MAHARAH FOR HUMAN RESOURCES COMPANY

(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Consolidated financial statements and independent auditor's report
For the year ended 31 December 2022

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RSM Allied Accountants Professional Services Co.
Riyadh - Olaya District - Al Oruba Street
1st Floor, Building No. 3193
P.O. Box 8335, Riyadh - 12333
Tel.: +966 11 416 9361
Fax: +966 11 416 9349
Kingdom of Saudi Arabia
www.rsmsaudi.com
C.R : 4030228773

شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية
الرياض – حي العليا - طريق العروبة
مبنى رقم ٣١٩٣ ، الطابق الأول
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣
هاتف: ٩٣٦١ ٤١٦ ١١ ٩٦٦+
فاكس: ٩٣٤٩ ٤١٦ ١١ ٩٦٦+
المملكة العربية السعودية
www.rsmsaudi.com
س.ت ٤٠٣٠٢٢٨٧٧٣

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Maharah for Human Resources Company** ("the Company") (and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as of December 31, 2022, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Chartered and Professional Accountants ("SOCPA")

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's) 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 Consolidated Financial Statements"* section of our report. We are independent of the Group 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 consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How the matter was addressed during our audit
Employees' defined benefits obligations	
The balance of the Employees' defined benefits obligations as at 31 December 2022 amounted to SR 83.8 million, representing 7% of the Group's total liabilities. The Employees' defined benefits obligations is determined using the projected unit credit method. The Group engaged an independent actuary to assist them in the computation of the employees' defined benefits obligations. Key assumptions applied in the actuarial valuation included discount rates, future salary increase, mortality rates, withdrawal rates and retirement age. We considered the determination and computation of the obligation in respect of Employees' defined benefits obligations as a key audit matter due to the high degree of estimation uncertainty involved in determining the liability.	The audit procedures in respect to the defined benefit obligation include the following: • Obtained an understanding of the management's valuation process, including key estimates and assumptions and the involvement of the independent actuary in computing the employees' defined benefits obligations. • Tested various input data which includes testing the completeness of the population, selecting samples to agree their salary details to human resources records and testing of IT application controls to assess the effectiveness of controls in calculating the defined benefit plan liabilities. • Assessed the competency, independence, and objectivity of the actuary. • Involved our specialist to assist us in evaluating the reasonableness of the key assumptions adopted in the valuation of the obligation in respect of the defined benefit plans, including the discount rate, future salary increases, mortality rates, withdrawal rates and retirement age; The evaluation of the reasonableness includes benchmarking of the key assumptions used against available market data; • Assessed the adequacy of the Group's disclosures made in the notes to the consolidated financial statements.
Refer to Note 5 of the consolidated financial statements regarding the accounting policy, and Note 3 regarding the disclosure of significant accounting estimates and judgments, and Note 24 regarding to the disclosures related to the employee defined benefits obligation.	

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Key audit matters (Continued)

Key audit matter	How the matter was addressed during our audit
Recognition of employee related costs	
The Group provides manpower services to its customers. Employee related costs for the year ended 31 December 2022 amounted to SR 1,395 million, representing 96% of the Group's total cost of revenue. We consider employee related costs as a key audit matter due to the significance of management's judgement in accounting for employee related costs including the capitalization of various employee related costs, significant number of employees of the Group and also substantial volume of transactions in capturing and recording the employee related costs. This may result in a material misstatement of employee costs as recorded in the Group's consolidated financial statements.	The audit procedures in respect to the employee costs include the following: • Obtained understanding of the management's process in capturing and recording employee costs; • Evaluated the design, implementation and operating effectiveness of key controls over recording of employee related costs which includes testing of various IT application controls; • Performed various analysis, including correlation and relationship analysis of employee costs, to test the reasonableness of the patterns in recording employee related costs; • Performed recalculation of amortization of employee related costs to test the reasonableness of the amounts recorded by the Group; and • Assessed the adequacy and appropriateness of the Group's disclosures.
Refer to note 5 to the consolidated financial statements for significant accounting policies relating to employee related costs and note 29 for employee related costs recorded under cost of revenue for related disclosures.	

Other Matter:
The Group's consolidated financial statements for the year ended 31 December 2021 were audited by another auditor, who expressed an unmodified opinion on those financial statement dated 12 Sha'ban 1443 H (corresponding to 15 March 2022).

Other information included in the Group's 2022 Annual Report
Management is responsible for other information. Other information includes the Group's 2022 annual report, but does not include the consolidated financial Statements and the auditor's report thereon, which is expected to be available to us after the date of the Independent Auditor's Report.

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

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

When we read the Group Board of directors' report for the year 2022 (when its available), 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 those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as endorsed in KSA and the provisions of the Companies' Law and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance; i.e. Board of Directors, are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Maharah for Human Resources Company
(A Saudi closed Joint Stock Company) (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA's) 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA's) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia
14 Shabban 1444H (Corresponding to March 6,2023)

شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية
س ت: ٤٠٣٠٢٢٨٧٧٣
C.R. 4030228773
RSM Allied Accountants Professional Services Co.

Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Consolidated Statement of Financial Position
As of 31 December 2022
(Saudi Riyal)

	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents	6	**83,573,675**	89,418,996
Murabaha time deposits	7	**-**	50,000,000
Accounts receivable	8	**243,976,861**	182,003,390
Contracts assets	9	**104,501,426**	69,002,663
Prepayments and other current assets	10	**219,240,988**	250,084,559
Available visas	11	**24,856,000**	28,752,000
Total current assets		**676,148,950**	669,261,608
Non-current assets			
Long-term receivables	8	**-**	4,161,608
Property and equipment	13	**125,535,761**	125,379,127
Right-of-use assets	17	**43,024,421**	26,772,276
Intangible assets	15	**7,872,996**	7,642,586
Investment properties	14	**37,799,578**	37,952,874
Financial assets at fair value through profit or loss ("FVTPL")	16	**25,099,306**	99,574,659
Financial assets at fair value through other comprehensive income ("FVOCI")	18	**13,985,656**	-
Investments in associates	19	**793,332,675**	14,065,841
Other non-current assets	10	**26,070,772**	51,375,741
Total non-current assets		**1,072,721,165**	366,924,712
Total assets		**1,748,870,115**	1,036,186,320
Liabilities			
Current liabilities			
Accounts payable, accruals and other current liabilities	20	**223,901,524**	175,655,310
Contracts liabilities	9	**134,013,235**	90,498,609
Retained deposits	21	**99,141,138**	93,361,120
Zakat payable	22	**15,745,030**	16,606,102
Total current liabilities		**472,800,927**	376,121,141
Non-current liabilities			
Long term loans	23	**562,607,710**	-
Employees' defined benefits obligation	24	**83,877,102**	75,140,482
Lease liabilities	17	**31,219,113**	13,972,841
Total non-current liabilities		**677,703,925**	89,113,323
Total liabilities		**1,150,504,852**	465,234,464
Equity			
Share capital	25	**375,000,000**	375,000,000
Statutory reserve	26	**97,416,675**	82,005,235
Other reserves	26	**(16,924,184)**	(11,357,161)
Retained earnings		**143,618,633**	126,790,673
Equity attributable to the Shareholders of the Parent Company		**599,111,124**	572,438,747
Non-controlling interests	1	**(745,861)**	(1,486,891)
Total equity		**598,365,263**	570,951,856
Total liabilities and equity		**1,748,870,115**	1,036,186,320

Chairman	Chief executive officer	Vice president of finance and investment	Executive director of finance

A. Helaly

The accompanying notes form an integral part of these accompanying consolidated financial statements

Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss
For the year ended 31 December 2022
(Saudi Riyal)

	Notes	2022	2021
Revenues	28	**1,683,594,673**	1,318,728,548
Cost of revenues	29	**(1,454,375,956)**	(1,098,830,452)
Gross profit		**229,218,717**	219,898,096
General and administration expenses	30	**(98,501,066)**	(65,293,284)
Selling and marketing expenses	31	**(14,142,876)**	(11,239,641)
(Losses) / reversal of expected credit losses	10,9,8	**(8,372,219)**	2,663,761
Operating profit		**108,202,556**	146,028,932
Finance costs	32	**(10,551,899)**	(1,211,623)
Other income	33	**9,023,990**	15,069,567
Share in results of associates	19	**56,529,630**	(1,940,937)
Net gain on financial assets at FVTPL	16	**3,160,719**	1,272,792
Profit before zakat		**166,364,996**	159,218,731
Zakat	22	**(14,739,039)**	(15,379,357)
Profit for the year		**151,625,957**	143,839,374
Profit for the year attributable to:			
Shareholders of the Parent Company		**154,114,400**	144,925,035
Non-controlling interests		**(2,488,443)**	(1,085,661)
		151,625,957	143,839,374
<u>Basic and diluted earnings per share:</u>			
Net profit for the year per share attributable to Shareholders of the Parent Company	34	**4.11**	3.86

Chairman

Chief executive officer

Vice president of finance and investment

Executive director of finance

A. Halaly

The accompanying notes form an integral part of these accompanying consolidated financial statements

Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022
(Saudi Riyal)

	Note	2022	2021
Profit for the year		151,625,957	143,839,374
Other comprehensive loss:			
Item that will not be reclassified to consolidated statement of profit or loss:			
Re-measurements of employees' defined benefits obligation	24	(4,843,415)	(1,911,000)
Share in other comprehensive income of associates	19	(745,649)	-
Total other comprehensive loss for the year		(5,589,064)	(1,911,000)
Total comprehensive income for the year		146,036,893	141,928,374
Total comprehensive income attributable to:			
Shareholders of the Parent Company		148,547,377	143,014,035
Non-controlling interests		(2,510,484)	(1,085,661)
		146,036,893	141,928,374

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Chairman	Chief executive officer	Vice president of finance and investment	Executive director of finance

A. Helaly

The accompanying notes form an integral part of these accompanying consolidated financial statements

Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022
(Saudi Riyal)

	Attributable to the shareholders of the Parent Company						
	Share capital	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
For the year ended 31 December 2021:							
Balance as at 1 January 2021	375,000,000	67,512,731	(9,446,161)	125,989,840	559,056,410	(3,526,949)	555,529,461
Profit for the year	-	-	-	144,925,035	144,925,035	(1,085,661)	143,839,374
Other comprehensive loss for the year	-	-	(1,911,000)	-	(1,911,000)	-	(1,911,000)
Total comprehensive income for the year	-	-	(1,911,000)	144,925,035	143,014,035	(1,085,661)	141,928,374
Acquisition of Subsidiary (Note 40)	-	-	-	10,993,302	10,993,302	-	10,993,302
Transfer to statutory reserves	-	14,492,504	-	(14,492,504)	-	-	-
Movement in non-controlling interest	-	-	-	-	-	3,125,719	3,125,719
Dividends (Note 27)	-	-	-	(140,625,000)	(140,625,000)	-	(140,625,000)
Balance as at 31 December 2021	375,000,000	82,005,235	(11,357,161)	126,790,673	572,438,747	(1,486,891)	570,951,856
For the year ended 31 December 2022:							
Balance as at 1 January 2022	**375,000,000**	**82,005,235**	**(11,357,161)**	**126,790,673**	**572,438,747**	**(1,486,891)**	**570,951,856**
Profit for the year	-	-	-	**154,114,400**	**154,114,400**	**(2,488,443)**	**151,625,957**
Other comprehensive loss for the year	-	-	**(5,567,023)**	-	**(5,567,023)**	**(22,041)**	**(5,589,064)**
Total comprehensive income for the year	-	-	**(5,567,023)**	**154,114,400**	**148,547,377**	**(2,510,484)**	**146,036,893**
Transfer to statutory reserves	-	**15,411,440**	-	**(15,411,440)**	-	-	-
Movement in non-controlling interests	-	-	-	-	-	**3,251,514**	**3,251,514**
Dividends (Note 27)	-	-	-	**(121,875,000)**	**(121,875,000)**	-	**(121,875,000)**
Balance as at 31 December 2022	**375,000,000**	**97,416,675**	**(16,924,184)**	**143,618,633**	**599,111,124**	**(745,861)**	**598,365,263**

Chairman	Chief executive officer	Vice president of finance and investment	Executive director of finance

A. Helaly

The accompanying notes form an integral part of these accompanying consolidated financial statements

Maharah for Human Resources Company
(A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows
For the year ended 31 December 2022
(Saudi Riyal)

	2022	2021
Operating activities		
Profit before zakat	166,364,996	159,218,731
Adjustments for non-cash items:		
Employees' defined benefits obligation charge	21,340,720	20,435,699
Losses (reversal) for expected credit losses	8,372,219	(2,663,761)
Depreciation and amortization	29,609,030	23,123,386
Share in results of associates	(56,529,630)	1,940,937
Net gain on financial assets at FVTPL	(3,160,719)	(1,272,792)
Finance costs	10,551,899	1,211,623
Earnings from Murabaha time deposits	(709,839)	(1,098,884)
Gain from sale of property and equipment	(33,017)	(10,690,411)
Reversal of accrued salaries no longer payable	(15,086)	(1,790,947)
Changes in working capital:		
Accounts receivable	(63,803,783)	30,607,433
Contracts assets	(35,446,049)	(9,145,712)
Prepayments and other current assets	53,983,351	(104,428,397)
Available visas	3,896,000	(242,000)
Retained deposits	5,780,018	2,755,585
Accounts payable, accruals and other current liabilities	43,992,515	(48,755,211)
Contracts liabilities	43,514,626	179,008
Cash generated from operations	227,707,251	59,384,287
Zakat paid	(15,600,111)	(15,249,978)
Employees' defined benefits obligation paid	(18,201,674)	(16,208,642)
Net cash generated from operating activities	193,905,466	27,925,667
Investing activities		
Purchase of shares in associates	(737,468,509)	-
Movements in Murabaha time deposits, net	50,709,839	211,098,884
Purchase of property and equipment	(13,736,860)	(11,670,750)
Purchase of financial assets at FVTPL	-	(98,571,697)
Proceeds from disposal of financial assets at FVTPL	77,636,072	33,698,587
Proceeds from sale of property and equipment	504,860	24,374,985
Additions to intangible assets	(2,300)	(769,786)
Additions to investments properties	(346,317)	-
Net cash (used in) generated from investing activities	(622,703,215)	158,160,223
Financing activities		
Proceed from long term loans	562,607,710	-
Dividends paid	(121,875,000)	(140,625,000)
Payment for finance costs	(5,925,739)	-
Payment of lease liabilities	(15,235,683)	(13,951,535)
Movement in non-controlling interest	3,381,140	-
Cash generated from (used in) financing activities	422,952,428	(154,576,535)
Net change in cash and cash equivalents	(5,845,321)	31,509,355
Cash and cash equivalents at beginning of the year	89,418,996	57,909,641
Cash and cash equivalents at end of the year	83,573,675	89,418,996
Non-cash transactions:		
Additions to Right-of-use assets and lease liabilities	35,861,668	8,178,387
Additions to financial assets through other comprehensive income	13,985,656	-
Net assets from acquisition of another entity	734,550	28,131,478

Chairman	Chief executive officer	Vice president of finance and investment	Executive director of finance

The accompanying notes form an integral part of these accompanying consolidated financial statements

1- Group information

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

The Company and its subsidiaries (collectively, with the Company referred to as the "Group") are engaged in providing recruitment services, financial services, logistics services and support for public and private sectors.
The following are the subsidiaries of the Company included in these condensed consolidated financial statements:

	Country of incorporation	Direct and indirect ownership (%)	
		2022	2021
Spectra Support Services Company ("Spectra")	KSA	-	90%
Established Growth Avenue Company ("GAC")	KSA	**100%**	100%
Musanid Cleaning Services Company ("Musanid")	UAE	-	85%
TPH Center for Domestic Workers ("TPH")	UAE	**96%**	-

Spectra

On 25 Dhu Al-Hijjah1442H (corresponding to August 4, 2021), the Group acquired 90% ownership of Spectra. Spectra is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010393045 and dated 1 Muharram 1435H (corresponding to November 4, 2013). Spectra is licensed in providing support services.

On 2 Jumada Althani 1443H (corresponding to January 5, 2022), the board of directors of the Group decided to transfer the Company's entire ownership percentage of 90% in Spectra to GAC, a wholly owned subsidiary.

GAC

On 14 Dhu Al-Qidah 1442H (corresponding to June 24, 2021), the Group established GAC with 100% ownership. GAC is a limited liability Company registered in Riyadh, KSA under commercial registration numbered 1010722193 and dated 14 Dhu al-Qadah 1442H (corresponding to June 24, 2021).,GAC is licensed to provide financial services.

Subsidiary owned by GAC

	Country of incorporation	Direct and indirect ownership (%)	
		2022	2021
Spectra Support Services Company ("Spectra") (*)	KSA	**90%**	-
Arabian Shifa Medical Company (**)	KSA	**85%**	-
NABD for Logistics Services ("NABD") (***)	KSA	**100%**	99.5%
Professional Development Training Company (****)	KSA	**100%**	99%
Estidama Operations Co. Ltd. (*****)	KSA	**100%**	-

(*) On January 5, 2022, the board of directors of the Group agreed to transfer the Ownership percentage by 90% in Spectra Support Services Company ("Spectra") to Established Growth Avenue Company ("GAC") (Affiliate company).

(**) On 10 Jumada Althani 1443H (corresponding to January 13, 2022), the Group acquired 85% ownership of Arabian Shifa Medical Company. Arabian Shifa Medical Company is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010928711 and dated 23 Rabi Alawal 1439H (corresponding to December 11, 2017). Arabian Shifa Medical Company is licensed in operations of hospitals, providing home medical care services, mobile clinics, pain relief centers, telemedicine centers (Note 18).

(***) NABD for Logistics Services ("NABD") is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010733797 and dated 4 Muharam 1443H (corresponding to 12 August 2022). NABD is licensed to provide logistics services.

(****) Professional Development Training Company is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010753744 and dated 26 Rabi Alawal 1443H (corresponding to 1 November 2022). Professional Development Training Company is licensed by the Technical and Vocational Training Corporation to provide special technical and vocational secondary education, including barbers, cooking, and hotel and restaurant staff.

(****) Estidama Operations Company Limited is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010849985 dated 2 Jumada Al-Thani 1444H (corresponding to December 26, 2022). Estidama Operations Co. Ltd. is licensed for residential and non-residential renovations, general construction of residential buildings, construction of prefabricated buildings on site, general construction of non-residential buildings such as schools, hospitals and hotels.

1- Group Information (Continued)

Musanid

On 25 Ramadan 1443H (corresponding to April 26, 2022), The Company and Mayar Al-Aseel General Trading Company (a limited liability company, registered by the Dubai Economic Department and holding commercial license No. 753589, issued on March 2, 2016) waived their entire shares in Musanid, where their shares amount to 85% and 15%, respectively, to the TPH Center For Domestic Workers ("TPH") as per of agreement to restructure the shares of TPH Center For Domestic Workers ("TPH") (Affiliate Company).

TPH

On 25 Ramadan 1443H (corresponding to April 26, 2022), the partners in the TPH Center for Domestic Workers reached an agreement to restructure the shares by acquiring Maharah Company for a direct share of 96% instead of an indirect share of 59.5% in TPH Company. TPH is a limited liability Company registered in the United Arab Emirates under commercial registration numbered 729497 and dated 25 Jumad Alawal 1436H (corresponding to 16 March 2015). TPH is licensed in providing building cleaning services and residential property core services.

Subsidiary owned by TPH

	Country of incorporation	Direct ownership (%) 2022	2021
The Perfect Help LLC ("TPHL") (*)	UAE	100%	100%
TPH Public Health Pest Control Services One Person Co. LLC ("TPHC") (**)	UAE	100%	100%
MPL Building maintenance LLC ("MPL") (***)	UAE	100%	100%
Yalla Fix It One Person Company LLC ("Yalla") (****)	UAE	100%	100%
Musanid (*****)	UAE	100%	-

(*) TPHL is a limited liability Company registered in United Arab Emirates under commercial registration numbered 729497 and dated 24 Jumada Alawwal 1436H (corresponding to 15 March 2015). TPHL is licensed in Workers Services.

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

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

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

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

1- Group Information (Continued)

The following are the subsidiaries that have non-controlling interests that are material to the reporting entity:

Name of Subsidiary	Country of incorporation	Proportion of ownership interests held by NCI		Proportion of voting rights by NCI	
		31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
Spectra	**KSA**	**10%**	10%	**10%**	10%
Musanid	**UAE**	**-**	15%	**-**	15%
TPH	**UAE**	**4%**	-	**4%**	-
Arabian Shifa Medical Company	**KSA**	**15%**	-	**15%**	-

Name of Subsidiary	Country of incorporation	Comprehensive income allocated to NCI		Accumulated NCI at the end of the reporting period	
		31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
Spectra	**KSA**	**(1,658,044)**	(217,408)	**1,250,266**	2,908,312
TPH	**UAE**	**(102,580)**	(868,253)	**(1,116,641)**	(4,395,203)
Arabian Shifa Medical Company	**KSA**	**(749,860)**	-	**(879,486)**	-
		(2,510,484)	(1,085,661)	**(745,861)**	(1,486,891)

2- Basis of preparation

2-1 Statement of compliance

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

2-2 Historical cost basis

These consolidated financial statements have been prepared on the basis of the historical cost principle, except when the International Financial Reporting Standards require the use of another measurement basis, as indicated in the accounting policies applied in Note No. (5) "Summary of significant accounting policies."

2- Basis of preparation (Continued)

2-3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company at the reporting date.

Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.
The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stakeholders' meetings.

The process of consolidation financial statements of a subsidiary begins when the group gains control over the subsidiary and stops when the group loses control of the subsidiary. In particular, the revenues and expenses of a subsidiary acquired, disposed of or sold during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date that the Group ceases to control the subsidiary.
A change in the ownership interest of a subsidiary, without a loss of control, is recorded in the statement of changes in equity.
Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
If the Company loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in profit or loss.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies.
All intergroup assets and liabilities, equity, revenues, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2-4 Business combinations and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the asset given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.
Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.
Goodwill is initially measured as the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of comprehensive income as a bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2- Basis of preparation (Continued)

2-4 Business combinations and goodwill (Continued)
Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2-5 Functional and presentation currency
The consolidated financial statements are presented in Saudi Riyals, which is the presentation and functional currency of the group, and they are rounded to the nearest Saudi Riyal unless otherwise indicated.

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

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

Long-term assumptions for employee benefits
Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations and are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates and employment turnover. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred
The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent in which the benefits will be paid and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

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

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

3- Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

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

Provision for expected credit losses of accounts receivable and contract assets
The Group uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note (8,9,10) for further information.

Annual impairment testing of goodwill
The Group's management tests whether goodwill has suffered any impairment at least on an annual basis. This requires an estimation of recoverable amounts of the CGU to which the goodwill is allocated. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value-in-use are disclosed and further explained in note (15) to the consolidated financial statements.

Measurement of the fair value of financial instruments
When fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Judgements in applying accounting standards
The following judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

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

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

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

3- Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Determination of control and significant influence (continued)
Management's judgement in assessing significant influence over investees:
Judgement is required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.
In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.
The Group is accounting for such investment in an associate under the equity method of accounting.

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

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

4- New Standards, Amendments to Standards and Interpretations:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022.

4-1 Amendments to IFRS 3, IAS 16, IAS 37 - IFRS 3

- Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

4-2 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities
These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendments to IAS 1, Practice statement 2 and IAS 8
The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction
These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences.

5- Summary of Significant Accounting Policies

The following is a summary of significant accounting policies applied by Group in preparing these consolidated financial statements:

Current / Non-current assets and liabilities Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.
An asset is classified as current when it is:
- expected to be realized or intended to sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the date of the consolidated statement of financial position; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months from the date of the consolidated statement of financial position.

All other assets are classified as non-current.
A liability is current when:
- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the date of the consolidated statement of financial position.; or
- That there is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the consolidated statement of financial position.

All other liabilities are classified as non-current liabilities.

Fair Value Measurement

The Group measures financial instruments, such as financial derivatives, at fair value at each consolidated statement of financial position date.
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 Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to
the fair value measurement as a whole:
- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Foreign currencies – Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate ruling at the date of the consolidated financial statements. All differences arising from settlement or transactions on monetary items are recorded on consolidated statement of comprehensive income.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated primarily at the exchange rate ruling at the dates of the transactions. Non-monetary items in a foreign currency that are measured at fair value are translated at the currency rate ruling at the date when their fair value was determined.

5- Summary of Significant Accounting Policies (Continued)

Foreign currencies – Transactions and balances (Continued)
Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gains and losses arising from a change in the fair value of that item. (That is, translation differences for items whose fair value gains and losses are recognized in the statement of other comprehensive income is recognized in other comprehensive income, and items whose fair value gains and losses are recognized in profit and losses are recognized in comprehensive income).

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

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

Accounts receivable
Accounts receivable represent the Group's right to the unconditional consideration amount (ie, the maturity of the consideration depends on the passage of time). See the accounting policy for financial assets.

Contracts assets and liabilities
When one of the contracts' party perform, the entity is required to display the contract in the consolidated statement of financial position as contract assets or contract liabilities based on the relationship between the entity's performance and the customer's payment. Contract assets represent the entity's right to compensation for services transferred by the entity to the customer. Contract liabilities represent the entity's obligation to transfer the services to the customer, for which the entity received compensation (or is due) from the customer.

Prepayment and other current assets
Prepayment and other current assets are recognized with the amounts paid to the service providers against services that will be received in the future, or amounts paid to external parties and will be refunded in the future.

Purchased, available, used visas and recruitment costs

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

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

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

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortized at the time of visa activation in the consolidated statement of income over two years in line with the employment contract period.

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

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

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

5- Summary of Significant Accounting Policies (Continued)

Property and equipment
Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the consolidated statement of income in the period they are incurred. Betterments that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.
Capital work in progress ("CWIP") account are assets in the course of construction or development. CWIP is transferred to the appropriate category in property and equipment (depending on the nature of the asset), once the asset is in a location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction/development cost and any other directly attributable to the construction or acquisition of an item of CWIP intended by management. Costs associated with testing the items of CWIP (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the testing period. Land and CWIP are not depreciated nor amortized.
Depreciation is calculated from the date the item of depreciable property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

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

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

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

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

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

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in consolidated statement of income in the period in which the expenditure is incurred.
The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income under general and administration expenses.
Amortization is calculated from the date the when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Item	Number of years
Tadbeer licenses	10
Customer relationship	2
Other intangible assets	4

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

5- Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

The Group applies the following annual depreciation rates to investment properties:

Item	Number of years
Buildings	40

The profits/(losses) of these investments are recognized when they are sold, and income from real property leases is recognized in the consolidated statement of profit or loss.

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

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

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

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

5- Summary of Significant Accounting Policies (Continued)

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

Investments in associates
An associate is one in which the Group owns a long-term investment of 20% to 50% of the voting capital and exerts significant influence over it.

Investments in associates are accounted for in accordance with the equity method, whereby the consolidated financial statements include an appropriate share of the results, reserves and retained earnings of the entities after purchase based on their most recent audited financial statements. In cases where the Group is no longer able to exercise practical control or significant influence on the financial and operational policies of the investee Group, such investments are charged at cost.

The equity method is discontinued if the value of the investment becomes zero as a result of ongoing losses in the subsidiary and associate (unless the Group is a guarantor of the obligations of the enterprises or is obligated to provide additional financial support to them). The application of the equity method is resumed if the enterprises subsequently achieve net profits equal to net losses during the period of cessation of the application of equity.

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

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

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

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

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid,
and that have terms approximating to the terms of the related obligation. Where there is no deep market for high-quality corporate bonds, the market rates on government bonds are used. At 31 December 2022, the discount rate was set according to yields observed on KSA government bonds.

The DBO also depends on the assumptions for future salary increases and the rate at which employees and workers are expected to leave. The Group has assumed salaries will increase at a rate of 10%pay for employees and 0% for workers and home workers, in order to provide stability to the OCI account. Employee withdrawal rates are very high but can change quickly from year to year. The Group therefore reconsiders this assumption from year to year as new experience develops.

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

5- Summary of Significant Accounting Policies (Continued)

Employees' defined benefits obligation (Continued)
Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the consolidated statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.The actuarial valuation process takes into consideration the provisions of the Saudi labour and workmen law as well as the Group's policy.

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

Leases
The determination of whether an agreement constitutes or contains a lease depends on the substance of the agreement at its inception date. The agreement represents or includes a lease if its fulfillment depends on the use of a specific asset or assets, or that the agreement grants the right to use a specific asset or assets even if this right is not expressly stated in the contract.

Group as a lessee
The lease is recognized as a right-of-use asset with its corresponding obligations on the date that the leased asset is ready for use by the Group. Each lease payment is allocated between the obligation and the financing cost.
The finance cost is recognized in the consolidated statement of comprehensive income over the lease term. Right-of-use assets are depreciated over the useful life of the asset and the lease term, whichever is shorter, and on a straight-line basis.
Right-of-use assets are initially measured at cost and consist of the following:
- The initial measurement amount of the lease obligation,
- Any lease payments made on or before the lease commencement date minus any lease incentives received,
- Any initial direct costs, and
- Recovery costs, when applicable.

Finance lease contracts
On the inception date of the lease, the Group records the lease obligations measured at the present value of the lease payments made over the term of the lease. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives receivable and variable rent payments based on an index or rate, and amounts expected to be paid under residual value guarantees.
The lease payments include the price to exercise the purchase option when there is reasonable certainty that the Group will exercise it and payments for penalties for canceling the lease if the terms of the lease provide for the Group to exercise the option to cancel. For variable lease payments that are not dependent on an index or rate, they are recorded as an expense in the period in which the payment is made.
Lease payments are discounted using the interest rate included in the lease or the Group's increased borrowing rate.

Short-term leases and impaired lease contracts
Short-term leases are contracts with a lease term of 12 months or less. Impaired assets are items that do not meet the Group's capitalization limits and are not material to the Group's consolidated statement of financial position as a whole. Payments for short-term lease contracts and lease contracts with low value assets are recognized on a straight-line basis in the consolidated statement of comprehensive income.

Financial assets
Initial recognition and measurement
Financial assets are classified on initial recognition as being subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.
All financial assets are recognized on initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

5- Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

Subsequent measurement
The measurement of financial assets depends on their classification, as described below:

Financial Assets at Amortized Cost
After initial measurement, those financial assets are measured at amortized value using the effective interest rate method and are subject to impairment. Gains or losses are recognized in the consolidated statement of comprehensive income when the asset is disposed of, or modifications are made, or impairment on value.
Financial assets at amortized cost in the Group consist of cash and cash equivalents, trade receivables and murabaha time deposits.

Financial assets at fair value through profit or loss ("FVTPL")
Financial assets held within a different business model other than "hold for collection" or "hold for collection and sale" and financial assets which contractual cash flows are not limited to principal payments and accrued interest are measured at fair value through profit or loss.
The fair value of financial assets in this category is determined by reference to active market transactions or by using a valuation technique when there is no active market.

Financial assets at fair value through other comprehensive income ("FVTOCI")
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial asset
Financial asset is derecognised only when:
- Contractual rights in the cash flows of a financial asset expire; or
- The Group has transferred its rights to receive cash flows from the asset or has committed to pay the cash flows in full without delay to a third party through a "transfer" agreement, and whether (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained a substantially all the risks and rewards of the asset, but it has transferred its right to control it.

If the Group has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses to what extent it retains the risks and rewards associated with the asset.
An asset is recognized to the extent that the Group's relationship with it continues if it has neither transferred nor retained all the risks and benefits associated with the asset nor transferred its right to control it.
In that case, the Group also recognize the liabilities related to that assets. The transferred asset related liabilities are measured on a basis that reflects the rights and obligations that the Group has recognized.
Continuing relationship that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount that the Group can be required to repay.

Impairment in the value of financial assets
The Group recognizes an allowance for expected credit losses for all debt instruments not carried at fair value through the consolidated statement of comprehensive income.
The provision for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, ECLs are recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses).
For trade debtors, the Group applies a simplified approach to the calculation of expected credit losses. Therefore, the Group has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified on initial recognition, as financial liabilities at fair value through profit or loss, or loans and payables, or as financial derivatives that are used as hedging instruments for covering risks.
All financial liabilities are initially recognized at fair value and in the case of loans, payables and account payables, net of directly attributable transaction costs.

5- Summary of Significant Accounting Policies (Continued)

Financial liabilities (Continued)

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and advances
After initial recognition, loans and advances are measured at amortized cost using the effective interest rate method. The gain or loss is recognized in the consolidated statement of comprehensive income when the obligations are derecognised, as well as through the process of amortizing the effective interest rate.

Derecognition of financial liabilities
Financial obligations are derecognised when the obligation is paid, canceled or the obligation under the contract expires.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated financial statements, when the Group has a legally enforceable right to offset the recognized amounts and the Group intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Zakat provision
Zakat provision is calculated in accordance with the regulations of the Zakat, tax and customs authority (ZATCA). The zakat provision is recorded at the end of the financial year within the items of consolidated statement of comprehensive income, and the differences resulting from the final assessment are recognized within the same item in the year in which the zakat assessment is approved.

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax, except:
- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

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

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

For management purpose, the Group is organised into three segments, based on supply of manpower, as described below:
- The Group supplies manpower to corporates forming part of the revenue from its corporate segment.
- Similarly, the Group supplies manpower to individuals based on their needs (i.e., nurses, maids etc.) which forms part of the revenue from individual segment.
- Facilities Management: The Group supplies manpower to companies to carry out cleaning and building maintenance work, which forms part of the revenues generated by the facilities management sector.

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

5- Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Contracts costs
Contracts costs are recognized as an expense unless the Group has a reasonable expectation to recover these costs from its customers and in cases where these costs are recoverable from the customers. The Group amortize these costs, if any, on a systematic basis, consistent with the transfer to the customer of the services. The Group recognizes contract costs if:
- The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify.
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The incremental costs of obtaining a contract with a customer is expected to recovered.
- Those costs would not have incurred if the contract had not been obtained or if an anticipated contract has not been identified by the Group.
- The costs that directly relates to a contract (or a specific anticipated contract) includes:
 a) direct labour;
 b) direct materials;
 c) allocation costs that directly relate to the contract or to contract activities;
 d) costs that are explicitly chargeable to the customer under the contract; and
 e) other costs that are incurred only because the entity entered into the contract.

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

Presentation and disclosure requirements
The Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note (28) for the disclosure on disaggregated revenue.

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

5- Summary of Significant Accounting Policies (Continued)

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

Foreign Currency Transfer
Foreign currency transactions are initially recorded at the prevailing rate of the functional currency on the date on which the transaction is eligible for recognition. Cash assets and liabilities outstanding in foreign currencies are retranslated into functional currency at the rate prevailing at the date of preparation of the consolidated financial statements. All differences arising from adjustments or transactions on cash items are recorded on the consolidated statement of comprehensive income.
Non-cash items measured at historical cost are translated in foreign currency primarily at the prevailing currency rate at the transaction date. Non-monetary items in foreign currencies measured at fair value are translated at the prevailing currency rate on the date their fair value is determined. Gains or losses resulting from the translation of non-cash items measured at fair value are treated in accordance with the recognition of gains and losses resulting from the change in the fair value of that item.) (That is, translation differences for items whose fair value gains and losses are recognized in the consolidated statement of comprehensive income are recognized in other comprehensive income, and items for which fair value gains and losses are recognized in profit and loss).

Contingent Liabilities
Contingent liabilities are disclosed when the Group has a potential liability as a result of past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the control of the Group; or the Group has a present legal or implied obligation arising from past events, but there is no likely outflow of resources that includes economic benefits to settle the obligation, or the amount of Adhere to sufficient reliability.

Subsequent events
Consolidated financial statements are affected by subsequent events that require an amendment to the consolidated financial statements while it is disclosed subsequent events that do not require an amendment of the consolidated financial statements.

6- Cash and Cash Equivalents

	(Saudi riyal)	
	2022	2021
Cash at banks	**59,321,528**	69,190,317
Short-term Murabaha deposits (*)	**20,729,369**	20,000,000
Cash in hand	**3,522,778**	228,679
Total	**83,573,675**	89,418,996

(*) Short-term Murabaha deposits represent deposits with local commercial banks with a maturity period of less than three months from the date of deposit. Variable commission rates on Murabaha time deposits as at 31 December 2022 and 31 December 2021 are based on the prevailing commercial market rates. Income from these deposits for the year ended 31 December 2022 amounted to SR 294,305 (note 33).

7- Murabaha time deposits

Murabaha time deposits represent deposits with local commercial banks having a maturity of more than three months from date of deposit and expected to be realized within one year from the reporting date. The variable commission rates on the murabaha time deposits as at 31 December 2022 and 31 December 2021 are based on prevailing commercial market rates. Income from these deposits for the year ended 31 December 2022 amounted to SR 415,534 (note 33). During 2022, whole of these deposits were fully liquidated by the Group.

8- Account receivables

	(Saudi riyal)	
	2022	2021
Trade receivables	**276,918,965**	259,968,910
Due from related parties (Note 12)	**2,706,958**	3,215,061
	279,625,923	263,183,971
Less: Expected credit losses	**(35,649,062)**	(77,018,973)
	243,976,861	186,164,998
Less: non-current portion		
Account receivables	-	13,994,804
Less: Expected credit losses	-	(9,833,196)
	-	(4,161,608)
Current portion	**243,976,861**	182,003,390

Trade receivables comprise of interest free net receivables due from customers. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

The movement on expected credit losses is as follows:

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**77,018,973**	70,770,668
Related to acquisition of subsidiary (note 40)	**72,564**	6,659,952
Charged / (reversal) for the year	**5,992,484**	(411,647)
Writes off	**(47,434,959)**	-
At the end of the year	**35,649,062**	77,018,973

The ageing of unimpaired accounts receivable was as follows:

	Total	**Current**	**< 90 days**	**90 – 180 days**	**180-360 days**	**> 360 days**
31 December 2022	**243,976,861**	**95,150,976**	**115,670,942**	**15,397,587**	**5,245,399**	**12,511,957**
31 December 2021	186,164,998	76,636,029	53,921,954	25,275,916	10,110,366	20,220,733

9- Contracts assets and liabilities

Contracts assets

Contracts assets primarily related to the Group's right to consideration for services delivered but not billed at the reporting date. Contracts assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. Contracts assets are billed in less than 90 days.

	(Saudi riyal)	
	2022	2021
Contracts assets	**104,506,419**	69,060,370
Less: Expected credit losses	**(4,993)**	(57,707)
Total	**104,501,426**	69,002,663

The movement on expected credit losses is as follows:

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**57,707**	2,309,821
Reversal for the year	**(52,714)**	(2,252,114)
At the end of the year	**4,993**	57,707

Contracts liabilities

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

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**90,498,609**	90,319,601
Additions	**642,657,752**	369,059,513
Utilization	**(599,143,126)**	(368,880,505)
At the end of the year	**134,013,235**	90,498,609

10-Prepayments and Other Current Assets

	(Saudi riyal)	
	2022	2021
Recruitment costs (*)	**71,245,798**	48,096,645
Residence fees and work permits	**68,031,751**	133,458,280
Used visas (*)	**22,874,043**	13,452,038
Prepaid insurance	**22,859,210**	18,677,832
Advances to suppliers (10-C)	**13,355,007**	15,391,050
Cash margin on letters of guarantee	**721,487**	6,350,391
Other prepayments	**20,153,692**	14,658,323
	219,240,988	250,084,559

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

	(Saudi riyal)	
	2022	2021
Recruitment costs (10-A)	**89,314,833**	90,705,382
Used visas (10-B)	**30,875,780**	22,219,042
	120,190,613	112,924,424
Less: Current portion of recruitment costs	**71,245,798**	48,096,645
Less: Current portion of used visas	**22,874,043**	13,452,038
Non-current portion of recruitment costs and used visas	**26,070,772**	51,375,741

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

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**90,705,382**	18,604,853
Additions during the year	**110,582,338**	127,537,399
Amortization during the year	**(111,972,887)**	(55,436,870)
At the end of the year	**89,314,833**	90,705,382

10-Prepayments and Other Current Assets (Continued)

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

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**22,219,042**	6,891,193
Transferred from available visas (note 11)	**35,858,000**	28,626,000
Amortization during the year	**(27,201,262)**	(13,298,151)
At the end of the year	**30,875,780**	22,219,042

10-C The following is an analysis of advance payments to suppliers:

	(Saudi riyal)	
	2022	2021
Advance to supplier	**15,787,456**	15,391,050
Less: expected credit losses	**(2,432,449)**	-
Total	**13,355,007**	15,391,050

The movement on expected credit losses is as follows:

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**-**	-
Charged for the year	**2,432,449**	-
At the end of the year	**2,432,449**	-

11-Available visas

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

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**28,752,000**	28,510,000
Purchased visas during the year	**31,962,000**	28,868,000
Transferred to used visas (note 10)	**(35,858,000)**	(28,626,000)
At the end of the year	**24,856,000**	28,752,000

12-Related party transactions and balances

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

			Transaction	
Related party name	**Nature of relationship**	**Nature of transaction**	**2022**	2021
Board of directors members	Board of directors	Remuneration	**2,930,000**	2,989,444
		Payments	**2,909,000**	2,987,500
KABI Technology Company for Information Technology (Previously Bloovo limited company)	Affiliate	Rent	**321,221**	1,999,752
		Collection	**-**	759,980
Mozn Systems for Communication and Information Technology	Affiliate	Manpower services	**782,081**	573,204
		Collection	**782,081**	815,069
Yellow Mix Foundation	Affiliate	Manpower services	**231,519**	29,288
		Collection	**219,701**	17,361
Arabian Shifa Medical Company	Affiliate/Subsidiary	Manpower services	**-**	1,230,547
		Collection	**-**	32,304
Care Shield Holding Company Limited	Associate	Manpower services	**1,585,980**	-
		Collection	**1,132,177**	-
Others	Affiliate	Manpower services	**798,702**	366,571
		Collection	**1,069,662**	251,614

12- Related party transactions and balances (Continued)

Due from related parties

	(Saudi riyal)	
	2022	2021
KABI Technology Company for Information Technology (Previously Bloovo limited company) (*)	**1,648,460**	1,327,239
Care Shield Holding Company Limited	**1,004,543**	-
Yellow Mix Foundation	**23,744**	11,927
Arabian Shifa Medical Company (**)	-	1,574,725
Others (***)	**30,211**	301,170
	2,706,958	3,215,061

Due to related parties

	(Saudi riyal)	
	2022	2021
Board of directors (****)	**2,950,999**	2,929,999
	2,950,999	2,929,999

(*) During 2022, the Group acquired a 19.87% share in KABI Technology with a capital of SAR 200 million through an in-kind transaction representing its entire share in Blovoo limited (Note 18).

(**) On 6 Ramadan 1442H (corresponding to 18 April 2021), Sarb Arabia Investment Holding Company (a subsidiary) transferred its entire owned stake in Shifa Arabia Medical Company and therefore, is no longer considered a related party to the Group. On 10 Jumada II 1443H (corresponding to 13 January 2022), the Company acquired 85% of the ownership of Arabian Shifa Medical Company (Note 40).

(***) Other parties include Abdulaziz Eida Muftah Alkithari foundation, Sajaya Healthcare Company, and Arabia Jazal company

(****) Amounts due to related parties are presented under "Trade payables, payables and other current liabilities" in the consolidated statement of financial position. (note 20)

The remuneration and benefits of the members of the Board of Directors and other senior management personnel is as follows:

	(Saudi riyal)	
	2022	2021
Salaries and other benefits	**12,115,005**	12,260,753
Defined benefit obligations	**1,541,106**	797,820
	13,656,111	13,058,573

13-Property and Equipment

	Lands	Buildings	Leasehold improvement	Furniture and fixtures	Office equipment	Vehicles	Work under process	Total
Cost								
As of 1 January 2021	63,187,014	66,815,908	20,600,488	7,786,952	22,951,543	26,591,072	16,284,573	224,217,550
Related to acquisition of subsidiary	-	-	978,833	1,538,911	4,950,329	4,960,286	-	12,428,359
Additions	-	2,723,987	207,417	322,458	3,965,262	908,730	3,542,896	11,670,750
Disposals	(11,940,000)	-	(296,987)	(509,417)	(874,200)	(2,354,132)	-	(15,974,736)
Transferred to investment properties (note 14)	(18,148,500)	-	-	-	-	-	(19,804,374)	(37,952,874)
Transfers from capital work in progress	-	-	-	23,095	-	-	(23,095)	-
As of 31 December 2021	**33,098,514**	**69,539,895**	**21,489,751**	**9,161,999**	**30,992,934**	**30,105,956**	-	**194,389,049**
Additions	-	**224,995**	**1,500,612**	**426,647**	**5,373,117**	**6,211,489**	-	**13,736,860**
Related to acquisition of subsidiary	-	-	**254,703**	**15,738**	**66,287**	-	-	**336,728**
Disposals	-	-	-	**(542,199)**	**(734,058)**	**(810,143)**	-	**(2,086,400)**
As of 31 December 2022	**33,098,514**	**69,764,890**	**23,245,066**	**9,062,185**	**35,698,280**	**35,507,302**	-	**206,376,237**
Accumulated depreciation								
As of 1 January 2021	-	5,669,636	11,301,663	3,348,797	13,153,397	17,712,799	-	51,186,292
Related to acquisition of subsidiary	-		531,236	710,776	1,970,332	3,651,884	-	6,864,228
Charge for the year	-	1,817,626	2,358,676	798,811	3,059,701	5,214,750	-	13,249,564
Relate to disposals	-	-	(196,445)	(284,644)	(39,946)	(1,769,127)	-	(2,290,162)
As of 31 December 2021	-	**7,487,262**	**13,995,130**	**4,573,740**	**18,143,484**	**24,810,306**	-	**69,009,922**
Related to acquisition of subsidiary	-	-	-	**567**	**13,556**	-	-	**14,123**
Charge for the year	-	**1,835,021**	**2,499,843**	**777,280**	**3,686,091**	**4,632,753**	-	**13,430,988**
Disposals	-	-	-	**(453,079)**	**(406,542)**	**(754,936)**	-	**(1,614,557)**
As of 31 December 2022	-	**9,322,283**	**16,494,973**	**4,898,508**	**21,436,589**	**28,688,123**	-	**80,840,476**
Net book value								
As of 31 December 2022	**33,098,514**	**60,442,607**	**6,750,093**	**4,163,677**	**14,261,691**	**6,819,179**	-	**125,535,761**
As of 31 December 2021	33,098,514	62,052,633	7,494,621	4,588,259	12,849,450	5,295,650	-	125,379,127

Depreciation charge for the year has been allocated as follows:

	(Saudi riyal)	
	2022	2021
Cost of revenues (note 29)	**8,326,341**	7,262,370
General and administration expenses (note 30)	**5,068,859**	5,954,654
Selling and marketing expenses (note 31)	**35,788**	32,540
Total	**13,430,988**	13,249,564

14- Investment Properties

	(Saudi riyal)			
Cost	**Land**	**Building**	**Work under process**	**Total**
As of 1 January 2021	-	-	-	-
Transfer from property and equipment (note 13)	18,148,500	-	19,804,374	37,952,874
As of 31 December 2021	18,148,500	-	19,804,374	37,952,874
Additions	-	**346,317**	-	**346,317**
Transfers	-	**19,804,374**	**(19,804,374)**	-
As of 31 December 2022	**18,148,500**	**20,150,691**	-	**38,299,191**
Accumulated depreciation				
As of 1 January 2021	-	-	-	-
As of 31 December 2021	-	-	-	-
Charged for the year (note 30)	-	**499,613**	-	**499,613**
As of 31 December 2022	-	**499,613**	-	**499,613**
Net book value				
As of 31 December 2022	**18,148,500**	**19,651,078**	-	**37,799,578**
As of 31 December 2021	18,148,500	-	19,804,374	37,952,874

The fair values of investment properties were determined by an independent external evaluator. Investment properties have been evaluated by "Middle East Real Estate Appraisal Company" under license number (1210001207). The evaluation firm is professionally recognized qualified and is having a up-to-date experience in the location and category of properties being evaluated. The fair value was set at SAR 37.8 million as at 31 December 2022 (31 December 2021: SAR 39.7 million). The above investment properties are measured at fair value using the income method, which is a valuation method that estimates the fair value of a property by calculating the present value of future cash flows that the entity or asset expects to achieve over a life time.

15- Intangible Assets

	(Saudi riyal)	
	2022	2021
Intangible assets - Goodwill	**5,269,787**	4,450,237
Intangible assets - Others	**2,603,209**	3,192,349
	7,872,996	7,642,586

Intangible asset- Goodwill	(Saudi riyal)	
	2022	2021
TPH Domestic Worker Services Center (*)	**3,001,536**	3,001,536
MBL Building Maintenance LLC (**)	**1,175,521**	1,175,521
Arabian Shifa Medical Company ("Shifa") (***)	**819,550**	-
TPH Public Health Pest Control Services - One Person Company (****)	**273,180**	273,180
	5,269,787	4,450,237

(*) Effective 1 January 2018, Musanid (a "Subsidiary"') acquired a 70% ownership of TPH. The total consideration amounted to SR 10.2 million. The acquisition was accounted for using the purchase method of accounting. Fair value of net assets acquired amounted to SR 7.2 million which resulted to a goodwill of SR 3 million. TPH is licensed in providing building cleaning services and residential property core services.

(**) On 1 January 2018, TPH acquired 100% shares of MPL for a total consideration of SR 1.5 million. Fair value of net assets acquired amounted to SR 305,074 which resulted to a goodwill of SR1.2 million. MPL is licensed in providing building maintenance services.

(***) On 10 Jumada II 1443H (corresponding to 13 January 2022), Growth Path Company, a subsidiary, completed the acquisition of 85% of the ownership of Arabian Shifa Medical Company ("Shifa") for SR 85,000. The acquisition was calculated using the accounting procurement method. The fair value of net assets acquired was SR 734,550 resulting in goodwill of SR 819,550 Arabian Shifa Medical Company is licensed to perform medical operations in hospitals, provide home medical care services, mobile medical clinics, pain relief centers, telecare centers and telemedicine (see Note 40).

(****) On 1 January 2018, TPH acquired 100% shares of TPHC for a total consideration amounting to SR 1.2 million. Fair value of net assets acquired amounted to SR 952,140 which resulted to a goodwill of SR 273,180. TPHC is licensed in providing building cleaning services and public health pests control services.

15-Intangible Assets (Continued)

Goodwill impairment test:

Goodwill is tested annually for impairment by management for the year ended 31 December 2022 and 2021, the management has determined that goodwill carrying amounts are less than their recoverable amounts. Recoverable amounts were determined on the basis of value-in-use calculations. These calculations use cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each company. In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for the business in which the companies operate.

Key assumptions for the value-in-use calculation are set out below

	(Saudi riyal)	
	31 December 2022	31 December 2021
Discount rate	**%19-%25**	%12.5-%13.5
Average annual growth rate for sale	**%7 – 10%**	%5
Terminal growth rate	**%2**	%2

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

Sensitivity to changes in assumptions

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

Intangible assets - Others

	(Saudi riyal)	
	2022	2021
Tadbeer licenses	**1,843,821**	2,211,075
Other intangible assets	**759,388**	981,274
	2,603,209	3,192,349

	(Saudi riyal)			
Cost:	Tadbeer licenses	Customer relation	Other intangible assets	Total
As of 1 January 2021	3,672,537	3,268,266	787,382	7,728,185
Related to acquisition of subsidiary (Note 40)	-	-	453,427	453,427
Additions	-	-	769,786	769,786
As of 31 December 2021	3,672,537	3,268,266	2,010,595	8,951,398
Additions	**-**	**-**	**2,300**	**2,300**
As of 31 December 2022	**3,672,537**	**3,268,266**	**2,012,895**	**8,953,698**
Accumulated Amortization:				
As of 1 January, 2021	1,094,208	3,268,266	711,577	5,074,051
Relate to acquisition of subsidiary (Note 40)	-	-	170,828	170,828
Amortized for the year (Note 30)	367,254	-	146,916	514,170
As of 31 December 2021	1,461,462	3,268,266	1,029,321	5,759,049
Amortized for the year (Note 30)	**367,254**	**-**	**224,186**	**591,440**
As of 31 December 2022	**1,828,716**	**3,268,266**	**1,253,507**	**6,350,489**
Net book value				
As of 31 December, 2022	**1,843,821**	**-**	**759,388**	**2,603,209**
As of 31 December, 2021	2,211,075	-	981,274	3,192,349

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

16-Financial assets at Fair Value Through Profit or Loss ("FVTPL")

Financial assets at FVTPL comprises of the following:

	(Saudi riyal)	
	2022	2021
Investment funds - Sukuk (i)	**25,099,306**	39,545,245
Liquidity fund investment (ii)	-	40,389,291
Quoted equity securities (iii)	-	19,640,123
Total	**25,099,306**	99,574,659

(i) These represent investments in certain Sukuks for long term periods, purchased for SR 25 million and SR 14 million from Rawabi Sukuk Series 4 and 7 and Allnma Bank Tier 1 Sukuk 2021, respectively. The Group considers its investments to be strategic in nature and the contractual cash flows are not limited to principal and interest only.

(ii) Investments include financial assets that are invested in various mutual funds, purchased for SAR 40 million. The Group considers its investments to be strategic in nature and the contractual cash flows are not limited to principal and interest only. The entire investment was sold during the year.

(iii) These represent investments in equity securities in various companies listed on the Saudi Stock Exchange (Tadawul). The entire investment was sold during the year.

	(Saudi riyal)	
Cost	**2022**	2021
At the beginning of the year	**98,571,697**	30,000,000
Additions	-	99,944,280
Disposals	**(74,512,553)**	(30,000,000)
Transfer	**940,856**	(1,372,583)
At the end of the year	**25,000,000**	98,571,697
Reassessment adjustments		
At the beginning of the year	**1,002,962**	3,428,757
Net income for the year	**3,160,719**	1,272,792
Disposals	**(4,064,375)**	(3,698,587)
At the end of the year	**99,306**	1,002,962
Net book value	**25,099,306**	99,574,659

17-Right of Use and Lease Liabilities

Right of use

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**57,168,236**	41,749,985
Related to the acquisition of subsidiary (note 40)	-	12,765,959
Additions	**35,861,668**	8,178,387
Disposals	**(5,276,776)**	(5,526,095)
At the end of the year	**87,753,128**	57,168,236
Accumulated depreciation		
At the beginning of the year	**30,395,960**	15,678,547
Related to the acquisition of subsidiary (note 40)	-	6,065,679
Charged for the year (note 29)	**15,086,989**	9,359,652
Disposals	**(754,242)**	(707,918)
At the end of the year	**44,728,707**	30,395,960
Net book value	**43,024,421**	26,772,276

17- Right of Use and Lease Liabilities (Continued)

Lease liabilities

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**24,350,964**	32,440,802
Additions	**35,861,668**	8,185,803
Disposals	**(3,863,981)**	(3,025,229)
Finance costs (note 32)	**1,132,673**	701,123
Paid	**(15,235,683)**	(13,951,535)
At the end of the year	**42,245,641**	24,350,964
Less: current portion (Note 20)	**(11,026,528)**	(10,378,123)
Non-Current portion	**31,219,113**	13,972,841

18-Financial Assets at Fair Value Through Other Comprehensive Income ("FVOCI")

During 2022, due to merge between Blovoo Limited and other entity, the Group has a new 19.78% stake in KABI Technology with a capital of SAR 200 million through an in-kind stake representing its entire share in Blovoo Limited. The Group has no "significant influence " either through ownership (less than 20%) or through other methods indicative of a "significant influence" of the Group on the financial and operational policies of in KABI Technology The purpose of this investment is to hold it for medium to long-term strategic purposes. As a result, the Group decided to opt for the fair value method through other comprehensive income, as short-term fluctuations in the fair value of these investments in net income would not be in line with the Group's strategy of holding investment for long-term purposes. The fair value of the investment as at 31 December 2022 was SAR 13,985,656 (note 19).

19-Investment in Associates

During the year, the Group invested in associate companies. Below is a description of these associate companies

		(Saudi riyal)	
	Percentage	**2022**	2021
Saudi Medical Systems Company	%40	**461,324,300**	-
Care Shield Holding Company limited	%41.36	**328,258,375**	-
Silias Trading & Marketing Company	%20	**3,750,000**	-
KABI Technical Information Technology Company (previously Blovoo Company Limited)	%40	-	14,065,841
		793,332,675	14,065,841

	(Saudi riyal)	
	2022	2021
At the beginning of the year	**14,065,841**	16,006,778
Additions	**737,468,509**	-
Share in results of associates	**56,529,630**	(1,940,937)
Share from other comprehensive losses	**(745,649)**	-
Transferred to financial assets at fair value through other comprehensive income (*)	**(13,985,656)**	-
At the end of the year	**793,332,675**	14,065,841

(*) During 2022, the Group disposed its entire stake in Blovoo Limited,

The tables below provide the summarized financial information of the statement of financial position of the significant associates:

	(Saudi riyal)	
As of 31 December ,2022	**Saudi Medical Systems Company**	**Care Shield Holding Company limited**
Total current assets	**292,942,671**	**261,382,755**
Total non-current assets	**15,050,956**	**259,261,719**
Total current liabilities	**(86,424,692)**	**(126,285,943)**
Total non-current liabilities	**(31,445,274)**	**(123,329,661)**
Net assets	**190,123,661**	**271,028,870**

19-Investment in Associates (Continued)
The tables below provide the summarized financial information of the statement of comprehensive income of significant associates.

	(Saudi riyal)	
For the year ended 31 December 2022	**Saudi Medical Systems Company**	**Care Shield Holding Company limited**
Revenues	**397,549,525**	**370,270,155**
Direct costs	**(299,236,766)**	**(283,290,764)**
Gross profit	**98,312,759**	**86,979,391**
General and administration expenses	**(6,394,328)**	**(29,048,987)**
(Losses) reversal of expected credit losses	**(419,111)**	**736,107**
Finance costs	**(1,895,370)**	**(4,608,623)**
Other revenues	**2,499,746**	**3,186,651**
Zakat	**(4,501,250)**	**(5,095,513)**
Profit for the year	**87,602,446**	**52,149,026**
The group share of results	**35,040,978**	**21,568,837**
Total other comprehensive losses for the year	**(788,023)**	**(1,040,716)**
Group's share from other comprehensive losses	**(315,209)**	**(430,440)**

20-Accounts payable, accruals and other current liabilities

	(Saudi riyal)	
	2022	2021
Accrued tickets and vacations	**96,785,567**	78,894,482
Accrued salaries and other employee costs	**37,557,991**	26,271,719
Account payables	**27,810,645**	31,905,807
Value Added Tax ("VAT")	**15,630,486**	12,173,707
Accrued bonus and incentives	**12,397,772**	6,892,007
Current portion of lease liabilities (note 17)	**11,026,528**	10,378,123
Amount due to related parties (note 12)	**2,950,999**	2,929,999
Provision for operational risk	**753,742**	434,347
Others	**18,987,794**	5,775,119
	223,901,524	175,655,310

21- Retained Deposits

	(Saudi riyal)	
	2022	2021
At the begging of the year	**93,361,120**	85,321,190
Related to acquisition of subsidiary (note 40)	**-**	5,284,345
Additions	**28,185,482**	24,809,533
Refunded during the year	**(22,405,464)**	(22,053,948)
At the end of the year	**99,141,138**	93,361,120

22-Zakat Payable
Zakat charge for the year consists of the following:

	(Saudi riyal)	
	2022	2021
Balance at the beginning of the year	**16,606,102**	16,476,723
Charge for the year	**14,739,039**	13,585,851
Adjustment for prior years	**-**	1,793,506
Paid during the year	**(15,600,111)**	(15,249,978)
Balance at the end of the year	**15,745,030**	16,606,102

The zakat provision is based on the following:

	(Saudi riyal)	
	2022	2021
Shareholders' equity, beginning balance	**572,438,747**	559,056,410
Profit before zakat	**166,364,996**	159,218,731
Opening provisions and adjustments	**245,775,057**	102,970,284
Non-current liabilities	**677,703,925**	89,113,323
Non-current assets	**(1,072,721,165)**	(366,924,712)
Zakat base	**589,561,560**	543,434,036

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

22-Zakat Payable (Continued)

Status of assessments

Parent Company
The Company has submitted its Zakat returns for all previous years until the year ended 31 December 2021. All Zakat assessments for the company conducted by the Zakat, Tax and Customs Authority ("Authority") have been approved, with the exception of Zakat assessments for the years 2018 and 2021 where these Zakat assessments are still under examination by the Authority.

Subsidiaries
Spectra has filed its Zakat returns for all previous years until the year ended 31 December 2021. The companies has been linked by the Zakat, Tax and Customs Authority for the years 2015 and 2016 only and there are no other Zakat assessments as at the date of preparing the financial statements.

Growth Path Company has submitted its Zakat declaration for the year ended December 31. 2021 No assessments have been made by ZATCA as at the date of preparing the financial statements

23- Long Term Loans
During 2022, the Group signed credit facility agreements with local banks for capital expenditure financing, business expansion, acquisitions and operating expenses financing. The use of the facility limit amounted to SR 562.6 million. The facility agreements include a grace period ranging from two to four years depending on the type of facility used by the Group, a profit margin plus SIBOR, and a repayment period of three to five years after the end of the grace period through a repayment schedule. The facilities used are as follows:

	(Saudi riyal)	
	2022	2021
Current portion	-	-
Non-Current portion	**562,607,710**	-
Total	**562,607,710**	-

The following is a statement in the movement of long-term loans for the year:

	(Saudi riyal)	
	2022	2021
At the begging of the year	-	-
Received during the year	**562,607,710**	-
At the end of the year	**562,607,710**	-

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

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

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

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

24- Employees' Defined Benefits Obligation

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

	(Saudi riyal)	
	2022	2021
Opening balance	**75,140,482**	63,689,749
Related to subsidiary acquisition (note 40)	**12,828**	4,802,176
Current service cost	**21,340,720**	20,435,699
Interest cost (note 32)	**741,331**	510,500
Recognized in the consolidated statement of profit of loss	**22,094,879**	25,748,375
Financial assumptions	**(3,293,000)**	(311,000)
Experienced adjustments	**8,136,415**	2,222,000
Recognized in the consolidated statement of other comprehensive income	**4,843,415**	1,911,000
Benefits paid during the year	**(18,201,674)**	(16,208,642)
Closing balance	**83,877,102**	75,140,482

Significant actuarial assumptions

The significant actuarial assumptions used in the DBO computation:

		(Saudi riyal)	
		2022	2021
Gross discount rate		**%4.5**	%1
Salary growth rate	Employee	**%10**	%4
	Worker	**%0**	%0
	Home worker	**%0**	%0
Withdrawal rate		**%40**	%40
% withdrawing before completion of contract	Employee	**%20**	%20
	Worker	**%40**	%40
Retirement age		**55-60**	55-60

Sensitivity analysis

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

			Impact on defined benefit obligation	
	Change in assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
31 December 2022				
Discount rate	**%0.25**	**83,877,102**	**75,853,000**	**76,645,000**
Salary growth rate	**%0.25**	**83,877,102**	**76,645,000**	**76,134,000**
Withdrawal rate	**%30 or %50**	**83,877,102**	**73,937,000**	**79,430,000**
31 December 2021				
Discount rate	0.25%	75,140,482	68,355,000	69,129,000
Salary growth rate	0.25%	75,140,482	69,129,000	68,662,000
Withdrawal rate	30% or 50%	75,140,482	66,150,000	73,638,000

Risks related to employee defined benefit obligations:

Risks of increasing salaries:
The most common type of retirement benefit is the one in which benefits are linked to final salaries. Risks arise when actual increases are higher than expected and therefore affect the obligation.
Withdrawal risks:
Actual withdrawal risks that vary with valuation assumptions can pose risks to benefit obligations. The movement in commitment can be launched in both directions.

The average duration of the DBO at the end of the reporting period is 2.3 years (31 December 2021: 2.3 years). The following are the expected undiscounted payments in future years:

	(Saudi riyal)	
	2022	2021
Within the next 12 months	**32,022,517**	27,155,000
Between 2 and 3 years	**51,854,585**	47,985,482
	83,877,102	75,140,482

25- Share Capital

Authorized and issued share capital is divided into 37.5 million shares (31 December 2021: 37.5 million shares) of SR 10 each.

26- Reserves

Statutory reserves

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

Other reserves

Movement in other reserves is shown below:

	(Saudi riyal)		
	Cumulative currency translation reserve	**Cumulative actuarial losses**	**Total**
At of 1 January 2021	(2,161)	(9,444,000)	(9,446,161)
Re-measurements of employees' defined benefits obligation (note 24)	-	(1,911,000)	(1,911,000)
At of 31 December 2021	(2,161)	(11,355,000)	(11,357,161)
Re-measurements of employees' defined benefits obligation (note 24)	-	**(4,821,374)**	**(4,821,374)**
Share in other comprehensive income of associates (note 19)	-	**(745,649)**	**(745,649)**
At of 31 December 2022	**(2,161)**	**(16,922,023)**	**(16,924,184)**

27- Dividends

For the year ended 31 December 2022

The Board of Directors of the Group, with its mandate, decided in its meeting held on 7 Shaaban 1443 (corresponding to 10 March 2022) to announce an interim dividend for the second half of 2021 in the amount of SR 75 million (SR 2 per share), which was paid on 26 Shaaban 1443 (corresponding to 29 March 2022). The Board of Directors presented this to the shareholders and approved it at the Annual General Assembly Meeting held on 29 Dhu al-Qi'dah 1443 H (corresponding to 28 June 2022).

The Board of Directors of the Group, with its mandate, decided at its meeting held on 2 Safar 1444 (corresponding to 29 August 2022) to announce an interim dividend for the first half of 2022 of SR 46.8 million (SR 1.25 per share), which was paid on 18 Safar 1444 (corresponding to 14 September 14 2022). The Board of Directors will present this to the shareholders and approve it at the next Annual General Meeting.

For the year ended December 31,2021.

The Board of Directors of the Group decided in its meeting held on 3 Shaaban 1442 (corresponding to 16 March 2021) to announce an interim dividend for the second half of 2020 in the amount of SR 75 million (SR 2 per share) which was paid on 23 Shaaban 1442 (corresponding to April 5, 2021). The Board of Directors presented this to the shareholders and approved it at the Annual General Assembly Meeting held on 5 Dhu Al-Qi'dah 1442H (corresponding to 15 June 2021)

In its meeting held on 8 Muharram 1443H (corresponding to 16 August 2021), the Board of Directors of the Group decided to announce an interim dividend for the first half of 2021 of SR 65.6 million which was paid on 25 Muharram 1443H (corresponding to 2 September 2021).

28- Revenues

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

Type of sector	(Saudi riyal)	
	2022	2021
Individuals	**497,785,852**	374,593,164
Industrial and operations	**319,623,683**	252,139,210
Retail	**202,345,795**	201,288,874
Hospitality	**209,711,370**	189,107,033
Healthcare	**177,903,335**	167,487,708
Facility management	**156,273,228**	63,708,860
Commercial	**84,473,003**	68,759,815
Esnad Sector	**30,753,122**	1,643,884
Others	**4,725,285**	-
	1,683,594,673	1,318,728,548

Type of customer	(Saudi riyal)	
	2022	2021
Corporate - private	**1,152,822,807**	931,297,811
Individuals	**497,785,852**	374,593,164
Corporate - governmental & semi-government	**32,986,014**	12,837,573
	1,683,594,673	1,318,728,548

Type of contracts	(Saudi riyal)	
	2022	2021
Corporate	**1,185,808,821**	944,135,384
Retail	**410,399,774**	300,220,499
Hourly "Khidma"	**87,386,078**	74,372,665
	1,683,594,673	1,318,728,548

	(Saudi riyal)	
Term of Contract	**2022**	2021
More than one year	**1,185,808,821**	944,135,384
One year and less	**497,785,852**	374,593,164
	1,683,594,673	1,318,728,548

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

29- Cost of Revenues

	(Saudi riyal)	
	2022	2021
Employees and workers costs	**915,224,476**	727,650,129
Resident fee and work permit	**227,254,666**	204,453,814
Recruitment and visa costs	**139,040,551**	66,878,255
Leave salaries and tickets	**61,504,833**	28,705,373
Other employee related costs	**52,212,850**	25,916,924
Depreciation (note 13, 17)	**23,413,330**	16,622,022
Others	**35,725,250**	28,603,935
	1,454,375,956	1,098,830,452

Direct employee costs for the fiscal year ended 31 December 2022 amounted to SR 1,395,237,376 (2021: SR 1,053,604,495).

30- General and Administration Expenses

	(Saudi riyal)	
	2022	2021
Employees costs	**62,975,023**	35,063,631
Professional fees	**12,373,945**	6,198,676
Depreciation (note 13, 14)	**5,568,472**	5,954,654
Public Benefits & Subscriptions	**4,100,313**	4,218,682
BOD remuneration (note 12)	**2,930,000**	2,989,444
Committees' remunerations	**2,074,008**	2,776,421
Repair and maintenance	**826,904**	607,408
Rent	**646,414**	1,585,668
Bank charges	**621,959**	386,501
Amortization (note 15)	**591,440**	514,170
Others	**5,792,588**	4,998,029
	98,501,066	65,293,284

31- Selling and Marketing Expenses

	(Saudi riyal)	
	2022	2021
Employees costs	**3,531,568**	1,116,365
Advertisement	**6,677,745**	4,773,589
Marketing commission	**3,331,818**	4,534,194
Depreciation (note 13)	**35,788**	32,540
Other	**565,957**	782,953
	14,142,876	11,239,641

32- Finance Costs

	(Saudi riyal)	
	2022	2021
Finance costs related to long term loans	**8,677,895**	-
Finance costs related to lease liabilities (note 17)	**1,132,673**	701,123
Finance costs related to employees defined benefit (note 24)	**741,331**	510,500
	10,551,899	1,211,623

33- Other Income

	(Saudi riyal)	
	2022	2021
Rental income	**2,464,017**	902,115
Earnings from Murabaha time deposits (note 6, 7)	**709,839**	1,098,884
Gain from sale of property and equipment	**33,017**	10,690,411
Reversal of accrued salaries,s no longer payable	**15,086**	1,790,947
Others	**5,802,031**	587,210
	9,023,990	15,069,567

34- EARNINGS PER SHARE

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

Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The authorized and issued share capital consists of 37.5 million shares.

	(Saudi riyal)	
	2022	2021
Profit for the year attributable to shareholders of Parent Company	**154,114,400**	144,925,035
weighted average number of shares	**37,500,000**	37,500,000
Basic and diluted earnings per share	**4.11**	3.86

35- Segment Information

An operating segment is a component of the Group:

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

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

The Group is organized into the following main business segments:

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

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

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

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

35- Segment Information (Continued)

(Saudi riyal)

31 December 2022	Corporate sector	Individual sector	Facility management	Other	Total	Eliminations	Total
Revenues	1,096,009,467	497,589,053	156,273,229	5,862,578	1,755,734,327	(72,139,654)	1,683,594,673
Cost of revenues	(930,170,480)	(419,001,604)	(158,811,629)	(18,531,897)	(1,526,515,610)	72,139,654	(1,454,375,956)
Gross profit	165,838,987	78,587,449	(2,538,400)	(12,669,319)	229,218,717	-	229,218,717
General and administrative expenses	(47,377,772)	(28,381,051)	(11,986,406)	(10,755,837)	(98,501,066)	-	(98,501,066)
Selling and marketing expenses	(7,905,022)	(6,037,000)	-	(200,854)	(14,142,876)	-	(14,142,876)
Expected credit losses	(7,803,500)	-	(568,719)	-	(8,372,219)	-	(8,372,219)
Operating profit	102,752,693	44,169,398	(15,093,525)	(23,626,010)	108,202,556	-	108,202,556

(Saudi riyal)

31 December 2021	Corporate sector	Individual sector	Facility management	Other	Total	Eliminations	Total
Revenues	909,730,068	374,593,164	63,708,861	-	1,348,032,093	(29,303,545)	1,318,728,548
Cost of revenues	(775,508,317)	(292,439,034)	(60,186,646)	-	(1,128,133,997)	29,303,545	(1,098,830,452)
Gross profit	134,221,751	82,154,130	3,522,215	-	219,898,096	-	219,898,096
General and administrative expenses	(37,577,185)	(22,444,609)	(5,271,490)	-	(65,293,284)	-	(65,293,284)
Selling and marketing expenses	(6,845,258)	(4,394,383)	-	-	(11,239,641)	-	(11,239,641)
Reversal of expected credit losses	3,606,333	(4,021,919)	3,079,347	-	2,663,761	-	2,663,761
Operating profit	93,405,641	51,293,219	1,330,072	-	146,028,932	-	146,028,932

Disclosure of information relating to the net book value of property and equipment, total assets and total liabilities relating to these sectors is not enforceable.

35- Segment Information (Continued)
The main markets for the Group's products are located in Saudi Arabia and the United Arab Emirates. The analysis of the Group's geographical sectors is as follows:

For the year ended 31 December 2022

	(Saudi riyal)		
	KSA	**UAE**	**Total**
Revenue	**1,635,150,392**	**48,444,281**	**1,683,594,673**
Cost of revenue	**(1,412,876,842)**	**(41,499,114)**	**(1,454,375,956)**
Gross profit	**222,273,550**	**6,945,167**	**229,218,717**
General and administration expenses	**(91,194,051)**	**(7,307,015)**	**(98,501,066)**
Selling and marketing expenses	**(11,341,142)**	**(2,801,734)**	**(14,142,876)**
Provision for expected credit losses	**(8,372,219)**	**-**	**(8,372,219)**
Operating income	**111,366,138**	**(3,163,582)**	**108,202,556**

For the year ended 31 December 2021

	(Saudi riyal)		
	KSA	UAE	Total
Revenue	1,279,916,894	38,811,654	1,318,728,548
Cost of revenue	(1,068,812,154)	(30,018,298)	(1,098,830,452)
Gross profit	211,104,740	8,793,356	219,898,096
General and administration expenses	(55,464,989)	(9,828,295)	(65,293,284)
Selling and marketing expenses	(9,157,981)	(2,081,660)	(11,239,641)
Reversal of expected credit losses	7,060,631	(4,396,870)	2,663,761
Operating income	153,542,401	(7,513,469)	146,028,932

The main markets for the Group's products are located in Saudi Arabia and the United Arab Emirates. The analysis of the Group's geographical sectors is as follows:

For the year ended 31 December 2022

	(Saudi riyal)		
	KSA	**UAE**	**Total**
Net book value for property and equipment's	**123,268,285**	**2,267,476**	**125,535,761**
Total assets	**1,711,984,897**	**36,885,218**	**1,748,870,115**
Total liabilities	**1,120,201,893**	**30,302,959**	**1,150,504,852**

For the year ended 31 December 2021

	(Saudi riyal)		
	KSA	UAE	Total
Net book value for property and equipment's	122,115,735	3,263,392	125,379,127
Total assets	1,023,501,600	12,684,720	1,036,186,320
Total liabilities	409,253,306	55,981,158	465,234,464

36- financial Instruments

Financial instruments by category

Financial instruments have been categorised as follows:

	(Saudi riyal)	
Financial assets	**2022**	2021
Cash and cash equivalents	**83,573,675**	89,418,996
Accounts receivable	**243,976,861**	186,164,998
Financial assets at fair value through profit and loss	**25,099,306**	99,574,659
Financial assets at fair value through other comprehensive income	**13,985,656**	-
Murabaha time deposits	**-**	50,000,000
Letter of guarantee cash margin	**721,487**	6,350,391
Total financial assets	**367,356,985**	431,509,044
Financial liabilities		
Retained deposits	**99,141,138**	93,361,120
Lease liabilities	**42,245,641**	24,350,964
Accounts payable, accruals and other current liabilities	**212,874,996**	165,277,187
Total financial liabilities	**354,261,775**	282,989,271

Fair value estimation of financial instruments

The following table present the Group's financial instruments measured at fair value

	(Saudi riyal)			
	Level 1	**Level 2**	**Level 3**	**Total**
As of 31 December 2022				
Financial assets at fair value through profit and loss	-	**25,099,306**	-	**25,099,306**
Financial assets at fair value through other comprehensive income	-	-	**13,985,656**	**13,985,656**
As of 31 December 2021				
Financial assets at fair value through profit and loss	**19,640,123**	**79,934,536**	-	**99,574,659**

Management believes that the fair value of all financial assets and liabilities are classified as amortized cost and at the reporting date approximate their fair value owing to their short-term tenure and the fact that these are readily liquid, except for equity investments at FVTPL. These are all classified within level 1 and level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current year nor the prior year.

37- Financial Risk and Capital Management

The Group has an exposure to the following risks from its use of the financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Commission rate risk
- Foreign Exchange Risk
- Price risk
- Operational risk

This note shows information about the group's exposure to each of the risks above, the goals of the group, policies, methods of measurement and risk management.

37- Financial Risk and Capital Management (Continued)

Financial risk management general framework
The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk
Credit risk is the risk of financial Profit to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's policy states that all customers who want to deal on a forward basis are subject to credit check. Financial instruments that are subject to concentration of credit risk consist mainly of customer receivables. The Group deposits bank balances with a number of financial institutions with a good credit rating and has a policy of setting limits on its balances deposited with each financial institution. As of 31 December 2022, the amount of SR 78.9 million of total trade receivables balances belongs to 5 main customers (31 December 2021: SR 53 million).

Accounts receivable
Customers are evaluated according to the Group's standards before entering into service contracts. The Group does not believe that there is a significant risk of inefficiency of these institutions and does not consider itself exposed to credit risk concentrations in relation to debtors due to the diversity of its customer base operating in various activities and located in multiple regions.

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

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

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

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

The maximum credit risk to which the Group is exposed is represented by the value of the financial assets listed in the consolidated statement of financial position as follows:

	(Saudi riyal)	
	2022	2021
Accounts receivables	**243,976,861**	186,164,998
Contracts assets	**104,501,426**	69,002,663
Cash with banks and short-term Murabaha deposits	**80,050,897**	89,190,317
Murabaha Time Deposits	**-**	50,000,000
	428,529,184	394,357,978

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 Group's terms of sale stipulate that the payment is made in cash when goods are delivered or on a forward-looking basis.

37-Financial Risk and Capital Management (Continued)

The contractual maturities of non-derivative financial liabilities are as follows:

	(Saudi riyal)			
As of 31 December 2022	**Book value**	**Contractual cash flow**	**Less than one year**	**More than a year**
Long term loans	**562,607,710**	**562,607,710**	**-**	**562,607,710**
Accounts payable, accruals and other current liabilities	**212,874,996**	**212,874,996**	**212,874,996**	**-**
Contracts liabilities	**134,013,235**	**134,013,235**	**134,013,235**	**-**
Lease liabilities	**42,245,641**	**42,245,641**	**11,026,528**	**31,219,113**
Total	**951,741,582**	**951,741,582**	**357,914,759**	**593,826,823**

The contractual maturities of non-derivative financial liabilities are as follows:

	(Saudi riyal)			
As of 31 December 2021	**Book value**	**Contractual cash flow**	**Less than one year**	**More than a year**
Accounts payable, accruals and other current liabilities	165,277,187	165,277,187	165,277,187	-
Contracts liabilities	90,498,609	90,498,609	90,498,609	-
Lease liabilities	24,350,964	24,350,964	10,378,123	13,972,841
Total	280,126,760	280,126,760	266,153,919	13,972,841

Market risk
Market risk is the risk of Change in the value of financial instruments as a result of changes in market prices. Market risk includes three types of risk: commission price risk, foreign exchange risk and other price risk such as stock price risk and products price risk.

Commission rate risk
Commission price risk represents the risk caused by the fluctuation of the value of financial instruments due to changes in the prevailing commission rates in the market. The Company is subject to the risk of commission rates on borrowing within the Company.

Foreign Exchange Risk
Foreign exchange risk represents the risk resulting from the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. Management monitors fluctuations in foreign exchange rates and believes that the company is not exposed to significant currency risks.

Price risk
Price risk is the risk of volatility in the value of a financial instrument as a result of changes in market prices, whether these changes are caused by factors specific to the financial instrument or its issuer or by factors that affect all financial instruments traded in the market. The Company is not exposed to substantial price risk.

Operational Risk
Operational risks represent the difficulties faced by the Group in providing the necessary manpower or not completing the contract as a result of refusal to work, lack of proficiency in the profession, absconding, death or change in the relevant laws and regulations. The Group manages operational risks by monitoring these cases on a regular basis in order to avoid or minimize the effects of these cases. The group also provides a dedicated set aside to address these situations as they occur. During the year, the Group was able to calculate net exposure/impact when taking into the consideration the accounts of prepaid expenses and balances payable for inactive employees. The provision for operational risk at the end of the fiscal year was SR 753K (31 December 2021: SR 435K) (note 20).

38- Capital Management

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

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

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

39- Contingent Liabilities and Capital Commitments

The Group's banks on its behalf issued guarantees of SAR 58 million (31 December 2020: SAR 6.4 million) on contract execution during the normal business cycle.

40- Business Combination

For the year ended 31 December 2022

- **Arabian Shifa Medical Company ("Shifa")**

On 10 Jumada II 1443H (corresponding to 13 January 2022), Masar Al-Namu (a subsidiary) completed the procedures related to the acquisition of an 85% ownership stake in Shifa Arabia Medical Company ("Shifa") for a compensation of 85,000 Saudi Riyals. The following is the statement of the carrying valueof net assets as at the date of acquisition.

	Total Saudi riyal
Assets	
Cash and cash equivalents	**334,615**
Accounts receivable	**85,564**
Prepayments and other current assets	**257,112**
Property and equipment	**322,605**
Total assets (A)	**999,896**
Liabilities	
Accounts payable, accruals and others	**1,851,244**
Employees' end-of-service benefits	**12,828**
Total liabilities (B)	**1,864,072**
Net liabilities of Shifa (A - B)	**(864,176)**
Less: Proportionate share of non-controlling interest 15%	**129,626**
Net liabilities acquired by the company	**(734,550)**
Purchase consideration	**(85,000)**
Goodwill resulted from acquisition (note 15)	**(819,550)**

- **Spectra Support Services Company ("spectra")**

On January 5, 2022, the Company's Board of Directors approved the transfer of a 90% ownership stake in Atyaf to Growth Path Company (a subsidiary).

40- Business Combination

For the year ended 31 December 2022

-Spectra
On 25 Dhu al-Hijjah 1442H (corresponding to 4 August 2021), the Company terminated the procedures related to the acquisition of a 90% ownership stake in Atyaf Support Services Company (Atyaf), a related party. The book value of Atyaf Company's net assets was SAR 31.3 million, the net assets acquired by the Group were SAR 28.1 million, and the purchase consideration was SAR 17.2 million, resulting in a difference that was recognized within the retained profit of SAR 10.9.

	Total Saudi riyal
Assets	
Cash and cash equivalents	6,451,565
Accounts receivable	31,264,725
Prepayments and other current assets	14,682,375
Property and equipment	5,564,134
Right-of-use assets	6,700,280
Intangible assets	282,599
Total assets (A)	64,945,678
Liabilities	
Accounts payable, accruals and others	18,200,484
Retained deposits	5,284,345
Employees' end-of-service benefits	4,802,176
Lease liabilities – noncurrent	5,401,476
Total liabilities (B)	33,688,481
Net asset of Spectra (A - B)	31,257,197
Less: Proportionate share of non-controlling interest	3,125,719
Net asset acquired by the Company	28,131,478
Purchase consideration	(17,138,176)
Difference consideration recognized in retained earnings	10,993,302

41- Group's Operations

Following are Groups branches details as at 31 December 2022:

Name	Commercial Registration Number	Commercial Registration Date
Al Yasameen	1010465207	2 Safar 1438H
Al Moroj	1010436553	28 Shawwal 1436H
Al Taawon	1010427484	9 Muhurram 1435H
Ar Rass	1132010275	7 Dhul-Qadah 1435H
Al Rawdah	1010465209	2 Safar 1438H
Head office (Olaya)	1010364538	07 Rabi Thani 1434H
Esnad	1010709299	22 Ramadan 1442 H
Al Kharj	1011139356	25 Rabi Awal 1440H
Suwaidi	1010427485	9 Muhurram 1435H
Medina	4650074415	7 Dhul-Qadah 1435H
Buraydah 1	1131056729	29 Jumad Awal 1437H
Ha'il	3350043316	27 Rabi Thani 1436H
Khurais	1010436554	28 Shawwal 1436H
Unaizah	1128019121	15 Rabi Awal 1436H
Jeddah - Naeem	4030278496	9 Muhurram 1435H
Jeddah – Al Marwa	4030296922	20 Muhurram 1439H
Jeddah-Al Nozha	4030379270	16 Rajab 1441H
Jeedah- Al Faihaa	4030379272	16 Rajab 1441H
Dammam	2050111011	29 Safar 1438H
Taif	4032241081	1 Rajab 1441H
Abha	5850071792	23 Rabi Thani 1439H
Al Qassim Buradah 2	1131291194	3 Jumad Thani 1439H

42- Events Subsequent to The Reporting Date

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

43- Approval of The Consolidated Financial Statements

The consolidated financial statements approved by Groups' board of directors on 14 Shaaban 1444H (corresponding to 6 March 2023).