FIT FOR GROWTH

Annual Report
2019

لجام
LEEJAM

Table of Contents

2019 was a year of outstanding performance and continued growth for Leejam, as we continued to expand our network of fitness clubs across the GCC by increasing our footprint to 25 cities in the Kingdom and three cities in the UAE.

01 AT A GLANCE

Highlights in 2019	04
About us	06
Vision, Mission, and Values	08
Our Brands	10

02 MANAGEMENT REVIEW

Chairman's Statement	14
CEO's Message	16
Fit for Growth	18
CFO's Review	20
Business Model	22

03 STRATEGIC REVIEW

Strategy	26
Risk Management	28
Business Review	32
Our People	36

04 GOVERNANCE

Board of Directors	44
Executive Management	46
Organsational Structure	48
Corporate Governance	49

05 FINANCIAL STATEMENTS

Independent Auditor's Report	76
Statement of Financial Position	80
Statement of Profit or Loss	81
Statement of Comprehensive Income	82
Statement of Changes in Shareholders' Equity	83
Statement of Cash Flows	84
Notes to The Financial Statements	85

Highlights in 2019

Operational highlights

FITNESS CENTRES

132
OPERATIONAL FITNESS CENTRES
- Including 31 female centres
- Added 10 centres in 2019

25%
Female members of total club member base
- Added 23,406 members in 2019

283k
ACTIVE MEMBERS
- Added 67K members in 2019

3.4M
ATTENDEES
with
209K
GX CLASSES
conducted during 2019

29M
VISITORS
in 2019

A new high intensity training programme called Turbo HIIT GX Studio was launched in Olaya Ladies Plus

Received Best Fitness Brand in the UAE by Fit Awards

Installed fingerprint access control at all centres that improved security and customer experience

Financial highlights

	2019	2018	GROWTH
REVENUES (IN SAR)	942M	799M	18%
NET INCOME (IN SAR)	206M	180M	14%
LFL SUBS INCOME (IN SAR)	565M	521M	8%
OPERATIONAL CASH FLOW (IN SAR)	545M	268M	103%

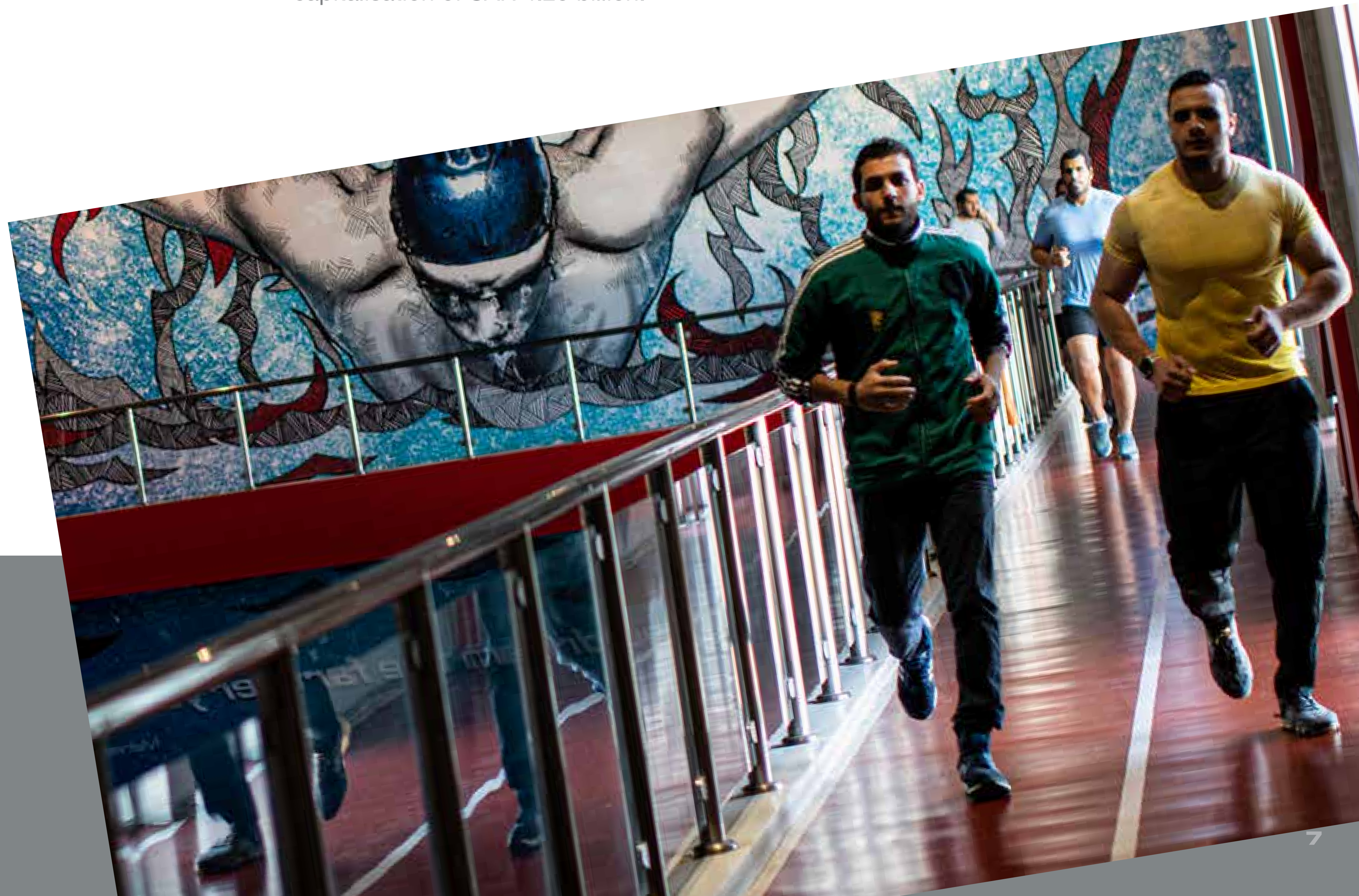
LEEJAM WAS FOUNDED IN 2005 AND IS HEADQUARTERED IN RIYADH, SAUDI ARABIA.

Leejam grew to 132 fully owned fitness clubs in 2019, ending the year with around 283,000 members. Leejam is the largest chain of fitness centres in the GCC region, with the dominant market position in both male and female segments, with over 29 million visits in 2019.

Leejam’s full scale facilities provide a modern, clean and welcoming environment for the community, equipped with the latest in fitness technology, highly trained professional staff, and an operating philosophy that exceeds international standards, with a proven formula for expansion.

AS AT 31 DECEMBER 2019, LEEJAM’S PAID UP CAPITAL AMOUNTED TO SAR 523.8 MILLION, CONSISTING OF SAR 52.3 MILLION FULLY PAID AND ISSUED SHARES OF SAR 10 EACH.

Available and tradeable shares at end of 2019 amounted to 15.72 million, representing 30% of Leejam’s total available shares with a market capitalisation of SAR 4.25 billion.



Mission

To steer society towards a healthy lifestyle and encourage people to exercise daily.

Vision

To be the people's favourite and most accessible wellness club.

Values

- Customer service excellence
- Integrity
- Responsibility
- Collaboration
- Innovation

OUR BRANDS

Designed to provide the best sports and fitness environment for Saudi Arabia and the UAE's fitness community, Leejam's well-invested fitness clubs are equipped with state-of-the-art equipment and a comprehensive range of group training classes in convenient locations. We operate 8 fitness brands:

وقت اللياقة FITNESSTIME

وقت اللياقة FITNESSTIME JUNIOR

وقت اللياقة FITNESSTIME LADIES PRO

وقت اللياقة FITNESSTIME PRO

وقت اللياقة FITNESSTIME LADIES PLUS

وقت اللياقة FITNESSTIME ACADEMY

وقت اللياقة FITNESSTIME PLUS

وقت اللياقة FITNESSTIME LADIES

Read more on page 32

MANAGEMENT REVIEW

Chairman's Statement

ALI HAMAD ALSAGRI
Chairman

It is with great pleasure that I present our Annual Report for 2019, a year of significant success in our commercial results, exciting expansion in our superb facilities, and substantial progress towards our strategic goals

Since Leejam's listing on Tadawul in 2018, we have been flexing our muscles to go above and beyond the pledges we made to our investors. With 10 new centres and 18% growth in revenue in 2019, each day brings us closer to realising our vision of providing the population with an unrivalled experience in the most accessible fitness centres in the region.

Two visions. One common goal

Our drive for success reaches far beyond our business targets, as we instil a sense of purpose and inspire a new generation to understand the importance of their health, in line the with the Saudi Vision 2030. We understand that the wellbeing of our communities is directly related to the success of the nation, and we have the means and the opportunity to be a powerful force in delivering that crucial objective.

Leejam is a proud Saudi brand that consistently acts in the best interests of the Kingdom's population. Through our mission 'to steer society towards a healthy lifestyle, and encourage people to exercise daily', we aspire to align with the leadership's ambitions to create a society that is strong in both body and mind. Our commitment to Saudisation and our achievement as a high green Nitaqat company are priorities we are both proud to uphold and determined to maintain.

We are the largest fitness centre operator in the Middle East with our membership reaching

283,000

at the end of 2019

In 2019, we have been passionate in investing in the women and young people of the nation, with our female membership rising to 25% through 31 dedicated female centres. We also employ 576 women in our business. We see the enormous potential in the youth of today as a healthier, more motivated and more socially aware generation that will support the government's vision. Through our fitness initiatives and values, we will build upon the capabilities of those young men and women who will be both future leaders and future members.

Our development of the corporate market last year was a spectacular triumph, with the number of members standing at 41,000 from more than 280 organisations. While this is an unmitigated success as corporate employees enjoy our world-class facilities, it is also a giant leap forward in strengthening the mindset of the Saudi business population in acknowledging the importance of healthy lifestyle.

Leading the way in a rapidly growing and evolving market

We are the largest fitness centre operator in the Middle East with our membership reaching 283,000 at the end of 2019, an astounding figure in a market which has so much more to offer. Fitness membership penetration in Saudi Arabia is estimated to be at 4% only, compared with 15% to 20% penetration in Western countries. This presents significant market potential in Saudi Arabia.

We are investing in growing the size of the market in addition to concentrating on improving our market share. It is a period where we will thrive and have the opportunity to reinforce our position through our exceptional facilities, professional services, unrivalled staff and an innate understanding of what customers truly value.

In 2019, Leejam broadened its digital horizons with strategic goals for a 'best-in-class' app to enhance customer engagement and further movement towards a 'smart gym' environment. We are also stepping up our programme to locate fitness centres closer to homes and offices, with the launch of new concepts in 2020.

Leejam continues to deliver a healthy **60%** dividend pay-out and recorded a **103%** increase in cash generated from operations in 2019. Our Return on Equity stands at a healthy **28.5%**

A year of strong performance pays off

Despite the company's enormous investment into new and existing facilities, Leejam continues to deliver a healthy 60% dividend pay-out and recorded a 103% increase in cash generated from operations in 2019. Our Return on Equity stands at a healthy 28.5%.

Intelligent product offering and capital allocation are becoming bywords for our continued growth and success. Our cost cutting initiatives are also bearing fruit, with SAR 10 million of costs saved through various programmes.

Leejam has produced stunning results in the past and will constantly strive to meet the expectations of our shareholders with transparency, trust and utmost professionalism.

Stepping up our game in corporate governance and risk management

Leejam's Board of highly experienced and qualified directors continue to support the management and staff and provide guidance for our strategic vision. We have a genuinely excited, passionate team raring to take us all to the next level.

In terms of improving corporate governance for 2020, our aims are to build an enterprise risk management framework, accelerate our communication of internal audit results and introduce new technology to automate our audit operations.

Strengthening and engaging our team

The Board stands alongside our leadership team, which has been solidified during the year, to steer the company during this critical period of growth. The company is in good hands with our CEO, Justin Musgrove, using all his 30 years of industry experience to lead the company. With the dedicated top management team, we are in much better hands than ever before.

The entire Leejam team has helped us uphold our values of Customer Service Excellence, Integrity, Responsibility, Innovation and Collaboration. We recognise that it is through our people that we have achieved such heights. Our gratitude to them takes many forms, including our engagement activities, trainings, free gym memberships, and our overall drive for gender diversity to ensure a dynamic and high-performing culture.

Acknowledgements

At the conclusion of this eventful year, I would like to acknowledge the important contributions of my fellow Board Members. On their behalf, I would also like to express my appreciation to our government for their inspiring vision and our shareholders for the trust and commitment on our journey.

Finally, and more importantly, I would like to acknowledge the dedication and determination of our management team and thank all our team members for helping us to maximise our potential, as we enter an exciting new period of growth and expansion.

It is still day 1 and the best is yet to come!

CEO's Message

JUSTIN MUSGROVE
Chief Executive Officer

It has been an exceptional first full year since Leejam began trading as a listed company. While we may still be in our infancy on Tadawul, our dominant position as the number one wellbeing organisation in the region has been reflected in both the success of our financial returns and our ambitious expansion and diversification drive during 2019

Leejam's brands continue to inspire a growing membership base and provide an unrivalled experience, helping us to retain and increase our core membership, even as we seek to open new locations, meet the unique needs of our female members, and make exciting inroads into the corporate wellness market. We are delighted at the company's growth over the year as we fulfil our obligations to shareholders, members and the nation

Fit for growth

Leejam's contribution to the health and fitness of Saudi Arabia cannot be underestimated and, as a native Saudi company, we are proud to serve the nation and its people as the largest fitness operator in the Middle East.

Our investment in modern facilities, state-of-the-art equipment and engaging technology platforms, is only surpassed by the commitment of our expert trainers to ensuring the satisfaction and loyalty of our members. In order to achieve this, Leejam continues expand our footprint and value proposition, to make sure our centres are in the most accessible and convenient locations across the Kingdom.

We surpassed our own targets and our shareholders' expectations, reached new record revenues of just under **SAR 1 billion** and a profit of over **SAR 200 million**

Leejam's ambitious new three-year strategy launched this year to increase the attractiveness of our offering even further, by focusing on exceeding members' expectations, investing in our people, introducing cutting-edge technologies, enhancing service quality, and continuing to expand our brand in both reach and recognition.

Continued expansion and performance

In a year characterised by accelerating expansion and development, we surpassed our own targets and our shareholders' expectations, reached new record revenues of just under SAR 1 billion and a profit of over SAR 200 million. As the fitness market grows and further opportunities arise, we are perfectly positioned to capitalise on our position, ride the growth wave and streamline costs to deliver even greater value to our shareholders and all our stakeholders in the coming year.

It has been a very positive year in terms of overall income from subscriptions, which grew by 27%, mainly due to the increased membership of like-for-like centres and the ramping up of non-like-for-like centres, driving growth of 18% in revenue and 14% in net income.

Despite a decrease in subscriptions income and revenue in the Plus and Junior categories due to the closure of 2 Plus centres to be converted to ladies' facilities and the closure of one Junior centre due to expiry of lease, net income of both categories grew overall due to lower cost and the retention of active members in nearby centres.

Healthy members and stronger brands

Our investment in facilities for women was a remarkable success in 2019, with 5 out of the 10 new openings during the year, including the first ladies club in Tabuk and the first Ladies Plus club in Khobar, for a total of 31. With more than 58,166 members, women now make up 25% of our active club members. The segment may have been untapped in previous years, but its prominence is becoming increasingly significant as Leejam looks to invest in another 8 ladies-only facilities in 2020.

We opened 5 new men's facilities during the year, including our first club in the city of Abha, as we seek to enter new domestic territories and strengthen our presence across the Saudi landscape.

Making up the new facilities in 2019 for Leejam brands, Fitness Time and Fitness Time Ladies opened 4 new centres each, Fitness Time Pro and Fitness Time Ladies Plus opened one each.

We have seen a tremendous upturn in our corporate wellness drive. The country's leading companies and corporations are partnering with Fitness Time to operate their in-house health clubs and create healthy environments for their employees, helping them to attract and retain the best talent for their operations. With a solid base of clients already established and a host of potential corporate clients in the pipeline, the prospects for 2020 and beyond are certain to make this sector an even more lucrative channel for the company.

Our ventures in the UAE have performed beyond expectations. In a market generally regarded as more mature in terms of fitness facilities, the standard of our 4 centres won us the Fitness Brand of the Year in the UAE Award at the Fit Awards in December 2019.

Enhancing member experience and loyalty

As we continue the drive to achieve our vision for excellence, we will be introducing new programmes to enhance Fitness Time standards and roll out our loyalty programmes to further improve our member retention rate. We are also acutely aware that technology plays an ever-increasing role in the fitness sector and are determined to lead the field in pioneering that aspect of our business.

Our members app will evolve, including a virtual trainer and a wide range of services, helping us to collect data for future improvements and create a new loyalty channel to reward and engage our members.

With more than **58,166** members, women now make up **25%** of our active club members

Through a renewed emphasis on social and digital media, we will also be able to focus on brand building and sales prospects and continually strengthen our reputation as the nation's favourite fitness chain, never too far from our members' homes and offices.

Growing bigger and stronger in 2020

We are driven with a passion about the future and I am personally extremely excited about the prospects for our new international management team and its role as a driving force in the next phase of Leejam's growth.

As we look to 2020, our immediate strategies are to consolidate our financial and membership growth through intelligent pricing, improved retention and improved marketing of the brand. With 15 new centres to be rolled out in greenfield sites across the region, we will make our presence even more convenient for our members. We are also exploring a wide range of avenues to diversify our revenue streams and broaden our members' experience and engagement with our brands.

Cost saving initiatives will streamline both administrative and building overheads, and our integrated approach to serving our members with the latest equipment and programmes will keep us at the top of the fitness chain.

In September 2019, it was my privilege to be appointed CEO of Leejam, with a mandate to make our company fit for growth. On behalf of the entire company, I would like to take this opportunity to extend our heartfelt thanks to my predecessor as CEO, Mr. Ahmar Azam, for his excellent stewardship and vision through a critical transition period for the company.

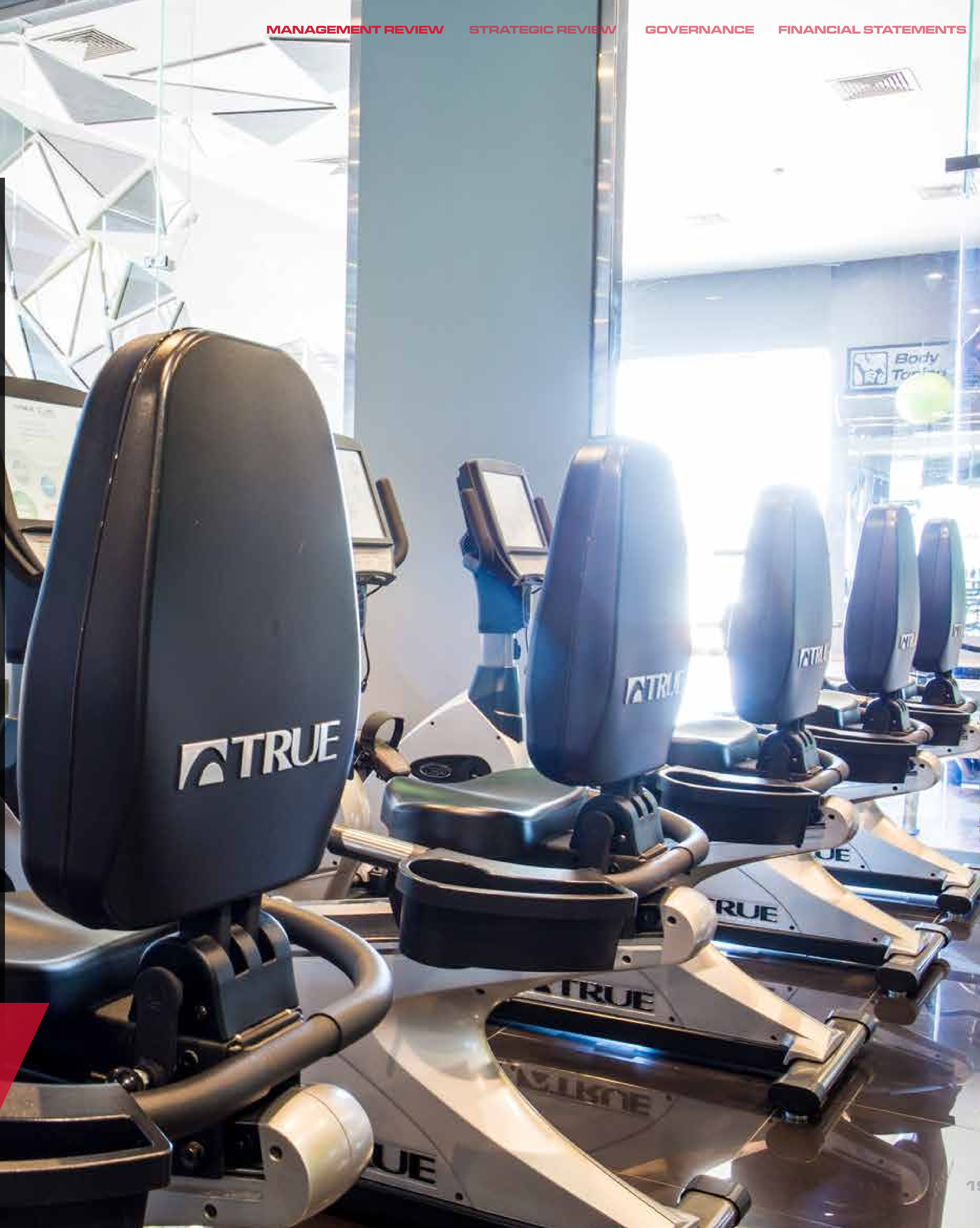
Finally, I would like to thank our Chairman and the Members of our Board for their guidance and unwavering support, the entire Leejam team for making this year truly exceptional, and all our Shareholders, partners and members for being part of this extraordinary Leejam journey.

Fit for Growth

We are Leejam and we are fit for growth.

We push ourselves to the limit each day, energised by the immense opportunity that lies ahead. Our dynamic and diverse team works together, empowered by our high-performance culture and shared values. Secure in our position as the Region's leading fitness company, we are powerful and proud.

But we are not satisfied. We continue to grow bigger and stronger. Our expanding footprint and brands bring us closer to our members to engage them through our unbeatable value proposition. Our relentless focus in developing our people and technology gives us the core strength to leap to even greater heights. Our unwavering commitment to the health and wellness of our communities inspires our actions and aligns our ambitions with the greater good of our nation.



CFO's Review

It has been a year of exceptional financial performance for Leejam, with sustained strong growth across all key indicators, reflecting our leading position in the industry, the strength of our brands and the continuing diversification of our revenue streams.

MOHAMMAD MERAJUDDIN
Chief Financial Officer

Leejam Sports Company (Fitness Time) recorded historic highest revenue of SAR 942 million for the year grew by 18% from SAR 800 million in 2018, driven by new centre openings, in particular our focus on growth of our female segment, healthy like-for-like (LFL) growth of membership revenue from existing centres, and an increase in personal training revenue.

Net profit for the year increased from SAR 180 million to SAR 206 million by the end of 2019, for a final earnings per share of SAR 3.93. This strong performance was the result of a steep jump in operating profits from SAR 203 million to SAR 269 million, from both LFL and non-LFL growth, and cost control initiatives during the year. EBITDA for the year also continued its strong positive trajectory, increasing from SAR 313 million to SAR 470 million.

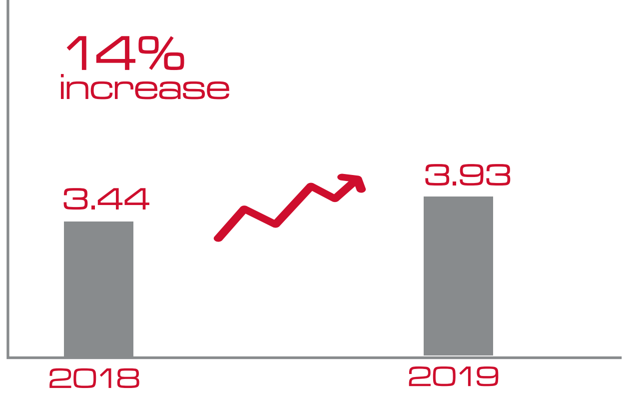
This resilient growth in both top and bottom lines was partially offset by the overall increase of operating costs from SAR 495 million to SAR 583 million on the back of the new centre openings, a 8% decrease in rental income, and a large jump in finance costs for the year from SAR 21 million to SAR 58 million mainly due to IFRS 16 impact (finance cost of SAR 35 million recognised on lease liabilities) and higher depreciation charge by SAR 63 million under IFRS 16. Net Impact of IFRS 16 on Current Year P&L was negative SAR 8 million.

Revenue from member subscription rose from SAR 730 million in 2018 to SAR 845 million in 2019, with a 72% jump from SAR 118 million to SAR 203 million in revenues from female centres, highlighting our increased focus on this high-growth segment. Male centres also witnessed revenue growth from SAR 613 million to SAR 642 million during 2019.

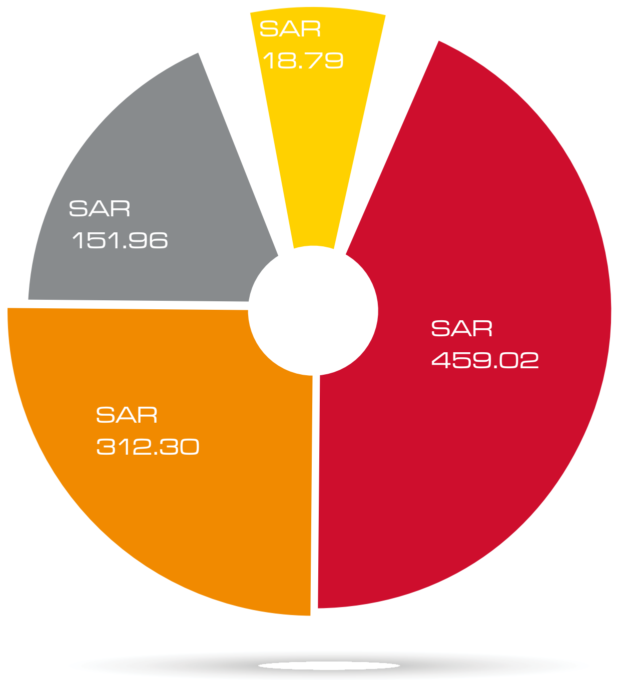
Income from personal training contributed SAR 88 million in 2019, up 47% from the previous year, mainly due to roll out of additional personal training centres and improving utilisation rate.

Net profit for the year increased from SAR **180** million to SAR **206** million by the end of 2019, for a final earnings per share of SAR **3.93**

Earnings Per Share



Total Revenue By Region (SAR in millions)



KSA (Central Region) 459.02

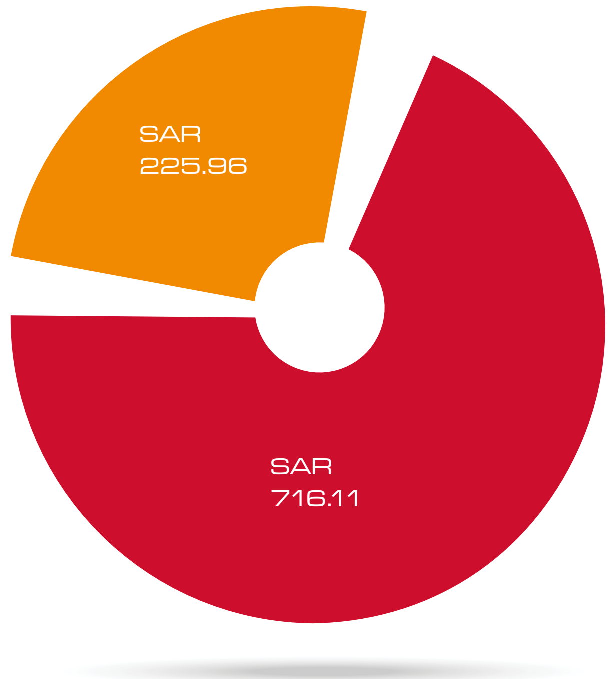
KSA (Western Region) 312.30

KSA (Eastern Region) 151.96

UAE 18.79

Total SAR 942.07M

Total Revenue by Gender (SAR in millions)



Male Centres 716.11

Female Centres 225.96

Total SAR 942.07M

Business Model

Our business model demonstrates how we generate value for a wide range of stakeholders and the resources used to achieve our strategic objectives. It is built on the ability to provide our customers with the best sports and fitness environment available in the region.

VISION AND MISSION

VISION
To be the people's favourite and most accessible wellness club.

MISSION
To steer society towards a healthy lifestyle and encourage people to exercise daily.

INPUTS

- FINANCE
- CUSTOMER SERVICE
- OUR PEOPLE
- OPERATIONAL EFFICIENCY

OUR APPROACH

- Diligent and risk-based decision making
- Customer centricity
- Innovative products and services tailored to meet customer needs
- Focus on quality and efficiency

OUR VALUE PROPOSITION

- Long term lease of land and construction of high quality gyms with state-of-the-art fit-out design and facilities
- High value membership
- Strategic locations
- Certified trainers and experts
- Brands catering to various KSA demographics
- Internationally certified training programs
- Capture female fitness opportunity

BRANDS

- A high end, full service male fitness facility
- A luxury and exclusive experience of fitness
- A high end fitness center dedicated to women
- A full service facility for kids and youth in the age range of 5 to 16 years
- World class facilities for professional male athletes
- World class facilities for professional female athletes
- A luxury and exclusive experience for women

SERVICES & FEATURES

TRAINING
- Cardio
- Strength
- PT sessions
- CrossFit Style
- HIIT
- Extreme Boxing

FACILITES
- Jacuzzi
- Sauna
- Steam
- Courts
- Squash
- Lounges
- Business centres

AMENITIES
- Showers
- Lockers
- Towels
- Slippers

THE VALUE WE CREATE

- MEMBERSHIP GROWTH AND CUSTOMER LOYALTY
- SUSTAINABLE RETURNS FOR SHAREHOLDERS
- HEALTHY SOCIETY
- INCREASE MARKET SHARE

MARKET DYNAMICS

UNDERPINNED BY OUR DILIGENT RISK MANAGEMENT, BEST PRACTICE GOVERNANCE AND STRONG VALUES

STRATEGIC REVIEW

Strategy

Every step on our exciting journey helps us achieve our vision of becoming the people's favourite and most accessible wellness club. We seek to continue our trajectory built on rapid growth, expansion and diversification over the coming years through the launch of our new three-year strategy. Executed with purpose and determination, we will create significant and sustainable value for our members, our team, our Shareholders and our nation

STRATEGIC PILLARS

UNRIVALLED CUSTOMER EXPERIENCE

- Achieve recognition for our exceptional member experience and industry leading standards
- Provide extensive access to Fitness Time Support
- Provide seamless member onboarding experience to ensure customer satisfaction
- Be proactive in listening to feedback through frequent customer satisfaction surveys
- Foster a customer-focused culture through training, e-learning and regular testing and assessment

CLASS LEADING TECH

- Deliver a best-in-class consumer app that will build our relationship with members and prospects, and help brand loyalty
- Adopt Smart Gym and provide a cashless and streamlined user experience for our members
- Automate business processes and systems to enhance efficiency and collaboration
- Create an employee app that will engage our staff members, support training and be a information hub

FOCUSING ON PEOPLE

- Become the 'Employer of Choice' that offers a positive and motivated working culture
- Provide clear and effective structures that reward hard work through shared success
- Attract the best talent, retain existing talent and grow our own career development strategy
- Develop a Leejam Academy for our staff to receive world class training and development

GROWTH

- Increase the rate of expansion of our clubs through traditional clubs, Corporate Wellness partnerships and Small Gym concepts for men and ladies
- Maintain a balance between brand quality, investment and operational excellence during expansion
- Develop secondary income lines like spas, cafes and sports nutrition retail
- Analyze pricing policy to deliver no loss making clubs and maximize income opportunities
- Increase club membership to 500K members by 2023
- Maintain our rigorous approach to property acquisition and ensure sites deliver consistent performance
- Focus on sales and member retention

QUALITY

- Build systems that guarantee a high degree of quality standards throughout the business
- Introduce quality control measures audited by third parties, including Mystery shop, NPS; which are linked to our management development and rewards
- Innovate our Group Exercise, Indoor Cycling, HIIT Studios and Gyms to strengthen our position as market leader
- Partner with top brands that add value for our members
- Introduce cutting edge data analytics that will benefit members and the business

Risk Management

Leejam seeks to protect its stakeholders, reputation and the value of its assets through effective risk identification and mitigation. We are committed to continually developing our risk management culture through our Risk Management Policy, our Risk Management Framework and continual team development.

Risk Management Policy

Leejam's risk management policy is to identify, analyse and respond appropriately to all risks based on priority level defined by likelihood and impact. The risk management process is continuous and aligns with the company's strategy, business objectives and operational goals.

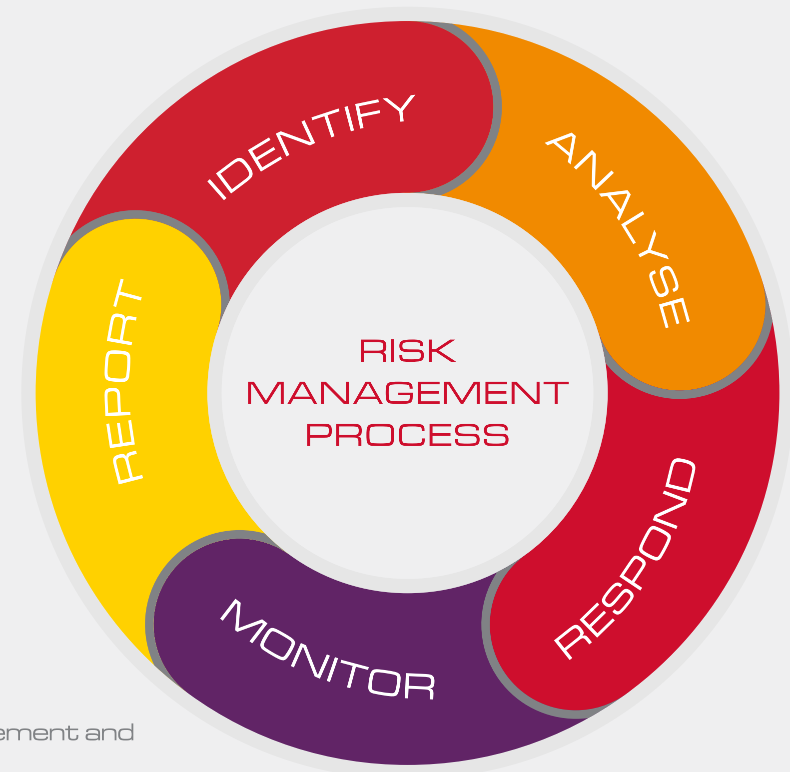
The company has a system of policies, procedures and integrated operations through which risks are continuously identified, reported and managed in an organised, proactive and coordinated manner.

Risk Management Process and Framework

Leejam defines risk as any potential event/opportunity that could prevent the achievement of an objective and can be measured in terms of impact and likelihood. Risks arise from the likelihood of an uncertainty that will threaten the ability to achieve objectives or linked to an opportunity that will not happen to get the intended benefits.

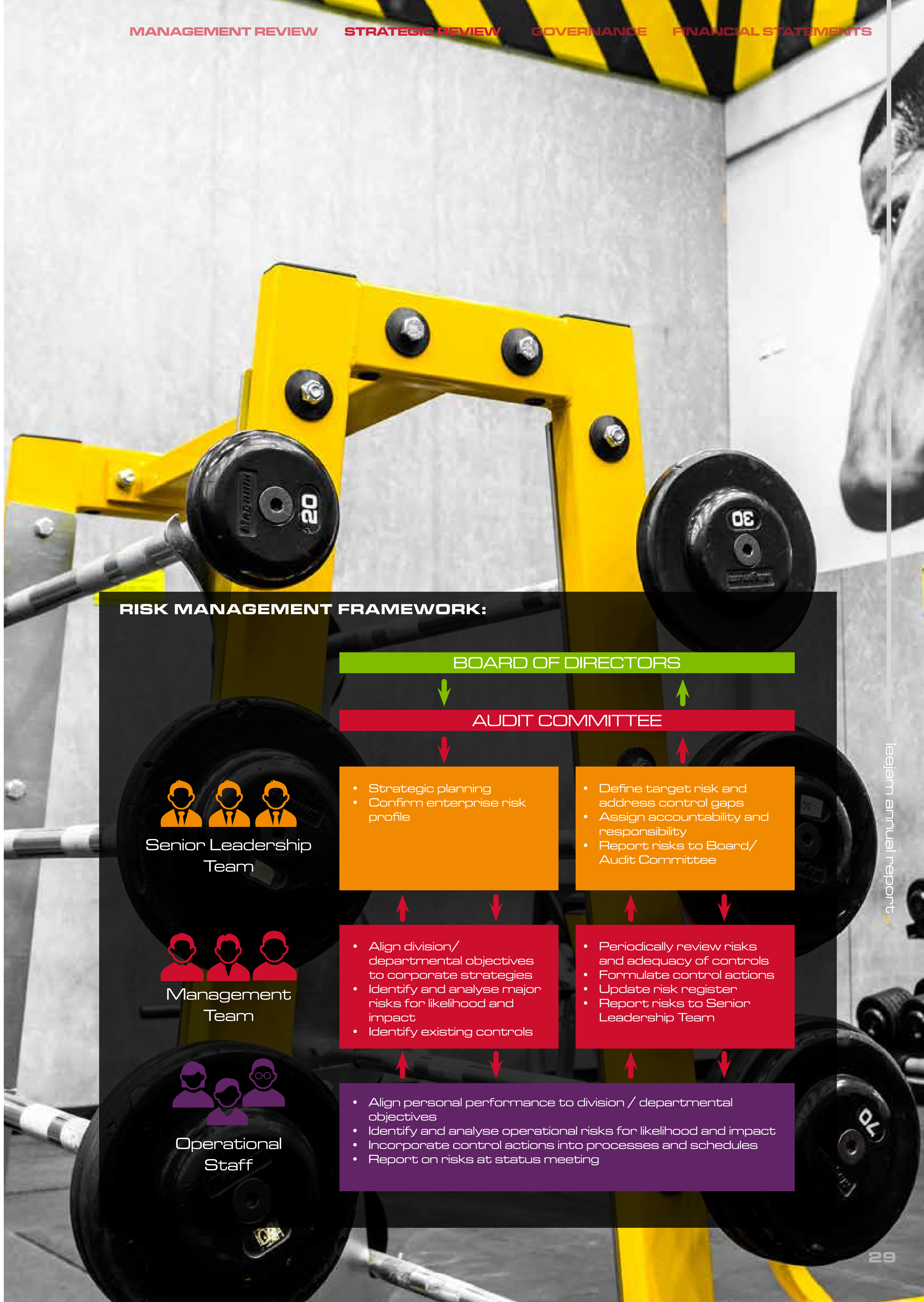
RISK MANAGEMENT PROCESS:
OBJECTIVES

Understand & Confirm Business



Risk Management and Controls

Leejam, therefore, streamlines the actions of all staff, individually and collectively, towards achieving its business objectives. This entails the alignment of the objectives, risks and controls throughout the enterprise. It encompasses the respective business processes and operational activities undertaken by all levels of staff.



RISK MANAGEMENT FRAMEWORK:

BOARD OF DIRECTORS

AUDIT COMMITTEE

Senior Leadership Team
- Strategic planning
- Confirm enterprise risk profile

- Define target risk and address control gaps
- Assign accountability and responsibility
- Report risks to Board/ Audit Committee

Management Team
- Align division/ departmental objectives to corporate strategies
- Identify and analyse major risks for likelihood and impact
- Identify existing controls

- Periodically review risks and adequacy of controls
- Formulate control actions
- Update risk register
- Report risks to Senior Leadership Team

Operational Staff
- Align personal performance to division / departmental objectives
- Identify and analyse operational risks for likelihood and impact
- Incorporate control actions into processes and schedules
- Report on risks at status meeting

Principal Risks

Principal Risk Area	Description	Mitigations
Strategic Risk	New competitors in the market and a change in the partnerships of existing competitors may affect Leejam`s market share	• Maintain Price discipline and leadership • Maintain focus on choosing the best sites in a geographical area • Continue to invest in the member proposition
	Failure to provide members with high quality products and services	• Monitor utilisation and member satisfaction scores • Ongoing review of equipment usage to ensure timely replacements • Continuously explore further innovations to improve the member experience
Financial Risk	Credit Risk – Failure of one party to fulfil its financial obligations as they fall due, causing financial losses to the other party	• Setting a credit limit for individual customers and by monitoring existing receivables
	Liquidity Risk – Inability to provide the funds necessary to fulfil its obligations with respect to financial instruments, which arises when it is not possible to sell a financial asset quickly at an amount close to its fair value	• Monitoring financing requirements and ensuring the availability of bank facilities
	Currency Risk – The fluctuation of the financial value of the assets and financial liabilities due to the change in the foreign exchange rates	• Given all the material transactions of the company are made in Saudi Arabia Riyals and the US Dollars only, and because the US Dollar is linked to the Saudi Arabian Riyal, the risk to the company is very limited
Operational Risk	Failure to maintain adequate security and safety environment	• Maintain appropriate security equipment and tracking system at club level • Training and development of staff • Regular audit checks
	Regulatory non-compliance causing interruptions in business	• Oversight of management on regulatory compliances • Appropriate legal and expert advice for complex matters • Employment and continuous training and development of appropriately qualified staff
Information Technology Risk	Ability to enrol members, carry out online marketing activity, process payments and control gym access is dependent on the performance of our IT systems	• Primary IT infrastructure is fully managed by specialist IT companies who provide best-practice architecture and support • All membership and business information is backed up • Robust disaster recovery and business continuity plans are in place
People Risk	Loss of key staff through retention policy and failure to manage succession	• Various initiatives to be the employer of the choice in our sector • Personal development and training plans • Succession planning process

Business Review

OUR BRANDS in 2019

FITNESS TIME
A business class sports and fitness facility, designed for customers who are interested in a broad range of facilities and fitness options
51 Clubs

FITNESS TIME PLUS
The highest class of centre from Fitness Time, specially designed for High Net Worth Individuals
2 Clubs

FITNESS TIME PRO
An economy class centre designed for Fitness professionals
42 Clubs

FITNESS TIME JUNIOR
A special centre designed for kids and youth (6-16 years)
3 Clubs

FITNESS TIME LADIES
A high-end and full-service facility dedicated and designed exclusively for female members
24 Clubs

FITNESS TIME LADIES PRO
Designed for aspiring female athletes and those looking to get fit. Facilities are designed specifically for female members and equipment is hand-picked from the world's leading suppliers
6 Clubs

FITNESS TIME LADIES PLUS
The highest class of centre from Fitness Time, specially designed for High Net Worth Female
1 Clubs

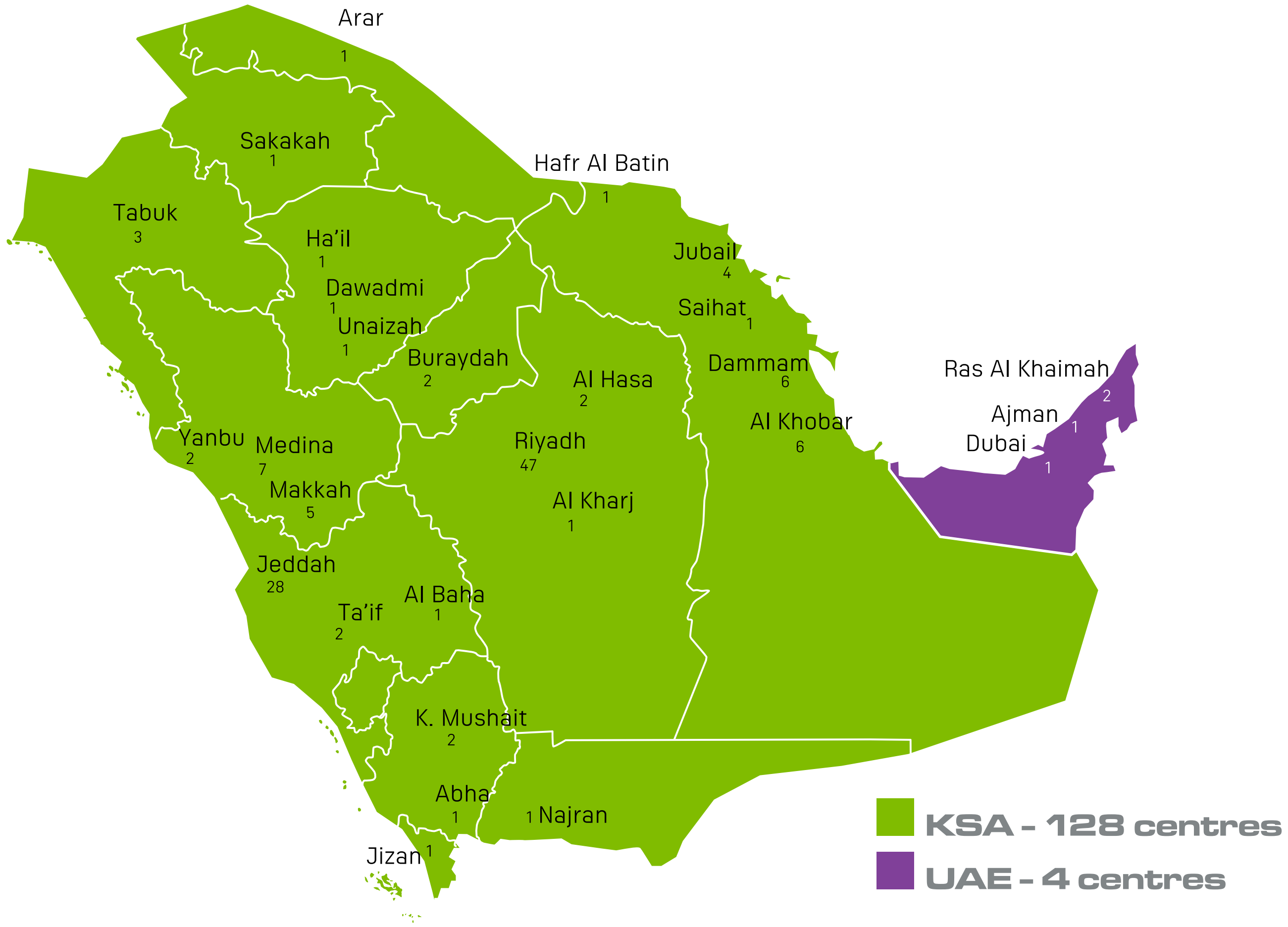
FITNESS TIME CORPORATE WELLNESS:
A partnership between Fitness Time, as quality mark, and corporations to operate their in-house employee gyms for management fee
3 Clubs

132 locations

28 cities in Saudi Arabia and the UAE

Amenities

Key Features	FITNESSTIME PLUS	FITNESSTIME	FITNESSTIME PRO	FITNESSTIME JUNIOR	FITNESSTIME LADIES PLUS	FITNESSTIME LADIES	FITNESSTIME LADIES PRO
Targeted at age	Males 25 yrs+	Males 16 yrs+	Males 16 yrs+	Males Junior	Females 25 yrs+	Females 16 yrs+	Females 16 yrs+
Facilities							
Cardio	✓	✓	✓	✓	✓	✓	✓
Strength	✓	✓	✓	✓	✓	✓	✓
Swimming pool	✓	✓	✓	✓	✓	✓	✓
Jacuzzi, sauna, steam	✓	✓	✓	-	✓	✓	✓
Court	✓	✓	✓	✓	✓	✓	✓
Squash	✓	✓	-	-	✓	✓	-
Towels, slippers, etc.	✓	✓	-	-	✓	-	-
Business centre	✓		-	-	✓		-
Lounge and other amenities	✓	✓	-	-	✓	✓	-



FIT Awards 2019 - Fitness Brand of the Year - Fitness Time

leejam annual report

Our People

As a rapidly growing service business, we understand that the health and happiness of our people is the ultimate driver of customer satisfaction and our business success. We are committed to attracting, developing and retaining top talent across our organisation, while creating a performance-driven and supportive culture that allows them to work as one to maximise their individual potential and achieve our shared vision.

Strategic focus on engaging and developing our people

'Focusing on our people' is one of the key pillars of our new strategy. We aim to become an employer of choice in our industry through visionary leadership and our strong employer brand. By providing clear, effective structures, rewarding hard work through shared success, and creating a dynamic, positive, motivational working culture, we will attract and retain the best talent in the market.

We are committed to developing and promoting our talent throughout their careers, through effective training programmes and clear succession planning.

As we work to develop the Leejam Academy, which will provide top-quality leadership, soft skills and technical training and development for team members across the company, we will continue to foster an open and communication-led culture with team building and goal achievement at its core.

A caring culture founded on shared values

Our corporate values connect every Leejam team member and provide the basis for our collective strength and performance.

CORE VALUES

Providing healthy and safe clubs for our people and members

Leejam takes its responsibility for the health and safety of all staff, members, visitors and contractors extremely seriously. In 2019, we produced a detailed Health and Safety Policy to describe the company's policies, procedures, rules and regulations, as well as the roles and responsibilities of management and team members across the company with regards to Health and Safety.

The Policy was developed in compliance with local, national and international health and safety regulations and best practices to ensure it meets the highest possible standards. It is focused on:

- Developing and maintaining safe and healthy working conditions, environment, equipment and systems for our team and members
- Providing out team with information, instruction, training and supervision as necessary to secure their safety and health at work
- Ensure continuous risk assessments are carried out
- Carrying out monitoring activities are undertaken to maintain these standards
- Making available the necessary funds, materials and staff, together with the necessary information, instruction, training and supervision, to provide a safe environment for all

Ongoing communication and support around this policy will continue to ensure it is clearly understood and consistently applied by all members of our team.

Enhancing engagement and communication

During the year, we introduced a range of enhancements and initiatives to support and engage our team members across the company.

A company-wide Employee Satisfaction Survey was deployed to anonymously collect data and information from team members and better understand the strengths and challenges of our employee value proposition. Information collected through the survey is being analysed to drive further improvement through the development of new programmes, policies and processes.

We also launched a new HR communications channel to encourage open communication, feedback, ideas and discussion any matter of importance to all Leejam's team members. This channel includes a clear process to escalate and resolve issues, as well as a Whistle-blower Policy to uphold confidentiality.

As part of our transformation journey to improve the satisfaction and quality of life, new head office working hours were introduced in both Saudi Arabia and the UAE to offer more flexibility to team members.

A diverse and growing team

As of the end of 2019, our team included:

- 2,868 Full-time team members (KSA & UAE)
- 37 Nationalities
- High Green Nitaqat
- 576 Female (21%)
- 942 Outsourced team members

Playing an active role in our communities

During the year, Leejam reached out to engage the communities and people across the Kingdom to raise awareness about the benefits of a healthy and active lifestyle. During the 89th National Day of the Kingdom of Saudi Arabia, under the slogan 'Vigour to the summit', we held free fitness training, classes and activities for all ages for over 600 people in Riyadh, Jeddah and Dammam.

Designed to build partnerships that serve contribute to the overall wellbeing of selected segments of the population, including day care activities promoting fitness to the youth of the nation and supporting retirees to participate in a 'Health Marathon'.

Continuing to improve performance and development in 2020

In 2020, we will continue to transform our organisation and enhance all aspects of our people agenda, with a clear strategy in place to raise the standard of talent support, development and engagement, in line with our evolving employer brand and strong corporate culture.

We will build on the position and pride as a home-grown Saudi brand to further our ambition to be the Employer of Choice for top Saudi talent, while maintaining our commitment to fostering a diverse and inclusive environment for all. We will also place a strong focus on growing our female workforce to provide greater gender balance across the organisation.

We will develop our HR Management System to increase performance management, succession planning and career paths for our team members, while launching new services and channels to actively communicate with and engage team members. This will include a Leejam employee mobile app, putting communication channels, information and services in the hands of all our team members.

We will strengthen our organisational design and capabilities through the efficient execution of our business transformation project, which will see enhanced organisational structure, the development of clear job descriptions and the launch of our new compensation and benefits system.

Finally, we will also increase our focus and investment in attracting, developing and retaining talent across the company, while reinforcing our shared focus and values, which will only rise in importance as our business operations and footprint continue to grow to bring our unique brand of fitness to touch the lives of our current and future members.

GOVERNANCE

Board of Directors' overview

Mr. Ali bin Hamad Al-Saqri
Board Chairman

Mr. Ali has chaired the Board of Directors since May 2019, has been on the Board since 2010. He is also a member of the Executive Committee and the Nominations and Remunerations Committee in Leejam, and a Board member at Hamad bin Ali Al Saqri Holding Company. Mr. Al Saqri holds a Bachelor's degree in International Business Management from Seneca University, Toronto, Canada. Previously, Mr. Ali was Vice President, Walker International, LLC.

Mr. Hamad bin Ali Al-Saqri**
Deputy Board Chairman and Managing Director

Mr. Hamad has been the Deputy Board Chairman and Managing Director since May 2019. He is also the Board Chairman at Hamad Ali Al-Saqri Holding Company, and a partner, shareholder and Board Chairman of Bonam Park SA France. Mr. Hamad was the Chairman of the Board of Directors of Leejam Sports Company during the previous session.

Dr. Mohammed Faraj Al-kinani
Director

Dr. Mohammed has been a member on the Board of Directors since September 2018. He is also the co-founder and Chief Executive Officer of V Consortium. He oversees the investments of the KFUPM Endowment and sits on the Board of Directors and Risk, Audit and Investment Committees in several listed and unlisted companies. Previously, he held the position of the Business Management Faculty Dean at King Fahd University, where he worked in both the executive and non-executive educational fields. Dr. Mohammed holds a PhD in Finance from Oklahoma State University, and a master's degree in Finance from The University of Colorado Denver. He is also a Chartered Financial Analyst (CFA).

Mr. Tareq bin Khaled Al-Angari
Director

Mr. Tareq is a Board member in the Company and a Committee member in several companies. He is also the Chairman of Mobily Ventures fund, which has a capital of SAR 100 million. Mr. Tareq holds an MBA from IE Business School in Madrid, and his experience spans 15 years in capital market operations, laws and regulations, and corporate banking. He also has extensive experience in the field of start-ups, and business and process development. Previously, Mr. Tareq held several positions, including the secretary of the audit committee at the Capital Market Authority and several other positions in several areas, including - market supervision - continuous disclosure - a consultant on the authority's board. He also held several jobs in the Saudi Stock Exchange (Tadawul) in several areas, including Issuers' relations, and following up on periodic disclosures of joint-stock companies.

Ms. Hessa bint Hamad Al-Saqri
Director

Ms. Hessa is a Board member in the Company since January 2018, and a Board member in Bonam Park SA France. She holds a Bachelor's degree in Applied Linguistics from Prince Sultan University in Riyadh. Ms. Hessa has held several previous positions, including - President of the Saudi Technology Factory for Oils and President of Bonam Park SA.

Mr. Hisham bin Hussein Al-Khaldi**
Director

Mr. Hisham has been a Board member since March 2019 and chairman of NRC committee. He holds the position of chief Support officer at Bahri Company and Vice chairman Human Resources and market committee in Riyadh chamber of commerce. His experience exceeds 20 years in the field of human resources and administration with large retail companies, including senior manager of human resources at Alshaya International Trade Company. Mr. Hisham earned a CIPD level 7 in Human Resources, level 5 leadership diploma from ILM, and a bachelor's degree in Business Management.

Mr. Abdulelah Mohammed Al-Nemr**
Director

Mr. Abdulelah has been a Board member since February 2019. He is also the Chief Operations Officer in the Saudi Technology Development and Investment Company TAQNIA, a subsidiary of the Public Investments Fund. Previously, he held several leading positions in both the public and private sectors Including at Riyad Capital corporate investment banking division and at the Saudi Industrial Development (SIDF) as a lending team leader. and he holds a Bachelor's degree with Honours in Finance and Economics from King Fahd University of Petroleum and Minerals.

** Membership started on 27th February 2019

Executive Management overview:

Mr. Justin Musgrove
Chief Executive Officer

Justin is currently Chief Executive Officer of Leejam Sports Company. Justin has a broad range of experience within the European leisure industry and was previously Chief Executive of The Bannatyne Group. During his 13-year tenure with the UK health club chain, he successfully expanded the Group's portfolio of spas, health clubs and hotels to its current state. Prior to joining The Bannatyne Group, he served in various roles at Center Parcs UK and oversaw the leisure and spa business and activities.

Justin brings a wealth of sector experience to the business and has a focused and strategic approach to delivering sustainable growth for Leejam. He was the driving force behind the expansion of Bannatyne's portfolio and under his supervision, the group reported record turnover and profits.

Mr. Mohammed Merajuddin
Chief Financial Officer

Mohammed Merajuddin joined Leejam Sports Company in 2019. He is responsible for Leejam's financial department. Mohammed hold postgraduation Master's degree focusing on Commerce, Financial Management, Cost Accountancy and Taxation from Osmania University, also holds Higher Diploma in Software Engineering and several Microsoft Certifications. More than 20 years experience in the field of financial management and accounting at Savola, Obeikan Investment Group and Family business.

Mr. Khalid Mohammad Al Behairi
Vice President, Real Estate

Khalid joined Leejam Sports Company in 2019. He oversees the group's expansion plans nationwide including specific target markets in the GCC and MENA region. Khalid graduated in Bachelor of special education in 1989 from King Saud University in Riyadh, And courses in administration and project management. He previously held the position of director of the real estate and projects sector in Bathel AlKhair EST and the position of director of the Real Estate sector in Al-Rabeh Real Estate Company affiliated with the Al-Jumaih Holding Group.

Mr. Firas Wehbe
Marketing Director

Firas joined Leejam Sports Company in 2019. He is responsible for driving overall Sales and Marketing including Achieving annual subs and corporate sales targets, Brand Building Strategy, Company positioning and Customer Experience Journey. Firas has more than of 14 years of experience in Diversified markets and business, he graduated from Lebanon and holds a Business marketing degree and international certificates in product management, marketing management and digital marketing. He previously held the position of Marketing Manager in AlJomiah and Shell company and the position of marketing and communication manager in Setra Engineering Group.

Mr. Khalid Abdullah Al Mannaei
HR & Admin Director

Khalid joined Leejam Sports Company in 2019. He manages the HR and administration, Learning and Development, and recruitment activities. Khalid holds a Bachelor of Computer Engineering and Information systems in 2006 from Gulf University – Kingdom of Bahrain. He previously held the position of Senior HR Business Partner for KSA , Qatar , and Oman in Future Pipe Industries Co. (FPI) and the position of KSA HR Business Partner in M.H Alshaya Retail company.

Dr. Mohammad Salem
Fitness Director

Mohammad joined Leejam Sports Company in 2010. He oversees the Group's Fitness and Sports activities. Mohammad graduated in Doctorate of Physical Education in 2006 from The University of Jordan and holds a Masters of Physical Education in 2001 from the University of Jordan. He previously held the position of Fitness Director in Total Fitness Center /Amman and the position of Teaching & Research Assistant in the Faculty Of Physical Education And Sport Science at Hashemite University in Jordan.

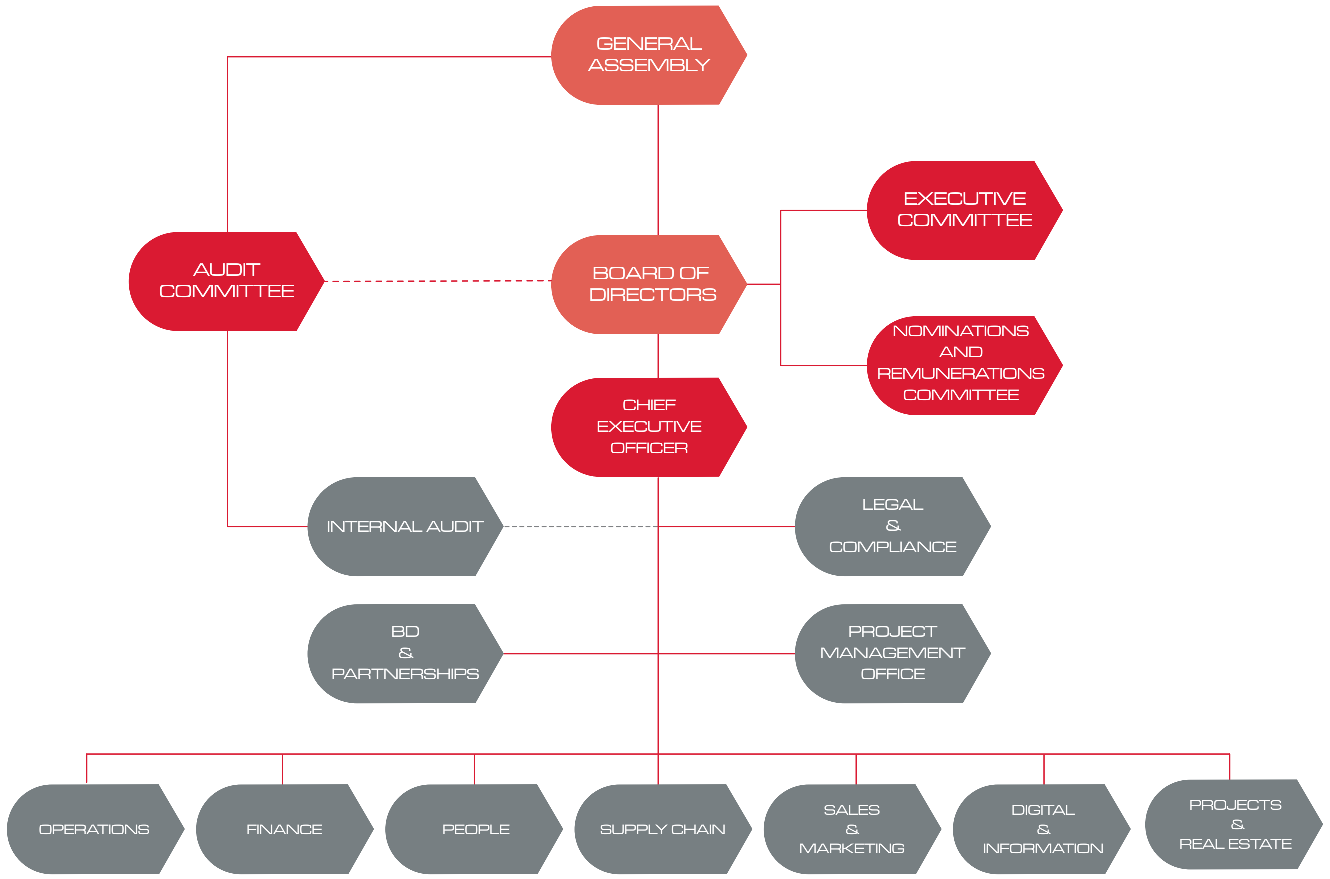
Mr. Ahmed Al Jalis
Supply Chain Director

Ahmed joined Leejam Sports Company in 2019. He is responsible for the group's Supply Chain Ahmed graduated in Master of Business Administration in Project Management, Supply Chain, Operation and Corporate Finance from Salford Manchester University and holds a Bachelor of Business Administration in Accounting from King Saud University. He previously held the position of Supply Chain Director in Qoot Company and the position of Supply Chain and Business Development Director in the Olayan Group Company.

Mr. Syed Tariq Ali Syed
IT Director

Tariq joined Leejam Sports Company in June 2019. He is responsible for the group's Information Technology. Tariq holds a Bachelor of Science in Computer Science from the University of South Alabama USA. He previously held the position of CIO in Najm and the Director of Strategic Planning in Mobily.

Organisational Structure



Corporate Governance

Business results for the past five (5) years (SAR)

Description	2015	2016	2017	2018	2019
Revenues	594,839,163	700,884,583	732,878,928	799,946,833	942,075,242
Revenue costs	331,414,373	395,565,384	454,479,095	494,612,578	582,772,726
Gross profit	263,424,790	305,319,191	278,399,833	305,334,255	359,302,516
Net profit	182,411,789	203,129,710	174,198,884	180,092,445	205,920,845

Comparison of assets and liabilities over the past five (5) years (SAR)

Description	2015	2016	2017	2018	2019
Current assets	159,250,109	200,970,282	198,663,780	169,267,944	152,981,680
Non-current assets	890,609,052	1,155,416,802	1,306,270,825	1,439,364,522	2,363,317,658
Total assets	1,049,859,161	1,356,387,084	1,504,934,605	1,608,632,466	2,516,299,338
Current liabilities	377,238,924	411,440,976	443,210,072	430,323,001	574,294,408
Non-current liabilities	229,633,895	421,181,549	432,781,330	464,641,015	1,220,230,834
Total liabilities	606,872,819	832,622,525	875,991,402	894,964,016	1,794,525,242

Geographical analysis of the company's total revenues (SAR)

Description	2018	2019
Headquarters and Central Province	404,013,390	459,021,740
Western Province	241,632,504	312,303,469
Eastern Province	136,769,919	151,962,131
United Arab Emirates	17,531,020	18,787,902
Total revenues	799,946,833	942,075,242

Loans - Long Term (SAR)

Lender name	Principal amount	Loan term	Repaid amount within the year	Remaining amount	Total debt of company and its subsidiaries
National Commercial Bank	140,730,000	5 Years	28,839,800	34,418,823	
Banque Saudi fransi	245,000,000	5 Years	26,250,000	196,562,500	424,686,201
Saudi British Bank	296,890,481	5 Years	51,855,839	193,704,878	

Loans - Short Term (SAR)

Lender name	Principal amount	Loan term	Repaid amount within the year	Remaining amount	Total debt of company and its subsidiaries
Banque Saudi fransi	36,000,000	30 Days	36,000,000	0.00	0.00

Subsidiaries

Subsidiary name	Capital	Company's stake	Main activity	Country / operations headquarters	Country / incorporation address
Fitness Time Trading Co. Limited	50,000	95%	Inactive (no activity)	-	Kingdom of Saudi Arabia

Details of shares and debt instruments of each subsidiary

Subsidiary name	Incorporation country	Direct stake (%)	Indirect stake (%)	Remaining ownership stake (%)
Fitness Time Trading Co. Limited	Kingdom of Saudi Arabia	95%	-	5%

Board of Directors

Board members

The following tables list names of Board members, their positions and membership at other companies' Boards, in addition to listing their attendance of the Board's meetings held during the year 2019.

Director	Position	Capacity	(listed / unlisted)	Membership in other companies' boards	
				Inside Saudi Arabia	Outside Saudi Arabia
Dr. AbdulRahman bin Mohammed Al-Barrak***	(Previous) Board Chairman	Non Executive	Listed	Alandalus Property Co., MedGulf Insurance Co., Leejam (Fitness Time), Etihad Etisalat Co. (Audit Committee)	
			Unlisted	Elm Information Security Co. (Audit Committee), Saudi Cargo (Audit Committee), National Commercial Bank (Audit Committee)	
Mr. Ali Hamad Al-Saqri	(Current) Board Chairman	Non Executive	Listed	Leejam (Fitness Time)	
			Unlisted	Hamad Al-Saqri Holding Co., Saudi Technology Lube Oil Plant	
Dr. Tariq Abdullah Al-Naeem*	Board Member	Independent	Listed	MedGulf Insurance Co., Leejam (Fitness Time)	
			Unlisted	Bayan Credit Bureau	
Dr. Mohammed bin Faraj al-Kinan	Board Member	Independent	Listed	Leejam (Fitness Time)	
			Unlisted	Saudi Real Estate Refinance Co., Dhahran Techno Valley Co., Alistithmar Capital Co.	
Mr. Musaed Bin Abdul Rahman Al-Mousa*	Board Member	Independent	Listed	Leejam (Fitness Time)	
			Unlisted	Almoosa Specialist Hospital	
Mr. Tareq bin Khalid Al-Angari	Board Member	Independent	Listed	Tabuk Cement, Leejam (Fitness Time)	
			Unlisted	Mobily Ventures Co.	
Mrs. Hessa bint Hamad Al-Saqri	Board Member	Non Executive	Listed	-	
			Unlisted	Hamad Al-Saqri Holding Co.,	Bonam Park SA France
Mr. Hamad bin Ali Al-Saqri**	Deputy Board Chairman, Managing Director	Executive	Listed	Leejam (Fitness Time)	
			Unlisted	Al-Saqri Holding Group of Companies	Bonam Park SA France
Mr. Hisham Hussein Al-Khaldi**	Board Member	Independent	Listed	-	
			Unlisted	-	
Mr. Abdulelah Mohamed Al-Nemr**	Board Member	Independent	Listed	-	
			Unlisted	-	

* Membership ended on 16th February 2019
** Membership started on 27th February 2019
*** Membership ended on 12th February 2019

Board meetings during the year 2019

Numbers and dates of Board meetings that were held over the previous fiscal year, and a list of attendance for each meeting.

Director name	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth meeting	Seventh meeting
	27th January 2019	26th February 2019	14th April 2019	12th May 2019	2nd September 2019	27th November 2019	10th December 2019
Dr. AbdulRahman bin Mohammed Al-Barrak ***	Attended	-	-	-	-	-	-
Mr. Ali bin Hamad Al-Saqri	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Dr. Tariq Abdullah Al-Naeem*	Attended	-	-	-	-	-	-
Dr. Mohammed Faraj Al-kinani	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Musaed Bin Abdul Rahman Al-Mousa*	Attended	-	-	-	-	-	-
Mr. Tareq bin Khaled Al-Angari	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Ms. Hessa bint Hamad Al-Saqri	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Hamad bin Ali Al-Saqri	-	-	Didn't attend	Didn't attend	Attended	Attended	Attended
Mr. Hisham bin Hussein Al-Khaldi**	-	-	Attended	Attended	Attended	Attended	Didn't attend
Mr. Abdulelah Mohamed El-Nemr**	-	-	Attended	Attended	Attended	Attended	Attended

The following table lists the Shareholders' General Assembly meetings that were held over the previous fiscal years and the names of attending Directors.

Director name	First meeting
	7th May 2019
Dr. AbdulRahman bin Mohammed Al-Barrak ***	-
Mr. Ali bin Hamad Al-Saqri	Attended
Dr. Tariq Abdullah Al-Naeem*	-
Dr. Mohammed Faraj Al-kinani	Attended
Mr. Musaed Bin Abdul Rahman Al-Mousa*	-
Mr. Tareq bin Khaled Al-Angari	Attended
Ms. Hessa bint Hamad Al-Saqri	Attended
Mr. Hamad bin Ali Al-Saqri	Didn't attend
Mr. Hisham bin Hussein Al-Khaldi**	Didn't attend
Mr. Abdulelah Mohamed El-Nemr**	Attended

* Membership ended on 16th February 2019
** Membership started on 27th February 2019
*** Membership ended on 12th February 2019

Committees' functions and tasks

Executive Committee

Member name	Capacity	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth meeting
		20th January 2019	11th April 2019	9th May 2019	16th – 17th July 2019	15th October 2019	20th November 2019
Mr. Ali bin Hamad Al-Saqri	Chairman	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Tareq bin Khaled Al-Angari	Member	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Musaed Bin Abdul Rahman Al-Mousa*	Member	Attended	-	-	-	-	-
Abdulelah Mohamed El-Nemr**	Member	Not yet a member	Not yet a member	Not yet a member	Attended	Attended	Attended
Mr. Ahmar A'zam	Member	Attended	Attended	Attended	Attended	-	-

* Resigned on 26th February 2016
** Membership ended on 16th September 2019

Executive Committee functions and tasks

1. Addressing all authorities assigned by the Board of Directors in terms of management and instructions that regulate the company's business and affairs, excluding:
- Amendment of the company's main policies
- Approval or modification of the company's budget, except to the extent allowed by the company's Terms of Reference
- Effecting material changes in the company's structure, for example, by changing the company's capital, acquisition, merger, sale of the company's assets, joint ventures or any other preparations, liquidation of the company or discontinuing its activities or dissolution
- Obtaining loans
- Rejecting, amending or challenging any resolution made by the Board
- Any other authorities or responsibilities explicitly communicated to the Committee
- Any other matters that may be authorised by the Board of Directors based on the Company's Articles of Association or key policies

2. Reviewing regular reports related to the company's strategy in operating and promoting its branches, as well as expansion in the provision of services and activities and presenting suggestions in this regard.

3. Following up on the long-, medium- and short-term strategies of the company and reviewing them from time to time, to submit suggestions to the Board of Directors to renew or modify strategies as need be.

4. Acting as a guidance to the Company's Management for investment opportunities and emerging cases.

5. Reviewing the existing and emerging legal cases.

6. Approving the appointment of advisory committees in cases where the Company's Management authorities exceed those granted to the Committees.

7. Submitting reports to the Board Members with explanation of decisions or processes taken by the Committee that require the Board's approval.

8. Reviewing any proposals for new locations.

9. Approving the change of branches assigned for men to become ladies' branches, and vice versa.

10. Any other tasks assigned by the Board of Directors.

Nominations and Remunerations Committee

Member name	Capacity	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting
		22nd January 2019	22nd April 2019	27th April 2019	11th September 2019	3rd December 2019
Dr. Tariq Abdullah Al-Naeem	Chairman	Attended	-	-	-	-
Mr. Ali bin Hamad Al-Saqri	Member	Attended	Attended	Attended	Attended	Attended
Ms. Hessa bint Hamad Al-Saqri	Member	Attended	Attended	Attended	Attended	Attended
Mr. Hisham bin Hussein Al-Khaldi **	Chairman	-	Attended	Attended	Attended	Attended

* Membership ended on 26th February 2019
** Membership started on 12th May 2019

Nominations and Remunerations Committee functions and tasks

1. Nominations

- Preparing policies and standards related to the nomination and appointment of Board members and Executive Management, and proposing them to the Board and overseeing their implementation
- Interviewing all Board nominees and conducting the required inquiries and reviewing their qualifications before submitting their nomination recommendation to the Board of Directors
- Presenting recommendations to the Board of Directors to nominate and re-nominate Board members in accordance with the applicable laws, regulations and rules, as well as the approved policies and standards, including the Committee's bylaws
- Reviewing, evaluating and presenting recommendations to the Board on the needed capabilities, qualifications and experience for the Board membership and Executive Management positions at the company, at least once annually. This includes identifying the time to be allotted by the Board member for the Board business, preparing a job description and a list of capabilities and qualifications that must be met by Executive, Non Executive, and Independent Board members, as well as the Executive Management
- Annual verification of the independent Board members' independence in accordance with the applicable laws, regulations and rules, ensuring no conflict of interest exists if the member sits on another company's Board
- Regular review of the succession plans for Board members and Senior Executives, and presenting recommendations thereon to the Board, taking into consideration the challenges and opportunities facing the company, in addition to the required needs to be met in terms of capabilities, skills and experience for Board members and Executive Management positions
- Assessment of potential candidates for Executive Management positions at the company and presenting recommendations in this regard to the Board, specifically assisting the Board in selecting, developing and assessing potential candidates for the Chief Executive Officer position
- Creation and regular review of a specific process to follow in case of a vacancy in the Board of Directors or the Executive Management, and presenting recommendations to the Board on the selection and approval of candidates to fill such vacancies

2. Review and evaluation:

- Regular review and evaluation of the structure of the Board and the company's Executive Management and their sizes, formation, strengths and weaknesses (including skills, knowledge and expertise), and providing recommendations and proposing suitable solutions for the Board in alignment with the company's interests
- Creating an orientation pack for new Board members, and a continuous development programme for the existing Board members, in addition to supervising those programmes and ensuring their regular review and update, as needed
- Developing an annual self-assessment process for Board members and some senior executives in the company and providing recommendations to the Board in this regard, while supervising the process

3. Remunerations

- Preparation of a clear remuneration policy for Board members and members of Board Committees and Executive Management, named the Remunerations Policy, to be submitted to the Board in preparation for approval by the General Assembly. The said policy must be disclosed and supervised by the Committee, which also ensures its proper implementation
- Preparation of an annal report on remunerations and other payments (cash or in-kind) granted to the Board members and members of the Board Committees and Executive Management, clarifying the relation between the granted remuneration and the remuneration policy (including any material deviation from the said policy). This report shall be named the "Annual Remuneration Report", and shall be submitted to the Board for review
- Regular review of the Remuneration Policy to assess its appropriateness and effectiveness in achieving the desired objectives, and providing recommendations to the Board of Directors in this regard
- Make recommendations to the Board of Directors on the remunerations of Board members, Board Committee members and Executive Management (including the type and value of remuneration) in accordance with the approved Remuneration Policy
- Reviewing the company's plans on providing incentives to the Board members and company employees, and submitting relevant recommendations to the Board, including those related to the approval, modification or termination of such plans
- Preparing the required disclosures in line with the company's policies or any laws, regulations or rules that govern the company, including – as a minimum – disclosures related to the Remuneration Policy, the Annual Remuneration Report, and disclosures related to remunerations in the Board's Annual Report

4. Corporate governance

- Overseeing and reviewing corporate governance policies, practices and procedures, and presenting relevant recommendations to the Board of Directors. This entails identifying best practices and proposing any modifications to the Board of Directors, including the company's Articles of Association and internal governance framework, at least once annually
- Control and verification of the company's compliance with the internal governance framework and policies, and the applicable governance requirements in accordance with relevant laws, regulations and rules
- Developing and reviewing the professional code of conduct that represents the Company's values, alongside other internal policies and procedures to meet the Company's needs in alignment with the statutory requirements and best practices, and presenting relevant recommendations to the Board of Directors
- Briefing Board members regularly on material changes in the applicable governance requirements and any changes in corporate governance and best practices

Audit Committee

The Committee comprises three independent, Non Executive members (the Independent Director is the Audit Committee Chairman, and two independent members from outside the Board).

Biographies of the Audit Committee members from outside the Board of Directors:

Member name	Position	Capacity	(listed / unlisted)	Membership at other companies' Boards
Mr. Abdulaziz Abdullah Al-Haideri	Audit Committee member	From outside the Board	Listed	-
			Unlisted	Audit Committee member at: Maharah, MASIC Logistics, Saudi Customs
Mr. Wissam bin Hussein Al-Fraihi	Audit Committee member	From outside the Board	Listed	-
			Unlisted	-

1. Mr. Abdulaziz Abdullah Al-Haydari,
Audit Committee member

Mr. Abdulaziz is the head of internal audit in Elm, and holds several professional certificates in the field, such as Saudi Organisation for Certified Public Accountants, the US Internal Auditors' Certificate and a Risk Management Certificate. He holds Bachelor's and Master's degrees in Accounting from King Saud University, and a Master's degree in Information Technology from the University of California. Previously, Mr. Abdulaziz held several positions, including the Director of the Internal Audit Department of Elm Company.

2. Mr. Wisam bin Hussain Al-Fraihi,
Audit Committee member

Mr. Wisam is the Head of Investment Banking at Saudi Fransi Capital. Previously, he held several leading positions at the Capital Market Authority, and was a consultant for the International Capital Markets Association. Mr. Wisam holds a Bachelor's degree in Management Information Systems – Business Economics and a Master's degree in Management Information Systems. Previously, Mr. Wisam held several positions, including the Director of the Offering, Merger and Acquisition Department, the Director of the Public Offering Unit, and the Director of the Private Offering Unit at the Capital Market Authority. He also worked as a consultant to the Emerging and Developing Markets Committee of the International Organization of Securities Authorities.

Committee members comprise one specialised member in finance and accounting. The Committee is tasked with reviewing the Company's financial and administrative policies and procedures, and the process of preparing Financial Reports and their outcomes. It also reviews the internal audit reports and comments and recommends to the Board of Directors to appoint or terminate the Auditor. Further, it defines their fees and ensures their independence, in addition to reviewing the primary and annual financial statements before being presented to the Board, and expressing opinion and recommendations thereon. The Committee also reviews the Auditor's comments on the financial statements and the Audit plan with the Auditor to provide feedback to assess the effectiveness and efficiency of control and risk management in the Company. The Audit Committee oversees the internal audit function, which checks the adequacy and effectiveness of internal controls and processes to enable the assessment of the overall internal control system.

This comes as part of the Board's goals to ensure a reasonable level of assurance of the design soundness and performance effectiveness of the Company's internal control system. For this purpose, the Audit Committee conducted 6 meetings over 2019, during which it considered several relevant topics, including the audit of financial statements and the review of finance and accounts in light of the value added tax (VAT). In addition, the Committee discussed operations related to the ladies clubs, and issues related to marketing, human resources, procurement, projects and facilities. It also reviewed transactions with related parties in attendance of Internal Audit executives and relevant sectors in the Company.

Meetings were held with the following details:

Member name	Capacity	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth meeting
		21st January 2019	19th February 2019	8th April 2019	7th May 2019	29th July 2019	27th October 2019
Dr. Mohammed Faraj Al-kinanii	Chairman	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Abdulaziz Abdullah Al-Haideri	Member	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Wissam bin Hussein Al-Fraihi	Member	Attended	Attended	Attended	Attended	Attended	Attended

Audit Committee functions and tasks

The Audit Committee undertakes the responsibility of controlling the Company's business and ensuring the soundness and integrity of financial reports and statements and its internal control systems. The Committee's specific duties include the following:

1. Financial Reports
The Audit Committee's role in relation to financial reports entails the following:
- Review of the Company's primary and annual financial statements before being presented to the Board and expressing opinions and recommendations thereon to ensure their integrity, fairness and transparency
- Upon the Board's request, providing technical opinion on whether the Board report and Company's financial statements are fair, balanced and clear, ensuring they contain all the information that enable Shareholders and investors to assess the Company's financial position, performance, business model and strategy
- Studying any important or unusual matters included in Financial Reports
- Accurate research in any matters raised by the Company's Chief Finance Officer or the executive responsible for compliance, or the external Auditor
- Verifying accounting estimates in material matters contained in Financial Reports
- Reviewing the accounting policies implemented in the company to present opinion and recommendations thereon to the Board of Directors

2. Internal audit
In terms of internal audit, the Committee's role includes the following:
- Review and revision of the internal control, financial control and risk management systems in the Company
- Reviewing the internal audit reports and following up on implementing corrective actions based on remarks listed in those reports
- Control and supervision of the performance and activities of the Company's Internal Audit Department, to ensure the availability and effectiveness of necessary resources to undertake the assigned tasks
- Presenting recommendations to the Board of Directors to appoint the manager of the Internal Audit Department or Unit or the External Auditor, and proposing their remuneration

3. External Auditor
The Committee's role in relation to the external Auditor entails the following:
- Presenting recommendations to the Board of Directors on the nomination or termination of the external Auditor, defining their remuneration and assessing their performance, after verifying the Auditor's independence and reviewing their scope of work and contractual conditions
- Ensuring the independence of the external Auditor and the objectivity, fairness and effectiveness of the Audit function, taking all the relevant rules and standards into consideration
- Reviewing the external Auditor's plan for the Company and its business, and ensuring that the Auditor is not providing technical or administrative services that are beyond the scope of the Audit function, and presenting its insights thereon
- Replying to the Company's Auditor inquiries
- Reviewing the Auditor's report and remarks on financial statements and following up on actions taken in this regard

4. Compliance assurance
The Audit Committee is responsible for overseeing financial compliance, which encompasses reviewing financial reports and disclosures made to investors, and overseeing non-financial compliance. This includes a compliance programme for the whole company, policies, procedures and exposure to legal liability.
- Reviewing outcomes of regulatory authorities' reports and ensuring the Company takes necessary action
- Ensuring the Company's compliance with relevant laws, regulations, policies and instructions
- Reviewing proposed contracts and transactions to be conducted by the Company and related parties and presenting its insights to the Board of Directors
- Escalating any matters deemed necessary to the Board of Directors and recommending procedures to be implemented

Remuneration policies for Board members, Committee members and Senior Executives

Remuneration Policy
Policy objectives and principles
1. The Remuneration Policy defines the remuneration of Board Members, Committee members and Senior Executives with the purpose of realising the following objectives:
- Enabling the Company to retain Board members, Committee members and Senior Executives who have the required level of qualifications and experience
- Securing long-term success and progress for the Company to meet the interests of its Shareholders while attracting, retaining and motivating talents required for the Company to achieve its business goals

2. Supporting the Company's efforts to adapt to competition pressures in the sectors in which it operates.
- Remuneration for Board members, Committee members and Senior Executives is defined according to the following criteria
- Remuneration must be in full alignment with the Company's objectives and strategy, and with the volume, nature and level of risks in the Company
- Upon defining remuneration for Board members, Committee members and Senior Executives, several criteria must be taken into consideration including the job level, tasks and responsibilities assigned to each position, as well as academic qualifications, practical experience, skills, scope of work and performance level
- Defining the remuneration for Board members, Committee members and Senior Executives must also consider the sectors in which the Company operates, its size, risk exposure and practices of similar companies in relation to remunerations
- Remuneration must be fair, proportional, and reasonably adequate to attract, retain and incentivise Board members, Committee members and Senior Executives who have the proper level of experience and qualifications

Rules for defining remuneration

Board of Directors' remuneration

1. Board members' remunerations shall be as follows:
   - The annual remuneration for the Board Chairman shall be SAR 350,000
   - The annual remuneration for the Deputy Board Chairman shall be SAR 300,000
   - The annual remuneration for the Board Member shall be SAR 250,000
   - Allowance for attending the Board meetings shall be SAR 3,000 for each meeting Attended by the member, provided the total number does not exceed 12 meetings per annum, excluding travel and accommodation expenses
   - Should the Board assign any of its members on an official mission outside Riyadh City, the Director shall be reimbursed for the costs incurred according to the Company's travel rules
   - Medical insurance is provided to all Board members and their families, as part of in-kind benefits
   - Professional indemnity insurance is provided to all Board members as part of in-kind benefits
   - Board members and one family member is granted an annual subscription to enter sport clubs as part of in-kind benefits

2. Board members' remuneration may be a specific amount or in-kind benefits, or an allowance for meeting attendance, or a specific percentage of the Company's net annual profit. Two or more of those benefits may be combined.

3. Should the remuneration be specified as a percentage of the Company's profits, the total annual remuneration may not exceed (10%) of net profits, after deducting reserves and distributing dividends to Shareholders, which represents at least (5%) of the Company's paid up capital.

4. In all cases, the remuneration, financial and in-kind benefits granted to the Board member may not exceed SAR 500,000 per annum.

5. As an exception to items (2) and (3) above, remuneration for independent Board members may not be a percentage of the Company's net profits and may not be directly or indirectly linked with the Company's profitability.

6. Board members' remuneration may vary in a manner that reflects the experience, expertise and tasks assigned to each Director. It also depends on their independence, the number of meetings they attend and other considerations.

7. The value of annual remuneration is split over four quarters, with each quarter being three months. Remuneration is paid to the Board members quarterly.

8. This applies to the meeting attendance allowance, based on the attendance list for each member.

Committees' remuneration

1. Committee members' remuneration shall be as follows:
   - The annual remuneration for Board Committee Chairpersons shall be SAR 120,000, including independent members who are not Directors
   - The annual remuneration for Board Committee members shall be SAR 100,000, including independent members who are not Directors
   - The allowance for attending the Board Committees' meetings shall be SAR 2,500 for each meeting Attended by the member, provided the total number does not exceed 12 meetings per annum, excluding travel and accommodation expenses
   - Should the Board assign any of the Committee members on an official mission outside Riyadh City, the member shall be reimbursed for the costs incurred according to the Company's travel rules
   - Committee members and one family member is granted an annual subscription to enter sport clubs as part of in-kind benefits
   - The value of annual remuneration is split over four quarters, with each quarter being three months, and remuneration is paid to the Committee members quarterly

2. Notwithstanding item (1) above, the Nominations and Remunerations Committee shall review Committee members' remuneration and present its recommendations thereon to the Board of Directors.

Senior Executives' remuneration

1. The Board of Directors shall define remunerations for all Senior Executives, based on the Nominations and Remunerations Committee's recommendations and in accordance with employment contracts, relevant policies, and Internal remuneration and compensation plans.

2. The Nominations and Remunerations Committee shall review and approve employment contracts for Senior Executives, including contracts to be signed with new appointees. It shall also review and approve any contract signed with an employee who receives a fee or remuneration on par with Senior Executives' fees.

Committee members' remuneration

Member	Fixed remuneration (excluding allowance for attendance of meetings)	Allowance for attendance of meetings	Total
Audit Committee members			
Dr. Mohammed Faraj A. Alkinani	120,000	17,500	137,500
Mr. Abdul Aziz Abdullah Al-Haidari	100,000	15,000	115,000
Mr. Wissam Hussein Al-Fraihi	100,000	15,000	115,000
Total	**320,000**	**47,500**	**367,500**
Renumeration and Compensation Committee			
Mr. Hisham Hussien Al Khaldi **	97,151	15,000	112,151
Dr. Tariq Abdullah Al-Naeem *	29,589	2,500	32,089
Mr. Ali Hamad A. Alsagri	100,000	12,500	112,500
Ms. Hessah Hamad A. Alsagri	100,000	15,000	115,000
Total	**326,740**	**45,000**	**371,740**
Executive Committee Members			
Mr. Abdulelah Mohammed Al-Nemr **	84,384	10,000	94,384
Mr. Tareq K. Al-Angari	100,000	17,500	117,500
Mr. Mosaed Abdul-Rahman Al-Moosa *	15,616	2,500	18,116
Mr. Ali Hamad A. Alsagri	120,000	17,500	137,500
Mr. Ahmar Azam ****	49,589	7,500	57,089
Total	**369,589**	**55,000**	**424,589**
Strategic Committee Remuneration - Cancelled in March 2019			
Mr. Ali Hamad Al-Sagri	8,333	2,500	10,833
Mr. Tareq Khaled Al-Angari	8,333	2,500	10,833
Ms. Hessa Hamad Al-Sagri	8,333	2,500	10,833
Dr. Mohammed Faraj Al-Kanani	10,000	2,500	12,500
Mr. Abdulah Al Namr	8,333	2,500	10,833
Total	**43,333**	**12,500**	**55,833**
Grand Total	**-**	**160,000**	**1,219,663**

* Membership ended in 26 Feb 2019
** Membership Started in 27 Feb 2019
*** Membership ended in 12 Feb 2019
**** Membership ended in 16 Sep 2019

Board members' remuneration

The below table highlights the paid remuneration, with the total sum of Board members' remunerations amounting to SAR 3,069,579.

Director Fee 2019	Fixed Remuneration (SAR)							Variable Remuneration (SAR)							
	Specific amount	Allowance for attending Board meetings	Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End-of-service award	Aggregate Amount
Independent Directors															
Mr. Hisham Hussien Al Khaldi **	210,960	12,000	112,152	-	-	-	335,112	-	-	-	-	-	-	-	335,112
Mr. Abdulelah Mohammed Al-Nemr **	210,960	15,000	94,383	-	-	-	320,343	-	-	-	-	-	-	-	320,343
Dr. Mohammed Faraj A. Alkinani	250,000	21,000	150,001	-	-	-	421,001	-	-	-	-	-	-	-	421,001
Mr. Tareq K. Al-Angari	250,000	21,000	128,333	-	-	-	399,333	-	-	-	-	-	-	-	399,333
Mr. Mosaed Abdul-Rahman Al-Moosa *	39,041	3,000	18,116	-	-	-	60,157	-	-	-	-	-	-	-	60,157
Dr. Tariq Abdullah Al-Naeem *	39,041	3,000	32,089	-	-	-	74,130	-	-	-	-	-	-	-	74,130
Non Executive															
Mr. Ali Hamad A. Alsagri	218,167	21,000	260,833	-	-	-	500,000	-	-	-	-	-	-	-	500,000
Ms. Hessah Hamad A. Alsagri	250,000	21,000	125,833	-	-	-	396,833	-	-	-	-	-	-	-	396,833
Dr. Abdulrahman Mohammed Al-Barrak ***	304,658	3,000		-	-	-	307,658	-	-	-	-	-	-	-	307,658
Executive Directors															
Mr. Hamad Ali Al Saqri **	243,013	12,000		-	-	-	255,013	-	-	-	-	-	-	-	255,013
Total	**1,015,837**	**132,000**	**921,740**	**-**	**-**	**-**	**3,069,579**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,069,579**

* Membership ended in 26 Feb 2019
** Membership Started in 27 Feb 2019
*** MMembership ended in 12 Feb 2019

Executive Management remuneration

Total remuneration paid to the 5 most senior Executive Members in the Company (including the Chief Executive Officer and the Chief Finance Officer) during 2019 amounted to SAR 5,313,642.

Year	Fixed Remuneration (SAR)				Variable Remuneration (SAR)						EoSB	Board remuneration	Aggregate Ammount
	Basic salary	Allowances	In-Kind Benefits	Total	Periodic remunerations	Profits	STI	LTI	Granted Shares	Total			
2019	2,842,297	1,655,157	-	4,497,454	-	-		-	-	-	816,188	-	5,313,642

There is no substantial deviation in the remuneration awarded according to the policy. The above tables show compensation and remuneration details for Board members, Committee members and Senior Executives.

List of Leejam's announcements on Tadawul

Over the year 2019, Leejam (Fitness Time) witnessed several events and resolutions that were announced to keep the Shareholders up-to-date. Those events and resolutions were announced on the Saudi Stock Exchange (Tadawul) website, amounting to a total of 30 announcements as detailed in the following table:

No	Announcement date	Type of announcement	Announcement title
1	1 January	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces it will start accepting new membership subscriptions at its new branch in Makkah.
2	1st January 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces it will start accepting new membership subscriptions at its new ladies branch in Tabuk.
3	17th January 2019	Notice to Shareholders	Leejam Sports Co. "Fitness Time" announces The start of accepting new membership subscriptions at its new branch for men in Abha
4	31st January 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces the opening of two new branches in Tabuk
5	5th February 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces the opening of a new branch in Abha
6	13th February 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces the resignation of a Board Member
7	27th February 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces the resignation of two Board Members from the Board of Directors, and the appointment of three new members.
8	27th February 2019	Financial Results	Leejam Sports Co. "Fitness Time" announces its Annual financial results for the period ending on 31-12-2018
9	27th February 2019	Notice to Shareholders	Leejam Sports Co. "Fitness Time" announces the distribution of cash dividend for The Fourth quarter of 2018
10	17th March 2019	Notice to Shareholders	Addendum announcement from Leejam Sports Company "Fitness Time" regarding the start of accepting new membership subscriptions in its new branch in Makkah
11	31st March 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces the opening of two new branches in Jeddah
12	31st March 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces the opening of a new branch in Buraida
13	14th April 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces that the company handed back the Football Academy Centre to the Shbab Football Club.
14	15th April 2019	Invitation to AGM	Leejam Sports Company (Fitness Time) announces invitation to its shareholders to attend the Ordinary General Assembly Meeting (First Meeting)
15	16th April 2019	Invitation to AGM	Addendum announcement from Leejam Sports Company (Fitness Time) regarding inviting its shareholders to attend the Ordinary General Assembly Meeting (First Meeting)
16	1st May 2019	Invitation to AGM	Leejam Sports Company (Fitness Time) announces invitation to its shareholders to attend the Ordinary General Assembly Meeting (First Meeting) (Reminder)
17	2nd May 2019	Electronic Voting of AGM	Leejam Sports Company announces the starting date of the electronic voting for the items of the ordinary general assembly meeting
18	8th May 2019	Results of AGM	Leejam Sports Company announces the results of the ordinary general assembly meeting (first meeting)
19	12th May 2019	Financial Results	Leejam Sports Company (fitness time) announces its condensed interim financial results for the period ended on 31 March 2019 (Three Months)
20	13th May 2019	Notice to Shareholders	Leejam Sports Co. (Fitness Time) announces the distribution of cash dividend for first quarter of 2019
21	13th May 2019	Notice to Shareholders	Leejam Sports Co. announces the appointment of the Chairman and Vice Chairman of the Board and the Managing Director as well as the reformation of one of the Board committees.
22	13th May 2019	Notice to Shareholders	Correction announcement from Leejam Sports Co. (Fitness Time) in regards to the appointment of the Chairman and Vice Chairman of the Board and the Managing Director as well as the reformation of one of the Board committees
23	27th May 2019	Notice to Shareholders	Leejam Sports Company "Fitness Time" announces the conversion of Al Olaya Fitness Time Plus Center in Khobar City from a Men's Center to a Ladies Center.
24	30th June 2019	Notice to Shareholders	Leejam Sports Company (Fitness Time) announces the opening of two new fitness centers in Jeddah
25	4th August 2019	Financial Results	Leejam Sports Co. (Fitness Time) announces its condensed interim financial results for the period ended on 30th June 2019 (Six Months)
26	4th September 2019	Notice to Shareholders	Leejam Sports Co. "Fitness Time" announces the distribution of cash dividend for second quarter of 2019
27	16th September 2019	Notice to Shareholders	Leejam Sports Co. (Fitness Time) Announces Replacing the CEO
28	10th November 2019	Financial Results	Leejam Sports Co. (Fitness Time) announces its condensed interim Financial Results for the Period Ending on 2019-09-30 (Nine Months)
29	11th November 2019	Notice to Shareholders	Correcting announcement from Leejam Sports Co. (Fitness Time) regarding Leejam's announcement on its condensed interim Financial Results for the Period Ending on 2019-09-30 (Nine Months)
30	2nd December 2019	Notice to Shareholders	Leejam Sports Co. "Fitness Time" announces the distribution of cash dividend for third quarter of 2019

Transactions with related parties

Related party	Relationship with the company	Transaction type	Period / type of interest	Value (Saudi Riyal)
Head office lease contract paid to Hamad Al-Saqri	The land is owned by a member of the Board of Directors and a major shareholder, Mr. Hamad Al-Saqri	Land leasing - this deal was made on commercial grounds without preferential terms	Fiscal year 2019 /A direct interest	3,400,000
Al-Saqri Group	The company is owned by a member of the board of directors and a major shareholder, Mr. Hamad Al-Saqri, and Mr. Ali Al-Saqri is the vice chairman of the group's board of directors.	Corporate Sales Contract - This transaction was made on commercial grounds without preferential terms	Fiscal year 2019 /A direct interest & an Indirect interest	125,774

Company's dividends policy

Under Article 110 of the Companies Law, each Shareholder is eligible for all share rights, which specifically include the right to receive a percentage of dividends to be paid.

The Board of Directors recommends the payment of any dividends before being approved by Shareholders in the General Assembly meeting. The Company is not obliged to announce any dividends. Any decision to pay dividends depends on several factors, including the previous and forecasted Company profits, cash flows, financing, capital requirements, market conditions and overall economic factors, in addition to Zakat and other legal and regulatory considerations.

Dividend payment is subject to the restrictions listed in financing agreements signed with financers. For example, the Company needs to obtain the approval of the National Commercial Bank, the Saudi Fransi Bank and SAMBA Financial Group before paying dividends exceeding 60% of its net profits. SAMBA Financial Group's approval is not required after the company is listed in the market. Under the facilities agreement signed with the Saudi British Bank, the Company must prioritize repayment of its finance dues before paying any dividends, which restricts the payment of dividend in accordance with the Company's Articles of Associations. Dividends will be paid in Saudi Riyal.

Under the facilities agreement signed with the Saudi British Bank, the Company must prioritize repayment of its finance dues before paying any dividends, which restricts the payment of dividend in accordance with the Company's Articles of Associations. Dividends will be paid in Saudi Riyal.

Annual dividends

- Annual dividends are distributed subject to the General Assembly's approval after the Board of Directors' recommendation regarding the Company's net profit, the calculated dividend amount and proposed allotment
- The General Assembly reserves the right to reject paying dividends in any year if it believes that such payment will be harmful to the Company's financial position and its capital requirements
- The Board of Directors shall execute the General Assembly's decision and pay dividends within 15 days from the due date defined in the resolution

Dividends calculation

1. Dividend payments are allotted after deducting general expenses such as Zakat and Income Tax, as follows:
   - Appropriation of 10% of the net annual profits to form the statutory reserve. The General Assembly may decide to stop appropriating this percentage if the reserve reaches 30% of the paid up capital
   - From the remaining net profits, at least 5% of the paid up capital must be paid in dividends to Shareholders
   - Subject to the Board of Directors' recommendation, the General Assembly may appropriate 20% of the net profit to form a consensual reserve allocated to specific purposes
   - Excess annual net profit shall be distributed to Shareholders unless the General Assembly decides otherwise

2. Upon allotment of the dividend amount from the net profit, the Ordinary General Assembly may decide to take other reserves as follows:
   - To serve the Company's interests, or
   - To include the distribution of fixed dividends to Shareholders

3. Dividends shall be paid to Shareholders in proportion with the number of shares they own in the Company

4. Dividends are to be paid in cash or bonus shares or both

5. The Annual Report submitted by the Board of Directors to the General Assembly must list the amounts of dividends paid to Shareholders over various periods of the fiscal year, in addition to the recommended dividends to be paid by the end of the fiscal year, and the accumulated dividends' amounts

Interim dividends

1. The Company may pay interim dividends to Shareholders on a quarterly or bi-annual basis, subject to abidance by the following requirements:
   - General Assembly's delegation to the Board to pay interim dividends by a resolution to be renewed annually
   - The Company's achievement of regular, good profits
   - The availability of reasonable liquidity with the Company, and the ability to forecast its profitability levels
   - The availability of distributable profits according to the last audited financial statements of the Company, which must be sufficient to cover the proposed dividends after deducting distributed and capitalised amounts after the date of those financial statements

2. Should the Board of Directors decide to pay interim dividends, the Company must disclose and announce such payment and provide CMA with a copy thereof immediately.

Eligible Shareholders

1. The General Assembly's resolution that approves the payment of annual dividends shall define the due date and payment date of dividends.

2. Shareholders' eligibility to receive dividends shall be determined according to the relevant rules and regulations, and the Company's announcement on the Tadawul website.

Paid dividend compared to net income

Year / quarter	Net income	Dividend	% of net profit	Capital	% of capital	Amount per share
4th quarter 2018	53,857,534	28,179,613	52.3%	523,833,610	5.38 %	0.5379
1st quarter 2019	39,596,703	21,052,304	53.2%	523,833,610	4.02 %	0.4019
2nd quarter 2019	49,590,562	26,448,359	53.3%	523,833,610	5.05 %	0.5049
3rd quarter 2019	48,813,216	26,029,222	53.3%	523,833,610	4.97 %	0.4969

Date of dividend payments

Year / quarter	Announcement date	Due date	Distribution date	Dividend per share	Dividend payment method
4th quarter 2018	27th February 2019	4th March 2019	20th March 2019	0.5379	Transfer to account
1st quarter 2019	13th May 2019	19th May 2019	12th June 2019	0.4019	Transfer to account
2nd quarter 2019	4th September 2019	9th September 2019	22nd September 2019	0.5049	Transfer to account
3rd quarter 2019	2nd December 2019	8th December 2019	19th December 2019	0.4969	Transfer to account

Shareholders' proposals

Leejam's Investor Relations department maintains regular and sustainable communication with the Company's Shareholders through several communication channels. If any proposals are received from Shareholders, they will be reviewed and reported to the Board of Directors in full. Shareholders are also given the opportunity to submit proposals and inquiries directly to members of the Board of Directors during the General Assembly meetings, and sufficient time is dedicated to answering these questions.

Share price and Shareholders information

As of 31st December 2019, the number of Leejam (Fitness Time) Shareholders reached 7,104 investors, with corporate investors representing 31.2% of the total share ownership, while individual investors' shares represented 68.8% of total shares. There are 47 Shareholders who own 100,000 shares or more of Leejam, which represents 83.7% of the issued shares. The following tables provide an overview of Shareholders.

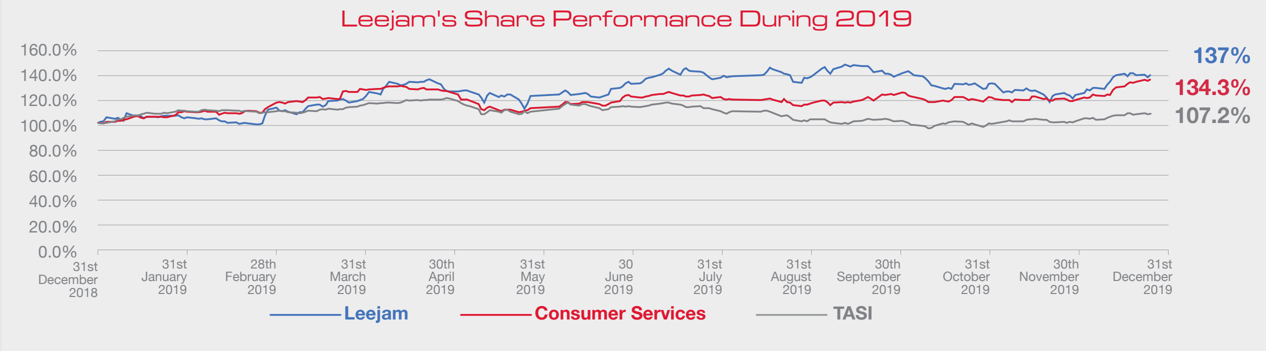
Leejam (Fitness Time) investors by type	31st December 2019		
	Percentage of ownership	No. of investors	No. of owned shares
Corporate investors	31.2%	6,820	16,335,836
Individuals	68.8%	284	36,047,525
Total	**100%**	**7,104**	**52,383,361**

Leejam (Fitness Time) investors by type	31st December 2019	
	Percentage of ownership	No. of investors
Mr. Hamad Ali Al-sagri	60.5%	1
Other individuals	8.4%	6,819
Mutual funds	15.7%	117
Swap agreements	0.9%	11
Other corporate	14.5%	156
Total	**100%**	**7,104**

Leejam (Fitness Time) investors by nationality	31st December 2019		
	Percentage of ownership	No. of investors	No. of owned shares
Saudis	85.5%	6,883	44,812,080
Other nationalities	14.5%	221	7,571,281
Total	**100%**	**7,104**	**52,383,361**

Leejam (Fitness Time) investors by stake	31st December 2019	
	Percentage of ownership	No. of investors
1 million shares and above	60.5%	1
500 thousand to less than 1 million shares	6.6%	5
100 thousand to less than 500 thousand shares	16.6%	41
50 thousand to less than 100 thousand shares	6.0%	45
10 thousand to less than 50 thousand shares	7.0%	166
5 thousand to less than 10 thousand shares	1.6%	120
1 thousand to less than 5 thousand shares	1.0%	232
Less than 1 thousand shares	0.7%	6,494
Total	**100%**	**7,104**

Share performance data in 2019 (Saudi Riyal)				
Percentage change between 2018–2019	Share price a year earlier	Share price as of 31st December 2019	Lowest price in 52 weeks	Highest price in 52 weeks
37.9%	58.8	81.1	57	89.2



Number of Company requests to the Shareholders' register:

	Request date	Reason
First request	6th January 2019	Internal reports
Second request	3rd March 2019	Dividends
Third request	15th May 2019	Dividends
Fourth request	11th September 2019	Dividends
Fifth request	20th October 2019	Internal reports
Sixth request	10th December 2019	Dividends

Board members' and their relatives' ownership of Company shares:

Name	Year beginning	Year end	Net change	Change %
Dr. AbdulRahman bin Mohammed Al-Barrak ***	-	-	-	-
Mr. Ali bin Hamad Al-Saqri	379,696	379,696	-	0.00%
Dr. Tariq Abdullah Al-Naeem *	-	-	-	-
Dr. Mohammed Faraj Al-kinani	-	-	-	-
Mr. Musaed Bin Abdul Rahman Al-Mousa *	-	-	-	-
Mr. Tareq bin Khaled Al-Angari	-	500	500	100.00%
Ms. Hessa bint Hamad Al-Saqri	-	-	-	-
Mr. Hamad bin Ali Al-Saqri **	31,670,150	31,671,950	1,800	0.01%
Mr. Hisham bin Hussein Al-Khaldi **	-	-	-	-
Mr. Abdulelah Mohamed El-Nemr **	-	-	-	-
Mrs. Jawaher bint Abdulaziz Al-Haqbani – spouse of Abdulelah Mohamed El-Nemr **	7,410	4,392	(3,018)	-40.73%
Ms. Shadan bint Hamad Al-Saqri	379,696	382,313	2,617	0.69%

Senior Executives and their relatives' ownership of Company shares

Name	Year beginning	Year end	Net change	Change %
Mr. Justin Musgrove	-	-	-	-
Mr. Mohammed Merajuddin	-	-	-	-
Mr. Mike Downing	-	-	-	-
Mr. Khalid Mohammad Al Behairi	-	-	-	-
Mr. Khalid Abdullah Al Mannaei	-	-	-	-
Mr. Firas Wehbe	-	-	-	-

Statutory payments (SAR)

The following table describes the paid and due statutory payments of Zakat, taxes, fees or any other amounts that were not paid by the end of the fiscal period:

Statutory organization	Paid	Due	Description	Reasons
Saudi Customs	2,512,035.00	-	Customs fees on imports	Regulatory requirement
General Authority of Zakat and Income Tax	38,263,593.27	6,506,079.04	Zakat, Withholding Tax (WHT), and VAT expenses	Regulatory requirement
General Organization for Social Insurance	13,190,010.71	1,106,384.10	Social insurance expenses, in accordance with Saudi Labor Law	Regulatory requirement
Other Statutory Organizations	18,097,788.00	-	Labor office, Visa, passport, and other fees	Regulatory requirement

The following table outlines penalties, cautionary measures or restrictions imposed on the Company by the Authority or any other supervisory, regulatory or legal entity:

Penalty, fine, cautionary measure or restriction	Amount	Reasons for penalty	Imposer of penalty	Remedial action and ways to avoid recurrence
Some Violations to Municipality regulations	95,800.00	• Delay in renewal of license and safety issues. • Lack of appropriate Health certification. • Inappropriate space available & staff accommodation • Problems with noise controls • Excess space used without appropriate approvals. • The incorrect use of advertising boards • The failure to display licenses and the installation of cameras without permission.	Ministry of Municipal and Rural Affairs	Corrective measures are taken to comply proactively follow up with changes in regulations.
Violation of delay in changing the professional designation of some employees	71,000.00	Delay in changing the professional designation of some employees.	Ministry of Labor and Social Development	Corrective measures are taken to comply proactively follow up with changes in regulations.
Custom and others	16,987.44	Others	Custom and others	Corrective measures are taken to comply proactively follow up with changes in regulations.

Outcomes of the annual audit of the Company's internal control processes

Leejam strives to continuously update and improve its internal control system and ensure its effective implementation. The Internal Audit Department in the Company ensures that proper control systems are in place and defines the overall framework potential risks. It also provides independent, objective advice with the purpose of realising added value and improving operations, as well as achieving the Company's ultimate goals.

The Internal Audit Department undertook several regular and special audit processes in line with the annual audit plan approved by the Audit Committee, in order to provide necessary confirmation on the effectiveness and efficiency of internal control and risk management in the Company, with specific focus on high-risk functions and activities. The Internal Audit Department also advises on the improvement of the Company's various operations' effectiveness and efficiency, which helped in limiting revenue losses and reducing costs. It also contributed to the review of primary and annual financial statement and in coordinating the work of external regulators. All the listed audit procedures have not highlighted any material remarks.

Board of Directors' disclosures

Leejam (Fitness Time) Board of Directors acknowledges that:

- Accounting records have been prepared properly
- The internal control system is based on sound fundamentals and is executed effectively
- The Board has no doubts as to the Company's ability to continue its activities
- The external Auditor provided their opinion without any reservations on the Consolidated Financial Statements for 2019
- The Board of Directors did not recommend the replacement of the external Auditor before the end of their Contract
- Consolidated Financial Statements for year ended 31st December 2019 were prepared in accordance with the International Financial Reporting Standards approved in Saudi Arabia
- The Company does not keep treasury shares
- There are no arrangements or agreements under which any waiver is made as to the remunerations of any Board member or Senior Executives in the Company
- There are no arrangements or agreements under which any Shareholder waives any dividend rights
- There are no debt instruments for the Company, and no interests, contractual documents or subscription rights owned by Senior Executives or their relatives in its shares or any of its subsidiaries
- The Company does not have any investments or reserves created for the interest of its employees
- There are no segments or numbers of any transferable debt instruments, securities or subscription rights memos, or any similar rights issued or granted by the Company during the fiscal year
- There has been no refund, purchase or cancellation of any refundable debt instruments by the Company
- There is no difference from the approved accounting standards followed by the Saudi Organization of Chartered Public Accountants
- There are no voting shares held by individuals (other than the Board members, Senior Executives and their relatives) who informed the Company of such rights under article (45) of the Registration and Listing Rules

Provisions that were not implemented from the Corporate Governance Regulations and reasons for non-implementation

The Company applies all provisions of Corporate Governance Regulations issued by the CMA, except the following provisions:

Article	Provision	Article / provision	Reasons for non-implementation
25	8	Developing succession plans for the management of the Company	Since the beginning of 2019, the Company faced several changes and restructuring. Therefore, this article / provision will be implemented in 2020
30	8	Participating in developing the succession and replacement plans of executive positions within the Company	Since the beginning of 2019, the Company faced several changes and restructuring. Therefore, this article / provision will be implemented in 2020
39	2 and 1	The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programmes required for the same, taking the following into account: 1) preparing programmes for the recently appointed Board members and Executive Management to familiarise them with the progress of the Company's business and activities, particularly the following: a. the strategy and objectives of the Company; b. the financial and operational aspects of the Company's activities c. the obligations of the Board members and their duties, responsibilities and rights d. the duties and competencies of the committees of the Board 2) Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company	The company is developing policies and procedures in line with this guiding article.
41	a, b, c, d, e, f	a. The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees, and the Executive Management, using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others. This is provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company b. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. 6 Guiding Article 7 Guiding Article 30 c. The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general d. The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof e. The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years f. Non Executive Directors shall carry out a periodic assessment of the performance of the Chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company	The company is developing policies and procedures in line with this guiding article.
95		If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	The responsibilities of the Governance Committee have been added to the Nominations and Remunerations Committee.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Shareholders of Leejam Sports Company

OPINION

We have audited the financial statements of Leejam Sports Company ("the Company"), which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION

See Note 4(j) to the financial statements for the accounting policy relating to revenue recognition and Note 20 to the financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2019, the Company has recognized total revenue of SAR 942.1 million (2018: SAR 799.9 million). Subscriptions and membership fees are recognized as revenue systematically over the term of the subscription period. Revenue recognition is considered as a key audit matter since revenue is a key measure of the Company's performance and is susceptible to the risk of misstatement resulting from either ineffective manual and / or IT related controls, or possibility of these controls being overridden to recognize revenue.	• Our audit procedures in this area, included among others: • Assessing the Company accounting policies by considering the requirements of relevant accounting standards; • Assessing the design and implementation, and testing the effectiveness of the Company's controls including IT related controls, over the recognition of revenue including controls over: a) Input of contract details in the system. b) System configuration changes. c) Manual adjustments in revenue account. • Developing an expectation of the current year revenue balance using details of subscriptions, average subscription fee and terms of contract. We then compared this expectation to the actual revenue and analysed the variance; • Performing reconciliation of revenue per the oracle system report and calculated revenue and deferred revenue on sample basis. Further examined system generated invoices, receipt vouchers and parameters for the selected samples; • On a sample basis, checking the daily reconciliations prepared by management to reconcile the cash deposited in the bank with the sales of subscriptions; • Checking the reconciliation of amounts charged to customers on payments through debit/credit cards with the amounts credited in the Company's bank accounts on sample basis; • Testing manual journal entries posted to revenue account to identify any unusual or irregular items; and • Reviewing the adequacy, appropriateness and sufficiency of disclosures included in the financial statements in respect of revenue recognition.

IMPLEMENTATION OF IFRS 16 "LEASES"

See Note 3 to the financial statements for the accounting policy relating to leases and Note 6 to the financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
The Company has adopted IFRS 16 "Leases" with effect from 1 January 2019 which supersedes the requirement of IAS 17 "Leases". IFRS 16 introduces a new lease accounting model, where lessees are required to recognize a Right-of-Use (ROU) asset and a lease liability arising from a lease on its statement of financial position. The Company has applied IFRS 16 initially on 01 January 2019 using the modified retrospective approach. Therefore, the cumulative impact of adopting IFRS 16 has been recognized as an adjustment to the opening Retained Earnings at 1 January 2019, with no comparative restatement. As a result, the Company has recognized ROU assets of SAR 900 million, lease liabilities of SAR 991 million and a decrease in Retained Earnings of SAR 94.5 million. The application and adoption of IFRS 16 was considered as a key audit matter given the high volume of lease arrangements. Significant judgement is required in the assumptions and estimates made in order to determine the ROU assets and lease liabilities. The assumptions and estimates include assessment of lease term and the determination of appropriate discount rates.	Our audit procedures in this area, included among others: • Reviewing the management's assessment of the impact of IFRS 16 in term of the classification and measurement of its right-of-use assets and lease liabilities and understand the approach taken towards implementation; • Assessing the accuracy of the lease data captured by management by agreeing sample of leases to the original contracts; • Testing lease schedules, on a sample basis by recalculating the amounts underlying the right of use assets and lease liabilities, based on the terms of the lease contracts; • Assessing the appropriateness of the discount rates applied by management in determining lease liabilities with input from our internal specialists; and • Reviewing the appropriateness of the related disclosures in the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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 of Leejam Sports Company ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Al Fozan & Partners
Certified Public Accountants

KPMG Al Fozan & Partners Certified Public Accountants

Dr. Abdullah Hamad Al Fozan
License No: 348

Al Riyadh, 15 Rajab 1441H
Corresponding to: 10 March 2020

Statement of Financial Position

As at 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Notes	2019	2018
Assets			
Non-current assets			
Property and equipment	(5)	1,512,013,931	1,418,514,216
Right-of-use of assets	(6)	840,332,792	--
Goodwill	(7)	9,445,544	9,445,544
Long-term prepayments	(3)	--	10,523,015
Long-term trade receivable		1,525,391	881,747
Total non-current assets		**2,363,317,658**	**1,439,364,522**
Current Assets			
Prepayments and other assets	(8)	59,430,456	130,416,810
Trade receivables	(10)	25,480,876	19,435,753
Cash and bank balances	(11)	68,070,348	19,415,381
Total current assets		**152,981,680**	**169,267,944**
Total assets		**2,516,299,338**	**1,608,632,466**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	(12)	523,833,610	523,833,610
Statutory reserve	(13)	56,021,218	35,429,133
Retained earnings		141,919,268	154,405,707
Total shareholders' equity		**721,774,096**	**713,668,450**
Liabilities			
Non-current liabilities			
Loans and borrowings – non-current	(14)	293,444,653	376,323,389
Lease liability on right-of-use assets – non-current	(6)	893,772,931	--
Defined benefit obligation – employee benefits	(15)	33,013,250	27,426,552
Deferred rent liability – non-current	(3)	--	60,891,074
Total non-current liabilities		**1,220,230,834**	**464,641,015**
Current liabilities			
Loans and borrowings – current portion	(14)	131,241,548	107,853,383
Lease liability on right-of-use assets– current portion	(6)	62,498,559	--
Deferred rent liability – current portion	(3)	--	3,700,268
Accounts payable	(16)	29,012,761	36,554,283
Accrued expenses and other liabilities	(17)	43,405,077	35,604,298
Deferred revenue	(18)	302,405,529	243,228,177
Provision for Zakat	(19)	5,730,934	3,382,592
Total current liabilities		**574,294,408**	**430,323,001**
Total liabilities		**1,794,525,242**	**894,964,016**
Total shareholders' equity and liabilities		**2,516,299,338**	**1,608,632,466**

The accompanying notes (1) to (34) form an integral part of these financial statements.

Statement of Profit or Loss

For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Notes	2019	2018
Revenue	(20)	942,075,242	799,946,833
Costs of revenue	(21)	(582,772,726)	(494,612,578)
Gross profit		**359,302,516**	**305,334,255**
Advertising and marketing expenses	(22)	(19,345,293)	(21,409,855)
General and administrative expenses	(23)	(80,020,266)	(91,710,208)
Impairment loss on trade receivables	(10.1)	(926,958)	(2,227,474)
Other income		10,300,683	13,131,976
Operating profit		**269,310,682**	**203,118,694**
Finance costs	(25)	(57,666,696)	(21,067,168)
Net profit before Zakat		**211,643,986**	**182,051,526**
Zakat	(19)	(5,723,141)	(1,959,081)
Net profit for the year		**205,920,845**	**180,092,445**
Earnings per share- basic and diluted	(26)	**3.93**	**3.44**

The accompanying notes (1) to (34) form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Notes	2019	2018
Net profit for the year		205,920,845	180,092,445
Other comprehensive income/(loss)		--	--
Items that will not be reclassified to profit or loss		--	--
Re-measurement of actuarial losses on defined benefit obligation – employee benefits	(15)	(1,639,897)	(2,199,435)
Total comprehensive income for the year		**204,280,948**	**177,893,010**

The accompanying notes (1) to (34) form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Notes	Share capital	Statutory reserve	Retained earnings	Total
Balance at 1 January 2018		**523,833,610**	**17,419,888**	**87,689,705**	**628,943,203**
Net profit for the year		--	--	180,092,445	180,092,445
Other comprehensive loss		--	--	(2,199,435)	(2,199,435)
Total comprehensive income for the year		--	--	177,893,010	177,893,010
Transfer to statutory reserve		--	18,009,245	(18,009,245)	--
Transactions with the owners of the Company					
Final dividend declared for 2017		--	--	(25,417,116)	(25,417,116)
Interim dividend declared for Q1 2018		--	--	(17,525,007)	(17,525,007)
Interim dividend declared for Q2 2018		--	--	(21,332,572)	(21,332,572)
Interim dividend declared for Q3 2018		--	--	(28,893,068)	(28,893,068)
Total transactions with the owners of the Company		--	--	(93,167,763)	(93,167,763)
Balance at 31 December 2018		**523,833,610**	**35,429,133**	**154,405,707**	**713,668,450**
Balance as at 1 January 2019		**523,833,610**	**35,429,133**	**154,405,707**	**713,668,450**
Adjustment on initial application of IFRS 16 (Note 3)		--	--	(94,465,804)	(94,465,804)
Adjusted balance as at 1 January 2019		523,833,610	35,429,133	59,939,903	619,202,646
Net profit for the year		--	--	205,920,845	205,920,845
Other comprehensive loss		--	--	(1,639,897)	(1,639,897)
Total comprehensive income for the year		--	--	204,280,948	204,280,948
Transfer to statutory reserve		--	20,592,085	(20,592,085)	--
Transactions with the owners of the Company					
Final dividend declared for 2018	(28)	--	--	(28,179,613)	(28,179,613)
Interim dividend declared for Q1 2019	(28)	--	--	(21,052,304)	(21,052,304)
Interim dividend declared for Q2 2019	(28)	--	--	(26,448,359)	(26,448,359)
Interim dividend declared for Q3 2019	(28)	--	--	(26,029,222)	(26,029,222)
Transactions with the owners of the Company		--	--	**(101,709,498)**	**(101,709,498)**
Balance as at 31 December 2019		**523,833,610**	**56,021,218**	**141,919,268**	**721,774,096**

The accompanying notes (1) to (34) form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Notes	2019	2018
Cash flows from operating activities			
Net profit before Zakat		211,643,986	182,051,526
Adjustments for non-cash items:			
Depreciation			
• Property and equipment	(5)	136,902,386	109,585,988
• Right-of-use assets	(6)	63,321,278	--
Finance costs	(25)	57,666,696	21,067,168
Property and equipment written off	(23)	8,177,947	4,787,196
Loss on disposal of property and equipment		87,485	--
Charge to allowance for impairment in trade receivables	(10.1)	926,958	2,227,474
Provision for obsolete consumables	(8)	1,966,215	--
Write off of Advances	(8)	1,000,000	--
Employee benefits	(15)	7,938,812	13,683,714
		489,631,763	333,403,066
Changes in:			
• Prepayments and other assets		10,600,618	(11,621,063)
• Trade receivables		(7,615,725)	(13,711,832)
• Deferred rent liability		--	8,295,099
• Accounts payable		(7,547,332)	(718,620)
• Accrued expenses and other liabilities		7,850,131	(13,916,618)
• Deferred revenue		59,177,352	(18,257,877)
Cash generated from operating activities		552,096,807	283,472,155
Employee benefits paid	(15)	(3,992,011)	(12,386,904)
Zakat paid	(19)	(3,374,799)	(3,064,171)
Net cash generated from operating activities		**544,729,997**	**268,021,080**
Cash flows from investing activities			
Additions to property and equipment		(216,790,378)	(244,652,101)
Sale proceeds of assets disposed off		141,105	256,059
Net cash used in investing activities		**(216,649,273)**	**(244,396,042)**
Cash flows from financing activities			
Dividends paid		(101,703,688)	(93,164,480)
Finance costs paid		(27,276,958)	(25,599,197)
Payments for lease liabilities	(6)	(90,954,540)	--
Proceeds from loans and borrowings		83,455,068	182,466,491
Repayments of loans and borrowings		(142,945,639)	(140,934,444)
Net cash used in financing activities		**(279,425,757)**	**(77,231,630)**
Net increase / (decrease) in cash and cash equivalents		**48,654,967**	**(53,606,592)**
Cash and cash equivalents at beginning of the year		19,415,381	73,021,973
Cash and cash equivalents at the end of the year	(11)	**68,070,348**	**19,415,381**

The accompanying notes (1) to (34) form an integral part of these financial statements.

Notes to The Financial Statements

For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

1. ORGANISATION, OWNERSHIP AND ACTIVITIES

Leejam Sport Company ("the Company") (previously incorporated in the Kingdom of Saudi Arabia as a closed joint stock company), is a Saudi Joint Stock Company and listed on the Saudi Stock Exchange with effect from 10 September 2018. The Company was established in accordance with the Ministry of Commerce and Industry resolution No. 146/S dated 29 Rabie II, 1429H (May 6, 2008) and registered under commercial registration (CR) number 4030180323 dated 19 Jumada II 1429H. In 2012, the Company's head office was transferred from Jeddah to Riyadh and the Company obtained the amended commercial registration number 1010337986 dated 14 Jumada II, 1433H (May 6, 2012).

The Company has the following branches, which are operating under separate CRs;

Location	C.R.	Date
Riyadh	1010337986	14/6/1433H
Riyadh	1010439237	11/2/1437H
Riyadh	1010439239	11/2/1437H
Dammam	2050108503	15/5/1437H
Jaizan	5900035652	21/3/1438H
Jeddah	4030248720	23/7/1434H
Jeddah	4030180323	19/6/1429H
Najran	5950032239	2/3/1437H
Taif	4032050910	29/1/1438H
Riyadh	1010612788	13/02/1439H
Jubail	2055025936	07/08/1438H
Aldirirya	1010934125	25/05/1439H
Al Madina	4650211820	22/10/1440H
Al Madina	4650211821	22/10/1440H
Makkah	4031228724	22/10/1440H
Makkah	4031228725	22/10/1440H
Jeddah	4030358958	22/10/1440H

UAE trade licenses:

Dubai Branch	724509	21/3/1436H
Rashidya Branch (Ajman)	78538	21/11/1437H
Ras Al-Khaimah Branch	41352	16/7/1438H

The objectives of the Company are construction, management and operation of sports and entertaining centers and wholesale and retail trading in sports' clothes and equipment and owning real estate and constructing buildings necessary to achieve its purposes and advertising, construction, management and owning hotels and furnished apartments and other activities that the Company needs to use. The Company's current activity is confined to managing sport centers according to the Deputy General President for Sport Affairs letter No.549 and renting out premises.

The address of the Company's registered office is as follows:
Thumamah Street
PO Box 295245
Riyadh 11351
Kingdom of Saudi Arabia

a. The Company acquired 95% of the outstanding shares of Fitness Time for Trading Company Limited in order to acquire the trademark "Fitness Time", owned by it and registered the same under the Company's name with the Ministry of Commerce & Industry/Department of trademark registration under the registration certificate number 142905699 originally dated 1429/05/22. The trademark is renewable for a period of 10 years or periods at the option of the Company for a nominal fee. Fitness Time discontinued its operations after the trademark was transferred to the Company. The management believes that Fitness Time is immaterial to the Company hence; do not consolidate the results of operations of Fitness Time and its financial position in the financial statements of the Company.

2. BASIS OF PREPARATION

a. Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").

This is the first set of the Company's annual financial statements in which IFRS 16 leases has been applied. The related changes to significant accounting policies are described in Note 3.

b. Basis of measurement
These financial statements have been prepared on a going concern basis under the historical cost convention.

c. Functional and presentation currency
These financial statements are presented in Saudi Arabian Riyals (SAR), which is the functional and presentational currency of the Company. Amounts in the descriptive notes are expressed to the nearest million Saudi Riyal.

d. Use of judgments and estimates
In preparing these financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgments
Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statement is included in the following notes;

- Note 3 – lease term: whether the company is reasonably certain to exercise existence option

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2019 is included in the following notes:

- Note 7 and Note 4(c) – Impairment of goodwill: key assumptions underlying recoverable amounts
- Note 10 and Note 4(e) - (measurement of ECL allowance for trade receivables): key assumptions in determining the weighted-average loss rate.
- Note 27 (recognition and measurement of provision and contingencies): key assumptions about the likelihood and magnitude of an outflow of resources

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted IFRS 16 Leases from 1 January 2019. There are a number of other new standards, amendments and interpretations, effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirement in IFRS 16 have not generally been applied to comparative information.

a. Definition of a lease
Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

b. As a lessee
As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Short-term leases
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of staff accommodations that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

c. Transition
Previously, the Company classified land leases as operating leases under IAS 17. These include land for fitness centers. The leases typically run for a period of 15 to 20 years. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to all its land lease for fitness centers.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impacts on transition
On transition to IFRS 16, the Company has recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 January 2019
Right-of-use assets recognised in transition	900,000,068
Lease liabilities on right-of-use assets	
• Current	(46,895,683)
• Non-current	(944,218,996)
Adjustments for prepayments and advances	(67,942,535)
Adjustments for deferred rent liability	64,591,342
Adjustment to retained earnings	(94,465,804)

4. SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements:

a. Property and equipment
Property and equipment except land, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost less estimated residual value of property and equipment if any, is depreciated on a straight-line basis over the estimated useful lives of the respective assets. Land is stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs, during construction phase.

The estimated useful lives of the principal classes of property and equipment are as follows:

Buildings	4%–12%
Motor vehicles	20%
Sports tool and equipment	10%
Electrical equipment and air conditioners	10%
Furniture and office equipment	12.5%
Computers	20%

Any gain or loss on disposal of an item of property and equipment is recognised in the statement of profit or loss.

Subsequent costs
Subsequent costs are capitalised only if it is probable that the future economic benefits associated with the cost will flow to the Company. All other subsequent costs are charged to profit or loss when incurred.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of profit or loss.

b. Capital work in progress
Capital work in progress is stated at cost and includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

c. Goodwill
Initial recognition
The Company measures goodwill at the date of acquisition as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree.

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

Subsequent measurement
Subsequently, goodwill is measured at cost less accumulated impairment losses.

d. Cash and cash equivalents
Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, used by the Company in the management of its short-term commitments and are available to the Company without any restriction.

e. Financial instruments
i) Classification and measurement of financial assets and financial liabilities
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. The Company has no such equity investments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised 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 at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Company has no such assets.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Company has bank balances and trade receivables as its financial assets under this category.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Company has no such investments.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Company has no such investments.

ii) Impairment of financial assets
The financial assets at amortised cost consist of bank balances, trade receivables, due from a related party and other assets.

Loss allowances are measured on either of the following bases:

- *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances and short term investments, for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

The Company has elected to measure loss allowances for trade receivables and other assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- The financial asset is more than 1 years past due.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are presented on the face of the statement of profit or loss.

iii) Derecognition
Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

f. Borrowings
Borrowings are recognised at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the construction and / or development of a qualifying asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed, otherwise, such costs are charged to the statement of profit or loss.

g. Defined benefit obligation- employee benefits
The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. The remeasurement of the defined benefit liability, which comprise actuarial gains and losses, is recognised immediately in other comprehensive income which are not reclassified to profit or loss in the subsequent periods. The Company determines the interest expense on defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period to the – then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expense related to defined benefit plan are recognised in the profit or loss.

h. Dividends
Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders in the General Assembly.

i. Zakat
The Company is subject to Zakat in accordance with the Zakat regulation issued by the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia, which is subject to interpretations. Zakat is recognised in the statement of profit or loss. Zakat is levied at a fixed rate of 2.5% of the higher of zakat base or adjusted taxable income as defined in the Zakat regulations.

The Company's management establishes provisions where appropriate on the basis of amounts expected to be paid to the GAZT and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation.

j. Revenue

Type of Product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Subscriptions and membership income	Performance obligation is satisfied over time during the subscription period. For Individual customers, payment is received in advance. For corporates, consideration is received based on credit terms agreed with the corporate customers.	Subscriptions and membership fee are recognised as revenue systematically over the terms of the subscription period. The subscription fee, received in advance, is initially recognised as deferred revenue and subsequently amortised over the subscription period.
Personal training	Performance obligation is satisfied over time based on personal training (PT) sessions and payment is received in advance.	Personal training fee are recognised as revenue as and when related services are rendered and performance obligation are satisfied. Fee received in advance is initially recognised as deferred revenue and subsequently recognised when PT sessions are conducted.
Rentals income	Performance obligation is satisfied over time during the lease period and payment is received based on contractual terms with the tenants.	Rental income is recognised on a straight line basis over the terms of the lease agreements.

k. Expenses
Expenses include direct and indirect costs not specifically part of cost of revenue. Allocations between cost of revenue, advertising and marketing and general and administration expenses, when required, are made on a consistent basis depending upon the nature of the expense.

l. 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 principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, management of the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

m. Provisions
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at an appropriate rate that reflects current market assessments of the time value of money and the risks specific to the liability.

n. Foreign currency transactions
Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency of the Company at the exchange rate ruling at that date. Exchange difference arising on translation are recognised in the statement of profit or loss currently.

o. Earnings per share
The Company presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the period.

p. Standards issued but not yet effective:
Standards issued but not yet effective
Following are the new amendments to standards which are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted them in preparing these financial statements and are not expected to have a significant impact on the Company's financial statements.

- Definition of a Business (Amendment to IFRS 3)
- Amendments to reference to conceptual framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 – Insurance contracts

5. PROPERTY AND EQUIPMENT

	Land	Buildings	Motor vehicles	Sports tools and equipment	Electrical equipment and air conditioners	Computers	Furniture and office equipment	Capital work in progress (Note 5.2)	Total
Cost									
Balance at 1 January 2018	73,251,525	1,015,533,920	3,247,577	341,279,764	84,952,794	16,124,792	10,213,635	130,207,115	1,674,811,122
Additions during the year	--	35,423,275	169,510	1,069,050	2,588,491	1,732,771	1,730,809	206,239,360	248,953,266
Transfers during the year	--	88,235,963	--	34,614,839	2,548,131	3,005,682	3,994,221	(132,398,836)	--
Write offs during the year (Note 5.3)	--	--	(235,197)	(12,235,867)	(47,101)	(41,850)	(101,389)	--	(12,661,404)
Balance at 31 December 2018	73,251,525	1,139,193,158	3,181,890	364,727,786	90,042,315	20,821,395	15,837,276	204,047,639	1,911,102,984
Balance at 1 January 2019	73,251,525	1,139,193,158	3,181,890	364,727,786	90,042,315	20,821,395	15,837,276	204,047,639	1,911,102,984
Additions during the year	58,577,657	40,253,505	--	94,243	1,522,753	3,192,959	746,908	134,420,613	238,808,638
Transfers during the year	--	95,912,315	--	26,728,359	18,155,913	1,686,033	4,451,476	(146,934,096)	--
Disposal during the year	--	--	(65,544)	(1,572,036)	(37,503)	(81,325)	(1,670)	--	(1,758,078)
Write offs during the year (Note 5.3)	--	(816,582)	--	(5,733,070)	--	--	--	(6,185,811)	(12,735,463)
Balance at 31 December 2019	131,829,182	1,274,542,396	3,116,346	384,245,282	109,683,478	25,619,062	21,033,990	185,348,345	2,135,418,081
Accumulated depreciation									
Balance at 1 January 2018	--	(224,869,344)	(2,767,628)	(115,757,233)	(34,942,692)	(7,284,791)	(4,087,168)	--	(389,708,856)
Charge for the year	--	(61,457,981)	(285,028)	(34,483,524)	(8,784,082)	(3,067,196)	(1,508,177)	--	(109,585,988)
Eliminated on write offs (Note 5.3)	--	--	235,197	6,369,344	33,756	39,321	28,458	--	6,706,076
Balance at 31 December 2018	--	(286,327,325)	(2,817,459)	(143,871,413)	(43,693,018)	(10,312,666)	(5,566,887)	--	(492,588,768)
As at 1 January 2019	--	(286,327,325)	(2,817,459)	(143,871,413)	(43,693,018)	(10,312,666)	(5,566,887)	--	(492,588,768)
Charge for the year	--	(83,016,220)	(126,263)	(38,025,803)	(9,726,606)	(3,665,377)	(2,342,117)	--	(136,902,386)
Disposal during the year	--	--	65,544	1,354,348	32,718	75,944	934	--	1,529,488
Eliminated on write offs (Note 5.3)	--	404,785	--	4,152,731	--	--	--	--	4,557,516
Balance at 31 December 2019	--	(368,938,760)	(2,878,178)	(176,390,137)	(53,386,906)	(13,902,099)	(7,908,070)	--	(623,404,150)
NBV at 31 December 2018	73,251,525	852,865,833	364,431	220,856,373	46,349,297	10,508,729	10,270,389	204,047,639	1,418,514,216
NBV at 31 December 2019	**131,829,182**	**905,603,636**	**238,168**	**207,855,145**	**56,296,572**	**11,716,963**	**13,125,920**	**185,348,345**	**1,512,013,931**

5.1.The depreciation charge for the year is allocated as follows:

	2019	2018
Costs of revenue (Note 21)	132,848,172	105,667,481
General and administrative expenses (Note 23)	4,054,214	3,918,507
	136,902,386	**109,585,988**

5.2. The Capital Work-in-Progress (CWIP) as of 31 December 2019 represents construction costs and capital equipment amounting to SAR 143.84 million and SAR 41.51 million (December 2018: SAR 140.6 million and SAR 63.4 million), respectively. The construction costs include an amount of SAR 0.71 million (December 2018: SAR 1.6 million) in respect of borrowing costs capitalised during the construction period. The total borrowing cost capitalised under CWIP during the year amount to SAR 4.01 million, and the capitalisation rate was 4.0% (December 2018: 4.55%). The capital equipment mainly includes gym equipment, which have been procured but are not currently available for use. In addition, the Company has capitalised depreciation on right-of-use asset amounting to SAR 9.9 million (December 2018: Nil) and interest expense on lease liabilities amounting to SAR 8.1 million (December 2018: Nil) due to adoption of IFRS 16.

5.3. The charge in respect of write off of property and equipment is included in the general and administrative expenses.

6. LEASES

Right-of-use assets	
Balance as at 1 January 2019 (Note 3)	900,000,068
Additions during the year	13,560,240
Depreciation	
• Charge for the year	(63,321,278)
• Capitalised for under construction fitness centers	(9,906,238)
Balance as at 31 December 2019	840,332,792
Lease liabilities	
Balance as at 1 January 2019 (Note 3)	991,114,679
Additions during the year	13,560,240
Lease payments for the year	(90,954,540)
Interest expense for the year (Note 25)	34,450,571
Interest capitalised for under construction fitness centers	8,100,540
Balance as at 31 December 2019	956,271,490
Lease liabilities as at year end are as follows:	
Lease liability on right-of-use assets – non-current portion	893,772,931
Lease liability on right-of-use assets – current portion	62,498,559
Total	**956,271,490**
Amounts recognised in the statement of profit or loss are as follows:	
	For the year ended 31 December 2019
Depreciation on right-of-use assets (Note 24)	63,321,278
Interest expense on lease liabilities (Note 25)	34,450,571
Total	**97,771,849**

7. GOODWILL

This represents goodwill recognised during 2016 as a result of a business combination through acquisition of two running fitness centers located in the cities of Dwadmi and Riyadh. The acquisition enabled the Company to save time required to construct new centers. The total consideration paid for the acquisition of these centers amounted to SAR 24.5 million, which resulted in goodwill of SAR 9.45 million.

Impairment test

The Company performed the impairment testing of goodwill as of 31 December 2019. The recoverable amount of the two acquired centers was calculated based on a value in use calculation using cash flow projections for next 9 and 16 years, approved by the Board of Directors. The recoverable amount exceeded the carrying amount of goodwill even at a stressed discount rate of 14%, hence the goodwill is not considered to be impaired at 31 December 2019.

Management determined forecast revenue growth based on past performance and its expectations of market development. The discount rate reflects management's estimate of the specific risks relating to the centers. The calculation of value in use is most sensitive to the assumptions on revenue growth rate and costs of revenue used to extrapolate cash flows as well as the factors used in computing Terminal Value. The growth rate used for terminal value computation is 2%.

Sensitivity to Changes in Assumptions

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the goodwill to materially exceed its recoverable amount.

8. PREPAYMENTS AND OTHER ASSETS

	2019	2018
Prepaid expenses:		
• Rent (Note 8.1)	--	45,533,731
• Government expenses	8,201,872	6,364,407
• Housing	3,728,184	4,173,211
• Others	7,583,443	5,073,876
• Current portion of long-term prepayment (Note 8.1)	--	1,200,000
	19,513,499	62,345,225
Advances to suppliers and contractors	24,612,764	51,527,462
Write off of Advances	(1,000,000)	--
	23,612,764	51,527,462
Consumables	15,218,897	14,564,979
Provision for obsolete consumables	(1,966,215)	--
	13,252,682	14,564,979
Other receivables	4,283,129	3,210,762
Impairment allowance for doubtful receivables	(1,231,618)	(1,231,618)
	3,051,511	1,979,144
	59,430,456	130,416,810

8.1 This has been adjusted against retained earnings as part of transition adjustments related to IFRS-16 (see note 3).

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of its shareholders having control or significant influence, unconsolidated subsidiary company and key management personnel. The transactions with related parties are carried out in ordinary course of business and are based on terms mutually agreed between the parties. In addition, the Company has also disclosed its transactions and balances with companies under common directorship.

During the period, the significant transactions with these related parties are as follows:

	2019	2018
Remuneration of directors and key management personnel	8,856,840	13,862,056
Lease rentals paid to a shareholder	3,400,000	3,400,000
Initial public offering cost recovered / recoverable from shareholders	--	8,136,185
Sales to a company where a shareholder has interest:		
• Al Sagri Holding	125,774	103,537

The above transactions resulted in the following balance due from related party that is included in trade receivables:

	31 December 2019	31 December 2018
• Al Sagri Holding	7,817	--

10. TRADE RECEIVABLES

	2019	2018
Subscriptions and membership receivables	21,157,467	16,904,420
Rentals receivables	9,863,314	7,144,280
Total	31,020,781	24,048,700
Allowance for impairment (Note 10.1)		
• Subscriptions and membership receivables	(727,201)	(212,488)
• Rentals receivables	(4,812,704)	(4,400,459)
	(5,539,905)	(4,612,947)
Total	25,480,876	19,435,753

10.1 Movement in allowance for impairment in trade receivables is as follows:

	2019			2018		
	Subscription and membership receivables	Rental receivables	Total	Subscription and membership receivables	Rental receivables	Total
Balance at beginning of the year	212,488	4,400,459	4,612,947	625,976	1,759,497	2,385,473
Charge / (reversal) for the year	514,713	412,245	926,958	(413,488)	2,640,962	2,227,474
Balance at end of the year	727,201	4,812,704	5,539,905	212,488	4,400,459	4,612,947

11. CASH AND BANK BALANCES

	2019	2018
Cash in hand	2,720,766	2,159,890
Cash at bank – current accounts	65,349,582	17,255,491
Total	68,070,348	19,415,381

12. SHARE CAPITAL

The share capital of the Company is SAR 523.8 million (31 December 2018: SAR 523.8 million) divided into 52.3 million (31 December 2018: 52.3 million) shares with a nominal value of SAR 10 each. Out of the total issued capital, 30% of the shares are traded on Saudi Stock Exchange with effect from 10 September 2018.

13. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the by-laws of the Company, the Company is required to set aside 10% of its net income to statutory reserve until such reserve equals to 30% of the share capital.

The statutory reserve is not available for distribution to the shareholders. However, the statutory reserve can be used for meeting the Company's losses or for increasing its capital.

14. LOANS AND BORROWINGS

The Company has credit facilities from local banks in the form of short-term and long-term loans, letters of credit and letters of guarantee.

The following amounts are outstanding in relation to these facilities:

	2019	2018
Non-current liabilities		
Non-current portion of long term loans	293,444,653	376,323,389
Current liabilities		
Current portion of long term loans	131,241,548	107,853,383
Total loans and borrowings	**424,686,201**	**484,176,772**

Terms and repayments schedule
The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Nominal interest rate	2019	2018
Bank loans - unsecured					
• Fixed commission rates	SAR	4.3% to 5.17%	2020 to 2023	171,037,629	241,736,572
• Variable commission rates	SAR	(SIBOR+1.5%) to (SIBOR + 2%)	2020 to 2026	253,648,572	242,440,200
Total				**424,686,201**	**484,176,772**

The outstanding balance of accrued financial costs as at 31 December 2019 is SAR 0.10 million (31 December 2018: SR 0.15 million) which is included in accrued expense. In addition, the Company has unutilised loan facilities from local banks amounting to SAR 125 million.

15. DEFINED BENEFIT OBLIGATION – EMPLOYEE BENEFITS

	2019	2018
Present value of the defined benefit obligation	33,013,250	27,426,552
Movement in the present value of the defined benefit obligation is as follows:		
Balance at beginning of the year	27,426,552	23,930,307
Benefits paid during the year	(3,992,011)	(12,386,904)
Current service costs and interest	7,938,812	13,683,714
Remeasurement of actuarial losses recognised in OCI	1,639,897	2,199,435
Balance at the end of year	33,013,250	27,426,552
Expense recognised in the statement of profit or loss		
Current service cost	6,802,490	6,723,682
Past service cost	76,258	6,312,637
Interest on obligation	1,060,064	647,395
	7,938,812	13,683,714

The amounts recognised in the statement of profit or loss have been allocated as follows:

	2019	2018
Costs of revenue (Note 21.1)	5,354,858	5,777,412
Advertising and marketing expenses (Note 22.2)	185,369	157,349
General and administrative expenses (Note 23.1)	2,398,585	7,748,953
	7,938,812	13,683,714
Key actuarial assumptions		
• Discount rate used	2.50%	4.20%
• Future growth in salary	2.00%	2.50%

Sensitivity analysis
Reasonable possible changes at the reporting date to one of the relevant actuarial assumption, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase	Decrease
2019		
Discount rate (1% movement)	(1,768,736)	1,982,879
Future salary increase (1% movement)	2,055,022	(1,865,153)
2018		
Discount rate (1% movement)	(1,439,344)	1,606,017
Future salary increase (1% movement)	1,692,282	(1,541,626)

Risks associated with defined benefit obligation
Salary increase risk:
The most common type of defined benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk:
The risk of actual withdrawals varying with the valuation assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

16. ACCOUNTS PAYABLE

	2019	2018
Accounts payable to:		
• Trade suppliers	12,644,650	29,009,922
• Contractors	16,368,111	7,544,361
	29,012,761	36,554,283

17. ACCRUED EXPENSES AND OTHER LIABILITIES

	2019	2018
Accrued expenses	40,219,863	33,930,177
Advances from customers	3,185,214	1,674,121
	43,405,077	35,604,298

18. DEFERRED REVENUE

	2019	2018
Deferred subscription income from:		
• Membership fee	284,855,055	227,987,612
• Personal training fee	14,582,277	11,525,253
	299,437,332	239,512,865
Deferred rental income	2,968,197	3,715,312
	302,405,529	243,228,177

The deferred revenue of amount SAR 302.40 million as at 31 December 2019 out of which SAR 298.54 million will be recognised as revenue for the year ended 31 December 2020.

19. PROVISION FOR ZAKAT

The principal elements of the Company's Zakat base for the years ended December 31 are as follow:

	2019	2018
Share capital	523,833,610	523,833,610
Retained earnings	141,919,268	154,405,707
Statutory reserve	56,021,218	35,429,133
Adjusted income for the year	226,524,862	134,512,654
Non-current assets	2,363,317,658	1,439,364,522

The movement in provision for Zakat is as follows:

	2019	2018
Balance at beginning of the year	3,382,592	4,487,682
Charge for the year	5,723,141	3,362,816
Reversal of prior year over provision	--	(1,403,735)
	5,723,141	1,959,081
Paid during the year	(3,374,799)	(3,064,171)
Balance at end of the year	**5,730,934**	**3,382,592**

Status of final zakat assessments

The Company has submitted Zakat returns for the years up to 2018. The Company has received Zakat certificates from the General Authority of Zakat and Income tax ("GAZT") for all the years up to 31 December 2018 and has received final assessments from GAZT for the years up to 2015.

20. REVENUE

	For the year ended 31 December	
	2019	2018
Revenue from contracts with customers		
• Subscriptions and membership income	845,262,604	730,469,425
• Personal training income	87,736,345	59,575,917
• Rental income	9,076,293	9,901,491
	942,075,242	799,946,833

Disaggregation of revenue from contract with customers

Revenue from contract with customers is further disaggregated based on male and female centers offerings and segmented by primary geographical regions in the table below:

	Subscriptions and membership income		Personal training income		Rental income	
	2019	2018	2019	2018	2019	2018
Type of customers Gender wise						
Male Centers	641,872,736	612,567,499	66,935,049	54,378,653	7,301,499	8,945,577
Female Centers	203,389,868	117,901,926	20,801,296	5,197,264	1,774,794	955,914
Total	**845,262,604**	**730,469,425**	**87,736,345**	**59,575,917**	**9,076,293**	**9,901,491**
Geographical markets						
Central Region	411,945,950	368,668,896	41,764,111	29,465,013	5,311,679	5,879,481
Western Region	281,556,887	221,559,981	27,521,817	16,599,878	3,224,765	3,472,645
Eastern Region	137,305,948	125,990,196	14,140,965	10,272,217	515,218	507,506
UAE	14,453,819	14,250,352	4,309,452	3,238,809	24,631	41,859
Total	**845,262,604**	**730,469,425**	**87,736,345**	**59,575,917**	**9,076,293**	**9,901,491**

In addition, the Company separately presents segment information in accordance with IFRS-8 (see note 29).

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	2019	2018
Trade receivables, gross (Note 10)	31,020,781	24,048,700
Deferred revenue (Note 18)	(302,405,529)	(243,228,177)
	(271,384,748)	(219,179,477)

Deferred revenue relates to advance consideration received from customers for memberships sold at centers, corporates, personal training and rental income which will be recognised in future periods based on performance obligation of the services to be rendered and simultaneous receiving of benefits by the customers.

21. COSTS OF REVENUE

	For the year ended 31 December	
	2019	2018
Salaries and related benefits (Note 21.1)	213,657,952	173,104,497
Depreciation		
• Property and equipment (Note 5.1)	132,848,172	105,667,481
• Right-of-use assets (Note 24)	62,691,455	--
Rent expenses (Note 21.2)	--	76,055,524
Water and electricity	70,472,394	61,429,079
Cleaning and services expenses	46,874,448	37,326,509
Governmental and recruiting expenses	15,623,780	8,079,084
Maintenance and repair	11,210,648	6,867,296
Consumables	10,630,070	11,482,873
Security and safety	6,350,073	3,922,619
Stationery	2,898,457	2,210,047
Others	9,515,277	8,467,569
	582,772,726	494,612,578

21.1 This includes defined benefits obligation – employee benefits amounting to SAR 5.35 million (31 December 2018: SAR 5.78 million).

21.2 Upon adoption of the new accounting standard on leases – IFRS 16, lease rentals expenses previously reported under IAS 17 are no longer required to be recognised as rent expense. Instead, depreciation on right-of-use asset and financial charges on lease liability are recognised.

22. ADVERTISING AND MARKETING EXPENSES

	For the year ended 31 December	
	2019	2018
Advertising and marketing	13,964,496	12,647,434
FC Barcelona license and commercial fees (Note 22.1)	--	4,102,033
Salaries and related benefits (Note 22.2)	5,380,797	4,660,388
	19,345,293	21,409,855

22.1 This represents contractual fees incurred in respect of commercial rights and licenses under regional partnership agreement with Football Club Barcelona. The contract was expired on 30 June 2018 and has not been renewed by the Company.

22.2 This includes defined benefits obligation - employee benefits amounting to SAR 0.18 million (31 December 2018: SAR 0.15 million).

23. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2019	2018
Salaries and related benefits (Note 23.1)	42,581,541	62,344,490
Water, electricity and telecommunication	7,469,592	8,294,052
Professional fees	4,772,426	2,793,586
Depreciation		
• Property and equipment (Note 5.1)	4,054,214	3,918,507
• Right-of-use assets (Note 24)	629,823	--
Governmental and recruiting expenses	4,181,579	5,222,205
Rent expenses (Note 23.2)	--	907,900
Property and equipment written off (Note 5.3)	8,177,947	4,787,196
Loss on disposal of property and equipment	87,485	--
Maintenance, repair and cleaning	1,399,955	655,825
Provision for obsolete consumables	1,966,215	--
Write off of Advances	1,000,000	--
Stationery	613,446	326,676
Others	3,086,043	2,459,771
	80,020,266	91,710,208

23.1. This includes defined benefits obligation – employee benefits amounting to SAR 2.4 million (31 December 2018: SAR 7.75 million).

23.2 Upon adoption of the new accounting standard on leases – IFRS 16, lease rentals expenses previously reported under IAS 17 are no longer required to be recognised as rent expense. Instead, depreciation on right-of-use assets and financial charges on lease liability are recognised.

24. EXPENSES BY NATURE

	For the year ended 31 December 2019				For the year ended 31 December 2018			
	Costs of revenue	Advertising and marketing expenses	General and administrative expenses	Total	Costs of revenue	Advertising and marketing expenses	General and administrative expenses	Total
Salaries and related benefits	213,657,952	5,380,797	42,581,541	261,620,290	173,104,497	4,660,388	62,344,490	240,109,375
Depreciation								
• Property and equipment (Note 5)	132,848,172	--	4,054,214	136,902,386	105,667,481	--	3,918,507	109,585,988
• Right-of-use of assets (Note 6)	62,691,455	--	629,823	63,321,278	--	--	--	--
Rent expenses	--	--	--	--	76,055,524	--	907,900	76,963,424
Water, electricity and telephone	70,472,394	--	7,469,592	77,941,986	61,429,079	--	8,294,052	69,723,131
Cleaning and services expenses	46,874,448	--	--	46,874,448	37,326,509	--	--	37,326,509
Maintenance and repair and cleaning	11,210,648	--	1,399,955	12,610,603	6,867,296	--	655,825	7,523,121
Consumables	10,630,070	--	--	10,630,070	11,482,873	--	--	11,482,873
Governmental and recruiting expenses	15,623,780	--	4,181,579	19,805,359	8,079,084	--	5,222,205	13,301,289
Security and safety	6,350,073	--	--	6,350,073	3,922,619	--	--	3,922,619
Stationery	2,898,457	--	613,446	3,511,903	2,210,047	--	326,676	2,536,723
Advertising and marketing	--	13,964,496	--	13,964,496	--	12,647,434	--	12,647,434
FCB Barcelona license and commercial fees	--	--	--	--	--	4,102,033	--	4,102,033
Professional fees	--	--	4,772,426	4,772,426	--	--	2,793,586	2,793,586
Provision for obsolete consumables (Note 8)	--	--	1,966,215	1,966,215	--	--	--	--
Write off of Advances (Note 8)	--	--	1,000,000	1,000,000	--	--	--	--
Property and equipment written off (Note 5)	--	--	8,177,947	8,177,947	--	--	4,787,196	4,787,196
Loss on disposal of property and equipment	--	--	87,485	87,485				
Others	9,515,277	--	3,086,043	12,601,320	8,467,569	--	2,459,771	10,927,340
	582,772,726	19,345,293	80,020,266	682,138,285	494,612,578	21,409,855	91,710,208	607,732,641

25. FINANCE COSTS

	For the year ended 31 December	
	2019	2018
Interest on loans and borrowings	17,949,953	17,763,832
Interest expense on lease liabilities (Note 6)	34,450,571	--
Bank charges	5,266,172	3,303,336
	57,666,696	21,067,168

26. EARNINGS PER SHARE- BASIC AND DILUTED

Earnings per share is calculated by dividing the net profit for the year ended 31 December 2019 and 31 December 2018, by the weighted average number of shares outstanding at the end of the respective year, which consisted of 52.38 million shares as at 31 December 2019 (31 December 2018: 52.38 million shares).

27. COMMITMENTS AND CONTINGENCIES

27.1 Contingencies

a. During 2017, the Company purchased land costing SR 24.31 million. During the year, previous owner of the land has filed a case against the Company on the basis that the land was sold without her consent. Ensuing to the case, the Company has submitted the original land deed and other related documents to the Ministry of Justice for verification and confirmation of the Company's ownership of the land. The Company's management and the legal advisor are of the view that the Company has valid grounds to prove the beneficial ownership of the land in the Company's name and the matter will be decided in the favor of the Company. Accordingly, no provision has been recorded in these financial statements for the year ended 31 December 2019.

b. The Company has issued letters of guarantees amounting to SAR 2.84 million (31 December 2018: SAR 3.17 million) against land lease.

27.2 Commitments

a. Operating leases

	For the year ended 31 December	
	2019	2018
Payments under short term operating leases recognised as an expense during the year	2,967,291	2,181,532

The amounts recognised in the statement of profit or loss for short term leases have been allocated as follows:

	For the year ended 31 December	
	2019	2018
Costs of revenue	2,857,727	2,074,628
General and administrative expenses	109,564	106,904
	2,967,291	2,181,532

Commitments for minimum lease payments under non-cancelable operating leases are as follows:

	2019	2018
Minimum lease payments – less than one year	2,967,291	96,732,138
Minimum lease payments – between one and five years	--	412,852,426
Minimum lease payments – more than five years	--	831,279,036

b. The Company has capital commitments for contracts for setting up fitness centers amounting to SAR 70.13 million (31 December 2018: SAR 121.7 million).

28. DIVIDEND

The Board of Directors, in their meetings held on 26 February 2019, 12 May 2019, 2 September 2019 and 01 December 2019, recommended the distribution of SAR 28.18 million as final dividend for the year ended 31 December 2018 and SAR 21.05 million, 26.45 million and 26.03 as interim dividend for the periods ended 31 March 2019, 30 June 2019 and 30 September, respectively.

The shareholders approved final dividend for the year ended 31 December 2018 in the Annual General Meeting held on 7 May 2019.

29. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the Executive Management and Board of Directors. The Company's activities consist solely of the provision of high quality health, fitness facilities and personal training services.

For management purposes, the Company is organised into business units based on their geographical distribution and has four reportable operating segments as follows:

- Headquarters and Central region
- Western region
- Eastern region
- International region UAE

Segment performance is evaluated based on profit or loss, which in certain respects, is also measured differently from profit or loss in the financial statements.

	Geographical segments				
As at and for year ended 31 December 2019	Headquarters & Central region	Western region	Eastern region	International region - UAE	Total
Revenue	459,021,740	312,303,469	151,962,131	18,787,902	942,075,242
Costs of revenue	(252,727,539)	(226,467,857)	(87,595,386)	(15,981,944)	(582,772,726)
Gross profit	206,294,201	85,835,612	64,366,745	2,805,958	359,302,516
Comprehensive income	152,814,754	36,917,388	44,400,561	274,645	234,407,348
Unallocated head office cost					(30,126,400)
Depreciation					
• Property and equipment	(56,263,195)	(56,417,282)	(20,678,648)	(3,543,261)	(136,902,386)
• Right-of-use assets	(25,628,586)	(24,893,817)	(10,677,233)	(2,121,642)	(63,321,278)
Total assets	1,116,410,016	997,893,980	307,199,064	94,796,278	2,516,299,338
Total liabilities	999,621,636	534,644,556	195,491,160	64,767,890	1,794,525,242

As at and for year ended 31 December 2018	Segment				
	Headquarters & Central region	Western region	Eastern region	International region - UAE	Total
Revenue	404,013,390	241,632,504	136,769,919	17,531,020	799,946,833
Costs of revenue	(224,429,671)	(173,329,795)	(80,238,114)	(16,614,998)	(494,612,578)
Gross profit	179,583,719	68,302,709	56,531,805	916,022	305,334,255
Comprehensive income / (loss)	126,784,581	31,355,338	38,344,795	(236,612)	196,248,102
Unallocated head office cost					(18,355,092)
Depreciation					
• Property and equipment	(47,248,431)	(40,964,244)	(17,868,150)	(3,505,163)	(109,585,988)
		--			
Total assets	724,761,649	614,475,860	217,223,712	52,171,245	1,608,632,466
Total liabilities	685,268,151	112,465,927	66,592,106	30,637,832	894,964,016

	Market segments					
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018	2019	2018
	Male fitness centers		Female fitness centers		Total	
Revenue	716,109,284	675,891,729	225,965,958	124,055,104	942,075,242	799,946,833
Costs of revenue	(450,310,621)	(432,384,635)	(132,462,105)	(62,227,943)	(582,772,726)	(494,612,578)
Gross profit	265,798,663	243,507,094	93,503,853	61,827,161	359,302,516	305,334,255
Comprehensive income	161,629,806	143,548,724	72,777,542	52,699,378	234,407,348	196,248,102
Unallocated head office cost	--	--	--	--	(30,126,400)	(18,355,092)
Depreciation						
• Property and equipment	102,320,798	96,537,139	34,581,588	13,048,849	136,902,386	109,585,988
• Right-of-use assets	48,795,372	--	14,525,906	--	63,321,278	--

30. DETERMINATION OF FAIR VALUES

Fair values of financial and non-financial assets and liabilities are determined for measurement and/ or disclosure purpose on the basis of accounting policies disclosed in the financial statements. At the reporting date, carrying value of the Company's financial and non-financial assets and liabilities reasonably approximate to their fair values.

31. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:

(i) Credit risk;
(ii) Liquidity risk; and
(iii) Market risk.

Risk management framework
The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organisational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board. The Company is exposed to credit, liquidity and market risks.

Risk management structure
A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors/ Audit Committee
The apex of risk governance is the centralised oversight of the Board of Directors and Audit Committee providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management
Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

(i) Credit risk
The Company manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from Company's receivables and balances with banks.

Management of credit risk
The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties.

Exposure to credit risk
The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 December 2019	31 December 2018
Financial assets – at amortised cost		
Other assets (note 8)	4,283,129	3,210,762
Trade receivables, gross (note 10)	31,020,781	24,048,700
Bank balances (note 11)	65,349,582	17,255,491
	100,653,492	44,514,953

Cash and cash equivalents
The Company held balances with banks of SAR 65,349,582 as at 31 December 2019, which represents their maximum exposure on these assets. These balances are held with banks having strong credit ratings. The Company has assessed expected credit losses on bank balances using the life-time approach and have determined that the balances are not impaired.

Trade receivables

The ageing of trade receivables that were not impaired at the reporting date is as follows:

	31 December 2019	31 December 2018
Neither past due nor impaired	19,239,526	15,322,658
Past due but not impaired:		
1 to 30 days	1,399,637	1,392,482
31 to 60 days	495,843	649,098
61 to 90 days	635,533	593,719
91 to 120 days	1,490,595	843,815
121 to 150 days	443,918	--
151 to 180 days	2,854	96,634
181 to 210 days	573,710	161,630
211 to 240 days	277,149	--
241 to 270 days	333,039	138,862
271 to 300 days	504,830	63,980
301 to 330 days	--	90,766
331 to 360 days	84,242	82,109
360 days plus	--	--
Total trade receivables	**25,480,876**	**19,435,753**

(i) Credit risk

Set out below is the detailed analysis of the credit risk exposure on the Company's trade receivables using a provision matrix as per IFRS 9:

	Trade receivables – subscription and membership														
31 December 2019	**Current**	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Days**	**151-180 Days**	**181-210 Days**	**211-240 Days**	**241-270 Days**	**271-300 Days**	**301-330 Days**	**331-360 Days**	**>360 Days**	**Total**
Gross carrying amount	17,545,867	857,132	282,973	319,177	957,531	--	2,993	319,177	182,066	137,112	469,838	--	64,211	19,390	21,157,467
Expected credit loss rate	0.0%	0.12%	0.29%	0.42%	0.69%	--	4.64%	17.26%	35.67%	65.57%	91.36%	--	91.36%	100%	
Expected credit loss	--	(1,013)	(811)	(1,345)	(6,632)	--	(139)	(55,103)	(64,945)	(89,905)	(429,252)	--	(58,666)	(19,390)	(727,201)
Net carrying amount	17,545,867	856,119	282,162	317,832	950,899	--	2,854	264,074	117,121	47,207	40,586	--	5,545	--	20,430,266
	Trade receivables – rental														
31 December 2019	**Current**	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Days**	**151-180 Days**	**181-210 Days**	**211-240 Days**	**241-270 Days**	**271-300 Days**	**301-330 Days**	**331-360 Days**	**>360 Days**	**Total**
Gross carrying amount	1,693,659	555,736	225,488	330,138	598,792	445,660	--	1,007,416	217,350	301,266	506,139	--	487,279	3,494,391	9,863,314
Less: specifically assessed and fully provided	--	(11,288)	(11,288)	(11,288)	(56,978)	--	--	(693,000)	(52,500)	--	--	--	(78,211)	(2,703,169)	(3,617,722)
Carrying amount assessed for provision matrix	1,693,659	544,448	214,200	318,850	541,814	445,660	--	314,416	164,850	301,266	506,139	--	409,068	791,222	6,245,592
Expected credit loss rate	0.00%	0.17%	0.24 %	0.36%	0.39%	0.39%	--	1.52%	2.93%	5.12%	8.28%	--	80.76%	100%	
Expected credit loss	--	(930)	(519)	(1,149)	(2,118)	(1,742)	--	(4,780)	(4,822)	(15,434)	(41,895)	--	(330,371)	(791,222)	(1,194,982)
Total allowance for impairment	--	(12,218)	(11,807)	(12,437)	(59,096)	(1,742)	--	(697,780)	(57,322)	(15,434)	(41,895)	--	(408,582)	(3,494,391)	(4,812,704)
Net carrying amount	1,693,659	543,518	213,681	317,701	539,696	443,918	--	309,636	160,028	285,832	464,244	--	78,697	--	5,050,610
Total trade receivables	**19,239,526**	**1,399,637**	**495,843**	**635,533**	**1,490,595**	**443,918**	**2,854**	**573,710**	**277,149**	**333,039**	**504,830**	**--**	**84,242**	**--**	**25,480,876**

Other current assets

The management believes that the Company is not significantly exposed to credit risk on its other current assets as the balance is not significant. The Company believes that unimpaired amounts that are past due by more than 30 days are still collectible in full based on historical behavior and extensive analysis of customer credit risk.

Geographical concentration of risk of financial assets with credit risk exposure

The Company is not exposed to significant credit risk based on its geographical concentration as the Company's operations are principally based in the Kingdom of Saudi Arabia and all financial assets carrying credit risk are concentrated within the Kingdom of Saudi Arabia except for immaterial balance with a bank in United Arab Emirates.

(ii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Company limits its liquidity risk by monitoring its funding requirements and ensuring that bank facilities are available.

As at 31 December 2019, current liabilities of the Company have exceeded its current assets by SAR 421.31 million. However, the current liabilities include SAR 302.40 million of deferred revenue representing subscription fee received in advance and SAR 3.18 million of advances from customers, which the Company does not expect and is not legally required to repay as at 31 December 2019. Further, the Company has total unutilized banking facilities of SAR 125 million as of 31 December 2019, which the management can avail in case of any shortfall. Also, operational funds which currently are partly utilised to finance certain capex requirements, optimising the cost of borrowings, can be directed towards meeting working capital requirements. Therefore, the Company is not exposed to any significant liquidity risk in the foreseeable future.

Analysis of financial liabilities by remaining contractual maturities
The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2019 based on contractual undiscounted gross cash flows. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date.

31 December 2019	Within 3 months	3 to 12 months	1 to 5 years (SAR)	No fixed maturity	Total
Loans and borrowings*	40,201,003	108,289,255	314,096,725	--	462,586,983
Accounts payable	29,012,761	--	--	--	29,012,761
Accrued expenses	40,219,863	--	--	--	40,219,863
	109,433,627	108,289,255	314,096,725	--	531,819,607

31 December 2018	Within 3 months	3 to 12 months	1 to 5 years (SAR)	No fixed maturity	Total
Loans and borrowings*	31,891,930	101,637,278	408,491,612	--	542,020,820
Accounts payable	36,554,283	--	--	--	36,554,283
Accrued expenses	33,930,177	--	--	--	33,930,177
	102,376,390	101,637,278	408,491,612	--	612,505,280

* The loans and borrowings include finance cost of SAR 37.9 million (31 December 2018: SAR 57.8 million).

(iii) Market risk
Market risk is the risk that the fair values or future cash flows of the financial instruments will fluctuate due to changes in market variables such as special commission rates and foreign exchange rates.

Interest rate risk

The interest rate profile of the Company's interest bearing financial instruments are as follows:

	2019	2018
Fixed rate instruments		
Financial liabilities	171,037,629	241,736,572
Variable rate instruments		
Financial liabilities	253,648,572	242,440,200

Cash flow sensitivity analysis for variable rate instruments
A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	100 bp increase	100 bp decrease
31 December 2019		
Variable rate instruments	(2,536,428)	2,536,428
31 December 2018		
Variable rate instruments	(3,666,207)	3,666,207

32. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to maintain creditor and market confidence and to sustain future development of the business. Management monitors the growth of business, asset quality risks and return on capital as well as the level of dividends to shareholders.

The Board of Directors seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising commission-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

33. CORRESPONDING FIGURES

Certain corresponding figures in these financial statements have been rearranged and reclassified, wherever necessary, for better presentation and disclosures. However, impact of these adjustments are not material to these financial statements.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been authorized for issue by the Board of Directors on 9th March 2020, corresponding to Rajab 14, 1441H.