilities pertaining to these segments.

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

<i>For the three-month period ended 30 June 2019</i>	KSA SR	UAE SR	Total SR
Revenue	359,055,743	8,167,512	367,223,255
Cost of revenue	(273,609,729)	(5,615,274)	(279,225,003)
Gross profit	85,446,014	2,552,238	87,998,252
General and administration expenses	(11,972,807)	(3,013,753)	(14,986,560)
Marketing expenses	(1,978,739)	(261,651)	(2,240,390)
Reversal of (provision for) provision for doubtful debts	2,056,286	(328,170)	1,728,116
Income (loss) from main operations	73,550,754	(1,051,336)	72,499,418
<i>For the three-month period ended 30 June 2018</i>	KSA SR	UAE SR	Total SR
Revenue	330,318,847	7,198,928	337,517,775
Cost of revenue	(256,037,947)	(4,446,045)	(260,483,992)
Gross profit	74,280,900	2,752,883	77,033,783
General and administration expenses	(14,057,125)	(39,375)	(14,096,500)
Marketing expenses	(1,408,665)	-	(1,408,665)
Provision for doubtful debts	(2,178)	-	(2,178)
Income from main operations	58,812,932	2,713,508	61,526,440

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11 Segment information (continued)

<i>For the six-month period ended</i> <i>30 June 2019</i>	KSA SR	UAE SR	Total SR
Revenue	716,679,959	23,419,844	740,099,803
Cost of revenue	(558,415,191)	(14,984,739)	(573,399,930)
Gross profit	158,264,768	8,435,105	166,699,873
General and administration expenses	(25,393,873)	(5,695,451)	(31,089,324)
Marketing expenses	(3,395,710)	(591,840)	(3,987,550)
Reversal of (provision for) provision for doubtful debts	377,052	(4,918,663)	(4,541,611)
Income (loss) from main operations	129,852,237	(2,770,849)	127,081,388
<i>For the six-month period ended</i> <i>30 June 2018</i>	KSA SR	UAE SR	Total SR
Revenue	650,650,022	14,249,946	664,899,968
Cost of revenue	(516,117,884)	(9,015,191)	(525,133,075)
Gross profit	134,532,138	5,234,755	139,766,893
General and administration expenses	(28,482,717)	(3,049,140)	(31,531,857)
Marketing expenses	(3,729,621)	-	(3,729,621)
Reversal of provision for doubtful debts	23,174	-	23,174
Income from main operations	102,342,974	2,185,615	104,528,589
<i>As at 30 June 2019</i>	KSA SR	UAE SR	Total SR
Net book value of property and equipment	165,256,022	4,544,709	169,800,731
Total assets	1,034,016,736	48,319,236	1,082,335,972
Total liabilities	507,372,248	23,486,693	530,858,941
<i>As at 31 December 2018</i>	KSA SR	UAE SR	Total SR
Net book value of property and equipment	161,508,762	6,421,461	167,930,223
Total assets	908,806,876	32,211,163	941,018,039
Total liabilities	507,734,960	3,864,103	511,599,063

12 Contingent liabilities

The Group's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 (31 December 2018; SR 10,000,000) in respect of contract performance, in the normal course of business.

13 Events subsequent to the reporting date

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