

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2022

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

**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 31 March 2022, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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 ("IAS") 34, "Interim Financial Reporting" 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 Professional Services

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

Riyadh: 23 Shawwal 1443H
(24 May 2022)



Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 31 March 2022

	Note	31 March 2022 SR	31 December 2021 SR
Assets			
Current assets			
Cash and cash equivalents		76,156,001	89,418,996
Murabaha time deposits		30,384,222	50,000,000
Accounts receivable	4	169,913,622	182,003,390
Contract assets	4	77,287,666	69,002,663
Prepayments and other current assets		271,270,681	250,084,559
Available visas		29,532,000	28,752,000
Total current assets		654,544,192	669,261,608
Non-current assets			
Accounts receivable, non-current portion	4	4,475,620	4,161,608
Property and equipment		125,958,025	125,379,127
Right-of-use assets		26,619,966	26,772,276
Investment properties	7	37,952,874	37,952,874
Intangible assets – Goodwill	6	5,269,787	4,450,237
Other intangible assets		3,040,165	3,192,349
Financial assets at fair value through profit or loss (“FVTPL”)	8	103,399,464	99,574,659
Investment in an associate		13,985,656	14,065,841
Other non-current assets		42,017,359	51,375,741
Total non-current assets		362,718,916	366,924,712
Total assets		1,017,263,108	1,036,186,320
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable, accruals and other current liabilities		180,876,095	175,655,310
Contract liabilities		104,210,262	90,498,609
Retained deposits		98,101,331	93,361,120
Zakat payable	9	20,372,670	16,606,102
Total current liabilities		403,560,358	376,121,141
Non-current liabilities			
Employees’ end-of-service benefits		77,071,779	75,140,482
Lease liabilities – non-current		16,362,420	13,972,841
Total non-current liabilities		93,434,199	89,113,323
Total liabilities		496,994,557	465,234,464
Equity			
Share capital	10	375,000,000	375,000,000
Statutory reserve		82,005,235	82,005,235
Other reserves		(11,357,161)	(11,357,161)
Retained earnings		76,609,572	126,790,673
Equity attributable to the Shareholders of the Parent Company		522,257,646	572,438,747
Non-controlling interests		(1,989,095)	(1,486,891)
Total equity		520,268,551	570,951,856
Total liabilities and equity		1,017,263,108	1,036,186,320

The accompanying notes from 1 to 17 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 period ended 31 March 2022

		For the three-month period ended 31 March	
	Note	2022 SR	2021 SR
Revenue		381,275,255	321,613,566
Cost of revenue		(332,343,384)	(266,551,112)
Gross profit		48,931,871	55,062,454
General and administration expenses		(22,671,643)	(16,941,169)
Marketing expenses		(3,357,689)	(2,678,760)
Provision for expected credit losses	4	(115,993)	(2,121,769)
Income from main operations		22,786,546	33,320,756
Other income, net		1,518,355	1,839,087
Net gain on financial assets at FVTPL	8	4,367,604	79,152
Share in results of an associate		(80,185)	101,975
Income before zakat		28,592,320	35,340,970
Zakat	9	(4,145,999)	(4,273,809)
Net income for the period		24,446,321	31,067,161
Net income for the period attributable to:			
Shareholders of the Parent Company		24,818,899	31,316,741
Non-controlling interests		(372,578)	(249,580)
		24,446,321	31,067,161
Basic and diluted earnings per share:			
Net income per share attributable to Shareholders of the Parent Company	12	0.66	0.84

The accompanying notes from 1 to 17 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 period ended 31 March 2022

	For the three-month period ended 31 March	
	2022	2021
	SR	SR
Net income for the period	24,446,321	31,067,161
Other comprehensive loss:		
<i>Item that will not be reclassified to consolidated statement of income:</i>		
Re-measurements of employees' end-of-service benefits	-	(290,370)
Other comprehensive loss for the period	-	(290,370)
Total comprehensive income for the period	24,446,321	30,776,791
Total comprehensive income for the period attributable to:		
Shareholders of the Parent Company	24,818,899	31,026,371
Non-controlling interests	(372,578)	(249,580)
	24,446,321	30,776,791

The accompanying notes from 1 to 17 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 three-month period ended 31 March 2022

	Attributable to Shareholders of the Parent Company					Non-controlling interests	Total equity
	Share Capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total SR	SR	SR
Balance as at 31 December 2020	375,000,000	67,512,731	(9,446,161)	125,989,840	559,056,410	(3,526,949)	555,529,461
Net income for the period	-	-	-	31,316,741	31,316,741	(249,580)	31,067,161
Other comprehensive loss for the period	-	-	(290,370)	-	(290,370)	-	(290,370)
Total comprehensive income for the period	-	-	(290,370)	31,316,741	31,026,371	(249,580)	30,776,791
Interim dividends (note 11)	-	-	-	(75,000,000)	(75,000,000)	-	(75,000,000)
Balance as at 31 March 2021	375,000,000	67,512,731	(9,736,531)	82,306,581	515,082,781	(3,776,529)	511,306,252
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
Movement in non-controlling interest (note 16)	-	-	-	-	-	(129,626)	(129,626)
Net income for the period	-	-	-	24,818,899	24,818,899	(372,578)	24,446,321
Other comprehensive loss for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	24,818,899	24,818,899	(372,578)	24,446,321
Interim dividends (note 11)	-	-	-	(75,000,000)	(75,000,000)	-	(75,000,000)
Balance as at 31 March 2022	375,000,000	82,005,235	(11,357,161)	76,609,572	522,257,646	(1,989,095)	520,268,551

The accompanying notes from 1 to 17 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 three-month period ended 31 March 2022

		For the three-month period ended 31 March	
		2022	2021
		SR	SR
Operating activities	Note		
Income before zakat		28,592,320	35,340,970
Adjustments:			
Provision for employees' end-of-service benefits		5,451,530	4,994,915
Depreciation of property and equipment		3,340,675	4,194,213
Depreciation of right-of-use assets		3,243,452	2,004,994
Provision for expected credit losses	4	115,993	2,121,769
Finance costs		154,900	175,328
Net gain on financial assets at FVTPL	8	(4,367,604)	(79,152)
Reversal of accrued salaries no longer payable		(353,629)	(632,584)
Earnings from Murabaha time deposits		(310,615)	(453,668)
Share in net loss (earning) of an associate		80,185	(101,976)
Amortization of intangible assets		175,766	101,768
Loss (gain) on disposal of property and equipment		4,381	(206,252)
		36,127,354	47,460,325
Changes in working capital:			
Accounts receivable and long-term receivables		12,166,924	20,063,869
Contract assets		(8,248,799)	(9,946,450)
Prepayments and other current assets		(18,068,970)	2,599,824
Other noncurrent assets		9,358,382	(5,180,775)
Available visas		(780,000)	(934,000)
Accounts payable, accruals and other current liabilities		4,057,784	16,042,502
Contract liabilities		13,711,653	5,672,909
Retained deposits		4,740,211	(1,231,564)
Net cash generated from operations		53,064,539	74,546,640
Zakat paid	9	(379,431)	-
Employees' end-of-service benefits paid		(3,533,061)	(2,438,656)
Net cash from operating activities		49,152,047	72,107,984
Investing activities			
Movements in Murabaha time deposits, net		19,926,393	30,453,668
Purchase of property and equipment		(3,613,088)	(3,166,121)
Purchase of other intangible assets		(23,583)	-
Proceeds from disposal of property and equipment		11,739	216,614
Net cash from investing activities		16,301,461	27,504,161
Financing activities			
Dividends paid	11	(75,000,000)	-
Payment of lease liabilities		(3,716,503)	(1,843,753)
Cash used in financing activities		(78,716,503)	(1,843,753)
Net (decrease) increase in cash and cash equivalents		(13,262,995)	97,768,392
Cash and cash equivalents at beginning of the period		89,418,996	57,909,641
Cash and cash equivalents at end of the period		76,156,001	155,678,033
Supplemental non-cash information			
- Right-of-use assets		3,091,143	865,670
- Lease liabilities		4,984,271	1,040,998
- Goodwill	6, 16	819,550	-
- Dividends declared	11	-	75,000,000

The accompanying notes from 1 to 17 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, with the Company referred to as the "Group") are engaged in providing recruitment, financial, logistics and support services for public and private sectors.

The following are the subsidiaries of the Company included in these consolidated financial statements:

	Country of incorporation	Direct ownership	
		31 March 2022	31 December 2021
Spectra Support Services Company ("Spectra")	Saudi Arabia	-	90%
Established Growth Avenue Company ("GAC")	Saudi Arabia	100%	100%
Musanid Cleaning Services ("Musanid")	UAE	85%	85%

Spectra

On 25 Dhu Al-Hijjah 1442H (corresponding to 4 August 2021), the Company 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 4 November 2013). Spectra is licensed in providing support services.

On 2 Jumada Al-Alkhirah 1443H (corresponding to 5 Jan 2022), the Company board of directors approved to transfer its 90% equity interest of Spectra to GAC.

GAC

On 14 Dhu al-Qa'dah 1442H (corresponding to 24 June 2021), the Company established GAC with 100% ownership (see note 16). GAC is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010722193 and dated 14 Dhu al-Qa'dah 1442H (corresponding to 24 June 2021). GAC is licensed in providing financial services.

Subsidiaries owned by GAC

	Country of incorporation	Direct and indirect ownership	
		31 March 2022	31 December 2021
Spectra Support Services Company ("Spectra") (*)	Saudi Arabia	90%	-
Arabian Shifa Medical Company (**)	Saudi Arabia	85%	-
NABD for Logistics Services ("NABD") (***)	Saudi Arabia	100%	100%
Professional Development Training Company (****)	Saudi Arabia	100%	100%

(*) As set out above, on 5 January 2022, the Company board of directors approved to transfer its 90% equity interest of Spectra to GAC.

(**) On 10 Jumada Al-Alkhirah 1443H (corresponding to 13 January 2022), the Company acquired 85% ownership of Arabian Shifa Medical Company, a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010928711 and dated 23 Rabi Al-Awwal 1439H (corresponding to 11 December 2017). Arabian Shifa Medical Company is licensed in medical operations of hospitals, providing home care medical services, mobile medical clinics, pain relief centres, and remote care centres and communication medicine (see Note 16).

(***) NABD is a limited liability company registered in Riyadh, KSA under commercial registration numbered 1010733797 and dated 4 Muharram 1443H (corresponding to 12 August 2021). NABD is licensed in providing logistic services.

(****) Professional Development Training Company is a limited liability Company registered in Riyadh, KSA under commercial registration numbered 1010753744 and dated 26 Rabi' al-Awwal 1443H (corresponding to 1 November 2021). Professional Development Training Company is licensed from Technical and Vocational Training Corporation to provide private secondary technical and vocational education, including barbering, cooking, restaurant and hotel workers.

1 Corporate information and activities (continued)

Musanid

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

Subsidiary owned by Musanid

	Country of incorporation	Direct and indirect ownership	
		31 March 2022	31 December 2021
TPH Center for Domestic Workers ("TPH")	UAE	70%	70%

TPH is a limited liability company registered in the UAE under commercial registration numbered 729497 and dated 25 Jumada al-awwal 1436H (corresponding to 16 March 2015). TPH is licensed in providing building cleaning services and residential property core services.

Subsidiaries owned by TPH

	Country of incorporation	Direct and indirect ownership	
		31 March 2022	31 December 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%

(*) TPHL is a limited liability Company registered in UAE under commercial registration numbered 729497 and dated 24 Jumada al-awwal 1436H (corresponding to 15 March 2015). TPHL is licensed in Domestic Workers Services.

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

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

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

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

Name of Subsidiary	Country of incorporation	Proportion of ownership interests held by NCI		Proportion of voting rights by NCI		Profit or loss allocated to NCI (SR)		Accumulated NCI at the end of the reporting period (SR)	
		2022	2021	2022	2021	2022	2021	2022	2021
Spectra	Saudi Arabia	10%	10%	10%	10%	(251,578)	(217,408)	2,471,698	2,908,312
Musanid	UAE	15%	15%	15%	15%	64,036	(868,253)	(4,146,131)	(4,395,202)
Shifa	Saudi Arabia	15%	-	15%	-	(185,036)	-	(314,662)	-

The interim condensed consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 18 Shawwal 1443H (corresponding to 19 May 2022).

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 Chartered and Professional 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 2021.

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.

Basis of measurement and functional currency

These interim condensed consolidated financial statements are prepared under the historical cost convention except for measurement of financial assets 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 these 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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, 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:

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

3 Summary of significant accounting policies (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

4 Accounts receivable and contract assets

Accounts receivable

	31 March 2022 SR	31 December 2021 SR
Accounts receivable	248,075,881	258,040,194
Amounts due from related parties (note 5)	1,628,378	3,215,061
	249,704,259	261,255,255
Less: provision for expected credit losses	(75,315,017)	(75,090,257)
	174,389,242	186,164,998
Less: Non-current portion (*)		
Accounts receivable	12,250,257	13,994,804
Less: provision for expected credit losses	(7,774,637)	(9,833,196)
	4,475,620	4,161,608
Current portion	169,913,622	182,003,390

(*) The amount pertains to accounts receivable which will be settled by the customer on instalment basis for more than one year. The associated finance cost as a result of discounting of such long-term receivables amounted to SR Nil (2021: SR 1,928,716).

Movement in the provision for expected credit losses is shown below:

	For the three-month period ended 31 March	
	2022 SR	2021 SR
At the beginning of the period	75,090,257	70,770,668
Charge for the period	152,196	2,585,219
Relate to business combination (Note 16)	72,564	-
At the end of the period	75,315,017	73,355,887

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
31 March 2022	174,389,242	71,788,463	50,511,152	23,677,103	9,470,841	18,941,683
ECL rate	43.188%	-	0.031%	3.394%	35.118%	54.832%
31 December 2021	186,164,998	76,636,029	53,921,954	25,275,916	10,110,366	20,220,733
ECL rate	40.335%	-	0.95%	6.729%	20.910%	60.258%

4 Accounts receivable and contract assets (continued)

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.

	31 March 2022 SR	31 December 2021 SR
Contract assets	77,309,170	69,060,370
Less: provision for expected credit losses	(21,504)	(57,707)
Total	77,287,666	69,002,663

Movement in the provision for expected credit losses is shown below:

	For the three-month period ended 31 March	
	2022 SR	2021 SR
At the beginning of the period	57,707	2,309,821
Reversal for the period	(36,203)	(463,450)
At the end of the period	21,504	1,846,371

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 31 March	
	2022 SR	2021 SR
Salaries and short-term benefits	2,681,124	3,279,223
End-of-service benefits	336,437	225,130
Total key management compensation	3,017,561	3,504,353

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
31 March 2022

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:

	Relationship	Nature of transactions	Transactions For the three-month period ended 31 March		Balance as at	
			2022	2021	31 March 2022	31 December 2021
			SR	SR	SR	SR
<u>Amounts due from related parties (note 4)</u>						
Bloovo Ltd.	Associate	Rent	266,077	604,761		
		Collections	-	356,209	1,593,316	1,327,239
Yellow Mix Foundation	Affiliate	Manpower services	44,270	-		
		Collections	34,521	-	21,676	11,927
Arabian Shifa Medical Company (*)	Subsidiary/Affiliate	Manpower services	-	19,182		
		Collections	-	12,788	-	1,574,725
Others	Affiliate	Manpower services	22,592	107,761		
		Collections	310,375	45,740	13,386	301,170
					1,628,378	3,215,061
<u>Amounts due to related parties (**)</u>						
Directors	BOD	Remuneration	732,500	706,375		
		Payments	-	-	3,662,499	2,929,999

Others include Zawaya Real Estate Company, Mozn Systems for Communication and Information Technology, Sarib Al Arabia Investment Holding Company, Aalam Al Ta'meen Company for Information Technology.

(*) On 6 Ramadan 1442H (corresponding to 18 April 2021), Sarib Al Arabia Investment Holding Company (an affiliate) transferred their entire shareholdings in Arabian Shifa Medical Company and no longer considered a related party to the Group. On 10 Jumada Al-Akhirah 1443H (corresponding to 13 January 2022), the Company acquired 85% ownership of Arabian Shifa Medical Company (see Note 16 for details).

(**) Amounts due to related parties are included under "Accounts payable, accruals and other current liabilities" in the interim condensed consolidated statement of financial position.

6 Intangible assets - Goodwill

Carrying amount of goodwill are as follows:

	31 March 2022	31 December 2021
	SR	SR
TPH	3,001,536	3,001,536
MPL	1,175,521	1,175,521
Shifa	819,550	-
TPHC	273,180	273,180
	5,269,787	4,450,237

On 10 Jumada Al-Akhirah 1443H (corresponding to 13 January 2022), GAC, a subsidiary, completed the procedures for acquiring 85% of the ownership of Arabian Shifa Medical Company ("Shifa") for a consideration of SR 85,000. The acquisition was accounted for using the purchase method of accounting. Fair value of net liabilities assumed amounted to SR 734,550 which resulted to a goodwill of SR 819,550. Shifa is licensed in medical operations of hospitals, providing home care medical services, mobile medical clinics, pain relief centres, and remote care centres and communication medicine (see Note 16).

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 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.

7 Investment properties

As at 31 March 2022, The Group's investment properties consist of land and works in progress amounting to SR 37.9 million (31 December 2021: SR. 37.9M). Management has intention to hold this property for the purpose of rental income. These properties are carried at cost less impairment, if any.

The fair value of investment property was determined by external independent valuers. Investment property were valued by "Middle East Real Estate Appraisal Company", license number (1210001207), having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The recent fair valuation was performed as at 1 October 2021, and they have determined the fair value to be SR 39.7 million.

The investment properties are measured at fair value using the income approach, which is a valuation technique that estimates the fair value property by calculating the present value of future cash flows that the entity or asset is expected to generate over its lifetime.

8 Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL comprises of the following:

	31 March 2022	31 December 2021
	SR	SR
Liquidity fund investment (i)	40,414,792	40,389,291
Investment funds - Sukuk (ii)	39,482,150	39,545,245
Quoted equity securities (iii)	23,502,522	19,640,123
Total	103,399,464	99,574,659

Set out below are the movements in the carrying value of financial assets at FVTPL:

	For the three-month period ended 31 March	
	2022	2021
	SR	SR
<u>Cost</u>		
At the beginning of the period	98,571,697	30,000,000
Disposal	(542,799)	-
At the end of the period	98,028,898	30,000,000
<u>Revaluation adjustments</u>		
At the beginning of the period	1,002,962	3,428,757
Net gain during the period	4,367,604	79,152
At the end of the period	5,370,566	3,507,909
Net book value	103,399,464	33,507,909

- (i) Investments include financial assets that are invested in various mutual funds, purchased for SR 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.
- (ii) 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.
- (iii) These represent investments in equity securities in various companies listed on the Saudi Stock Exchange (Tadawul).

9 Zakat

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

	For the three-month period ended 31 March	
	2022	2021
	SR	SR
At the beginning of the period	16,606,102	16,476,723
Provision for the period	4,145,999	4,273,809
Paid during the period	(379,431)	-
At the end of the period	20,372,670	20,750,532

Status of assessments

The Parent Company

The Company filed its zakat returns up to the year ended 31 December 2021. There are no assessments from ZATCA as at reporting date.

Subsidiaries

Spectra filed its zakat returns up to the year ended 31 December 2021. There are no assessments from ZATCA as at reporting date.

GAC filed its zakat returns up to the year ended 31 December 2021. There are no assessments from ZATCA as at reporting date.

10 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.

The following are the major shareholders of the Group as of 31 March 2022 and 31 December 2021:

Name	Place of incorporation/residence	Ownership %	
		31 March 2022	31 December 2021
Dr Abdullah Bin Sulaiman Alamro	KSA	12.2%	12.2%
Architectural Experience Company	KSA	8.0%	11.1%
Saud Naser Abdulaziz Alshatry	KSA	8.55%	8.55%
Other	KSA	71.26%	68.12%

11 Dividends

The Company's Board of Directors, in their meeting held on 7 Sha'aban 1443H (corresponding to 10 March 2022), resolved to declare interim dividends for the second half of 2021 amounting to SR 75 million (SR 2 per share) which was paid on 26 Sha'aban 1443H (corresponding to 29 March 2022). The Board of Directors will present it to the shareholders in the upcoming Annual General Meeting.

The Company's Board of Directors, in their meeting held on 3 Sha'aban 1442H (corresponding to 16 March 2021), resolved to declare interim dividends for the second half of 2020 amounting to SR 75 million (SR 2 per share) which was paid on 23 Sha'aban 1442H (corresponding to 5 April 2021). The Board of Directors presented it to the shareholders and approved in their Annual General meeting held on 5 Dhul-Qadah 1442H (corresponding to 15 June 2021).

12 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 31 March	
	2022 SR	2021 SR
Net income attributable to Shareholders of the Parent Company	24,818,899	31,316,741
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 10)	375,000,000	375,000,000
Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company (SR)	0.66	0.84

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

13 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 31 March 2022		
	Corporate SR	Individual SR	Total SR
Revenue	259,546,276	121,728,979	381,275,255
Cost of revenue	(233,559,804)	(98,783,580)	(332,343,384)
Gross profit	25,986,472	22,945,399	48,931,871
General and administration expenses	(15,546,386)	(7,125,257)	(22,671,643)
Marketing expenses	(1,963,564)	(1,394,125)	(3,357,689)
Provision for expected credit losses	(342,153)	226,160	(115,993)
Income from main operations	8,134,369	14,625,177	22,786,546

	For the three-month period ended 31 March 2021		
	Corporate SR	Individual SR	Total SR
Revenue	232,938,249	88,675,317	321,613,566
Cost of revenue	(198,408,749)	(68,142,363)	(266,551,112)
Gross profit	34,529,500	20,532,954	55,062,454
General and administration expenses	(10,833,374)	(6,107,795)	(16,941,169)
Marketing expenses	(1,550,961)	(1,127,799)	(2,678,760)
Provision for expected credit losses	(1,627,814)	(493,955)	(2,121,769)
Income from main operations	20,517,351	12,803,405	33,320,756

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.

13 Segment information (continued)

	<u>For the three-month period ended</u>		
	<u>31 March 2022</u>		
	KSA SR	UAE SR	Total SR
Revenue	367,987,589	13,287,666	381,275,255
Cost of revenue	(321,440,438)	(10,902,946)	(332,343,384)
Gross profit	46,547,151	2,384,720	48,931,871
General and administration expenses	(20,702,309)	(1,969,334)	(22,671,643)
Marketing expenses	(2,773,306)	(584,383)	(3,357,689)
Provision for expected credit losses	(115,993)	-	(115,993)
Income (loss) from main operations	22,955,543	(168,997)	22,786,546

	<u>For the three-month period ended</u>		
	<u>31 March 2021</u>		
	KSA SR	UAE SR	Total SR
Revenue	312,206,750	9,406,816	321,613,566
Cost of revenue	(259,092,407)	(7,458,705)	(266,551,112)
Gross profit	53,114,343	1,948,111	55,062,454
General and administration expenses	(14,519,954)	(2,421,215)	(16,941,169)
Marketing expenses	(2,078,751)	(600,009)	(2,678,760)
Provision for expected credit losses	(2,121,769)	-	(2,121,769)
Income (loss) from main operations	34,393,869	(1,073,113)	33,320,756

	<u>As at 31 March 2022</u>		
	KSA SR	UAE SR	Total SR
Net book value of property and equipment	122,874,416	3,083,609	125,958,025
Total assets	1,023,501,600	12,684,720	1,036,186,320
Total liabilities	409,253,308	55,981,158	465,234,466

	<u>As at 31 December 2021</u>		
	KSA SR	UAE SR	Total SR
Net book value of property and equipment	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

14 Impact of Covid-19

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 the approval of these interim condensed consolidated financial statements for the three-month period ended 31 March 2022, 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.

15 Contingent liabilities

The Group's bankers have issued, on its behalf, guarantees amounting to SR 5.6 million (31 December 2021: SR 6.4 million) in respect of contract performance, in the normal course of business.

16 Business Combination

GAC

Effective 14 Dhu Al-Qi'dah 1442H (corresponding to 14 June 2021), the Company established GAC with 100% effective ownership. Subsequently, on 4 Muharram 1443H (corresponding to 12 August 2021), GAC established NABD with 99.5% ownership. The remaining 0.5% of NABD is owned by the Company.

Effective 26 Rabi' al-Alwaal 1443H (corresponding to 1 November 2021), GAC established Professional Development Training company with 99% ownership. The remaining 1% of Professional Development Training Company is owned by the Company.

On 10 Jumada Al-Alkhirah 1443H (corresponding to 13 January 2022), GAC completed the procedures for acquiring 85% of the ownership of Arabian Shifa Medical Company ("Shifaa") for a consideration of SR 85,000. The carrying values of net liabilities on the date of acquisition are as follows:

	SR
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)	<u>999,896</u>
Liabilities	
Accounts payable, accruals and others	1,851,244
Employees' end-of-service benefits	12,828
Total liabilities (B)	<u>1,864,072</u>
Net liabilities of Shifa (A - B)	(864,176)
Less: Proportionate share of non-controlling interest @15%	<u>129,626</u>
Net liabilities assumed by the Company	(734,550)
Purchase consideration	<u>(85,000)</u>
Goodwill arising on acquisition (provisional*) (Note 6)	<u><u>(819,550)</u></u>

*The recognized goodwill as result of the acquisition of Arabian Shifa Medical Company is a provisional amount since business combination accounting is incomplete as at the end of the reporting period. The Group believes that additional information and facts that existed as of the acquisition date will be available during the measurement period.

16 Business Combination (Continued)

Spectra

Effective 25 Dhu Al-Hijjah 1442H (corresponding to 4 August 2021), the Company completed the procedures for acquiring 90% of the ownership of Spectra Support Services Company ("Spectra"), a related party, for a consideration of SR 17.1 million. The carrying value of Spectra's net assets amounted to SR 31.3 million.

The carrying values of net assets on the date of acquisition are as follows:

	SR
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)	<u>64,945,678</u>
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)	<u>33,688,481</u>
Net asset of Spectra (A - B)	31,257,197
Less: Proportionate share of non-controlling interest @10%	<u>3,125,719</u>
Net asset acquired by the Company	28,131,478
Purchase consideration	<u>(17,138,176)</u>
Difference in consideration recognized in retained earnings	<u>10,993,302</u>

On 2 Jumada Al-Akhirah 1443H (corresponding to 5 Jan 2022), the Company board of directors approved to transfer its 90% equity interest of Spectra to GAC.

17 Comparative information

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