

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2020

<b>Index</b>	<b>Page</b>
Independent auditor's review report	<b>1</b>
Interim condensed consolidated statement of financial position	<b>2</b>
Interim condensed consolidated statement of income	<b>3</b>
Interim condensed consolidated statement of comprehensive income	<b>4</b>
Interim condensed consolidated statement of changes in equity	<b>5</b>
Interim condensed consolidated statement of cash flows	<b>6</b>
Notes to the interim condensed consolidated financial statements	<b>7-16</b>

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Maharah for Human Resources Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (together with the Company, referred to as the "Group") as at 30 June 2020, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2020, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

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

**Conclusion**

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

for Ernst & Young



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Certified Public Accountant  
License No. 354

Riyadh: 21 Dhul-Hijjah 1441H  
(11 August 2020)



**Maharah for Human Resources Company and its Subsidiaries**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of financial position**  
**As at 30 June 2020**

	Note	30 June 2020 SR	31 December 2019 SR
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		185,119,219	188,704,375
Murabaha time deposits		200,000,000	110,000,000
Accounts receivable	4	211,090,786	230,639,631
Contract assets	4	54,685,617	31,012,672
Available visas		25,252,000	29,558,000
Prepayments and other current assets		147,146,366	219,830,250
<b>Total current assets</b>		<b>823,293,988</b>	<b>809,744,928</b>
<b>Non-current assets</b>			
Property and equipment		175,036,192	178,723,769
Right-of-use assets		33,486,604	36,262,288
Intangible assets		6,903,343	7,635,205
Equity investments at fair value through profit or loss ("FVTPL")		33,220,382	32,885,619
Investment in an associate		15,656,709	16,330,373
Other non-current assets		9,679,276	21,528,002
<b>Total non-current assets</b>		<b>273,982,506</b>	<b>293,365,256</b>
<b>Total assets</b>		<b>1,097,276,494</b>	<b>1,103,110,184</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable, accruals and others		218,202,285	195,412,747
Contract liabilities		100,525,920	97,440,652
Retained deposits		96,548,550	119,079,009
Zakat payable	6	26,960,661	26,670,770
<b>Total current liabilities</b>		<b>442,237,416</b>	<b>438,603,178</b>
<b>Non-current liabilities</b>			
Lease liabilities – non-current		25,797,446	27,976,379
Employees' end-of-service benefits		58,097,639	51,077,674
<b>Total non-current liabilities</b>		<b>83,895,085</b>	<b>79,054,053</b>
<b>Total liabilities</b>		<b>526,132,501</b>	<b>517,657,231</b>
<b>Equity</b>			
Share capital	7	375,000,000	375,000,000
Statutory reserve		49,780,945	49,780,945
Other reserves		(7,895,161)	(4,994,161)
Retained earnings		157,454,499	170,778,768
<b>Equity attributable to the Shareholders of the Parent Company</b>		<b>574,340,283</b>	<b>590,565,552</b>
Non-controlling interests		(3,196,290)	(5,112,599)
<b>Total equity</b>		<b>571,143,993</b>	<b>585,452,953</b>
<b>Total liabilities and equity</b>		<b>1,097,276,494</b>	<b>1,103,110,184</b>

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

**Maharah for Human Resources Company and its Subsidiaries**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of income**  
**For the three-month and six-month periods ended 30 June 2020**

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2020 SR	2019 SR	2020 SR	2019 SR
Revenue		<b>352,487,587</b>	367,223,255	<b>742,243,090</b>	740,099,803
Cost of revenue		<b>(278,080,863)</b>	(280,292,175)	<b>(588,578,529)</b>	(573,399,930)
<b>Gross profit</b>		<b>74,406,724</b>	86,931,080	<b>153,664,561</b>	166,699,873
General and administration expenses		<b>(15,399,620)</b>	(15,010,366)	<b>(30,689,242)</b>	(31,089,324)
Marketing expenses		<b>(2,812,803)</b>	(1,149,412)	<b>(5,192,227)</b>	(3,987,550)
(Provision) reversal of provision for doubtful debts	4	<b>(1,747,520)</b>	1,728,116	<b>(3,573,221)</b>	(4,541,611)
<b>Income from main operations</b>		<b>54,446,781</b>	72,499,418	<b>114,209,871</b>	127,081,388
Other income		<b>962,837</b>	3,489,729	<b>2,464,062</b>	6,888,135
Share in net loss of an associate		<b>(383,137)</b>	(452,511)	<b>(673,663)</b>	(839,497)
Net gain on equity investments at FVTPL		<b>148,990</b>	231,745	<b>334,762</b>	462,516
<b>Income before zakat</b>		<b>55,175,471</b>	75,768,381	<b>116,335,032</b>	133,592,542
Zakat	6	<b>(3,092,711)</b>	(4,850,088)	<b>(7,742,992)</b>	(8,819,343)
<b>Net income for the period</b>		<b>52,082,760</b>	70,918,293	<b>108,592,040</b>	124,773,199
<b>Net income (loss) for the period attributable to:</b>					
Shareholders of the Parent Company		<b>49,421,781</b>	71,990,724	<b>106,675,731</b>	126,005,936
Non-controlling interests		<b>2,660,979</b>	(1,072,431)	<b>1,916,309</b>	(1,232,737)
		<b>52,082,760</b>	70,918,293	<b>108,592,040</b>	124,773,199
<b>Basic and diluted earnings per share:</b>	9				
Income from main operations per share attributable to Shareholders of the Parent Company		<b>1.45</b>	1.93	<b>3.05</b>	3.39
Net income per share attributable to Shareholders of the Parent Company		<b>1.32</b>	1.92	<b>2.84</b>	3.36

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

**Maharah for Human Resources Company and its Subsidiaries**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of comprehensive income**  
**For the three-month and six-month periods ended 30 June 2020**

	<b>For the three-month period ended 30 June</b>		<b>For the six-month period ended 30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>SR</b>	SR	<b>SR</b>	SR
Net income for the period	<b>52,082,760</b>	70,918,293	<b>108,592,040</b>	124,773,199
<b>Other comprehensive loss:</b>				
<i>Item that will not be reclassified to consolidated statement of income:</i>				
Re-measurements of employees' end-of-service benefits	<b>(2,301,000)</b>	(395,849)	<b>(2,901,000)</b>	(2,715,144)
<b>Other comprehensive loss for the period</b>	<b>(2,301,000)</b>	(395,849)	<b>(2,901,000)</b>	(2,715,144)
<b>Total comprehensive income for the period</b>	<b>49,781,760</b>	70,522,444	<b>105,691,040</b>	122,058,055
<b>Total comprehensive income for the period attributable to:</b>				
Shareholders of the Parent Company	<b>47,120,781</b>	71,594,875	<b>103,774,731</b>	123,290,792
Non-controlling interests	<b>2,660,979</b>	(1,072,431)	<b>1,916,309</b>	(1,232,737)
	<b>49,781,760</b>	70,522,444	<b>105,691,040</b>	122,058,055

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

**Maharah for Human Resources Company and its Subsidiaries**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of changes in equity**  
**For the six-month period ended 30 June 2020**

	Attributable to Shareholders of the Parent Company					Non-	
	Share Capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total SR	controlling interests SR	Total equity SR
Balance as at 31 December 2018	375,000,000	22,572,306	6,914,664	26,026,014	430,512,984	(1,094,008)	429,418,976
Net income (loss) for the period	-	-	-	126,005,936	126,005,936	(1,232,737)	124,773,199
Other comprehensive loss for the period	-	-	(2,715,144)	-	(2,715,144)	-	(2,715,144)
Total comprehensive income for the period	-	-	(2,715,144)	126,005,936	123,290,792	(1,232,737)	122,058,055
Balance as at 30 June 2019	375,000,000	22,572,306	4,199,520	152,031,950	553,803,776	(2,326,745)	551,477,031
Balance as at 31 December 2019	375,000,000	49,780,945	(4,994,161)	170,778,768	590,565,552	(5,112,599)	585,452,953
Net income for the period	-	-	-	106,675,731	106,675,731	1,916,309	108,592,040
Other comprehensive loss for the period	-	-	(2,901,000)	-	(2,901,000)	-	(2,901,000)
Total comprehensive income for the period	-	-	(2,901,000)	106,675,731	103,774,731	1,916,309	105,691,040
Dividends (note 8)	-	-	-	(120,000,000)	(120,000,000)	-	(120,000,000)
Balance as at 30 June 2020	375,000,000	49,780,945	(7,895,161)	157,454,499	574,340,283	(3,196,290)	571,143,993

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

**Maharah for Human Resources Company and its Subsidiaries**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of cash flows**  
**For the six-month period ended 30 June 2020**

		<b>For the six-month period ended 30 June</b>	
	Notes	<b>2020 SR</b>	<b>2019 SR</b>
<b>Operating activities</b>			
Income before zakat		116,335,032	133,592,542
Adjustments:		0	
Provision for employees' end-of-service benefits		10,649,993	12,442,625
Provision for doubtful debts	4	3,573,221	4,541,611
Depreciation of property and equipment		6,882,856	5,201,309
Depreciation of right-of-use assets		5,290,533	3,961,415
Amortization of intangible assets		731,862	1,068,122
Share in net loss of an associate		673,663	839,497
Net gain on equity investments at FVTPL		(334,762)	(462,516)
Finance costs on lease liabilities		546,791	517,390
Earnings from Murabaha time deposits		(1,340,818)	(3,520,352)
Reversal of accrued salaries no longer payable		(239,869)	(3,835,369)
		142,768,502	154,346,274
Changes in working capital:			
Accounts receivable		16,019,275	(60,608,926)
Contract assets		(23,716,596)	(3,916,716)
Prepayments and other current assets		82,447,846	(25,647,338)
Available visas		4,306,000	(546,000)
Accounts payable, accruals and others		24,911,705	(10,266,908)
Contract liabilities		3,085,268	(7,168,828)
Retained deposits		(22,530,459)	(7,505,704)
<b>Cash generated from operations</b>		227,291,541	38,685,854
Zakat paid	6	(7,453,101)	(10,987,701)
Employees' end-of-service benefits paid		(6,531,028)	(7,235,902)
<b>Net cash from operating activities</b>		213,307,412	20,462,251
<b>Investing activities</b>			
Movements in Murabaha time deposits, net		(88,659,182)	27,520,352
Purchase of property and equipment		(3,195,279)	(7,071,817)
Payment of deferred consideration related to acquisition of an associate	5	(1,882,298)	-
Additions to intangible assets		-	(185,367)
<b>Net cash (used in) from investing activities</b>		(93,736,759)	20,263,168
<b>Financing activities</b>			
Dividends paid	8	(120,000,000)	-
Payment of lease liabilities		(3,155,809)	(3,077,076)
<b>Cash used in financing activities</b>		(123,155,809)	(3,077,076)
<b>Net (decrease) increase in cash and cash equivalents</b>		(3,585,156)	37,648,343
Cash and cash equivalents at beginning of the period		188,704,375	81,693,843
<b>Cash and cash equivalents at end of the period</b>		185,119,219	119,342,186
<b>Supplemental non-cash information</b>			
- Right-of-use assets		2,514,849	45,455,126
- Lease liabilities		3,061,640	40,731,007

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.



## **1 Corporate information and activities**

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

The Company and its subsidiaries (collectively the "Group") are engaged in providing recruitment services for public and private sectors.

The interim condensed consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 21 Dhul-Hijjah 1441H (corresponding to 11 August 2020).

## **2 Basis of preparation**

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

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

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

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

### Basis of measurement and functional currency

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

## **3 Summary of significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective 1 January 2020. The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group. The nature and effect of these changes are disclosed below:

### Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

### Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those consolidated financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

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

#### Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

### 4 Accounts receivable and contract assets

#### Accounts receivable

	30 June 2020 SR	31 December 2019 SR
Accounts receivable	249,325,706	270,871,159
Amounts due from related parties (note 5)	28,235,774	22,750,826
	277,561,480	293,621,985
Less: provision for doubtful debts	(66,470,694)	(62,982,354)
<b>Total</b>	<b>211,090,786</b>	<b>230,639,631</b>

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2020 SR	2019 SR	2020 SR	2019 SR
At the beginning of the period	64,504,200	51,234,086	62,982,354	44,556,080
Charge (reversal) for the period	2,007,724	(1,274,751)	3,529,570	5,403,255
Written-off	(41,230)	-	(41,230)	-
<b>At the end of the period</b>	<b>66,470,694</b>	<b>49,959,335</b>	<b>66,470,694</b>	<b>49,959,335</b>

The ageing of unimpaired accounts receivable is shown below:

			Past due but not impaired			
	Total SR	Neither past due nor impaired SR	< 90 days SR	90 – 180 days SR	180 – 360 days SR	> 360 days SR
<b>30 June 2020</b>	<b>211,090,786</b>	<b>141,618,943</b>	<b>25,448,735</b>	<b>10,847,749</b>	<b>3,920,350</b>	<b>29,255,009</b>
31 December 2019	230,639,631	78,481,147	67,923,120	30,143,042	13,060,135	41,032,187

#### Contract assets

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

	30 June 2020 SR	31 December 2019 SR
Contract assets	54,850,945	31,134,349
Less: provision for doubtful debts	(165,328)	(121,677)
<b>Total</b>	<b>54,685,617</b>	<b>31,012,672</b>

**4 Accounts receivable and contract assets (continued)**

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2020 SR	2019 SR	2020 SR	2019 SR
At the beginning of the period	425,532	1,340,232	121,677	1,748,511
Charge (reversal) for the period	(260,204)	(453,365)	43,651	(861,644)
<b>At the end of the period</b>	<b>165,328</b>	<b>886,867</b>	<b>165,328</b>	<b>886,867</b>

**5 Related party transactions and balances**

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2020 SR	2019 SR	2020 SR	2019 SR
Salaries and short-term benefits	2,961,800	4,190,126	6,474,400	7,040,085
End-of-service benefits	244,768	114,131	413,516	233,658
<b>Total key management compensation</b>	<b>3,206,568</b>	<b>4,304,257</b>	<b>6,887,916</b>	<b>7,273,743</b>

**5 Related party transactions and balances (continued)**

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

Related party	Relationship	Nature of transactions	Transactions		Balance as at	
			For the six-month period ended			
			30 June		30 June 2020	31 December 2019
			2020	2019		
			SR	SR	SR	SR
<u>Amounts due from related parties (note 4)</u>						
Spectra Support Services	Affiliate	Manpower services	33,275,036	31,747,630		
		Collections	26,159,781	22,182,105	27,231,443	20,116,188
Al Safi Danone Co. Ltd.	Affiliate	Manpower services	-	2,741,562		
		Collections	-	3,100,095	-	1,010,210
Others	Affiliate	Manpower services	2,078,255	728,523		
		Collections	2,698,352	782,299	1,004,331	1,624,428
					28,235,774	22,750,826

**Maharah for Human Resources Company and its Subsidiaries**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements (continued)**  
**30 June 2020**

**5 Related party transactions and balances (continued)**

Related party	Relationship	Nature of transactions	Transactions For the six-month period ended 30 June		Balance as at	
			2020	2019	30 June 2020	31 December 2019
			SR	SR	SR	SR
<u>Amounts due to related parties (*)</u>						
Bloovo Ltd.	Associate	Payments of deferred consideration	1,882,298	-	5,618,799	7,501,097
Maharah Travel and Tourism Company	Affiliate	Purchase of air tickets	2,531,500	9,812,732		
		Payments	2,790,501	10,014,743	-	259,201
					5,618,799	7,760,298
Directors (*)	BOD	Remuneration	1,678,057	1,000,000		
		Payments	2,623,000	2,400,000	1,250,000	2,194,943

(\*) Amounts due to related parties are included as a separate line item under "Accounts payable, accruals and others" while amounts due to Directors are included in accruals under "Accounts payable, accruals and others".

## **6 Zakat**

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

	<b>For the three-month period ended 30 June</b>		<b>For the six-month period ended 30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>SR</b>	SR	<b>SR</b>	SR
At the beginning of the period	<b>23,867,950</b>	16,042,984	<b>26,670,770</b>	12,073,729
Provision for the period	<b>3,092,711</b>	4,850,088	<b>7,742,992</b>	8,819,343
Paid during the period	-	(10,987,701)	<b>(7,453,101)</b>	(10,987,701)
<b>At the end of the period</b>	<b>26,960,661</b>	9,905,371	<b>26,960,661</b>	9,905,371

### **Status of assessments**

On 9 May 2019, the Company received zakat assessments from the General Authority of Zakat and Tax (the "GAZT") for the years 2014 to 2017 with additional zakat liability of approximately SR 25 million and made an appeal during the year ended 31 December 2019. During the six-month period ended 30 June 2020, the Company received the final assessment amounting to SR 7.5 million for which the corresponding provision has already been recorded during the year ended 31 December 2019 and later settled it during the six-month period ended 30 June 2020. The zakat returns for 2018 and 2019 are still under review by the GAZT.

## **7 Share capital**

Authorized and issued share capital is divided into 37.5 million shares (31 December 2019: 37.5 million shares) of SR 10 each.

The following are the major shareholders of the Group as of 30 June 2020 and 31 December 2019:

<b>Name</b>	<b>Place of incorporation/residence</b>	<b>Ownership %</b>	
		<b>30 June 2020</b>	<b>31 December 2019</b>
Alahlia International Real Estate Investment Company	KSA	<b>19.4%</b>	19.4%
Architectural Experience Company	KSA	<b>16.0%</b>	16.0%
Dr. Abdullah Bin Sulaiman Alamro	KSA	<b>12.2%</b>	12.2%
Dr. Sulaiman Alhabib Trading Commercial Investment Company	KSA	<b>7.0%</b>	7.0%
Al Faisaliah Group Holding Company (*)	KSA	<b>0%</b>	14.0%
Other	KSA	<b>45.4%</b>	31.4%

(\*) During the six-month period ended 30 June 2020, Al Faisaliah Group Holding Company sold its entire shares in the Company.

## **8 Dividends**

The Company's Board of Directors, in their meeting held on 22 Sha'aban 1441H (corresponding to 17 March 2020), resolved to declare interim dividends for the second half of 2019 amounting to SR 120 million (SR 3.20 per share) which was paid on 8 Sha'aban 1441H (corresponding to 1 April 2020). The Board of Directors presented it to the shareholders in their Annual General meeting held on 13 Ramadan 1441H (corresponding to 6 May 2020). The dividend declared has been recognised in the interim condensed consolidated financial statements for the six-month period ended 30 June 2020.

## 9 Earnings per share

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

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2020	2019	2020	2019
Income from main operations for the period (SR)	<b>54,446,781</b>	72,499,418	<b>114,209,871</b>	127,081,388
Net income attributable to Shareholders of the Parent Company (SR)	<b>49,421,781</b>	71,990,724	<b>106,675,731</b>	126,005,936
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 7)	<b>37,500,000</b>	37,500,000	<b>37,500,000</b>	37,500,000
Basic and diluted earnings per share of income from main operations for the period (SR)	<b>1.45</b>	1.93	<b>3.05</b>	3.39
Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company (SR)	<b>1.32</b>	1.92	<b>2.84</b>	3.36

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

## 10 Segment information

The Group is organized into corporate and individual business segments.

The segments' financial details are shown below:

	For the three-month period ended 30 June 2020		
	Corporate SR	Individual SR	Total SR
Revenue	<b>256,864,118</b>	<b>95,623,469</b>	<b>352,487,587</b>
Cost of revenue	<b>(211,164,251)</b>	<b>(66,916,612)</b>	<b>(278,080,863)</b>
Gross profit	<b>45,699,867</b>	<b>28,706,857</b>	<b>74,406,724</b>
General and administration expenses	<b>(10,917,814)</b>	<b>(4,481,806)</b>	<b>(15,399,620)</b>
Marketing expenses	<b>(1,760,075)</b>	<b>(1,052,728)</b>	<b>(2,812,803)</b>
(Provision) reversal of provision for doubtful debts	<b>(1,759,878)</b>	<b>12,358</b>	<b>(1,747,520)</b>
Income from main operations	<b>31,262,100</b>	<b>23,184,681</b>	<b>54,446,781</b>

  

	For the three-month period ended 30 June 2019		
	Corporate SR	Individual SR	Total SR
Revenue	269,672,674	97,550,581	367,223,255
Cost of revenue	(213,791,276)	(66,500,899)	(280,292,175)
Gross profit	55,881,398	31,049,682	86,931,080
General and administration expenses	(8,801,359)	(6,209,007)	(15,010,366)
Marketing expenses	(767,899)	(381,513)	(1,149,412)
Reversal of (provision for) provision for doubtful debts	2,056,286	(328,170)	1,728,116
Income from main operations	48,368,426	24,130,992	72,499,418

**10 Segment information (continued)**

	For the six-month period ended 30 June 2020		
	Corporate SR	Individual SR	Total SR
Revenue	539,774,111	202,468,979	742,243,090
Cost of revenue	(442,485,405)	(146,093,124)	(588,578,529)
Gross profit	97,288,706	56,375,855	153,664,561
General and administration expenses	(20,211,868)	(10,477,374)	(30,689,242)
Marketing expenses	(3,460,859)	(1,731,368)	(5,192,227)
Provision for doubtful debts	(3,514,462)	(58,759)	(3,573,221)
Income from main operations	70,101,517	44,108,354	114,209,871

	For the six-month period ended 30 June 2019		
	Corporate SR	Individual SR	Total SR
Revenue	538,113,773	201,986,030	740,099,803
Cost of revenue	(426,975,187)	(146,424,743)	(573,399,930)
Gross profit	111,138,586	55,561,287	166,699,873
General and administration expenses	(18,463,446)	(12,625,878)	(31,089,324)
Marketing expenses	(2,899,279)	(1,088,271)	(3,987,550)
Reversal of (provision for) provision for doubtful debts	377,052	(4,918,663)	(4,541,611)
Income from main operations	90,152,913	36,928,475	127,081,388

It is impracticable and also not informative to disclose information pertaining to net book value of property and equipment, total assets and total liabilities pertaining to business segments

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

<b><u>For the three-month period ended 30 June 2020</u></b>	<b>KSA SR</b>	<b>UAE SR</b>	<b>Total SR</b>
Revenue	341,115,598	11,371,989	352,487,587
Cost of revenue	(275,139,990)	(2,940,873)	(278,080,863)
Gross profit	65,975,608	8,431,116	74,406,724
General and administration expenses	(13,966,014)	(1,433,606)	(15,399,620)
Marketing expenses	(2,231,089)	(581,714)	(2,812,803)
(Provision) reversal of provision for doubtful debts	(1,759,878)	12,358	(1,747,520)
Income from main operations	48,018,627	6,428,154	54,446,781

<b><u>For the three-month period ended 30 June 2019</u></b>	<b>KSA SR</b>	<b>UAE SR</b>	<b>Total SR</b>
Revenue	359,055,743	8,167,512	367,223,255
Cost of revenue	(274,676,901)	(5,615,274)	(280,292,175)
Gross profit	84,378,842	2,552,238	86,931,080
General and administration expenses	(11,978,613)	(3,031,753)	(15,010,366)
Marketing expenses	(887,761)	(261,651)	(1,149,412)
Reversal of (provision for) provision for doubtful debts	2,056,286	(328,170)	1,728,116
Income (loss) from main operations	73,568,754	(1,069,336)	72,499,418



**10 Segment information (continued)**

<u><b>For the six-month period ended</b></u> <u><b>30 June 2020</b></u>	<b>KSA</b> <b>SR</b>	<b>UAE</b> <b>SR</b>	<b>Total</b> <b>SR</b>
Revenue	723,582,419	18,660,671	742,243,090
Cost of revenue	(578,384,293)	(10,194,236)	(588,578,529)
Gross profit	145,198,126	8,466,435	153,664,561
General and administration expenses	(27,129,019)	(3,560,223)	(30,689,242)
Marketing expenses	(4,530,379)	(661,848)	(5,192,227)
Provision for doubtful debts	(3,514,462)	(58,759)	(3,573,221)
Income from main operations	110,024,266	4,185,605	114,209,871
<hr/>			
<u><b>For the six-month period ended</b></u> <u><b>30 June 2019</b></u>	<b>KSA</b> <b>SR</b>	<b>UAE</b> <b>SR</b>	<b>Total</b> <b>SR</b>
Revenue	716,679,959	23,419,844	740,099,803
Cost of revenue	(558,415,191)	(14,984,739)	(573,399,930)
Gross profit	158,264,768	8,435,105	166,699,873
General and administration expenses	(25,393,873)	(5,695,451)	(31,089,324)
Marketing expenses	(3,395,710)	(591,840)	(3,987,550)
Reversal of (provision for) provision for doubtful debts	377,052	(4,918,663)	(4,541,611)
Income from main operations	129,852,237	(2,770,849)	127,081,388
<hr/>			
<u><b>As at 30 June 2020</b></u>	<b>KSA</b> <b>SR</b>	<b>UAE</b> <b>SR</b>	<b>Total</b> <b>SR</b>
Net book value of property and equipment	170,972,076	4,064,116	175,036,192
Total assets	1,081,515,309	15,761,185	1,097,276,494
Total liabilities	507,175,026	18,957,475	526,132,501
<hr/>			
<u><b>As at 31 December 2019</b></u>			
Net book value of property and equipment	174,147,335	4,576,434	178,723,769
Total assets	1,085,955,499	17,154,685	1,103,110,184
Total liabilities	495,389,949	22,267,282	517,657,231

**11 Significant events during the period**

A novel strain of coronavirus (COVID-19) was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization (WHO). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Group's business, operations, and financial results, is uncertain and depends on many factors and future developments, that the Group may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact to the businesses of the Group's customers and partners and other factors.

As far and as of the date of preparation of the interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2020, the Group's operations have not incurred significant impact from the COVID-19 outbreak. The Group will continue to evaluate the nature and extent of the impact on its business and financial results.

**12 Contingent liabilities**

The Group's bankers have issued, on its behalf, guarantees amounting to SR 7 million (31 December 2019: SR 10 million) in respect of contract performance, in the normal course of business.

**13 Events subsequent to the reporting date**

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

**14 Company's operations**

During the six-month period ended 30 June 2020, the Group opened the following new branches:

<b><i>Name</i></b>	<b><i>Commercial Registration Number</i></b>	<b><i>Commercial Registration Date</i></b>
Jeddah-Alfaiha	4030379272	16 Rajab 1441H
Jeddah-Alnuzhah	4030379270	16 Rajab 1441H
Al-Taif	4032241081	1 Rajab 1441H

**15 Comparative information**

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