شـــركـة مهـارة
للموارد البشرية

Maharah Human Resources Company

Maharah Human Resources Company Prospectus

A Saudi closed joint stock company incorporated pursuant to Ministerial Resolution number 80/S dated 02/04/1434H (corresponding to 13/02/2013G) under commercial registration number 1010364538 dated 07/04/1434H (corresponding to 18/02/2013G)

Offering of eleven million and two hundred thousand (11,250,000) ordinary shares, representing 30% of Maharah Human Resources Company's share capital through an initial public offering at an Offer Price of sixty nine Saudi Riyals (SAR (69)) per share.

Offering Period: Seven (7) days starting from Wednesday 03/09/1440H (corresponding to 08/05/2019G) to Tuesday 09/09/1440H (corresponding to 14/05/2019G)

Maharah Human Resources Company (the "**Company**") is a Saudi closed joint stock company incorporated pursuant to Ministerial Resolution number 80/S dated 02/04/1434H (corresponding to 13/02/2013G) under commercial registration number 1010364538 dated 07/04/1434H (corresponding to 17/02/2013G). The Company has obtained a license from the Ministry of Labor and Social Development (the "**MoL**") allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G).

The Company was established in 1434H (corresponding to 2013G) as a closed joint stock company under the name "**Maharah Recruitment Company**" with a total capital of one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares, with a fully paid up nominal value of ten Saudi Riyals (SAR 10) per share. It was registered in Riyadh under commercial registration number 1010364538 dated 07/04/1434H (corresponding to 17/02/2013G). On 29/04/1434H (corresponding to 12/03/2013G), the Company obtained license number 9/SH.M.M from the MoL, allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G). On 23/07/1438H (corresponding to 20/04/2017G), the Company's Extraordinary General Assembly approved the change of the Company's name to "**Maharah Human Resources Company**"; and the Company's commercial registration was changed accordingly on 16/09/1438H (corresponding to 11/06/2017G). On 17/09/1438H (corresponding to 12/06/2017G), the Extraordinary General Assembly of the Company approved an increase to the Company's capital to two hundred fifty million Saudi Riyals (SAR 250,000,000), divided into twenty five million (25,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share through capitalization of one hundred twenty million Saudi Riyals (SAR 120,000,000) from the Company's retained earnings and thirty million Saudi Riyals (SAR 30,000,000) from the Company's statutory reserve. On 05/04/1440H (corresponding to 12/12/2018G), the Extraordinary General Assembly approved an increase to Company's capital to three hundred seventy-five million Saudi Riyals (SAR 375,000,000), divided into thirty-seven million five hundred thousand (37,500,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share through the capitalization of twenty million Saudi Riyals (SAR 20,000,000) from the Company's statutory reserve and one hundred and five million Saudi Riyals (SAR 105,000,000) from the Company's retained earnings.

The Company's current capital is three hundred seventy-five million Saudi Riyals (SAR 375,000,000), divided into thirty-seven million five hundred thousand (37,500,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share (the "**Shares**") (for further information on the Company's history, please refer to Section 4-1-2 "**The Company's History and Changes in its Shareholding Structure**" of this Prospectus).

The initial public offering (the "**Offering**") will be for eleven million two hundred fifty thousand (11,250,000) ordinary shares (collective the "**Offer Shares**" and each an "**Offer Share**") with each offer share carrying a fully paid up nominal value of ten Saudi Riyals (SAR 10) per share, and the offering price shall be sixty nine Saudi Riyals (SAR (69)) per share (the "**Offer Price**"). The Offer Shares represent 30% of the Company's paid up capital. The Offering shall be limited to two tranches of investors (the "**Investors**"):

Tranche (A) Participating Parties: This tranche comprises of the parties entitled to participate in the book building process as specified under the Capital Market Authority (the "**CMA**") Instructions on Book Building and Allocation of Shares in Initial Public Offerings (the "**Book-Building Instructions**") (collective the "Participating Parties" and each a "**Participating Party**") (for further information, please refer to Section 1 "**Terms and Definitions**" of this Prospectus). The number of Offer Shares to be initially allocated to the Participating Parties actually involved in the book building process (the "**Participating Entities**" and each a "**Participating Entity**") is eleven million two hundred and fifty thousand (11,250,000) shares, representing 100% of the Offer Shares. However, the final allocation will be made after the end of the Individual Investors' subscription. The Lead Manager (as defined in Section 1 "**Terms and Definitions**" of this Prospectus) shall have the right, in the event that there is sufficient demand by Individual Investors, to reduce the number of Offer Shares allocated to Participating Parties to ten million one hundred and twenty five thousand (10,125,000) Offer Shares, representing 90% of the Offer Shares.

Tranche (B): Individual Investors: This tranche comprises of Saudi Arabian nationals, including any Saudi female divorcee or widow from a marriage to a non-Saudi, who can subscribe for her own benefit, in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, and GCC natural persons (collective the "**Individual Investors**" and each an "**Individual Investor**"). Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be considered. A maximum of one million and one hundred and twenty five thousand (1,125,000) Shares representing 10% of the Offer Shares shall be allocated to Individual Investors, provided that Participating Entities subscribe to all the Offer Shares allocated to them. In the event that the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them.

The Company's current shareholders (the "**Current Shareholders**") hold all of the Company's shares prior to the Offering. The Offer Shares are being sold by all of the current shareholders (the "**Selling Shareholders**") in accordance with Table 4.1 "**Direct Ownership Structure of the Company**" of this Prospectus). Upon completion of the Offering, the Selling Shareholders will collectively own 70% of the Shares and will consequently retain a controlling interest in the Company. The proceeds from the Offering, after deduction of the Offering expenses (the "**Net Proceeds**") will be distributed to the Selling Shareholders prorated to the number of offer shares sold in the Offering by each of them. The Company will not receive any part of the Net Proceeds (for further details, please refer to Section 8 "**Use of Proceeds**" of this Prospectus). The Offering is fully underwritten by the Underwriter (for further information, please refer to Section 13 "**Underwriting**" of this Prospectus). The Substantial Shareholders will be subject to a restriction period during which they will be prohibited from selling their Shares for a period of six (6) months (the "**Lock-up Period**") as of the date trading starts on the Saudi Stock Exchange ("**Tadawul**" or the "**Exchange**") as indicated on page (iv) of this Prospectus. Substantial Shareholders at the Company who own 5% or more of its shares are: Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company, Al-Faisaliah Holding Group Company, Abdullah Sulaiman Al-Amro and Dr. Sulaiman Al-Habib Commercial Investment Company. The Substantial Shareholder's ownership percentages are listed in Table 2-1 "**Substantial Shareholders, their Number of Shares and Shareholding Pre- and Post-Offering**" of this Prospectus.

The Offering will commence on Wednesday, 03/09/1440H (corresponding to 08/05/2019G) and will remain open for a period of seven (7) days up to and including the closing day on Tuesday, 09/09/1440H (corresponding to 14/05/2019G) (the "**Offering Period**"). Subscription to the Offer Shares by the Individual Investors can be made through some of the branches of the selling agents (the "**Selling Agents**") listed on page (vi) during the Offering Period or through the internet, telephone banking or automated teller machines ("**ATMs**") of the Selling Agents providing all or some of these services to their clients (for further information, please refer to Section 17 "**Subscription Terms and Conditions**" of this Prospectus). Participating Entities can bid for the Offer Shares through the Lead Manager during the book building process taking place prior to the Offering to Individual Investors and subscribe to the Offer Shares during the Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) Offer Shares. The minimum number of allocated Shares will be ten (10%) Offer Shares per Individual Investor, and the balance Offer Shares (if any) will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. If the number of Individual Investors exceeds one hundred and twelve thousand and five hundred (112,500) Investors, the Company will not guarantee the minimum allocation of Offer Shares and the Offer Shares will be allocated at the discretion of the Company and the Financial Advisor. Excess subscription monies (if any) will be refunded to the Individual Investors without any charge or withholding by the relevant Selling Agents. Notification of the final allotment and refund of subscription monies will be made at the latest by 16/09/1440H (corresponding to 21/25/2019G) (for further information, please refer to Section "**Key Dates and Subscription Procedures**" on page (xi) and Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

The Company has one class of ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (a "**Shareholder**") has the right to attend and vote at general assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared by the Company as at the date of this prospectus (the "**Prospectus**") and for subsequent financial years (please refer to Section 7 "**Dividend Policy**" of this Prospectus).

Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of the Shares, and submitted an application to the Exchange for the listing of its Shares. All required documents have been submitted to the relevant authorities. All requirements have been met and all approvals pertaining to the Offering have been obtained, including this Prospectus. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of all relevant regulatory requirements (please refer to Section "**Key Dates and Subscription Procedures**" on page (xi) of this Prospectus). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, companies, banks, and mutual funds established in the Kingdom or in countries of the Cooperation Council for Arab States of the Gulf ("**GCC**"), as well as GCC nationals will be permitted to trade in the Offer Shares. Moreover, Qualified Foreign Investors (the "**QFI**") will be permitted to trade in the Shares in accordance with the QFI Rules (all as defined in Section 1 "**Terms and Definitions**" of this Prospectus). Non-Saudi nationals who are not residents in the Kingdom and institutions incorporated outside the Kingdom ("**Foreign Investors**") are also entitled to acquire an economic interest in the Shares by entering into swap agreements with a person authorized by the CMA to acquire and trade in shares on the Exchange on behalf of a Foreign Investor (the "**Authorized Persons**"). Under such swap agreements, the Authorized Persons will be the registered legal owner of such Shares.

Investment in Offer Shares involves certain risks and uncertainties. For a discussion of certain factors which should be carefully considered prior to making a decision to subscribe to the Offer Shares, please refer to Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

sambacapital سامباكابيتال

Selling Agents

samba سامبا | Banque Saudi Fransi البنك السعودي الفرنسي | NCB الأهلي | riyad bank بنك الرياض | SABB ساب | Al Rajhi Bank مصرف الراجحي

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (the "**Authority**") of the Kingdom of Saudi Arabia and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear on page (iii), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all possible reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. The Authority and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is an unofficial English translaions of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two languages.

This Prospectus is dated 24/07/1440H (corresponding to 31/03/2019G).

Important Notice

This Prospectus contains detailed information related to the Company and the Offer Shares. When submitting an application for the Offer Shares, Participating Entities and Individual Investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, the Lead Manager, the Selling Agents or by visiting the website of the Company (www.maharah.com), the CMA (www.cma.org.sa) or the Financial Advisor (www.sambacapital.com).

In respect to the Offering, Samba Capital & Investment Management Company has been appointed by the Company as the financial advisor (the "Financial Advisor"), the lead manager (the "Lead Manager"), the underwriter (the "Underwriter") and bookrunner (the "Bookrunner").

This Prospectus includes information that has been presented in compliance with the requirements of the OSCO Rules issued by the CMA. The Directors, whose names appear on page (iii), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all possible reasonable inquiries to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries to confirm the validity of the information contained in this Prospectus as of the date of its publication, a substantial portion of the market and industry information herein are derived from external sources. While neither the Company, the Financial Advisor nor any of the Company's other advisors, whose names appear on page (v) of this Prospectus (the "Advisors"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, please refer to Section 2 "**Risk Factors**" of this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed information related to the Offer Shares is intended to be, nor should be construed as or relied upon in any way as, a promise, affirmation or representation as to future earnings, results or events.

This Prospectus may not be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders or any of the Company's Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor authorized by the CMA, in relation to the Offering and the appropriateness of both the investment opportunity and the information herein with regards to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some Investors and not others and prospective Investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such Investor's individual circumstances.

Subscribing to the Offer Shares shall be limited to two tranches of Investors as follows:

Tranche (A) Participating Parties: This tranche comprises of the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (for further information, please refer to Section 1 "**Terms and Definitions**" of this Prospectus); and

Tranche (B) Individual Investors: This tranche comprises of Saudi Arabian nationals, including any Saudi female divorcee or widow from a marriage to a non-Saudi, who can subscribe for her own benefit, in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, and GCC natural persons. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for the investing foreign institutions, in accordance with the relevant rules and instructions. All recipients of this Prospectus must inform themselves of any regulatory restrictions on the Offering and the sale of Offer Share and to observe all such restrictions.

Industry and Market Data

Information related to the market and industry in which the Company operates as set out in this Prospectus is derived from the market study report dated 12/07/1439H (corresponding to 29/03/2018G) by Roland Berger Middle East W.L.L., an independent consulting firm incorporated in Bahrain as a subsidiary of the German company, Roland Berger. Roland Berger was founded in Munich in 1967 as a provider of market services and international consulting, having offices in several countries around the world. It is one of the leading companies providing professional service around the world (the "Market Consultant") (for further information about the Market Consultant, please visit its website (www.rolandberger.com)).

The Market Consultant does not, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, own any shares or any interest of any kind in the Company or its Subsidiaries. The Market Consultant has given, and not withdrawn as at the date of this Prospectus, its written consent for the use of its name, market information, and data supplied by it to the Company in the manner and format set out in this Prospectus.

The Directors believe that the information and data contained in this Prospectus from other sources, including that provided by the Market Consultant, are reliable. However, such information and data has not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them assumes any liability for the accuracy or completeness of such information.

Financial and Statistical Information

The Company's audited financial statements for the financial years ended 31 December 2015G, 2016G, and 2017G the notes thereto, have been prepared in compliance with accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA") and have been audited by the Company's auditor, Ernst & Young & Co. (Ernst & Young). The Company's audited consolidated financial statements for the period of nine-month period ended 30 September 2018G and notes thereto, have been prepared in compliance with the IFRS (the "IFRS") as endorsed by SOCPA, and have been audited by the Company's auditor Ernst & Young & Associates (Certified Public Accountants). The Company issues its financial statements in Saudi Riyals.

Some financial and statistical information contained in this Prospectus have been rounded up to the nearest integer. Accordingly, if figures combined in the tables are totaled, the total may not match with what has been mentioned in the Prospectus.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used. And consequently, no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company affirms that, to the best of its reasonable knowledge, all statements contained in this Prospectus are made based on the necessary due diligence.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "intends", "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further information, please refer to Section 2 "**Risk Factors**" of this Prospectus). Should any one or more of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results of the Company may vary materially from those described, expected, estimated or planned in this Prospectus.

Subject to the requirements of the OSCO Rules, the Company must submit a supplementary prospectus to the CMA if, at any time after the Prospectus has been approved by the CMA and before the Offering is completed, the Company becomes aware that: (i) there has been a significant change in material matters contained in this Prospectus or any document required by the OSCO Rules; or (ii) significant matters have become known which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus may not occur in the way the Company expects, or at all. Prospective Investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Board of Directors

Table (1-1): Board of Directors

Name	Position	Nationality	Age	Membership Status	Representative of	Direct or indirect ownership (%)		Membership Date*
						Pre-Offering	Post-Offering	
Sulaiman Abdulaziz Al-Majed	Chairman	Saudi	56 years	Non-Executive	Al-Ahliya International Real Estate Investment Company	4.72%	3.30%	06/05/1439H (corresponding to 12/02/2018G)
Abdullah Ahmed Al-Dashan Al-Kenani	Vice Chairman	Saudi	55 years	Non-Executive	Al-Faisaliah Holding Group Company	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Abdullah Sulaiman Al-Amro	Managing Director	Saudi	54 years	Executive	In his personal capacity	17.43%	12.20%	06/05/1439H (corresponding to 12/02/2018G)
Saud Nasser Al-Shathri	Member	Saudi	48 years	Non-Executive	Al-Ahliya International Real Estate Investment Company	12.21%	8.55%	06/05/1439H (corresponding to 12/02/2018G)
Abdullah Abdulaziz Al-Majed	Member	Saudi	43 years	Non-Executive	Al-Ahliya International Real Estate Investment Company	3.05%	2.14%	06/05/1439H (corresponding to 12/02/2018G)
Ali Feqhi Damati	Member	Jordanian	55 years	Non-Executive	Dr. Sulaiman Al Habib Commercial Investment Company	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Abdulaziz Ibrahim Al-Nowaiser	Member	Saudi	45 years	Non-Executive/ Independent	N/A	N/A	N/A	23/02/1440H (corresponding to 01/11/2018G)
Sulaiman Nasser Al-Hatlan Al-Qahtani	Member	Saudi	47 years	Non-Executive/ Independent	N/A	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Ibrahim Zayid Al-Fadhilah Asiri	Member	Saudi	57 years	non-Executive/ Independent	N/A	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Sulaiman Ali Sultan	Member	Saudi	44 years	non-Executive/ Independent	N/A	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Yousef Mohammed Al-Ghafari	Member	Saudi	47 years	Executive	N/A	N/A	N/A	23/02/1440H (corresponding to 01/11/2018G)

* Dates listed in this table are the dates of appointment of Directors for the current term of the Board. The resumes of the Directors state the dates at which all Directors were appointed to the Board or any other position (for further details, please refer to Section 5-3 "Board of Directors" of this Prospectus).

Source: The Company

The Company's Address

King Fahd Road, Al-Oula Building
P. O. Box 75255. Riyadh
Kingdom of Saudi Arabia
Tel: +966 920011151
Fax: +966 920011151
Website: www.maharah.com
Email: info@maharah.com

شـركـة مهارة
للموارد البشرية
Maharah Human
Resources Company

The Company's Representatives

Yousef Mohammed Al-Ghafari
Board Director and CEO
P. O. Box 75255. Riyadh
Kingdom of Saudi Arabia
Tel: +966 920009633/EXT. 1200
Fax: +966 920011151
Website: www.maharah.com
Email: yousef@maharah.com

Nourah Nasser Al-Khathlan
Director of Governance and Secretary of the Board and Committees
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Kingdom of Saudi Arabia
Tel: +966 920009633/EXT. 1002
Fax: +966 920011151
Website: www.maharah.com
Email: n.khthlan@maharah.com

Board Secretary

Nourah Nasser Al-Khathlan
P. O. Box 75255. Riyadh
Kingdom of Saudi Arabia
Tel: +966 920009633/EXT. 1002
Fax: +966 920011151
Website: www.maharah.com
Email: n.khthlan@maharah.com

Stock Exchange

The Saudi Stock Exchange Company (Tadawul)
Tawuniya Towers, Northern Tower
700 King Fahd Road
P. O. 60612
Riyadh 11555
Kingdom of Saudi Arabia
Tel: +966 (11) 218 9999
Fax: +966 (11) 218 1220
Website: www.tadawul.com.sa
Email: webinfo@tadawul.com.sa

Depository Center

Securities Depository Center Company
King Fahad Road – Al-Olaya 6897
Unit Number: 11
Riyadh 12211 – 3388
Kingdom of Saudi Arabia

Advisors

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Samba Capital & Investment Management Company
Kingdom Tower, 14th Floor
P.O. Box 220007 Riyadh 11311
Kingdom of Saudi Arabia
Tel: +966 (11) 477 4770
Fax: +966 (11) 211 7438
Website: www.sambacapital.com
Email: ipo@sambacapital.com

Legal Advisor

Law Office of Salman M. Al-Sudairi
King Fahd Road
Tatweer Tower - Tower 1 - 7th Floor
P.O. Box 17411 Riyadh, 11474
Kingdom of Saudi Arabia
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Fax: +966 (11) 207 2577
Website: www.alsudairilaw.com.sa
Email: info@alsudairilaw.com.sa

Financial Due Diligence Advisor

Pricewaterhouse Coopers
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Tel: +966 (11) 211 0400
Fax: +966 (11) 211 0401
Kingdom of Saudi Arabia
Website: www.pwc.com
Email: Khalid.Mahdhar@pwc.com

Market Consultant

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Al Mo'ayyad Tower, 12th Floor
P.O. Box 18259, Manama
Kingdom of Bahrain
Tel: +973 (17) 567 950
Fax: +973 (17) 566 703
Website: www.rolandberger.com
Email: office_bahrain@rolandberger.com

Public Accountant

Ernst & Young & Co. (Certified Public Accountants)
Faisaliah Tower, 14th Floor
King Fahd Road
P.O. Box 2732 Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 215 9898
Fax: +966 11 273 4730
Website: www.ey.com/mena
Email: riyadh@sa.ey.com

NOTE: The above Advisors have given and not withdrawn their written consent to the publication of their names, addresses and logos and statements attributed to each of them in the context in which they appearing the Prospectus and do not themselves, their employees (forming part of the engagement team serving the Company), or any of their relatives have any shareholding or interest of any kind in the Company or its Subsidiaries as at the date of this Prospectus which would impair their independence.

Selling Agents	
Samba Financial Group King Abdulaziz Road P. O. 833, Riyadh 11421 Kingdom of Saudi Arabia Tel: +966 (11) 477 4770 Fax: +966 (11) 479 9402 Website: www.samba.com Email: clientcare@samba.com	
Al Rajhi Bank Olaya Road P. O. 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 11 211 6000 Fax: +966 11 460 0705 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	
Banque Saudi Fransi AlMathar Street P. O. 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 (11) 404 2222 Fax: +966 (11) 404 2311 Website: http: www.alfransi.com.sa Email: communications@alfransi.com.sa	
National Commercial Bank King Abdulaziz Roa P. O. 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 (12) 649 3333 Fax: +966 (12) 643 7426 Website: www.alahli.com Email: contactus@alahli.com	
Riyad Bank King Abdulaziz Road P. O. 22622, Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 (11) 401 3030 Fax: +966 (11) 404 2311 Website: www.riyadbank.com Email: clientcare@riyadbank.com	
Saudi British Bank (SABB) Prince Abdulaziz bin Musaed bin Jalawi Street P. O. 9084, Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 (11) 405 0677 Fax: +966 (11) 405 0660 Website: www.sabb.com Email: sabb@sabb.com	

Summary of the Offering

This summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective Investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective Investors should read this entire Prospectus in full. Any decision to invest in the Offer Shares by prospective Investors should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider Section "**Important Notice**" and Section 2 "**Risk Factors**" of this Prospectus prior to making any investment decision in the Offer Shares.

Company Name, Description and Establishment Information	Maharah Human Resources Company is a closed joint stock company incorporated pursuant to Ministerial Resolution number 80/S dated 02/04/1434H (corresponding to 12/02/2013G) under commercial registration number 1010364538 dated 07/04/1434H (corresponding to 18/02/2013G). The Company has obtained a license from the MoL allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G). The Company was established in 1434H (corresponding to 2013G) as a closed joint stock company under the name "Maharah Foreign Recruitment Company" with a total capital of one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary shares, with a nominal value of ten Saudi Riyals (SAR 10) per share. It was registered in Riyadh under commercial registration number 1010364538 dated 07/04/1434H (corresponding to 18/02/2013G). On 29/04/1434H (corresponding to 12/03/2013G), the Company obtained license number 9/SH.M.M. from the MoL, allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G). On 23/07/1438H (corresponding to 20/04/2017G), the Company's Extraordinary General Assembly approved the change of the Company's name to "Maharah Human Resources Company"; and the Company's commercial registration was changed accordingly on 16/09/1438H (corresponding to 11/06/2017G). On 17/09/1438H (corresponding to 12/06/2017G), the Extraordinary General Assembly of the Company approved an increase to the Company's capital to two hundred fifty million Saudi Riyals (SAR 250,000,000), divided into twenty five million (25,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share through capitalization of one hundred twenty million Saudi Riyals (SAR 120,000,000) from the Company's retained earnings and thirty million Saudi Riyals (SAR 30,000,000) from the Company's statutory reserve. On 05/04/1440H (corresponding to 12/12/2018G), the Extraordinary General Assembly approved an increase to the Company's capital to three hundred seventy-five million Saudi Riyals (SAR 375,000,000), divided into thirty-seven million five hundred thousand (37,500,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share through the capitalization of twenty million Saudi Riyals (SAR 20,000,000) from the Company's statutory reserve and one hundred and five Saudi Riyals (SAR 105,000,000) from the Company's retained earnings. The current share capital of the Company is three hundred seventy-five million Saudi Riyals (SAR 375,000,000) divided into thirty-seven million five hundred thousand (37,500,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share.
Company's Activity	In accordance with its Bylaws and commercial registration, the main objective of the Company is to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector. The Company operates in accordance with applicable laws and under the license 9/SH.M.M. issued by the MoL on 29/04/1434H (corresponding to 12/03/2013G) and expiring on 02/04/1444H (corresponding to 28/10/2022G).
Subsidiaries	Musanid Cleaning Services LLC ("Musanid") is a limited liability company established under the UAE's Commercial Companies Law number 2 of 2015G and the Law of Regulating Economic Activities in the Emirate of Dubai number 13 of 2011G, and registered with Dubai's commercial register under number 1304819 dated 26/12/1438H (corresponding to 17/09/2017G). Musanid has no operations and acts as a holding company. In 2018G, Musanid acquired a share in a company in the UAE, namely TPH Center for Domestic Workers L.L.C. ("TPH") (for further details about Musanid and TPH, please refer to Section 4-2 "Overview of the Operations Outside of the Kingdom" of this Prospectus).
Company's Investment Outside the Kingdom	In 2018G, the Company acquired 40% of the share capital in Bloovo Ltd. ("Bloovo"), a company incorporated under the laws of the Cayman Islands. Bloovo has no operations and acts as a holding company. It has a subsidiary in the UAE known as Bloovo Middle East FZ LLC ("Bloovo UAE"), a free zone limited liability company incorporated in Dubai Internet City and registered with Dubai Creative Clusters Authority under commercial license number 92915 dated 04/07/1436H (corresponding to 23/04/2015G) (for further details, please refer to Section 4-2 "Overview of the Operations Outside of the Kingdom" of this Prospectus).

Substantial Shareholders	Substantial Shareholders holding 5% or more of the Company's capital directly and/or indirectly are, Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company, Al-Faisaliah Holding Group Company, Abdullah Sulaiman Al-Amro and Dr. Sulaiman Al-Habib Commercial Investment Company. The below table sets out the Substantial Shareholders' ownership in the Company Pre- and Post-Offering.

Table (1-2): Substantial Shareholders, their Number of Shares and Shareholding Pre- and post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Percentage	Nominal Value (SAR)	Number of Shares	Percentage	Nominal Value (SAR)
Al-Ahliya International Real Estate Investment Company	10,410,000	27.76%	104,100,000	7,287,000	19.43%	72,870,000
Al-Khibra Al-Mi'mariya Company	8,553,750	22.81%	85,537,500	5,987,625	15.97%	59,876,250
Al-Faisaliah Holding Group Company	7,500,000	20.00%	75,000,000	5,250,000	14.00%	52,500,000
Abdullah Sulaiman Al-Amro	6,536,250	17.43%	65,632,500	4,575,375	12.2%	45,753,750
Dr. Sulaiman Al-Habib Commercial Investment Company	3,750,000	10.00%	37,500,000	2,625,000	7.00%	26,250,000
Total	**36,750,000**	**97.87%**	**367,500,000**	**25,725,000**	**68.6.0%**	**257,250,000**

Source: The Company

The Company's Capital	Three hundred seventy-five million Saudi Riyals (SAR 375,000,000).
Total Number of Issued Shares	Thirty-seven million five hundred thousand (37,500,000) fully paid ordinary Shares.
Nominal Value per Share	Ten Saudi Riyals (10) per Share.
Offering	The offering of eleven million two hundred fifty thousand (11,250,000) ordinary Shares at an offering price of sixty nine (69) Saudi Riyals per Share representing 30% of the Company's share capital, with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share.
Total Number of Offer Shares	Eleven million two hundred fifty thousand (11,250,000) fully-paid ordinary Shares.
Percentage of Offer Shares to the Total Number of Issued Shares	The Offer Shares represent 30% of the Company's share capital.
Offer Price	Sixty nine Saudi Riyals (SAR (69)) per offer Share.
Total Value of Offering	Seven hundred seventy-six million two hundred fifty thousand Saudi Riyals (SAR (776,250,000)).
Use of Proceeds	The Net Proceeds amounting to seven hundred twenty five million two hundred fifty thousand Saudi Riyals (SAR (725,250,000)) (after deducting the Offering expenses estimated at fifty one million Saudi Riyals (SAR (51,000,000)), will be paid to the Selling Shareholders on a pro-rata basis according to the number of Shares owned by each Selling Shareholder in the Offer Shares. The Company will not receive any part of the Offering proceeds (for further details, please refer to Section 8 "**Use of Proceeds**" of this Prospectus).
Number of Offer Shares Underwritten	Eleven million two hundred fifty thousand (11,250,000) ordinary Shares.
Total Offering Amount to be Underwritten	Seven hundred seventy-six million two hundred fifty thousand Saudi Riyals (SAR (776,250,000)).

Categories of Targeted Investors	Subscribing for the Offer Shares shall be limited to two tranches of Investors as follows: **Tranche (A) – Participating Parties:** This tranche comprises of the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (please refer to Section 1 "Terms and Definitions" of this Prospectus); and **Tranche (B) – Individual Investors:** This tranche comprises of Saudi Arabian nationals, including any Saudi female divorcee or widow from a marriage to a non-Saudi, who can subscribe for her own benefit, in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, and GCC natural persons. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.
Total Offer Shares Available for Each Tranche of Targeted Investors:	
Number of Offer Shares Available to Individual Investors	A maximum of one million one hundred and twenty five thousand (1,125,000) ordinary Shares representing 10% of the total Offer Shares.
Number of Shares Offered to Participating Parties	Eleven million two hundred and fifty thousand (11,250,000) ordinary Shares representing 100% of the total Offer Shares. However, in the event that there is sufficient demand by Individual Investors and the Participating Entities has subscribed to the full Offer Shares allocated to them, the Lead Manager shall have the right, to reduce the number of Offer Shares allocated to Participating Entities to ten million one hundred and twenty five thousand (10,125,000) Shares, representing 90% of the total Offer Shares.
Subscription Method for Each Tranche of Targeted Investors	
Subscription Method for Participating Entities	Participating Entities as identified in Section 1 "Terms and Definitions" may apply for subscription. The Lead Manager will provide the Bid Forms to the Participating Entities during the book-building process. After provisional allocation, the Lead Manager will provide the Subscription Application Forms to the Participating Entities who will be required to complete them in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**" of this Prospectus.
Subscription Method for Individual Investors	Subscription Application Forms will be available during the Offering Period at some Selling Agents' branches. Subscription Application Forms shall be completed in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. Individual Investors who have recently participated in previous initial public offerings can also subscribe through the internet, telephone banking, or ATMs of any of the Selling Agents who offer any or all such services to its clients, provided that the following requirements are satisfied; (i) the Individual Investor shall have a bank account at a Selling Agent which offers such services; and (ii) there should have been no changes in the personal information of the Individual Investor since his/her subscription in a recent offering.
Minimum Subscription Amount by Each Tranche of Targeted Investors	
Minimum Subscription Amount for Individual Investors	Ten (10) Offer Shares.
Minimum Subscription Amount for Participating Entities	One hundred thousand (100,000) Offer Shares.
Value of Minimum Number of Offer Shares to be Applied for by Each Tranche of Targeted Investors	
Minimum Subscription Amount for Individual Investors	Six hundred ninety Saudi Riyals (SAR (690)).
Minimum Subscription Amount for Participating Entities	Six million nine hundred thousand Saudi Riyals (SAR (6,900,000)).
Maximum Number of Offer Shares to be Applied for by Each Tranche of Targeted Investors	
Maximum Subscription Amount for Individual Investors	Two hundred and fifty thousand (250,000) Offer Shares.
Maximum Subscription for Participating Entities	One million eight thousand seventy four and nine hundred ninety nine (1,847,999) Offer Shares, subject to the restrictions set out in the Book-Building Instructions.
Maximum Subscription Amount by Each Tranche of Targeted Investors	
Maximum Subscription Amount for Individual Investors	Seven million two hundred fifty thousand Saudi Riyals (SAR (17,250,000)).
Maximum Subscription Amount for Participating Entities	One hundred twenty-nine million three hundred seventy-four thousand and nine hundred thirty-one Saudi Riyals (SAR (129,374,931)).

Method of Allocations and Refunds for Each Tranche of Targeted Investors	
Allocation of Offer Shares to Individual Investors	Allocation of the Offer Shares to Individual Investors is expected to be completed no later than 16/09/1440 (corresponding to 21/05/2019G). The minimum allocation per Individual Investor is ten (10) Shares, and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000), with any remaining Offer Shares, if any, being allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds one hundred twelve thousand and five hundred (112,500) Individual Investors, the Company will not guarantee the minimum allocation and the allocation will be determined at the discretion of the Company and the Financial Advisor.
Allocation of Offer Shares to Participating Entities	Final allocation of the Offer Shares to Participating Entities shall be made through the Lead Manager after the completion of the Individual Investors subscription process. The number of Offer Shares to be initially allocated to Participating Entities is eleven million two hundred and fifty thousand (11,250,000) Shares representing 100% of the total Offer Shares. If there is sufficient demand by Individual Investors, the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Entities to ten million one hundred and twenty five thousand (10,125,000) Shares representing 90% of the total Offer Shares after completing the Individual Investors subscription process.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Investors without any commission or withholding by the Lead Manager or the Selling Agents, (as applicable). Announcement of the final allotment and refund of excess subscription monies, if any, will be made no later than 16/09/1440H (corresponding to 21/05/2019G) (for further information, please refer to Section 17-4 "**Allocations and Refunds**" of this Prospectus).
Offering Period	The Offering will commence on Wednesday, 03/09/1440H (corresponding to 08/05/2019G) and will remain open for a period of seven (7) days up to and including the Offering closing date which is Tuesday, 09/09/1440H (corresponding to 14/05/2019).
Entitlement to Dividends	The Offer Shares will be entitled to receive any dividends declared and paid by the Company as at the date of this Prospectus and for subsequent financial years (for further information, see Section 7 "Dividend Policy" of this Prospectus).
Voting Rights	The Company has one class of Shares only. None of the Shares carry any preferential voting rights. Each Share entitles its holder to one vote and each Shareholder has the right to attend and vote at the General Assembly meetings. A Shareholder has the right to delegate another Shareholder, but not a member of the Board, to attend the General Assembly meetings (for further information, please refer to Section 12-3 "Summary of the Company's Bylaws" of this Prospectus).
Restrictions on the Shares (Lock-up Period)	The Substantial Shareholders are subject to a Lock-Up Period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange, whereby they may not dispose of their Shares during this period.
Listing of Shares	Prior to the Offering, the Company's Shares have never been listed in the Kingdom or elsewhere. An application has been made by the Company to the CMA for registration and offer of the shares in accordance with the OSCO Rules. The Company submitted an application to the Exchange for the listing of its Shares in accordance with the Listing Rules. All the relevant approvals required to conduct the Offering have been granted. All supporting documents required by the CMA have been obtained. Trading is expected to commence on the Exchange soon after the final allocation of the Shares (for further information, please refer to Section "**Key Dates and Subscription Procedures**" on page (xi) of this Prospectus).
Risk Factors	There are certain risks related to the investment in the Offer Shares. These risks can be categorized into: (i) risks related to the Company's business; (ii) risks related to the market in which the Company operates; and (iii) risks related to the Offer Shares. These risks are described in Section 2 "Risk Factors" of this Prospectus and should be considered carefully prior to making an investment decision in relation to the Offer Shares.
Offering Expenses	The Selling Shareholders will assume all Offering expenses and costs estimated at around fifty one million Saudi Riyals (SAR (51,000,000)). These costs will be deducted from the Offering proceeds and include the fees of the Financial Advisor, the Underwriter, the Legal Advisor, Auditor and the Market Consultant, in addition to the fees of Selling Agents, and marketing, printing and distribution expenses and other Offering related expenses.
Underwriter	**Samba Capital & Investment Management Company** Kingdom Tower, 14th Floor P.O. Box 220007 Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 (11) 477 4770 Fax: +966 (11) 211 7438 Website: www.sambacapital.com Email: ipo@sambacapital.com

Note: Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to taking any investment decision in the Offer Shares.

Key Dates and Subscription Procedures

Table (1-3): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period	A period of seven (7) days starting on Wednesday, 03/09/1440H (corresponding to 08/05/2019G) until the end of Tuesday, 09/09/1440H (corresponding to 14/05/2019G)
Bidding and book-building period for Participating Entities	A period of nine (9) days starting on Sunday, 16/08/1440H (corresponding to 21/04/2019G) until the end of Monday, 24/08/1440H (corresponding to 29/04/2019G)
Deadline for submission of Subscription Application Forms based on the provisionally allocated Offer Shares for Participating Entities	Sunday 30/08/1440H (corresponding to 05/05/2019G)
Deadline for payment of the subscription monies for Participating Entities based on their provisionally allocated Offer Shares	Sunday 07/09/1440H (corresponding to 12/05/2019G)
Deadline for submission of Subscription Application Forms and payment of the subscription monies for Individual Investors	Tuesday 09/09/1440H (corresponding to 14/05/2019G)
Announcement of final Offer Shares allotment	16/09/1440H (corresponding to 21/05/2019G)
Refund of excess subscription monies (if any)	16/09/1440H (corresponding to 21/05/2019G)
Expected date of commencement of trading in the Stock Exchange	The Shares trading commencement is expected to start after completion of all the relevant legal requirements and procedures. Announcement of the Shares trading commencement will be made through Tadawul's website (www.tadawul.com.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing on Tadawul's website (www.tadawul.com.sa), the Financial Advisor's website (www.sambacapital.com), and the Company's website (www.maharah.com).

How to Apply for the Offering

Subscription is restricted to the following two groups of investors:

Tranche (A) Participating Parties: This tranche comprises of the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (please refer to Section 1 "**Terms and Definitions**" of this Prospectus); and

Tranche (B) Individual Investors: This tranche comprises of Saudi Arabian nationals, including any Saudi female divorcee or widow from a marriage to a non-Saudi, who can subscribe for her own benefit, in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, and GCC natural persons. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be considered.

(a) Participating Parties:

Participating Parties can obtain the Subscription Application Forms from the Lead Manager during the book-building process period and the Bid Forms from the Lead Manager after provisional allocation. The Lead Manager shall, after the approval of the CMA, offer the Offer Shares to the Participating Entities only during the book-building period. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Lead Manager representing a legally binding agreement between the Selling Shareholders and the Participating Entity submitting the application.

(b) Individual Investors

Subscription Application Forms for Individual Investors will be available during the Offering Period at the branches of the Selling Agents. Individual Investors can also subscribe through the internet, telephone banking, or ATMs of any of the Selling Agents that provide any or all of these services to Individual Investors who have recently participated in previous initial public offerings, provided that the following requirements are satisfied:

- an Individual Investor must have a bank account at the Selling Agent which offers such services; and
- there should have been no changes in the personal information or data of the Individual Investor (by way of disposal or addition of any member of his family) since he/she last participated in a recent initial public offering.

Subscription Application Forms are required to be filled in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**". Each Applicant must complete all the relevant sections in the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions is not met. The Subscription Application Form cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application Form shall, upon submission, be considered to be a legally binding agreement between the relevant Investor and the Selling Shareholders) (for further information, please refer to Section 17 ("**Subscription Terms and Conditions**" of this Prospectus).

Excess subscription monies, if any, will be refunded to the prime Investor's account held with the Selling Agent from which the subscription value has been debited in the first place, without and commissions or withholding by the Lead Manager or the Selling Agents. Excess subscription monies may not be refunded in cash or to third-party accounts.

For further information regarding subscription by Individual Investors and the Participating Entities, please refer to Section 17 "**Subscription Terms and Conditions**" of this Prospectus.

SUMMARY OF KEY INFORMATION

This summary of key information is intended to give an overview of the information contained in this Prospectus. However, it does not contain all the information that may be important to prospective Investors. Accordingly, this summary must be treated as an introduction to this Prospectus, and recipients of this Prospectus are advised to read the entire Prospectus in full so that any decision to invest in the Offer Shares by prospective investors should be based on the consideration of this Prospectus as a whole, including, in particular, Section "**Important Notice**" and Section 2 "**Risk Factors**" of this Prospectus prior to making any investment decision in the Offer Shares.

Overview of the Company

Maharah Human Resources Company is a closed joint stock company incorporated pursuant to Ministerial Resolution number 80/S dated 02/04/1434H (corresponding to 13/02/2013G) under commercial registration number 1010364538 dated 07/04/1434H (corresponding to 18/02/2013G). The Company has obtained a license from the MoL allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G).

The Company was established in 1434H (corresponding to 2013G) as a closed joint stock company under the name "Maharah Foreign Recruitment Company" with a total capital of one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary Shares, with a nominal value per share of ten Saudi Riyals (SAR 10) per Share. It was registered in Riyadh under commercial registration number 1010364539 dated 07/04/1434H (corresponding to 17/02/2013G).

On 29/04/1434H (corresponding to 12/03/2013G), the Company obtained license number 9/SH.M.M. from the MoL, allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G). On 23/07/1438H (corresponding to 20/04/2017G), the Company's Extraordinary General Assembly approved the change of the Company's name to "Maharah Human Resources Company"; accordingly, the Company's commercial registration was changed on 16/09/1438H (corresponding to 11/06/2017G).

On 17/09/1438H (corresponding to 12/06/2017G), the Extraordinary General Assembly of the Company approved an increase to the Company's capital to two hundred fifty million Saudi Riyals (SAR 250,000,000), divided into twenty five million (25,000,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share through capitalization of one hundred twenty million Saudi Riyals (SAR 120,000,000) from the Company's retained earnings and thirty million Saudi Riyals (SAR 30,000,000) from the Company's statutory reserve.

On 05/04/1440H (corresponding to 12/12/2018G), the Extraordinary General Assembly approved an increase to the Company's capital to three hundred seventy-five million Saudi Riyals (SAR 375,000,000), divided into thirty-seven million five hundred thousand (37,500,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share through the capitalization of twenty million Saudi Riyals (SAR 20,000,000) from the Company's statutory reserve and one hundred and five million Saudi Riyals (SAR 105,000,000) from the Company's retained earnings balance.

The Company's current capital is three hundred seventy-five million Saudi Riyals (SAR 375,000,000), divided into thirty seven million five hundred thousand (37,500,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share (for further information about the Company's history, please refer to Section 4-1-2 "**The Company's History and Changes in its Shareholding Structure**" of this Prospectus).

The Company's Principle Activities

In accordance with its Bylaws and commercial registration, the main objective of the Company is to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector. The Company operates in accordance with applicable laws and under the license 9/SH.M.M. issued by the MoL on 29/04/1434H (corresponding to 12/03/2013G) and expires on 02/04/1444H (corresponding to 28/10/2022G).

Vision

Leading the human resources industry by providing comprehensive and integrated solutions that ensure clients' success, protect employees' rights and support the national development.

Mission

The Company aims to provide innovative human resources solutions and services to its clients through a systematic framework, premium information systems and strategic partnerships that serve its employees, clients and community.

Strategy

The Kingdom's economic transformation brings good opportunities for the Company to which it is responding by providing innovative solutions to drive revenue growth capture opportunities available in the corporate and household segments in which the Company operates.

- Corporate Segment:
  - **Consolidate Existing Market Leadership Position**: The Company is one of the largest providers of manpower resources services to the corporate segment. The Company have served more than eight hundred (800) clients and have deployed over fifty thousand (50,000) manpower resources to various industries including retail, hospitality, healthcare, industrial and operation, and the commercial industry. The Company seeks to maintain its position as a leading provider of manpower resources solutions to existing clients by adopting a proactive relationship management by anticipating and serving clients' needs, while at the same time expanding its client base by establishing relationships with new clients.

    The Company's corporate sales and operations team seeks to continously understand the corporate manpower resources market in order to deliver its manpower resources services. Initiatives taken by the Company in this respect include the following:

    - Analyzing the impact of regulatory changes on employment (e.g. Nitaqat);
    - Analyzing the impact of macro-economic developments on key client industries;
    - Identifying experience and qualifications required by the labor market; and
    - Undertaking client and resource surveys.

The Company's corporate sales and operations team also includes:

- Sales representatives covering the central, eastern, and the western regions of the Kingdom responsible for identifying and establishing new client relationships. The Company is planning to further expand the sales team to cover other regions in the Kingdom. Sales representatives have periodic targets for prospective clients and signed contracts which are regularly monitored by the management of the Company.
- Client relations managers who have a direct relationship with existing clients, catering to their needs and responding to their requests and complaints. The Company maintains KPIs to evaluate its services with the purpose of maintaining client satisfaction and retention. Through their close working relationship with clients, the Company's client relationship management team can anticipate demand for manpower resources of certain professions and skill-sets, and stay up-to date with market trends.

  The Company has also formed a marketing team responsible for promoting the Company and its services to existing and prospective clients as well as attending forums such as industry specific conferences and seminars.

- **Provide Value-Added Services**: With an evolving environment for employment, the Company seeks to broaden the range of services offered by assisting employers and job seekers through human resources technology – the Company has acquired a 40% interest in Bloovo which runs an online portal for recruitment (for further information about the Company's investments in Bloovo, please refer to Section 4-2-2 "Bloovo Ltd." of this Prospectus).
- **Saudi Recruitment Platform**: The Company seeks to obtain the necessary licensing from the MoL to expand its service offerings to include the recruitment and training of Saudi nationals. The Company seeks to leverage its

experience in the human resources industry to assist its clients with hiring qualified Saudi manpower resources. In addition, the Company has taken the first step towards the implementation of this initiative by investing in Bloovo in order to capitalize on the online recruitment portal developed by Bloovo (for further information on the Company's investments in Bloovo, please refer to Section 4-2-2 "Bloovo Ltd." of this Prospectus).

- **Diversify into Related Activities**: The Company's long-term objective is to become a provider of integrated human resources solutions. To this end, it will consider diversification of relevant activities such as human resources process outsourcing, recruitment advisory, training and development services, and career transition services.

- Household Segment:

  - **Expand the Fast-Growing Household segment**: The Company's revenues in the household segment grew at a CAGR of 145.4% over 2015G, 2016G, and 2017G. It also achieved a growth of 42% in the nine-month period ended 30 September 2018G compared to the same period of year 2017G. Through anticipation of client demand, the Company is able to deploy manpower resources in a timely manner after receipt of client requests, which positively contributes to the growth and expansion of its client base.

    In order to be at the forefront of competition within the household segment, the Company recruits manpower resources from previously untapped countries to check response from clients. At the same time the Company and TPH continue to recruit manpower resources from countries of high demand within the Kingdom and the UAE.

  - **Expand Geographical Footprint**: The Company intends to expand its geographical footprint through new branch openings in the Kingdom and UAE. Since its establishment, the Company has opened eighteen (18) branches across ten (10) cities in the Kingdom. Cities where new branches will be opened will be carefully selected in view of demand for domestic help in those cities, determined based on a number of factors including the population, income profile, consumer feedback, using data gathered through client requests via the Company's web portal and mobile application, and their projected contribution towards revenue and profitability growth, both on a standalone and consolidated basis. In the UAE, TPH (which is 70% owned by the Musanid) is aiming to expand by launching and expanding some of its services in new cities such as Abu Dhabi, Sharjah and Ajman.
  - **Launch New Products and Services**: The Company offers services under the "Khidmah" Program, whereby it provides part-time housekeepers and home care nurses to household clients who pay on an hourly basis as well as full-time home care nurses. In light of the encouraging response that the Company has received for the "Khidmah" Program, the Company plans to further expand the range of part-time services to include premium offerings such as child care, party hosting and handyman services. In order to expand the home care services, the Company signed a recruitment contract with a recruitment agency specialized in recruiting nurses in the Philippines (for further information about this contract, please refer to Section 12-4-4 "Agreements of Foreign Recruitment Agencies" of this Prospectus).

Competitive Advantages

The Company believes that it has a number of competitive advantages. Such advantages enabled the Company's business to grow rapidly since its inception a few years ago and provide a strong foundation for future growth. Such advantages include the following:

- **Market Leadership and Scale**: Having eighteen (18) branches across ten (10) cities in the Kingdom, the Company is one of the largest human resources companies in the Kingdom. It has a strong presence across multiple regions of the Kingdom. As of 31 December 2017G, approximately thirty one (31) human resources companies were licensed by the MoL to operate within the corporate and household segments. The Company's market share ranges between 18% and 20% in the corporate segment and ranges between 17% and 19% in the household segment according to the MoL and Company statistics, which makes the Company a market leader of both segments. Currently, the Company's leading position in the human resources industry is a result of the Company's solid brand and reputation developed due to the following:
  - Quality and diversity of its manpower resources in terms of qualifications, nationalities, experience and backgrounds.
  - Expeditious deployment of manpower resources and the ease of the overall process.
  - Ability to fulfill the large manpower resources requirements of clients that smaller human resource companies cannot fulfill.
  - Support services provided to both clients and the deployed manpower resources throughout the duration of their contracts.
    - Flexibility in providing clients with contracts of different durations.
    - Effective interaction and communication with clients through periodical visits.
    - Excellent relations with countries from which manpower resources are recruited, embassies, and recruitment agencies,

- Specialized experience in the healthcare industry which has a more stringent recruitment and deployment process.
- Robust technological platform that supports the Company's business model.
- The Company's age of more than five (5) years compared to remaining companies operating in the industry with an average age of two (2) years and half and the positive impact created by such age on the Company's relationship with clients.

- **Access to Diversified Range of Work Visas**: Any company operating in the Kingdom that wishes to hire foreign manpower resources needs to go through a lengthy process to obtain work visas while the Company can provide easier access to such visas given that the Company maintains a readily available inventory of visas. The Company's inventory includes work visas for different professions and nationalities and the Company can arrange work visas on a short notice. As of 30 September 2018G, the Company has issued more than seventy two thousand (72,000) visas for its manpower resources of various professions and nationalities since its establishment. Each work visa in the Kingdom is issued for a particular profession and nationality. If a company identifies manpower resources in a country that they would like to employ and have visa(s) available for that profession, they may still not be able to hire such manpower resources if they do not have the work visa for the nationality of such manpower resources. However, the Company has access to visas for different professions across different nationalities and can quickly obtain the required visas so that the manpower resources can be immediately deployed by the Company.
- **Diversified and Growing Client Base**: Through the stable and recurring nature of the Company's business, the Company has developed strong relationships with a number of clients. The Company has a diversified client base and is not concentrated on any industry, client or geographic location. In the corporate segment, the Company's clients operate in various industries including retail, healthcare, industrial and maintenance, hospitality, and the commercial industry. This is complemented by the growing household segment. As of 30 September 2018G, the Company has provided its services to more than eight hundred (800) clients in the corporate segment including twenty (20) companies listed in the Exchange. In the household segment, the Company has provided services to more than sixty-five thousand (65,000) clients including more than thirty-five (35,000) clients through "Khidmah" Program as of 30 September 2018G.
- **Wide Spectrum of Manpower Resources Solutions**: The Company provides a wide range of manpower resources solutions for professional, skilled and unskilled manpower resources. Professions supplied by the Company include physicians, nurses, marketing specialists, salesmen, financial analysts, computer programmers, system analysts, technicians, waiters, drivers, housekeepers, construction manpower resources, etc. In addition, the Company's product and service portfolio is continuously growing. In addition to providing manpower resources services to the corporate segment, the Company provides its services to the household segment, where it launched a number of services including "Khidmah" Program (for further information about "Khidmah" Program, please refer to Section 4-4-4 "Household Segment Services" of this Prospectus).

- **Large Distribution and Support Infrastructure:**

- **Nationwide Branch Network**: The Company has eighteen (18) branches in ten (10) cities across seven (7) regions in the Kingdom (for further information about the Company's branches, please refer to Section 4-1-5 "**Company's Branches**" of this Prospectus). According to the General Authority for Statistics, approximately 86% of the Saudi population lived in these regions. As such, the Company believes that this provides it with the perfect platform needed to penetrate and fuel its growth within the household segment by ensuring easy access for its staff to address the needs of its clients and manpower resources. The Company provides a number of services either directly or through these branches.
- **Training and Housing Infrastructure**: The Company has recently acquired a premises for the new headquarters to which operations will be transferred within 2019G. The building will have a total built-up area of fourteen thousand five hundred (14,500) square meters, which will be equipped with training facilities needed to support the growth of various services including "Khidmah" Program. In addition, the Company provides housing facilities to its manpower resources (including its un-deployed manpower resources and "Khidmah" Program manpower resources). These housing facilities are located in nine (9) cities and are equipped with reception, dining area, orientation room, medical clinic and fully furnished rooms. At any given time, three thousand five hundred (3,500) can stay at these facilities, thereby persons capacity, allowing the Company to recruit manpower resources and have them available to be deployed immediately upon request by the client.
- **Strategic Relationships with Recruitment Agencies**: The Company has strong relationships with more than forty-five (45) recruitment agencies in different countries such as India, Indonesia, Nepal, the Philippines, Egypt, Pakistan and Bangladesh. This allows the Company to recruit the most qualified manpower resources in different fields through a systematic method that includes interviewing and testing. The Company has also developed criteria to evaluate recruitment agencies which focus on the processing time, quality of manpower resources and effectiveness in solving any problems that arise after the recruitment process. In addition, the scale of the Company's operations gives it a strong negotiating position with such recruitment agencies.
- **Relationships with Embassies**: The Company maintains a strong business relationship with embassies in the Kingdom of all countries from which its manpower resources are recruited. The Company maintains such

relationships through a dedicated team who schedules regular visits with embassy officials to discuss matters and resolve any issues related to the manpower resources.

- **Automated Systems**: The Company developed in-house software solutions and mobile applications for the purposes of building a database of client and manpower resources information, thereby enhancing operational efficiency and serving clients through multiple platforms. The Company improved its systems gradually and it now serves both its clients and manpower resources electronically. As of 30 September 2018G, 29% of the Company's revenues for the "Khidmah" Program are generated through the mobile application.
- **Experienced Management Team**: The Company's management team has played a key role in achieving substantial growth in the Company's operations since its inception just a few years ago. The Company's management team has deep knowledge and understanding of the human resources industry, which has allowed the Company to become one of the largest manpower resources service providers in the Kingdom within a short period of time.
- **Dedicated Manpower Resources Care Team**: The Company has a dedicated team that caters to the needs of its manpower resources, provides them with information and services and ensures that they work in a safe environment. This care team serves all manpower resources through a care center consisting of both a call center available in multiple languages and a mobile application that serves manpower resources directly. Moreover, the Company has adopted policies to protect its manpower resources and ensures their safety and security at all times (for further information about such policies, please refer to Section 4-4-6(e) "Safety and Security" of this Prospectus).
- **Large Database of Client Information**: Since its inception, the Company gathered information on the recruitment needs of more than eight hundred (800) corporate segment clients and more than sixty-five thousand (65,000) household segment clients including more than thirty-five thousand (35,000) clients through "Khidmah" Program. This information assists the Company in understanding the needs of the target market when making business decisions including launching new products, opening new branches, and recruiting specific manpower resources skills. Such database provides the Company with comprehensive data to take it into consideration with respect to its marketing initiatives, enabling the Company to sell its integrated services between its corporate segment and household segment clients.

Market and Industry Overview

Overview of the Kingdom's Macroeconomy

Over the past years, the Kingdom has witnessed a stable economic growth driven by stable growth in the GDP, a rapid population growth, stable political land scape, positive economic reforms and improved social conditions. The GDP grew at a CAGR of 2.5% between 2012G and 2017G, while income per household increased by 3%. This, in turn, has led to an increase in demand of manpower resources both in the household segment and the corporate segment from 10.4 million in 2012G to 12.2 million in 2017G.

Analysis of the Market in the Kingdom

The manpower resources services market in the Kingdom developed due to the political, economic, social, and technological factors described below:

Political Factors

The Government has developed an economic social plan called "Vision 2030" with an aim at boosting the local economy. Multiple programs have been developed to achieve the objectives of Vision 2030. These objectives include among other things: (i) increasing foreign direct investment from 3.8% to the global level of 5.7% of the GDP; (ii) increasing the private industry contribution from 40% to 65% of the GDP; (iii) increasing contribution of small and medium size enterprises to the GDP from 20% to 35%; and (iv) increasing woman participation in the labor market from 22% to 30%, etc. These factors are expected to have a positive impact on the manpower resources service market in the Kingdom, along with the new bilateral agreements entered into recently between the Government and Ethiopia, Bangladesh, Chad, Kenya, Uganda, and Somalia. Such new bilateral agreement will create new markets for manpower resources supply.

Economic Factors

Actual GDP per capita steadily increased from seventy-nine thousand (SAR 79,000) Saudi Riyals in 2012G to reach eighty-one thousand (SAR 81,000) Saudi riyals in 2017G, which had a positive impact on the levels of income available to consumers. As a result, real disposable income grew at a CAGR of 3.0% during the same period, which had a positive impact on the Saudi families' standard of living. This is clearly evident due to higher demand on domestic support (e.g. chauffeurs and household manpower resources)

Such steady development boosts companies' confidence to continue and develop their activities and their manpower resources. Despite growth stagnation in 2017G, a number of institutions in the Kingdom maintained a CAGR of 2.2% from 2012G to 2017G.

Social Factors

Increasing population number along with increasing average life expectancy create favorable conditions for labor market growth in general. Whereas having the elderly population as the fastest growing segment, is expected to boost healthcare and geriatric manpower demand.

Previously, women's participation in the Kingdom's labor market was low with women representing less than 20% of the labor market. However, recent Government initiatives aimed at encouraging women's participation in all industries to reduce female unemployment. This is expected to enhance the annual disposable income per family as well as the number of small and medium size projects managed by females. The increasing trend towards female employment is likely to increase the demand for domestic assistance (such as babysitters, cooks, etc.) and strengthen the financial situation of families.

Technological Factors

As far as technological development and prevalence are concerned, the Kingdom holds a high position among its regional peers. The Company also occupies an above average rank among Arab states in terms of network readiness due to its relatively sophisticated information and communications technologies industry. However, the Kingdom is slightly different as to government spending on research and development. The Kingdom's increasing electronic transformation would reduce the concentration of manpower resources in specific industries; however, this boosts the need to manpower resources specialized in the information and communications technologies industry.

Development of the Manpower Resources Services to the Corporate Segment

From 2014G and 2017G, the corporate segment market grew by 2% with manpower resources amounting to ten million and eight hundred thousand (10,800,000). Despite the fact that manpower resources supplied by human resources companies represent only 1% of the market, it is the fastest growing segment during the period from 2014G to 2017G, achieving a 24% growth.

Table (1-4): Total Development of the Manpower Resources Market, 2014G-2017G

000' Full-time Employees	2014G	2015G	2016G	2017G	Compound Growth
Manpower resources sponsored by human resources companies	74 (100%)	144 (100%)	133 (100%)	140 (100%)	24%

Source: General Authority for Statistics, Roland Berger, Analysis

Decline in 2016G was due to economic slowdown and the issuance of new rules obligating human resources companies to have household manpower resources representing 20% of their total manpower resources.

Household Segment Supports Market Development

Total household manpower resources market grew at a CAGR of 13% from 2014G to 2017G with total manpower resources amounting to one million and two hundred and twenty three (1,230,000) manpower resources.

Table (1-5): Total Development of Household Manpower Resources Market, 2014G - 2017G

000' Full-time Employees	2014G	2015G	2016G	2017G	CAGR
Full-time household manpower resources services provided by human resources companies	10 (1%)	17 (2%)	27 (3%)	36 (3%)	53%
Part time household manpower resources services provided by human resources companies	-	-	6 (1%)	8 (1%)	N/A
Full-time household manpower resources services provided by intermediaries	836 (99%)	1,059 (98%)	1,127 (97%)	1,187 (96%)	12%
Total manpower resources	**846 (100%)**	**1,076 (100%)**	**1,160 (100%)**	**1,231 (100%)**	**13%**

Source: General Authority for Statistics, Roland Berger, Analysis

Summary of Financial Information and Key Performance Indicators

The financial information and key performance indicators set forth below should be read in conjunction with the Company's special-purpose consolidated audited and restated financial statements for the financial years ended 31 December 2015G and 2016G along with the Company's audited financial statements for the year ended 31 December 2017G, including notes thereto included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus which is comprised of the consolidated special-purpose financial statements for the years ended 31 December 2017G, 31 December 2016G and 31 December 2015G, which include the restated financial statements for the financial years ended 31 December 2015G and 31 December 2016G in accordance with the requirements of Annex (15) of the OSCO Rules.

Table (1-6): Summary of financial information and KPIs for the financial years ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Income Statement			
Revenue	958,893**	1,181,428**	1,167,945
Cost of revenue	(699,949)**	(844,642)**	(875,419)
Gross Profit	**258,944**	**336,786**	**292,526**
General and administrative Expenses	(57,883)	(66,352)	(87,732)
Marketing Expenses*	(1,412)	(28,213)	(8,920)
Income from Main Operations	**199,649**	**242,221**	**195,874**
Other income	3,088	4,487	16,531
Income before zakat	**202,738****	**246,708**	**212,405**
Zakat	(9,152)	(8,137)	(8,980)
Net Income	**193,586**	**238,571****	**203,426**
Balance Sheet			
Current Assets	485,850	443,984**	571,407
Non-Current Assets	107,935	152,276	183,591
Total Assets	**593,785**	**596,260**	**754,998**
Current Liabilities	246,638**	304,230**	339,720
Non-Current Liabilities	108,469	79,821	94,517
Total Liabilities	**355,106**	**384,051**	**434,237**
Equity	**238,679****	**212,208****	**320,761**
Total Liabilities and Equity	**593,785**	**596,260**	**754,998**
Cash Flow Statement			
Net cash from operating activities	286,150**	260,607**	249,295
Net cash (Used in) from Investment Activities	(92,243)	9,635	(2,480)
Net cash used in financing activities	(105,000)	(265,722)	(95,500)
Cash and cash equivalents at the end of the year	**186,386**	**190,906**	**342,222**
KPIs			
Revenue growth rate	125.3%	23.2%	(1.1%)
Gross Profit Margin	27.0%	28.5%	25.0%
Net Income Margin	20.2%	20.2%	17.4%
Total Average Deployed Employees	24,600	30,870	31,427
Average monthly revenue per Deployed Employees	3,248	3,189	3,097
Return on Assets***	32,6%	40.0%	26.9%
Return on Equity****	81.1%	112.4%	63.4%
Total Current Assets/Total Current Liabilities	**2.0**	**1.5**	**1.7**

* This includes provision for doubtful debts

** These numbers (or their components) have been restated

*** Return on assets was calculated by dividing the net annual income on assets in the same year

**** Return on equity is calculated by dividing the net annual income on equity in the same year

Source: Special purposes consolidated financial statements for the financial years ended 31 December 2015G, 2016G and 2017G.

The financial information and KPIs set forth below should be read in conjunction with the Company's audited financial statements for the period of 9-month period ended 30 September 2017G and the nine-month period ended 30 September 2018G, including notes thereto included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Table (1-7): Summary of Financial Information and KPIs for the nine-month period ended 30 September 2017G and the nine-month period ended 30 September 2018G

000 SAR	The nine-month period ended 30 September 2017G Audited	The nine-month period ended 30 September 2018G Audited
Income Statement		
Revenue	867,074	1,004,348
Cost of Revenue	(649,277)	(755,890)
Gross Profit	**217,797**	**248,458**
General and administrative expenses	(62,814)	(75,921)
Marketing expenses	(1,438)	(2,896)
(Reversal of) the Provision for doubtful debts	(12,596)	(636)
Income from Main Operations	**140,948**	**169,004**
Other income	12,575	15,197
Net Unrealized Gains from investments under Equity Method at Fair Value through Profit and Loss	442	515
Income before zakat	153,965	184,716
Zakat	(9,146)	(9,213)
Net Income	**144,819**	**175,503**
Balance Sheet	**31 December 2017G Audited and consolidated**	**30 September 2018G Audited and consolidated**
Current Assets	556,520	720,080
Non-Current Assets	135,839	203,686
Total Assets	**692,358**	**923,766**
Current Liabilities	392,166	442,579
Non-Current Liabilities	35,942	37,151
Total Liabilities	**428,108**	**479,730**
Equity	**264,250**	**444,037**
Total Liabilities and Equity	**692,358**	**923,766**
Cash Flow Statement		
Cash Flow Statement	**30 September 2017G**	**30 September 2018G**
Net cash from operating activities	169,568	92,110
Net cash (Used in) from Investment Activities	(8,015)	(340,338)
Cash and Cash Equivalents at the End of the Period	**352,458**	**93,993**
KPIs		
Revenue growth rate	N/A	15.8%
Gross Profit Margin	25.1%	24.7%
Net Income Margin	16.7%	17.5%
Total Average Deployed Employees	30,869	32,723
Average monthly revenue per Deployed Employees	2,808	3,069
Return on Assets	20.9%	19%
Return on Equity	54.8%	39.5%
Total Current Assets/Total Current Liabilities	**2.2**	**2.4**

Source: Interim consolidated financial statements for of nine-month period ended 30 September 2017G and 2018G and the financial year ended 31 December 31 2017G as a comparative period for the balance sheet.

SUMMARY OF RISK FACTORS

Prospective Investors should carefully consider all the information contained herein before subscribing to the Offer Shares including, in particular, the risk factors detailed in Section 2 "**Risk Factors**", of this Prospectus. Below is a summary of these factors; however, this summary does not contain all the information that may be important to prospective Investors.

Risks Related to the Company's Business

- Risks Related to Relatively Short Operating History and Dynamic Regulatory Environment
- Risks Related to the Company's Inability to Obtain Work Visas Necessary for its Business
- Risks Related to the non-Compliance with the MoL's Laws and Regulations
- Risks Related to the Bank Guarantee to MoL
- Risks Related to the Company's Inability to Attract and Retain Clients
- Risks Related to the Company's Reliance on Key Clients
- Risks Related to the Company's Contracts with Key Clients
- Risks Related to the Concentration of the Company's Clients in the Household segment
- Risks Related to Default or Insolvency of Clients
- Risks Related to the Company's Reliance on Manpower resources Recruited from Certain Countries
- Risks Related to the Company's Inability to Maintain its Relationship with External Recruitment Agencies
- Risks Related to the Company's Inability to Recruit Qualified Manpower resources
- Risks Related to Quality of Services and Positive Reputation
- Risks Related to the Medical Errors Committed by the Manpower Resources Deployed to the Healthcare Industry
- Risks Related to Manpower Resources Accommodation
- Risks Related to Manpower Resources Transportation
- Risks Related to Future Financing
- Risks Related to Transactions and Agreements with Related Parties
- Risks Related to Failure to Properly Maintain the Confidentiality and Integrity of Client and Employee Data
- Risks Related to the Company's Business Outside the Kingdom
- Risks Related to the Company's Inability to Expand and Develop
- Risks Related to Acquisitions and Joint Ventures
- Risks Related to Merger of Acquired Companies
- Risks Related to Credit Card and Debit Card Payments
- Risks Related to the Company's Reliance on Senior Management and Key Personnel
- Risks Related to Employee Misconduct and Errors
- Risks Related to the Company's Reliance on Information Technology Infrastructure
- Risks Related to Adequacy of Insurance Coverage
- Risks Related to Litigation
- Risks Related to Protection of Intellectual Property Rights
- Risks Related to Potential Taxation and Zakat
- Risks Related to Short History of Corporate Governance Rules Implementation
- Risks Related to Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform their Duties as Required
- Risks Related to Lack of Experience in Managing a Joint Stock Company Listed in the Stock Exchange
- Risks Related to Restatement of Financial Statements due to Accounting Errors
- Risks Related to the Aging of Receivables
- Risks Related to the Assessment of Expected Credit Losses for Account Receivables
- Risks related to the Company's application of the IFRS

Risks Related to the Industry in which the Company Operates

- Risks Related to Political Instability and Security Concerns in the Middle East Region
- Risks Related to Fluctuations in General Economic Activity and its Impact on the Company's Business
- Risks Related to High Level of Competition in the Human Resources Industry
- Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees

- Risks Related to Changes in the Regulatory Environment
- Risks Related to Changes in Government Policies
- Risk Related to Licenses and Approvals
- Risks Related to Non-Compliance with the Saudization Requirements
- Risk Related to the Issuance of the Companies Law and Implementing Regulations
- Risks Related to Value Added Tax Law Implementation
- Risks Related to the Income and Zakat Calculation Mechanism Change
- Risks Related to Changes in Prices for Energy, Electricity, Water and Related Services
- Risks Related to Seasonal Factors

Risks Related to the Offer Shares

- Risks Related to Effective Control Post-Offering by the Current Shareholders
- Risks related Absence of a Prior Market for the Shares
- Risks Related to Selling a Large Number of Shares in the Stock Exchange
- Risks Related to Issuance of New Shares
- Risks Related to Fluctuation in the Market Price of the Shares
- Risks Related to Distribution of Dividends

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1- Terms and Definitions

Actual GDP	Actual gross domestic product of the Kingdom, unless the context provides otherwise. It is the financial value of all products and services produced within the Kingdom within a specified period of time without calculating inflation.
Actual GDP per capita	Actual gross domestic product per capita in Kingdom, unless the context provides otherwise. It is the gross domestic product divided by the population and represents the average per capita income in the Kingdom.
Advisors	The Company's advisors in relation to the Offering whose names appear on page (v) of this Prospectus.
Associate Companies	Bloovo (direct ownership) and Bloovo UAE (indirect ownership).
Auditor	Ernst & Young & Co. (Certified Public Accountants).
Authorized Person	A person who is authorized to carry on securities business by the CMA.
Beneficial Ownership	The beneficial ownership of the shares, including any rights related to such share such as the right of profit, whereas official ownership registered in official documents is in the name of another person, who acts as an agent of the beneficial owner.
Bid Form	The bid form used by the Participating Entities to bid for the Offer Shares during the book building process. This term includes where applicable, the appended bid form when the price range changes.
Bloovo	Bloovo Ltd.
Bloovo UAE	Bloovo Middle East FZ LLC.
Board or Board of Directors	The board of directors of the Company.
Board Secretary	The Secretary of the Board of Directors of the Company.
Book-Building Instructions	Instructions on Book Building and Allocation of Shares in Initial Public Offerings issued pursuant to CMA Board Resolution number 2-94-2016G dated 15/10/1437H (corresponding to 20/07/2016G), as amended under CMA Board Resolution number 4-4-2018G dated 23/04/1439H (corresponding to 10/01/2018G).
Bookrunner	Samba Capital & Investment Management Company.
Business Day	Any day (with the exception of Fridays, Saturdays and official holidays) on which the Selling Agents are open for business in the Kingdom.
Bylaws	The Company's Bylaws approved by the General Assembly.
Capital Market Law	The Capital Market Law, promulgated by Royal Decree number M/30 dated 02/06/1424H (corresponding to 01/08/2003G), as amended.
Companies Law	Companies Law promulgated by Royal Decree number. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
Company or Issuer	Maharah Human Resources Company.
Corporate Governance Regulations	The Corporate Governance Regulations issued by CMA Board resolution number 8-16-2017M dated 16/05/1438H (corresponding to 13/02/2017G), as amended pursuant to CMA Board resolution number 3-45-2018G dated 07/08/1439H (corresponding to 23/04/2018G), as amended.
CMA	Capital Market Authority in the Kingdom.
Current Shareholders	Company's existing shareholders.
Directors	Members of the Company's Board of Directors.
Exchange or Tadawul	The Saudi Stock Exchange (Tadawul)
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
Financial Advisor	Samba Capital & Investment Management Company.
Financial Year	Financial year of the Company, starting from 1 January to 31 December of each financial year.
G	Gregorian
GAZT	General Authority of Zakat and Tax
GCC	Cooperation Council for the Arab States of the Gulf.

GDP	Gross domestic product of the Kingdom, unless the context provides otherwise. It is the financial value of all products and services produced within the Kingdom within a specified period of time.
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly, and "General Assembly" shall mean any general assembly of the Company.
Government	Government of the Kingdom, and the word "government" shall be interpreted accordingly.
H	Hijri.
IFRS	IFRS adopted in the Kingdom of Saudi Arabia, along with standards and other publications approved by SOCPA.
Individual Investors	Saudi Arabian nationals, including any Saudi female divorcee or widow from a marriage to a non-Saudi, who can subscribe for her own benefit, in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, and GCC natural persons.
Investment Fund Regulation	Investment Funds Regulations issued by CMA Board resolution number 1-219-2006G dated 03/12/1427H (corresponding to 24/12/2006G), in accordance with Capital Market Law promulgated by Royal Decree number M/30 dated 02/06/1424H, as amended by CMA Board resolution number 1-61-2016M dated 16/08/1437H (corresponding to 23/05/2016G).
Investors	Participating Entities and Individual Investors.
"Khidmah" Program	A program through which the Company provides part-time household manpower resources in the Kingdom on a pay-by-hour basis.
Kingdom or Saudi Arabia	The Kingdom of Saudi Arabia.
Labor Law	Saudi Labor Law, promulgated by Royal Decree number M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Lead Manager	Samba Capital & Investment Management Company.
Legal Advisor	Law Office of Salman M. Al-Sudairi.
Listing	Admission of listing of the Company's Shares on the Exchange in accordance with Listing Rules.
Listing Rules	Listing Rules issued by CMA Board resolution number 3-123-2017M dated 09/04/1439H (corresponding to 27/12/2017G).
Lock-Up Period	The period of six (6) months during which Substantial Shareholders may not dispose of any of their shares, starting from the date of the commencement of trading of the Company's shares on Tadawul.
Maher ERP	The Company's enterprise planning system.
Market Consultant	Roland Berger Middle East W.L.L.
Market Study	The market study prepared by Roland Berger Middle East W.L.L.
MoCI	Ministry of Commerce and Investment in the Kingdom.
MoL	Ministry of Labor and Social Development in the Kingdom.
Musanid	Musanid Cleaning Services LLC.
MyMaharah Application	The Company's mobile application, which aims to provide services to the Company's manpower resources.
Offering	Offering of eleven million two hundred fifty thousand (11,250,000) ordinary shares, representing 30% of the Company's capital through an initial public offering on the Saudi Stock Exchange.
Offering Period	The period which commences on Wednseday, 03/09/1440H (corresponding to 08/05/2019G) and remains open for a period of seven (7) days up to and including the closing day on Tuesday, 09/09/1440H (corresponding to 14/05/2019G).
Offer Price	Sixtynine Saudi Riyals (SAR (69)) per Share.
Offer Shares	Eleven million two hundred fifty thousand (11,250,000) ordinary shares, representing 30% of the Company's share capital.
Official Gazette	Um Al Qura, the official gazette of the Kingdom of Saudi Arabia.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.

OSCO Rules	Rules on the Offer of Securities and Continuing Obligations issued by the CMA pursuant to resolution number 3-123-2017G dated 09/04/1439H (corresponding to 27/12/2017G) in accordance with the Capital Market Law promulgated by Royal Decree number M/30 dated 02/06/1424H, and amended by the CMA Board resolution number 3-45-2018G dated 07/08/1439H (corresponding to 23/04/2018G).
Participating Entities	Entities involved in the book building process from the Participating Parties.
Participating Parties	The parties entitled to participate in book building include: A. Public and private funds investing in securities listed on Tadawul if where the terms and conditions of a fund allow them to do so, subject to the provisions and restrictions of the Investment Fund Regulations and Instructions on Book Building. B. Authorized Persons who are licensed to deal as a principle, in accordance with the Prudential Rules upon submission of the Application Form. C. Clients of a person authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions of Book-Building Instructions. D. Any legal persons allowed to open an investment account in the Kingdom, and an account with the Depositary Center, except for non-resident foreign investors –other than Qualified Foreign Investors as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities- in accordance with the CMA Circular number 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G) issued pursuant to the CMA Board resolution number 9-28-2014G dated 20/7/1435H (corresponding to 19/5/2014G), as amended. E. Any government agency, or international body recognized by the CMA, the Exchange, or any other stock exchange recognized by the CMA, or the Depositary Center. F. Government-owned companies whether investing directly or through a private portfolio manager. G. GCC companies, and GCC funds if the terms and conditions of the fund permit that. H. Qualified Foreign Investors. I. An ultimate beneficial owner of a legal person in a swap agreement with an authorized person in accordance with the terms and conditions of such swap agreement.
Prudential Rules	Prudential Rules issued pursuant to CMA Board resolution number 1-40-2012G dated 17/02/1434G (corresponding to 20/12/2012G), as amended.
Public	Any person other than those listed below: 1. Affiliates of the Issuer; 2. Substantial Shareholders in the Issuer; 3. Members of the Board of Directors and Senior Executives in the Issuer; 4. Directors and Senior Executives of the affiliates of the Issuer; 5. Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6. Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above; 7. Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above; or 8. Persons acting in concert and with a collective shareholding of 5% or more of the class of shares to be listed.
QFI	A qualified foreign investor qualified, in accordance with the QFI Rules, to invest in listed securities. The qualification application shall be submitted to an authorized person for evaluation and acceptance in accordance with the QFI Rules.
QFI Rules	Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued pursuant to CMA Board resolution number 1-42-2015M dated 15/07/1437H (corresponding to 04/05/2015G), as amended by CMA Board resolution number 1-3-2018G 22/04/1439 (corresponding to 09/01/2018G).
Recruitment Rules	The Rules of Recruitment Activities and Provision of Labor Services issued pursuant to Ministerial resolution number 221668 dated 26/11/1439H (corresponding to 08/08/2018G).
Regulatory Rules and Procedures	Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies issued by the CMA Board pursuant to its resolution number 2016M-127-8 dated 16/01/1438H (corresponding to 17/10/2016G), as amended pursuant to the CMA Board resolution number 2017M-33-5 dated 24/06/1438H (corresponding to 23/03/2017G).
Prospectus	This prospectus which is prepared by the Company in relation to the Offering.

Related Party	The term "Related Party" or "Related Parties" in this Prospectus includes, in accordance with Glossary of Defined Terms Used in the Regulations & Rules of the Capital Market Authority issued by CMA Board resolution number. 4-11-2004G dated 20/08/1425H (corresponding to 4/10/2004G), as amended by CMA Board resolution number 1-7-2018G dated 01/05/1439H (corresponding to 18/01/2018G) as follows: A- affiliates of the Issuer; B- substantial shareholders of the Issuer; C- directors and Senior Executives of the Issuer; D- directors and Senior Executives of affiliates of the Issuer; E- directors and Senior Executives of substantial shareholders of the Issuer; F- any relatives of persons described at (A), (B), (C), (D) or (E) above; G- any company controlled by any person described at (A), (B), (C), (D), (E) or (F) above. For the purpose of Paragraph (G), "control" shall mean the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body; "controller" shall be construed accordingly.
Relatives	The husband, wife and minor children. And for the purposes of the Corporate Governance Regulations: • Parents, mothers, grandparents, grandmothers and ascendants thereof. • Children, grandchildren and descendants thereof. • Full brothers and sisters, paternal half-brothers and sisters and maternal half-brothers and sisters. • Husbands and wives.
Riyal	Saudi Riyal, being the lawful currency of the Kingdom.
Selling Agents	The Selling Agents whose names are mentioned on page (vi) of this Prospectus.
Selling Shareholders	Selling shareholders of the Company as at the date of this Prospectus, namely: 1- Al-Ahliya International Real Estate Investment Company; 2- Al-Khibra Al-Mi'mariya Company; 3- Al-Faisaliah Holding Group Company; 4- Abdullah Sulaiman Al-Amro; 5- Dr. Sulaiman Al-Habib Commercial Investment Company; 6- Al-Wasat Al-Raqi Trading Establishment; 7- Mohammed Abdulaziz Al-Eid Manpower Establishment; 8- Fakher Al-Khaleej Manpower Office; 9- Alfa Manpower Establishment; 10- Abdulelah Abdulmohsin Ali Al-Oqaili; and 11- Mohammed Hamad Mohammed Al-Muzaini.
Shareholders	Any of the Company's shareholders.
Shares	Thirty-seven million five hundred thousand (37,500,000) fully paid ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share.
Senior Executives or Executive Management	Any natural person to whom the governing body of the firm, or a member of the governing body of the firm, has given responsibility, either alone or jointly with others, for management and supervision and either reports to: 1- the governing body directly; 2- a member of the governing body; or 3- the CEO.
SOCPA	Saudi Organization for Certified Public Accountants.
Subscription Application Form	The Subscription Application Form that Individual Investors and Participating Entities (as applicable) shall complete to subscribe to the Offer Shares.
Subsidiaries	Musanid (direct ownership) and TPH (indirect ownership).
Substantial Shareholders	Any person holding 5% or more of the Issuer's share capital.
Tadbeer License	The license issued by the Ministry of Human Resources and Emiratization to providers of recruitment and operation services related to household manpower resources in the UAE.
TPH	TPH Center for Domestic Workers Services L.L.C.
UAE	United Arab Emirates.
Underwriter	Samba Capital & Investment Management Company.
Underwriting Agreement	The underwriting agreement entered into between the Company, Selling Shareholders and the Underwriter with respect to the Offering.

2- Risk Factors

Prospective Investors should carefully consider the following risk factors, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes could affect the Company and any investment in the Offer Shares. However, the risks listed below do not necessarily comprise all risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors are currently not aware of, or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially and adversely affect the Company's business, financial condition, results of operations and future prospects; the price of the Shares may decline; the Company's ability to pay dividends could be impaired; and investors may lose all, or part of, their investment.

The Directors also declare that, to the best of their knowledge and belief, there are no other material risks as at the date of this Prospectus, other than those mentioned in this section, that may affect Investors' decisions to invest in the Offer Shares.

An investment in the Offer Shares is only suitable for those Investors who are able to evaluate the risks and the benefits of such investment, and who have sufficient resources to bear any loss resulting from such investment. Prospective Investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by the CMA prior to investing in the Offer Shares.

The risks described below are not presented in any assumed order of priority and thus do not reflect their expected impact on the Company.

2-1 Risks Relating to the Company's Business

2-1-1 Risks Relating to Relatively Short Operating History and Dynamic Regulatory Environment

Rules to license and regulate human resources companies were first issued by the MoL in 2011G (for further information about the history of the regulatory environment for human resources companies, please refer to Section 3-1 "**Overview of the Regulatory Environment**" of this Prospectus). The Company was formed in February 2013G and licensed by the MoL in March 2013G. The Company has five (5) years of operating history and operates in a regulatory environment which is fast changing and may be subject to continuous reforms as the industry develops. The inability of the Company to respond to such developments in the industry will affect the ability of the Company to conduct its business as required. For example, in 2015G, the MoL changed its regulations to require all licensed companies to have a minimum percentage of household manpower resources (i.e., 20%, of which 50% must be females), and blocked all licensed companies, including the Company, from obtaining new work visas for corporate clients until they complied with such requirement; which lead to the Company not being able to obtain new work visas for a period of three (3) months during that same year. Significant changes in the regulations of human resources companies or license requirements applicable to the Company, which add additional operational or financial burdens on the Company, would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-2 Risks Relating to the Company's Inability to Obtain Work Visas Necessary for its Business

The Company's business mainly relies on work visas issued by the MoL. Currently, any licensed human resources company may request any number of visas it requires to carry out its activities without being bound by any cap, subject to compliance with the rules and regulations of the MoL. The MoL, in its sole discretion, may decrease the number of work visas issued to human resources companies or suspend issuance of work visas to human resources companies. The Company's inability to obtain the required number of work visas necessary for its business from the MoL would affect the number of manpower resources available to the Company, which would have an adverse effect on its business, financial condition, results of operations and future prospects.

2-1-3 Risks Relating to Compliance with the MoL's Regulations

The Company's business is subject to the supervision and regulations of the MoL, including the Rules of Recruitment Activities and Provision of Labor Services issued pursuant to Ministerial Resolution number 1/30837 dated 16/02/1439H (corresponding to 05/02/2017G) as amended by Ministerial Resolution number 221668 dated 26/11/1439H (corresponding to 08/08/2018G) (the "**Recruitment Rules**"), in addition to other regulations, rules, procedures and circulars issued by the MoL from time to time. Pursuant to the Recruitment Rules, a license from the MoL is required for all activities that include sourcing of foreign manpower resources to third parties as intermediary and sourcing of manpower resources to individuals and/or public and private entities (for further information about the current regulatory environment relating to the Company's activities including licensing terms and conditions and renewal conditions, please refer to Section 3-1 "**Overview of the Regulatory Environment**" of this Prospectus). The Company currently holds a license from the MoL under number 9/SH.M.M, which is valid for ten (10) Hijri years until 02/04/1444H (corresponding to 28/10/2022G). The Company received a letter from the MoL under number 49785 dated 11/03/1440H (corresponding to 19/11/2018G) stating that it will renew licenses for companies that are in compliance with the Recruitment Rules for a similar term upon expiry of their current licenses (for further information about this license, please refer to Section 12-2-3 "**Material Licenses**" of this Prospectus). If the Company is unable to renew its MoL license upon its expiry, or if the MoL suspends any of the Company's licensed activities, this would result in the complete or partial suspension of the Company's business, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

In addition, the Company's failure to comply with any of the requirements imposed under the Recruitment Rules and/or the MoL's circulars including conditions of the Wage Protection Program (which evaluates employer's compliance with respect to paying wages on time) may expose the Company to fines and penalties by the MoL, including the suspension of the Company's business or suspension of services for the Company. For example, during 2018G, the MoL fined the Company one hundred and thirty thousand Saudi Riyals (SAR 130,000) for violating the instructions of the MoL by employing non-Saudis in professions limited to Saudis in three (3) of the Company's branches in Riyadh and Jeddah. In addition, the Company has not previously complied with the Wage Protection Program requirements relating to the payment of the manpower resources' salaries on time. If the Company fails to comply with any of the MoL's requirements resulting in fines and penalties imposed by the MoL including suspension of the Company's activities or suspension of services for the Company, this would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-4 Risks Relating to the Bank Guarantee to MoL

Under the Recruitment Rules, the Company is required to provide the MoL with an irrevocable bank guarantee equivalent to 10% of the Company's capital upon its formation from one of the local banks in the Kingdom pursuant to a form required by the MoL. The MoL may request to increase the amount of the bank guarantee at any time and under its sole discretion. The Company has obtained a letter of guarantee from Bank Albilad dated 22/04/1434H (corresponding to 04/03/2013G) which is due to expire on 05/04/1445H (corresponding to 20/10/2023G) (for further information about this letter of guarantee and the Company's agreement with Bank Albilad, please refer to Section 12-4-6 "**Financing Agreements**" of this Prospectus). If the Company violates the provisions of such letter of guarantee or its agreement with Bank Albilad, Bank Albilad may terminate its agreement with the Company and cancel the letter of guarantee which may result in suspension of the Company's MoL license. This in turn would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

In addition, if the Company violates any provisions of the Recruitment Rules, the MoL may drawdown any amounts from the bank guarantee to fulfil any obligations resulting from such violation. In such case, the Company is obliged to top-up the bank guarantee within thirty (30) days to cover for any drawdowns. If the Company fails to top-up the bank guarantee to cover for any drawdowns, it may be subject to suspension of services by the MoL, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-5 Risks Relating to the Company's Inability to Attract and Retain Clients

All of the Company's revenues are derived from payments made by its clients for its manpower resources services. The Company may face a decline in revenues due to several factors, including changes in general economic conditions, market maturity or saturation, an increase in service fees due to inflation, value added tax, other government taxes or fees, changes in the general Saudization policy, and direct or indirect competition in the human resources industry. If the Company is unable to attract and retain clients, this would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-6 Risks Relating to the Company's Reliance on Key Clients

Revenues generated from the Company's top ten clients represented 24,9%, 26,9%, 31,6% and 28.9% of the Company's total revenues for the years ended 31 December 2015G, 2016G and 2017G and the nine-month period ended 30 September 2018G, respectively (for further information about the Company's top ten (10) clients, please refer to Table 4-18 "**The Company's Major Clients**" of this Prospectus). The Company may be exposed to increased risks arising from the possible loss of major client accounts. In addition, some of the Company's clients operate in industries that have experienced adverse business and financial conditions during different phases of the economic cycle. The deterioration of the financial condition or business prospects of those clients could reduce their staffing needs and result in a significant decline in the revenues and earnings that the Company generates from those clients. This in turn would have an adverse effect on the Company's business, financial conditions, results of operations and future prospects.

2-1-7 Risks Relating to the Company's Contracts with Key Clients

The Company's contracts with its key corporate clients extend for a term of one (1) to two (2) years (for further information about these contracts, please refer to Section 12-4 "**Material Agreements**" of this Prospectus). In the event that one of the parties fails to meet its contractual obligations, the affected party may terminate the relevant contract and request the other party to pay damages. In addition, the Company may not be able to renew its contracts with corporate clients upon their expiration for various reasons, or it may be able to renew its contracts with corporate clients but with terms that are disadvantageous to the Company. If the Company fails to maintain its relationships with its corporate clients in general, and key corporate clients in particular, the Company may lose a significant portion of its revenues, which may not be compensated through other client accounts which, in turn, would have an adverse effect on the Company's business, financial condition, results of operations and future prospects. Furthermore, any such contractual non-compliance could also result in the Company being excluded from participating in government contracts.

2-1-8 Risks Relating to the Concentration of the Company's Clients in the Retail Industry

Revenues generated from the Company's clients in the retail industry comprised 25.5% , 22.5% , 21.8% and 18% of the Company's total corporate revenues for the years ended 31 December 2015G, 2016G and 2017G and the nine-month period ended 30 September 2018G, respectively. Therefore, deterioration in the financial condition or business prospects of clients operating in the retail industry could reduce their staffing needs and result in a decline in the revenues and earnings that the Company generates from such clients, which, in turn, would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-9 Risks Relating to Default or Insolvency of Clients

The Company's revenues are generated by payments made by its clients. Some of the Company's clients, including its key client, may in the future face financial and operational challenges due to economic downturns, market conditions or other client-specific factors. In the event of a material decline in the current financial position of any of the Company's clients, including its key clients, this may lead to a default by such client(s) on their obligations to the Company, insolvency or even bankruptcy, which in turn would have an adverse effect on the Company in its ability to collect all outstanding accounts receivables. Any such event would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-10 Risks Relating to the Company's Reliance on Manpower Resources Recruited from Certain Countries

The Company relies on foreign manpower resources recruited from thirty three (33) different countries in providing its manpower resources services. As of 30 September 2018G, 81.73% of the Company's foreign manpower resources were recruited from three (3) countries. These were India, Indonesia and the Philippines which constituted 45.29% 24.28% and 12.16% of the Company's manpower resources, respectively. The Company's inability to recruit foreign manpower resources from such countries, for reasons, including but not limited to, deterioration in the diplomatic relationships between the Kingdom and these countries, would adversely affect the Company's ability to recruit and supply manpower resources. This in turn would affect the Company's operations which would have an adverse effect on its business, financial condition, results of operations and future prospects.

2-1-11 Risks Relating to the Company's Inability to Maintain its Relationship with Recruitment Agencies

The Company searches for, selects and recruits foreign manpower resources through recruitment agencies located in fifteen (15) different countries. As of 30 September 2018G, the Company has entered into contractual relationships with forty-six (46) recruitment agencies in India, Nepal, the Philippines, Indonesia, Pakistan, Bangladesh, Sri Lanka, Sudan, Egypt, Jordan, Tunisia, Nigeria, Turkey, South Africa, and Canada, for the purpose of recruiting qualified foreign manpower resources across a number of industries (for further information about these contracts, please refer to Section 12-4-4 "**Agreements of Foreign Recruitment Agencies**" of this Prospectus).

Given that the Company started operations in 2013G, most of these contracts were entered into recently. As such, the Company does not have a long track record of managing these relationships. In the event that one of the parties fails to meet its contractual obligations, the affected party may terminate the relevant contract and request the other party to pay damages. In addition, the Company may not be able to renew its contracts with recruitment agencies upon their expiration, or it may be able to renew such contracts but at terms that are disadvantageous to the Company. If the Company fails to maintain its relationships with recruitment agencies, the Company may not be able to recruit qualified foreign manpower resources, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-12 Risks Relating to the Company's Inability to Recruit Qualified Manpower Resources

The Company's success depends on its ability to attract, recruit and retain manpower resources who possess the skills and experience necessary to fulfill its clients' needs. The Company plans to increase the number of its manpower resources for the purpose of expanding its business in the Kingdom and the UAE but qualified manpower resources may not be available to the Company in sufficient numbers or on terms of the employment that are acceptable to the Company. Additionally, the Company's clients may seek to recruit manpower resources from diverse backgrounds who may represent different generations, geographical regions and skillsets. These needs may change due to business requirements or in response to geopolitical and societal trends. There is a risk that the Company may not be able to identify manpower resources with the required attributes or identify them in a timely manner. If the Company fails to recruit and retain qualified manpower resources who meet the needs of its clients, the Company's reputation, business and financial results could be materially adversely affected. Furthermore, governments in countries from where the Company recruits its manpower resources from may seek to change the work conditions and/or terms of the employment agreements which may result in an increased cost to the Company making it economically unfeasible or unattractive to recruit manpower resources from there. It may also reduce the demand from clients for such manpower resources as well. If the Company is unable to attract and retain qualified manpower resources, or becomes unable to recruit foreign manpower resources continuously, this would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-13 Risks Relating to Quality of Services and Positive Reputation

The Company relies in providing its services, on its reputation in the market. The Company's reputation is potentially susceptible to material damage by events such as disputes with clients, mistreatment of manpower resources by the Company or its clients, information technology security breaches, internal control deficiencies, delivery failures or compliance violations. Similarly, its reputation could be damaged by actions or statements of current or former clients, employees, competitors, vendors, adversaries in legal proceedings, government regulators, as well as members of the investment community or the media. There is a risk that negative information about the Company, even if based on rumor or misunderstanding, could adversely affect its business. Damage to its reputation could be difficult, expensive and time-consuming to repair or could make potential or existing clients reluctant to select the Company for new engagements, resulting in a loss of business, and could adversely affect its recruitment and retention efforts. Damages to the Company's reputation could also reduce the value and effectiveness of the Company's brand name and could reduce investor confidence in it, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-14 Risks Relating to Medical Malpractice Committed by the Company's Manpower Resources Deployed at the Healthcare Industry

Medical manpower resources such as doctors, nurses and technicians sourced by the Company to its clients represent 2.3% 2.3% 3.5% 4.5% of the Company's manpower resources as of 31 December 2015G, 2016G and 2017G and the nine-month period ended 30 September 2018G, respectively. Therefore, the Company may be subject to liability resulting from medical errors committed by manpower resources deployed by the Company to its medical clients within the normal course of their business. Similar errors may happen in the future. If the Company's medical malpractice insurance does not cover such errors, this would result in additional expenses incurred by the Company as well as reputation damages, this in turn, would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-15 Risk Relating to Manpower Resources Housing

Pursuant to the Recruitment Rules, the Company is obligated to secure housing for its manpower resources. While the Company owns a number of housing facilities for its manpower resources, the majority of housing facilities that the Company uses as housing for its manpower resources are leased from third-parties (for further information about properties owned and leased by the Company, please refer to Section 12-6 "**Real Estates**" of this Prospectus). During the financial year ended 31 December 2017G and the nine-month period ended 30 September 2018G, the Company paid six million eight hundred and thirty five thousand Saudi Riyals (SAR 6,835,000) and five million eight hundred and three thousand Saudi Riyals (SAR 5,803,000) respectively, towards lease expenses for manpower resources housing. Leases for such facilities are limited for a certain period of time and the landlord of any of such facilities may revise the terms of the lease or the rent amount, whether during the term of the lease or at the time of its renewal. Any increase in the rent amount would result in additional costs on the Company, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

In addition, the Company's ability to find suitable facilities for its housing needs at reasonable costs depends on a number of factors including, but not limited to, the general economic conditions in the real estate market. Therefore, the Company may not be able to find suitable facilities for its housing needs at reasonable costs or at all or may not be able to renew its current leases at reasonable terms or at all. If the Company is unable to secure housing for its manpower resources, it will be in violation of the Recruitment Rules and, therefore, subject to fines and penalties imposed by the MoL. This in turn would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

Furthermore, the Company's housing facilities are subject to risks of accidents including fire incidents that may result in loss and/or injuries to occupants, furniture and fixtures. If the Company is liable for any of such accidents, whether intentionally or negligently, the Company may be subject to claims for damages. This may result in incurring costs that are not covered by the Company's insurance, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-16 Risks Relating to Transportation of Manpower Resources

Foreign manpower resources recruited by the Company typically arrive to the Kingdom by plane and the Company bears all costs related thereto including airfare. Therefore, any increase in airfares or any decrease in the number of available flights to and from the Kingdom due to an increase in airlines' operation costs, decrease in supply or demand for flights in the Kingdom for any reason and/or any other political or economic factors would affect the Company's ability to recruit foreign manpower resources from their countries in a timely manner and/or at a reasonable cost. This, in turn, would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

In addition, the Company transports its manpower resources in the household segment to and from its clients' places of business and/or homes within the Kingdom using its own transportation fleet, especially with respect to the "Khidmah" Program (for further information about the Company's transportation fleet, please refer to Section 4-4-6(D) "**Transportation Fleet**" of this Prospectus). If transportation of the Company's manpower resources to its clients is interrupted for any reason or if its transportation fleet is involved in any traffic accidents, the Company may not be able to pick-up or drop-off the manpower resources to its clients in a timely manner, which may subject the Company to claims from its clients and/or additional costs. Additionally, the Company may not be able to increase the prices of its services due to any increase in transportation costs including any increase in fuel prices, which would have an adverse effect on the Company's profitability. The occurrence of any of the above factors would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-17 Risks Relating to Future Financing

In the future, the Company may need to obtain financing from commercial banks to cover its working capital requirements or implement its expansion projects. The Company may not be able to obtain such financing at all or at reasonable terms. Borrowing at variable interest rate may also make the Company vulnerable to increases in interest rates and the Company cannot guarantee that it will be able to obtain such financings at reasonable terms or at all when necessary. As a result, it may not be able to take advantage of business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions. Furthermore, the Company may not be able to comply with covenants under its debt facilities which could result in an event of default, which, if not cured or waived, could result in the Company being required to repay those loans before their due date. If the Company is forced to refinance those borrowings on less favorable terms, its business, financial condition, results of operations and future prospects could be adversely affected.

2-1-18 Risks Relating to Related Party Transactions and Agreements

In the context of its usual business, the Company deals with related parties such as Directors and Senior Executives, as well as their relatives. The Company entered into several agreements with a number of such related parties (for further information about these agreements, please refer to Section 12-5 "**Material Agreements with Related Parties**" of this Prospectus). Total value of contracts and agreements for services provided to related parties amounted to twenty nine million one hundred eighty thousand and five hundred and twenty four Saudi Riyals (SAR 29,180,524) and fifteen million two hundred and thirteen thousand and five hundred and sixty two hundred Saudi Riyals (SAR 15,213,562) in the financial year ended 31 December 2017G and the nine-month period ended 30 September 2018G, respectively, comprising 2.5% and 2.3% of the Company's revenues, respectively. On the other hand, total value of contracts and agreements for products and services received from related parties amounted to two million seven hundred and seventy one thousand and one Saudi Riyals (SAR 2,771,001) and one million and four hundred and fifty five thousand Saudi Riyals (SAR 1,455,000) in the financial year ended 31 December 2017G and the nine-month period ended 30 September 2018G, respectively, comprising 0.3% and 2.22% of total costs (which include costs of revenues, general and administrative expenses, and advertising and marketing expenses for the same financial year), respectively. In the event that future related party transactions and agreements are not entered into on an arm's length basis, this will have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-19 Risks Relating to Failure to Properly Maintain the Confidentiality and Integrity of Client and Employee Data

In the ordinary course of business, the Company collects and transmits a large amount of client and resource data, including personal identification numbers, dates of birth and other highly sensitive personally identifiable information, in information systems that the Company maintains and in those maintained by third parties with whom the Company contracts to provide certain services. Such data may be sensitive and/or confidential. Unauthorized disclosure or loss of sensitive or confidential data may occur through a variety of methods. These include, but are not limited to, systems failure, employee negligence, fraud or misappropriation, or unauthorized access to or through the Company's information systems, whether by its employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses, worms or other malicious software programs.

The Company's systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data, programming or human errors, or other similar events. Furthermore, the size and complexity of the Company's information systems and those of the Company's third-party vendors (as well as their third-party service providers), make such systems potentially vulnerable to security breaches from inadvertent or intentional actions by the Company's employees, or from attacks by malicious third parties. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers may not be discovered and remediated promptly. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming, or human error caused by the Company's employees that would lead to a breach of clients and employees' data privacy and security or other similar event may lead to a change of current and potential consumer behavior in a way that would impact the Company's ability to retain current clients and attract new clients, as well as incurring liability under the Company's contracts and laws that protect sensitive or personal data and confidential information, which would have an adverse effect on the Company's business, financial position, results of operation and future prospects.

Compliance with evolving privacy and security laws, requirements and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on the Company's business models and the development of new administrative processes. They may also impose further restrictions on the Company's collection, disclosure and use of personally identifiable information that is housed in one or more of its databases. Non-compliance with privacy laws, industry-wide requirements or a security breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive or confidential information would materially affect the Company's ability to retain current clients and attract new clients, which would lead to decreased revenue, material fines and penalties, litigation, which in turn would have an adverse effect on its business, financial condition, results of operations and future prospects.

2-1-20 Risks Relating to Operations Outside the Kingdom

For the nine-month period ended 30 September 2018G, the Company generated revenue amounting to twenty two million and one hundred thousand Saudi Riyals (SAR 22,100,000) from its activities in the UAE, representing 2% of the Company's total revenue in the same period. As a result, the Company is subject to the risks of doing business outside the Kingdom, such as:

- not understanding foreign markets and human resources industry trends in such markets;
- potentially adverse tax consequences, including from changes in taxation policies or from inconsistent enforcement;
- becoming subject to the different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations, as well as unforeseen changes in regulatory requirements;
- rapid changes in government, economic and political policies and conditions, political or civil unrest or instability, terrorism or epidemics and other similar outbreaks or events;
- uncertainties as to enforcement of certain contractual and other rights; and
- restrictions on repatriation of profits from foreign operations to the Company.

In particular, the Company's failure to manage the market and operational risks associated with the Company's international operations effectively would limit the future growth of the Company's business and would have a material adverse effect on its business, financial condition, results of operations and future prospects.

2-1-21 Risks Relating to the Company's Inability to Expand and Develop

The Company's strategy includes plans to expand its products, services, client base and potentially its geographical reach in the Kingdom and the UAE. However, the Company may not be able to implement such strategies effectively due to a number of factors beyond the Company's control, such as a change in laws and regulation and/or local or international economic slowdown. The Company's ability to successfully expand to new markets or expand its penetration of already existing markets is dependent on a number of factors, including the Company's ability to:

- establish definitive business strategies, goals and objectives;
- respond to trends in the human resources industry on a cost-effective and timely basis;
- engage with current and new clients;
- identify new products and geographical markets, successfully compete in those products and markets and comply with relevant regulatory requirements;

- sustain the adequacy of the Company's financial resources; and/or
- hire, train, and assimilate new employees.

Furthermore, new products or services launched by the Company may be unprofitable if the Company is not able to accurately anticipate all the costs and risks in pricing its products and services and may not even be able to recover its initial investment. If the Company delays or fails to implement its strategies effectively, this would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-22 Risks Relating to Acquisitions and Joint Ventures

The Company may expand its business through investments in joint ventures with, or acquisitions of, complementary businesses, technologies, services or products, subject to its business plans and the Company's ability to identify, acquire and develop suitable investments or acquisition targets in both new and existing service categories. In certain circumstances, acceptable investments or acquisition targets may not be available. Acquisitions involve a number of risks, such as (i) difficulty in integrating the operations, technologies, products and personnel of an acquired business, including consolidating redundant facilities and infrastructure; (ii) potential disruption of the Company's ongoing business and the distraction of management from their day-to-day operations; (iii) difficulty maintaining the quality of services that such acquired companies have historically provided; (iv) potential legal and financial responsibility for liabilities of acquired businesses; (v) overpayment for the acquired company or assets or failure to achieve anticipated benefits, such as cost savings and revenue enhancements; (vi) increased expenses associated with completing an acquisition and amortizing any acquired intangible assets; (vii) challenges in implementing uniform standards, accounting policies, customs, controls, procedures and policies throughout an acquired business; (viii) failure to retain, motivate and integrate key management and other employees of the acquired business; and (ix) loss of clients.

In addition, if the Company incurs indebtedness to finance an acquisition, this may reduce its capacity to borrow additional amounts and requires it to dedicate a greater percentage of its cash flow from operations to payments on its debt, thereby reducing the cash resources available to the Company to fund capital expenditures, pursue other acquisitions or investments in new business initiatives and meet general corporate and working capital needs. This increased indebtedness may also limit the Company's flexibility in planning for, and reacting to, changes in, or challenges relating to, its business and industry.

The potential risks associated with future acquisitions may disrupt the Company's ongoing business, result in the loss of key clients or personnel, increase expenses, and otherwise have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-23 Risks Relating to Integration of Acquired Companies

The Company has recently acquired businesses in the UAE (for further information about such businesses, please refer to Section 4-2-1 "**Musanid**" and 4-2-2 "**Bloovo Ltd**" of this Prospectus). The Company may not be able to achieve the desired objectives from such acquisitions or any future acquisitions due to potential failure of integration of such current or future acquired companies. This includes failure to integrate products, operations, technologies and personnel of the current or future acquired companies, which may result in incurring additional costs and failing to achieve economic value of such acquisitions. This in turn would have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-24 Risks Relating to Credit Card and Debit Card Payments

The Company accepts payments via credit card and debit card transactions through point-of-sale processing systems. For credit card and debit card payments, the Company pays certain fees to relevant financial institutions, which may increase over time. If the Company encounters problems with its point-of-sale hardware and software, or in its ability to process payments through any major credit or debit card payment system, this would impair the Company's ability to collect its fees. The occurrence of any of the above factors would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-25 Risks Relating to the Company's Reliance on Senior Management and Key Personnel

The Company's success depends upon the continued service and performance of its Senior Executives and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. In particular, the Company relies on certain key individuals who have valuable experience in the human resources industry and who have made substantial contributions to the development of its operations. Competition for Senior Executives and key employees in the human resources industry is intense and the Company may not be able to retain its personnel or attract new qualified personnel. Additionally, some of the Company's important client relationships may be dependent on the continued performance of individual managers or field personnel, and there is a risk that loss of those individuals could jeopardize key client relationships.

The Company may need to invest significant financial and human resources to attract and retain new employees and it may not realize returns on these investments. The loss of the services of the Company's Senior Executives or key employees may prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seek certain qualified replacements, or adversely affect its ability to manage its business effectively. Senior Executives and key employees may resign at any time. If the Company loses the ability to hire and retain key Senior Executives and employees with high levels of skills in appropriate domains, it would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-26 Risks Relating to Employee Misconduct and/or Errors

Employee misconduct and/or errors could result in violation of law by the Company, which would lead to regulatory sanctions being imposed on the Company by the relevant authorities. Such sanctions would vary according to the misconduct or error and would cost the Company financial liability and/or damage its reputation. Such misconduct and/or errors may include:

- culturally insensitive behavior;
- misuse of bank card information of the Company's clients, which would lead to fines imposed on the Company by the Saudi Arabian Monetary Authority and require the Company to indemnify whomever has been affected thereby;
- engagement in misrepresentation or fraudulent, deceptive or otherwise improper activities while marketing the Company's services to current or potential clients;
- lack of compliance to applicable laws or internal controls and procedures, including failure to document transactions properly in accordance with the Company's standardized documentation and processes (or a failure to take appropriate legal advice in relation to non-standard documentation, as required by the Company's internal policies) or to obtain proper internal authorization;
- claims arising out of actions or inactions of the Company's contracted manpower resources;
- errors and omissions of the Company's contracted manpower resources, particularly in the case of professionals such as accountants; or
- claims by the Company's clients relating to the misuse of clients' proprietary information, misappropriation of funds or other criminal activity carried out by the Company's contracted manpower resources.

If employees were to commit any of these misconducts or errors, this would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-27 Risks Relating to the Company's Reliance on Information Technology Infrastructure

The Company increasingly relies on its information technology systems in its operations. The Company's ability to effectively manage its business depends significantly on the reliability and capacity of these systems, and any potential failure of these third parties to provide a quality, uninterrupted service is beyond its control.

The Company's information technology systems are exposed to damages from computer viruses, natural disasters, incursions by intruders or hackers, failures in hardware or software, power fluctuations, cyber terrorists and other similar disruptions. In addition, the Company's information technology systems are relatively new and under further development. If the Company's information technology systems fail to perform as anticipated for any reason, or if there is any significant breach of security, this will disrupt its business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential or proprietary information, increased overhead costs and loss of important information, which would have an adverse effect on its business, financial condition, results of operations and future prospects. Additionally, the Company's increased use and reliance on web-based host (i.e., cloud computing) applications and systems for the storage, processing and transmission of information may expose the Company, its employees and its clients to a risk of loss or misuse of such information. The Company may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future, and the Company's business activities would be materially disrupted and its internal controls compromised if there was a partial or complete failure of any of the Company's information technology systems or communications networks, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-28 Risks Relating to Adequacy of Insurance Coverage

The Company maintains different types of insurance policies to cover its operations, including medical malpractice (for doctors only) and motor comprehensive insurance, and the Company does not intend to obtain medical malpractice insurance for nurses (for further information on insurance policies, please refer to Section 12-8 "**Insurance**" of this Prospectus). The insurance coverage may not be sufficient in all cases, or cover all of the risks to which the Company would be exposed. Uninsured losses may occur, or their amount may exceed the insurance coverage. In addition, the Company's insurance policies include exceptions or limitations to coverage, under which certain types of loss, damage and liability are not covered by the insurance. In these cases, it could incur losses that would have an adverse effect on its business and results of operations. In addition, the Company's failure to renew its existing levels of coverage on commercially acceptable terms, or at all, or in case of a lack of, or the unavailability of, adequate insurance for the various areas of its business, this would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-29 Risks Relating to Litigation

The Company may become involved in lawsuits and regulatory actions (in relation to the business framework within which it operates) with several parties including clients, employees, regulatory authorities or owners of properties leased to the Company for its operations. As of 30 September 2018G, the Company has more than thirty two thousand (32,000) foreign manpower resources for the purposes of its manpower resources services, which makes it subject to labor disputes. The Company may also be the claimant in such lawsuits or litigations. Any unfavorable outcome in such litigation and regulatory proceedings would have an adverse effect on the Company's business, financial condition, results of operations and future prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

As of the date of this Prospectus, there are eighteen (18) ongoing commercial lawsuits between the Company (as plaintiff) and a number of parties, with an estimated value of, as of the date of this Prospectus, seventy-four million four hundred and thirty-five thousand six hundred and thirty-four Saudi Riyals (SAR 74,435,634). In addition, as at the date of this Prospectus, there are three (3) commercial lawsuits existing between the Company (as the defendant) and a number of parties, in which the Company may incur liabilities amounting to nine million seven hundred and sixty five thousand Saudi Riyals (SAR 9,765,000). In addition to seven (7) labor lawsuits against the Company with an estimated value of one million nine hundred and seventy-two thousand and six hundred and seventy-three Saudi Riyals (SAR 1,972,673). If the Company is required to pay any of these amounts, this would have an adverse effect on its business, financial condition, results of operations and future prospects. It should also be noted that New Boy Saudi Arabia has filed a lawsuit against the Company and demanded compensation of an amount equal to one hundred and twenty-three million Saudi Riyals (SAR 123,000,000), which Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company and Abdullah Sulaiman Al-Amro have undertaken to assume in full (for further information on the Company's litigation, please refer to Section 12-9 "**Litigation**" of this Prospectus).

2-1-30 Risks Relating to the Protection of Intellectual Property Rights

As at the date of this Prospectus, the Company's trademark has been registered in the Kingdom (for further information, please refer to Section 12-7 "**Intangible Assets**" of this Prospectus). Policing unauthorized use and other violations of the Company's intellectual property rights is difficult. If the Company fails to successfully protect its intellectual property rights, or if any third party misappropriates, dilutes or infringes the Company's intellectual property, the value of the Company's trademark may be harmed, which would have an adverse effect on its business, results of operations, financial condition and future prospects. Any damage to the Company's reputation could cause revenue levels to decline or make it more difficult to attract new clients.

The Company may also from time to time be required to initiate litigation to enforce the Company's trademarks and other intellectual property. Third parties may also assert that the Company has infringed, misappropriated or otherwise violated their intellectual property rights, which could lead to litigation against the Company. Litigation is inherently uncertain and could divert the attention of management, result in substantial costs and diversion of resources, and could negatively affect the Company's revenues and profitability, regardless of whether the Company is able to successfully enforce or defend its intellectual property rights. Furthermore, the outcome of a dispute may be that the Company would need to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Company, or at all. Any of the above would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-31 Risks Relating to Potential Tax and Zakat Liability

The Company has submitted Zakat returns for the years up to 31 December 2017G and paid Zakat dues within stipulated times. The Company has received certificates from the GAZT for all the years up to 31 December 2017G. There is also a risk that the GAZT can go back to any historical year and challenge the submitted returns, impose an assessment on the Company and require the payment of additional Zakat amounts. Any differences in GAZT's assessment of the Company's Zakat would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-32 Risks Relating to Newly Implemented Corporate Governance Manual

The Company's Board and General Assembly has adopted a corporate governance manual, effective from 16/01/1440H (corresponding to 26/09/2018G) and 23/02/1440H (corresponding to 01/11/2018G) respectively. Such manual includes, among others, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by CMA. The Company's success in the proper implementation of the corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules and proper execution of such rules and procedures by the Board, its committees and Senior Executives, especially with regards to training related to the Board and its committees thereof, independence requirements, rules related to conflict of interests and related parties' transactions. The CMA has issued on 16/05/1438H (corresponding to 13/02/2017G) the new Corporate Governance Regulations, effective from 25/07/1438H (corresponding to 22/04/2017G) and amended on 07/08/1439H (corresponding to 23/04/2018G). Failure to comply with the governance rules, especially the mandatory provisions of the Corporate Governance Regulations issued by CMA, would subject the Company to regulatory penalties and would have an adverse effect on the Company's operations, financial position, results of operations and future prospects.

2-1-33 Risks Relating to Failure by the Audit Committee and the Nomination and Remuneration Committee to Perform their Duties as Required

On 25/07/1439H (corresponding to 11/04/2018G) and 23/07/1438H (corresponding to 20/04/2017G), the Company formed the Audit Committee and the Nomination and Remuneration Committee, respectively, and their charters have been approved to carry out the tasks specific to each committee in accordance with the corporate governance manual (for further information, please refer to Section 5-4 "**Board Committees**" of this Prospectus). Any failure by members of these committees to perform their duties and adopt a work approach that ensures the protection of the interest of the Company and its shareholders, may affect corporate governance compliance, the continuous disclosure requirements issued by CMA, and the Board's ability to monitor the Company's business through these committees, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-34 Risks Relating to Lack of Experience in Managing a Publicly Listed Company

Since its incorporation, the Company has been operated as a closed joint stock company and, accordingly, the Senior Executives have limited or no experience in managing a public listed joint stock company in the Kingdom and complying with the laws and regulations specific to such companies. In particular, the internal and/or external training that the Senior Executives will receive in managing a Saudi publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day to day management of the Company. Failure to comply in a timely manner with the regulations and disclosure requirements imposed on listed companies would expose the Company to regulatory penalties and fines. The imposition of fines on the Company would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-35 Risks Relating to Restatement for Accounting Errors

During the financial year ending on 31 December 2017G, the management of the Company discovered accounting errors that resulted in material misstatements in the financial years ending 31 December 2015G and 2016G. Such material misstatements primarily resulted in an understatement of salaries expense and related accruals during periods of non-deployment of the manpower resources, an understatement of the revenues as certain manpower resources benefits are paid by client, and an inadequate assessment of on-boarding fees as revenue and related unearned revenue. This was adjusted for through restatements of cost of revenue, accounts payables and accruals in the financial years ending 31 December 2015G and 2016G. If the Company discovers any additional accounting errors resulting in misstatements in the past financial years or if the Company commits any accounting errors in future years, this would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-1-36 Risks Relating to the Aging of Receivables

For the year ended 31 December 2015G, 2016G and 2017G and for the nine-month period ended 30 September 2018G, the net trade receivables amounted to one hundred and three million and four hundred thousand Saudi Riyals (SAR 103,400,000), ninety two million and nine hundred thousand Saudi Riyals (SAR 92,900,000), one hundred and two million and six hundred thousand Saudi Riyals (SAR 102,600,000) and one hundred and fifty one million and six hundred thousand Saudi Riyals (SAR 151,600,000), respectively. Between 31 December 2017G and 30 September 2018G, receivables increased by forty nine million and one hundred thousand Saudi Riyals (SAR 49,100,000) or 47.8% and net trade receivables accounted for 21.1% and 18.4% of total assets on 31 December 2017G and 30 September 2018G, respectively. In addition, the day sales outstanding amounted to eighty nine (89) days as of 30 September 2018G which increased from seventy two (72) days as of 31 December 2017G and fifty two (52) days as of 31 December 2016G, and forty three (43) days as of 31 December 2015G. Mainly due to a slower collection as a result of a slowdown in economic activity. While this is still within the credit terms extended by the Company to its clients (from sixty (60) to ninety (90) days), there is no assurance that this will continue in the future. In addition, there is no assurance that the Company will be able to collect all or any part of the amounts due from its clients, which will adversely affect the Company's business, financial position, results of operations and future prospects.

2-1-37 Risks Relating to the Assessment of Expected Credit Losses for Receivables

The Company adopted the policy for calculating the provision for doubtful debts in 2015G as follows:

- 10% of the outstanding receivables between one hundred and eighty one (181) days and three hundred and sixty-five (365) days.
- 20% of outstanding receivables for more than three hundred and sixty five (365) days.

The Company changed the policy in 2016G to meet the defaults of debts and to increase the provisioning for such cases to the following:

- 50% of the outstanding receivables between ninety one (91) days and one hundred and eighty (180) days.
- 100% of receivables more than one hundred and eighty one (181) days.

In 2018G, in accordance with the IFRS adopted in the Kingdom, the Company replaced International Accounting Standard (9) - Accounting for Accumulated Losses with the IFRS (9) - the expected loss model. The Company reviews receivables on the date of the preparation of each financial statement to determine whether an allowance provision for doubtful debts should be recorded in the consolidated statement of income. A decision is required by management to estimate the amount and timing of future cash flows when determining the level of provision required. These estimates are based on assumptions about a number of factors, including the Kingdom's national GDP.

Accordingly, the balance of receivables and unearned income decreased by SAR 1.0 million, which in turn increased the balance of retained earnings by the same amount (for further information, please refer to Note 1 of Table 6-64 "**The Company's Adjustments to the Consolidated Balance Sheet and Consolidated Equity as on 31 December 2017G**" of this Prospectus). In addition, in accordance with International Accounting Standard (15), when either party to the contract fulfills the obligation, the entity presents 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 client's payment. Accordingly, the unearned income has been reclassified from contract assets, from client advances and unearned income to contract liabilities twenty six million and two hundred thousand Saudi Riyals (SAR 26,200,000). Thus, the balance of receivables and unearned income decreased by a total amount of twenty seven million and three hundred thousand Saudi Riyals (SAR 27,300,000) as of 31 December 2017G. For further information, please refer to the financial statements for the nine-month period ended 30 September 2018G (Significant Accounting Policies). Any change in the method of assessing the expected loss of the Company's credit will adversely affect the Company's business, financial position, results of operations and future prospects.

2-1-38 Risks Relating to the Company's Application of the IFRS

The Company's financial statements for the financial years ended 31 December 2015G, 2016G and 2017G have been prepared in accordance with the standards of SOCPA. The Company has applied the IFRS as of 1 January 2018G. The application of the IFRS has led to an update of the revenue recognition policy whereby, in accordance with the new standards, the Company recognizes revenues on receipt and amortization of services rendered over a period of time, i.e. the number of service days. For further information, please refer to the financial statements for the nine-month period ended 30 September 2018G (Significant Accounting Policies). If the Company prepares additional provisions, this may have an adverse impact on its net profit and total assets.

2-2 Risks Relating to the Market in which the Company Operates

2-2-1 Risks Relating to Political Instability and Security Concerns in the Middle East Region

The Company's assets, operations and client base are situated in the Kingdom and the UAE. The wider Middle East region is subject to a number of geopolitical and security risks that impact the GCC countries, including the Kingdom and the UAE.

Moreover, as the political, economic and social environments in the Middle East region remain subject to continuing developments, investments in the Middle East region are characterized by a significant degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in countries within the Middle East region may have a material adverse effect on the markets in which the Company operates, its ability to retain and attract clients in such regions, and investments that the Company has made or may make in the future, which in turn would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-2 Risks Relating to Fluctuations in General Economic Activity and its Impact on the Company's Business

Demand for manpower resources services is significantly affected by the general level of commercial activity and economic conditions. An economic downturn in a country or an industry in which the Company operates may adversely affect the Company's operations, as the staffing needs may decrease or fewer manpower resources may be hired. Many of the Company's clients have operations in multiple geographies, and a downturn in the global markets may adversely affect their operations, thereby affecting the Company's business, financial conditions, results of operations and future prospects. The Company may also experience more competitive pricing pressure during periods of economic downturn.

Even without uncertainty and volatility, it is difficult for the Company to forecast future demand for its services due to the inherent difficulty in forecasting the direction and strength of economic cycles, and the short-term nature of the staffing requirements of its clients. This situation can be exacerbated by uncertain and volatile economic conditions, which may cause clients to reduce or defer projects for which they utilize the Company's services, thereby negatively affecting demand for them. When it is difficult for the Company to accurately forecast future demand, it may not be able to determine the optimal level of personnel and office investments necessary to profitably operate its business or take advantage of growth opportunities.

Furthermore, the Company's profitability is also sensitive to reduction in demand for its services. When demand drops or remains low, its profitability is negatively impacted because the Company may not be able to reduce its operating expenses as quickly. Additionally, during periods of uncertainty, companies may slow the rate at which they pay their vendors, or they may become unable to settle their obligations. If the Company's clients become unable to pay amounts that they owe or pay them slowly, then the Company's cash flow and profitability may suffer, which in turn would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-3 Risks Relating to High Level of Competition in the Human Resources Industry

The Company competes in the Kingdom with other human resource services providers, recruitment companies and offices. If the Company is unable to anticipate, identify and capitalize on emerging trends in the human resources industry by developing, marketing and delivering good quality, well-priced and competitive offering of human resource services, it may not be successful in attracting and retaining clients, and as a result the Company's revenues could materially decline over time.

Competitors may attempt to copy the Company's business model, or parts thereof, which could erode its market share and brand recognition and impair its growth and profitability. Other human resources companies, including international companies, may attempt to enter the Company's markets by providing better services, lowering prices, creating lower price alternatives, or introducing new methods for payments. Furthermore, due to the increasing number of low-cost human resources alternatives, the Company may face increased competition if it increases its fees. Accordingly, this competition will limit the Company's ability to retain existing clients and its ability to attract new clients, which in each case would have an adverse effect on its business, financial condition, results of operations and future prospects.

2-2-4 Risks Related to the Increase in Government Fees Applicable to Non-Saudi Employees

The Government has approved a number of resolutions intended to implement comprehensive reforms in the Saudi labor market, with additional fees being imposed on each non-Saudi manpower resource employed by Saudi institutions as of 14/04/1439H (corresponding to 01/01/2018G), and on the residency permit issuance and renewal fees of non-Saudi manpower resource families (which came into force as of 07/10/1438H (corresponding to 01/07/2017G)), noting that they will increase gradually from three thousand and six hundred Saudi Riyals (SAR 3,600) annually to up to nine thousand and six hundred Saudi Riyals (SAR 9,600) annually per manpower resource by 2020G. When such resolutions and announced increases became effective, they increased the governmental fees paid by the Company for its non-Saudi employees in general and would lead to an increase in the prices of services provided to the Company's clients. In addition, such increase in residency permit issuance and renewal fees incurred by each non-Saudi manpower resource and foreign manpower resources for their family may increase the cost of living. This could result in the employees and manpower resource seeking an employment opportunity in other countries with a lower cost of living. In such case, it will be difficult for the Company to retain its non-Saudi employees and foreign manpower resources which would affect the Company's ability to retain its clients in the corporate segment and attract new clients. The Company may be forced to incur additional governmental fees related to issuance and renewal of residency permits for non-Saudi employees and their family members as well as its manpower resources. Such fees incurred by the Company during the nine-month period ended 30 September 2018G are estimated at SAR 1.5 million (compared to SAR 0.7 million in the nine-month period ended 30 September 2017G). In addition, the Company paid on behalf of its clients SAR 101.6 million as government fees during the nine-month period ended 30 September 2018G (compared to approximately SAR 57.2 million in the nine-month period ended 30 September 2017G) resulting in higher financial obligations for the Company, which would have an adverse effect on the Company's operations, financial position, results of operations and future prospects.

2-2-5 Risks Relating to Changes in the Regulatory Environment

The Company's business is subject to numerous regulations in the Kingdom, including, among other things, the MoL, MoCI, Civil Defense and Municipality regulations. If any of these laws, regulations (including any change to the value added tax) or license requirements were to change, or were violated or incorrectly implemented by the Company's management or employees, the operating costs of the Company would increase, it may be subject to fines or penalties, or may suffer reputational harm, which would reduce the Company's competitive position and demand for its products and services, which in turn would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

Additionally, these laws and regulations sometimes limit the size and growth of manpower resources services markets. There may also be additional regulations that:

- prohibit or restrict the types of manpower resources services that the Company currently provides;
- require new or additional benefits to be paid to the Company's employees and manpower resources;
- require the Company to obtain additional licensing to provide manpower resources services; and/or
- increase costs or taxes (such as value added tax) for the providers of manpower services resources.

Furthermore, while there are no minimum wage requirements for manpower resources in the Kingdom at present, a large portion of the Company's manpower resources are unskilled or semi-skilled manpower resources. If any minimum wage requirements are prescribed by governmental authorities in the future, it is not clear whether the Company would be in compliance with such requirements, the time it would take the Company to be compliant with such requirements and whether or not clients would be able to absorb the increase in wages.

There can be no assurance that the Company will be able to increase the fees charged to its clients in a timely manner and by a sufficient amount to cover the increased costs as a result of any changes in laws or government regulations.

Moreover, the Law of Printed Materials and Publication, Electronic Publishing Regulations, and other laws and regulations governing the use of the social medial platforms used by the Company as marketing tools rapidly evolve and the failure by the Company, its employees or third parties acting at its direction to abide by applicable laws and regulations in the use of these platforms would have an adverse effect on the Company's ability to use such platforms and result in penalties.

Accordingly, legal requirements are frequently changed and are subject to interpretation. This may require the Company to incur significant expenditure or modify its business practices to comply with existing or future laws and regulations. This will increase the costs incurred by the Company and restrict the Company's ability to conduct business, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-6 Risks Relating to Changes in Government Policies

The Company's business is dependent on Saudization and other general policies adopted by the Government. If the Government changes its Saudization policies to further restrict certain industries to Saudi nationals only, demand for the Company's manpower resources services will decline. For example, manpower resources services offered to a number of clients have declined in the retail industry due to changing Saudization requirements in the industry. Additionally, changes in other Government policies may result in decline in demand for the Company's services. For example in 2017G, a Royal Decree was issued allowing women in the Kingdom to drive which became effective on 10/10/1439H (corresponding to 24/06/2018G). Such change in the policy may result in the decline of demand for private drivers from the Company's clients. Any change in the government policies, including change in Saudization policies, may result in decline for some of the Company's manpower resources services and subsequently on its revenues, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-7 Risk Related to Licenses and Approvals

The Company is subject to a number of laws and regulations that require it to obtain the necessary licenses and permits from the competent regulatory authorities in the Kingdom to exercise its business activities. This includes obtaining licenses certificates, permits and approvals from the MoL for the conduct of labor-related activities, the relevant municipalities for the conduct of commercial activities and civil defense for each of its branches in the Kingdom. The Company currently has all material licenses for its operations, except for municipal licenses for seven (7) branches under renewal as of the date of this Prospectus and the three (3) MoL licenses for three (3) branches which are in the process of issuance, as of the date of this Prospectus (for further information about this, please refer to Section 12-2-3 "**Material Licenses**" of this Prospectus). The processes for obtaining these licenses, certificates, permits and approvals are often lengthy and most of the licenses, certificates, permits and approvals are subject to conditions under which the licenses, certificates, permits and approvals can be suspended or terminated if the licensee fails to comply with certain requirements or conditions.

Furthermore, when renewing or modifying the scope of a license, certificate or permit, the relevant authority may not renew or modify the relevant license, certificate or permit, and may impose conditions that would adversely affect the

Company's performance if it did renew or modify the relevant license, certificate or permit. The Company's inability to maintain or obtain the relevant licenses, permits and approvals may result in the suspension of the Company's business, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-8 Risks Related to Non-Compliance with the Saudization Requirements

In accordance with the Saudization requirements, all companies operating in the Kingdom, including the Company, must employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi manpower resources varies based on the activity of each entity.

Moreover, the MoL has recently approved a new amendment to the "Nitaqat" program under the name of "Nitaqat Mawzon" (Balanced Nitaqat) in order to improve market performance, and develop and eliminate the non-productive nationalization. It was supposed to come into effect on 12/03/1438H (corresponding to 11/12/2016G), however, in response to private industry demands for additional time to achieve the nationalization rate, the MoL postponed the program until further notice and, as of the date of this Prospectus, no new implementation date has been set. Under the "Nitaqat Mawzon" program, points would be calculated based on five factors, namely: (i) the nationalization rate; (ii) the average wage for Saudi manpower resources; (iii) the percentage of female nationalization; (iv) job sustainability for Saudi nationals; and (v) the percentage of Saudi nationals with high wages. As of the date of this Prospectus, the existing framework remains in place, and entities continue to be ranked on the basis of a system of rolling averages which calculate average weekly "Saudization" over a 26-week period. The Company has not taken any measures to improve its Saudization rating in anticipation of the formal implementation of the "Nitaqat Mawzon" program, and it may be unable to promptly respond to a new implementation deadline.

The Company is currently in compliance with the Saudization requirements as of the day of this Prospectus (for further information about the Company's Saudization status, please refer to Section 4-6-3 "**Saudization**" of this Prospectus). The Company cannot guarantee that it will continue to comply with the Saudization and Nitaqat program requirements. In case of non-compliance with the applicable Saudization requirements, the Company would face sanctions by governmental authorities, such as suspension of work visa requests and transfers of sponsorship for non-Saudi employees, exclusion from governmental tenders and governmental loans, and the Company may not be able to continue to recruit or maintain the employment of the required percentage of Saudization. In addition, the Company may not be able to hire the required manpower resources manpower resources or recruit the required number of Saudi nationals and/or foreign manpower resources under favorable conditions, if at all. There may be a significant increase in costs of salaries in the event that the Company hires a larger number of Saudi employees. The occurrence of any of the above would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-9 Risk Related to the Issuance of the Companies Law and Implementing Regulations

The Company is subject, in various aspects of its management and operation, to the provisions of the Companies Law. A new amendment to the Companies Law has been recently issued replacing the previous version, which came into effect on 25/07/1437H (corresponding to 02/05/2016G). On 16/01/1438H (corresponding to 17/10/2016G), the Board of the CMA issued the Regulatory Rules and Procedures pursuant to the Companies Law relating to Listed Joint Stock Companies (the "**Regulatory Rules and Procedures**"). The Companies Law, the Regulatory Rules and Procedures and Corporate Governance Regulations impose certain new regulatory and corporate governance requirements that must be complied with by the Company. This would require the Company to undertake certain procedures to comply with such new requirements. In addition, the Companies Law introduced stricter penalties for non-compliance of its mandatory provisions and, accordingly, the Company may also be subject to such stricter penalties in the event of non-compliance with such mandatory provisions, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-10 Risks Relating to Value Added Tax Law Implementation

The Kingdom issued the Value Added Tax (VAT) Law which became effective on 14/04/1439H (corresponding to 01/01/2018G). This law imposes a value added tax of 5% on a number of products and services, as specified in the law. Since this law was recently issued, any violation or misuse thereof by the Company's management or employees may increase the operational costs and expenses that the Company may incur or expose the Company to fines, penalties or damage to its reputation, which may reduce its competitive position and demand for its products and services, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-2-11 Risks Relating to the Income and Zakat Calculation Mechanism Change

The GAZT issued on 05/04/1438H (corresponding to 04/12/2016G) circular number 6768/16/1438 requiring Saudi companies listed on Tadawul to calculate tax and Zakat based on the nationality of shareholders, the actual ownership between Saudi or GCC nationals and non-Saudi or non-GCC nationals as reflected in the "Tadawulaty System". Before this was issued, companies listed on Tadawul were generally subject to Zakat and tax based on their founding member's ownership as per their Articles of Association. The impact of listed shares was not considered in determining Zakat base. This circular was to apply to the year ended 31 December 2016G as well as future years, but due to uncertainties surrounding the mechanics for implementing such circular, the GAZT issued its letter number 12097/16/1438, dated 19/04/1438H (corresponding to 17/01/2017G), postponing the implementation of the circular to both the financial year ending 31 December 2017G and future years. Until the GAZT issues guidelines regarding the mechanics and procedures for implementing its circular, the implementation of such circular in practice, including the final requirements to be met, remains to be seen—in particular the rules subjecting all non-GCC residents who are shareholders in Saudi listed companies to income tax and applying withholding tax to dividend distributions to non-resident shareholders, regardless of their nationality. The Company has yet to assess the monetary impact of such circular and take adequate steps to ensure compliance with such circular.

2-2-12 Changes in Prices for Energy, Electricity, Water and Related Services

The Saudi Council of Ministers issued its resolution number 95, dated 17/03/1437H (corresponding to 28/12/2015G), to raise energy prices (including fuel) and electricity, water and using sanitation services tariffs for residential, commercial and industrial industries in 2016G, as part of the Kingdom's policies aimed at rationalizing the Government subsidy program. The Ministry of Energy and Industry issued a statement, dated 24/03/1439H (corresponding to 12/12/2017G), on Fiscal Balance Program Plan to reform prices of energy products. It resulted in an increase in prices of Gasoline 91, Gasoline 95, Diesel for industry and facilities, Diesel for transportation and Kerosene as of 14/04/1439H (corresponding to 01/01/2018G). This resulted in an increase in expenses of the Company by SAR 0.7 million (representing 0.8% of general and administrative expenses) for the financial year ended 31 December 2017G and an increase by SAR 1.2 million (representing 1.5% of the general and administrative expenses) for the nine-month period ended 30 September 2018G.

The Company incurred expenses relating to general utilities (including fuel, water and electricity) amounting to one million and five hundred and eighty thousand Saudi Riyals (SAR 1,580,000) (representing 1.8% of the cost of revenues) in the year ended 31 December 2017G and one hundred four hundred and thirty two thousand Saudi Riyals (SAR 1,432,000) (representing 2.9% of total general and administrative expenses) for the period ended 30 June 2018G. It is expected that the recent increase in electricity prices in accordance with the decision of the Council of Ministers issued on 14/04/1439H (corresponding to 01/01/2018G) would result in an increase to the Company's operating expenses by one hundred and thirty two thousand Saudi Riyals (SAR 132,000) (representing 0.14% of total general and administrative expenses) in 2018G. For 2018G, the Company expects to incur two million seven hundred and seventeen thousand Saudi Riyals (SAR 2,717,000) in the form of fuel, water and electricity expenses (representing 3% of total general and administrative expenses).

Moreover, such an increase in price, as well as any other potential increases, may lead to cut back in hiring needs of the Company's clients as a step in reducing costs. Therefore, the demand for services provided by the Company may be adversely affected or the Company's operating expenses may increase, which will adversely affect the Company's business, financial position, results of operations and future projections.

2-2-13 Risks Relating to Seasonal Factors

The Company's business is affected, to a certain degree, by seasonality during the year. For example, services to retail clients decrease during the summer months. For example, in 2016G and 2017G, revenues from the household segment's "Khidmah" Program decreased during the summer months (June, July and August) by 34% and 45% over average revenues for the rest of the year. As such, the Company's revenues may be affected by further seasonal fluctuations, which would have an adverse effect on the Company's business, financial condition, results of operations and future prospects

2-3 Risks Relating to the Offer Shares

2-3-1 Risks Relating to Effective Control Post-Offering by the Current Shareholders

Following the Offering, the Current Shareholders will together own 70% of the Company's issued Shares, including Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company, Al-Faisaliyah Holding Group Company, Abdullah Sulaiman Al-Amro and Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company, who each own 19,43% 15,97% 14% 12,2% and 7% of the Company's share capital, respectively. As a result, the Current Shareholders, acting together or without other Shareholders, will have the ability to significantly influence the Company's business through their ability to control decisions and actions that require Shareholders' approval, including, without limitation, the election of Directors, significant corporate transactions, dividend distributions and capital adjustments. If circumstances were to arise where the interests of the Current Shareholders are conflicted with the interests of the minority shareholders (including the Investors), the minority shareholders may be disadvantaged and the Current Shareholders may otherwise exercise their control over the Company in a manner that would have an adverse effect on the Company's business, financial condition, results of operations and future prospects.

2-3-2 Risks Relating to Absence of a Prior Market for the Shares

There is currently no public market for the Company's Shares, and there may not be an active and sustainable market for the trading of the Company's shares subsequent to the Offering. Even if such market existed, it may not continue. If an active and liquid market is not developed or maintained, the price of the Shares could be adversely affected. Moreover, no other company from the human resources industry has offered shares for public subscription in the Kingdom before the Offering. Comparable share trading data for companies from the human resources industry in the Kingdom are therefore not available.

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's businesses, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. Various factors, including the Company's financial results, general conditions in the human resources industry, the industry economy and regulatory environment and other factors that are beyond the Company's control may lead to a large disparity in the trading liquidity and price of the Shares.

2-3-3 Risks Relating to Selling a Large Number of Shares in the Market

Sales of a substantial number of the Shares in the public market following the completion of the Offering, or the perception that these sales will occur, may adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Substantial Shareholders will be subject to the Lock-up Period of six (6) months following the Offering during which they may not dispose of any Shares. The sale of a substantial number of Shares by any of the Substantial Shareholders following the expiration of the Lock-Up Period, or the perception that such sales may occur, would have an adverse effect on the market for the Shares and may reduce their value.

2-3-4 Risks Relating to Issuance of New Shares

If and when the Company decides to raise additional capital by issuing new Shares, the newly issued Shares would adversely affect the share price in the market and dilute the shareholder ownership percentage in the Company, if they do not subscribe to new shares at that time.

2-3-5 Risks Relating to Fluctuation in the Market Price of the Shares

The Offer Price may not be indicative of the price at which the Shares will be traded following completion of the Offering and the Investors may not be able to resell the Offer Shares at the Offer Price or above or may not be able to sell them at all. The post Offering market price of the Shares may be negatively affected by various factors, including but not limited to the following:

- negative variations in its operating performance and improvement of the performance of its competitors;
- actual or anticipated fluctuations in its quarterly or annual operating results;
- publication of research reports by securities analysts about the Company or its competitors or the human resources industry;
- the public's reaction to its press releases and its other public announcements;
- the Company's or its competitors' failure to meet analysts' projections;
- departures of key personnel;
- important and strategic decisions by the Company or its competitors, and changes in business strategy;
- changes in the regulatory environment affecting the Company or the human resources industry;
- changes in adopted accounting rules and policies;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities; and
- changes in general market and economic conditions.

The realization of any of the above-mentioned risks or other factors may cause the market price of the Shares to decline significantly.

In general, the Exchange experiences extreme price and volume fluctuations from time to time. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low, which would have an adverse effect on the Investors' investments in the Shares.

2-3-6 Risks Relating to Distribution of Dividends

Future distribution of dividends will depend on, amongst other things, several factors, including future earnings, financial condition, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company (for further information regarding the dividend distribution policy of the Company, please refer to Section 7 "**Dividend Policy**" of this Prospectus). Moreover, the Company may not be able to pay dividends, and the Board may not recommend and the Shareholders may not approve the payment of dividends. In addition, the Company may be subject to the terms of its future financing agreements as to making any dividend payments. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If the Company does not pay dividends on the Shares, shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase.

3- Industry and Market Data

The information of this section is derived from the market study report prepared by the Market Consultant (Roland Berger Middle East W.L.L.) exclusively for the Company dated 12/07/1439H (corresponding to 29/03/2018G). The Market Consultant provides advisory services in a number of industries, including the human resources industry. The Market Consultant was founded in 1967G and its head office is located in Munich. For further information about the Market consultant, visit the website (www.rolandberger.com).

The Market Consultant does not, nor do any of its subsidiaries, affiliate companies, partners, shareholders, directors, managers or their relatives, own any Shares or any interest of any kind in the Company. The Market Consultant has given, and not withdrawn as at the date of this Prospectus, its written consent for the use of its name, market information, and data supplied by it to the Company in the form set out in this Prospectus.

The Directors believe that the information and data from other sources contained in this Prospectus, including that provided by the Market Consultant, are reliable. However, information and data of this section have not been independently verified by the Company, the Directors, the Advisors or the Selling Shareholders, and thus none of them assumes any liability for the accuracy or completeness of the information.

All data up to 2018G have been derived from reports and other sources, including the Roland Berger Report.

3-1 Overview of the Regulatory Environment

3-1-1 Overview

The human resources industry was first regulated in the Kingdom in 2011G when the MoL issued its first set of rules governing recruitment companies and manpower resources services on 29/06/1432H (corresponding to 02/06/2011G). Prior to 2011G, there were no specific rules or regulations governing the provision of manpower resources services. This step was taken within the MoL's efforts to control the human resources industry and to create an intermediary between the manpower resources and the beneficiaries of manpower resources services to protect the rights of both parties in line with the relevant laws, regulations and international treaties. In 2015G, the MoL further amended it as part of its solutions to the challenges facing the household manpower resources market. Finally, in 2017G, the MoL issued a new set of rules to replace the previous rules, namely the Recruitment Rules dated 16/02/1439H (corresponding to 05/11/2017G), which were later amended on 26/11/1439H (corresponding to 08/08/2017G). The Company is one of the first companies licensed by the MoL to provide manpower resources under the Recruitment Rules.

3-1-2 Recruitment Rules

The Recruitment Rules regulate entities engaging in foreign manpower resources recruitment as an intermediary and providing manpower resources services for individuals (household manpower resources) and the public and private industries. They also include licensing requirements for companies and offices. The Recruitment Rules' aim is to encourage fair competition and provide efficient and professional services to the Saudi labor market.

Companies who wish to carry out activities regulated by the Recruitment Rules are classified as follows:

- Classification (A): Recruitment companies who can act as a recruitment intermediary, provide manpower resources services to individuals, the corporate private industry and the public industry, and engage in local contracting with special categories of manpower resources.
- Classification (B): Recruitment companies who can only act as a recruitment intermediary and provide manpower services to individuals, the corporate private industry and the public industry.
- Classification (C): Recruitment companies who can only engage in local contracting with special categories of manpower resources.

To license a company to carry out activities regulated by the Recruitment Rules, there are certain requirements that include, but not are limited to the following: (i) the applicant must be a closed joint stock company consisting of no less than five Saudi shareholders; (ii) the capital of the applicant must be wholly owned by Saudi nationals, whether natural or legal persons; and (iii) the capital of the applicant must not be less than one hundred million Saudi Riyals (SAR 100,000,000) Class (A) companies, twenty million Saudi Riyals (SAR 20,000,000) for Class (B) companies and fifteen million Saudi Riyals (SAR 15,000,000) for Class (C) companies.

Licensed companies must be managed by a Saudi national with at least a university degree and has not been convicted of a crime involving honor or honesty, nor have violated laws relating to child protection and anti-trafficking, provided that the MoL approval is obtained. In addition, licensed companies must have an interactive website that is automatically linked with the MoL and other relevant authorities, a call center and communication channels to receive complaints. A number of branches as proposed in their business plans submitted to the MoL and the housing for the manpower resources, with capacity that covers at least 10% of the number of work visas obtained by the licensed companies.

Licensed companies must provide an irrevocable bank guarantee to the MoL equivalent to 10% of such company's capital, issued by local bank. In the case of the MoL drawdown on any amounts from the guarantee as a result of the company's violation of any of laws, the company shall top-up the guarantee to cover any drawdowns within thirty (30) days from the date of notification of such withdrawal, otherwise the MoL may suspend the services provided to it.

Licenses issued by the MoL shall be valid for ten (10) Hijri years, and renewable for similar periods, by submitting an application to the MoL at least one hundred and eighty (180) days prior to the expiry date. The renewal application shall include a detailed report on the Company's activities during the previous period, a work plan for the following period, a bank guarantee for the following period and any other documents required by the MoL.

3-1-3 Foreign Manpower Resources Fees

All companies operating in the Kingdom (including the Company), are subject to the rules of work permit fees issued by the MoL pursuant to the Council of Ministers resolutions imposing monthly fees on foreign manpower resources, upon recruiting any foreign manpower resources. Under these rules, one hundred Saudi Riyals (SAR 100) must be paid for each foreign manpower resources in return for a one year work permit. In addition, annual fees must be paid per each manpower resources as set out in the table below. Such fee is paid annually by the employer upon issuance or renewal of the work permit. The fee differs in the cases where the number of foreign manpower resources working for the employer exceed the number of Saudi manpower resources and cases where it does not exceed the number of the Saudi manpower resources.

Table (3-1): Manpower Resources Fees

Effective Date	Fee per each Foreign Manpower Resource (in SAR)					
	The number of foreign manpower resources does not exceed the number of Saudi manpower resources			The number of foreign manpower resources exceeds the number of Saudi manpower resources		
	Daily	Monthly	Annually	Daily	Monthly	Annually
01/01/1434H (corresponding to 12/11/2012G)	0	0	0	6.6	200	2,400
14/04/1439H (corresponding to 01/01/2018G)	10	300	3,600	13.3	400	4,800
25/04/1440H (corresponding to 01/01/2019G)	16.6	500	6,000	20	600	7,200
06/05/1441H (corresponding to 01/01/2020G)	23.3	700	8,400	26.6	800	9,600

Source: MoL

3-2 Macro-Economic Review and Impact on the Manpower Resources Services Market in the Kingdom

In recent years, the Kingdom has witnessed a stable economic growth, fueled by a healthy GDP development, rapidly growing population, a stable political scene, positive economic reforms and improving social conditions. GDP grew at a compound annual growth rate of 2.5% between 2012G and 2017G, while disposable income per household grew at 3%. This in turn increased the demand of the manpower resources for corporate and household se respectively manpower resources from 10.4 million in 2012G to 12.2 in 2017G.

Underpinning the development of the manpower resources services market in the Kingdom has been dependent on a number of key political, economic, social and technological factors as follows:

3-2-1 Political Factors

Several political factors created a favorable growth condition for the manpower services market in the Kingdom. These factors include government commitment to economic plans, Vision 2030 and supporting programs (e.g., National Transformation Program), recent regulatory changes and manpower resources supply bilateral agreements.

(a) Government commitment to economic plans

The Government has a long-standing history of sponsoring plans which boost the local economy, tackling the Kingdom's industries which are vital for long term economic growth. The government has always prioritized expenditures on human resources development, allocating approximately half of the budget to this industry over the past two (2) decades.

Table (3-2): Government Economic Development Plans

SAR in billions	1st (1970G-1975G)	2nd (1975G-1980G)	3rd (1980G-1985G)	4th (1985G-1990G)	5th (1990G-1995G)	6th (1995G-2000G)	7th (2000G-2005G)	8th (2005G-2010G)	9th (2010G-2015G)	10th (2015G-2020G)
Total development plans	34	347	625	349	341	420	485	615	1,445	2,447
Share of human resources development plans	**21%**	**15%**	**18%**	**33%**	**48%**	**52%**	**57%**	**57%**	**51%**	**48%**

Source: Saudi Arabian Ministry of Economy and Planning, AME Info, Arab News, G20

(b) Vision 2030 and supporting programs

The Vision 2030 is the Kingdom's latest and largest economic and social blueprint, which aims at boosting the local economy. Several goals are aimed at improving the economy and have a direct or indirect impact on the manpower resources services market, such as:

- To move from current position as the 19th largest economy in the world into the top 15.
- To increase foreign direct investment from 3.8% to the international level of 5.7% of GDP.
- To increase private industry's contribution from 40% to 65% of GDP.
- To increase small and medium enterprises contribution to GDP from 20% to 35%.
- To lower rate of locals unemployment from 11.6% to 7%.
- To increase women's participation in the workforce from 22% to 30%.
- To increase the localization of oil and gas industries from 40% to 75%.

The Government has already put in place several programs to achieve its Vision 2030. The National Transformation Program, for example, was developed to help fulfill "Saudi Arabia's Vision 2030" and to identify the challenges faced by government bodies in the economic and development industries. The program establishes strategic objectives that are based on the Vision and addresses its challenges through 2020G in accordance with specific targets. The program identifies, each year, the initiatives necessary for achieving such goals and devises detailed plans on the basis of interim indicators that measure and monitor performance. In its first year, the program was launched across twenty four (24) government bodies, and there are plans to expand its coverage annually.

(c) Recent Regulatory Changes

There has been a clear political inclination to further regulate the labor market by rolling out several laws, aiming at increasing Saudization in the private industry:

- **Nitaqat program (introduced in June 2011G)**: The goal of this program is to increase overall nationalization. Saudization rates and foreign manpower resources statuses are closely evaluated by the MoL – more than 4.7 million foreign manpower resources regularized their status and more than 0.5 million foreign manpower resources have been deported so far.
- **MoL recruitment licenses and minimum 'household' quota**: In 2013G, MoL regulated expatriate-recruitment activities by issuing recruitment licenses that entitle human resources companies to one hundred and twenty thousand (120,000) visas (subject to certain terms that include minimal capital of SAR 100 million). Furthermore, MoL implemented a new law in 2015G regulating the household manpower resources market by setting a minimum household working permit quota for all human resources companies of 20%, out of which, 50% must be for female manpower resources. Companies failing to meet this quota are no longer allowed to sponsor any additional corporate work permits.

(d) Manpower Resources Bilateral Agreements

Recently, the Government has set up several new bilateral agreements with manpower supply sourcing countries to increase and regulate further the Saudi labor market. Latest bilateral deals include those with Ethiopia, Bangladesh, Chad, Kenya, Uganda and Somalia. These new bilateral agreement will open new sourcing markets for manpower supply.

3-2-2 Economic Factors

The Kingdom has enjoyed robust economic growth over recent years. Oil revenues and increased government spending since 2012G have helped boost real GDP at a compound annual growth rate of 2.5% to reach SAR 2.6 trillion in 2017G. Simultaneously, real GDP per capita has steadily increased from seventy nine thousand Saudi Riyals (SAR 79,000) in 2012G to eighty one thousand Saudi Riyals (SAR 81,000) in 2017G, positively impacting consumer disposable income levels. However, decreasing inflation rates, standing at 3.5% in 2016G, witnessed a fall in 2017G, and decreased to 0.7%. In addition, foreign direct investment inflows have dropped at a 14% compound annual growth rate over the past six (6) years, mainly driven by the global economic downturn. This steady development builds the businesses' confidence to sustain and further develop their activities and labor manpower resources.

Table (3-3): Snapshot of the Kingdom's Key Macro-Economic Indicators

	Unit	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Real GDP (at const. 2010G prices)	SAR billion	2,297	2,359	2,445	2,545	2588	2597	2.5%
Real GDP per capita	SAR '000	79	79	79	81	80	81	0.6%
Inflation	%	2.9%	3.5%	2.7%	2.2%	3.5%	0.7%	-
Foreign direct investment inflow (at const. 2016G prices)	SAR billion	51	36	32	32	28	24	(14%)

Source: Saudi Arabian Monetary Authority, IMF, CDSI, Euromonitor, World Bank

The Kingdom's diversification efforts have been reflected in the steady and fast growth of non-oil related industries. Financial services and manufacturing were the fastest growing economic industries in the Kingdom between 2012G and 2017G, while mining and quarrying was the slowest key economic industry, driven by lower oil prices. The strong growth in non-oil related industries will increase these industries' manpower resources requirements.

Table (3-4): The Kingdom's Real GDP (at Constant 2010G Prices) by Key Economic Activity

SAR billion	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Mining & Quarrying	978 (43%)	964 (41%)	973 (40%)	1,018 (40%)	1,047 (40%)	1,011 (39%)	1%
Manufacturing	247 (11%)	256 (11%)	280 (11%)	298 (12%)	308 (12%)	311 (12%)	5%
Finance, Insurance, Real Estate	200 (9%)	218 (9%)	226 (9%)	231 (9%)	237 (9%)	242 (9%)	4%
Wholesale & Retail Trade, Restaurants & Hotels	200 (9%)	213 (9%)	225 (9%)	232 (9%)	228 (9%)	229 (9%)	3%
Construction	104 (5%)	113 (5%)	120 (5%)	125 (5%)	121 (5%)	117 (5%)	2%
Other	568 (25%)	596 (25%)	621 (25%)	641 (25%)	647 (25%)	685 (26%)	4%
Total Actual GDP	**2,297 (100%)**	**2,359 (100%)**	**2,445 (100%)**	**2,545 (100%)**	**2588 (100%)**	**2597 (100%)**	**2%**

Source: Saudi Arabian Monetary Authority, Statista

The growth in real GDP is manifested in the growing number of establishments, which further underpins the growth of the labor market. Despite stagnating growth in 2017G, the number of establishments in the Kingdom maintained a compound annual growth rate of 2.2% from 2012G to 2017G. Wholesale and retail trade, restaurants and hotels dominate the market, making up around 60% of the total establishments in the Kingdom. The fastest growing segment is the community, social and personal services (including healthcare) growing at a compound annual growth rate of 4.5%. The increasing number of establishments directly links to an increase in local and foreign manpower resources demand. Furthermore, the fast growing healthcare market positively impacts medical manpower resources demand.

Table (3-5): The Kingdom's Establishment by Activity

Number of Establishments [in thousands]	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Wholesale & Retail Trade, Restaurants & Hotels	502 (58%)	521 (58%)	543 (57%)	545 (57%)	543 (57%)	545 (57%)	2%
Community, Social & Personal Services	93 (11%)	97 (11%)	110 (12%)	111 (12%)	113 (12%)	116 (12%)	5%
Manufacturing	85 (10%)	88 (10%)	91 (10%)	92 (10%)	92 (10%)	92 (10%)	2%
Agriculture, Forestry & Fishing	82 (10%)	84 (9%)	87 (9%)	87 (9%)	88 (9%)	89 (9%)	2%
Other	103 (12%)	109 (12%)	116 (12%)	118 (12%)	119 (12%)	122 (13%)	3%
Total establishments	**865 (100%)**	**900 (100%)**	**947 (100%)**	**954 (100%)**	**955 (100%)**	**964 (100%)**	**2%**

Source: Saudi Arabian General Investment Authority, Arabia, Vision 2030

Disposable income has grown steadily over the last six (6) years, positively affecting the households' living standards. After the economic crisis in 2010G-2011G, real disposable income showed resilience and recovered at a compound annual growth rate of 3.0% from 2012G to 2017G, reaching one hundred and seventy eight thousand Saudi Riyals (SAR 178,000). The impact of increasing disposable income per household can be reflected in higher demand for in-house support (e.g., drivers, housekeepers, etc.).

Table (3-6): Real Disposable Income per Household, 2012G-2017G

In thousands	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Real disposable income per household	168	169	175	182	180	178	3%

Source: Euromonitor

3-2-3 Social Factors

The Kingdom's population has increased from twenty nine million and one hundred thousand (29,100,000) in 2012G to thirty two million and nine hundred thousand (32,900,000) in 2017G, growing at a compound annual growth rate of 2.5%. Growing population coupled with increasing average life expectancy create favorable conditions for growth of the overall labor market. Whereas having the elderly population (65+) as the fastest growing segment, is expected to boost healthcare and geriatrics manpower demand.

Table (3-7): Population Growth and Age Segmentation

In millions	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Population (0-14)	8.2 (28%)	8.2 (27%)	8.2 (27%)	8.2 (26%)	8.2 (25%)	8.2 (25%)	0%
Population (15-64)	20.0 (69%)	20.9 (70%)	21.7 (70%)	22.4 (71%)	23.0 (71%)	23.6 (72%)	3%
Population (65+)	0.9 (3%)	0.9 (3%)	0.9 (3%)	1.0 (3%)	1.0 (3%)	1.1 (3%)	4%
Total Population	**29.1 (100%)**	**29.9 (100%)**	**30.8 (100%)**	**31.6 (100%)**	**32.3 (100%)**	**32.9 (100%)**	**3%**

Source: Saudi Arabian Monetary Authority, Euromonitor

Table (3-8): Life Expectancy

In years	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Life expectancy	74.0	74.1	74.3	74.4	74.6	74.7	N/A

Source: Saudi Arabian Monetary Authority, Euromonitor

In line with overall population growth, household numbers in the Kingdom also grew steadily at a compound annual growth rate of 2.3% between 2012G and 2017G. The population maintained a high average household size of 5.6 persons per household (versus 2.5 persons in the United States of America and 2.0 persons in Germany), prompting housewives to seek extra support in household upkeep. In addition, high income and very-high income households grew at an equal or faster rate than the overall market (at compound annual growth rate of 5% versus 2%), which can be translated into improving economic conditions. An increasing number of households, especially high-income ones, indicate a growing need for household support such as nannies, maids, cooks and drivers.

Table (3-9): Development of the Kingdom's Households per Income Bracket

In USD millions	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Low income [Less than 15k per annum]	0.6 (11%)	0.6 (11%)	0.6 (11%)	0.6 (10%)	0.6 (10%)	0.7 (11%)	2.3%
Medium income [15k to 45k per annum]	2.7 (52%)	2.8 (52%)	2.8 (50%)	2.8 (49%)	2.8 (49%)	3.0 (50%)	1.5%
High income [45k to 100 k per annum]	1.6 (30%)	1.6 (30%)	1.7 (31%)	1.8 (32%)	1.8 (32%)	1.8 (31%)	3.0%
Very high income [More than 100k per annum]	0.4 (7%)	0.4 (7%)	0.4 (8%)	0.5 (9%)	0.5 (9%)	0.4 (7%)	2.3%
Total households	**5.3 (100%)**	**5.4 (100%)**	**5.5 (100%)**	**5.7 (100%)**	**5.8 (100%)**	**5.9 (100%)**	**2.3%**

Source: Euromonitor, Statista

Table (3-10): Development of the Kingdom's Average Household Size

In persons	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Average Household Size	5.6	5.6	5.6	5.6	5.6	5.6	0%

Source: Euromonitor, Statista

Healthy economic growth and an expanding population have steadily increased the size of the manpower resources in the Kingdom while maintaining stable unemployment rates. The Kingdom's manpower resources grew at compound annual growth rate of 3.3% between 2012G and 2017G. In addition, since the government is implementing various measures to improve Saudization, Saudi manpower resources grew faster than the foreign manpower resources (3.4% compound annual growth rate versus 3.3%). Consistently increasing manpower resources provides stability for the manpower resources services market and a positive outlook. In addition, growth in foreign manpower resources directly boosts the manpower resources services market as more people are being brought in the Kingdom.

Table (3-11): Manpower Resources Development in the Kingdom

In millions	2012G	2013G	2014G	2015G	2016G	2017G	CAGR
Saudi manpower	4.4 (42%)	4.7 (44%)	4.9 (45%)	5.0 (43%)	5.0 (42%)	5.2 (42%)	3.4%
Foreign manpower	6.0 (58%)	6.0 (56%)	6.1 (55%)	6.5 (57%)	6.9 (58%)	7.1 (58%)	3.3
Total manpower resources	**10.4 (100%)**	**10.7 (100%)**	**11.0 (100%)**	**11.5 (100%)**	**11.9 (100%)**	**12.2 (100%)**	**3.3%**

Source: General Authority of Statistics, Roland Berger analysis

Typical private industry industries, such as construction, wholesale and retail, manufacturing and transportation rely heavily on foreign manual labor. Their robust growth increased the Kingdom's demand for additional manpower resources over the past six (6) years.

Saudization did not impact the largest foreign-employing industries in the Kingdom as their foreign penetration rate was in fact growing between 2012G and 2017G. The largest decline in foreign penetration can be seen in non-key expats employing industries such as water and waste management, where penetration dropped by 15% reaching 51 thousand expats in 2015G (less than 0.5% of total foreign manpower resources).

On the other hand, unemployment rate has been steady despite various governmental measures to improve employment for Saudi nationals whose unemployment rate was at 12.8% in 2017G.

The Kingdom has historically had a low female manpower resources participation rate due to social and cultural pressures, with women constituting less than 20% of the labor market. However, recent Government initiatives have sought to encourage female participation across all industries with the aim of reducing female unemployment. This is expected to boost the annual disposable income per household and the number of female-operated small and medium enterprises. The increasing female employment trend is likely to spur demand for household help (e.g., nannies, cooks, etc.) and strengthen household financials.

Table (3-12): Unemployment Rate

	2012G	2013G	2014G	2015G	2016G	2017G
Overall unemployment rate	5.5%	5.6%	5.7%	5.6%	5.7%	5.8%
Saudi unemployment rate	12.1%	11.7%	11.7%	11.5%	12.1%	12.8%

Source: General Authority of Statistics

Table (3-13): Total Female Employment Rate in the 15-64 Female Population

	2012G	2013G	2014G	2015G	2016G	2017G
Total female employment rate	16.1%	1 6.3%	16.3%	17.3%	18.3%	18.7%

Source: Euromonitor

Compared to emerging and developed markets, the Kingdom has a very low female employment ratio. For example, female employment ratio in emerging markets ranges from 19% (Pakistan) to 70% (China); moreover, female employment ratio in developed markets ranges from 62% (France) to more than 75% (Sweden and Switzerland). This shows that the Kingdom has high room for growing its female employment moving forward.

Several initiatives were setup by the Government to establish and develop new industries in the Kingdom. For example, the General Authority for Entertainment was created with the aim of improving the living standards in the Kingdom. The Authority has created a diversified entertainment calendar to appeal to the various segments of the population (e.g., kids' shows, sport events, comedy clubs and cultural events). Establishment of new entertainment-related companies is creating new job opportunities for the young males and females and is increasing the appeal of the Kingdom for foreign manpower resources. Furthermore, it improves the living standards of current manpower resources working in the Kingdom, thus extending their stay.

3-2-4 Technological Factors

The Government has a relatively high overall technological presence accompanied by growing reliance on e-services. For example, the Government is:

- Transitioning to e-government; ranking forty one (41) out of one hundred and ninety (190) globally in 2012G compared to 58 in 2010G with governmental services becoming digitalized (e.g., Musanid).
- Increasing the use of information and communication technologies with the example of digital verification of citizen identity in the eDashboard Portal.
- Improving open data through making documents/reports from various ministries available to general public.
- Expanding online services through becoming one of the top twenty (20) countries in the world for online services.

Moreover, the Kingdom ranks highly among its regional peers in terms of technological presence and development. The Kingdom ranks above average among Arab countries in network readiness due to its relatively more developed information and communications technologies industry. However, the Kingdom is lagging behind in terms of governmental expenditure on research and development. The increasing automation in the Kingdom has the potential to reduce the labor intensity of select industries; however, it increases the need for information technology-literate manpower resources. On the other hand, low research and development expenditure signals the limited need for foreign research professionals.

3-3 Overview of the Labor Market in the Kingdom

The Saudi working population is the sum of the persons aged fifteen (15) years and above, and is segmented into the following categories:

- Employed (part of manpower resources): Status given to persons who are employed by private and public industry establishments.
- Unemployed (part of manpower resources): Status given to persons who are not employed but actively seeking full-time employment.
- Out of workforce: Status given to persons who are not employed and not actively looking for full-time employment for various reasons (e.g., in school, stay-at-home parents, disability).

The working population has been growing at a compound annual growth rate of 3.2% between 2014G and 2017G, reaching 23.9 thousands in 2017G. Out of manpower resources population constituted 46% in 2016G.

The Saudi manpower resources (employed and unemployed persons) has been growing at a compound annual growth rate of 3.5% between 2014G and 2017G, reaching 13 million in 2017G, out of which only 0.8 million (representing 6%) are unemployed.

Overall unemployment rate in the Kingdom (including expats and Saudi nationals) stabilized between 2014G and 2016G at around 6%. However, the unemployment of Saudi nationals is significantly higher than the overall unemployment rate as it reached 12% in 2017G. In 2017G, Saudi females accounted for 54% of the unemployed population.

Out of workforce population grew by 3% between 2014G and 2017G, reaching 10.9 million. Pursuit of education and housekeeping are the key drivers behind the choice to stay out of the workforce; 35% of the out of workforce population are pursuing education and 52% are taking care of own housekeeping.

Table (3-14): Working Population Segmentation, 2014G-2017G

Full-time employees in millions	2014G	2015G	2016G	2017G	CAGR
Employed persons	11.1 (51%)	11.5 (51%)	11.9 (51%)	12.2 (51%)	3.4%
Unemployed persons	0.7 (3%)	0.7 (3%)	0.8 (3%)	0.8 (3%)	5.1%
Out of workforce population	10.0 (46%)	10.4 (46%)	10.6 (46%)	10.9 (45%)	2.9%
Total working population	**21.7 (100%)**	**22.5 (100%)**	**23.3 (100%)**	**23.9 (100%)**	**3.2%**

Source: General Authority of Statistics, Roland Berger analysis

3-3-1 Employed Population Segmentation

(a) Segmentation by Industry

Employed manpower resources in the Kingdom are concentrated in five (5) industries comprising approximately 65% of total employment.

Table (3-15): Employed Population Segmentation by Industry, 2014G-2017G

Full-time employees in millions	2014G	2015G	2016G	2017G	CAGR
Construction	1.4 (13%)	1.4 (13%)	1.3 (12%)	1.2 (10%)	-3.6%
Public Admin	1.8 (16%)	1.8 (16%)	1.9 (17%)	1.9 (16%)	2.3%
Wholesale and Retail Trade	1.6 (14%)	1.6 (14%)	1.8 (16%)	1.8 (15%)	6.1%
Education	1.3 (12%)	1.4 (13%)	1.3 (12%)	1.4 (11%)	0.0%
Manufacturing	0.8 (7%)	0.9 (8%)	1.1 (10%)	1.2 (10%)	14.2
Other	4.2 (38%)	4.4 (40%)	4.5 (41%)	4.8 (38%)	4.3%
Total working population	**11.1 (100%)**	**11.5 (100%)**	**11.9 (100%)**	**12.3 (100)**	**3.4%**

Source: General Authority of Statistics

(b) Segmentation by Nationality

Historically, expats constituted more than 58% of the total manpower resources.

Table (3-16): Employed Population Segmentation by Nationality, 2014G-2017G

Full-time employees in millions	2014G	2015G	2016G	2017G	CAGR
Non-Saudis	6.1* (55%)	6.5 (57%)	6.9 (58%)	7.1* (58%)	4.7%
Saudi nationals	4.9* (45%)	5.0 (43%)	5.0 (42%)	5.2* (42%)	1.7%
Total working population	**11.1* (100%)**	**11.5 (100%)**	**11.9 (100%)**	**12.3* (100%)**	**3.4%**

* Note: These numbers have been rounded up to the nearest whole number, thus the total may not match the sum of the items listed in the table.

Source: General Authority of Statistics

There is a significant difference between industries with regard to the segmentation of the percentage of Saudis to the percentage of non-Saudis. While foreigners occupy the construction, hospitality and retail industries (more than 85% of the manpower resources is foreign), other industries such as education, public administration and defense are heavily employed by citizens. The spread of foreign manpower resources is expected to fall in the industries identified to increase Saudization (for example, the retail industry).

Table (3-17): Employed Population Segmentation by Nationality and by Large Industry, 2017G

Full-time employees in millions	Foreign Presence	Saudi Presence	Total Manpower Resources
Hotels and Restaurants	91%	9%	0.4
Construction	91%	9%	1.5
Wholesale and Retail Trade	84%	16%	1.8
Manufacturing	80%	20%	0.9
Social and Personal Services	71%	29%	0.7
Transport, Storage and Comm.	57%	43%	0.6
Agriculture	59%	41%	0.6
Utilities	43%	57%	0.2
Financial Intermediation	31%	69%	0.1
Health and Social Services	39%	61%	0.6
Real Estate and Business Act.	40%	60%	0.1
Mining	27%	73%	0.1
Education	10%	90%	1.4
Public Admin and Defense	2%	98%	1.9

Source: General Authority of Statistics

(c) Segmentation by Gender

The Kingdom is lagging behind other countries in that only 14% (1.7 million) of its employed manpower resources are women. Of the 9.6 million women in the country of working age, only 1.7 million are employed today, despite being educated and motivated. The Kingdom's women represent a wealth of untapped potential for the economy.

(d) Split by Private/Public Industries

Private industry jobs are overwhelmingly held by expats while Saudis dominate the public industry job market. Approximately, two-thirds of Saudis are employed in the public industry.

Table (3-18): Employed Population Segmentation by Nationality by Private/Public Industries, 2017G

Full-time employees in millions	Saudi Nationals	Foreigners	Total
Public industry	3.4	0.5	3.9
Private industry	1.8	6.6	8.4
Total working population	**5.2**	**7.1**	**12.3**

Source: Saudi Arabia Labor Market Report 2016G

(e) Segmentation by Skill Level

Saudi employees outnumber expats only in jobs that require an average skill level. The MoL has declared that the employment of Saudi nationals in the private industry is a key objective, and it intends to reach the goal by replacing primarily semi- and high-skilled foreign manpower resources and creating new Saudi-specific jobs.

Table (3-19): Employed Population Segmentation by Skill Level, 2017G

Full-time employees in millions	Saudi nationals Presence	Foreign Presence	Total
Low-skilled jobs	85%	15%	100%
Semi-skilled jobs	42%	58%	100%
High-skilled jobs	56%	44%	100%

Source: Saudi Arabia Labor Market Report 2016G

(f) Segmentation by Geography

Manpower resources in the Kingdom is heavily concentrated in three (3) regions, Riyadh, Makkah and Eastern province hold approximately 70% of the Kingdom's manpower resources.

3-4 Introduction to the Manpower Resources Services Market

3-4-1 Global Manpower Resources Services Market

The global human resources market is estimated at around USD 1 trillion in 2016G. The manpower resources services market is at the core of the human resources market making up 11% of the market revenues or USD 110 billion. Six (6) countries account for around 70% of the global manpower resources market revenues. The United States of America is the market leader with 30% market share, followed by Japan with 15%, United Kingdom with 11%, Germany with 6%, France with 5% and Italy with 2%. The manpower resource services market is split between temporary employees and permanent employees. Temporary employees are appointed when the manpower is deployed to employers through human resources companies for a specific period of time while the day-to-day activities of the manpower resources are directed by the employers. Permanent employees are appointed when the human resources companies conduct match-making and placement services for employers. Today, the largest part of the manpower resources services market is the temporary employment of blue collar manpower resources. Temporary employment is estimated to make up around 75% of the manpower resources market while the remaining 25% of the market is made up of permanent employment. In addition, 70% of the temporary employment market is made up of blue collar manpower resources while the remaining 30% is white collar.

Temporary employment was historically used by employers to fill the place of employees who were temporarily absent; in addition, temporary employment mainly focused on unspecialized jobs. Today, companies are increasingly using temporary employment for jobs that are facing fluctuating demand. In addition, the number of professional employees with qualified skill levels manpower resources has been increasing within the temporary employment segment. Temporary employment enables companies to adapt better and faster to changes in demand, thereby increasing their market competitiveness; providing job opportunities to the manpower resources and allows them to build a range of skills. In order to cover the demand for temporary employment, professional employer organizations have been developed. These companies employ the manpower resources and offer deployment services to the clients (co-employment concept) while the client continuously directs the manpower resources' day-to-day activities. This concept was developed in the late 1960s in the United States and as of 2010G, there are currently more than seven hundred (700) professional employer organizations, covering 2 million to 3 million manpower resources.

Several of these firms have evolved and developed a global footprint. It is estimated that 15% of the global market revenues is generated by the top three (3) players (Adecco Group, Randstad and Manpower Group). Furthermore, all of the leading global players (Adecco Group, Randstad, Manpower Group, Allegis Group, and Recruit) offer both temporary and permanent employment. In addition to manpower resources services, these firms cover all dimensions of the human resources market. These firms tend to start as manpower resources staffing firms, and then tend to expand into the human resources tech segment due to its ease of implementation due to its former expansion into human resources companies to later become fully fledged human resources service providers.

3-4-2 Regional Manpower Resources Market

The labor market in the GCC is mainly concentrated in the Kingdom where the total manpower resources is estimated to be around 12.2 million manpower resources in 2017G. The second largest labor market is the UAE with a total of 6 million manpower resources followed by Oman with 2.3 million, Kuwait with 2.2 million, Qatar with 2 million, and Bahrain with 0.7 million.

Human resources companies; market share ranges from 1% to 4% between different GCC countries; however, in Oman, the market is not yet regulated and manpower resources are currently conducted through sub-contracts, thus the market is still non-existent.

Table (3-20): Human Resources Company-Sponsored Manpower Resources Market in GCC, 2017G

	Unit	The Kingdom	UAE	Kuwait	Qatar	Bahrain	Oman
Human Resources Company-sponsored manpower resources	Full-time employees in thousands	160-189	120-147	60-84	50-74	8-13	N/A
Revenues	SAR billion	6-7	4-6	2-4	2-3	0-1	N/A

Source: General Statistics Authority, Euromonitor, Worldbank, Desk research, Expert interviews

The leading regional human resources companies have a strong focus on manpower resources supply; additionally, these companies offer additional services on a complementary basis. For example, Transguard Group in the UAE and Career Hunters in Kuwait offer human resources business process outsourcing in addition to manpower supply.

3-4-3 Manpower Resources Services Market Value Chain in the Kingdom

The manpower resources services market in the Kingdom covers three (3) key activities that follow the following chronological order:

(a) Sourcing

It is the first activity that human resources companies and direct sponsors undertake to fulfil the market's manpower resources demand. Sourcing is segmented into two sub-activities:

- **Recruitment**: The activity of identifying and providing potential employees with employment contracts. The manpower resources' skill set can vary from blue collar manpower resources (e.g., unskilled, semi-skilled and skilled manpower resources) to white collars (e.g., engineers, accountants) and high-ranking executives. Recruitment can also cover different sourcing geographies (e.g., India, Nepal, Indonesia, and the Kingdom). Sourcing typically relies on employment offices, located in sourcing countries, able to identify manpower resources fitting the requested profiles.
- **Transactional support**: The activity of requesting, following-up and issuing all governmental and legal documentation for the employees to be able to work in the Kingdom. Such documentation includes issuing visas, Iqama and insurance.

(b) Placement

Once manpower resources are identified and have legal documentation, they are appointed to the vacant position that suits their personal profiles (and based on which the employees have been recruited). Placement covers two sub-activities:

- **Compatibility**: Compatibility is the core component of the manpower resources services market. It is the activity of linking employers (demand) with competent manpower resources (supply). Compatibility can cover different employers and different geographical areas (i.e., corporations and households) under different employment contract types (e.g., 2-years long term contracts, 6-months short term contracts, pay-per-hour contacts).
- **Administrative support**: Providing all supporting activities for manpower resources management. Employers may opt to provide such services internally, or they can opt to outsource them to human resources companies or other external suppliers. Such activities mainly include managing manpower resources holidays (e.g., ticketing), manpower resources' daily logistics and monthly payroll.

(c) Renewal/Termination

Once employment contracts' duration is completed, the employers and manpower resources can jointly decide to renew or terminate the contract. If the contract was an employment deployment contract administered by a human resources company, then the manpower resources and employers can request to transfer the sponsorship of the manpower resources from the human resources company to the employers. If the employers decide to let go of their manpower resources, there is an exit management process that needs to take place to provide the manpower resources with end-of-service benefits and to initiative the final exit from the Kingdom.

3-4-4 Manpower Resources Services Market Operating Model in the Kingdom

The operating model of the Saudi manpower resources services market include four (4) key players: recruitment agencies (compatibility), the Government (regulator), employers (demand) and manpower resources supply pools (supply).

(a) Recruitment Agencies (Compatibility)

Recruitment agencies are companies authorized by MoL to provide two types of services:

- **Deployment**: An agency uses its own visas and provides manpower to corporate and household clients.
- **Brokerage**: The client receives the approval of the MoL on the visa and uses the agency to recruit manpower on their behalf.

Two types of recruitment agencies currently exist in the Kingdom:

- **Large human resources companies**: Mainly offer deployment services for both corporate and household clients. As of 31 December 2017G, there were thirty one (31) licensed companies with a paid-in capital of SAR 100 million. These companies provide manpower resources to corporations or households for a predefined price and period of time, with potential additional services.
- **Local offices**: Mainly offer brokerage services for households and also offer a small number of deployment services. The Government has been offering a large number of licenses to local offices however, market regulations are becoming more stringent. In 2016G, three hundred and seventy seven (377) licenses in total were granted recruitment agencies and eleven (11) licenses were not renewed due to client complaints, recurring suspensions and recurring illegal activities.

(b) The Government (The Regulator)

The Government's desire to address human right concerns, the difficulty in sourcing labor to meet growing demand and the desire for a more flexible manpower resources (e.g., short and seasonal contracts) were all drivers to setup human resources companies with professional deployment services.

In order to increase transparency in the labor market and to reduce human trafficking risks and human rights abuses, the MoL has introduced several regulations to control the market more effectively.

- The minimum capital to register as a Human Resources company is one hundred million Saudi Riyals (SAR 100,000,000) (having professional and large human resources companies will in turn help serve and control the market more effectively).
- 20% of the visas provided by the human resources company must be for household manpower resources (in order to reduce human-trafficking and eliminate human rights abuse).
- The Wage Protection Program enforces timely salaries' payment for manpower resources (e.g., at least 90% of all manpower resources must receive their salaries before month-end), to eliminate human rights abuses.
- Human resources companies must provide housing for a minimum of 10% of manpower resources on its payroll to ensure manpower resources have available accommodation if necessary.

Furthermore, the Government is inclined to regulate and control the market more effectively to show potential favorable regulatory adjustments in the medium-/long-term. This will have a material impact on human resources companies market (e.g., allocating fewer visas than requested for corporations to favor the role of human resources companies in recruitment). The Government is keen to refine rules to increase flexibility. It is expected that Ministry of Finance will establish a 'Financial Nitaqat' program enabling corporates to pay a Saudi manpower resource replacement fee (to remove "ghost" employees from the market), as well as invoke a grace-period for start-ups to delay defining Saudization targets which in turn delays when it implemented.

Human resources companies pose several advantages for the Government, clients and foreign employees.

- The Government would benefit from the high transparency of the labor market, lower human trafficking and human rights abuses and higher labor utilization. On the other hand, the community and corporate clients might have displeasure with increasing prices and perceive the Government as "benefiting" from human resources companies.
- Clients benefit from visa availability, provision a mix of preferred nationalities, faster access to labor, convenience of outsourcing transactional and administrative services, guaranteed performance (with the option of replacing poor performers and absconders) and higher flexibility (with ability to expand for projects). However, higher prices, higher churn rates and dependency on third-party providers are disadvantageous for clients.
- Manpower resources benefit from more regulated payments and from the advantage of having a middle-man influencing and overseeing the relationship with their employers. However, manpower resources might witness lower salaries and limited career progression versus direct employment.

(c) Employers (Demand)

Human resources companies serve two (2) main client segments, each segment with its unique characteristics and growth drivers:

- **Corporate segment**: where human resources companies mainly supply foreign manpower to companies across a variety of industries. Furthermore, this segment is driven by increasing GDP per industry, increase in automation and productivity, Saudization efforts, female employment and more stringent government regulations. Corporates typically opt for deployment via human resources companies because the latter can guarantee the supply of all requested manpower resources and nationalities along with all the needed administrative support. If corporates opt for direct sponsorship, the MoL might not approve visa requests' number and nationality mix.
- **Household segment**: where human resources companies supply foreign household support or housekeeping services for individual households. The segment is recently growing fast as households are becoming more socially accepting of the idea of having household support. Furthermore, this segment in driven by increasing disposable income, female employment, size of households and more stringent regulations. Households typically opt for deployment via human resources companies because the latter quickly deploys the requested manpower resources and all the needed administrative support (including quickly replacing absconding manpower resources). Opting for direct sponsorship means that households would have to wait longer for deployment and they would assume full responsibility for manpower resources absconding.

(d) Manpower Resources (Supply)

There has been an abundant supply of manpower resources from key sourcing countries to the Kingdom (e.g., India, Indonesia, Philippines, Nepal, etc.). The sourcing countries' economies highly rely on remittance and have had relatively high unemployment rates historically. Recruitment agencies in key sourcing areas are widespread and the manpower resources is attracted to the Kingdom given the more lucrative job opportunities compared to their local market; however, there has been an increase in focus on having bilateral labor agreements (e.g., latest Indian ambassador meeting with MoL in March 2017G pushing to settle legal dues and benefits of laid off manpower resources from large construction companies, Philippines establishment of POLO (Philippines Overseas Labor Office) to protect the Filipino manpower).

Currently, the market covered by large human resources companies makes up less than 1% of the total manpower resources in the Kingdom. In other words, the total manpower resources in the Kingdom (expats and nationals) is estimated around 12.2 million in 2017G, out of which 7.1 million are expats, and only 0.1 million are deployed by human resources companies. This provides human resources companies with ample growth potential.

It is worth noting that there exists "shadow-deployment companies" which lend a large portion of potential business for human resources companies. These are service providers with a license for "services and contracting" and have a high visa allowance to source large volumes of foreign manpower resources. They provide "shadow-deployment" to corporates who have exceeded their Saudization rate but need to hire further expats. "Shadow-deployment" is usually 25-40% more expensive than normal deployment by human resources companies.

3-5 Analysis of the Corporate Manpower Resources Services Market in the Kingdom

3-5-1 Corporate Segment Overview

The Saudi corporate manpower resources services market is defined as manpower mainly employed in the following industries:

Agriculture Construction Financial intermediation Health and social services Hotels and restaurants	Manufacturing Real estate and business activities Utilities Wholesale and retail trade	Other industries (public administration, mining, transport, storage and communication, education and social and personal services)

(a) Manpower Segmentation

The corporate manpower resources services market is composed of three (3) segments as follows:

- **Human resources company-sponsored foreign manpower**: It includes corporate foreign manpower resources supplied by human resources companies.
- **Independent foreign manpower resources market**: It includes the corporate foreign manpower resources that are not supplied through a human resources company.
- **Saudi manpower resources manpower**: It includes all Saudis in the workforce.

(b) Market Characteristics

The corporate manpower resources services market is characterized by seven main features, as outlined below:

- **Cyclical demand**: Companies tend to hire more employees during economic growth, and tend to put their expansion plans on hold during economic downturn. Therefore, manpower resources demand can be directly correlated to the cyclicality of GDP and overall economic activity.
- **Regulated market**: The Kingdom has been actively regulating the manpower resources services market in order to achieve multiple goals: reduce risks of human trafficking, secure the rights of employers and employees and increase and enforce Saudization rates. Therefore, multiple initiatives have been put in place to regulate the manpower resources services market: Nitaqat program, Ajeer program, wage protection program, required licenses for large human resources companies to operate while abiding by specific quotas (e.g., 20% of sourced manpower resources must be household manpower resources).
- **Volume driven**: Typically, corporates having large workforces source manpower resources in high volumes that can reach five hundred (500) manpower resources in a single request. Sourcing agencies and human resources companies are expected to source large quantities of competent manpower resources. Companies allocate limited interest to review each manpower resource's résumé before landing in the Kingdom, especially for blue collar manpower resources. Key account management is very important for human resources companies to manage their large accounts as they could constitute large proportion of their revenues.
- **Time sensitive**: Companies heavily rely on manpower resources to provide services and generate revenues. Therefore, having the right manpower resources available at the right time is critical for companies to avoid

financial damages. Human resources companies are expected to mobilize large number of manpower resources in short period of time.

- **Reputation and relationship-based**: The Kingdom's corporate manpower resources supply is still traditional in the sense that clients rely on word-of-mouth and reputation to select their preferred human resources company. Human resources companies who created positive reputation and word-of-mouth were able to attract clients of different sizes.
- **Commoditized core offering**: Manpower resource services market's core function is to provide companies with manpower resources. Manpower resources are typically sourced from India, Nepal or Indonesia. Therefore, there is limited potential to diversify core product offering. Human resources companies focus on providing value-added-services such as quick deployment and free replacements in an effort to differentiate their products.
- **Abundant supply**: The majority of manpower resources demand is for unskilled manpower resources which can be sourced from a wide variety of markets. Moreover, key source countries such as Indian, Nepal and Indonesia have widespread sourcing agencies making sourcing to the Kingdom unproblematic. From the manpower resource's perspective, moving to the Kingdom for work presents more lucrative opportunities than staying in their home countries, which ensures human resources companies that supply of foreign manpower resources is sustainable.

3-5-2 Market Development

The corporate market has been impacted by the following trends:

- **Decelerated economic growth**: Due to fall of oil prices, the Kingdom saw its GDP year-on-year growth drop from 5.4% in 2011G-2012G to -0.5% in 2016G-2017G (expected). Overall economic downturn reduced large corporates' appetite to expand their manpower resources. Moreover, construction companies faced liquidity shortages as payments for large government-funded projects were put on hold which impacted construction companies' abilities to pay human resources companies on time.
- **Increased acceptance for human resources companies**: Saudi companies are realizing the important role of human resources companies in facilitating and sourcing manpower. To adapt to tougher market conditions, companies are becoming leaner and preferring to deploy manpower resources rather than sourcing and sponsoring manpower resources themselves. Reputable human resources companies are offering low-risk services ensuring manpower resources are available on-time with multiple operational guarantees (e.g., instant replacement availability without any delays).
- **Tightened government regulations**: The "Nitaqat" program limited employers' Saudization rates and imposed regulations and penalties for trespassers. Human resources companies were positioned as a key lever to regulate the market and ensure manpower resources documentation is accurate. Moreover, the MoL introduced recruitment licenses for human resources companies whereby human resources companies have to invest SAR 100 million capital in order to receive 120 thousand visa quota, which forced numerous small and illegal offices to close. Additionally, the MoL introduced stringent requirements for companies to source and sponsor their own manpower resources in efforts to shift manpower sourcing to be done through human resources companies.

(a) Corporate Manpower Resources Services Market Development

The corporate market grew by compound annual growth rate of 2% between 2014G and 2017G, reaching 10.8 million. Although the human resources companies-sponsored segment covers only 1% of total market size, it is the fastest growing segment growing at a compound annual growth rate of 24% between 2014G and 2017G.

Table (3-21): Total Corporate Market Development, 2014G-2017G

Full-time employees in millions	2014G	2015G	2016G	2017G	CAGR
Human resources companies-sponsored	0.1 (1%)	0.1 (1%)	0.1 (1%)	0.1 (1%)	24%
Independent foreign manpower resources market	5.2 (51%)	5.3 (51%)	5.6 (52%)	5.5 (51%)	2%
The Saudi manpower resources market	4.9 (48%)	5.0 (48%)	5.0 (47%)	5.2 (48%)	2%
Total corporate manpower resources market	**10.2 (100%)**	**10.4 (100%)**	**10.7 (100%)**	**10.8 (100%)**	**2%**

Source: General Authority of Statistics, Roland Berger analysis

(b) The Development of the Human Resource Company-Sponsored Corporate Manpower Resources Services Market

Human resources companies have doubled their revenues and number of full-time employees from 2014G to 2017G, reaching 2% of total corporate foreign market in 2017G. Human resources company-sponsored corporate manpower resources dropped by 8% in 2016G; the drop can be attributed to:

- Slowing economy discouraging employers to renew their contracts with human resources companies.
- New regulation forcing human resources companies to meet 20% of the household manpower resources quota; multiple market players were forced to shift their focus away from corporate manpower supply activities. Moreover, multiple human resources companies were forced to stop their deployment of manpower resources to the corporate segment until they reach their household segment manpower resources quota.

Table (3-22): Human Resources Company-Sponsored Market

	Unit	2014G	2015G	2016G	2017G	CAGR
Human resource companies-sponsored manpower resources	Full-time employees in thousands	74	144	133	140	24%
Estimated revenues	SAR million	2,984	5,971	5,628	6,941	32%

Source: General Authority of Statistics

More than 75% of human resources companies' manpower resources are concentrated on three (3) economic industries: manufacturing, wholesale and retail trade and hotels and restaurants. Human resources companies are attracted to such industries due to their relatively stable cash flow/working capital when compared to other industries (e.g., construction). On the other hand, employers operating in the previously mentioned industries are attracted to hire manpower resources through human resources companies due to the employers' typical limited human resources capabilities and manpower deployment speed criticality (e.g., restaurants cannot afford waiting ninety (90) days to hire its staff to start generating revenues). Wholesale and retail trade is the most important industry for human resources companies due to its high share of the market's full-time employees and sustained high growth rates (i.e., 26% compound annual growth rate from 2014G to 2017G).

Table (3-23): Split of Human Resources Company-Sponsored Market

Full-time employees in thousands	2014G	2015G	2016G	2017G	CAGR
Manufacturing	20 (27%)	39 (27%)	36 (27%)	38 (27%)	24%
Wholesale and Retail Trade	11 (15%)	23 (16%)	21 (16%)	23* (16%)	26%
Hotels and Restaurants	11 (15%)	23 (16%)	21 (16%)	23* (16%)	26%
Financial Intermediation	6* (9%)	12 (8%)	11 (8%)	11 (8%)	19%
Health and Social Services	4 (6%)	8* (6%)	8 (6%)	9* (6%)	27%
Construction	4 (5%)	7 (5%)	7 (5%)	7 (5%)	24%
Agriculture	3 (4%)	7 (5%)	7 (5%)	7 (5%)	31%
Real Estate and Business Activities	3* (5%)	6 (4%)	5 (4%)	5* (4%)	15%
Utilities	3 (4%)	6 (4%)	5 (4%)	5* (4%)	19%
Other industries	7 (10%)	14 (9%)	12 (9%)	12* (9%)	18%
Total human resources company-sponsored manpower resources	**74* (100%)**	**144 * (100%)**	**133 (100%)**	**140* (100%)**	**24%**

*Note: These numbers have been rounded up to the nearest whole number, thus the total may not match the sum of the items listed in the table.

Source: General Authority of Statistics, IHS

(c) The Development of the Independent Foreign Corporate Manpower Resources Market

Independent foreign corporate manpower resources market has been covered by employers directly sourcing their own manpower resource. This market witnessed an increase of 0.3 million full-time employees in 2017G, mainly caused by the increase of non-construction industries. Furthermore, potential revenues (was this market deployed by human resources companies) are calculated based on average market prices of human resources companies, indicating that market potential can reach up to SAR 207 billion in 2017G.

Table (3-24): Independent Foreign Corporate Manpower Resources Market

Full-time employees in thousands	2014G	2015G	2016G	2017G	CAGR
Construction	1.3 (25%)	1.2 (23%)	1.2 (21%)	1.3 (24%)	0%
Independent Foreign Manpower Resources Market (construction works)	3.9 (75%)	4.1 (77%)	4.4 (79%)	4.1 (76%)	1%
Total Independent Foreign Manpower Resources Market	**5.2 (100%)**	**5.3 (100%)**	**5.6 (100%)**	**5.5 (100%)**	**2%**

Source: General Authority of Statistics, IHS, Roland Berger analysis

Two (2) main industries have constituted around 50% of the corporate foreign manpower resources market (wholesale and retail trade and construction). This is due to their GDP contribution (i.e., 12% of GDP) and high labor intensity. Moreover, large construction companies typically have strong human resources departments able to source manpower resources directly from source counties. On the contrary, multiple industries are reducing their direct sponsorship while increasing their reliance on human resources companies such as:

- **Real estate and business activities**: Direct sponsorship decreased at 11% compound annual growth rate, while hiring via human resources companies increased by 15% compound annual growth rate.
- **Utilities**: Direct sponsorship decreased at 7% compound annual growth rate, while hiring via human resources companies increased by 19% compound annual growth rate.
- **Health and social services**: Direct sponsorship decreased at 5% compound annual growth rate, while hiring via human resources companies increased by 27% compound annual growth rate.
- **Agriculture**: Direct sponsorship decreased at 1% compound annual growth rate, while hiring via human resources companies increased by 31% compound annual growth rate.

Table (3-25): Independent Foreign Corporate Manpower Resources Market by Industry

Full-time employees in thousands	2014G	2015G	2016G	2017G	CAGR
Construction	1.28 (25%)	1.22 (23%)	1.19 (21%)	1.32 (24%)	1%
Wholesale and Retail Trade	1.32 (25%)	1.33 (25%)	1.49 (27%)	1.43 (26%)	3%
Manufacturing	0.59 (11%)	0.72 (14%)	0.83 (15%)	0.70 (13%)	6%
Agriculture	0.34 (7%)	0.45 (9%)	0.30 (5%)	0.33 (6%)	-1%
Hotels and Restaurants	0.33 (6%)	0.28 (5%)	0.33 (6%)	0.30 (5%)	-3%
Health and Social Services	0.26 (5%)	0.19 (4%)	0.20 (4%)	0.22 (4%)	-5%
Utilities	0.09 (2%)	0.06 (1%)	0.05 (1%)	0.07 (1%)	-7%
Financial Intermediation	0.03 (1%)	0.03 (1%)	0.04 (1%)	0.03 (1%)	4%
Real Estate and Business Activities	0.06 (1%)	0.04 (1%)	0.03 (1%)	0.04 (1%)	-11%
Other industries	0.92 (18%)	0.96 (18%)	1.10 (20%)	1.01 (18%)	3%
Independent foreign corporate manpower resources market	**5.2 (100%)**	**5.3 (100%)**	**5.6 (100%)**	**5.5 (100%)**	**2%**

Source: General Authority of Statistics, IHS, Roland Berger analysis

(d) Saudi Corporate Manpower Resources

Saudi manpower resources has been increasing at a slower rate than total manpower resources with a compound annual growth rate of 2% from 2014G to 2017G (vs. compound annual growth rate of 3% for total manpower resources). Saudi national employment was outpaced by number of young Saudis entering the manpower resources, thus increasing unemployment rate from 11.7% in 2014G to 12.8% in 2017G.

Table (3-26): Saudi Manpower Resources Market

	Unit	2014G	2015G	2016G	2017G	CAGR
Saudi Manpower Resources	Full-time employees in millions	4.9	5.0	5.0	5.2	2%
Saudi Manpower Resources % (above the age of 15)	%	41.2%	40.2%	42.0%	42.5%	N/A
Saudi unemployment	%	11.7%	11.5%	12.1%	12.8%	N/A

Source: General Authority of Statistics

More than half of the Saudi corporate manpower resources are concentrated in public administration and education.

Table (3-27): Split of Saudi Manpower Resources Market per Industry

Full-time employees in millions	2014G	2015G	2016G	2017G	CAGR
Public Admin. and Defense, Compulsory Social Security	1.76 (36%)	1.77 (36%)	1.82 (36%)	1.87 (36%)	2%
Education	1.16 (24%)	1.22 (25%)	1.18 (24%)	1.27 (24%)	3%
Health and Social Services	0.34 (7%)	0.35 (7%)	0.35 (7%)	0.36 (7%)	2%
Wholesale and Retail Trade	0.28 (6%)	0.23 (5%)	0.27 (5%)	0.27 (5%)	0%
Agriculture	0.24 (5%)	0.24 (5%)	0.25 (5%)	0.24 (5%)	1%
Social and Personal Services	0.18 (4%)	0.23 (5%)	0.21 (4%)	0.20 (4%)	5%
Transport, Storage and Communication	0.24 (5%)	0.22 (4%)	0.21 (4%)	0.24 (4%)	0%
Manufacturing	0.19 (4%)	0.19 (4%)	0.19 (4%)	0.19 (4%)	0%
Mining	0.10 (2%)	0.10 (2%)	0.14 (3%)	0.11 (3%)	2%
Other industries	0.43 (9%)	0.43 (9%)	0.40 (8%)	0.44 (8%)	1%
Total Saudi manpower resources	**4.9 (100%)**	**5.0 (100%)**	**5.0 (100%)**	**5.2 (100%)**	**2%**

Source: General Authority of Statistics, HIS

3-5-3 Competitive Landscape

As of the date of this Prospectus, there are twenty eight (28) human resources companies operating in the corporate segment, six (6) of which are considered market leaders. The companies vary widely in their product portfolio (e.g., sourced nationalities/trades, contract types, healthcare industry coverage) and operational competence (e.g., manpower supply speed, availability of an on-demand pool, client support and provided services, strength of governmental/ international relations).

The Company and one other human resources company are currently market leaders (as of 2017G) in the deployment of corporate manpower, making up approximately 40% of the market. Moreover, around 30% of the market is covered by three (3) other players, while the remaining ~30% of the corporate segment is covered by the twenty three (23) remaining human resources companies.

Table (3-28): Market Share as a Percentage of Total Work Visas in the Corporate Segment, Q1 2017G

The Company	Saudi Manpower Solutions Co	International Recruitment Company	Al Mawarid Manpower	Eastern Recruitment	Team Time Company	Other human resources companies
18-20%	18-20%	9-11%	7-9%	6-8%	5-7%	2

Source: MoL, the Company

3-5-4 Market Trends

Moving forward, several trends are expected to emerge in the corporate manpower resources market:

(a) Increased Regulatory Support for Human Resources Companies

Ministries are increasingly considering human resources companies as key levers to regulate and professionalize the corporate foreign manpower resources market. Hence, it is expected that the Government will issue regulations which favor human resources companies. In addition, human resources companies are also expected play a role in supporting the Saudization efforts of the Government. This is expected to have a minor impact on the overall number of corporate manpower resources, but will impact highly the business of human resources companies.

(b) Rise of "Exclusive Visa" Deals

Governments are expected to increasingly provide "exclusivity deals" for sourcing selected industries. Such deals will provide attractive opportunities for human resources companies to exclusively source all expats working in a selected industry while they train nationals to enter and fully "Saudiaze" the market after a certain period of time (e.g., five (5) years). This is also expected to have a minor impact on the overall number of corporate manpower resources, but will impact highly the business of human resources companies.

(c) Increasing Saudization Initiatives

The Government will implement different initiatives to increase Saudi employment (e.g., Saudization rates for telecommunication and information technology industry to increase by end of 2017G). As part of Vision 2030, the Government will impose new fees for hired foreign manpower resources reaching up to eight hundred Saudi Riyals (SAR 800) per month per manpower resource by 2020G and such fees will gradually decrease the desire of companies to maintain/expand their foreign manpower resources.

(d) Increasing Output per Employee

Increasing automation as well as growing productivity rates will increase the average output per manpower resource across all industries. Therefore, volumes for unskilled manpower resources demand per order might be negatively impacted but the need for better educated manpower resources will increase, which is typically more profitable than unskilled manpower resources.

3-6 Analysis of the Household Segment Manpower Resources Services Market in the Kingdom

3-6-1 Household Segment Overview

The Saudi household manpower resources market is mainly defined as unskilled manpower resources employed in households under long-term or short-term contracts.

- **Full-time household manpower resources**: include household manpower resources (e.g., housekeepers, nannies, cooks, drivers, guards, gardeners) employed by and live with a family. The demand is driven by different reasons such as high income, middle to large sized families, in addition to the employment of females in the workforce. Households with a high income, a large family and a working mother are highly likely to hire a housekeeper and/or other household manpower resources (e.g., cook, nanny, and driver) under a long-term contract.
- **Part-time household manpower resources**: refer to pay-per-hour services that include pre-booked housekeeping services for a short period of time (e.g., five (5) hours per week). These services are targeted towards small households unable to hire full-time house-keepers and conservative families avoiding full-time housekeepers living at their premises. The demand is driven by female employment and household with medium-to-high income.

(a) Manpower Segmentation

The household segment manpower resources services market is composed of three (3) segments which are as follows:

- **Human resources company-sponsored full-time household support**: It includes long-term deployment of housekeepers and other household support (e.g., drivers, cooks) as well as household manpower resources transfer of sponsorship. Households opting for such service are indemnified from manpower resources absconding as human resources companies are financially and legally responsible to provide replacements.
- **Human resources company-sponsored part-time household support**: It includes pay-per-hour services covering housekeeping and other services (e.g., hostesses)
- **Local offices brokered full-time household support**: It Includes foreign household support brokered by local offices. Households opting for such service are not protected in case of absconders, mom and pop offices do not offer free replacements.

(b) Market Characteristics

The household segment manpower resources services market is characterized by seven (7) main characteristics, outlined in the section below:

- **Diverse Client Base**: The Saudi population is distributed across five million and eight hundred thousand (5,800,000) households which in their turn are distributed over a vast geographical area. This requires human resources companies to have a nationwide presence to cover the demand. Even within the same city (e.g., Riyadh), human resources companies require multiple branches to be able to reach the various communities and provide them with long-term and short-term household manpower services.
- **Demanding Clients**: Due to the intimate nature of having an foreign manpower resource joining a household under long-term or short-term contracts, clients have specific criteria for their requested manpower such as: preferred nationality, preferred religion, preferred spoken language, preferred skills and absconders' free replacement. This makes sourcing more difficult for human resources companies.
- **Fragmented and Large Local Supplier Base**: The Kingdom's household manpower resources demand is being serviced by more than five hundred (500) human resources offices (i.e., local offices) supplying and brokering household manpower resources to households across the Kingdom. Most human resources offices are small businesses supplying their local demand. Therefore, households have the option to select their services from a large local supplier base distributed across the Kingdom.
- **Regulated Market**: The Government imposed multiple laws and regulations controlling both demand and supply oh household manpower resources (e.g., 20% of human resources companies' visas have to be for household manpower resources). Moreover, the MoL limits the number of source countries from which human resources companies can source household manpower resources. This limits the operations of human resources companies in the household manpower resources market.
- **Socially Ambivalent Market**: Employing female household manpower resources is not yet fully accepted across the Kingdom. Households in the Kingdom are split between accepting this social trend and others that are rejecting it.
- **Impacted by Bilateral Trades**: Bilateral agreements between the Kingdom source countries are critical in maintaining and expanding household manpower resources supply market. Household manpower resources market was heavily impacted by countries such as Indonesia and Philippines stopping their manpower resources activities following various socio-political events.

- **Impacted by Female Employment**: Female employment is key for households to start demanding domestic help. Compared to housewives, employed females are more accepting of having foreign manpower resources helping in household upkee§p. Modern households in the Kingdom are becoming more reliant on household manpower resources.

3-6-2 Market Development

The household market has been impacted by the following trends:

- **Increasing Disposable Income**: Disposable income steadily increased by 3.3% compound annual growth rate between 2011G and 2016G, thus increasing discretionary spending on services such as housekeeping. Furthermore, high disposable income households were the fastest growing household segments, underpinning the increased demand for in-house household manpower resources.
- **Increased Social Acceptance for Household Manpower Resources**: The Kingdom's society has become more open and accepting towards foreign manpower resources support. Moreover, housewives are becoming more reliant on domestic support to maintain large households. This trend increased the number of households who are opting to hire household manpower resources under long-term and short-term contracts.
- **Rise and Automation of Pay-Per-Hour Service**: Small households and conservative households are turning to pay-per-hour housekeeping services and cleaning companies. Moreover, cleaning companies are making their services more accessible by developing better integrated platforms to offer pay-per-hour services. Pay-per-hour services are expected to significantly grow in the near future as there is ample growth potential and current unmet demand for such services.
- **Continued Inability of Human Resources Offices to Meet Demand for Domestic Help**: The Kingdom's households have been finding difficulties to source household help from target countries (e.g., Indonesia). Due to limited capacity of human resources offices able to source from targeted countries, overall demand has been historically unmet. Large human resources companies are essential in ensuring demand for household manpower resources is professionally met.

(a) Household Segment Supports Market Development

Irrespective of market cyclicality, overall household market increased at a compound annual growth rate of 17% from 2014G to 2016G, reaching a total manpower resources size of one million and one hundred and sixty thousand (1,160,000) manpower resources.

Table (3-29): Total Household Market Development, 2014G-2017G

Full-time employees in thousands	2014G	2015G	2016G	2017G	CAGR
Human resources company-sponsored full-time support	10 (1%)	17 (2%)	27 (2%)*	36 (3%)	55%
Human resources company-sponsored part-time support	-		6 (1%)*	8 (1%)	N/A
Brokered full-time household support	836 (99%)	1059 (98%)	1,127 (97%)*	1,187 (96%)	12%
Total manpower resources	**846 (100%)**	**1,076 (100%)**	**1,159* (100%)**	**1,232* (100%)**	**13%**

*Note: These numbers have been rounded up to the nearest whole number, thus the total may not match the sum of the items listed in the table.

Source: General Authority of Statistics, Roland Berger analysis

Human resources companies have almost tripled their full-time manpower resources and revenues over the past three years, reaching thirty six thousand (36,000) full-time employees in 2017G. Housekeepers constitute ~80% of the market while the remaining 20% of market is made of up drivers, cooks, nannies, etc. Furthermore, total revenues across the full-time market reached approximately 1.2 million in 2017G growing at a compound annual growth rate of 58% from 2014G to 2017G. Revenues are generated via two (2) services:

- Recurring deployment payments, typically on monthly basis.
- One-off transfer of sponsorship payments (it is estimated that ~12% of households' request to transfer the sponsorship of their deployed manpower resources).

(b) Human Resources Company-Sponsored Full-Time Support Market Development

Table (3-30): Human Resources Company-Sponsored Full-Time Market

	Unit	2014G	2015G	2016G	2017G	CAGR
Total full-time market	Full-time employees ‘000	10	17	27	36	55%
Total full-time market estimated revenues	SAR million	300	554	877	1,177	58%

Source: General Authority of Statistics

(c) Human Resources Company-Sponsored Part-Time Resources Market Development

Demand of part-time household manpower resources is primarily driven by:

- Low to medium income households who cannot afford full-time deployment.
- Small to medium size households (less than three (3) persons/household) who do not need housekeepers’ support for more than five (5) hours per week.
- Conservative families avoiding housing foreigners in their premises.

Historically, demand has been partially covered by illegal “black market” manpower resources. In 2016G, human resources companies entered the market with approximately six thousand (6,000) full-time employees, thus covering 8% of total market demand.

Table (3-31): Human Resources Company-Sponsored Part-Time Market Volume

Full-time employees in thousands	2014G	2015G	2016G	2017G	CAGR
Tapped volume	0 (0%)	0 (0%)	6 (7%)	8 (10%)	N/A
Market volume potential	78 (100%)	79 (100%)	74 (93%)	73 (90)	-2.2%
Total market	**78 (100%)**	**79 (100%)**	**80 (100%)**	**81 (100%)**	**1.3%**

Source: General Authority of Statistics, Euromonitor

Table (3-32): Human Resources Company-Sponsored Part-Time Market Value

SAR in millions	2014G	2015G	2016G	2017G	CAGR
Tapped value	-	-	272 (7%)	411 (10%)	N/A
Market value potential	3,647 (100%)	3,803 (100%)	3,682 (93%)	3,700 (90%)	1%
Total value	**3,647 (100%)**	**3,803 (100%)**	**3,954 (100%)**	**4,111 (100%)**	**4%**

Source: General Authority of Statistics, Euromonitor

(d) Brokered Full-Time Household Manpower Resources Market

Brokered full-time household segment household support market has been exclusively covered by local offices, historically.

Table (3-33): Brokered Full-Time Household Support Market

	Unit	2014G	2015G	2016G	2017G	CAGR
Brokered full-time household support	Full-time employees in thousands	836	1,059	1,127	1187	14%

Source: General Authority of Statistics, Musanid

3-6-3 Competitive Landscape

Today there are thirty six (36) human resources companies operating in the household manpower resources market, six (6) of which are considered market leaders. The companies vary widely in their product portfolio (e.g., sourced nationalities/trades, contract types, pay-per-hour service portfolio) and operational competence (e.g., manpower supply speed, availability of an on-demand pool, client support and provided services, number of branches and other channels). Small local offices are not considered as a direct competitor as they mainly operate in brokerage and not in deployment.

Currently, large human resources companies vary significantly in the sourced trades, contract durations and pay-per-hour coverage. All human resources companies currently provide long-term housekeepers; however, nannies, cooks and nurses are not yet covered by majority of players. Furthermore, companies with larger market shares are able to enforce long-term contracts (more than six (6) months) on clients, whereas smaller players are trying to provide shorter term contracts to attract cost-sensitive clients. In addition, cleaning pay-per-hour services are covered by several players, with multiple players entering the pay-per-hour hostesses and drivers trades.

The Company and one more human resources company are currently (as of 2017G) market leaders in the household market, making up ~35% of the market. The remaining market scattered between the remaining twenty seven (27) human resources companies.

Table (3-34): Market Share as a Percentage of Total Work Visas in the Household Segment, Q1 2017G

The Company	Saudi Manpower Solutions Co	International Recruitment Company	Al Mawarid Manpower	Eastern Recruitment	Team Time Company	Other human resources companies
17-19%	14-16%	6-8%	5-7%	4-6%	3-5%	39-51%

Source: MoL, the Company

3-6-4 Market Trends

Moving forward, several trends are expected to emerge in the household manpower resources market:

(a) Access to New and Lower Cost Services Market

Recent bilateral agreement between the Kingdom and Bangladesh, Somalia, Kenya, Uganda and Sri Lanka are expected to further expand the services market for household manpower resources and reduce sourcing pricing.

(b) Rise and Digitization of Pay-Per-Hour Service

More households are expected to demand the pay-per-hour service as it is a cheaper alternative than having a full-time/ long-term contract. Companies are expanding to include more trades as part of its product offering (e.g., plumber, baby-sitters) and mobile applications are becoming the most prominent channel to access the hourly housekeeping market.

(c) Increasing Number of Small and Local Offices

Historic market shortage and potential access to new services market attracted investors to open new mom and pop offices for household manpower resources sourcing. In 2017G, more than one hundred (100) offices have already received initial approval by the Government to start their sourcing operations.

(d) Decreasing Costs of Sourcing

The MoL, along with the Kingdom's ministries in foreign countries are trying to decrease the price for sourced manpower resources wages, especially that prices tend to be affected manipulated by sourcing agencies and the black market (e.g., Sri-Lanka's and Philippines' household manpower resources sourcing cost is forecast to drop by more than half).

4- Overview of the Company and Nature of its Business

4-1 Overview of the Company

The Company was first incorporated as a closed joint stock company pursuant to ministerial resolution number 80/Q dated 02/04/1434H (corresponding to 13/02/2013G) under the name "Maharah Foreign Recruitment Company" The Company's name was later changed to Maharah Human Resources Company pursuant to an extraordinary general assembly resolution dated 23/07/1438H (corresponding to 20/04/2017G). The Company is registered in the commercial register of Riyadh under number 1010364538 dated 07/04/1434H (corresponding to 18/02/2013G). Its registered address is King Fahad Road, Mohammaddiyah District, P. O. Box 75255, Riyadh 11578. Its current share capital is three hundred and seventy five million Saudi Riyals (SAR 375,000,000) divided into thirty seven million and five hundred thousand (37,500,000) Shares of equal nominal value of ten Saudi Riyals (SAR 10).

Pursuant to its commercial registration, the Company's objectives are to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector. The Company holds license number 9/SH.M.M dated 29/04/1434H (corresponding to 12/03/2013G) issued by the MoL which enables it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G). The Company received a letter from the MoL under number 49785 dated 11/03/1440H (corresponding to 19/11/2018G) stating that it will renew licenses for companies that are in compliance with the Recruitment Rules for a similar term upon expiry of their current licenses.

The Company provides comprehensive manpower resources solutions that fulfil the needs of the Saudi human resources market in both the corporate and household segments (for further information about the Company's services, please refer to Section 4-4-2 "**Overview of the Company's Services**" of this Prospectus). The Company aims to recruit qualified manpower resources, provide integral high quality services and provide innovative manpower resources solutions to its clients. The Directors declare that no material change in the nature of the Company's business is contemplated as of the day of this Prospectus. In addition, the Company does not have a policy with respect to research and development as of the day of this Prospectus.

4-1-1 Shareholding Structure

The Company's current share capital is three hundred and seventy five million (375,000,000) divided into thirty seven million and five hundred thousand (37,500,000) cash shares of equal nominal value of ten Saudi Riyals (SAR 10) each. The Company's current shareholding structure is as follows:

Table (4-1): The Company's Shareholding Structure as of the Date of the Prospectus

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)
1	Al-Ahliya International Real Estate Investment Company	10,410,000	104,100,000	27.76%	7,287,000	72,870,000	19.43%
2	Al-Khibra Al-Mi'mariya Company	8,553,750	85,537,500	22.81%	5,987,625	59,500,000	15.97%
3	Al-Faisaliah Holding Group Company	7,500,000	75,000,000	20.0%	5,250,000	52,500,000	14.00%
4	Abdullah Sulaiman Al-Amro	6,536,250	65,632,500	17.43%	4,575,375	45,753,750	12.2%
5	Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company	3,750,000	37,500,000	10.0%	2,625,000	26,250,000	7.00%
6	Al-Wasat Al-Raqi Trading Establishment	298,125	2,981,250	0.795%	208,687	2,086,870	0.56%
7	Mohammed Abdulaziz Al-Eid Manpower Establishment	112,500	1,125,000	0.30%	78,750	787,50	0.21%
8	Fakher Al-Khaleej Manpower Office	112,500	1,125,000	0.30%	78,750	787,50	0.21%
9	Alfa Manpower Establishment	112,500	1,125,000	0.30%	78,750	787,50	0.21%
10	Abdulelah bin Abdulmohsin Ali Al-Oqaili	112,500	1,125,000	0.30%	78,750	787,50	0.21%

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)
11	Mohammed Hamad Mohammed Al-Muzaini	1,875	18,750	0.005%	1,313	13,130	0.004%
12	Public	-	-	-	11,250,000	112,500,000	30%
	Total	**37,500,000**	**375,000,000**	**100.0%**	**37,500,000**	**375,000,000**	**100.0%**

Source: The Company

The following table sets out the Company's substantial shareholders based on direct ownership as of the date of this Prospectus:

Table (4-2): The Company's Substantial Shareholders by Direct Ownership as of the Date of this Prospectus

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)
1	Al-Ahliya International Real Estate Investment Company	10,410,000	104,100,000	27.76%	7,287,000	72,870,000	19.43%
2	Al-Khibra Al-Mi'mariya Company	8,553,750	85,537,500	22.81%	5,987,625	59,500,000	15.97%
3	Al-Faisaliah Holding Group Company	7,500,000	75,000,000	20.0%	5,250,000	52,500,000	14.00%
4	Abdullah Sulaiman Al-Amro	6,536,250	65,632,500	17.43%	4,575,375	45,753,750	12.2%
5	Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company	3,750,000	37,500,000	10.0%	2,625,000	26,250,000	7.00%
Total		**36,750,000**	**367,500,000**	**97.87%**	**25,725,000**	**257,250,000**	**68.60%**

Source: The Company

The following table sets out the Company's substantial shareholders based on indirect ownership as of the date of this Prospectus (for further information, please refer to Section 4-1-3 "**Overview of the Corporate Shareholders**" of this Prospectus).

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)
1	Saud Nasser Abdulaziz Al-Shathri	4,580,400	45,804,000	12.21%	3,206,280	32,062,800	8.55%
2	Abdullah Sulaiman Abdulrahman Al-Nugair	4,276,875	42,768,750	11.41%	2,993,813	29,938,130	7.98%
3	Mohammed Sulaiman Abdulrahman Al-Nugair	4,276,875	42,768,750	11.41%	2,993,813	29,938,130	7.98%
4	Sulaiman Abdulaziz Al-Habib	3,562,500	35,625,000	9.50%	2,493,750	24,937,500	6.65%
Total		**16,696,650**	**166,966,500**	**44.53%**	**11,687,656**	**116,876,560**	**31.16%**

4-1-2 The Company's History and Changes in its Shareholding Structure

(a) Incorporation (2013G)

At the Company's incorporation in 2013G, the Company's paid up share capital was one hundred million Saudi Riyals (SAR 100,000,000) divided into ten million (10,000,000) cash shares of equal nominal value of ten Saudi Riyals (SAR 10) each. The Company's shareholding structure at incorporation was as follows:

Table (4-3): The Company's Shareholding Structure at Incorporation

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Al-Ahliya International Real Estate Investment Company	4,000,000	10	40,000,000	40.0
2	Al-Khibra Al-Mi'mariya Company	3,300,000	10	33,000,000	33.0
3	Abdullah Sulaiman Al-Amro	2,500,000	10	25,000,000	25.0
4	Al-Wasat Al-Raqi Trading Establishment	79,500	10	795,000	0.795
5	Mohammed Abdulaziz Al-Eid Manpower Establishment	30,000	10	300,000	0.30
6	Fakher Al-Khaleej Manpower Office	30,000	10	300,000	0.30
7	Alfa Manpower Establishment	30,000	10	300,000	0.30
8	Abdulelah bin Abdulmohsin Ali Al-Oqaili	30,000	10	300,000	0.30
9	Mohammed Hamad Mohammed Al-Muzaini	500	10	5,000	0.005
Total		**10,000,000**	**10**	**100,000,000**	**100.0**

Source: The Company

(b) Change in Ownership (May 2016G)

In 2016G, following the conclusion of the statutory two-year lock up period, each of Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company and Abdullah Sulaiman Al-Amro sold a portion of their shares representing 20% of the share capital of the Company to Al-Faisaliah Holding Group Company pursuant a share purchase agreement dated 25/07/1437H (corresponding to 02/05/2016G). Following such change in the Company's ownership, the Company's shareholding structure became as follows:

Table (4-4): The Company's Shareholding Structure as of 25/07/1437H (corresponding to 02/05/2016G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Al-Ahliya International Real Estate Investment Company	3,184,000	10	31,840,000	31.84
2	Al-Khibra Al-Mi'mariya Company	2,616,000	10	26,160,000	26,16
3	Abdullah Sulaiman Al-Amro	2,000,000	10	20,000,000	20.0
4	Al-Faisaliah Holding Group Company	2,000,000	10	20,000,000	20.0
5	Al-Wasat Al-Raqi Trading Establishment	79,500	10	795,000	0.795
6	Mohammed Abdulaziz Al-Eid Manpower Establishment	30,000	10	300,000	0.30
7	Fakher Al-Khaleej Manpower Office	30,000	10	300,000	0.30
8	Alfa Manpower Establishment	30,000	10	300,000	0.30
9	Abdulelah bin Abdulmohsin Ali Al-Oqaili	30,000	10	300,000	0.30
10	Mohammed Hamad Mohammed Al-Muzaini	500	10	5,000	0.005
Total		**10,000,000**	**10**	**100,000,000**	**100.0**

Source: The Company

(c) Change in Ownership (November 2016G)

Later in 2016G, each of Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company and Abdullah Sulaiman Al-Amro sold an additional portion of their shares representing 10% of the share capital of the Company to Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company pursuant to a share purchase agreement dated 01/02/1438H (corresponding to 01/11/2016G). Following such change in the Company's ownership, the Company's shareholding structure became as follows:

Table (4-5): The Company's Shareholding Structure as of 01/02/1438H (corresponding to 01/11/2016G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Al-Ahliya International Real Estate Investment Company	2,776,000	10	27,760,000	27.76
2	Al-Khibra Al-Mi'mariya Company	2,281,000	10	22,810,000	22.81
3	Al-Faisaliah Holding Group Company	2,000,000	10	20,000,000	20.0
4	Abdullah Sulaiman Al-Amro	1,743,000	10	17,430,000	17.43
5	Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company	1,000,000	10	10,000,000	10.0
6	Al-Wasat Al-Raqi Trading Establishment	79,500	10	795,000	0.795
7	Mohammed Abdulaziz Al-Eid Manpower Establishment	30,000	10	300,000	0.30
8	Fakher Al-Khaleej Manpower Office	30,000	10	300,000	0.30
9	Alfa Manpower Establishment	30,000	10	300,000	0.30
10	Abdulelah bin Abdulmohsin Ali Al-Oqaili	30,000	10	300,000	0.30
11	Mohammed Hamad Mohammed Al-Muzaini	500	10	5,000	0.005
Total		**10,000,000**	**10**	**100,000,000**	**100.0**

Source: The Company

(d) Capital Increase (2017G)

In 2017G, the share capital of the Company was increased to two hundred and fifty million Saudi Riyals (SAR 250,000,000) divided into twenty five million (25,000,000) Shares of equal nominal value of ten Saudi Riyals (SAR 10) each by capitalizing one hundred and twenty million Saudi Riyals (SAR 120,000,000) from the retained earnings and thirty million Saudi Riyals (SAR 30,000,000) from the statutory reserve pursuant to an Extraordinary General Assembly resolution dated 17/09/1438H (corresponding to 12/06/2017G). Following such increase in the Company's share capital, the Company's shareholding structure became as follows:

Table (4-6): The Company's Shareholding Structure as of 17/09/1438H (corresponding to 12/06/2017G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Al-Ahliya International Real Estate Investment Company	6,940,000	10	69,400,000	27.76
2	Al-Khibra Al-Mi'mariya Company	5,702,500	10	57,025,000	22.81
3	Al-Faisaliah Holding Group Company	5,000,000	10	50,000,000	20.0
4	Abdullah Sulaiman Al-Amro	4,357,500	10	43,575,000	17.43
5	Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company	2,500,000	10	25,000,000	10.0
6	Al-Wasat Al-Raqi Trading Establishment	198,750	10	1,987,500	0.795
7	Mohammed Abdulaziz Al-Eid Manpower Establishment	75,000	10	750,000	0.30
8	Fakher Al-Khaleej Manpower Office	75,000	10	750,000	0.30
9	Alfa Manpower Establishment	75,000	10	750,000	0.30
10	Abdulelah bin Abdulmohsin Ali Al-Oqaili	75,000	10	750,000	0.30
11	Mohammed Hamad Mohammed Al-Muzaini	1,250	10	12,500	0.005
Total		**25,000,000**	**10**	**250,000,000**	**100.0**

Source: The Company

(e) Capital Increase (2018G):

In 2018G, the share capital of the Company was increased to three hundred and seventy five million Saudi Riyals (SAR 375,000,000) divided into thirty seven million and five hundred thousand (37,500,000) Shares of equal nominal value of ten Saudi Riyals (SAR 10) per share through the capitalization of twenty million Saudi Riyals (SAR 20,000,000) from the statutory reserve and one hundred and five million Saudi Riyals (SAR 105,000,000) from the retained earnings pursuant to an Extraordinary General Assembly resolution dated 05/04/1440H (corresponding to 12/12/2018G). Following such increase in the Company's share capital, the Company's shareholding structure became as follows:

Table (4-7): The Company's Shareholding Structure as of 05/04/1440H (corresponding to 12/12/2018G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Al-Ahliya International Real Estate Investment Company	10,410,00	10	104,100,000	27.76
2	Al-Khibra Al-Mi'mariya Company	8,553,750	10	85,537,500	22.81
3	Al-Faisaliah Holding Group Company	7,500,000	10	75,000,000	20.0
4	Abdullah Sulaiman Al-Amro	6,536,250	10	65,632,500	17.43
5	Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company	3,750,000	10	37,500,000	10.0
6	Al-Wasat Al-Raqi Trading Establishment	298,125	10	2,981,250	0.795
7	Mohammed Abdulaziz Al-Eid Manpower Establishment	112,500	10	1,125,000	0.30
8	Fakher Al-Khaleej Manpower Office	112,500	10	1,125,000	0.30
9	Alfa Manpower Establishment	112,500	10	1,125,000	0.30
10	Abdulelah bin Abdulmohsin Ali Al-Oqaili	112,500	10	1,125,000	0.30
11	Mohammed Hamad Mohammed Al-Muzaini	1,875	10	18,750	0.005
Total		**37,500,000**	**10**	**375,000,000**	**100.0**

Source: The Company

4-1-3 Overview of the Corporate Shareholders

(a) Al-Ahliya International Real Estate Investment Company

Al-Ahliya International Real Estate Investment Company is a Saudi limited liability company incorporated on 12/05/1428H (corresponding to 29/05/2007G) in Riyadh with commercial registration number 1010233650. Al-Ahliya International Real Estate Investment Company operates in the real estate investment industry and its activities include construction, management and operation of hotels, hospitals, medical centers, commercial and residential centers and theme parks. Al-Ahliya International Real Estate Investment Company owns a number of commercial centers in Jizan, Jeddah and Najran. The following table sets out Al-Ahliya International Real Estate Investment Company's shareholding structure as of the date of this Prospectus:

Table (4-8): Al-Ahliya International Real Estate Investment Company's Shareholding Structure as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Saud Nasser Abdulaziz Al-Shathri	440	500	220,000	44
2	Sulaiman Abdulaziz Nasser Al-Majed	170	500	85,000	17
3	Mohammed Abdulaziz Nasser Al-Majed	170	500	85,000	17
4	Abdulrahman Abdulaziz Nasser Al-Majed	110	500	55,000	11
5	Abdullah Abdulaziz Nasser Al-Majed	110	500	55,000	11
Total		**1,000**	**500**	**500,000**	**100**

Source: The Company

(b) Al-Khibra Al-Mi'mariya Company

Al-Khibra Al-Mi'mariya Company is Saudi limited liability company incorporated on 17/12/1429H (corresponding to 16/12/2008G) in Riyadh with commercial registration number 1010259516. Al-Khibra Al-Mi'mariya Company operates in the construction industry and has completed a number of projects in Riyadh. The following table sets out Al-Khibra Al-Mi'mariya Company's shareholding structure as of the date of this Prospectus:

Table (4-9): Al-Khibra Al-Mi'mariya Company's Shareholding Structure as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Abdullah Sulaiman Abdulrahman Al-Nugair	49,500	1	49,500	50
2	Mohammed Sulaiman Abdulrahman Al-Nugair	49,500	1	49,500	50
Total		**99,000**	**1**	**99,000**	**100**

Source: The Company

(c) Al-Faisaliah Holding Group Company

Al-Faisaliah Holding Group Company is a Saudi joint stock company incorporated on 26/01/1421H (corresponding to 01/05/2000G) in Riyadh with commercial registration number 1010158635. Al-Faisaliah Holding Group Company has investments in different industries including medical, agriculture, information systems and electronics, food and beverage, and pharmaceuticals. The following table sets out Al-Faisaliah Holding Group Company's shareholding structure as of the date of this Prospectus:

Table (4-10): Al-Faisaliah Holding Group Company's Shareholding Structure as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Prince Faisal Abdullah Faisal Abdulaziz Al-Saud	7,312,500	10	73,125,000	19.5
2	Prince Abdulrahman Abdullah Faisal Abdulaziz Al-Saud	4,265,625	10	42,656,250	11.375
3	Prince Saud Abdullah Faisal Abdulaziz Al-Saud	4,265,625	10	42,656,250	11.375
4	Prince Sultan Abdullah Faisal Abdulaziz Al-Saud	4,265,625	10	42,656,250	11.375
5	Prince Turki Abdullah Faisal Abdulaziz Al-Saud	4,265,625	10	42,656,250	11.375
6	Prince Mohammed Khalid Abdullah Faisal Abdulaziz Al-Saud	4,265,625	10	42,656,250	11.375
7	Princess Sultana Abdullah Faisal Abdulaziz Al-Saud	3,656,250	10	36,562,500	9.75
8	Mohammed Abdulrahman Mohammed Al-Arifi	937,500	10	9,375,000	2.5
9	Prince Turki Mohammed Abdullah Faisal Abdulaziz Al-Saud	678,622	10	6,786,220	1.81
10	Prince Fahad Mohammed Abdullah Faisal Abdulaziz Al-Saud	678,622	10	6,786,220	1.81
11	Prince Talal Mohammed Abdullah Faisal Abdulaziz Al-Saud	678,622	10	6,786,220	1.81
12	Prince Saud Mohammed Abdullah Faisal Abdulaziz Al-Saud	678,622	10	6,786,220	1.81
13	Prince Sultan Mohammed Abdullah Faisal Abdulaziz Al-Saud	678,622	10	6,786,220	1.81
14	Princess Nourah Bandar Mohammed Abdulrahman Al-Saud	533,203	10	5,332,030	1.422
15	Princess Nourahh Mohammed Abdullah Faisal Abdulaziz Al-Saud	339,312	10	3,393,120	0.905
Total		**37,500,000**	**10**	**375,000,000**	**100**

Source: The Company

(d) Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company

Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company is a Saudi limited liability company incorporated on 16/02/1428H (corresponding to 06/03/2007G) in Riyadh with commercial registration number 1010229393. Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company operates in the healthcare industry and its activities include trading of medical and surgical equipment, providing medical supplies to hospitals, managing and maintaining hospitals and medical centers and investing in real estate. Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company owns a number of land plots in Riyadh and Qassim in addition to a number of commercial centers in Dhahran, Jizan, Riyadh, Dammam, Abha and Madinah. Furthermore, Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company has invested in a number of companies such as Dr. Sulaiman Al-Habib Medical Group, Al-Andalus Property Company, Mohammed Al-Habib Real Estate Investment Company, Asala Holding Company, the Global Healthcare Company, Gwaem Precast Company and the National Distribution Company. The following table sets out Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company's shareholding structure as of the date of this Prospectus:

Table (4-11): Dr. Sulaiman bin Abdulaziz Al-Habib Commercial Investment Company's Shareholding Structure as of the Date of this Prospectus

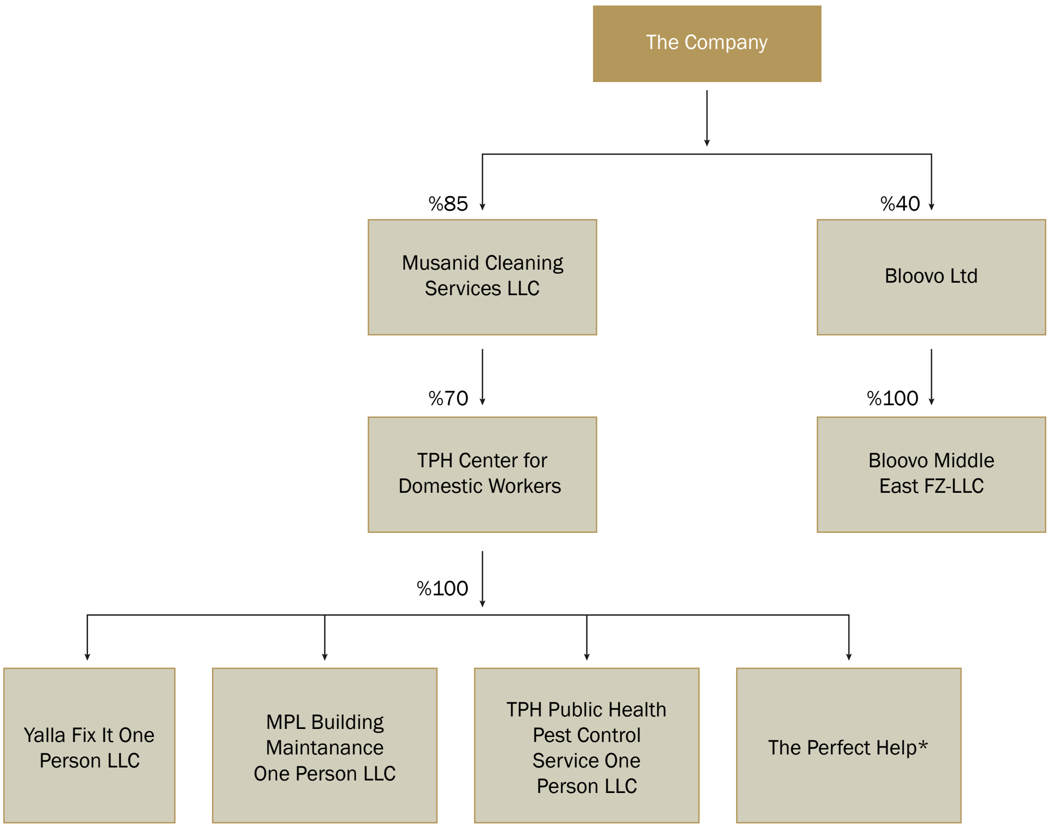
#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Sulaiman Abdulaziz Al-Habib	475	1,000	475,000	95
2	Al-Jawhrah Abdullah Sulaiman Al-Habib	25	1,000	25,000	5
Total		**500**	**1**	**500,000**	**100**

Source: The Company

4-1-4 Organizational Chart

The following chart illustrates the Company's organizational structure and the Company's position within the group:

Chart 4-1: The Company's Organizational Chart



*Note: The shares of the Perfect Help L.L.C are held by nominee shareholders on behalf of TPH. TPH agreed contractually with such nominee shareholders that the Beneficial Ownership of such shares is held by TPH in full. TPH is still in the process of registering the shares of The Perfect Help L.L.C under its name as of the date of the Prospectus.

Source: The Company

4-1-5 Company's Branches

The Company has eighteen (18) branches in the Kingdom in addition to its head office located at King Fahad Road in Riyadh. The Company also has one (1) point of sales in King Saud University in Riyadh, which carry out the same activities as the branches.

Branch locations are identified by the Company based on a number of factors including population, income profile and consumer insight using data gathered through clients' requests via the Company's web portal and mobile application. Branches provide the following services:

Act as a sales point for the household segment clients including the "Khidmah" Program services. Branches are also able to coordinate sales for corporate segment clients by referring them to the corporate sales team or arranging a visit by sales representatives; and

Provide post-deployment services including contract renewals and other client services.

The following table sets out the Company's branches (for further information about the licenses obtained by the Company's branches, please refer to Section 12-2-3 "**Material Licenses**" of this Prospectus):

Table (4-12): The Company's Branches

#	City	Location	Commercial Registration Number
1	Riyadh	Anas Ibn Malik Road, Al-Yasmeen District	1010465207
2	Riyadh	Khurais Road, Al-Rayyan District	1010436554
3	Riyadh	Southern Ring Road, Al-Suwaidi District	1010427485
4	Riyadh	King Abdulaziz Road, Al-Murooj District	1010436553
5	Riyadh	Northern Ring Road, Al-Ta'awon District	1010427484
6	Riyadh	Eastern Ring Road, Al-Rawdah District	1010465209
7	Riyadh	King Fahad Road, Al-Mohammadiyah District	1010434669
8	Jeddah	Prince Sultan Road, Al-Naeem District	4030278496
9	Jeddah	Prince Motib bin Abdulaziz Road, Al-Marwah District	4030296922
10	Dammam	Al-Khaleej Road, Al-Shate'a District	2050111011
11	Buraidah	King Abdulaziz Road, Sultana District	1131056729
12	Buraidah	King Khaled Street, Al-Fakhriyah District	1131291194
13	Onaizah	Al-Rayyan Road, Al-Rayyan District	1128019121
14	Al-Rass	Al-Joraif Road, Al-Hazm District	1132010275
15	Madinah	Second Ring Road, Al-Areedh District	4650074415
16	Hail	King Khalid Street, Al-Wsaitah District	3350043316
17	Abha	King Fahad Road, Hijlah District	5850071792
18	Kharj	King Abdullah Road, Al-Wurood District	Under Process

Source: The Company

4-2 Overview of the Operations Outside of the Kingdom

The Company has a subsidiary in the UAE, namely Musanid Cleaning Services LLC and an associated company in the Cayman Islands, namely Bloovo Limited. The details of such companies are set out below. Musanid and Bloovo make up less than 5% of the Company's total assets, liabilities, revenues, profits and potential liabilities. Therefore, they are not considered as material subsidiaries for the purpose of applying the OSCO Rules.

4-2-1 Musanid

Musanid Cleaning Services LLC is a limited liability company established under the UAE's Commercial Company Law number 2 of 2015G and the Law of Regulating Economic Activities in the Emirate of Dubai number 13 of 2011G, and registered with the commercial register in Dubai under number 1304819 dated 26/12/1438H (corresponding to 17/09/2017G). Musanid's objectives include building cleaning services. Its share capital is three hundred thousand Dirhams (AED 300,000) divided into three hundred (300) shares with equal nominal value of one thousand Dirhams (AED 1,000) each per share fully paid The Company has acquired the share of the subsidiary in 2017G. The following table sets out Musanid's shareholding structure as of the date of the Prospectus:

Table (4-13): Musanid's Shareholding Structure as of the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1	Mayar Al-Aseel General Trading LLC	45	1,000	45,000	15
2	The Company	255	1,000	255,000	85
Total		**300**	**1,000**	**300,000**	**100**

Source: The Company

Musanid has no operations and acts as a holding company and has acquired the subsidiary company in 2018G on the UAE company shares which is TPH (TPH Center for Domestic Workers LLC). TPH is a limited liability company registered with the commercial register in Dubai under number 1160036 dated 25/05/1436H (corresponding to 16/03/2015G). TPH's capital is three hundred thousand Dirhams (AED 300,000) divided into three hundred (300) shares with equal nominal value of one thousand Dirhams (AED 1,000) each. Musanid owns two hundred and ten (210) shares with nominal value of two hundred and ten thousand Dirhmas (AED 210,000) representing 70% of the shares. The remaining shares are owned by Jassim Abdulaziz Abdulla AlNajjar.

TPH, in turn, owns four (4) subsidiaries:

a- The Perfect Help L.L.C., a limited liability company registered in Dubai under commercial registration number 1338526 licensed to provide training services. The capital of The Perfect Help L.L.C is three hundred thousand Dirhams (AED 300,000) divided into three hundred (300) shares. The registered owners of the Perfect Help L.L.C are Jassim Abdulaziz Abdulla AlNajjar (with 51% ownership) and Peter Joseph Tignini (with 49% ownership). TPH has contractually agreed with such nominee shareholders that the Beneficial Ownership of the shares in the Perfect Help L.L.C shall be held by TPH in full pursuant to the agreement between the parties dated 14/04/1439H (corresponding to 01/01/2018G). TPH is still in the process of registering the shares of The Perfect Help L.L.C under its name as of the date of this Prospectus.

b- TPH Public Health Pest Control Services L.L.C (previously named Missing Ingredient Cleaning Services L.L.C)., a single shareholder limited liability company registered in Dubai under commercial registration number 1338526 licensed to provide public health pest control services. The capital of TPH Public Health Pest Control Services L.L.C is one hundred thousand Dirhams (AED 100,000) divided into one hundred (100) shares entirely owned by TPH.

c- M P L Building Maintenance One Person Co. L.L.C., a single shareholder limited liability company registered in Dubai under commercial registration number 1344621 licensed to provide building maintenance. The capital of M P L Building Maintenance One Person Company L.L.C is one hundred thousand Dirhmas (AED 100,000) divided into one hundred (100) shares entirely owned by TPH.

d- Yalla Fix It One Person Company L.L.C., a single shareholder limited liability company registered in Dubai under commercial registration number 1341927 licensed to provide various handyman services. The capital of Yalla Fix It One Person Company L.L.C is one hundred thousand Dirhams (AED 100,000) divided into one hundred (100) shares entirely owned by TPH.

TPH currently operates (directly and through its subsidiaries) household services in Dubai in the UAE and its operations include the following:

a- Residential cleaning services serving an average of fourteen thousand (14,000) clients per month in the UAE making it one of the largest residential cleaning companies in the UAE.

b- Placement of full-time household manpower resources which includes an online video résumé portal.

c- Training services for household manpower resources covering an average of two hundred and fifty (250) manpower resources per month. TPH maintains local and international training certification including certifications for training first aid and advanced life safety. TPH training is one of the first to obtain Internally Accredited Housekeeping training certificate in Dubai from the Knowledge and Human Development Authority (KHDA).

d- Residential handyman services serves the residential marketplace, providing handyman, maintenance and remodeling services.

e- Pest control services.

4-2-2 Bloovo Ltd.

Bloovo is a company established under the laws of the Cayman Island. Bloovo's objectives are unrestricted and Bloovo shall have the full power and authority to carry out any objectives not prohibited by the laws of the Cayman Islands. Its authorized share capital is one million Dollars (USD 1,000,000) divided into forty million (40,000,000) preferred shares of one hundred Dollars (USD 100) par value each, forty million (40,000,000) Class A shares of one hundred Dollars (USD 100) par value and twenty million (20,000,000) Class B shares of one hundred Dollars (USD 100) par value each. The issued share capital of Bloovo amounts to seven hundred and ninety five thousand and eighty eight Dollars and seventy nine cents. (USD 795,088.79), whereby thirty-one million eight hundred and eleven thousand five hundred and fifty five (31,811,550) preferred outstanding shares have been issued, thirty three million eight hundred and thirty four thousand and two hundred and ninety four (33,834,294) Class A shares and, thirteen million eight hundred and sixty three thousand and thirty five (13,863,035) Class B shares have been issued. In 2018G, the Company acquired a stake in Bloovo, the following table sets out Bloovo's shareholding structure:

Table (4-14): Bloovo's Shareholding Structure as of the Date of the Prospectus

#	Shareholder	Value of Shares (in USD)	Class of Shares	Ownership (%)
1	The Company	5,000,000	Preferred shares	40%
2	Ahmad Mohamad Deeb Khamis	169,171,47	Class A voting shares	21.28%
3	Iyad Naser Adel Abu Hweij	169,171,47	Class A voting shares	21.28%
4	Other individual shareholders	138,630,35	Class B non-voting shares	17.44%
Total		**795,088,79**	**-**	**100%**

Source: The Company

Bloovo has no operations and acts as a holding company. It has one subsidiary in the UAE, namely Bloovo ME (Bloovo Middle East FZ-LLC. Bloovo ME is a free zone limited liability company incorporated in Dubai Internet City registered with the Dubai Creative Clusters Authority under license number 92915 dated 04/07/1436H (corresponding to 23/04/2015G). Bloovo ME's capital is fifty thousand Dirhams (AED 50,000) divided into fifty (50) shares with equal nominal value of one thousand Dirhams (AED 1,000) each. Bloovo owns all shares in Bloovo ME.

Bloovo was established in 2015G and built an innovative online recruitment platform (www.bloovo.com) on the principle of data science, adopting algorithms in the recruitment process. It offers innovative recruitment solutions in an interactive manner. Bloovo uses a proprietary matching algorithm that matches candidates to the jobs and provides probabilities of success to candidates based on matching their skill-sets with the job requirements. Furthermore, it has its own video interviewing channel helping employers conduct online interviews with candidates.

As of 31 October 2018G, Bloovo has more than two thousand and one hundred (2,100) registered employers in the GCC and more than four hundred thousand (400,000) job applicants on its platform. It has been recognized as one of the most promising startups in the Arab world in 2017G by Forbes achieving the 37th rank, and as the best startup company in the UAE in 2017G by FinanceME (CPI Financial).

4-3 The Company's Vision and Future Outlook

4-3-1 Vision

Leading the human resources industry by providing comprehensive and integrated solutions that ensure clients' success, protect employees' rights and support the national development.

4-3-2 Mission

The Company aims to provide innovative human resources solutions and services to its clients through a systematic framework, premium information systems and strategic partnerships that serve its employees, clients and community.

4-3-3 Values

The Company's business is based on the following values:

- **Innovation and excellence**: The Company is keen on creating a positive environment to help its employees to innovate and excel, which reflects the interest of its clients and partners in a way to meets their expectations.
- **Integrity and transparency**: The Company is keen on gaining the trust and respect of its partners and clients through professional commitment in its transactions and resolutions.
- **Quality and perfection**: Provide high quality services in a professional manner.
- **Team spirit**: Establishing a common collaborative model to promote a productive environment that enhances team work and passion.
- **Client centric**: Client benefit comes first; examining their needs and striving toward achieving them.

4-3-4 Competitive Advantages

The Company believes that it has a number of competitive advantages. Such advantages enabled the Company's business to grow rapidly since its inception a few years ago and provide a strong foundation for future growth. Such advantages include the following:

(a) Market Leadership and Scale

Having eighteen (18) branches across ten (10) cities in the Kingdom, the Company is one of the largest human resources companies in the Kingdom. It has a strong presence across multiple regions of the Kingdom. As of 31 December 2017G, approximately thirty one (31) human resources companies were licensed by the MoL to operate within the corporate and household segments. The Company's market share ranges between 18% and 20% in the corporate segment and ranges between 17% and 19% in the household segment according to the MoL and Company statistics, which makes the Company a market leader of both segments. Currently, the Company's leading position in the human resources industry is a result of the Company's solid brand and reputation developed due to the following:

- Quality and diversity of its manpower resources in terms of qualifications, nationalities, experience and backgrounds.
- Expeditious deployment of manpower resources and the ease of the overall process.
- Ability to fulfill the large manpower resources requirements of clients that smaller human resource companies cannot fulfill.
- Support services provided to both clients and the deployed manpower resources throughout the duration of their contracts.
- Flexibility in providing clients with contracts of different durations.
- Effective interaction and communication with clients through periodical visits.
- Excellent relations with countries from which manpower resources are recruited, embassies, and recruitment agencies,
- Specialized experience in the healthcare industry which has a more stringent recruitment and deployment process.
- Robust technological platform that supports the Company's business model.
- The Company's age of more than five (5) years compared to remaining companies operating in the industry with an average age of two (2) years and half and the positive impact created by such age on the Company's relationship with clients.

(b) Access to Diversified Range of Work Visas

Any company operating in the Kingdom that wishes to hire foreign manpower resources needs to go through a lengthy process to obtain work visas while the Company can provide easier access to such visas given that the Company maintains a readily available inventory of visas. The Company's inventory includes work visas for different professions and nationalities and the Company can arrange work visas on a short notice. As of 30 September 2018G, the Company has issued more than seventy two thousand (72,000) visas for its manpower resources of various professions and nationalities since its establishment. Each work visa in the Kingdom is issued for a particular profession and nationality. If a company identifies manpower resources in a country that they would like to employ and have visa(s) available for that profession, they may still not be able to hire such manpower resources if they do not have the work visa for the nationality of such manpower resources. However, the Company has access to visas for different professions across different nationalities and can quickly obtain the required visas so that the manpower resources can be immediately deployed by the Company.

(c) Diversified and Growing Client Base

Through the stable and recurring nature of the Company's business, the Company has developed strong relationships with a number of clients. The Company has a diversified client base and is not concentrated on any industry, client or geographic location. In the corporate segment, the Company's clients operate in various industries including retail, healthcare, industrial and maintenance, hospitality, and the commercial industry. This is complemented by the growing household segment. As of 30 September 2018G, the Company has provided its services to more than eight hundred (800) clients in the corporate segment including twenty (20) companies listed in the Exchange. In the household segment, the Company has provided services to more than sixty-five thousand (65,000) clients including more than thirty-five (35,000) clients through "Khidmah" Program as of 30 September 2018G.

(d) Wide Spectrum of Manpower Resources Solutions

The Company provides a wide range of manpower resources solutions for professional, skilled and unskilled manpower resources. Professions supplied by the Company include physicians, nurses, marketing specialists, salesmen, financial analysts, computer programmers, system analysts, technicians, waiters, drivers, housekeepers, construction manpower resources, etc. In addition, the Company's product and service portfolio is continuously growing. In addition to providing manpower resources services to the corporate segment, the Company provides its services to the household segment, where it launched a number of services including "Khidmah" Program (for further information about "Khidmah" Program, please refer to Section 4-4-4 "**Household Segment Services**" of this Prospectus).

(e) Large Distribution and Support Infrastructure

- **Nationwide Branch Network**: The Company has eighteen (18) branches in ten (10) cities across seven (7) regions in the Kingdom (for further information about the Company's branches, please refer to Section 4-1-5 "Company's Branches" of this Prospectus). According to the General Authority for Statistics, approximately 86% of the Saudi population lived in these regions. As such, the Company believes that this provides it with the perfect platform needed to penetrate and fuel its growth within the household segment by ensuring easy access for its staff to address the needs of its clients and manpower resources. The Company provides a number of services either directly or through these branches.
- **Training and Housing Infrastructure**: The Company has recently acquired a premises for the new headquarters to which operations will be transferred within 2019G. The building will have a total built-up area of fourteen thousand five hundred (14,500) square meters, which will be equipped with training facilities needed to support the growth of various services including "Khidmah" Program. In addition, the Company provides housing facilities to its manpower resources (including its un-deployed manpower resources and "Khidmah" Program manpower resources). These housing facilities are located in nine (9) cities and are equipped with reception, dining area, orientation room, medical clinic and fully furnished rooms. At any given time, three thousand five hundred (3,500) can stay at these facilities, thereby persons capacity, allowing the Company to recruit manpower resources and have them available to be deployed immediately upon request by the client.
- **Strategic Relationships with Recruitment Agencies**: The Company has strong relationships with more than forty-five (45) recruitment agencies in different countries such as India, Indonesia, Nepal, the Philippines, Egypt, Pakistan and Bangladesh. This allows the Company to recruit the most qualified manpower resources in different fields through a systematic method that includes interviewing and testing. The Company has also developed criteria to evaluate recruitment agencies which focus on the processing time, quality of manpower resources and effectiveness in solving any problems that arise after the recruitment process. In addition, the scale of the Company's operations gives it a strong negotiating position with such recruitment agencies.
- **Relationships with Embassies**: The Company maintains a strong business relationship with embassies in the Kingdom of all countries from which its manpower resources are recruited. The Company maintains such relationships through a dedicated team who schedules regular visits with embassy officials to discuss matters and resolve any issues related to the manpower resources.
- **Automated Systems**: The Company developed in-house software solutions and mobile applications for the purposes of building a database of client and manpower resources information, thereby enhancing operational

efficiency and serving clients through multiple platforms. The Company improved its systems gradually and it now serves both its clients and manpower resources electronically. As of 30 September 2018G, 29% of the Company's revenues for the "Khidmah" Program are generated through the mobile application.

(f) Experienced Management Team

The Company's management team has played a key role in achieving substantial growth in the Company's operations since its inception just a few years ago. The Company's management team has deep knowledge and understanding of the human resources industry, which has allowed the Company to become one of the largest manpower resources service providers in the Kingdom within a short period of time.

(g) Dedicated Manpower Resources Care Team

The Company has a dedicated team that caters to the needs of its manpower resources, provides them with information and services and ensures that they work in a safe environment. This care team serves all manpower resources through a care center consisting of both a call center available in multiple languages and a mobile application that serves manpower resources directly. Moreover, the Company has adopted policies to protect its manpower resources and ensures their safety and security at all times (for further information about such policies, please refer to Section 4-4-6(e) "**Safety and Security**" of this Prospectus).

(h) Large Database of Client Information

Since its inception, the Company gathered information on the recruitment needs of more than eight hundred (800) corporate segment clients and more than sixty-five thousand (65,000) household segment clients including more than thirty-five thousand (35,000) clients through "Khidmah" Program. This information assists the Company in understanding the needs of the target market when making business decisions including launching new products, opening new branches, and recruiting specific manpower resources skills. Such database provides the Company with comprehensive data to take it into consideration with respect to its marketing initiatives, enabling the Company to sell its integrated services between its corporate segment and household segment clients.

4-3-5 Strategy and Future Prospects

The Kingdom's economic transformation brings good opportunities for the Company to which it is responding by providing innovative solutions to drive revenue growth capture opportunities available in the corporate and household segments in which the Company operates.

(a) Corporate Segment

- **Consolidate Existing Market Leadership Position**: The Company is one of the largest providers of manpower resources services to the corporate segment. The Company have served more than eight hundred (800) clients and have deployed over fifty thousand (50,000) manpower resources to various industries including retail, hospitality, healthcare, industrial and operation, and the commercial industry. The Company seeks to maintain its position as a leading provider of manpower resources solutions to existing clients by adopting a proactive relationship management by anticipating and serving clients' needs, while at the same time expanding its client base by establishing relationships with new clients.

  The Company's corporate sales and operations team seeks to continously understand the corporate manpower resources market in order to deliver its manpower resources services. Initiatives taken by the Company in this respect include the following:

  - Analyzing the impact of regulatory changes on employment (e.g. Nitaqat);
  - Analyzing the impact of macro-economic developments on key client industries;
  - Identifying experience and qualifications required by the labor market; and
  - Undertaking client and manpower resource surveys.

  The Company's corporate sales and operations team also includes:

  - Sales representatives covering the central, eastern, and the western regions of the Kingdom responsible for identifying and establishing new client relationships. The Company is planning to further expand the sales team to cover other regions in the Kingdom. Sales representatives have periodic targets for prospective clients and signed contracts which are regularly monitored by the management of the Company.
  - Client relations managers who have a direct relationship with existing clients, catering to their needs and responding to their requests and complaints. The Company maintains KPIs to evaluate its services with the purpose of maintaining client satisfaction and retention. Through their close working relationship with clients, the Company's client relationship management team can anticipate demand for manpower resources of certain professions and skill-sets, and stay up-to date with market trends.

The Company has also formed a marketing team responsible for promoting the Company and its services to existing and prospective clients as well as attending forums such as industry specific conferences and seminars.

- **Provide Value-Added Services**: With an evolving environment for employment, the Company seeks to broaden the range of services offered by assisting employers and job seekers through human resources technology – the Company has acquired a 40% interest in Bloovo which runs an online portal for recruitment (for further information about the Company's investments in Bloovo, please refer to Section 4-2-2 "Bloovo Ltd." of this Prospectus).
- **Saudi Recruitment Platform**: The Company seeks to obtain the necessary licensing from the MoL to expand its service offerings to include the recruitment and training of Saudi nationals. The Company seeks to leverage its experience in the human resources industry to assist its clients with hiring qualified Saudi manpower resources. In addition, the Company has taken the first step towards the implementation of this initiative by investing in Bloovo in order to capitalize on the online recruitment portal developed by Bloovo (for further information on the Company's investments in Bloovo, please refer to Section 4-2-2 "Bloovo Ltd." of this Prospectus).
- **Diversify into Related Activities**: The Company's long-term objective is to become a provider of integrated human resources solutions. To this end, it will consider diversification of relevant activities such as human resources process outsourcing, recruitment advisory, training and development services, and career transition services.

(b) Household Segment

- **Expand the Fast-Growing Household segment**: The Company's revenues in the household segment grew at a CAGR of 145.4% over 2015G, 2016G, and 2017G. It also achieved a growth of 42% in the nine-month period ended 30 September 2018G compared to the same period of year 2017G. Through anticipation of client demand, the Company is able to deploy manpower resources in a timely manner after receipt of client requests, which positively contributes to the growth and expansion of its client base.

  In order to be at the forefront of competition within the household segment, the Company recruits manpower resources from previously untapped countries to check response from clients. At the same time the Company and TPH continue to recruit manpower resources from countries of high demand within the Kingdom and the UAE.
- **Expand Geographical Footprint**: The Company intends to expand its geographical footprint through new branch openings in the Kingdom and UAE. Since its establishment, the Company has opened eighteen (18) branches across ten (10) cities in the Kingdom. Cities where new branches will be opened will be carefully selected in view of demand for domestic help in those cities, determined based on a number of factors including the population, income profile, consumer feedback, using data gathered through client requests via the Company's web portal and mobile application, and their projected contribution towards revenue and profitability growth, both on a standalone and consolidated basis. In the UAE, TPH (which is 70% owned by the Musanid) is aiming to expand by launching and expanding some of its services in new cities such as Abu Dhabi, Sharjah and Ajman.
- **Launch New Products and Services**: The Company offers services under the "Khidmah" Program, whereby it provides part-time housekeepers and home care nurses to household clients who pay on an hourly basis as well as full-time home care nurses. In light of the encouraging response that the Company has received for the "Khidmah" Program, the Company plans to further expand the range of part-time services to include premium offerings such as child care, party hosting and handyman services. In order to expand the home care services, the Company signed a recruitment contract with a recruitment agency specialized in recruiting nurses in the Philippines (for further information about the contract, please refer to Section 12-4-4 "Agreements with Foreign Recruitment Agencies" of this Prospectus).

4-4 Overview of the Company's Business

The Company provides manpower resources services to both the corporate and household segments of the market by sourcing professional, skilled and unskilled foreign manpower resources (for further information about the Company's services, please refer to Section 4-4-2 "**Overview of the Company's Services**" of this Prospectus).

4-4-1 Key Milestones

Table (4-15): The Company's Key Milestones

Date	Milestone
February 2013G	The Company was incorporated as a joint stock company
March 2013G	The Company obtained a license from the MoL
June 2013G	The Company entered into its first corporate client contract
September 2013G	The Company opened its first branch in the Riyadh Province
May 2014G	The Company's manpower resources reached ten thousand (10,000) manpower resources
September 2014G	The Company opened its first branch in the Qassim Province
February 2015G	The Company's manpower resources reached twenty thousand (20,000) manpower resources
February 2015G	The Company launched the "Khidmah" Program
March 2015G	The Company opened its first branch in the Hail Province
March 2015G	The Company opened its first branch in the Madinah Province
August 2015G	The Company's manpower resources reached thirty thousand (30,000) manpower resources
January 2016G	The Company served its first client through its mobile application through the "Khidmah" Program
April 2016G	The Company opened its first branch in the Eastern Province
April 2017G	The Company opened its first branch in the Makkah Province
May 2017G	The Company launched its electronic system for corporate clients (CRM) which allows the Company to manage its business relationships, data and information
June 2017G	The Company increased its capital to two hundred and fifty million Saudi Riyals (SAR 250,000,000 through the capitalization of one hundred and twenty million Saudi Riyals (SAR 120,000,000) from retained earnings balance and thirty million Saudi Riyals (SAR 30,000,000) from the statutory reserve.
September 2017G	The Company acquired 85% in Musanid
November 2017G	The Company opened its first branch in the Aseer Province
January 2018G	Musanid acquired 70% of TPH
January 2018G	TPH obtained a Tadbeer License, which is one of the UAE government's efforts to regulate the recruitment process of household manpower resources
November 2018G	The Company acquired 40% of Bloovo
December 2018G	The Company increased its capital to three hundred and seventy five million Saudi Riyals (SAR 375,000,000) through the capitalization of twenty million Saudi Riyals (SAR 20,000,000) from the statutory reserve and one hundred and five million Saudi Riyals (SAR 105,000,000) from the retained earnings.

Source: The Company

4-4-2 Overview of the Company's Services

The Company provides a wide range of manpower resources services to both its corporate and household clients by sourcing manpower resources with the requisite skills. Typically, the Company bears all costs and fees related to the recruitment process as well as the manpower resources' salaries, work and residency permits fees, medical examinations and medical insurance costs, professional malpractice insurance costs (for medical professionals only) and airfare costs, depending on its contractual arrangement with the clients. The Company's services can be categorized as follows:

(a) Corporate Segment

Currently, services to the corporate segment are only offered by the Company in the Kingdom. These services include the following:

- **Professional Manpower Resources Services**: This involves providing manpower resources to clients with specialized training in fields such as healthcare, nursing, marketing, accounting, banking, information technology, etc. The Company's clients for such staffing solutions include hospitals, clinics, commercial banks, retail companies, etc.
- **Manpower Resources Services**:
  - **Skilled Manpower Resources**: This involves providing skilled manpower resources to clients. Such skilled resources include salesmen, technicians, machinists and technicians to clients such as manufacturing companies, retailers, restaurants and hotels.
  - **Unskilled Manpower Resources**: This involves providing unskilled manpower resources to clients. Such unskilled resources include construction manpower resources, shop floor manpower resources and waiters at restaurants. The Company's clients for these services include restaurants, hotels, manufacturing companies and construction companies.

(b) Household Segment

Currently, the Company offers services to the household segment in the Kingdom and TPH offers services to the household segment in the UAE. These services include the following:

- **The Kingdom**: The Company provides two (2) different types of household help to clients as follows:
  - Full-time services, whereby it provides housekeepers, drivers, cooks, nurses and house manpower resources to its clients on a full-time basis.
  - Part-time services, whereby the Company provides trained housekeepers and nurses on a part-time/temporary basis under its "Khidmah" Program where clients pay on an hourly basis. The service was launched in February 2015G and has been designed to address specific client needs such as affordability and seasonal demand (such as Ramadan). It targets small families, working families and families without accommodation facility for household manpower resources. The Company trains manpower resources of different nationalities and allows clients to request and book the services through the Company's mobile application, website or any of its branches. The Company also arranges for the drop-off and pick-up of household manpower resources to and from the homes of clients through its transportation fleet of one hundred and twenty five (125) vehicles that offer real time tracking of location and routes. The "Khidmah" Program is currently available in twelve (12) cities in the Kingdom, including cities where the Company does not have a branch such as Khobar.
- **The UAE**: TPH offers domestic help to clients in the form of housekeepers, drivers and maintenance manpower resources (such as technicians, pest control manpower resources, etc.) on a part-time/temporary basis in the UAE. TPH trains manpower resources and allows clients to request and book the services by phone or through its offices. TPH also arranges for the drop-off and pick-up of household manpower resources to and from the homes of clients through its transportation fleet of ninety (90) vehicles that offer real time tracking of location and routes.

4-4-3 Corporate Segment Services

The Company serves the corporate segment through providing manpower resources services for professional, skilled and unskilled manpower resources. Typically, the Company deploys manpower resources to its clients for two-year periods. However, in exceptional circumstances and subject to availability, the Company is able to deploy manpower resources on a short-term basis to its clients for negotiated premium fees, to cater for seasonal needs.

The following table sets out details of the main industries that the Company serves within the corporate segment, the annual revenues of the Company from each industry and the number of manpower resources deployed therein (for further information about the Company's client care efforts, please refer to Section 4-4-8(a) "**Client Care**" of this Prospectus).

Table (4-16): The Company's Corporate Revenues by Industry

#	Industry	Financial Year 31 December 2015G		Financial Year 31 December 2016G		Financial Year 31 December 2017G		Nine-Month Period Ended 30 September 2018G	
		Total Revenues (SAR '000)	Average Number of Deployed Resources	Total Revenues (SAR '000)	Average Number of Deployed Resources	Total Revenues (SAR '000)	Average Number of Deployed Resources	Total Revenues (SAR '000)	Average Number of Deployed Resources
1	Retail Industry	244,879	6,548	265,738	7,590	254,399	7,690	180,908	6,765
2	Industrial and Operation Industry	390,936	11,040	365,294	10,452	243,643	7,732	207,532	7,898
3	Hospitality Industry	117,532	3,208	162,739	4,384	165,679	4,938	127,018	4,925
4	Healthcare Industry	68,335	702	86,340	841	113,734	1,210	110,745	1,843
5	Commercial Industry	89,297	1,725	111,926	1,862	101,866	1,582	88,582,	1,843
Total*		**910,978**	**23,223**	**992,037**	**25,129**	**879,321**	**23,152**	**714,784**	**23,026**

*Note: These numbers have been rounded up to the nearest whole number, thus the total may not match the sum of the items listed in the table.

Source: The Company

As of 30 September 2018G, the average number of the Company's manpower resources in the corporate segment is twenty three thousand and twenty six (23,026) (for more information about the Company's manpower resources by specialization, please refer to Section 4.6.2 "**Manpower Resources**" of this Prospectus).

(a) Corporate Clients

As of 30 September 2018G, revenues generated from the corporate clients amounted to 71.2% of the Company's total consolidated revenues.

The following table sets out details of the Company's top ten clients in terms of revenue, which are all within the corporate segment (for further information regarding contracts entered into with major clients, please refer to Section 12-4-3 "**Manpower Resources Services Agreements**" of this Prospectus).

Table (4-17): The Company's Major Clients

#	Client	Financial Year 31 December 2015G		Financial Year 31 December 2016G		Financial Year 31 December 2017G		Nine-Month Period Ended 30 September 2018G	
		Total Revenues	Percentage (%)	Total Revenues	Percentage (%)	Total Revenues	Percentage (%)	Total Revenues	Percentage (%)
1	Retail Industry Client	58,961,916	6%	83,571,460	8%	81,355,783	9%	55,354,846	8%
2	Healthcare Industry Client	29,778,859	3%	46,874,467	5%	58,350,600	7%	42,929,235	6%
3	Retail Industry Client	36,350,924	4%	52,472,093	5%	44,696,418	5%	32,170,443	5%
4	Industrial and Operation Industry Client	33,342,813	4%	35,426,879	4%	37,263,100	4%	35,446,121	5%
5	Commercial Industry Client	31,243,206	3%	29,224,892	3%	31,459,170	4%	20,465,533	3%
6	Healthcare Industry Client	13,346,374	1%	14,480,397	1%	30,324,756	3%	29,759,562	3%
7	Hospitality Industry Client	-	0%	5,872,603	1%	23,762,293	3%	17,414,466	2%
8	Commercial Industry Client	15,174,948	2%	20,842,824	2%	23,213,786	3%	14,697,237	2%
9	Industrial and Operation Industry Client	13,470,154	1%	16,454,595	2%	21,518,071	2%	18,548,439	3%
10	Commercial Industry Client	6,942,143	1%	12,713,184	1%	17,424,954	2%	12,253,137	2%
Total		**238,611,341**	**26%**	**317,933,399**	**32%**	**369,368,935**	**42%**	**278,939,019**	**39%**

*The names of Company's clients have not been disclosed, due to the sensitive nature of that information and to uphold the confidentiality obligation provided in the agreements.

Source: The Company

(b) Corporate Manpower Resources Recruitment Process in the Kingdom

The process of recruitment and staffing of manpower resources by the Company to its corporate clients from various countries is as follows:

- **Contracting:**

  The Company first receives requests from potential clients for their staffing needs including details of the number of manpower resources requested, their nationalities, gender, professions, qualifications, salaries and allowances, and type of services that the Company will cover (e.g. accommodation, catering and transportation). The Company then determines the cost of the services based on the clients' requests and provides them with a price quotation. At this stage, the Company also inspects the clients' proposed accommodation for female manpower resources.

  Once the clients negotiate and approve the price quotation, the Company enters into a service contract with each client (for further information about the Company's standard client contracts, please refer to Section 12-4-3 "**Manpower Resources Services Agreements**" of this Prospectus). Typically, clients are required to pay a refundable deposit or provide a bank guarantee at the beginning of the contractual relationship.

- **Visas:**

The Company maintains an inventory of visas whereby it regularly requests visa quotas from the MoL. As of 30 September 2019G, the number of visas available to the Company in the corporate segment is nine thousand and two hundred and seven (9,207). The Company determines the number, nationalities, professions and genders for visas based on a number of factors including macroeconomic data, marketing forecasts, current and forecasted sales, historical data, Saudization requirements and government policies. The Company's sales department analyzes such data and creates a request for allocation of additional visas. These requests are reviewed by the manpower resources department for availability and then sent to the authorized individual in the sales and operations department for approval. Once approved, requests for allocation of visas are submitted through the MoL system. Requests state the number of visas required, together with the required professions and the gender, and they may take up to thirty (30) days to be approved by the MoL. Once allocated, these visas become available to be requested for reservation after specifying the nationalities required by the Company.

Once a service contract is entered into with a client, the Company reviews the details of manpower resources (number, professions and gender) against its visa inventory. If the Company has the required visas available in its inventory, it will apply to reserve such visas for its clients in accordance to their needs after providing the nationalities of the manpower resources requested through the MoL system and paying the visa fee of two thousand Saudi Riyals (SAR 2,000) per visa. The request for reservation through the MoL system is approved by the Ministry of Interior, which typically takes an average of eight (8) days to receive. If the Company does not have the required number of visas in its inventory, it requests the MoL for the allocation of additional visas based on the clients' needs and it may take up to thirty (30) days to obtain approval from the MoL. It should be noted that the maximum number of visa applications is 10% of the Company's manpower on the date of application.

After the Company selects manpower resources for each client and obtains clients' approval on the selected manpower resources (for further information, please refer to Section 4-4-3(b) "**Corporate Manpower Resources Recruitment Process in the Kingdom – Selection and Recruitment**" of this Prospectus), it then requests the issuance of visas from the MoL, which typically takes an average of (5) five working days to issue.

- **Selection and Recruitment:**

In parallel with the visa process, the Company utilizes its network of foreign recruitment agencies (for further information about the foreign recruitment agencies, please refer to Section 4-4-5 "**Foreign Recruitment Agencies**" of this Prospectus) to select and recruit manpower resources. The Company contacts the relevant foreign recruitment agency and requests the recruitment of manpower resources as per the details provided by the client. Foreign recruitment agencies then identify suitable manpower resources based on the clients' needs. The Company conducts a vetting process of the identified manpower resources including interviewing such manpower resources. In certain cases, clients may request to interview the selected manpower resources either in person or through video conferencing facilities and the Company facilitates such interviews. For the healthcare industry, the Company has an in-house medical licensing team which evaluates the healthcare professionals' credentials with a view to matching with clients' needs. After manpower resources are accepted by the clients, foreign recruitment agencies negotiate terms of their employment and supervise medical examinations. As soon as the selected manpower resources pass their medical examinations, foreign recruitment agencies notify the Company and the Company initiates the arrival process (for further information about the visa process, please refer to Section 4-4-3(b) "**Corporate Manpower Resources in the Kingdom – Arrival and Post-Arrival**" of this Prospectus).

After clients' approval of the selected manpower resources and assigning their visas (for further information about the visa process, please refer to Section 4-4-3(b) "**Corporate Manpower Resources Recruitment Process – Visas**" of this Prospectus), the Company issues flight tickets to the manpower resources or asks clients to issue flight tickets for them (depending on the service contract terms). Typically, the selection and recruitment process takes an average of sixty (60) days to complete.

- **Arrival and Post-Arrival:**

Once the manpower resources arrive in the Kingdom, they are housed in the transit housing of the Company (for further information about the Company's transit housing, please refer to Section 4-4-6(c) "**Housing**" of this Prospectus) and the client is informed of their arrival by the relevant client relationship manager. The Company assists manpower resources to complete all their arrival procedures including completing their medical examination, issuing residency permits (Iqamas), obtaining medical insurance, opening bank accounts and issuing ATM cards and SIM cards.

In addition, the Company conducts mandatory orientation for all manpower resources upon their arrival to the Kingdom introducing them to legal requirements, cultural aspects and services available to them while being deployed (for further information about services available to manpower resources, please refer to Section 4-4-6 "**Manpower Resources Relations**" of this Prospectus).

- **Deployment**:

  Upon completion of all post-arrival procedures, the relevant client relationship manager coordinates with the relevant client to arrange the transfer of the manpower resources to the clients' premises. At the time of deployment, the Company provides clients with detailed procedures relating to the most frequent actions such as, for example, submitting monthly time sheets, arranging for manpower resources vacations and arranging for the exit and re-entry visas.

- **Post-Deployment Support**:

  The Company is responsible for making payroll payments to its manpower resources after their deployment to the clients at the end of each month. Clients are required to provide the Company with daily timesheets which show the times of attendance and departure of the manpower resources on the twenty first (21st) day of each calendar month. The Company reviews these timesheets and sends the invoice to the clients on the twenty third (23rd) day of that month. The clients must pay the amount on the invoice by the twenty-eighth (28th) day of each calendar month as a maximum. The Company will in turn transfer the salaries of the manpower resources by the first day of the next month, as a maximum. On 15/03/1439H (corresponding to 03/12/2017G), the Company adopted on a clear policy for the salaries, entitlements and benefits of its manpower resources in the corporate segment, which provides the procedures for the payment of wages to deployed and un-deployed manpower resources who provide full-time and part-time services coin a timely manner deployed and prohibits any act that violates the policies of the MoL and the Wage Protection Program. As of the date of this Prospectus, the Company is in compliance with this policy and to the requirements of the MoL in relation to the timely payment of the salaries (including the requirements of the Wage Protection Program). The Company also supports its full-time and part-time deployed manpower resources by providing them with all the information and services they need and ensuring that they work in a safe environment by, for example, conducting regular visits to the clients' premises to check in on working conditions (for further information about the Company's efforts in such regard, please refer to Section 4-4-6 "**Manpower Resources Relations**" of this Prospectus).

(c) Pricing Strategy

The Company's pricing strategy depends on the resumes of the manpower resources and the professions they work in, in addition to a number of other factors such as salaries, allowances or benefits they will receive, government fees such as visa and permit fees, work permits and other government fees, medical insurance costs and, in some cases, insurance against medical malpractice, recruitment fees such as foreign recruitment agency fees, medical check-ups, travel tickets, job-specific risks, and other costs such as return ticket costs, the Company's margin of profits, which the Company adds to the manpower resources monthly costs, and the size of the client.

4-4-4 Household Segment Services

Household segment services include provision of household manpower resources such as housekeepers, drivers, cooks and technicians as well as homecare through certified nurses. Household segment services can be categorized as follows.

- **Full-time Services**: The Company offers these services in the Kingdom only. It involves providing housekeepers, drivers, cooks, house manpower resources and home care nurses to its clients on a full-time basis where manpower resources live in the clients' homes. As of 30 September 2018G, the Company has an average of eight thousand seven hundred and ninety seven (8,797) full-time manpower resources in the household segment.
- **Part-Time Services**:
  - In the Kingdom, part-time resources are provided under the "Khidmah" Program. The "Khidmah" Program is a program by which the Company provides trained manpower resources through a "pay-by-hour" payment scheme. Currently, the Company offers housekeepers and homecare nurses under this program. Deployed manpower resources are transferred to and from the clients' premises by the Company in its dedicated fleet of one hundred and twenty five (125) vehicles. As of 30 September 2018G, the Company has more than nine hundred (900) manpower resources deployed under the "Khidmah" Program, all of them are housekeepers. Subsequent to 30 September 2018G, the Company also deployed seven (7) nurses under the "Khidmah" Program and intends to launch childcare services. Since its launch, the Company has served more than thirty five thousand (35,000) clients with more than four hundred thousand (400,000) visits under the "Khidmah" Program.
  - In the UAE, TPH provides trained manpower resources through a "pay-by-hour" payment scheme. The service provides housekeepers and maintenance manpower resources (technicians). As of November 2018G, TPH has six hundred (600) housekeepers, fifty (50) drivers and eleven (11) technicians deployed for part-time services. All of TPH's manpower resources are from the Philippines. TPH has served more than one hundred thousand (100,000) clients since its establishment.

As of 30 September 2018G, the Company has an average of nine thousand seven hundred and twenty three (9,723) manpower resources in the household segment (for further information about the Company's manpower resources by specialization, please refer to Section 4-4-6 "**Manpower Resources Relations**" of this Prospectus).

(a) Household Clients

As of 30 September 2018G, revenues generated from household clients amounted to 28.8% of the Company's total consolidated revenues (for further information about the Company's client care efforts, please refer to Section 4-4-8(a) "**Client Care**" of this Prospectus).

(b) Household Manpower Resources Recruitment Process in the Kingdom

The process of recruitment and staffing of manpower resources by the Company to its household clients from various countries is as follows:

- **Procurement and Management of Visas:**

  The Company maintains an inventory of visas for household manpower resources such as housekeepers, cooks, drivers, nurses and personal care assistants, and regularly requests visa quotas from the MoL when required. As of 30 September 2018G, the number of visas available to the Company in the household segment is four thousand seven hundred and thirty five (4,735).The process for procurement and management of the Company's visa inventory is the same for both full-time and part-time manpower resources. The inventory of visas for the household segment is distinct from the inventory for the corporate segment (for further information about the corporate segment visa inventory, please refer to Section 4-4-3(b) "**Corporate Manpower Resources Recruitment Process in the Kingdom**" of this Prospectus).

  The Company determines the number, nationalities, professions and gender for visas based on a number of factors including macroeconomic data, current and forecasted sales, historical data gathered through clients' requests via the Company's web portal and mobile application and government policies. The Company's sales and operations department and manpower department analyzes such data and creates a request for allocation of additional visas to the authorized individual in the sales and operations department. Once approved, the sales and operations team then requests the allocation of visas through the MoL system. The requests state the number of visas required together with the required professions and the gender, and they may take up to thirty (30) days to be approved by the MoL. Once allocated, these visas become available to be requested for reservation after specifying the nationalities required by the Company. It should be noted that the maximum number of visa applications is 10% of the Company's manpower resources on the date of application.

  The Company periodically reviews the details of manpower resources required by household clients (number, professions and gender) against its visa inventory. If the Company has the required visas available in its inventory, it will apply to reserve such visas for its clients in accordance to their needs through the MoL system and pays the visa fee of two thousand Saudi Riyals (SAR 2,000) per visa. The request for reservation through the MoL system is approved by the Ministry of Interior, which typically takes an average of eight days (8) to receive. If the Company does not have the required number of visas in its inventory, it requests the MoL for the allocation of additional visas based on demand which typically takes an average of thirty (30) days to receive. After the Company identifies manpower resources, it then requests the issuance of visas from the MoL, which typically takes an average of five (5) days to issue.

  At all times, the Company ensures that it maintains the percentage required by the MoL of household manpower resources (i.e., 20% of the Company's total manpower services, 50% of which are females). As of 30 September 2018G, household manpower resources (dedicated to both full-time and part-time services) represent 29.6% of the Company's total manpower resources, 93% of which are females.

- **Selection and Recruitment:**

  The selection and recruitment of household manpower resources process varies between manpower resources recruited for the Company's full-time and part-time services as follows:

  - **Full-time services**: In parallel with the visa process, the Company utilizes its network of foreign recruitment agencies (for further information about the foreign recruitment agencies, please refer to Section 4-4-5 "**Foreign Recruitment Agencies**" of this Prospectus) to select and recruit manpower resources. The Company contacts the relevant foreign recruitment agency and requests the recruitment of manpower resources. Foreign recruitment agencies select suitable manpower resources, negotiate terms of their employment and supervise medical examinations. After the selected manpower resources pass their medical examinations, foreign recruitment agencies notify the Company.
  - **Part-time services**: The Company follows a similar process for the selection and recruitment of manpower resources dedicated to the full-time services. However, for manpower resources dedicated to the part-time services, the Company also interviews the manpower resources after their short listing by the foreign recruitment agency and negotiates the terms of their employment directly. These interviews can be conducted over video conferencing or through periodic visits by the Company's "Khidmah" Program operational team.

After issuance of their visas, the Company issues flight tickets to the full-time and part-time manpower resources or asks agencies to issue their flight tickets. Typically, the selection and recruitment process takes an average of forty five (45) days to complete.

- **Arrival and Post-Arrival:**

The arrival and post-arrival of household manpower resources process varies between manpower resources recruited for the Company's full-time and part-time services as follows:

Full-time services: Once manpower resources arrive in the Kingdom, they are received at the airport and transferred to the Company's housing (for further information about the Company's housing, please refer to Section 4-4-6(c) "**Housing**" of this Prospectus). The Company assists such manpower resources to complete all their arrival processes including completion of the medical examination, issuing residency permits (Iqamas), obtaining medical insurance, opening bank accounts and issuing ATM cards and SIM cards. In addition, the Company conducts mandatory orientation for manpower resources upon their arrival in the Kingdom introducing them to legal requirements, cultural aspects and services available to them while being deployed (for further details about services provided to the manpower resources, please refer to Section 4-4-6 "**Manpower Resources Relations**" of this Prospectus). After completion of arrival procedures and orientation, manpower resources are deployed to clients premises as per the procedure set out below.

Part-time services: Once manpower resources arrive in the Kingdom, they are transferred to the Company's dedicated housing for manpower resources working under the "Khidmah" Program (for further information about the Company's housing, please refer to Section 4-4-6(c) "**Housing**" of this Prospectus). The Company assists such manpower resources to complete all their arrival procedures including completion of the medical examination, issuing residency permits (Iqamas), obtaining medical insurance, opening bank accounts and issuing ATM cards and SIM cards. In addition, the Company conducts mandatory orientation for manpower resources upon their arrival in the Kingdom introducing them to legal requirements, cultural aspects and services available to them while being deployed (for further details about services provided to manpower resources, please refer to Section 4-4-6 "**Manpower Resources Relations**" of this Prospectus).

- **Training:**

The Company conducts training sessions for full-time cooks and housekeepers and part-time housekeepers to assist them in acquiring and/or improving their skill-set. There is special focus on training cooks on local cuisine and training housekeepers on general household hygiene and safety matters, the training period lasts between five (5) to ten (10) days.

- **Deployment:**

The deployment of household manpower resources process varies between manpower resources recruited for the Company's full-time and part-time services as follows:

Full-time services: Once a client requests full-time services in the household segment, the Company first ensures that the client is a family household and not an individual. The Company then enters into a contract with each client (for further information about the Company's standard client contracts, please refer to Section 12-4-3 "**Providing Labor Service Agreements**" of this Prospectus) and the client pays the full amount including a deposit as a lump sum amount determined based on the profession and contract duration.

Depending on availability, the Company then either assigns manpower resources to the client immediately from its human capital management system (for further information about the human capital management system, please refer to Section 4-4-7 "**Information Technology**" of this Prospectus) or places the client on its wait list and informs the client of the waiting period which can vary from two (2) to four (4) weeks. During this waiting period, the Company expects new manpower resources to arrive in the Kingdom.

On-boarded manpower resources are allocated to the respective regions based on the wait list on "first-come first-serve" basis. The client is contacted by the relevant branch staff to arrange the transfer from the Company's housing to the client's premises. For certain VIP clients, the Company provides a door step service where deployment, contract execution and payment are performed at the client's premises.

Part-time service: Clients request "Khidmah" Program services through the Company's mobile application, web or through the Company's branches specifying the type of service (housekeeping or homecare), nationality, timing and frequency of visits. The Company's system will reject any request if it is beyond the geographical area covered. However, reports will be analyzed by the Company for such uncovered geographical areas for future expansion.

The Company first verifies that the client is a family household and not an individual. The client then executes a contract and pays the full amount in advance. The "Khidmah" Program department adds the client to their schedule and the manpower resources are transported according to the schedule from the Company's housing to the clients' premises in the Company's dedicated fleet.

Household manpower resources can be deployed in two (2) shifts per day of five (5) hours each. It should be noted that while the shift is for five (5) hours, the Company charges for (4) four hours only. Nurses are deployed in twelve (12) hour shifts. At the end of the scheduled visit, the manpower resources are picked-up by the Company's fleet and transferred back to the Company's housing dedicated for manpower resources working under the "Khidmah" Program. The client evaluates the manpower resources through the supervisor who visits the client at the time of pick-up.

- **Post-Deployment Support:**

The post-deployment support of household manpower resources varies between manpower resources recruited for the Company's full-time and part-time services as follows:

- **Full-time service**: The Company is responsible for making payroll payments to its full-time manpower resources after their deployment to clients at the end of each month directly into their bank accounts. If clients are not satisfied with the manpower resources provided to them, the Company will work with the clients to find solutions including potentially replacing such manpower resources. For example, if a client is dissatisfied for any reason at any point of the contract, the Company arranges for a replacement manpower resource and suspends the contract immediately upon request until such replacement becomes available. The Company commits to replace manpower resources within sixty (60) days.
- **Part-time service**: The Company is responsible for making payroll payments to its part-time manpower resources at the end of each month directly into their bank accounts. Payroll comprises monthly salary and overtime payments. Under the MoL regulations, regular monthly working hours for manpower resources working under the "Khidmah" Program is two hundred and eight hours (208) (i.e., eight (8) hours a day for twenty six (26) days a month with one weekly holiday). Manpower resources working under the "Khidmah" Program are allowed to work over-time for a maximum of an extra two (2) hours a day. The monthly working hours that exceed two hundred and eighty (208) are paid for separately as overtime payments. Working hours are recorded per each manpower resource's schedule and overtime is compensated at 1.5x the average regular hourly rate.

  On 15/03/1439H (corresponding to 03/12/2017G) the Company adopted on a clear policy for the salaries, entitlements and benefits of its manpower resources in the household segment, which provides the procedures for the payment of wages to deployed and un-deployed manpower resources who provide full-time and part-time services in a timely manner and prohibits any act that violates the policies of the MoL and the Wage Protection Program. As of the date of this Prospectus the Company is in compliance with this policy and to the requirements of the MoL in relation to the timely payment of the salaries (including the requirements of the Wage Protection Program). The Company also supports its full-time and part-time deployed manpower resources by providing them with all the information and services they need and ensuring that they work in a safe environment (for further information about the Company's efforts in such regard, please refer to Section 4-4-6 "**Manpower Resources Relations**" of this Prospectus).

(c) Pricing Strategy

The Company's pricing strategy depends on the resume of the manpower resources and the professions they work in, in addition to a number of other factors such as salaries, allowances or benefits they will receive, government fees such as visa and permit fees, work permits and other government fees, medical insurance costs, and recruitment fees such as foreign recruitment agency fees, medical check-ups, travel tickets, and other costs such as return ticket costs, the Company's margin of profits, which the Company adds to the manpower resources' monthly costs, and the size of the client.

4-4-5 Foreign Recruitment Agencies

Both in the corporate and household segments, the Company recruits manpower resources from over thirty three (33) countries, which are Indonesia, Philippines, India, Bangladesh, Uganda, Kenya, Pakistan, Tanzania, Vietnam, Sudan, Djibouti, Nepal, Sri Lanka, Egypt, Yemen, Jordan, Syria, Lebanon, United States of America, Palestine, Turkey, United Kingdom, Somalia, Mexico, Morocco, Nigeria, Malaysia, Austria, Algeria, Australia, South Africa, China, Czech Republic, Eretria and Croatia. The following chart illustrates the percentage of the Company's manpower resources from each country.

Table (4-18): Percentage of the Company's Manpower Resources as of 31 December 2017G and 30 September 2018G

Country	Number of Manpower Resources in the Corporate Segment		Number of Manpower Resources in the Household Segment		Total Number of Manpower Resources		Percentage of Manpower Resources	
	Financial Year 31 December 2017G	Nine-Month Period ended 30 September 2018G	Financial Year 31 December 2017G	Nine-Month Period ended 30 September 2018G	Financial Year 31 December 2017G	Nine-Month Period ended 30 September 2018G	Financial Year 31 December 2017G	Nine-Month Period ended 30 September 2018G
India	12,974	14,343	754	478	13,728	14,821	44%	45.29%
Indonesia	133	106	6,708	7,840	6,841	7,946	22%	24.28%
Nepal	5,333	3,627	24	0	5,357	3,627	17%	11.08%
Philippines	3,106	3,125	111	855	3,217	3,980	10%	12.16
Other Countries	1,606	1,825	677	524	2,283	2,349	7%	7.18%
Total	**23,152**	**23,026**	**8,274**	**9,697**	**31,426**	**32,723**	**100%**	**100%**

Source: The Company

Recruitment agencies are the main source for manpower resources from different nationalities, backgrounds and levels of expertise. The Company searches for and selects through such agencies qualified foreign manpower resources to serve both the corporate and household segments in a systematic way that includes interviewing and testing. The Company has strong relationships with more than forty five (45) recruitment agencies in different countries including India, Indonesia, Nepal, the Philippines, Egypt, Pakistan and Bangladesh (for further information about the contracts entered into with recruitment agencies, please refer to Section 4-4-5 "**Foreign Recruitment Agencies**" of this Prospectus).

The Company has a list of approved foreign recruitment agencies that it updates on a regular basis. The Company evaluates such agencies based on certain criteria such as references to such agencies by clients, previous experience with such agencies, quality of manpower resources previously recruited by such agencies, communication, quality of service, processing times, quality of facilities and registration with the Kingdom's embassy and consulates in the relevant countries. Furthermore, the Company relies on client feedback in evaluating foreign recruitment agencies such as previous experience, quality of resumes received and the interviewing process. In addition, the Company conducts regular visits to foreign recruitment agencies to ensure quality of services provided and to maintain strong relationships with such agencies.

4-4-6 Manpower Resources Relations

As of 30 September 2018G, the Company has more than thirty two thousand (32,000) deployed manpower resources in the Kingdom. With such a large number of manpower resources, the Company has a dedicated team that caters to the needs of its manpower resources, provide them with all the information and services they need and ensures that they work in a safe environment.

(a) Manpower Resources Care Center

In an effort to ensure that its manpower resources have all the necessary resources available to them, the Company launched a manpower resources care center in 2017G, which as of 30 September 2018G, has a dedicated team of six (6) employees. Such care center is responsible for processing all manpower resources complaints and makes sure that all their rights are respected. This care center is available in multiple channels including a call center, mobile application and on walk-in basis.

- Call Center:

  The Company has a call center dedicated to manpower resources enabling them to communicate with the Company directly in six (6) languages, which are Arabic, English, Hindi, Urdu, Nepali and Indonesian in relation to any concerns they may have. The call center is available six (6) days a week, from eight 8:00am to twelve 12:00am.

- My Maharah Application:

  The Company developed a mobile application, named "My Maharah" with a purpose to serve the Company's manpower resources. This application allows the manpower resources to stay in direct contact with the Company from their first day arriving into the Kingdom. The Company tries to resolve most of the requests within forty eight (48) hours by directing the requests to the relevant departments within the Company (for further information regarding the features and services of My Maharah, please refer to Section 4-4-7 "**Information Technology**" of this Prospectus).

- Walk-Ins:

  The Company receives manpower resources in the Company's housing facilities and corporate operation offices in different cities. Walk-in services are available six (6) days a week, from 8:00am to 12:00am.

(b) Medical Care

The Company secures medical insurance for all its manpower resources with comprehensive coverage. The Company's care center team is responsible for coordinating medical care for all manpower resources. Such team ensures that manpower resources who have work-related injuries and/or are unable to perform their duties because of their medical condition are provided with the necessary care. The Company follows-up on their progress on a regular basis. In addition, the Company has contracted a number of healthcare providers who visit the Company's housing complexes regularly to conduct medical examinations and to ensure the safety of living conditions for all manpower resources.

(c) Housing

The Company provides housing facilities to its manpower resources, including the manpower resources working under the "Khidmah" Program, as well as other manpower resources prior to their deployment to the corporate segment for training and orientation. The Company has three (3) types of housing facilities as follows:

- Corporate Housing:

  The Company has one facility dedicated to corporate manpower resources comprising of three (3) buildings north of Riyadh with a capacity of one thousand (1,000) individuals. The facility is equipped with reception, dining area, orientation room and a medical clinic. Rooms are fully furnished and equipped with internet access. All meals are provided by the Company. The facility acts as a transit facility until the time that manpower resources complete their post-arrival procedures and orientation program prior to their deployment to clients (for further information about the post-arrival procedures of corporate manpower resources, please refer to Section 4-4-3(b) "**Corporate Manpower Resources Recruitment Process in the Kingdom**" of this Prospectus). The facility is also used to provide accommodation to manpower resources who complete their contracts and await new deployment or are exiting the Kingdom.

- Household Full-time Service Housing:

  The Company has one main facility dedicated to full-time household manpower resources in Riyadh with a capacity for four hundred (400) individuals. The facility is equipped reception, dining area, orientation room and a medical clinic. Rooms are full furnished and equipped with internet access. All meals are provided by the Company. The facility acts as a transit facility until the time that manpower resources complete their post-arrival procedures and orientation program prior to their deployment to clients (for further information about the post-arrival procedures of corporate manpower resources, please refer to Section 4-4-4(b) "**Household Manpower Resources Recruitment Process in the Kingdom**" of this Prospectus). The facility is also used to provide accommodation to manpower resources who complete their contracts and await new deployment or are exiting the Kingdom. Additionally, the Company utilizes the facility for manpower resources working under the "Khidmah" Program depending on availability.

- **Household Part-Time Service Housing:**

  The Company has twelve (12) facilities, four (4) of which are in Riyadh, one (1) in each of Kharj, Jeddah, Dammam, Buraidah, Al-Rass, Abha, Hail and Madinah. The total capacity at these facilities is two thousand one hundred (2,100) individuals. Each room is fully furnished, has an attached kitchen and equipped with internet access.

(d) Transportation Fleet

The Company currently operates a fleet of over one hundred and forty eight (148) vehicles, of which one hundred and twenty five (125) are dedicated to the transportation of manpower resources working under the "Khidmah" Program and twenty three (23) are dedicated to support the transportation of full-time manpower resources within the corporate and household segments. The vehicles used for the transportation of manpower resources working under the "Khidmah" Program are equipped with a real-time tracking system providing instant information to the Company. Such tracking system automatically calculates the route based on proximity of the assigned clients' locations which provides the Company with an efficient tool to control vehicles, drivers and costs. To ensure continuity of services, the Company has emergency vehicles that are on stand-by in case any other vehicle is involved in a traffic accident or any other circumstances that may delay the service to the clients.

(e) Safety and Security

Safety and security of manpower resources is one of the top priorities for the Company. In fact, the Company has several protections in place against abuses and to ensure that manpower resources work in safe environments. The Company has adopted policies, that are acknowledged by its clients, which allows the Company to interfere in case any abuses are recorded against any of its deployed manpower resources such as physical abuses, workplace safety and health hazards and bad treatment of manpower resources. In such cases, the Company will recall its manpower resources and notify the competent authorities in the Kingdom of such abuses. The Company will add such clients to a black-list and will not deploy any of its manpower resources to such clients in the future.

4-4-7 Information Technology

The Company owns a comprehensive electronic system that it uses for its operations called "Maher". In addition, the Company has developed two mobile applications (one for its clients and the other for its manpower resources) and its own website. It should be noted that all such systems and applications are developed internally by the Company and the Company ensures that its servers are all hosted in a safe and secure environment and currently focuses on the protection of its systems and data against cyberattacks. Set out below is a description of the Company's system and applications.

(a) Maher Enterprise Resource Planning System

The Maher ERP system is a full-fledged enterprise resource planning solution that covers all functional areas of a human resource company and optimizes its core internal processes and transactions. The purpose of Maher ERP system is to enhance productivity, enable new business and growth strategies, eliminate costs and inefficiencies, expand knowledge of key business data, build flexibility and control, and automation of the workflow. It consists of a set of integrated software modules as follows:

- **Client Relationship Management Module:**

  The Client Relationship Management module includes features that allow clients to request, manage and track services including renewal, suspension and cancellation of services. The Client Relationship Management modules also includes the following features used by the Company in its daily operations:

  - Visa inventory management;
  - Recruitment agency relationship management;
  - Ability to interview manpower resources prior to deployment;
  - Tracking the pick-up of manpower resources at the airport and their drop-off to the Company's housing or to clients' places of business or homes;
  - Management of manpower resources staying at the Company's housing and tracking their pick-up or drop-off at the clients' places of business or homes; and
  - Issuance of email and SMS notices and notifications to clients.

- **Human Capital Management Module:**

  The Human Capital Management module assists the Company in automating all operations relating to the management of human resources from the selection of manpower resources process until the termination of their services. It provides the Company with accurate and updated information related to human resources management such as recruitment, salaries, bonuses, benefits, performance evaluations and time management. The Human Capital Management system also includes the following features:

  - Management of manpower resources' documents such as residency permits, insurance and ATM cards with a feature that tracks and notifies of expiration dates;
  - Management of manpower resources' contracts;
  - Management of manpower resources' vacations and tickets;
  - Management of manpower resources' attendance and over-time hours;
  - Ability to link the data to the Ministry of Interior and MoL's portals;
  - Tracking of medical tests, medical insurance and residency procedures;
  - Management of manpower resources' requests electronically (renewals, residency, replacement of medical insurance cards, replacement of ATM cards, etc.);
  - Management of manpower resources' pay-roll; and
  - Management of manpower resources' allowances, advances, deductions and annual bonuses.

- **Financial Information System Module:**

  The Financial Information System module assists the Company in a broad range of financial and bookkeeping applications. The Financial Information System module includes various features such as:

  - Maintaining a centralized chart of accounts with financial balances for the general ledger;
  - Client billing and collection;
  - Keeping track of organizational expenses by controlling payments to budgetary items;
  - Managing fixed assets through the tracking of depreciation and other costs related to capital assets;
  - Tracking and monitoring of cash holdings and financial deals;
  - Recording and maintaining the status of issued and received checks and wire transfers;
  - Accounting for payables and receivables;
  - Tracking the status of client accounts as well as scheduling the payment of bills to distributors and suppliers;
  - Reconciling bank statements with the Company's books; and
  - Controlling the purchasing of materials needed for varying purposes.

- **Business Intelligence Module:**

  The Business Intelligence module provides the Company's management with business insights and an overview of the business in one screen. It provides a set of tools for reporting and analyzing data, a set of built-in standard financial reports and the ability to create income statements, cash flow statements and balance sheet.

- **Self Service Module:**

  Self-service module gives clients and employees the ability to perform various actions on their own without the need to visit a branch or call center.

(b) Maharah Application

The Company developed a mobile application, named "Maharah" whose purpose is to serve the Company's clients remotely without the need to visit a branch. This application was developed internally by the Company and has multiple features including requesting products or services, entering into the service contract, payment of fees, contract renewal, downloading the account statement and finalizing all necessary procedures electronically. The Company regularly updates the application to include any new service offerings and to enhance its features frequently.

(c) My Maharah Application

The Company developed a mobile application, named "My Maharah" whose purpose is to serve the Company's manpower resources. This application was developed internally by the Company and has a number of features available in multiple languages including display of information of the manpower resources' contracts, salaries, dues, vacation days, residency permits and passports. Manpower resources are also able to submit all requests through this platform.

(d) Web Portals

The Company has three (3) web portals to serve corporate clients, the "Khidmah" Program clients and foreign recruitment agencies.

- **Corporate Clients Web Portal:**

  The Company's website connects the Company with its corporate clients where all requests can be submitted, all fees can be paid and all procedures can be finalized including timesheets, submitting financial claims and selecting manpower resources. The website is user-friendly and allows the corporate client to contact with the Company directly without the need to visit any of its locations.

- **"Khidmah" Program Clients Web Portal:**

  The Company developed a web-based portal that connects the Company with its "Khidmah" Program clients, whose purpose is to serve the Company's clients remotely without the need to visit a branch. This portal is developed internally by the Company and has multiple features including requesting a service, entering into a service contract, payment of fees and finalizing all the necessary procedures electronically. The Company regularly updates the portal to include any new service offerings and to enhance its features frequently.

- **Foreign Recruitment Agencies Web Portal:**

  The Company developed a web-based portal that connects the Company with its approved foreign recruitment agencies where all requests for international requirement can be submitted and tracked and the candidates' selection process can be completed.

4-4-8 Quality of Services

(a) Client Care

- **Corporate Segment:**

  The Company has a client relationship team comprised of eighty nine (89) manpower resources as of 30 September 2018G, arranged by industry and geographically, with a separate specialized team for the healthcare industry. Relationship managers are assigned to each client. Each relationship manager is responsible for catering to its assigned clients' needs, requests and complaints. Depending on the client type and portfolio size, the Company may allocate a supervisor at the clients' premises who is responsible for any issues or concerns with respect to the manpower resources deployed to such client. The relationship managers are supervised by their respective industry directors and regional directors.

- **Household Segment:**

  In addition to the wide range of electronic solutions that the Company offers to its clients (for further information, please refer to Section 4-4-7 "Information Technology" of this Prospectus), the Company has launched a call center in 2014G with a dedicated client care team. The call center currently has sixteen (16) client care employees who receive requests for products and services as well as inquiries, complaints and suggestions. The Company's call center receives an average of one thousand and three hundred (1,300) calls a day and the average service time is three (3) minutes.

  The Company has also developed a loyalty program in the household segment targeting household segment clients through the Company's branches, employees of the Company, employees of the Company's corporate clients and social responsibility clients (for further information about the Company's social responsibility clients, please refer to Section 4-4-9 "Social Responsibility" of this Prospectus). Such loyalty program includes discount packages and certain benefits such as free visits under the "Khidmah" Program and waiver of the security deposit.

  Furthermore, the Company has a team consisting of six (6) employees as of 30 September 2018G that is dedicated to evaluate client care employees and the client satisfaction rate. Reports are submitted to the Senior Management periodically to assess, utilize and improve strengths and weaknesses to achieve the maximum level of client satisfaction.

(b) Service Manuals

The Company developed internal manuals and procedures relating to the provision of services to the clients. The Company also developed a manual for its clients that includes procedures and key performance indicators for each service and communication methods.

4-4-9 Social Responsibility

The Company dedicates much of its efforts to social responsibility and contributing to the local community. These efforts include the following:

- Providing discount packages on the Company's services for certain categories of the community such as people with special-needs, retired government officials, divorced women and widows, as well as families of deceased military personnel.
- Sponsoring conferences and campaigns serving the community.
- Providing direct support (either in-kind or cash) to community-serving initiatives.

4-5 Business Continuity

The Directors declare that there has been no suspension or interruption in the Company's business during the last twelve-month (12) period which would affect or have a significant impact on its financial position.

4-6 Employees and Manpower Resources

The Company has (i) employees working at the Company's head office and branches; and (ii) manpower resources recruited for the purposes of providing manpower resources services to third parties in the corporate and household segments. The following is a breakdown of such employees and manpower resources:

4-6-1 Employees

Table (4-19): Company's Employees as of 31 December 2015G, 2016G and 2018G, and the Nine-Month Period ended 30 September 2018G

#	Department	31 December 2015G			31 December 2016G			31 December 2017G			30 September 2018G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1	CEO's Office	5	2	7	4	1	5	1	1	2	1	2	3
2	Internal Audit	0	0	0	0	1	1	1	1	2	1	2	3
3	Strategy and Business Development	4	2	6	1	1	2	2	1	3	1	2	3
4	Operation and Sales for the Corporate Segment	30	48	78	36	69	105	39	69	108	37	53	90
5	Operation and Sales for the Household Segment	26	35	61	27	42	69	27	74	101	65	63	128
6	Operation and Sales for the "Khidmah" Program	4	11	15	11	37	48	25	90	115	33	135	168
7	Executive Management of Manpower Services	22	32	54	25	59	84	49	88	137	28	91	119
8	Executive Management of Financial Affairs	4	14	18	5	13	18	5	14	19	10	14	24
9	Executive Management of Human Resources	6	3	9	6	1	7	7	2	9	10	1	11
10	Executive Management of Support Services	4	49	53	3	73	76	5	57	62	9	59	68
11	Executive Management of Information Technology	4	11	15	2	20	22	1	20	21	7	29	36
12	Marketing and Public Relations	2	11	13	2	13	15	3	17	20	7	7	14
Total		**111**	**218**	**329**	**122**	**330**	**452**	**165**	**434**	**599**	**209**	**458**	**667**

Source: The Company

4-6-2 Manpower Resources

As of 31 December 2017G and the period ended 30 September 2018G, the Company has thirty one thousand four hundred and twenty seven (31,427) and thirty two thousand seven hundred and twenty three (32,723) manpower resources from different countries, respectively. This headcount does not include employees working at the Company's head office and branches and is limited to manpower resources recruited for the purposes of providing manpower resources services to third parties. The following table sets out details of the Company's manpower resources in the past three (3) years and the nine-month period ended 30 September 2018G.

Table (4-20): The Company's Manpower Resources as of 31 December 2015G, 2016G and 2017G and the Nine-Month Period Ended 30 September 2018G.

Nationality	31 December 2015G	31 December 2016G	31 December 2017G	30 September 2018G
India	12,632	14,247	13,731	14,822
Indonesia	4,906	6,497	5,357	7,946
Nepal	508	4,089	6,841	3,627
Philippines	1,866	2,824	3,218	3,980
Other Countries	4,688	3,213	2,280	2,348
Total	**24,600**	**30,870**	**31,427**	**32,723**

Source: The Company

The following table shows the Company's average manpower resources based on segment and specialization in the last three (3) years and the nine-month period ended 30 September 2018G.

Table (4-21): The Company's Average Manpower Resources Based on Segment and Specialization in 31 December 2015G, 2016G and 2017G and the Nine-Month Period ended 30 September 2018G.

Specialty	31 December 2015G	31 December 2016G	31 December 2017G	30 September 2018G
Corporate Segment				
Common labour	20,426	20,383	17,168	17,027
General nurses	292	421	781	1,036
Salesman	256	862	1,254	1,076
Marketing specialists	296	286	304	238
Physician	38	49	66	79
Waiters (food server)	186	577	666	432
Specialist nurses	248	231	268	362
Cook, general	95	307	540	639
Sales representatives	391	252	228	198
Restaurant worker	35	482	534	610
Other occupations	987	1,278	1,344	1,329
Corporate Segment Total	23,223	25,128	23,153	23,026
Household Segment				
Housekeeper	613	4,522	7,277	9,065
Private drivers	764	1,219	997	616
Technicians	0	0	0	16
Household Segment Total	1,377	5,741	8,274	9,697
Total	**24,600**	**30,869**	**31,427**	**32,723**

Source: The Company

4-6-3 Saudization

The Company received a certificate from the MoL with the number 2001901018713 dated 14/05/1440H (corresponding to 20/01/2019G), certifying that the Company is in compliance with the Saudization requirements required by the Company. As per the Nitaqat program implemented by the MoL, the Company is in compliance with the nationalization requirements applicable to the Company as per its status with Nitaqat as of 10/04/1440H (corresponding to 17/12/2018G), which is high green. The following table sets out the Company's compliance with the Saudization requirements applicable to the Company as per its status with Nitaqat dated 10/04/1440H (corresponding to 17/12/2018G).

Table (4-22): Saudization Details of the Company as of 10/04/1440H (corresponding to 17/12/2018G)

Number of Saudis	Average Percentage as per the Nitaqat Program	Nitaqat Classification
225	84,42%	High Green

Source: The Company

5- Organizational Structure of the Company

5-1 Shareholding Structure of the Company

The following table shows the shareholding structure of the Company before and after the Offering.

Table (5-1): The shareholding structure of the Company before and after the Offering

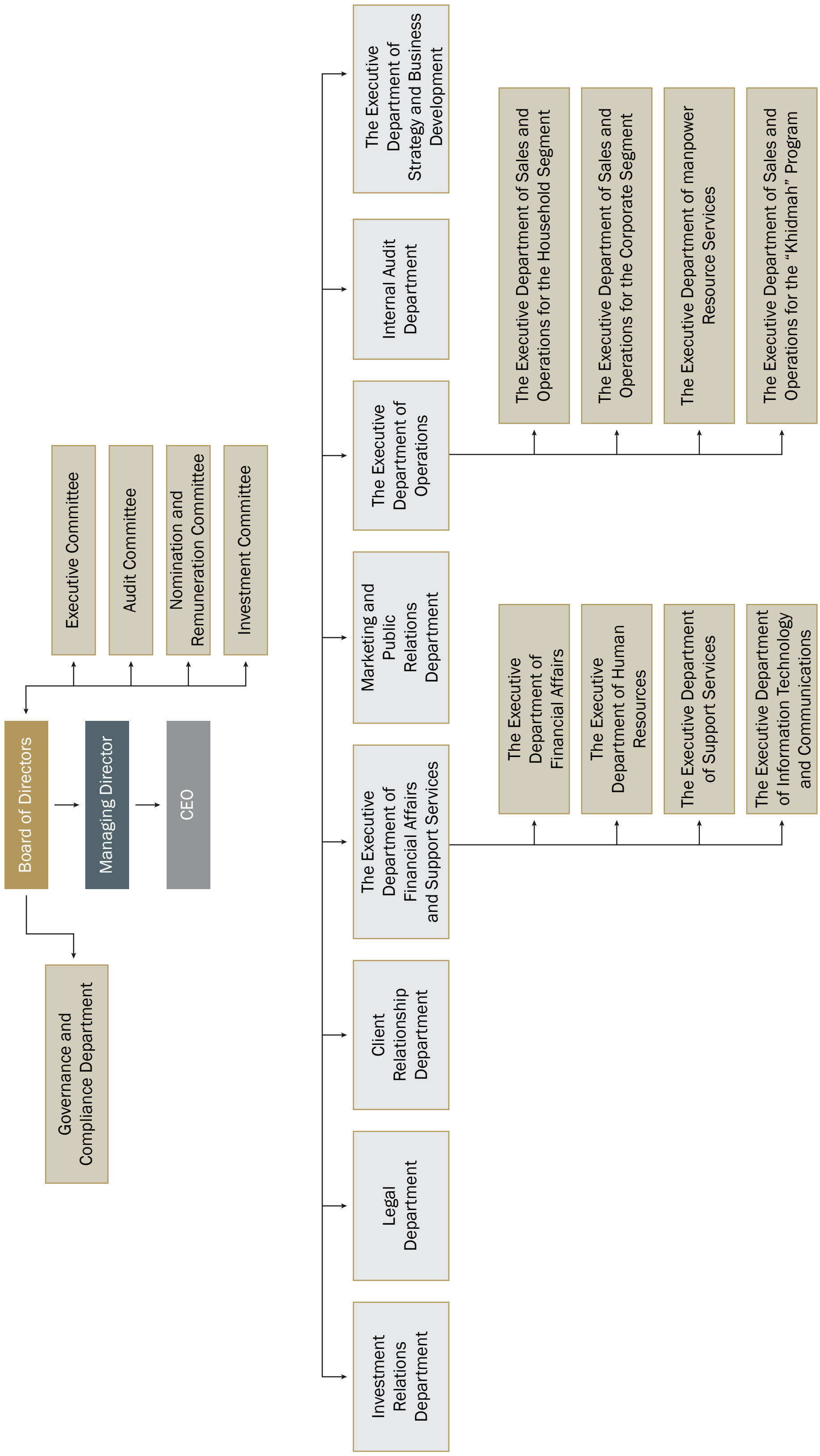
Shareholders	Pre-Offering			Post-Offering		
	Number of Shares	Nominal value (SAR)	Percentage	Number of Shares	Nominal value (SAR)	Percentage
Al-Ahliya International Real Estate Investment Company	10,410,000	104,100,000	27.76%	7,287,000	72,870,000	19.43%
Al-Khibra Al-Mi'mariya Company	8,553,750	85,537,500	22.81%	5,987,625	59,876,250	15.97%
Al-Faisaliah Holding Group Company	7,500,000	75,000,000	20.00%	5,250,000	52,500,000	14.00%
Abdullah Sulaiman Al-Amro	6,536,250	65,632,500	17.43%	4,575,375	45,753,750	12.2%
Dr. Sulaiman Al-Habib Commercial Investment Company	3,750,000	37,500,000	10.00%	2,625,000	26,250,000	7.00%
Al-Wasat Al-Raqi Trading Establishment	298,125	2,981,250	0.795%	208,687	2,086,870	0.56%
Mohammed Abdulaziz Al-Eid Manpower Establishment	112,500	1,125,000	0.30%	78,750	787,500	0.21%
Fakher Al-Khaleej Manpower Office	112,500	1,125,000	0.30%	78,750	787,500	0.21%
Alfa Manpower Establishment	112,500	1,125,000	0.30%	78,750	787,500	0.21%
Abdulelah Abdulmohsin Ali Al-Oqaili	112,500	1,125,000	0.30%	78,750	787,500	0.21%
Mohammed Hamad Mohammed Al-Muzaini	1,875	18,750	0.005%	1,313	13,130	0.004%
Public	-	-	-	11,250,000	112,500,000	30%
Total	**37,500,000**	**375,000,000**	**100%**	**37,500,000**	**375,000,000**	**100%**

Source: The Company

5-2 Management Structure

The following chart illustrates the management structure of the Company, including the Board, its supervisory committees and the functions of Executive Management members:

Chart 5-1: Management Structure of the Company



Source: The Company

5-3 Board of Directors

5-3-1 Composition of the Board

The Company is managed by a Board comprising of eleven (11) Directors, including four (4) independent Directors, appointed by the Ordinary General Assembly. The Company's Bylaws and internal governance regulations define the functions and responsibilities of the Board. The term of directors, including the Chairman, shall be a maximum of three (3) years for each session. Unless otherwise provided for in the Company's Bylaws, the Directors may be reappointed. A Director may not act as a board member in more than five (5) listed joint stock companies concurrently. The current session of the Board commenced 06/05/1439H (corresponding to 12/02/2018G) for a term of three years.

The following table includes the Board and the Board Secretary as of the date of this Prospectus:

Table (5-2): The Company's Directors

Name	Position	Nationality	Age	Membership Status	Representative of	Direct or indirect ownership (%)		Membership Date*
						Pre-Offering	Post-Offering	
Sulaiman Abdulaziz Al-Majed	Chairman	Saudi	56 years	Non-Executive	Al-Ahliya International Real Estate Investment Company	4.72%	3.30%	06/05/1439H (corresponding to 12/02/2018G)
Abdullah Ahmed Al-Dashan Al-Kenani	Vice Chairman	Saudi	55 years	Non-Executive	Al-Faisaliah Holding Group Company	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Abdullah Sulaiman Al-Amro	Managing Director	Saudi	54 years	Executive	In his personal capacity	17.43%	12.20%	06/05/1439H (corresponding to 12/02/2018G)
Saud Nasser Al-Shathri	Member	Saudi	48 years	Non-Executive	Al-Ahliya International Real Estate Investment Company	12.21%	8.55%	06/05/1439H (corresponding to 12/02/2018G)
Abdullah Abdulaziz Al-Majed	Member	Saudi	43 years	Non-Executive	Al-Ahliya International Real Estate Investment Company	3.05%	2.14%	06/05/1439H (corresponding to 12/02/2018G)
Ali Feqhi Damati	Member	Jordanian	55 years	Non-Executive	Dr. Sulaiman Al Habib Commercial Investment Company	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Abdulaziz Ibrahim Al-Nowaiser	Member	Saudi	45 years	Non-Executive/ Independent	N/A	N/A	N/A	23/02/1440H (corresponding to 01/11/2018G)
Sulaiman Nasser Al-Hatlan Al-Qahtani	Member	Saudi	47 years	Non-Executive/ Independent	N/A	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Ibrahim Zayid Al-Fadhilah Asiri	Member	Saudi	57 years	non-Executive/ Independent	N/A	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Sulaiman Ali Sultan	Member	Saudi	44 years	non-Executive/ Independent	N/A	N/A	N/A	06/05/1439H (corresponding to 12/02/2018G)
Yousef Mohammed Al-Ghafari	Member	Saudi	47 years	Executive	N/A	N/A	N/A	23/02/1440H (corresponding to 01/11/2018G)

* Dates listed in this table are the dates of appointment of Directors for the current term of the Board. The resumes of the Directors state the dates at which all Directors were appointed to the Board or any other position (for further details, please refer to Section 5-3 "**Board of Directors**" of this Prospectus).

Source: The Company

The Board Secretary is Nourah Nasser Al-Khathlan, who was appointed to this position on 23/11/1439H (corresponding to 05/08/2018G) (for a summary of her resume, please refer to Section 5-3-6 "**Summary of the Resumes of the Board of Directors and Board Secretary**" of this Prospectus).

5-3-2 Responsibilities of the Board

The Board represents all shareholders; it shall exercise its duty of care and duty of loyalty in the Company's management and observe its interests, development and maximize its value. The ultimate responsibility for the Company rests with the Board even if it sets up committees or delegates some of its powers to a third party. The Board shall avoid issuing general or indefinite power of attorney.

Without prejudice to the powers conferred on the General Assembly in accordance with the Companies Law, its implementing regulations, and the Company's Bylaws, the Board shall be vested with the widest powers to manage the business of the Company so as to achieve its objectives. The functions and responsibilities of the Board include the following:

- Developing the Company's plans, policies, strategies and main objectives, periodically supervising their implementation and revision, and ensuring the availability of human and financial resources necessary to achieve them.
- Developing internal control systems and supervising their implementation.
- Developing clear and specific policies, standards and procedures for board membership and implementing them upon approval by the General Assembly.
- Developing a written policy governing the relationship with stakeholders.
- Developing policies and procedures to ensure compliance of the Company and Executive Management thereof with the laws and regulations and the obligation to disclose material information to shareholders and stakeholders.
- Supervising the Company's financial affairs management, cash flows and financial and credit relations with third parties.
- Making recommendations to the Extraordinary General Assembly with respect to:
  - Increasing or decreasing the Company's share capital.
  - Dissolving the Company before the expiry of the term set out in its Bylaws or deciding its continuance.
- Making recommendations to the Ordinary General Assembly with respect to:
  - Using the Company's additional reserve if created by the Extraordinary General Assembly and if not designated for a specific purpose.
  - Creating additional financial reserves or provisions for the Company.
  - Method of distributing the Company's net profits.
- Developing the Company's preliminary and annual financial statements and approving them before publication.
- Preparing the Board's report and approve it before publication.
- Ensuring that the data and information needed to be disclosed are accurate. This shall be done in accordance with the applied policies and procedures of disclosure and transparency.
- Establishing effective communication channels to continuously and periodically enable shareholders to have access to the Company's different activities and any substantial developments.
- Forming specialized committees of the Board by virtue of resolutions in which the Board determines the term, authorities, and responsibilities of the committees and how to monitor the same. The formation resolution shall include the designation of the members and determination of their duties and rights, along with assessing performance and work of such committees and their members, except for the Audit Committee, which shall be formed by under a resolution by the General Assembly.
- Determining types of compensation given to the employees, such as fixed compensations, and compensations related to performance as well as compensations in the form of shares in a manner consistent with the regulatory controls and procedures issued pursuant to the Company's Bylaws pertaining to listed joint-stock companies.
- Developing principals and standards that govern the business of the Company.

5-3-3 Chairman

Without prejudice to the responsibilities of the Board, the Chairman shall lead the Board and oversee the progress of its activities and effective performance of its functions. The functions and responsibilities of the Chairman particularly include:

- Ensuring Directors' timely access to full, clear, correct and non-misleading information.
- Ensuring that the Board discusses all the main issues in an efficient and timely manner.
- Representing the Company before third parties, as provided for by the Companies Law, its implementing regulations, and the Company's Bylaws.

- Encouraging the Directors to perform their functions effectively and to achieve the Company's interest.
- Creating effective communication channels with shareholders and making their opinions heard to the Board.
- Encouraging constructive relations and active participation between the Board, Executive Management, and between the executive members, non-executive members and independent members and to create a culture that encourages constructive criticism.
- Preparing an agenda for Board meetings, taking into account any matter raised by a Board member or auditor and holding consultations with the Board members, and the CEO upon preparing the agenda of the Board.
- Holding periodic meetings with non-executive directors, without the attendance of any executive directors;
- Informing the Ordinary General Assembly, once convened, of the work and contracts in which a Director has a direct or indirect interest.

5-3-4 Board Secretary

The Board Secretary shall assume the following responsibilities:

- Documenting the meetings of the Board, and preparing their minutes, including discussions, deliberations, place, date, beginning and end of the meeting, while documenting and recording the decisions of the Board, and voting results in a special and organized register together with description of names of attending Directors and objections made by them, if any. These minutes shall be signed by all attending Directors.
- Maintaining reports presented to the Board as well as other reports prepared thereby.
- Providing Directors with the Board's agenda, working papers, documents, information, and any additional documents or information requested by any of the Directors in relation to the topics of the meeting agenda.
- Ensuring that the Directors comply with procedures approved by the Board.
- Informing the Directors of meeting appointments sufficiently before the date specified.
- Presenting the draft meeting minutes to the Directors for their views before signing them;
- Ensuring that Directors have completely and rapidly obtained the Board meeting minutes, and information and documents related to the Company.
- Coordinating between the Directors.
- Organizing the register of disclosures of the Directors and Executive Management in accordance with Corporate Governance Regulations.
- Providing assistance and advice to Directors.

5-3-5 Service Contracts with Directors

There are no service or employment contracts entered into between the Directors and the Company.

5-3-6 Summary of the Resumes of the Board of Directors and Board Secretary

Resume of the current Board of Directors are as follows:

Table (5-3): Summary of Sulaiman Abdulaziz Al-Majed's Resume

Name	Sulaiman Abdulaziz Al-Majed
Age	56 years
Nationality	Saudi
Title	Chairman
Academic Qualifications	• Bachelor of Islamic Economics, Al-Imam Muhammad Ibn Saud Islamic University, the Kingdom, 1986G.
Current Positions	• Chairman at the Company from 2015G to date. • Board Member at Mazaya Gulf Commercial Investment Holding Company, a limited liability company, operating in the companies' management and investment industry, from 2012G to date. • Board Member at Tatarstan Investment, a joint stock company, operating in the investment industry from 2012G to date. • Board Member at Al-Ahliya Real Estate Company, a limited liability company, operating in the real estate industry from 2007G to date. • Chairman at AD Engineering Company, a Saudi professional company, operating in the engineering counseling industry, from 2004G to date.
Key Past Experience	• Chairman at Tanmiyat Commercial Investment Company, a closed Saudi joint stock company, operating in the real estate industry and the commercial industry from 2004G to 2015G. • General Manager at Tanmiyat Clothing Trade Corporation, a Saudi sole proprietorship, operating in the retail industry from 1993G to 2004G. • General Manager at Tanmiyat Real Estate Corporation, a Saudi sole proprietorship, operating in the real estate industry, from 1982G to 2004G.

Source: The Company

Table (5-4): Summary of Abdullah Ahmed Al-Dashan Al-Kenani's Resume

Name	Abdullah Ahmed Al-Dashan Al-Kenani
Age	55 years
Nationality	Saudi
Title	Vice-Chairman, Executive Committee Nomination and Remuneration Committee member, and Investment Committee member
Academic Qualifications	• Master of Accounting, University of Miami, United States of America, 1990G. • Bachelor of Accounting, King Abdulaziz University, the Kingdom, 1986G.
Current Positions	• Executive Director at Strategic Investments and Business Development at Al-Faisaliah Holding Group, a closed Saudi joint stock company, operating in the investment industry from 2018G to date. • Vice-Chairman at the Company, from 2018G to date. • Investment Committee Member at the Company, from 2018G to date. • Board Member at Accenture Company, a Saudi limited liability company, operating in the strategic counseling, automated system, outsourcing and e-transformation industry, from 2018G to date. • Board Member at Mizan Foods Group, a Saudi limited liability company, operating in the food processing and distribution industry, from 2018G to date. • Executive Committee Member at the Company, from 2017G to date. • Nomination and Remuneration Committee member and member of the Investment Committee at the Company, from 2017G to date. • Board Member at Exentia Company, a UAE Company, operating in the pharmaceutical industry, from 2014G to date. • Board Member at Al-Mozaini Real Estate Co, a Saudi company, operating in the real estate industry, from 2008G to date.
Key Past Experience	Audit Committee Member at the Company, from 2017G to 2018G. Board Member at International Pharmaceutical Industries Company, a Jordanian limited liability company, operating in the pharmaceutical industry, from 2014G to 2018G. Chairman at Al Safi Danone Iraq Company, an Iraqi limited liability company, operating in the food and beverage processing industry, from 2013G to 2017G. Board Member at Al Safi Danone Company, a Saudi limited liability company, operating in the food and beverage processing industry, from 2013G to 2017G. Executive Director of Business Development at Al-Faisaliah Holding Group, a closed Saudi joint stock company, operating in the investment industry, from 2002G to 2008G. Controller General at Al-Faisaliah Holding Group, a closed Saudi Joint Stock Company, operating in the investment industry, from 1997G to 2002G. Assistant Director-General of Investment and Finance at Samba Financial Group, a Saudi joint stock company, operating in the financial services industry, from 1993G to 1997G. Lecturer at Institute of Public Administration, a Saudi independent government agency, operating in the education, training and consulting industry, from 1991G to 1993G. Accountant at the Institute of Public Administration, a Saudi independent government agency, operating in the raising the efficiency of the State's employees and enhancing them academically industry, from 1986G to 1988G.

Source: The Company

Table (5-5): Summary of Abdullah Sulaiman Al-Amro's Resume

Name	Abdullah Sulaiman Al-Amro
Age	54 years
Nationality	Saudi
Title	The Managing Director, Chairman of the Executive Committee and the Chairman of the Investment Committee.
Academic Qualifications	• Fellowship in Radiation Surgery, McGill University, Canada, 1995G. • Fellowship in radiation therapy, University of Ottawa, Canada, 1995G. • American Board of Radiation Oncology, American Council, United States of America, 1995G. • Canadian Fellowship of Physicians and Surgeons, Royal College, Canada, 1995G. • Bachelor of Medical Sciences, King Faisal University, the Kingdom, 1988.
Current Positions	• Chairman at Investment Committee at the Company, from 2018G to date. • Chairman at Audit and Development Company, a Saudi company, operating in the auditing industry, from 2016G to date. • Board Member at the Company, from 2013G to date. • Managing Director at the Company, from 2013G to date. • Chairman at the Executive Committee at the Company, from 2013G to date. • Member of the King Fahad Medical City Consultative Council, a Saudi governmental institution, operating in the health and medical care industry, from 2005G to date. • Radiation Oncology Consultant at King Fahad Medical City Consultative Council, a Saudi governmental institution, operating in the health and medical care industry, from 2005G to date. • Chairman at the Saudi Cancer Society, a Saudi charity, operating in cancer prevention, from 2004G to date.
Key Past Experience	• General Executive Director at King Fahad Medical City, a Saudi governmental institution, operating in health and medical care industry from 2004G to 2013G. • Radiation Oncology Consultant at King Faisal Specialist Hospital & Research Center, a Saudi governmental hospital, operating in the medicine, healthcare and medical research industry from 1996G to 2008G. • President of Oncology Center at King Faisal Specialist Hospital & Research Center, a Saudi governmental hospital, operating in the medicine, healthcare and medical research industry, in 2004G. • Executive Director of Joint Cooperation and Enterprise Development at King Faisal Specialist Hospital & Research Center, a Saudi governmental hospital, operating in the medicine, healthcare and medical research industry from 1999G to 2004G. • Head of Cooperation Program with the Kingdom's Hospitals at King Faisal Specialist Hospital & Research Center, a Saudi governmental hospital, operating in the medicine, healthcare and medical research from 1997G to 1999G. • Head of Radiotherapy Department at King Faisal Specialist Hospital & Research Center, a Saudi governmental hospital, operating in the medicine, healthcare and medical research industry from 1997G to 1998G. • Head of Saudi Students Club in Ottawa, Canada from 1993G to 1994G.

Source: The Company

Table (5-6): Summary of Saud Nasser Al-Shathri's Resume

Name	Saud Nasser Al-Shathri
Age	48 years
Nationality	Saudi
Title	Board Member
Academic Qualifications	• Ph.D., Systems Department, Higher Institute of Law, the Kingdom, 1430H. • Master of Legitimate Policy, Higher Institute of Law, the Kingdom, 1421H. • Bachelor of Shariah, Al-Imam Muhammad Ibn Saud Islamic University, the Kingdom, 1414H.
Current Positions	• Chairman at Tanmiyat Commercial Investment Company, closed saudi joint stock company, operating in the real estate and trading industry from 2015G to date. • Board Member at the Company from 2013G to date. • Board Member at MAZAYA Gulf Commercial Investment Holding Company, a limited liability company, operating in corporate governance and investment from 2012G to date. • Board Member at Tanmiyat Medical Company, a Saudi joint stock company, operating in importing and exporting medicines, medical products and drugstores from 2010G to date. • Board Member at Al-Ahliya International Real Estate Investment Company, a Saudi limited liability company, operating in real estate from 2007G to date.
Key Past Experience	Notary Public at the Ministry of Justice, Saudi government entity, operating in Judiciary Service, from 1414H to 1426H

Source: The Company

Table (5-7): Summary of Abdullah Abdulaziz Al-Majed's Resume

Name	Abdullah bin Abdulaziz Al-Majed
Age	43 years
Nationality	Saudi
Title	Board Member
Academic Qualifications	• Masters of Business Administration, London Business School, United Kingdom, 2015G. • Bachelor of Computer Science, Saud University, the Kingdom, 1997G.
Current Positions	• Board Member at the Company from 2018G to date. • Managing Director at Delta International Company, a UAE limited liability company, operating in marketing from 2016G to date. • Chairman at Four Winds International Trading Company, a limited liability company, operating in import, export and trade from 2015G to date. • Board Member at Mazaya Gulf Commercial Investment Holding Company, a limited liability company, operating in corporate managing investment firms from 2012G to date. • Executive Chairman at Tanmiyat Investment Company, a Saudi closed joint stock company, operating in real estate and trading from 2009G to date. • Board Member at Al-Ahliya International Real Estate Investment Company, a limited liability company, operating in real estate ownership, management and operation from 2007G to date.
Key Past Experience	• Managing Director at Global Real Estate Company, a Saudi joint stock company, operating in real estate from 2007G to 2012G. • Board Member at Osos Entertainment Company, a Saudi limited liability company, operating in the entertainment industry from 2004G to 2012G. • Executive Vice-Chairman at Tanmiyat Group, a Saudi Group, operating in the real estate and trading industry from 2007G to 2009G. • Marketing & Sales Director at Tanmiyat Group, a Saudi closed joint stock company, operating in the real estate and trading industry from 2004G to 2006G.

Source: The Company

Table (5-8): Summary of Ali Feqhi Damati's Resume

Name	Ali Feqhi Damati
Age	55 years
Nationality	Jordanian
Title	Board Member, Executive Committee Member, Investment Committee Member and Nomination and Remuneration Committee Member
Academic Qualifications	• Master of Electrical Engineering, King Fahd University of Petroleum & Minerals, the Kingdom, 1988G. • Bachelor of Electrical Engineering, King Fahd University of Petroleum & Minerals, the Kingdom, 1986G.
Current Positions	• Managing Director at Maraya Investment Company, a Saudi joint stock company, operating in investment industry from 2018G to date. • Executive Committee Member at Zawaya Capital Company, a Saudi joint stock company, operating in investment industry from 2018G to date. • Board Member at Mayar Company, a UAE joint stock company, operating in investment industry from 2018G to date. • Board Member at the Company from 2017G to date. • Nomination and Remuneration Committee Member at the Company from 2017G to date. • Investment Committee Member at the Company from 2016G to date. • Executive Committee Member at the Company from 2016G to date.
Key Past Experience	• Head of Strategies and projects at Dr. Sulaiman Al-Habib Medical Group, a Saudi joint stock company, operating in the medicine, healthcare and medical research industry from 2015G to 2018G. • Chairman at Philips Healthcare Saudi Arabia Company, a Saudi limited liability company, operating in healthcare from 2013G to 2015G. • Executive Chairman at Al Faisaliah Medical Systems Company, a Saudi holding company, operating in healthcare devices industry from 2005G to 2015G. • Middle East and Africa Regional Manager at Philips in Dubai and Geneva, a medical company, operating in healthcare devices from 2001G to 2005G. • Middle East and North Africa Regional Manager at HP in Geneva, a global company, operating in laptops, desktops and printers industry from 1998G to 2001G. • Manager at Kodak in Dubai for South East Europe, Middle East and Africa, a global company, operating in camera industry from 1995G to 1997G.

Source: The Company

Table (5-9): Summary of Abdulaziz bin Ibrahim Al-Nowaiser's Resume

Name	Abdulaziz bin Ibrahim Al-Nowaiser
Age	45 years
Nationality	Saudi
Title	Board Member and Chairman of Audit Committee
Academic Qualifications	• Diploma in International Financial Reporting (DipIFR), Chartered Certified Accountant Body, United Kingdom, 2018G. • Fellowship Certificate of Internal Auditors (CIA), Institute of Internal Auditors, United States of America, 2014G. • Fellowship Certificate of Financial Managers (CFM), Institute of Management Accountants, United States of America, 2007G. • Fellowship Certificate of Management Accountants (CMA), Institute of Management Accountants, United States of America, 2006G. • Master of Accounting, Case Western Reserve University, United States of America, 2002G. • Certified Public Accountant (CPA), American Institute of Certified Public Accountants, United States of America, 2002G. • Bachelor of Accounting, King Saud University, the Kingdom, 1995G.
Current Positions	• Board Member at the Company from 2018G to date. • Chairman of Audit Committee at the Company from 2018G to date. • Executive Director and Board Member at Tahkm Investment Company, a closed Saudi joint stock company, operating in investment from 2018G to date. • Board Member and Chairman of Audit Committee at Development and Investment Entertainment Company, a closed Saudi joint stock company, operating in entertainment industry from 2017G to date. • Board Member and Audit Committee Member at Cooperative Insurance Company, a closed Saudi joint stock company, operating in the insurance industry from 2015G to date. • Board Member at House of National Consulting, a Saudi limited liability company, operating in counseling from 2007G to date.

Key Past Experience	• Finance Vice-Presidency at Arabian Internet and Communications Services Co. Ltd. (STC solutions), a Saudi limited liability company, operating in in the internet and communications industry from 2016G to 2018G. • Finance Vice-President at Abdullah Al-Othaim Investment and Real Estate Development Company, a Saudi joint stock company, operating in the establishment, management and operation of hypermarkets from 2014G to 2016G. • Executive Director at House of National Consulting, a Saudi limited liability company, operating in the consulting industry from 2010G to 2014G. • Operational Partner at House of National Consulting, a Saudi limited liability company, operating in the consulting industry from 2007G to 2010G.

Source: The Company

Table (5-10): Summary of Sulaiman Nasser Al-Hatlan Al-Qahtani's Resume

Name	Sulaiman Nasser Al-Hatlan Al-Qahtani
Age	47 years
Nationality	Saudi
Title	Board Member and Chairman of Nomination and Remuneration Committee
Academic Qualifications	• Master of Professional Accounting, California State University, United States of America, 1998G. • Bachelor of Accounting, Saud University, the Kingdom, 1994G.
Current Positions	• Board Member at the Company from 2017G to date. • Chairman of Nomination and Remuneration Committee at the Company from 2017G to date. • Board Member and Chairman of Audit Committee at Maalem Financing, a closed Saudi joint stock company, operating in financing from 2016G to date. • Audit Committee Member at Dr. Sulaiman Al-Habib Medical Group, a Saudi joint stock company, operating in the medicine, healthcare and medical research industry from 2015G to date. • Audit Committee Member at Almarai Company, a Saudi joint stock company, operating in in the agriculture, dairy products and food distribution industry from 2011G to date. • Audit Committee Member at Bank Albilad, a Saudi joint stock company, operating in in financial services industry from 2011G to date. • Board Member and Executive Chairman at House of National Consulting, a Saudi financial company, operating in securities business from 2008G to date.
Key Past Experience	• Compensation and Nomination Member and Risk Committee Member at Arabian Shield Cooperative Insurance Company, a Saudi public joint stock company, operating in the insurance industry from 2016G to 2017G. • Board Member at Arabian Shield Cooperative Insurance Company, a public saudi joint stock company, operating in insurance from 2014G to 2017G. • Chairman of Audit Committee at Arabian Shield Cooperative Insurance Company, a Public Saudi Joint Stock Company, operating in insurance from 2014G to 2016G. • Board Member and Chairman of Audit Committee at AlJazierah Home Appliances, a Saudi limited liability company, operating in electrical appliances from 2012G to 2013G. • Director at Consultancy at Al Hamid & Al Nemr Consulting, a specialized professional Company, operating in financial and administrative consulting from 2006G to 2008G. • Member of the Training Committee at Financial Program Industry at Institute of Public Administration, an independent government agency, operating in the training, research and consulting industry from 1998G to 2006G. • Assistant Instructor at Institute of Public Administration, an independent government agency, operating in the training, research and consulting industry from 1994G to 1995G.

Source: The Company

Table (5-11): Summary of Ibrahim Zayid Al-Fadhilah Asiri's Resume

Name	Ibrahim Zayid Al-Fadhilah Asiri
Age	57 years
Nationality	Saudi
Title	Board Member and Nomination and Remuneration Committee
Academic Qualifications	• Master of Public Administration, King Saud University, the Kingdom, 1996G. • Bachelor of Business Administration, King Abdulaziz University, the Kingdom, 1986G.
Current Positions	• Board Member at the Company from 2018G to date. • Member of Nomination and Remuneration Committee at the Company from 2018G to date. • Deputy Secretary-General at King Abdulaziz Center for National Dialogue, a Saudi government entity, operating in promoting the value of coexistence and national cohesion through dialogue from 2018G to date.
Key Past Experience	• Assistant Secretary-General for Executive Affairs at the King Abdul Aziz Center for National Dialogue, a Saudi government entity, operating in promoting the value of coexistence and national cohesion through dialogue from 2011G to 2018G • Member of the Administrative and Financial Advisory Group at the Saudi Red Crescent Self-Employment Project, operating in provision of emergency medical services, in 1433H. • Advisor to the Administrative Development at the Shura Council, a Saudi governmental body, operating in reviewing the proposed governmental regulations and decisions from 1430H to 1433H. • Chief of Administration and Finance at Prince Mohammed bin Abdulaziz Medical City, a Saudi medical city, operating in health and medical care industry from 1431H to 1432H. • Member of Training Body in the Human Resources, Coordinator of the Human Resources Programs and Director of a number of departments at the Institute of Public Administration, a Saudi independent government agency, operating in the education and training industry from 1406H to 1432H. • Member of Development of Structure and Organizational Manual Committee at the Committee for the Promotion of Virtue and the Prevention of Vice, a Saudi official body, operating in the application of the system of calculation according to Islamic sharia, in 1432H. • Member of Program Committee of Board of Directors at the National Charity Fund, operating in the charity indusry, in 1432H. • Management Consultant and Executive Director of Administrative and Financial Affairs at King Fahad Medical City, a Saudi governmental institution, operating in health and medical care industry from 1430H to 1431H. • Head of the Administrative Management Studies Group at the Higher Ministerial Committee for Administrative Organization, a Saudi governmental committee, operating in establishment, integration and separation of the relevant organizational entities and studies from 1426H to 1431H. • Administrative Management Consultant at the Board of Greivances, a Saudi judicial authority, operating in judicial industry from 1429H to 1430H. • Member of the team responsible for development of administrative management, internal regulation and regulation of teaching, admission and the fund at King Fahad Medical City, a Saudi medical city, operating in health and medical care industry from 1428H to 1429H. • Full-time consultant for development at the Administrative Agency of the General Presidency of Youth Welfare (currently General Sports Authority), a Saudi government entity, operating in organizing sports, cultural and social activities in the Kingdom from 1419H to 1421H.

Source: The Company

Table (5-12): Summary of Sulaiman Ali Sultan's Resume

Name	Sulaiman Ali Sultan
Age	44 years
Nationality	Saudi
Title	Board Member
Academic Qualifications	• Bachelor of English Literature, King Abdulaziz University, the Kingdom, 2002G. • Diploma in Computer Information Systems, University of Greenwich, United Kingdom, 1996G.
Current Positions	• Board Member of the company from 2018G to date. • Head of Corporate Affairs at Salik, Public Investment Fund-owned enterprises, operating in investment in agriculture and livestock production from 2018G to date.
Key Past Experience	• Director of Corporate Support Department at the Islamic Corporation for the Development of the Private Industry, operating in development of private industry in Member State from 2015G to 2018G. • Head of Human Resources Department at Mobile Telecommunications Company Saudi Arabia (Zain KSA), a Saudi joint stock company, operating in the telecommunications and information technology industry from 2014G to 2015G. • Director of Human Resources at Ernst & Young, an international company, operating in the reviewing and auditing from 2006G to 2014G. • Human Resources Advisor at BAE Systems Saudi Development & Training (SDT), an international joint stock company listed on the London Stock Exchange, operating in aerospace, science and technology from 1996G to 2016G.

Source: The Company

Table (5-13): Summary of Yousef Mohammed Al-Ghafari's Resume

Name	Yousef Mohammed Al-Ghafari
Age	47 years
Nationality	Saudi
Title	Board Member, Executive Director and Executive Committee Member
Academic Qualifications	• General Secondary School (scientific) diploma, the Model Capital Institute, the Kingdom, 1409H.
Current Positions	• Board Member at the Company from 2018G to date. • Executive Chairman at the Company from 2018G to date. • Executive Committee Member at the Company from 2018G to date.
Key Past Experience	• Board Member, Managing Director at Abu Muti Bookstores Company, a Saudi joint stock company, operating in office and school supplies from 2017G to 2018G. • Board Member at Al Wastah Food Services Company, a Saudi limited liability company, operating in food business from 2015G to 2017G. • Board Member at Riyadh Food Company, a Saudi private company, operating in provision of food services from 2013G to 2017G. • Board Member at Othaim Holding Company, a Saudi holding company, operating in investment from 2008G to 2017G. • Board Member at Al Othaim Investment and Real Estate Development company, a Saudi closed joint stock company, operating in investment and real estate development from 2007G to 2017G. • Board Member at Abdullah AlOthaim Markets, a Saudi joint stock company, operating in central markets chain from 2006G to 2017G. • Executive Chairman at Abdullah AlOthaim Markets, a Saudi joint stock company, operating in central markets chain from 2009G to 2015G. • Executive Chairman at Othaim Holding Company, a Saudi holding company, operating in investment from 2011G to 2013G. • Executive Vice-Chairman at Lazurde Jewelry, a Saudi joint stock company, operating in jewelry business from 2005G to 2006G. • Deputy Assistant Secretary-General and Director General of Administrative Development at Saudi Commission for Tourism & National Heritage, a Saudi government agency, operating in tourism and national heritage industry in the kingdom from 2000G to 2004G. • Director of Human Resources at Samba Financial Group, a Saudi public joint stock company, operating in providing solutions and banking services from 1997G to 2004G. • Credit Officer at Riyad Bank, a Saudi joint stock company, operating in providing solutions and banking services from 1995G to 1997G. • Director of Personnel at Al Rajhi Bank, a Saudi joint stock company, operating in providing solutions and banking services from 1991G to 1994G.

Source: The Company

Table (5-14): Summary of Nourah Nasser Al-Khathlan's Resume

Name	Nourah bint Nasser Al-Khathlan
Age	30 years
Nationality	Saudi
Title	Director of Compliance and Governance Department and Board Secretary
Academic Qualifications	• Corporate Governance License, Thomson Reuters, 2017G. • Bachelor of Law, King Saud University, the Kingdom, 2011G.
Current Positions	• Board Secretary at the Company from 2018G to date. • Director of Governance of the Company from 2018G to date.
Key Past Experience	• Legal Advisor and Secretary of the Board of Directors of Medgulf Insurance, a joint stock company, operating in insurance industry from 2016G to 2018G. • Legal Advisor of Medgulf Insurance, a joint stock company, operating in insurance industry from 2013G to 2016G. • Compliance Officer of Medgulf Insurance, a joint stock company, operating in insurance industry from 2012G to 2013G.

Source: The Company

5-4 Board Committees

The Board has formed a number of committees based on the Company's needs to help it achieve its duties effieciently,in addition to relevant legal requirements. These committees are the Executive Committee, Audit Committee, Nomination and Remuneration Committee and Investment Committee.

The structure, responsibilities and current members of each standing committee are summarized as follows:

5-4-1 Executive Committee

The main purpose of the Executive Committee is to provide support and advice to the Board in relation to matters and issues. The responsibilities of the Executive Committee include the following:

- Making recommendations in regards to annual business plans to the Board.
- Recommending the adoption of the Company's mission and vision and proposing amendments thereto to the Board.
- Making recommendation regarding the operating model adopted by the Company to the Board.
- Reviewing the Company's estimated annual budgets and making recommendations to the Board.
- Reviewing and making and recommendations to the Board with regards to estimated budget overruns as to annual capital or operating costs.
- Reviewing and recommending to the Boardfor approval of transfers between the items of the estimated operating budget.
- Reviewing and recommending to the Board regarding the performance of the Executive Management by reviewing the performance reports and financial statements of the Company.
- Any other functions assigned by the Board to the Executive Committee.

The Executive Committee is composed of the following members appointed by the Board on 14/02/1440H (corresponding to 23/10/2018G):

Table (5-15): Members of the Executive Committee

	Name	Title
1	Abdullah Sulaiman Al-Amro	Chairman
2	Abdullah Ahmed Al-Dashan Al-Kenani	Member
3	Ali Feqhi Damati	Member
4	Abdulrahman Mohammed Belqassem	Member
5	Yousef Mohammed Al-Ghafari	Member

Source: The Company

The following are the resumes of the executive committee members:

Table (5-16): Summary of Abdullah Sulaiman Al-Amro's Resume, Executive Committee Member

Name	Abdullah Sulaiman Al-Amro
Title	Chairman
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-17): Summary of Abdullah Ahmed Al-Dashan Al-Kenani's Resume, Executive Committee Member

Name	Abdullah Ahmed Al-Dashan Al-Kenani
Title	Member of the Executive Committee
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-18): Summary of Ali Feqhi Damati's Resume, Executive Committee Member

Name	Ali Feqhi Damati
Title	Member of the Executive Committee
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-19): Summary of Abdulrahman Mohammed Belqassem's Resume, Executive Committee Member

Name	Abdulrahman Mohammed Belqassem
Age	52 years
Nationality	Algerian
Title	Member of the Executive Committee and member of the Investment Commitee
Academic Qualifications	• Bachelor of Computer Science, King Abdulaziz University, Saudi Arabia, 1992.
Current Positions	• Investment Committee Member at the Company, from 2018G to date. • Executive Committee Member at the Company, from 2018G to date. • Nomination and Remuneration Committee Member at the Company, from 2018G to date. • Development Director at Tanmiyat Group, a Saudi group, operating in the real estate industry and the trading industry, from 2017G to date.
Key Past Experience	• Audit Committee Member at the Company, from 2017G to 2018G. • Financial Manager at Orange, a Saudi sole proprietorship, operating in the household linen trade industry, from 2016G to 2017G. • Deputy General Manager and Financial Manager at Al-Ghandoura Company, a Saudi limited liability company, operating in the trading and manufacturing of electrical control panels industry, from 2012G to 2016G. • Financial Manager and Manager of Support Services at Impaqta Management Advisory Services, a UAE limited liability company, operating in the computer systems industry, from 2006G to 2012G. • Operations Manager and Financial Manager at Power Systems, a Saudi sole proprietorship, operating in the computer systems industry, from 1994G to 2006G.

Source: The Company

Table (5-20): Summary of Yousef Mohammed Al-Ghafari's Resume, Executive Committee Member

Name	Yousef Mohammed Al-Ghafari
Title	Member of the Executive Committee
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

5-4-2 Audit Committee

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity and accuracy of its financial statements and internal control systems. The Audit Committee's functions include the following:

(a) Financial Reporting

- Considering the Company's preliminary and annual financial statements before submitting them to the Board and expressing opinions and recommendations thereon to ensure they are integral, fair and transparent.
- Providing the technical opinion, at the request of the Board, on whether the Board's report and financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- Examining any important or unusual issues contained in the financial reports.
- Carefully investigating any matters raised by the Company's CFO or his deputy, compliance officer or auditor.
- Checking accounting estimates in material issues stated in the financial reports.
- Considering the Company's applicable accounting policies and expressing opinions and recommendations to the Board of Directors with respect thereto.

(b) Internal Audit

- Considering and reviewing internal control systems, financial and risk management in the Company.
- Considering reports of internal audit and following up on implementing corrective actions for the notes therein contained.
- Monitoring and supervising the performance and activities of the internal auditor and the internal audit department of the Company, if any, to verify the availability of the necessary resources and their effectiveness in performing their tasks and assignments. If the Company does not have an internal auditor, the Audit committee should recommend to the Board the need to appoint him.
- Making recommendations to the Board to appoint the director of the internal audit unit or department or the external auditor and proposing his remuneration.

(c) The Auditor

- Making recommendations to the Board about nomination and dismissal of auditors, determining their fees and evaluating their performance after checking their independence and reviewing their work scope as well as the terms of their contracts.
- Verifying the independence, objectivity and fairness of auditors and the effectiveness of auditing, taking into account relevant rules and standards.
- Reviewing the auditor's plan and its works, ensuring that it does not perform technical or administrative activities that fall outside the scope of auditing and submitting its opinions thereon.
- Responding to the inquiries of the Company's auditor.
- Reviewing the auditor's report and the notes on the financial statements and following up the relevant actions.

(d) Ensuring Compliance

- Reviewing the results of supervisory bodies' reports and confirming that the Company took the necessary actions in this regard.
- Confirming the Company's compliance with relevant laws, regulations, policies and instructions.
- Reviewing the proposed contracts and transactions to be entered into by the Company with the related parties and expressing its views thereon to the Board.
- Reporting the Audit Committee's views as to the need for action to be taken by the Board and recommending actions to be taken.

(e) Other Powers

To perform its functions, the Audit Committee is entitled to:

- Have access to the Company's records and documents.
- Convene and request any clarification from the Board or Executive Management.
- Request the Board to convene the General Assembly to convene if its business was hindered by the Board or if the Company suffered material losses or damages.

The Audit Committee is composed of the following members appointed pursuant to the resolution of the Ordinary General Assembly dated 23/02/1440H (corresponding to 01/11/2018G):

Table (5-21): Members of the Audit Committee

	Name	Title
1	Abdulaziz Ibrahim Al-Nowaiser	Chairman
2	Jasser Abdulkarim Al-Jasser	Member
3	Abdulaziz Abdullah Al-Haidari	Member
4	Osama Sulaiman Ghazal	Member

Source: The Company

The following is the summary of the Audit Committee members's resumes:

Table (5-22): Summary of Abdulaziz Ibrahim Al-Nowaiser's Resume, the Chairman of the Audit Committee

Name	Abdulaziz Ibrahim Al-Nowaiser
Title	Audit Committee Chairman
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-23): Summary of Jasser Abdulkarim Al-Jasser's Resume, Audit Committee Member

Name	Jasser Abdulkarim Al-Jasser
Age	43 years
Nationality	Saudi
Title	Member of Audit Committee
Academic Qualifications	• Certified Internal Auditor, Institute of Internal Auditors, United States of America, 2006G. • Certified Risk Analyst, AAFM, United States of America, 2005G. • MBA, Colorado Technology University, United States of America, 2001G. • Bachelor's degree in Business Administration, King Saud University, the Kingdom, 1999G.
Work Experience	• Audit Committee Member at the Company, from 2018G to date. • Manager of Risk Department at the Saudi Ministry of Finance, operating in the financial industry in the Kingdom, from 2018G to date.
Key Past Experience	• Manager of Internal Audit at NCB, a Saudi public joint stock company, operating in the banking services industry, from 2015G to 2018G. • Manager of Internal Audit at Saudi Stock Exchange (Tadawul), a Saudi joint stock company, operating in the financial market industy, from 2010G to 2015G. • Assistant Vice President of the Commercial Finance Department at Riyad Bank, a Saudi joint stock company, operating in the provision of solutions and baking services, from 2008G to 2010G. • Assistant Vice President at Riyad Bank, a Saudi joint stock company, operating in the provision of solutions and baking services, from 2002G to 2010G. • Assistant Vice President of Audit Relations Manager at Riyad Bank, a Saudi joint stock company, operating in the provision of solutions and baking services, from 2002G to 2008G.

Source: The Company

Table (5-24): Summary of Abdulaziz Abdullah Al-Haidari's Resume, Audit Committee Member

Name	Abdulaziz Abdullah Al-Haidari
Age	38 years
Nationality	Saudi
Title	Member of Audit Committee
Academic Qualifications	• Master's Degree in Information Technology Management, California State University, Hayward, United States of America, 2016G. • Master of Professional Accounting, King Saud University, the Kingdom, 2012G. • Bachelor of Accounting, King Saud University, the Kingdom, 2001G.
Work Experience	• Audit Committee Member at the Company, from 2018G to date. • Executive Audit Manager at ELM Information Security Company, a Saudi joint stock company, operating in the technical solutions, governmental outsourcing and information technology industry, from 2017G to date. • Member of the Audit Committee at Al-Subaie Charity Foundation, a Saudi establishment, operating in the charity industry, from 2017G to date. • Audit Committee Member at Mask Logistics, a Saudi limited liability company, operating in the logistics solutions industry, from 2017G to date.
Key Past Experience	• Manager of Internal Audit Department at Elm Information Security Company, a Saudi joint stock company, operating in the technical solutions, governmental outsourcing and information technology industry, from 2012G to 2016G. • Internal Auditor at Elm Information Security Company, a Saudi joint stock company, operating in the technical solutions, governmental outsourcing and information technology industry, from 2008G to 2012G. • Accountant at the Ministry of the Interior, a Saudi governmental body, operating in the national security, naturalization, immigration and customs industry, from 2005G to 2008G. • Assistant Accountant at the Ministry of the Interior, a Saudi governmental body, operating in the national security, naturalization, immigration and customs industry, from 2002G to 2005G.

Table (5-25): Summary of Osama Sulaiman Ghazal's Resume, Audit Committee Member

Name	Osama Sulaiman Ghazal
Age	48 years
Nationality	Palestinian
Title	Audit Committee Member
Academic Qualifications	Bachelor of Accounting and Finance, King Abdulaziz University, the Kingdom, 1992G.
Current Positions	• Member of the Audit Committee at the Company, from 2018G to date. • Chief Financial Officer at Dr. Sulaiman Al-Habib Investment Company, a Saudi limited liability company, operating in the investment industry, from 2015G to date.
Key Past Experience	• Manager of Risk and Control Department at Al-Faisaliah Medical Systems Company, a Saudi holding company, operating in the healthcare equipment industry, from 2014G to 2015G. • Chief Financial Officer at Al-Faisaliah Medical Systems Company, a Saudi holding company, operating in in the healthcare equipment industry, from 2012G to 2014G. • Chief Financial Officer at Bank Alkhair, a global Islamic investment bank, operating in the financial services industry, from 2009G to 2012G.

Source: The Company

5-4-3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the following duties and responsibilities:

- Developing a clear policy for the remuneration of Directors and committees of the Board and the Executive Management, and submitting them to the Board for consideration to be adopted by the General Assembly, provided that such policy takes into account the adoption of standards related to performance and disclosure and implementation verification thereof.
- Demonstrating the relationship between granted remuneration and applicable bonus policy and any substantial violation of this policy.
- Regularly reviewing the remuneration policy and assessing the proficiency thereof in respect of achieving its objectives.
- Making recommendations to the Board with respect to the remunerations of the Board and its committees and the Senior Executives of the Company as per the approved policy.
- Proposing clear policies and criteria for membership in the Board and Executive Management.

- Making recommendations to the Board on nomination and re-nomination of directors in accordance with the approved policies and standards, taking into account exclusion of any person who has already been convicted of a crime prejudicial to honor.
- Preparing a description of the abilities and qualifications required for Board membership and the executive management functions.
- Determining the time a Director should allocate to perform the functions of the Board of Directors.
- Performing an annual review of the necessary skills or experience requirements for the Board membership and functions of the Executive Management.
- Reviewing the structure of the Board and Executive Management and making recommendations on possible changes.
- Annually assuring the independence of each independent Director and absence of any conflict of interest in the event a Director serves as a member of the board of directors of another company.
- Setting job descriptions for executive, non-executive and independent Directors and Senior Executives.
- Setting special procedures in case the position of a Board member and Senior Executive is vacant.
- Defining the Board's strengths and weaknesses, and suggesting solutions that serve the Company's interest.

The Nomination and Remuneration Committee is composed of the following members appointed by the Board on 22/08/1439H (corresponding to 08/05/2018G):

Table (5-26): Members of the Nomination and Remuneration Committee

	Name	Title
1	Sulaiman Nasser Al-Hatlan Al-Qahtani	Chairman
2	Abdullah Ahmed Al-Dashan Al-Kenani	Member
3	Ali Feqhi Damati	Member
4	Ibrahim Zayid Al-Fadhilah Asiri	Member
5	Abdulrahman Mohammed Belqassem	Member

Source: The Company

The following is the summary resumes of the Nomination and Remuneration Committee members:

Table (5-27): Summary of Sulaiman Nasser Al-Hatlan Al-Qahtani's Resume, the Chairman of the Nomination and Remuneration Committee

Name	Sulaiman Nasser Al-Hatlan Al-Qahtani
Title	Chairman of the Nomination and Remuneration Committee
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-28): Summary of Abdullah Ahmed Al-Dashan Al-Kenani's Resume, Nomination and Remuneration Committee Member

Name	Abdullah Ahmed Al-Dashan Al-Kenani
Title	Member of the Nomination and Remuneration Committee
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-29): Summary of Ali Feqhi Damati's Resume, Nomination and Remuneration Committee Member

Name	Ali Feqhi Damati
Title	Member of the Nomination and Remuneration Committee
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-30): Summary of Ibrahim Zayid Al-Fadhilah Asiri's Resume, Nomination and Remuneration Committee member

Name	Ibrahim Zayid Al-Fadhilah Asiri
Title	Member of the Nomination and Remuneration Committee
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-31): Summary of Abdulrahman Mohammed Belqassem's Resume, Nomination and Remuneration Committee Member

Name	Abdulrahman Mohammed Belqassem
Title	Member of the Nomination and Remuneration Committee
Resume	Please refer to Section 5-4-1 "Executive Committee" of this Prospectus.

Source: The Company

5-4-4 Investment Committee

The Investment Committee the following duties and responsibilities:

- Supervising investing activities.
- Drafting and developing an investment strategy and policy and reviewing its performance and implementation on an annual basis.
- Reviewing and recommending proposed new investments to the Board.
- Monitoring the general risks of investment policy.
- Submitting the performance report of the investment portfolio to the Board.

The Investment Committee is composed of the following members appointed by the Board on 22/08/1439H (corresponding to 08/05/2018G):

Table (5-32): Investment Committee Members

	Name	Title
1	Abdullah Sulaiman Al-Amro	Chairman
2	Abdullah Ahmed Al-Dashan Al-Kenani	Member
3	Ali Feqhi Damati	Member
4	Abdulrahman Mohammed Belqassem	Member
5	Abdulaziz bin Mohammed Al-Sheikh	Member

Source: The Company

The following is the summary biography of the Investment Committee members:

Table (5-33): Summary of Abdullah Sulaiman Al-Amro's Resume, Investment Committee Member

Name	Abdullah Sulaiman Al-Amro
Title	Investment Committee Chairman
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary" of this Prospectus.

Source: The Company

Table (5-34): Summary of Abdullah Ahmed Al-Dashan Al-Kenani's Resume, the Investment Committee Member

Name	Abdullah Ahmed Al-Dashan Al-Kenani
Title	Investment Committee Member
Resume	Please refer to Section 5-3-6 "Summary of the resumes of the Board of Directors and the Secretary of the Board" of this Prospectus.

Source: The Company

Table (5-35): Summary of Ali Feqhi Damati's Resume, Investment Committee Member

Name	Ali Feqhi Damati
Title	Investment Committee Member
Resume	Please refer to Section 5-3-6 "Summary of the resumes of the Board of Directors and the Secretary of the Board" of this Prospectus.

Source: The Company

Table (5-36): Summary of Abdulrahman Mohammed Belqassem's Resume, Investment Committee Member

Name	Abdulrahman Mohammed Belqassem
Title	Investment Committee Member
Resume	Please refer to Section 5-4-1 "Executive Committee" of this Prospectus.

Source: The Company

Table (5-37): Summary of Abdulaziz Mohammed Al-Shaikh's Resume, Investment Committee Member

Name	Abdulaziz bin Mohammed Al-Sheikh
Title	Investment Committee Member
Resume	Please refer to Section 5-5-4 "Summary of Resumes of the Executive Management Members" of this Prospectus.

Source: The Company

5-5 Executive Management

The Company's Executive Management consists of a team with the necessary expertise and skills to manage the Company under the supervision of the Board. The CEO shall conduct the day-to-day business of the Company in accordance with the directions and policies set by the Board, to ensure that the Company achieves its stated objectives defined by the Board.

5-5-1 The Executive Management Departments

(a) The Executive Management Department of Financial Affairs and Support Services

The Executive Management Department of Financial Affairs and Support Services includes the following sub-departments:

(1) The Executive Department of Financial Affairs

The Executive Department of Financial Affairs is responsible for the following:

- **Strategy:**
  - Participating in the preparation of long-term and short-term financial and management plans.
  - Preparing the Company's annual budget draft, helping to implement and achieve the Company's operational plan.
  - Taking procedures to provide the required liquidity to fund the new projects.
- **Supervisory:**
  - Reviewing reports to analyze actual revenues, expenses and profits against the proposed figures and developing the operational plans.
  - Ensuring the application of policies and procedures to ensure their effective implementation and to achieve the supervisory role.
- **Operations:**
  - Preparing all financial statements and reports including income statement, statement of financial position and reports provided to shareholders and government entities.
  - Periodic reconciliation of the Company's records, books and programs with the external entities as well as making the necessary adjustments.
  - Directing and recording accounting entries for all operations of the Company to ensure its compliance with accounting rules and standards.
  - Ensuring that cash flows are sufficient to meet the Company's needs for the purpose of meeting operational obligations.

(2) Executive Department of Human Resources

The Department carries out several tasks, including securing the Company's need of qualified personnel, planning for human resources and working to meet the needs of the functional manpower to serve the strategic plan of the Company and its directions, in addition to creating an attractive work environment that helps employees to stabilize and continue to serve the Company and following the labor market and local and international developments in order to implement best practices related to human resources management.

The responsibilities and functions of the Executive Department of Human Resources are summarized as follows:

- Manpower resources planning as well as identifying the Company's annual needs of human resources.
- Organizing and directing human resources.
- Discovering, managing and developing manpower resource talents.
- Analyzing, designing and evaluating jobs.
- Recruitment, selection and nomination.
- Designing the structure of wages, salaries, incentives and bonuses.
- Managing wages, salaries, incentives and bonuses.
- Planning and developing the employees' careers.
- Training and developing the employees and working on skills development.
- Evaluating performance and identifying employees' strengths and weaknesses.
- Applying disciplinary measures and penalties.
- Receiving and reviewing employees' complaints and solving their problems.
- Organizing and keeping employees' files and records.
- Preparing related periodic reports and statistics.
- Ensuring the implementation of the provisions, regulations and laws of the MoL.
- Developing safety systems and working on providing a secure and stable environment for employees.

(3) The Executive Department of Support Services

The Executive Department of Support Services is responsible for following up on the operation, maintenance, cleaning, procurement and managing the Company's property and transportation. It contains sections that perform roles and functions supporting the other departments. It makes studies and plans which contribute to improving the facilities and departments of the Company.

The responsibilities and functions of the Executive Department of Support Services are summarized as follows:

- Securing transportation services for the Company's employees and ensuring their proper management and following up of their work.
- Following-up on maintenance and cleaning of all the Company's facilities and means of transportation.
- Supervising the process of designing new facilities and equipping them with safety means as well as supervising their implementation.
- Providing the necessary equipment for any branches, residential buildings, headquarters, etc.
- Managing the Company's procurement and providing the Company with full logistic support.
- Counting the Company's properties and incorporating their data in special related records as well as providing its insurance coverage and taking all the necessary preventive measures to ensure their security and safety.
- Managing property security and performing the preventive maintenance to them.
- Developing periodic plans to maintain the continuity of support and ensure its continuous presence at the Company.
- Responding quickly to requests from different departments and ensuring their applications are secured.

(4) The Executive Department of Information Technology and Communications

The Executive Department of Information Technology and Communications Technology works on developing plans and programs to provide technical solutions that serve the Company's business and achieves its strategic objectives.

The responsibilities and functions of the Executive Department of Information Technology and Communications are summarized as follows:

- Preparing the annual plans of the Department and following up on their implementation after adoption.
- Preparing studies on the expansion of computer services and information technology in the Company.
- Providing the technical infrastructure for all the Company's facilities.

- Developing and equipping technical systems by working on the Company's machines, observing, supervising and securing them and following up on their work.
- Gradually developing and automating all the internal procedures, defining performance measure indicators for performance and preparing performance reports that serve the departments in decision-making process.
- Identifying the Company's needs of computers, programs, systems, information security and following-up their provision according to instructions, procedures and standards.
- Preparing the necessary technical specifications for the security of computers and related devices necessary for the course of work.
- Providing the highest degree of protection for the technical devices and networks used in the Company.
- Testing and checking the systems and programs and ensuring their quality and that they are meeting the requirements.
- Providing a website for the Company on the internet, updating and maintaining it continuously.

(b) The Executive Department of Sales and Operations

The Executive Department of Sales and Operations consists of the following departments:

(1) The Executive Department of Sales and Operations for the Household Segment

The Executive Department of Sales and Operations for the Household Segment is responsible for providing household manpower resources and distinctive packages for the clients in order to meet their needs and achieve a high level of satisfaction among the beneficiaries of the provided service and seek to acquire the largest market share in the household segment as well as finding the best ways and means to achieve the objectives and plans adopted in the household management industry.

The responsibilities and functions of the Executive Department of Sales and Operations for the Household Segment are summarized as follows:

- Achieving the Company's plans for excellence in service, spread and expansion within the Kingdom.
- Providing the best services to the clients and working on meeting their needs of qualified and trained household manpower.
- Meeting the clients' wishes and needs by providing packages that suit all categories of society and easy means of payment.
- Meeting the clients' wishes and needs of the required manpower type, disciplines and professions, as well as developing new markets.
- Developing an action plan for marketing and promoting activities to attract clients.
- Retaining clients by providing additional services and preparing loyalty programs.
- Assessing markets and understanding the size of competition as well as impact measurement.
- Reviewing and developing the workflow system continuously.
- Ensuring that there are effective programs capable of keeping pace with the needs of the market and clients, meeting their needs.

(2) The Executive Department of Sales and Operations for the Corporate Segment

The Executive Department of Sales and Operations for the Corporate Segment is responsible for the following:

- Attracting clients in various industries within the corporate segment through a qualified sales and marketing team and working on acquiring a large percentage of the market.
- Achieving the Company's plans for excellence in service through a qualified team and technical services that facilitate the provision of service to clients.
- Establishing real performance indicators that aim to improve service and improve client satisfaction and making periodic visits to clients.
- Providing all professions, disciplines and competencies as desired by clients and contracting with qualified and extinguished external recruitment offices in providing and meeting the needs of clients.
- Diversifying products according to market needs.
- Providing trained manpower resources that is ready to enter the market and providing the required visas as soon as possible.
- Building competitive advantages that correspond to market needs, support client requirements and save their money.
- Retaining clients by providing additional services and preparing loyalty programs.
- Assessing markets and understanding the size of competition as well as impact measurement.
- Reviewing and developing the workflow system continuously.

(3) The Executive Department of Manpower Services

The Executive Department of Manpower Services is responsible for attracting the qualified manpower based on the requirements of the Company's clients and following up the process of hosting them and providing them with hospitality services upon arrival to the Kingdom and working on processing them through drafting employment contracts, performing medical examination, issuing the necessary health insurance, accommodation cards and work permits. It is also be responsible for the following:

- Providing an orientation program for the new manpower resources.
- Providing medical care for manpower resources.
- Building and consolidating the necessary working relationships with foreign embassies and recruitment agencies.
- Renewing and terminating employment contracts.
- Issuing travel tickets.
- Contracting with foreign recruitment agencies to provide the qualified manpower resources.
- Completing and following-up on government matters.
- Providing hospitality and accommodation services.
- Following-up on labor disputes.
- Developing incentive programs for manpower resources to increase loyalty and provide them with full support.
- Developing communication services with manpower resources through technology to facilitate their service.

(4) The Executive Department of Sales and Operations for the "Khidmah" Program

The Executive Department of Sales and Operations for the "Khidmah" Program is responsible for providing an hourly trained household manpower resources.

The functions of this Department are summarized as follows:

- Setting goals and preparing annual management plans.
- Supervising the services of the household manpower resources provided on an hourly basis.
- Studying the expansion plans throughout the Kingdom as well as implementing them in collaboration with the relevant departments.

(c) The Executive Department of Strategy and Business Development

The Executive Department of Strategy and Business Development is responsible for developing the Company's business and developing the overall strategy and the main work plans of the Company in order to achieve its objectives and implement its strategy. Moreover, it has the following responsibilities and functions:

- Business Development through identifying and evaluating new business opportunities and supporting their maturity to serve the Company's strategy.
- Developing the Company's strategy and working towards achieving its vision by implementing the Company's strategic and operational initiatives.
- Developing strategic partnerships within and outside of the Kingdom that serve the Company's strategy.
- Developing the portfolio of the strategic projects by defining the priorities in implementing the Company's portfolio of strategic projects as well as developing detailed plans and timetables for the implementation of projects and following-up on the same.
- Undertaking technical, economic, financial and market feasibility studies for the investment opportunities offered to the Company.
- Adopting the innovative ideas and supporting with the necessary information and studies.
- Managing the Company's projects to ensure the achievement of positive results for the Company's segments.
- Supporting the excellence of the Company's operations by establishing the Company's policies and procedures as well as developing and monitoring the performance indicators.

(d) Compliance and Governance Department

The Compliance and Governance Department is responsible for organizing the various relationships between the Board, committees, Executive Management, shareholders and stakeholders through developing special rules and procedures.

The functions and responsibilities of the Compliance and Governance Department are as follows:

- Developing a corporate governance manual and ensuring compliance with it.
- Developing internal regulations, procedures and policies to ensure adherence to the best governance practices.
- Commitment to properly apply all the manuals, procedures, policies and instructions issued by the regulatory authorities.

- Ensuring the accuracy and integrity of data and information to be disclosed.
- Preparing and drafting the Board's annual report.
- Addressing conflicts of interest.
- Managing the relationship with stakeholders.
- Preserving the rights of shareholders.
- Preparing for the meetings of the General Assembly, the Board and the committees.
- Following up on the resolutions of the General Assembly, the Board and the committees and ensuring their implementation.
- Ensuring that tasks and responsibilities are properly distributed within the Company.

(e) Internal Audit Department

The Company's Internal Audit Department is an independent and objective activity that aims at preserving the Company's value through the compatibility of all the Department's activities with the Company's strategy and objectives as well as the interest of the shareholders. The Department draws its independence and authority from the internal audit charter adopted by the Audit Committee.

The main tasks of the Internal Audit Department are as follows:

- Assessing the Company's risks in order to establish an annual audit plan based on three (3) consecutive years, covering all activities of the Company every three (3) years. The plan is to be approved by the Audit Committee while giving priority to the highest risk activities in addition to exerting a greater effort in carrying out audit tasks.
- Adjusting risk assessment for all activities and internal audit plan according to the results of the internal audit activities annually.
- Implementing the annual audit plan, including, as appropriate, any special functions requested by the Audit Committee or the Executive Management.
- Issuing periodic reports to the Audit Committee summarizing the results of all audit activities, risk assessments, internal control and governance systems.
- Keeping the Audit Committee informed with all trends and developments in internal audit practices while making recommendations for the necessary revisions in the internal audit charter and the Internal Audit Department guide.
- Ensuring that management activities are in accordance with the principles of the profession and best practices, according to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors).
- Following-up on the adequacy of corrective actions taken by the Executive Management based on the internal audit reports/recommendations.
- Implementing the continuous auditing and following-up on programs through the system, which aims at alerting the most immediate risks as well as applying the corrective measures and to mitigate the Company's vulnerability to these risks.
- Providing advisory services/advice to Senior Executives or the Board regarding emerging risks that may limit the achievement of the Company's objectives.
- Conducting initial study as well as providing advising and consulting services regarding the Company's initiatives and projects while maintaining objectivity.

(f) Marketing and Public Relations Department

The Marketing and International Relations Department plays a vital role in promoting the Company's business and mission. It serves as an interface for the Company where it develops strategies that are in line with the Company's plans and objectives. In addition to conducting marketing research, identifying the target client category, analyzing competitors, planning, implementing and managing marketing and promotional campaigns which in turn helps to reach clients in a better way.

The following marketing and public relations management functions shall include:

- Developing marketing strategies that achieve the Company's goals and plans.
- Conducting market research, analyzing the current situation as well as conducting marketing research to identify the targeted group and analyzing competitors and determining the wishes and needs of clients.
- Developing marketing plans, planning, implementing and managing marketing campaigns to increase market share and sales.
- Producing marketing and promotional materials and displaying them in appropriate advertising channels.
- Managing and monitoring the Company's social networking sites as well as the Company's website.

(g) Client Relationship Department

Client Relationship Department is responsible for maintaining clients and winning their loyalty as well as ensuring the achievement of the desired level of satisfaction. It is divided into two (2) sections: (i) Client Call Center, and (ii) Client Care Section, whereas Client Relationship Department is responsible for performing the following tasks:

- Receiving incoming calls to the call center from existing or potential clients and answering all inquiries or executing orders, whether sales requests or submission of complaints and providing clarifications related to marketing offers.
- Dealing with current and former clients to resolve their complaints and inquiries, identifying reasons of former clients' leaving, attracting them to the Company and increasing and maintaining growth rates.
- Conducting client surveys by telephone, sending SMS or through official channels in social media (such as Twitter) in order to monitor market trends, identify opportunities and weaknesses, gather client suggestions and monitor their satisfaction levels.
- Communicating with (current and former) clients in order to measure their satisfaction with the services provided to them by the Company through criteria that summarize the client's relationship with the Company and analyzing them in order to ensure the continuity of the relationship with clients and increase the levels of satisfaction with the services of the Company.

(h) Legal Department

The Legal Department has the following responsibilities:

- Preparing and reviewing all legal documents.
- Preparing and reviewing contracts, agreements and legal memoranda.
- Conducting legal researches.
- Providing advice to the Board, Senior Executives, and all the Company's departments in legal matters.
- Representing the Company before all judicial, regulatory and supervisory bodies.
- Initiating and following-up on the judicial proceedings at all levels of courts against other parties.
- Collecting the Company's dues from other parties. Reviewing the laws, regulations and circulars relevant to the Company.

(i) Investor Relations Department

The Investor Relations Department has the following responsibilities:

- Playing the role of the liaison officer between the CMA, Exchange and Executive Management of the Company.
- Improving and developing the relationships between the shareholders on one hand and the Company in the other hand, by facilitating services through well-thought-out plans that are reviewed on an annual basis and improved as appropriate to shareholders' interests.
- Managing and administrating shareholders' records as well as distributing due shares dividends when due. Providing the relevant authorities with the necessary reports upon request as well as keeping the shareholders' received from the Exchange. It also receives shareholders' calls and answers all their questions and inquiries.

5-5-2 The Company's Members of Executive Management

The following table sets out the Company's Executive Management members:

Table (5-38): The Company's Executive Management

Name	Title	Nationality	Age	Date of joining the Company	Shares owned pre-Offering	Shares owned post-Offering
Yousef Mohammed Al-Ghafari	Chief Executive Officer	Saudi	47 years	29/08/1439H (corresponding to 15/5/2018G)	N/A	N/A
Abdulaziz Mohammed Al-Sheikh	Vice President for Financial Affairs and Support Services	Saudi	39 years	1/07/1439H (corresponding to 18/03/2018G)	N/A	N/A
Abdulaziz Aidah Al-Khathiri	Executive Vice President of the Sales and Operations Department	Saudi	35 years	18/05/1434H (corresponding to 03/03/2013G)	N/A	N/A
Bassam Ibrahim Khwaikeh	Director of the Strategy and Business Development Department	Jordanian	35 years	07/08/1439H (corresponding to 23/04/2018G)	N/A	N/A

Name	Title	Nationality	Age	Date of joining the Company	Shares owned pre-Offering	Shares owned post-Offering
Nourah Nasser Al-Khathlan	Director of the Compliance and Governance Department	Saudi	30 years	23/11/1439H (corresponding to 05/08/2018G)	N/A	N/A
Sahl Mohamed Mounir Mokhtar	Executive Director of the Sales and Operations for the Household Segment Department	Saudi	41 years	28/05/1436H (corresponding to 19/03/2015G)	N/A	N/A
Ali Saleh Al-Otaibi	Executive Director of the Sales and Operations for the Corporate Segment Department	Saudi	46 years	10/02/1436H (corresponding to 02/12/2014G)	N/A	N/A
Saleh Abdullah Al-Qabaa	Executive Director of the Manpower Resources Services Department	Saudi	34 years	23/03/1437H (corresponding to 03/01/2016G)	N/A	N/A
Shaikh Mohamed Bahmid	Executive Director of the Sales and Operations for the Household Segment Department	Yemeni	36 years	10/10/1436H (corresponding to 26/07/2015G)	N/A	N/A
Abdulsalam Mohamed Hilali	Executive Director of Financial Affairs	Egyptian	43 years	29/12/1439H (corresponding to 9/9/2018G)	N/A	N/A
Ahmed Abdulaziz Al-Obaidillah	Executive Director of the Human Resources Department	Saudi	46 years	05/11/1437H (corresponding to 08/08/2016G)	N/A	N/A
Almoez Samir Abdulhamid Mohamed	Executive Director of Information Technology and Communications Department	Sudanese	44 years	17/11/1436H (corresponding to 01/09/2015G)	N/A	N/A
Nawaf Ali Al-Qarzaie	Investor Relations Department Director	Saudi	36 years	14/12/1438H (corresponding to 05/09/2017G)	N/A	N/A

Source: The Company

5-5-3 Employment Contracts with the CEO and CFO

Yousef Mohammed Al-Ghafari, the CEO has joined the Company's Executive Management on 29/08/1439H (corresponding to 15/05/2018G) while Abdulaziz Mohammed Al-Shaikh, the Vice President for Financial Affairs and Support Services, has joined the Company's Executive Management on 01/07/1439H (corresponding to 18/03/2018G). The Company has received the MoL approval on the appointment of the CEO pursuant to the Recruitment Rules on 26/10/1439H (corresponding to 10/07/2018G).

The following table shows a summary of the employment contracts of the CEO and the Vice President for Financial Affairs and Support Services.

Table (5-39): A summary of the employment contracts of the CEO and the Vice President for Financial Affairs and Support Services

Name	Title	Date of joining the Company	Term of Contract
Yousef Mohammed Al-Ghafari	Chief Executive Officer	29/08/1439H (corresponding to 15/5/2018G)	Three (3) years, renewable by mutual agreement
Abdulaziz bin Mohammed Al-Sheikh	Vice President for Financial Affairs and Support Services	1/07/1439H (corresponding to 18/03/2018G)	One year, renewable automatically for a similar period

Source: The Company

5-5-4 Summary of Resumes of the Executive Management

Summary resumes of the executive management members are as set out below:

Table (5-40): Summary Yousef Mohammed Al-Ghafari's Resume

Name	Yousef Mohammed Al-Ghafari
Title	CEO
Biography	Please refer to Section 5-3-6 "Summary of the Resumes of the Board's Directors and Secretary of the Board" of this Section.

Source: The Company

Table (5-41): Summary of Abdulaziz Mohammed Al-Shaikh's Resume

Name	Abdulaziz Mohammed Al-Sheikh
Age	39 years
Nationality	Saudi
Title	Vice President of the Department of Financial Affairs and Support Services and a Member of the Investment Committee
Academic Qualifications	• The professional certificate of balanced performance from Balance Scored Card University, UK, 2013G. • Assets management certificate from AMCL, UK, 2013G. • Business Diploma, Seattle Pacific University, United States of America, 2010G. • Financial advisor license from the Financial Advisers Institute, United States of America, 2006G. • Bachelor of Accounting, King Saud University, KSA, 1999G.
Current Positions	• Vice President for Financial Affairs and Support Services, from 2018G to date. • Investment Committee Member of the company from 2018G to date.
Key Past Experience	• Member of the Governance, Rewards and Nominations Committee at Al-Saedan Real Estate Company, a Saudi joint stock company, operating in the real estate industry, from 2014G to 2018G. • General Manager of Finance and Administration at Al-Saedan Real Estate Company, a Saudi joint stock company, operating in the real estate industry, from 2013G to 2018G. • Manager of the Assets and Property at Capital Market Authority, a Saudi government agency, operating in organizing and developing the capital market industry, from 2012G to 2013G. • Financial analyst at the Capital Market Authority, a Saudi government agency, operating in organizing and developing the capital market industry, from 2006G to 2012G. • Chief accountant and assistant manager of investment at Mikshaf Group, a Saudi holding company, from 2002G to 2006G. • Dues and credit controller in Al-Faisaliah Group; a Saudi holding company, operating in the investment industry in 2002G. • Accountant in Al-Faisaliah Group; a Saudi holding company, operating in the investment industry, from 2000G to 2002G. • Accountant in Al-haya Medical Company; a Saudi partnership, operating in the medicine industry, in 2000G.

Source: The Company

Table (5-42): Summary of Abdulaziz Aidah Al-Khathiri's Resume

Name	Abdulaziz Aidah Al-Khathiri
Age	35 years
Nationality	Saudi
Title	Executive Vice President of the Department of Sales and Operations
Academic Qualifications	Hospitals Management diploma, Institute of General Management, KSA, 2003G.
Current Positions	• Executive Vice President of Sales and Operations at the Company, from 2018G to date. • Member of the Board of Directors at Musanid, an Emirati Company, operating in the human resources industry, from 2017G to date. • Member of the Board of Directors at TPH, an Emirati company, operating in the recruitment industry, from 2017G to date. Member of the Board of Directors at TPH, an Emirati company, operating in the recruitment industry, from 2017G to date.
Key Past Experience	• Executive Director of the Corporate Segment at the Company, from 2016G to 2018G. • Executive Director of human capital at the Company, in 2015G. • Director of the Department of Strategy and Business Development at the Company, from 2013G to 2015G. • Administrative Director of the medical affairs at King Fahd Medical City, a Saudi medical city, operating in the healthcare industry, from 2012G-2013G. • Assistant to the General Secretary of the Board of Directors of medical cities at the Ministry of Health, a Saudi ministry, operating in the healthcare industry, from 2011G to 2012G. • Director of the Executive Manager office for medical affairs at King Fahd Medical City, a Saudi medical city, operating in the healthcare industry, from 2009G to 2011G. • Governor of the Board of Directors at =King Fahd Medical City, a Saudi medical city, operating in the healthcare industry, from 2005G to 2011G. • Volunteer in Saudi Cancer Society, a Saudi charity association, operating in the prevention of cancer industry, from 2003G to 2010G. • Executive Secretary to the Executive General Manager at King Fahd Medical City, a Saudi medical city, operating in the healthcare industry, from 2004G to2008G.

Source: The Company

Table (5-43): Summary Bassam Ibrahim Khawailah's Resume

Name	Bassam Ibrahim Khawailah
Age	35 years
Nationality	Jordanian
Title	Executive Director of Strategy and Businesses Development
Academic Qualifications	• MBA, University of Leicester, UK, 2018G. • Certificate of advisory tools, University of Harvard Extension School, US, 2014G. • Bachelor of industrial engineering, Science and Technology University, Hashemite Kingdom of Jordan; 2006G.
Current Positions	• Executive Director of the Department of Strategy and Business Development at the Company, from 2018G to date.
Key Past Experience	• Consultant Director of Strategy and Operations at KPMG Al Fozan & Partners - Charted Accountants & Legal Reviewers, operating in the auditing, taxes and consultancy for local and international companies industry, in 2018G. • Consultant Director of Strategy and Operations of the Public Sector at Bring Point International, a branch international company, operating in the administrative consultancy and information technology industry, from 2015G to 2017G. • Operations Manager at Expertpath Company for Management Consulting, a Saudi limited liability company, operating in the administrative consultancy services industry, from 2007G to 2015G. • Production Engineer at Al-Asr Factories Group for clothes, a Jordanian company, operating in the clothes industry, from 2006G to 2007G.

Source: The Company

Table (5-44): Summary of Nourah Nasser Al-Khathlan's Resume

Name	Nourah Nasser Al-Khathlan
Title	Compliance and Governance Manager
Resume	Please refer to Section 5-3-6 "Summary of the Resumes of the Board of Directors and Board Secretary of Directors" of this Prospectus.

Source: The Company

Table (5-45): Summary of Sahl Mohamed Mounir Mokhtar's Resume

Name	Sahl Mohamed Mounir Mokhtar
Age	41 years
Nationality	Saudi
Title	Executive Director of Sales and Operations for the Household Segment
Academic Qualifications	• Master of Human Resource Management, Canbra University, Australia, 2010G. • Bachelor of Media, King Saud University, the Kingdom, 2002G.
Current Positions	• Executive Director of Sales and Operations for the Household Segment at the Company, from 2015G to date.
Key Past Experience	• Human Resources Manager at Chalhoun and Jamjoom Group, a Saudi holding company, operating in the retail and commercial industries, from 2013G to 2015G. • Human Resources Analyst at King Faisal Specialist Hospital and Researches Center, a Saudi government hospital, operating in the healthcare industry, from, 2008G to 2013G. • Human Resources Analyst at Volunteering Act, an Australian company, operating in the volunteering and community based information services industry, in 2010G. • Personnel Analyst in the Human Resources Services Department at King Faisal Specialist Hospital and Researches Center, a Saudi government hospital, operating in the healthcare industry, from 2007G to 2008G. • Timetable clerk in the Patients Care Services Department at King Faisal Specialist Hospital and Researches Center, a Saudi government hospital, operating in the healthcare industry, from 2003G to 2006G. • Receptionist at Nokia SA, a Saudi limited liability company, operating in the communications and information technology industry, from 2002G to 2003G.

Source: The Company

Table (5-46): Summary of Ali Saleh Al-Otaibi's Resume

Name	Ali Saleh Al-Otaibi
Age	46 years
Nationality	Saudi
Title	Executive Director of the Department of Sales and Operations for the Corporate Segment
Academic Qualifications	• English Language Diploma, Institute of General Management, the Kingdom, 1994G. • Bachelor of Business Management, Al-Imam Muhammad Bin Saud University, the Kingdom, 2013G.
Current Positions	• Executive Director of the Department of Sales and Operations for the Corporate Segment at the Company, from 2015G to date. • Executive Director of the Business Development at the Company, from 2014G to date.
Key Past Experience	• Administrative Coordinator of the Cancer Center at King Faisal Specialist Hospital and Researches Center, a Saudi government hospital, operating in the healthcare industry, from 2010G to 2014G. • Officer in Charge of the Admissions Office at King Faisal Specialist Hospital and Research Center, a Saudi government hospital operating in the healthcare industry, from 2006G to 2010G. • Case Management Assistant of the Case Management Department at King Faisal Specialist Hospital and Researches Center, a Saudi government hospital, operating in the healthcare industry, from 2001G to 2006G. • Housing Supervisor of the Cancer Center at King Faisal Specialist Hospital and Researches Center, a Saudi government hospital, operating in the healthcare industry, from 1998G to 2001G. • Translator at King Khaled Specialist Eye Hospital, a Saudi government hospital, operating in the healthcare industry, from 1994G to 1998G. • Receptionist at Security Forces Hospital, a Saudi government hospital, operating in the healthcare industry, from 1993G to 1994G.

Source: The Company

Table (5-47): Summary of Saleh Abdullah Al-Qabaa's Resume

Name	Saleh Abdullah Al-Qabaa
Age	34 years
Nationality	Saudi
Title	Executive Director of the Manpower Resources Services Department
Academic Qualifications	• Networks Technique Diploma, AlFaisal Academy, the Kingdom, 2006G. • Media and Public Relations Bachelor, King Abdulaziz University, the Kingdom, in 1434H.
Current Positions	• Executive Director of the Manpower Resources Services Department at the Company, from 2016G to date.
Key Past Experience	• Management Director of the Company's manpower services, in 2016G. • Operations Manager of Human Development Powers Center at Elm Information Security Company, a Saudi joint stock company, operating in the technical solutions, governmental outsourcing and information technology industry, from 2013G to 2015G. • Deputy Manager of Human Development Center Operations at Elm Information Security Company, a Saudi joint stock company, operating in the technical solutions, governmental outsourcing and information technology industry, from 2013G to 2014G. • Recruitment Relations Consultant at Elm Information Security Company, a Saudi joint stock company, operating in the technical solutions, governmental outsourcing and information technology industry, from 2011G to 2012G. • Executive Sales Officer of Sales Management at Etihad Etisalat (Mobily), a Saudi joint stock company, 2007G to 2011G. • Service Support Officer of Sales Management and Clients Service at STC, a Saudi joint stock company, operating in the communications and information technology industry from 2006G to 2007G. • Service Support Officer of Sales Management and Clients Service of Etisala, a Saudi joint stock company, working in the communications and information technology industry, 2004G to 2005G.

Source: The Company

Table (5-48): Summary Shaikh Mohamad Bahmid's Resume

Name	Shaikh Mohamed Bahmid
Age	36 years
Nationality	Yemeni
Title	Executive Director of the Department of Sales and Operations for the "Khidmah" Program
Academic Qualifications	• High School Certificate (scientific specialization), Al-imam Al-alusi High School, the Kingdom, in 1999G.
Current Positions	• Executive Director of Sales and Operations for the "Khidmah" Program at the Company, from 2018G to date.
Key Past Experience	• Operation Manager of the "Khidmah" Program at the Company, from 2016G to 2018G. • Project Manager of developing the Household Segment and Communications Center at Company, in 2015G. • Acting Deputy Executive Manager and Branch Manager at Almutahidah Recruitment Company, a Saudi joint stock company, operating in the manpower resources industry, from 2014G to 2015G. • Branch Manager (communication centers, sales and marketing, and client care unit) at Almutahidah Recruitment Company, a Saudi joint stock company, operating in the manpower resources industry, from 2013G to 2014G. • Productivity Manager of Personal and Real Estate Funding Sales in the Central Region at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry, from 2012G to 2013G. • Team Supervisor of Personal and Real Estate Funding Sales in the Central Region at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry, in 2012G. • Team Supervisor for following the real estate funding requests related to toll-free number at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry, from 2011G to 2012G. • Employee at the Client Retention Unit at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry, from 2009G to 2011G. • Team Supervisor of Credit Card Sales and Human Resources Coordinator in the Central Region at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry, from 2006G to 2009G. • Sales Coordinator of free phones in the Women's Department at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry, from 2005G to 2006G.

Key Past Experience	• Financial and Administrative Coordinator in the Telemarketing Department of Sales Management at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry from 2004G to 2005G. • Salesman in the Marketing Department at Samba Financial Group, a Saudi public joint stock company, operating in the provision of solutions and banking services industry from 2003G to 2004G.

Source: The Company

Table (5-49): Summary of Abdulsalam Mohamed Hilali's Resume

Name	Abdulsalam Mohamed Hilali
Age	43 years
Nationality	Egyptian
Title	Executive Director of Department of Financial Affairs
Academic Qualifications	• Business Administration Diploma, Eton University, United Kingdom, 2015G. • Certified Management Accountant License, Administrative Accounting Institute, United States of America, 2014G. • Professional Certificate of Oracle System, Oracle University, United States of America, 2006G. • Bachelor of Accounting, Alexandria University, Egypt, 1998G.
Current Positions	• Executive Director of the Department of Financial Affairs at the Company, from 2018G to date.
Key Past Experience	• Financial Supervisor at Ghazawi Holding Group, a Saudi holding company, operating in the real estate investment, communication, infrastructure, services and manufacturing industries, from 2016G-2018G. • Financial Manager at Alhokair Company for Food & Entertainment, a Saudi limited liability company, operating in the entertainment and food industries, from 2014G to 2016G. • Financial Supervisor at Abdullah Al-Othaim Holding Company, a Saudi holding company, operating in the retail, real estate development, investment and food industries, from 2012G to 2014G. • Account Manager of Al-Othaim Company for investment and real estate development, a Saudi closed joint stock company, operating in the real estate development and entertainment industries, from 2007G to 2012G. • Chief Accountant at Bin Jarallah Contracting Group, a Saudi limited liability company, operating in the construction and infrastructure industry, from 2001G to 2006G. • Accountant at the National Company for Agro-Chemicals, an Egyptian investment company, operating in the manufacturing and commercial industries, from 1998G to 2001G.

Source: The Company

Table (5-50): Summary of Ahmed Abdulaziz Al-Obaidillah's Resume

Name	Ahmed Abdulaziz Al-Obaidillah
Age	46 years
Nationality	Saudi
Title	Executive Director of the Department of Human Resources
Academic Qualifications	• Higher British Institute Certificate Diploma (CIPD) of human resources, Higher British institute of Human Resources, United Kingdom, 2017G. • MBA, Alfaisal University, the Kingdom, 2014G. • Bachelor of Public Administration, King Abdulaziz University, the Kingdom, 2008G. • Hospitals Management Diploma, Institute of Public Administration, the Kingdom, 1997G.
Current Positions	• Executive Director of the Department of Human Resources at the Company, from 2016G to date.
Key Past Experience	• Human Resources Manager at Radwa Trading Company, a Saudi limited liability company, operating in consumables trade industry, from 2015G to 2016G. • Manager of travelling and manpower resource relations department at King Faisal Specialist Hospital and Research Center, a Saudi government hospital, operating in the healthcare industry, from 2014G to 2015G. • Manager of staff records department in King Faisal Specialist Hospital and Researches Center, a Saudi government hospital working in the medical field, 2011G-2014G. • Manager of health cooperation services centers in King Fiasal Specialist Hospital and Researches Center, a Saudi government hospital working in the medical field, 2001G-2011G. • Translator in the Nursing Department at King Faisal Specialist Hospital and Research Center, a Saudi government hospital, operating in the healthcare industry, from 1997G to 2011G. • Personnel Specialist at Elseif Establishment for Trading & Contracting, a Saudi individual institution, operating in the trading and contracting industries, from 1994G to1997G. • Deputy Manager at King Saud Hospital, a Saudi government hospital, operating in the healthcare industry, from 1992G to 1994G. • Patients Service Employee at King Saud Hospital, a Saudi government hospital, operating in the health care industry, from 1991G to 1992G.

Source: The Company

Table (5-51): Summary of Al-Moez Samir Abdelhameed Mohammad's Resume

Name	Almoez Samir Abdulhamid Mohammed
Age	44 years
Nationality	Sudanese
Title	Executive Director of the Department of the Information Technology and Communications
Academic Qualifications	• Master of Computer Science, Al-khartoum University, Sudan, 2006G. • Bachelor of Information Technology from Faculty of Science, Alkhartoum University for Science and Technology, 1998G.
Work Experience	• Executive Director of the Department of Information Technology and Communications at the Company, from 2016G to date.
Key Past Experience	• Executive Vice President at Banan Information Technology Company, a Sudanese company, operating in the information technology industry, from 2013G to 2015G. • Operations Manager at Banan Information Technology Company, a Sudanese company, operating in the information technology industry, from 2009G to 2013G. • Project Manager at Banan Information Technology Company, a Sudanese company, operating in the information technology industry, from 2005Gto 2009G. • Branch Manager at Banan Information Technology Company, in Giad Industrial City in Alkhartoum, Sudan; a Sudanese company, operating in the information technology industry, from 2001G to 2004G. • Development Department Director at Bill Net Company, an Emirati company, operating in theinformation technology industry, in 2001G. • Development Department Director at the Sudanese Technical Center, a Sudanese center, operating in the information technology industry, from 1998G to 2001G. • Teaching Assistant at Sudan University for Science and Technology, a Sudan university, operating in the higher education industry, from 1998G to 1999G.

Source: The Company

Table (5-52): Summary of Nawaf Ali Muhammad Al-Qarzaie's Resume

Name	Nawaf Ali Muhammad Al-Qarzaie
Age	36 years
Nationality	Saudi
Title	Manager of the Client Relationship Department
Academic Qualifications	• Bachelor of Financial Economic and Business Administration, Methodist University, United States of America, 2015G. • Office Administration Diploma, Technical College, the Kingdom, 2003G.
Current Positions	• Manager of the Client Relationshop Department at the Company, from 2017G to date.
Key Past Experience	• Deputy Executive Manager of the Household Segment at the Company, from 2017G to 2018G. • Sales Supervisor of the Central Region of the public and private sector at Altayar Company for Travelling and Tourism, a Saudi limited liability company, operating in the travel, tourism and rented vehicles industy,in 2017G. • Major Clients Service Employee and Acting Branch Manager at Al Rajhi Bank, a Saudi joint stock company, operating in the provision of financial and banking services industry, from 2005G to 2010G. • Clients Service Employee at Almajd TV Network, a Saudi private satellite channel, operating in the visual and advertising services industry, from 2004G to 2005G.

Source: The Company

5-6 Board and Executive Management's Remuneration

The following table details remuneration and in-kind benefits granted by the Company over the last three (3) financial years for the Board and five (5) Executive Management members who received the highest remuneration and compensation from the Company, including the CEO and Vice President for Financial Affairs and Support Services. In addition to the remuneration and in-kind benefits of the members of the Board and the Senior Executives of Musanid in the previous financial year:

Table (5-53): Remuneration of the Board and Executive Management in the Financial Years Ending on 31 December 2015G, 31 December 2016G and 31 December 2017G

SAR	2015G	2016G	2017G
Board of Directors	7,970,599	1,600,000	2,000,000
Senior Executives including the CEO and the Vice President for Financial Affairs and Support Services	6,932,218	8,036,767	8,951,741
Board Members and Senior Executives in Musanid	-	-	71,550
Total	**14,902,817**	**9,636,767**	**11,023,291**

Source: The Company

5-7 Direct and Indirect Interests of the Board and Executive Management

None of the Directors, Executive Management members of the Company, Board Secretary nor any one of their relatives or affiliates has any direct or indirect interest in the shares of the Company, the Subsidiaries, Associate Companies or any other matter that can affect the Company's business, except as disclosed in Table 5-2 "Board of Director of the Company" and Section 12-5 "**Material Agreements with Related Parties**" of this Prospectus.

In addition, none of the Company's Directors, Executive Management members, Board Secretary nor any of their relatives or affiliates has any interest in any applicable contract or arrangement as of the date of this Prospectus or proposed upon submission of this Prospectus in the business of the Company, the Subsidiaries and the Associate Companies except as disclosed in Section 12-5 "**Material Agreements with Related Parties**" of this Prospectus.

5-8 Corporate Governance

The Company adopted a governance system and internal governance regulations pursuant to the Board resolution number 03/2018G dated 16/01/1440H (corresponding to 26/09/2018G), the Board resolution dated 13/07/1440H (corresponding to 20/03/2019G), the resolution of the Extraordinary General Assembly held on 23/02/1440H (corresponding to 01/11/2018G) and the resolution of the Extraordinary General Assembly held on 06/07/1440H (corresponding to 13/03/2019G) ("Corporate Governance Manual"). This Corporate Governance Manual was developed according to Article ninety four (94) of the Corporate Governance Regulations, the Companies Law and the Bylaws of the Company.

The Corporate Governance Manual is comprised of the following:

- a- Corporate governance rules.
- b- Board membership procedures and standards.
- c- Nomination and Remuneration Committee charter.
- d- Audit Committee charter.
- e- Investment Committee charter.
- f- Disclosure policy.
- g- Conflict of Interest policy.
- h- Board Remuneration policy.
- i- Shareholders Rights policy and procedures.
- j- Relationship with Stakeholders policy.
- k- Dividend Distribution policy.

The Corporate Governance Manual aims to establish an effective legal framework for the Company's governance. It aims in particular to the following:

- a- Activating the role of shareholders in the Company as well as facilitating participating their rights.
- b- Clarifying authorities responsibilities of the Board and Executive Management.
- c- Activating the role of the Board and its committees and developing the effectiveness of the same in order to enhance mechanisms of decision making in the Company.

d- Achieving advanced levels of transparency, integrity and justice in the Company and its transactions and business environment and enhancing disclosure in it.

e- Providing effective and balanced tools for how to deal with conflicts of interest.

f- Enhancing mechanisms of control and accountability for employees within the Company.

g- Establishing the general framework for dealing with stakeholders and having regard to their rights.

The Company complies with all mandatory governance requirements applicable to joint stock companies, except certain provisions that are only applicable on listed companies, given that the Company's shares are not listed yet on the Exchange, as follows:

- Paragraph (a) of Article 8 concerning the announcement of the information of the nominees for the Board of Directors on the CMA's website when the invitation for General Assembly is called to convene.
- Paragraph (c) of Article 8 related to voting in the General Assembly which shall be confined to the Board nominees whose information has been announced as per paragraph (a) of Article 8.
- Paragraph (d) of Article 13 related to the publication of the invitation to the General Assembly on the website of the Exchange and the Company's website.
- Paragraph (c) of Article 14 related to the availability of information on the items of the General Assembly through the website of the Exchange and the website of the Company.
- Paragraph (e) of Article 15 related to disclosing to the public, the CMA and the Exchange of the results of the General Assembly meeting through the website of the Exchange and the website of the Company.
- Paragraph (d) of Article 17 related to notifying the CMA of the names of Directors, descriptions of their membership and any changes to their membership."
- Paragraph (b) of Article 19 related to notifying the CMA and Exchange immediately upon the expiry of the membership of the Directors with reasons."
- Article 68 related to the announcement of the nominees for the Board on the Company's website and the website of the Exchange in order to invite persons wishing to nominate themselves to the Board.
- Article 89, Article 90, Paragraph (b) of Article 91, Article 92 and Article 93, related to disclosure policies and procedures.

In addition, the Company has prepared a draft of its internal control policy in accordance with the provisions of Chapter Five (5) of the Corporate Governance Regulations, which is still in the process of being adopted. The Company is undertakes to adopt this policy in accordance with the requirements of the Corporate Governance Regulations immediately after listing.

5-9 Conflict of Interest

Neither the Company's Bylaws nor any of the internal regulations and policies grant any powers enabling a Director to vote on a contract or offer in which he/she has a direct or indirect interest, pursuant to the provision of article seventy-one (71) of the Companies Law, which states that a Director shall not have any direct or indirect interest in the transactions and contracts of the Company except with the authorization of the General Assembly.

Pursuant to the aforesaid article, the Director shall inform the Board of any personal interest he/she may have in the transactions or contracts made for the account of the Company. The chairman of the Board shall disclose to the Ordinary General Assembly, when held, the transactions and contracts in which any Director has a personal interest. Such disclosure shall be accompanied by a special report from the auditor, and shall be recorded in the minutes of the Board's meeting. The interested director may not participate in voting on the resolution to be adopted in this respect. Based on the above, the Directors declare that they will:

comply with articles seventy-one (71) and seventy-two (72) of the Companies Laws and articles forty-four (44) and forty-six (46) of the Corporate Governance Regulations;

abstain from voting on contracts entered into with the related parties in the General Assembly meetings if they have either direct or indirect interest therein;

not to compete with the Company's business and that all transactions with related parties in the future to be conducted competitively in accordance with the provisions of article seventy-two (72) of the Companies Law.

5-10 Employee Shares

The Company has no existing manpower resource share schemes prior to applying for registration and offering securities. None of the Company's employees own any share in it, and there are no other arrangements involving the employees in the capital of the Company (for further information about the employees in the Company and commitment to Saudization, please refer to Section 4-6-1 "**Employees**" of this Prospectus).

6- Management's Discussion and Analysis of Financial Conditions and Results of Operations

6-1 Introduction

The following management discussion and analysis provides an analytical review of the Company's operational performance and financial condition for the years ended 31 December 2015G, 2016G and 2017G and the nine-month period ended 30 September 2018G.

The Company's audited and restated financial statements for the years ended 31 December 2015G and 2016G, along with the Company's audited financial statements for the year ended 31 December 2017G and the notes thereto, have been prepared in accordance with the accounting standards issued by SOCPA and audited by Ernst & Young & Co. (Certified Public Accountants), the Company's Auditor. The interim consolidated financial statements for the nine-month period ended 30 September 2018G in addition to the notes thereto have been prepared and, audited by, by Ernst & Young & Co. (Certified Public Accountants), the Company's Auditor, in accordance with IFRS approved by Saudi Organization for Public Accountants (SCOPA). Such financial statements have been included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Ernst & Young & Co. (Certified Public Accountants), its affiliates, employees and their relatives do not have any shareholding or interest of any kind in the Company, which would impair its independence. As at the date of this Prospectus, the Auditor has furnished and not withdrawn their written consent to the reference in this Prospectus of their role as the Auditor of the Company for the years ended 31 December 2015G, 2016G and 2017G and the nine-month period ended 30 September 2018G.

Unless otherwise provided for herein, all financial information contained in this section is denominated in Saudi Riyal. Amounts have been rounded up to the nearest integer. Thus, if figures contained in the tables have been added, their total may not match with the sum of figures shown in those tables.

It should also be noted that all the compounded annual growth rates, profit margins, costs and CAGRs are calculated based on the rounded figures in the tables below.

The Company established Musanid in September 2017G, which in turn acquired TPH in February 2018G. Therefore, the term "Company" used in this Section refers to the Company only in 2015G, 2016G and 2017G, while referring to the Company and Musanid in the nine-month period ended 30 September 2018G.

6-2 Directors' Declaration on the Financial Statements

The Directors declare that the financial information presented in this Section is derived from, and without material changes to, the audited financial statements for the years ended 31 December 2015G, 2016G and 2017G and notes thereto, including restatements thereto. The Directors also declare that these financial statements include financial information prepared by the Company's management on a consolidated basis in a form consistent with the financial statements annually approved by the Company and in accordance with the accounting standards issued by SOCPA. The interim consolidated financial statements for the nine-month period ended 30 September 2018G and notes thereto have been prepared and audited in accordance with IFRS approved by SCOPA.

The Directors also declare that the Company, it's Subsidiaries and the Associate Companies have a working capital that is sufficient for twelve (12) months following the date of this Prospectus.

The Directors declare that there has been no material adverse change in the Company, its Subsidiaries and the Associate Companies' financial or business position in the three (3) financial years directly preceding the date of application for listing and offer of securities that are subject to this Prospectus until the date of the approval of this Prospectus.

The Directors confirm that, except as disclosed in Section 2 "**Risk Factors**" and Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus, the Company has no information on any government, economic, financial, or monetary policies or other factors that have affected, or can have a material (direct or indirect) impact on the Company, its Subsidiaries or the Associate Companies operations.

The Directors also declare that all material facts related to the Company and its Subsidiaries and Associate Companies and their financial performance have been disclosed in this Prospectus, and that there are no other information, documents or facts the omission of which would make any statement herein misleading.

The Directors declare that, except as disclosed in Section 2 "**Risk Factors**" and Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus, the Company is not aware of any seasonal factors or economic cycles related to its business, which may have an impact on the Company, its Subsidiaries and Associate Companies' business or financial position.

The Directors declare that, except as disclosed in Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus, the Company, its Subsidiaries and Associate Companies' do not have any properties, including contractual securities or other assets the value whereof is subject to fluctuations or is difficult to ascertain, which significantly affects the evaluation of the financial situation.

The Board Directors declare that no commissions, discounts, brokerage fees or non-cash compensations were given by the Company, or any of its Subsidiaries during the three (3) years immediately preceding the date of application for listing and offer of securities in relation to the issuance or offering of any securities.

The Directors declare that, except as disclosed in Section 12-4-6 "**Financing Agreements**" and Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus, there are no loans or other debts including overdrafts from bank accounts or no guaranteed liabilities (including personal or non-personal guarantees), liabilities under acceptances, acceptance credits or hire purchase commitments on the Company or its Subsidiaries and Associate Companies.

The Directors declare, to the best of its knowledge, that the there are no mortgages, rights, encumbrances or charges regarding the properties of the Company, its Subsidiary or Associated Company as at the date of this Prospectus.

The Directors confirm that the Company, its Subsidiaries and Associate Companies' capital is not under option.

6-3 Key Factors Affecting the Company's Operations

The following is an illustration of the most significant factors that have affected, or are expected to affect the Company's financial position and results of operations. These factors are based on information currently available to the Company and may not represent all factors that may have an impact on the Company's business (for further information, please refer to Section "**Important Notice**" and Section 2 "**Risk Factors**" of this Prospectus).

6-3-1 Economic Factors and their Impact on Employment Needs

The companies' employment needs are affected by the overall level of development of commercial and economic activities in the Kingdom. The economic downturn in the Kingdom or in the industry in which the Company operates may affect its operations, as the employment needs of its clients may decrease and fewer manpower resources will be employed.

Although the Kingdom has made efforts to diversify sources of income and economy, the oil industry still accounts for a large proportion of the Kingdom's GDP. Therefore, continuous fluctuations in oil prices may have an adverse impact on the economy and the companies operating in the industry (including the Company). Any significant deterioration in the overall economic situation, a decline in the demands of the Company's clients and their financial solvency, removal of government subsidies on energy products, or higher interest rates and taxes, including VAT, would have an adverse impact on the Company's revenues, business and financial results.

6-3-2 Changes in the Regulatory Environment

The Company operates in a new industry and in a rapidly changing regulatory environment and the relevant laws and regulations may be subject to continuous amendments as the industry evolves. These amendments may weaken the Company's competitiveness within the industry or force its clients to reduce their prices, which may undermine the added value of the Company's products and services to its clients. This may hinder the Company's ability to deliver such products and services or cause the Company to be unable to maintain and reduce the current price level to retain its clients or gain new clients, which in turn may adversely affect the Company's operations and current profitability ratios.

6-3-3 Competitive Price Pressures

Competition has intensified over the past years and may continue this way ahead, thus potentially exposing the Company to competitive price pressures. Other human resources companies may try to access the market more aggressively by lowering their prices, providing better services, opening new branches and providing better payment terms. This competition will limit the Company's ability to maintain its clients or, may cause the Company to reduce its prices for such purpose, resulting in a decrease in the Company's profits. As a result, the Company may not be able to recover its costs or increase the prices offered to its clients as a result of any higher costs, which may adversely affect the Company's business and financial results.

6-3-4 Seasonal Factors

Demand for some of the Company's products and services is affected during some annual seasons such as holidays and summer vacations, which in turn adversely affects the Company's revenues, resulting in an adverse impact on the Company's business and financial results.

6-3-5 Inability to Recruit Manpower Resources

Inability of the Company to recruit foreign manpower resources for any reason, including, but not limited to, suspension or reduction of the number of work visas issued by the MoL and negative changes in diplomatic relations between the Kingdom and the countries from which manpower resources are recruited may affect adversely affect the Company's ability to recruit and provide manpower resources services, which will have an adverse impact on the Company's business and financial results ahead.

6-4 Summary of Significant Accounting Policies

As of 1 January 2018G, the Company's consolidated financial statements will be prepared in accordance with IFRS issued by the International Accounting Standards Board, and endorsed in the Kingdom, as well as other standards and publications approved by SCOPA (collectively referred to as "**IFRS**"). In applying IFRS, the Company will have to comply with the requirements of IFRS (1) - First-time Adoption of IFRS for the financial periods starting on 1 January 2018G. With regards to preparation of the opening consolidated financial statements in accordance with IFRS, the Company will analyze the implications and make certain adjustments as a result of the first-time adoption of the IFRS in the Kingdom.

(a) Basis of Measurement

The consolidated financial statements are prepared under the historical cost convention except for measurement of available-for-sale investments at fair values.

(b) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

(c) Cash and cash equivalents

Cash and cash equivalents include bank balances and investments easily convertible into known cash amounts, whose maturity is three months or less as at the date of deposit.

(d) Murabaha time deposits

Murabaha time deposits represent 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 consolidated balance sheet.

(e) Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

(f) Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized in the consolidated statement of income. Impairment is determined as follows:

1- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income;
2- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
3- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

(g) 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.

Used visas

Visas transferred from purchased visas and used for recruitment, are classified as 'used visas' and amortized in the consolidated statement of income on straight-line basis over two years or the manpower contract period, whichever is shorter. In case of termination of manpower contract or occurrence of an event that prevents the continuation of service, the remaining unamortized amount of used visas are recognized as expense immediately. Used visas are classified as current assets if they are expected to be used within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current assets.

Available visas

Available visas represent the unused balance of purchased visas. As per General Administration of Visa Control, the Company, upon its wish, may return and refund unused visas. Available visas are presented under current assets.

Recruitment Costs

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortized in the consolidated statement of income over two years in line with the manpower contract period. Recruitment costs are classified as current assets if they were expected to be used within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current assets.

(h) Residency fees and work permits

Residency fees and work permits are amortized in the consolidated statement of income over one year.

(i) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Lands and capital work in progress are not depreciated. The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized on a straight-line basis over the shorter of useful lives of the improvements or the lease term.

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

(j) Available-for-sale investments

Available-for-sale investments are those investments neither intended to be held to maturity nor purchased for purpose of trading. Investments in available for sale securities are stated at fair value and included under non-current assets in the consolidated balance sheet unless the Company intends to sell those investments in next fiscal year. Unrealized gains or losses are included in the consolidated statement of changes in equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gains or losses previously reported in the equity is included in the consolidated statement of income for the year. Fair value is determined based on the market value if an open market exists or by using alternative revaluation methods. Otherwise cost is considered to be the fair value.

(k) Impairment of non-financial assets

The Company periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately.

(l) Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(m) Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

(n) Retained deposits

Retained deposits represent the amounts equivalent to two months' salary collected as security and retained with the Company until the completion/termination of the manpower contract. Retained deposits are classified as current liabilities if they are expected to be settled within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current liabilities.

(o) Unearned revenue

Unearned revenues represent the amounts collected from customers in advance at the signing of the contracts of providing manpower services. These amounts are recognized as revenue in the consolidated statement of income of the Company during the contract period.

(p) Zakat

The Company is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

(q) Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labor Laws applicable to employees' accumulated periods of service at the consolidated balance sheet date.

(r) Dividends

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

(s) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Company has concluded it is the principal in all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Revenue represents manpower services provided by the Company to the public and private sectors and individuals during the year. Revenue is measured and recorded on accrual basis and in accordance with the manpower contracts over the period of providing the services to customers.

Revenue is measured and recognized on an accrual basis and in accordance with contracts over the duration of service delivery to clients.

Earnings from murabaha time deposits are recognized on accrual basis.

Other income is recognized when earned.

(t) Costs and expenses

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

General and administration expenses include direct and indirect costs not specifically part of cost of revenue or the marketing activities of the Company.

(u) Operating Leases

Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the term of lease.

(v) Foreign currencies

Transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the consolidated balance sheet date. All differences are taken to the consolidated statement of income.

Foreign operation translations

Financial statements of the foreign subsidiary are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rates for each period for revenue, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rates ruling at the date of occurrence of each component. Foreign currency translation adjustments, if material, are recorded as a separate component of the shareholders' equity.

(w) Segmental reporting

A segment is a distinguishable component of the Company that is engaged in either providing products or services (a business segment), or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

6-5 Results of Operations

6-5-1 Audited Income Statements

Table (6-1): The Company's Audited Income Statements for the Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G-2017G
Revenue	958,893**	1,181,428**	1,167,945	23.2%	(1.1%)	10.4%
Cost of revenue	(699,949)**	(844,642)**	(875,419)	20.7%	3.6%	11.8%
Gross profit	**258,944**	**336,786**	**292,526**	**30.1%**	**(13.1%)**	**6.3%**
General and administrative expenses	(57,883)	(66,352)	(87,732)	14.6%	32.2%	23.1%
Marketing expenses*	(1,412)	(28,213)	(8,920)	1897.9%	(68.4%)	151.3%
Income from main operations	**199,649**	**242,221**	**195,874**	**21.3%**	**(19.1%)**	**(1.0%)**
Other income	3,088	4,487**	16,531	45.3%	268.4%	131.4%
Net income before zakat	**202,738****	**246,708****	**212,405**	**21.7%**	**(13.9%)**	**2.4%**
Zakat	(9,152)	(8,137)	(8,980)	(11.1%)	10.4%	(0.9%)
Net income	**193,586****	**238,571****	**203,426**	**23.2%**	**(14.7%)**	**2.5%**
Net income of the period attributable to:						
The shareholders of the parent company	**193,585****	**238,571****	**203,473**	**23.2%**	**(14.7%)**	**2.5%**
Non-controlling interests	-	-	(47,638)	N/A	N/A	N/A
KPIs (Corporate segment)					Difference	
Average number of deployed manpower	23,223	25,129	23,152	1,906	(1,977)	(71)
Retail industry	6,548	7,590	7,690	1,042	100	1,142
Industrial and operation	11,040	10,452	7,732	(588)	(2,720)	(3,308)
Hospitality industry	3,208	4,384	4,938	1,176	554	1,730

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G-2017G
Healthcare industry	702	841	1,210	138	370	508
Commercial industry	1,725	1,862	1,582	137	(280)	(143)
Average monthly revenue per resource	3,269	3,290	3,165	21	(125)	(104)
Retail industry	3,116	2,918	2,757	(198.9)	(160.7)	(359.6)
Industrial and operation	2,951	2,912	2,626	(38.4)	(286.6)	(325.1)
Hospitality industry	3,053	3,094	2,796	40.4	(297.3)	(256.9)
Healthcare industry	8,109	8,560	7,831	451	(728.3)	(277.3)
Commercial industry	4,315	5,010	5,366	695	355.8	1,050.8
KPIs (Household segment)					Difference	
Average number of deployed manpower	1,377	5.741	8,275	4,364	2,534	6,898
Housekeepers	613	4,522	7,277	3,909	2,756	6,664
Private drivers	764	1,219	977	456	(222)	234
Average monthly revenue per resource	2,900	2,749	2,907	(151)	158	7
Housekeepers	3,236	2,875	2,975	(361)	101	(261)
Private drivers	2,631	2,284	2,405	(347)	121	(226)
Total manpower deployed	**24,600**	**30,870**	**31,427**	**6,270**	**557**	**6,827**
As Percentage of Revenue					Percentage Points	
Gross profit	27.0%	28.5%	25.0%	1.5	(3.5)	(2.0)
General and administrative expenses	6.0%	5.6%	7.5%	(0.4)	1.9	1.5
Marketing expenses	0.1%	2.4%	0.8%	2.8	(2.0)	0.8
Income from main operations	20.8%	20.5%	16.8%	(0.3)	(3.7)	(4.0)
Income before zakat	21.1%	20.9%	18.2%	(0.3)	(2.7)	(3.0)
Net income for the year	**20.2%**	**20.2%**	**17.4%**	**0.00**	**(2.78)**	**(2.77)**

* This includes provision for doubtful receivables

**These numbers have been restated

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

(a) Revenue

The Company's revenue increased by 23.2% from SAR 958.9 million in 2012G to SAR 1,181.4 million in 2016G due to:

- Increase of revenue in the household segment by 295.3% from SAR 47.9 million to SAR 189.4 million in line with the increase in the average number of deployed resources from 1,377 to 5,741 on the account of the Company's aspiration to increase the number of manpower resources in this segment to comply with the Recruitment Rules (stipulating that the proportion of the manpower resources deployed to the household segment shall not be less than 20% of the total manpower resources deployed), in addition to initiating provision of its services through a website to facilitate the process of manpower resources requests.
- Increase of revenue in the corporate segment by 8.9% from SAR 911.0 million to SAR 992.0 million in line with the increase in the average number of deployed manpower resources by 8.2% from 23,223 to 25,129 during the period due to the expansion of the Company's operations in the retail and hospitality industries.

Corporate revenue decreased by 1.1% from SAR 1,181.4 million in 2016G to SAR 1,167.9 million in 2017G due to a decrease in corporate revenue (11.4% from SAR 992.0 million to SAR 879.3 million) due to the economic slowdown during the same period owing to lower oil prices. This was offset by an increase in the household revenue by 52.4% from SAR 189.4 million to SAR 288.6 million as a result of the increase in the average number of deployed manpower resources from 5,741 to 8,275 in line with the Company's ongoing efforts to raise the revenues of this segment, including increasing the number of branches from fifteen (15) to eighteen (18) branches and the increased demand on the "Khidmah" Program (for further information about revenue, please refer to Section 6-5-2 "**Revenue and Gross Profit Margin of Corporate and Household Segments**" of this Prospectus).

(b) Cost of Revenue

The cost of revenue increased by 20.7% from SAR 699.9 million in 2015G to SAR 844.6 million in 2016G mainly due to a rise in salaries and other benefits by 24.2% (from SAR 478.7 million to SAR 594.3 million), and increase by 23.1% in the expense of amortization of visas (from SAR 27.4 million to SAR 33.7 million) in line with the increase in the average number of deployed manpower, amounting to 6,270 manpower resources during the same period.

The cost of revenue as a percentage of revenue decreased from 73.0% in 2015G to 71.5% in 2016G due to the renewal of the contracts of deployed manpower resources, which improved the profit margin of their revenues, as certain costs (such as visas and recruitment fees) are not recurring upon renewal.

The cost of revenues increased by 3.6% from SAR 844.6 million in 2016G to SAR 875.4 million in 2017G as a result of the continuous increase in salaries and other benefits by 2.2% (from SAR 594.3 million to SAR 607.7 million), travel ticket allowance by 17.1% (from SAR 26.5 million to SAR 31.0 million), and medical insurance costs (from SAR 11.1 million to SAR 16.8 million), in line with the increase in the average number of deployed resources by 1.8% to 557 manpower resources during the same period.

The cost of revenues as a percentage of revenues increased from 71.5% in 2016G to 75.0% in 2017G due to a decrease in the average monthly revenue of resources from SAR 3,189 to SAR 3,097 during the same period (due to discounts granted to top clients) (for further information about the cost of revenue, please see Section 6-5-3 "**Cost of Revenue**" of this Prospectus).

(c) Gross Profit

Gross profit increased by 30.1% from SAR 258.9 million in 2015G to SAR 336.8 million in 2016G, in line with a 23.2% increase in revenues during the same period. However, it declined by 13.1% to SAR 292.5 million in 2017G due to the decrease in the average monthly revenue of manpower resources from SAR 3,189 to SAR 3,097 during the same period.

Gross profit margin increased by 1.5% points from 27.0% in 2015G to 28.5% in 2016G in line with the 23.2% increase in revenues during the same period. Nonetheless, the gross profit margin decreased by 3.5% points to 25.0% in 2017G due to a decrease of 1.1% in revenues arising from lower average of monthly income of manpower resources from SAR 3,189 to SAR 3,097 during the same period, accounting for 3.6% during the same period.

(d) General and Administrative Expenses

General and administrative expenses increased by 14.6% from SAR 57.9 million in 2015G to SAR 66.4 million in 2016G as a result of the increase in employees costs by 29.2% (from SAR 36.6 million to SAR 47.2 million) on the account of higher average number of employees by 54.3%, reaching 140 employees in line with the opening of five additional branches during the same period, as well as increased recruitment in new departments related to customer service and quality control.

General and administrative expenses increased by 32.2% from SAR 66.4 million in 2016G to SAR 87.7 million in 2017G due to growth of employee costs by 18.3% (from SAR 47.3 million to SAR 55.9 million) in 2017G on the back of the increase in the average number of employees, amounting to 144 employees, in line with the increase in the number of branches from (15) to (18) branches during the same period, in addition to higher professional fees (from SAR 2.7 million to SAR 9.7 million) as a result of the Company's use of consultants services related to the transition to IFRS, preparation for the Public Offering, and development of internal audit (for further information about general and administrative expenses, please refer to Section 6-5-4 "**General and Administrative Expenses**" of this Prospectus).

(e) Marketing Expenses

Marketing expenses consist of provisions for doubtful debts, marketing expenses and advertising costs. Marketing expenses increased from SAR 1.4 million in 2015G to SAR 28.2 million in 2016G due to an increase in the provision for doubtful debts from SAR 535 thousand to SAR 25.7 million as a result of the amendment of the provisioning policy during the period (for further information on doubtful debts, please see Section 6-5-5(A) "**Doubtful Debts**" of this Prospectus). Marketing expenses decreased by 68.4% to SAR 8.9 million in 2017G in line with the decrease in provision for doubtful debts from SAR 25.7 million to SAR 7.3 million (due to policy adjustments in 2016G, resulting in a relatively high expense) In addition, further changes to the provisioning policy were made due to the requirements of IFRS. For more details about marketing expenses, please refer to section 6-5-5 "**Marketing Expenses**" of this Prospectus.

(f) Other income

Other income amounted to SAR 16.5 million in 2017G, mainly comprising:

- Contract cancellation fees.
- Income from fines and penalties.
- Fines paid by recruitment agencies when sending manpower resources who are not qualified for the work required.
- Profit on Murabaha time deposits and others.

6-5-2 Revenue and Gross Profit Margin of Corporate and Household Segments

Table (6-2): Revenue and Gross Profit Margin for the Financial Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Corporate segment	910,978	992,037	879,321	8.9%	(11.4%)	(1.8%)
Household segment	47,915	189,391	288,624	295.3%	52.4%	145.4%
Revenue	958,893	1,181,428	1,167,945	23.2%	(1.1%)	10.4%
Average number of deployed manpower resources					Difference	
Corporate segment	23,223	25,129	23,152	1,906	(1,977)	(71)
Household segment	1,377	5,741	8,275	4,364	2,534	6,898
Total	**24,600**	**30,870**	**31,427**	**6,270**	**557**	**6,827**
Average monthly revenue per resources					Difference	
Corporate segment	3,269	3,290	3,165	21	(125)	(104)
Household segment	2,900	2,749	2,907	(151)	158	6
Total average monthly revenue per resource	**3,248**	**3,189**	**3,097**	**(59)**	**(92)**	**(151)**
Gross Profit					Percentage Points	
Corporate segment	26.8%	28.5%	25.0%	1.7	(3.5)	(1.8)
Household segment	30.3%	28.5%	25.0%	(1.8)	(3.5)	(5.3)
Total	**27.0%**	**28.5%**	**25.0%**	**1.5**	**(3.5)**	**(2.0)**

Source: Management Information for years ended 31 December 2015G, 2016G and 2017G

The total revenue of the Company consists of the revenue of corporate segment and the revenue of the household segment. Corporate segment revenue accounted for 84.1% of the total revenues between 2015G and 2017G, while household segment revenue represented 15.9% of total revenues during the same period.

The revenue of the corporate segment increased by 8.9% from SAR 911.0 million in 2015G to SAR 992.0 million in 2016G as a result of the increase in the average number of deployed manpower resources by 8.2% from 23,223 to 25,129 manpower resources during the same period. It should be noted that this increase is attributed to corporate controls applied to the issuance of visas and expansion of the Company's operations in the retail and healthcare industries.

On the other hand, the revenue of the corporate segment decreased by 11.4% from SAR 992.0 million in 2016G to SAR 879.3 million in 2017G due to the decline in the average number of deployed manpower resources by 7.9% to 23,152 (mainly due to the slowdown economic activity, particularly in the industrial, operating and retail industries on the back of lower oil prices (revenue of these industries decreased by SAR 133.0 million). In addition, the average monthly revenue of each deployed resources decreased from SAR 3,290 to SAR 3,165 as a result of re-negotiation of prices with a number of top clients to incentivize them to increase the number of manpower resources.

The gross profit margin of the corporate segment increased from 26.8% in 2015G to 28.5% in 2016G as a result of the increase in revenue by 8.9% while other direct costs as a percentage of revenues decreased from 22.8% to 19.7% during the same period due to unchanged costs. The gross profit margin decreased from 28.5% in 2016G to 25.0% in 2017G due to the decline in the average monthly revenue per resource from 3,290 to 3,165 during the period, while the remainder of costs remained fixed as a percentage of revenues at 19.7%.

The revenue of the household segment increased by 295.3% from SAR 47.9 million in 2015G to SAR 189.4 million in 2016G, mainly due to an increase in the average number of deployed resources by 317.9% from 1,377 manpower resources in 2015G to 5,741 manpower resources in 2015G on the account of the Company's initiative to increase the number of resources in this segment to comply with the Recruitment Rules (stipulating that the proportion of the manpower resources deployed to the household segment shall not be less than 20% of the total resources deployed). The Company has increased the number of branches from ten (10) branches in 2015G to fifteen (15) branches in 2016G, in addition to initiating provision of its services through a website to facilitate the process of manpower demand. During the same period, the Company also launched "Khidmah" Program, providing household clients with the possibility of hiring housekeepers with hourly rates through the branches of the Company, in addition to the website and online application.

The revenue of the household segment increased by 52.4% from SAR 189.4 million in 2016G to SAR 288.6 million in 2017G as a result of the increase in the average number of deployed resources by 44.1%, accounting for 2,534 resources, to reach 8,275 resources. The Company continued its efforts to raise the revenues of this segment, which included increasing the number of branches from fifteen (15) branches to eighteen (18) branches.

The profit margin of the household segment decreased from 30.3% in 2015G to 28.5% in 2016G due to the increase in visa amortization expense (from SAR 1.5 million to SAR 6.3 million). The Company hired 4,547 manpower resources during the same period. The profit margin decreased to 25.0% in 2017G due to the increase in other direct costs from SAR 55.2 million to SAR 94.8 million during the same period.

(a) Corporate Segment Revenue

Table (6-3): Corporate Revenue for the Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Mangement	2016G Mangement	2017G Mangement	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Retail industry	244,879	265,738	254,399	8.5%	(4.3%)	1.9%
Industrial and operation	390,936	365,294	243,643	(6.6%)	(33.3%)	(21.1%)
Hospitality industry	117,532	162,739	165,679	38.5%	1.8%	(18.7%)
Healthcare industry	68,335	86,340	113,734	26.3%	31.7%	29.0%
Commercial industry	89,297	111,926	101,866	25.3%	(9.0%)	6.8%
Total corporate revenue	**910,978**	**992,037**	**879,321**	**8.9%**	**(11.4%)**	**(1.8%)**
Average number of deployed manpower resources					Diffe rence	
Retail	6,548	7,590	7,690	1,042	100	1,142
Industrial and operation	11,040	10,452	7,732	(588)	(2,720)	(3,308)
Hospitality industry	3,208	4,384	4,938	1,176	554	1,730
Healthcare industry	702	841	1,210	138	370	508
Commercial industry	**1,725**	**1,862**	**1,582**	**137**	**(280)**	**(143)**
Total	**23,223**	**25,129**	**23,152**	**1,906**	**(1,977)**	**(71)**
Average monthly revenue per resource by segment					Difference	
Retail industry	3,116	2,918	2,757	(198.9)	(160.7)	(359.6)
Industrial and operation	2,951	2,912	2,626	(38.4)	(286.6)	(325.1)
Hospitality industry	3,053	3,094	2,796	40.4	(297.3)	(256.9)
Healthcare industry	8,109	8,560	7,831	451.0	(728.3)	(277.3)
Commercial industry	4,315	5,010	5,366	695.0	355.8	1,050.8
Total	**3,269**	**3,290**	**3,165**	**20.9**	**(124.9)**	**(103.9)**

Source: Management information for years ended 31 December 2015G, 2016G and 2017G

Corporate revenue includes from retail clients (27.5% of total revenue between 2015G and 2017G), industrial and operation (35.9%), hospitality (16.0%), and healthcare and commercial industry (20.5%).

Retail Industry

Retail revenues (mainly employing the general labour, sales staff and representatives, and marketing specialists) increased by 8.5% from SAR 244.9 million in 2015G to SAR 265.7 million in 2016G as a result of the increase in the average number of deployed resources by 15.9% from 6,548 resources to 7,590 resources as a result of increased demand of clients arising from the ease and speed of the supply of resources from the Company, as well as expansion of retail clients. The increase was offset by a decline in average monthly revenue per resource, representing 6.3% from SAR 3,116 to SAR 2,918 as a result of discounts granted to certain clients.

Retail revenues decreased by 4.3% to SAR 254.4 million in 2017G as a result of the decline in average monthly revenue per resource by 5.5% from SAR 2,918 in 2016G to SAR 2,757 in 2017G due to increase in discounts granted to major customers. The low contract prices is in line with the lower average cost per worker. Furthermore, management has the ability to give discounts on resources deployed for more than two years, as the company has incurred the one-off costs of visa fees during the first two years of resource deployment.

Industrial and Operation

Industrial and operation revenues (mainly employing the common labour) decreased by 6.6% from SAR 390.9 million in 2015G to SAR 365.3 million in 2016G due to the decrease in the average number of deployed resources by 5.3% from 11,040 resources to 10,452 resources during the same period due to the overall slowdown in the contracting industry in the Kingdom. Moreover, such revenues decreased by 33.3% to SAR 243.6 million in 2017G as a result of the decline in the average number of deployed resources by 26.0% from 10,452 resources to 7,732 resources due to continued slowdown in the contracting industry during the same period.

Hospitality Industry

Hospitality revenues (mainly employing restaurant waiters, chefs, catering resources and common labour) increased by 38.5% from SAR 117.5 million in 2015G to SAR 162.7 million in 2016G in line with the increase in the average number of deployed manpower resources by 36.7% from 3,208 manpower resources to 4,384 manpower resources due to increased demand resulting from the opening of new restaurants during the period in addition to food delivery services.

Hospitality revenues rose by 1.8% to SAR 165.7 million in 2017G as a result of the increase in the average number of deployed manpower resources by 12.6% to 4,938 manpower resources due to increased demand from existing clients. This increase was offset by a decrease in average monthly revenue per resource from SAR 3,094 to SAR 2,796 as a result of the re-negotiation of prices with a number of top clients in addition to the economic slowdown in the same period

Healthcare Industry

Healthcare revenues (mainly employing public nurses, specialized nurses and physicians) increased by 26.3% from SAR 68.3 million in 2015G to SAR 86.3 million in 2016G, mainly due to the increase in average monthly manpower resources revenue by 5.6% from SAR 8,109 to SAR 8,560 as a result of the recruitment of a highly paid manpower resources of physicians, in addition to the increase in the average number of deployed manpower. Healthcare revenues increased by 31.7% to SAR 113.7 million in 2017G as a result of the increase in the average number of deployed manpower resources from 841 manpower resources to 1,210 manpower resources due to the expansion of hospitals of a client.

Commercial Industry

Commercial revenues (mainly employing marketing specialists, sales representatives, information technology technicians, accountants and financial analysts) increased by 25.3% from SAR 89.3 million in 2015G to SAR 111.9 million in 2016G mainly due to the increase in average monthly revenue per resource 16.1% from SAR 4,315 manpower resources to 5,010 manpower resources for the same period during the same period due to an increase in the recruitment of relatively high paid manpower resources (accountants and financial analysts). Commercial revenues decreased by 9.0% to SAR 101.9 million due to the decline in the average number of deployed manpower resources from 1,862 manpower resources to 1,582 manpower resources as a result of the increase in Saudization rate in the banking industry.

(b) Revenue of the Corporate Segment by Profession

Table (6-4): Corporate Revenue by Profession for the Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Management	2016G Management	2017G Management	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Common labour	710,812	695,045	530,893	(2.2%)	(23.6%)	(13.6%)
General nurse	23,062	32,601	57,474	41.4%	76.3%	57.9%
Salesman	12,573	36,592	48,939	191.0%	33.7%	97.3%
Marketing specialist	26,513	32,144	31,963	21.2%	(0.6%)	9.8%
Physician	15,715	22,196	27,010	41.2%	21.7%	31.1%
Waiter (food server)	7,524	21,723	24,280	188.7%	11.8%	79.6%
Specialized nurse	20,457	20,402	21,652	(0.3%)	6.1%	2.9%
Cook general	4,318	10,982	18,606	154.3%	69.4%	107.6%
Sales representative	26,006	19,913	18,057	(23.4%)	(9.3%)	(16.7%)
Restaurant worker	1,330	15,725	17,398	1082.8%	10.6%	261.7%
Other	62,668	84,714	83,047	35.2%	(2.0%)	15.1%
Total	**910,978**	**992,037**	**879,321**	**8.9%**	**(11.4%)**	**(1.8%)**
Average number of deployed manpower resources					Difference	
Common labour	20,426	20,383	17,168	(43)	(3,215)	(3,258)
General nurse	292	421	781	129	360	489
Salesman	256	862	1,254	606	392	998
Marketing specialist	269	286	304	17	18	35
Physician	38	49	66	12	17	29
Waiter (food server)	186	577	666	391	89	479
Specialized nurse	248	231	268	(16)	37	20
Cook general	95	307	540	212	233	445
Sales representative	391	252	228	(139)	(24)	(164)
Restaurant worker	35	482	534	447	52	499
Other	987	1,278	1,344	291	66	357
Total	**23,223**	**25,129**	**23,152**	**1,906**	**(1,977)**	**(71)**
Average monthly revenue per resource by profession					Difference	
Common labour	2,900	2,842	2,577	(58)	(265)	(323)
General nurse	6,580	6,454	6,132	(126)	(322)	(448)
Salesman	4,094	3,539	3,252	(555)	(287)	(842)
Marketing specialist	8,219	9,363	8,755	1,145	(609)	536
Physician	34,845	37,429	34,061	2,584	(3,368)	(784)
Waiter (food server)	3,364	3,137	3,039	(227)	(98)	(324)
Specialized nurse	6,886	7,357	6,739	472	(619)	(147)
Cook general	3,781	2,979	2,873	(803)	(106)	(909)
Sales representative	5,537	6,583	6,607	1,046	24	1,071
Restaurant worker	3,165	2,720	2,716	(445)	(4)	(450)
Other	5,290	5,523	5,150	233	(373)	(141)
Total	**3,269**	**3,290**	**3,165**	**21**	**(125)**	**(104)**

Source: Management information for years ended 31 December 2015G, 2016G and 2017G

The corporate segment consists mainly of the common labour accounting for 69.6% of total business revenues between 2015G and 2017G (It should be noted that common labour revenues as a percentage of business income decline from 78.0% to 60.4% in 2017G, increasing the diversity of industries served by the Company).

In terms of revenues, the common labour is followed by public nurses (4.1% of corporate revenues between 2015G and 2017G), sales staff (3.5% of corporate revenues between 2015G and 2017G), and marketing specialists (3.3% of the revenue of the corporate segment between 2015G and 2017G) as well as other professions including physicians, restaurant waiters, specialist nurses, chefs, sales representatives, and others.

Common Labour

The common labour are employed in most of the industries served by the Company, especially the retail, industrial and operation and hospitality industries. This category includes non-specialized manpower, builders, drivers and others.

Common labour revenues decreased by 2.2% from SAR 710.8 million in 2015G to SAR 695.0 million in 2016G mainly due to the decline in average revenue per resource by 2.0% from 2,900 to 2,842 as a result of a change in the structure of the manpower resources towards manpower resources with relatively lower wages (cleaners).

Revenue decreased by 23.6% to SAR 530.9 million in 2017G due to the decline in the average number of deployed resources by 15.8% from 20,383 in 2016G to 17,168 in 2017G, because of the continuous slowdown in the industrial and operation industry, in addition to the decrease of retail revenues as a result of price negotiations with major clients in this industry in order to incentivize them to increase the number of resources.

General Nurses

General nurses are employed in the healthcare industry.

Revenue from general nurses increased by 41.4% from SAR 23.1 million in 2015G to SAR 32.6 million in 2016G as a result of the increase in the average number of deployed resources by 44.1% from 292 to 421 resources during the same period due to the increase in demand for resources by a top client in the healthcare industry. Healthcare revenues increased by 76.3% to SAR 57.5 million in 2017G as a result of the rise in the average number of deployed resources by 85.5% to 781 manpower resources for the same reason mentioned above.

Salesmen

Salesmen are often employed in the retail and hospitality industries, as well as in the industrial and operation, and commercial industries.

Salesmen revenue increased by 191.0% from SAR 12.6 million in 2015G to SAR 36.6 million in 2016G as a result of the increase in the average number of deployed resources by 236.7% from 256 to 862 resources during the same period. This growth was mainly due to the rise in the retail, hospitality and commercial industries (19.6% over the same period). Sales staff revenues increased by 33.7% to SAR 48.9 million in 2017G in line with the increase in the average number deployed resources by 45.5% from 862 to 1,254 during the same period as a result of the increase in sales staff deployed in the retail industry.

Marketing Specialists

Marketing specialists are employed mainly in the retail and commercial industries.

Marketing specialists' revenue increased by 21.2% from SAR 26.5 million in 2015G to SAR 32.1 million in 2016G in line with the rise in average monthly resources revenue by 13.9% from SAR 8,219 to SAR 9,363 during the same period as a result of the recruitment of highly-paid jobs (specifically in the commercial industry).

Revenue slightly decreased by 0.6% to SAR 32.0 million in 2017G in line with the decline in the average monthly resources revenue from SAR 9,363 per capita to SAR 8,755 per capita due to a change in the structure of the deployed manpower resources towards lower paid manpower resources during the same period.

Physicians

Physicians' revenue, employed in the healthcare industry, increased by 41.2% from SAR 15.7 million in 2015G to SAR 22.2 million in 2016G as a result of the increase in the average number of deployed resources by 28.9% from 38 to 49 during the same period, in addition to the growth of the average monthly revenue per resource from SAR 34,845 per capita to SAR 37,429 per capita, in line with an increase in physicians with higher specialties (compared to General Physicians). Moreover, physicians' revenue increased by 21.7% to SAR 27.0 million in 2017G as a result of the increase in the average number of deployed resources by 34.7% to 66 manpower resources as a result of the increase in demand by one of the top clients, offset by a slight decrease in the average monthly resources revenue to reach SAR 34,061 per month as a result of granting that client a discount in order to increase orders.

Restaurant Waiters

Revenue of restaurant waiters, employed in the hospitality industry, increased by 188.7% from SAR 7.5 million in 2015G to SAR 21.7 million in 2016G, in line with the increase in the average number of deployed resources by 209.6% from 186 to 577 as a result of the rise in the number of restaurant clients, offset by a shortfall in the average monthly revenue per resource from SAR 3,364 to SAR 3,137 as a result of price negotiations with some clients. Revenue from restaurant waiters increased by 11.8% to SAR 24.3 million in 2017G as a result of the rise in the average number of deployed resources by 15.4% to 666 manpower resources during the same period.

Specialized Nurses

Revenue from specialized nurses employed in the healthcare industry was relatively stable between 2015G and 2016G at SAR 20.4 million. Revenue increased by 6.1% to SAR 21.6 million in 2017G as a result of the increase in the average number of deployed resources by 15.9% from 231 to 268 resources during the same period.

Cooks

Revenues from cooks, mainly employed in the hospitality industry and the industrial and operation industry, increased by 154.3% from SAR 4.3 million in 2015G to SAR 11.0 million in 2016G as a result of the increase in the average number of deployed resources by 223.2% from 95 to 307 during the same period. Such revenue increased by 69.4% to SAR 18.6 million in 2017G on the account of the increase in the average number of deployed manpower resources by 75.9% to 540 manpower resources due to the increase in restaurant and hotel clients of the hospitality industry.

Sales Representatives

Sales representatives are mainly employed in the retail and commercial industries.

Sales representatives' revenue decreased by 23.4% from SAR 26.0 million in 2015G to SAR 19.9 million in 2016G due to the decrease in the average number of deployed resources by 35.6% from 391 to 252 manpower resources due to the growing Saudization requirements in banks, especially for these professions. Such revenues decreased by 9.3% to SAR 18.0 million in 2017G due to the decline in the average number of deployed manpower resources under contracts to 228 manpower resources for the same reason mentioned above.

Restaurant Workers

Revenues from restaurant workers, mainly employed in the hospitality industry, increased by 154.3% from SAR 1.3 million in 2015G to SAR 15.7 million in 2016G as a result of the increase in the average number of deployed resources by 1277.1% from 35 to 482 during the same period as a result of establishment the reputation of the Company's services in the industry. Such revenues increased by 10.6% to SAR 17.4 million in 2017G on the account of the increase in the average number of deployed by 10.8% to 534 manpower resources during the same period.

Other Professions

Other professions include certain professions requested by companies such as equipment technicians, programmers, administrative assistants, electrical technicians, executive managers and others. Revenue from other professions increased from SAR 62.7 million in 2015G to SAR 84.7 million in 2016G as a result of the rise in the average number of deployed manpower resources by 29.5% from 987 to 1,278 manpower resources. However, such revenues decreased slightly by 2.0%, reaching SAR 83.0 million in 2017G.

(c) The Revenue of the Corporate and Household Segments by the Nationality of the Manpower Resources

Table (6-5): Revenue of the Corporate and Household Segments by the Nationality of the Manpower Resources for the Years Ended 31 December 2015G, 2016G and 2017G.

SAR in thousands	2015G Management	2016G Management	2017G Management	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Indian nationality	447,267	487,466	433,542	9.0%	(11.1%)	(1.5%)
Indonesian nationality	19,425	147,882	246,225	661.3%	66.5%	256.0%
Filipino nationality	112,752	160,893	184,112	42.7%	14.4%	27.8%
Nepalese nationality	154,664	204,211	157,903	32.0%	(22.7%)	1%
Egyptian nationality	53,500	55,147	58,947	3.1%	6.9%	5.0%
Other nationalities	171,285	125,829	87,216	(26.5%)	(30.7%)	(28.6%)
Total revenue	**958,893**	**1,181,428**	**1,167,945**	**23.2%**	**(1.1%)**	**10.4%**
Average number of deployed manpower resources					Difference	
Indian nationality	12,630	14,243	13,728	1,613	(515)	1,098
Indonesian nationality	509	4,089	6,841	3,580	2,752	6,332
Filipino nationality	1,866	2,824	3,217	958	393	1,351
Nepalese nationality	4,906	6,497	5,357	1,591	(1,140)	451

SAR in thousands	2015G Management	2016G Management	2017G Management	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Egyptian nationality	624	505	508	(119)	3	(116)
Other nationalities	4,065	2,712	1,776	(1,353)	(936)	(2,289)
Total revenue	**24,600**	**30,870**	**31,427**	**6,270**	**557**	**6,827**
Average monthly revenue per each manpower resource by industry					Difference	
Indian nationality	2,951	2,852	2,632	(99)	(220)	(319)
Indonesian nationality	3,180	3,014	2,999	(166)	(14)	(181)
Filipino nationality	5,035	4,748	4,769	(288)	21	(266)
Nepalese nationality	2,627	2,619	2,456	(8)	(163)	(171)
Egyptian nationality	7,145	9,100	9,670	1,955	570	2,525
Other nationalities	3,511	3,866	4,092	355	226	581
Total revenue	**3,248**	**3,189**	**3,097**	**(59)**	**(92)**	**(151)**

Source: Management information for the years ended in 31 December 2015G, 2016G and 2017G

The Company provides manpower resources from thirty three (33) countries. As of 31 December 2017G, the manpower resources from India, Indonesia, the Philippines, Nepal and Egypt are the top five (5) countries from which manpower resources are sourced. The manpower resources in these countries represented 92.5% of the total revenues of the Company as of 31 December 2017G. Other nationalities are mainly, but not exclusively, nationalities from the Middle East (Jordan, Palestine), South Asia (Bangladesh, Sri Lanka, Pakistan), Africa (Tanzania, Tunisia) and others such as China.

India is the largest country providing manpower resources to the Company, contributing 41% of the revenue between 2015G and 2017G. The contribution percentage of the Indian manpower resources in revenue declined from 47% in 2015G to 37% in 2017G. The Company expanded its sources and foreign recruitment agencies in 2016G and 2017G, as well as increased diversity in non-traditional industries such as healthcare, hospitality and expansion of the household segment through full-time and part-time services.

Following the Indian manpower resources in terms of contribution to revenue is the Nepalese nationality where Nepalese manpower resources contributed 16% of the revenue during the period between 2015G and 2017G. Other major nationalities contributing to the total revenue between 2015G and 2017G include resources from the Philippine, contributing 14% of the revenue, manpower resources from Indonesia, contributing 12% of the revenue; and manpower from Egypt contributing 5% of the revenue.

Indian Nationality

Most of the Indian manpower resources are deployed in the corporate segment in common labour occupations, sales occupations (salesperson, sales representative, marketing specialist), hospitality occupations (cooks, restaurant waiters, restaurant wokers). A small number are employed in the healthcare industry as nurses. In addition, the majority of drivers in the household segment are Indian.

Revenue from the Indian resources increased by 9.0% from SAR 447.3 million in 2015G to SAR 487.5 million in 2016G, mainly due to the rise in the average number of manpower resources by 12.8% from 12,630 to 14,243 due to the increasing demand of Indian manpower resources in sales occupations (including staff and sales representatives, marketing specialists), hospitality occupations (including cooks, restaurant waiters, restaurant manpower resources) in the corporate segment and as drivers in the household segment. This increase was partially offset by a decrease in the average monthly revenue of each deployed manpower resources resource by 3.4% from SAR 2,951 to SAR 2,852, mainly due to the overall decline in the average monthly revenue of each deployed manpower resources resource, particularly in the manufacturing, operations and retail industries, as the Company granted discounts on the price of contracts as part of the strategy of refurbishing and maintaining clients.

Revenue from the Indian manpower resources decreased by 11.1% from SAR 487.5 million in 2016G to SAR 433.5 million in 2017G due to the decrease in the average number of deployed resources by 3.6% from 14,243 to 13.728 due to a decrease in the average number of deployed resources in common labour occupations (1,260) as a result of the continuous decline in the industrial and operations industry, which includes clients of the contracting category. In addition to the decrease in the average monthly revenue of each deployed resources of Indian nationality by 7.7% from SAR 2,852 to SAR 2,632 due to lower prices with clients to encourage them to renew contracts. This decrease was partly offset by a slight increase in the average number of resources in other occupations such as sales occupation (salesperson, sales representative, marketing specialist), with cumulative increase equivalent to 373 resources, and hospitality occupations (cooks, restaurant waiters, restaurant workers), with cumulative increase equivalent to 298 manpower resources.

Indonesian Nationality

The resources from Indonesia are mainly deployed in the household segment.

Revenue from Indonesian resources increased by 661.3% from SAR 19.4 million in 2015G to SAR 147.9 million in 2016G as a result of the rise in the average number of resources by 703.3% from 509 in 2015G To 4,089 resources. The Company focused on the recruitment of Indonesian manpower to service the demand of household manpower and in order to comply with the recruitment rules (which stipulates that the proportion of resources in the household segment must not be less than 20% of the total deployed resources), In addition to the launch of the client online platform, which facilitates the provision of household manpower services. This increase was offset by a partial decrease in the average monthly revenue of each deployed resources resource by 5.2% from SAR 3,180 to SAR 3,014.

Revenue from Indonesian resources increased by 66.5% from SAR 147.9 million to SAR 246.2 million as a result of the continued increase in the number of deployed resources by 67.3% from 4,089 to 6.841 due to the high demand in the household segment, including the increase in the number of branches from fifteen (15) to eighteen (18) branches during the same period.

Filipino Nationality

The Filipino resources are mainly deployed in the corporate segment, in the healthcare industry (nurses), the hospitality industry (cooks, restaurant waiters, restaurant workers) as well as common labour and part-time household resources under the "Khidmah" Program in the household segment.

Revenue from the Filipino resources increased by 42.7% from SAR 112.8 million in 2015G to SAR 160.9 million in 2016G as a result of the increase in the average number of deployed resources from 51.3% from 1866 to 2,824 during the same period due to their increased employment as nurses (general and specialist) in the healthcare industry, as well as restaurant resources, hospitality resources and household resources due to the launch of the "Khidmah" Program, which is primarily provided by female Filipino resources. The increase in the average number of resources was partially offset by the average monthly income of each deployed resources by 5.7% from SAR 5,035 to SAR 4,748 as the growth rate was higher in less skilled occupations (waiters, restaurant resources and household resources).

Revenue from the Filipino resources increased by 14.4% from SAR 160.9 million in 2016G to SAR 184.1 million in 2017G as a result of an increase in the average number resources by 13.9% from 2,824 to 3,207, which is a result of the increase in the number of nurses (+ 444) and resources in the hospitality occupations (+119), which was partially offset by a decrease in the common labour (-171).

Nepalese Nationality

Nepalese resources are mainly deployed in the corporate segment as common labour.

Revenue from the deployed Nepalese resources increased by 32.4% from SAR 154,7 million in 2015G to SAR 204,2 million in 2016G as a result of the increased demand for occupations that require less skills such as general manpower 234 (cleaners) in the retail industry.

Revenue from the deployed Nepalese resources decreased by 22.7% from SAR 204.2 million in 2016G to SAR 157.9 million in 2017G due to the decrease in the number of deployed resources by 17.5% from 6,497 to 5,357 due to the decreased demand of Nepalese resources (usually as cleaners) in the retail industry. In addition, the average monthly revenue of each manpower resource decreased by 6.2% as a result of lower prices with clients to encourage them to renew contracts.

Egyptian Nationality

The Egyptian resources are mainly deployed in the corporate segment in sales occupations (salesperson, sales representative, marketing specialist), doctors (in the healthcare industry) and common labour.

Revenue of deployed Egyptian resources increased by 3.1% from SAR 53.5 million in 2015G to SAR 55.1 million in 2016G, although the average number of resources decreased by 19.1% from 624 to 505 as a result of the increase in the average monthly revenue per each manpower resource by 27.4% from SAR 7,145 to SAR 9,100. The increase in average monthly revenue was due to the shift in the deployed occupations, which is shaped by a decline of common labour coupled with an increase in the number of skilled resources s such as sales professionals and doctors.

Revenue from the deployed Egyptian resources increased by 6.9% from SAR 55.1 million in 2016G to SAR 58.9 million in 2017G as a result of the increase in the average monthly revenue per each manpower resource by 6.3% from SAR 9,100 to SAR 9,670 due to the constant change in the mix of occupations, which is shaped by a continuous decline in general manpower coupled with an increase in the number of deployed doctors and sales occupations in 2017G.

Other

Other nationalities are mainly, but not exclusively, nationalities from the Middle East (Jordan, Palestine), South Asia (Bangladesh, Sri Lanka, Pakistan), Africa (Tanzania, Tunisia) and others such as China. Revenues from these nationalities decreased from SAR 171.3 million In 2015G to SAR 125.8 million in 2016G due to the decline in the number of the deployed resources by SAR 1.353 million of general manpower in the industrial and operations industry in the corporate segment, this decline continued in 2017G by 30.7% to reach SAR 87.2 million.

(d) Revenue and Gross Profit Margin of Household Segment

Table (6-6): Revenue and Gross Profit Margin of Household Segment for the Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Management	2016G Management	2017G Management	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Housekeepers	23,801	155,974	259,841	555.3%	66.6%	230.4%
Private drivers	24,114	33,417	28,783	38.6%	(13.9%)	9.3%
Total	**47,915**	**189,391**	**288,624**	**295.3%**	**52.4%**	**145.4%**
Average number of deployed resources					Difference	
Housekeepers	613	4,522	7,277	3,909	2,756	6,664
Private drivers	764	1,219	997	456	(222)	234
Total	**1,377**	**5,741**	**8,275**	**4,364**	**2,534**	**6,898**
Average monthly revenue per resource by profession					Difference	
Housekeepers	3,236	2,875	2,975	(361)	101	(261)
Private drivers	2,631	2,284	2,405	(347)	121	(226)
Total	**2,900**	**2,749**	**2,907**	**(151)**	**158**	**7**

Source: Management information for years ended 31 December 2015G, 2016G and 2017G

The household segment revenues represent revenues from household resources and private drivers. Housekeepers accounted for 83.6% of household segment revenues between 2015G and 2017G, while private drivers accounted for 16.4% of the retail revenues during the same period.

The Company offers its household services through eighteen (18) branches (as of 31 December 2017G), as well as a website and an electronic application enabling clients to request and book the service. The Company also launched a "Khidmah" Program that provides providing household clients with the possibility of hiring female housekeepers with hourly rate.

Housekeepers

Revenues from housekeepers increased by 555.3% from SAR 23.8 million in 2015G to SAR 156.0 million in 2016G as a result of the rise in the number of housekeepers by 637.7% from 613 to 4,522 during the same period as a result of the Company's efforts to expand in the household segment, including the establishment of an electronic application to facilitate online ordering and booking, and growing revenues from the "Khidmah" Program, as well as the opening of five (5) new branches.

Moreover, revenues from housekeepers increased by 66.6% to SAR 259.8 million in 2017G as a result of the Company's continuing efforts to expand the household segment, which contributed to increasing the number of female housekeepers by 60.9% from 4,522 housekeepers in 2016G to 7,277 resources in 2017G, and the opening of three (3) additional branches during the year, not to mention the expansion of "Khidmah" Program (Revenues from the "Khidmah" Program increased from SAR 8.7 million in 2016G to SAR 22.9 million in 2017G).

Private Drivers

Revenues from private drivers increased by 38.6% from SAR 24.1 million in 2015G to SAR 33.4 million in 2016G in line with the increase in the number of drivers by 59.6% from 764 drivers to 1,219 drivers during the same period mainly due to the increase in the number of branches from ten (10) branches to fifteen (15) branches, in addition to the rise in the number of drivers deployed by the Company.

However, revenues from private drivers decreased by 13.9% to reach SAR 28.8 million in 2017G due to the decrease in the average number of deployed drivers by 18.2% to 997 drivers during the same period. This was offset by a rise in driver rates, given the average monthly revenue per driver increased from SAR 2,284 to SAR 2,405 during the same period.

6-5-3 Cost of Revenue

Table (6-7): Cost of Revenue for the Years Ended 31 December 2016G, 2017G and 2018G

SAR in thousands	2015G Management	2016G Management	2017G Management	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Salaries and benefits	478,727	594,344	607,692	24.2%	2.2%	12.7%
Travel ticket allowance	19,048	26,499	31,039	39.1%	17.1%	27.7%
Amortization of used entry visa fees	27,370	33,685	36,464	23.1%	8.2%	15.4%
End of service provision expense	16,519	18,040	21,100	9.2%	17.0%	13.0%
Health insurance premium	9,770	11,132	16,837	13.9%	51.3%	31.3%
Rent	4,182	3,315	6,835	(20.7%)	106.2%	27.8%
Provision for operational risk	5,501	5,079	921	(7.7%)	(81.9%)	(59.1%)
Sales commissions	11,401	6,086	3,788	(46.6%)	(37.7%)	(42.4%)
Other Expenses	127,431	146,463	150,743	14.9%	2.9%	8.8%
Total	**699,949**	**844,642**	**875,419**	**20.7%**	**3.6%**	**11.8%**
KPIs					Difference	
Average number of deployed resources (Total)	24,600	30,870	31,427	6,270	557	6,827
Average monthly salary and benefits per manpower resource	1,622	1,604	1,611	(17.3)	6.9	(10.3)
As Percentage of Revenue					Percentage	
Salaries and benefits	49.9%	50.3%	52.0%	0.4	1.7	2.1
Travel ticket allowance	2.0%	2.2%	2.7%	0.3	0.4	0.7
Amortization of used entry visa fees	2.9%	2.9%	3.1%	(0.0)	0.3	0.3
End of service provision expense	1.7%	1.5%	1.8%	(0.2)	0.3	0.1
Health insurance premium	1.0%	0.9%	1.4%	(0.1)	0.5	0.4
Rent	0.4%	0.3%	0.6%	(0.2)	0.3	0.1
Sales commissions	1.2%	0.5%	0.3%	(0.7)	(0.2)	(0.9)
Provision for operational risk	0.6%	0.4%	0.1%	(0.1)	(0.4)	(0.5)
Other expenses	13.3%	12.4%	12.9%	(0.9)	0.5	(0.4)
Total	**73.0%**	**71.5%**	**75.0%**	**(1.5)**	**3.5**	**2.0**

Source: Management information for years ended 31 December 2015G, 2016G and 2017G

Cost of revenue consists mainly of salaries and other benefits (69.5% of total costs between 2015G and 2017G), visa amortization expense (4.0%), travel ticket allowance (3.2%), end of service provision (2.3%), insurance expenses (1.6%), rental expenses, sales commissions and others.

(a) Salaries and Related Benefits

Salaries and related benefits include basic salaries and bonuses as well as overtime wages, which relate to the deployed resources. Salaries and other benefits increased by 24.2% from SAR 478.7 million in 2015G to SAR 594.3 million in 2016G mainly due to the increase in the average number of deployed resources by 25.5% from 24,600 to 30,870 resources during the same period. Salaries and benefits related to corporate segment increased by 12.1% from SAR 458.8 million in 2015G to SAR 514.2 million in 2016G, driven by an increase in the average number of deployed resources amounting to 1,906 resources. Salaries and other benefits related to the household segment increased by 303.1% from SAR 19.9 million in 2015G to 80.2 million in 2016G, on the account of the increase in the average number of deployed resources by 317.0%, accounting for 4,364 resources during the same period.

Salaries and other benefits increased by 2.2% from SAR 594.3 million in 2016G to SAR 607.7 million in 2017G as a result of the increase in the average number of deployed resources by 1.8% from 30,870 to 31,427 resources during the same period, mainly driven by the household segment. Salaries and other benefits related to the household segment increased by 51.6% from SAR 80.2 million in 2016G to SAR 121.5 million in 2017G as a result of the increase in the average number of deployed resources by 44.1%, equivalent to 2,534 resources, due to the growing number of housekeepers partially offset by a decrease in the number of private drivers.

Salaries and other benefits as a percentage of total revenues increased from 49.9% in 2015G to 52.0% in 2017G due to lower prices on the back of intensive competition as well as discounts to top clients.

(b) Amortization of Used Entry Visa Fees

Amortization of used entry visa fees relate to resources visas upon arrival in the Kingdom. An amount (2,000 per manpower resource) is capitalized and amortized equally over a period of two years. Amortization of used entry visa fees increased by 23.1% from SAR 27.4 million in 2015G to SAR 33.7 million in 2016G, in line with the increase in the number of manpower from 24,600 to 30,870 resources during the same period. Such expenses increased by 8.2% from SAR 33.7 million in 2016G to SAR 36.5 million in 2017G due to the increase in the number of resources to 31,427 resources during the same period, especially in the household segment.

(c) Travel Ticket Allowance Expense

Travel ticket allowance expense represents the cost of travel tickets which the Company pays to the deployed resources (upon completion of two (2) years of service for the deployed resources in the household segment, and on an annual basis for the deployed resources in the corporate segment or until the expiry of the contract). Travel ticket allowance increased by 39.1% from SAR 19.0 million in 2015G to SAR 26.5 million in 2016G as a result of the Company changing its policy involving travel ticket allowance from a fixed rate in 2015G to a variable rate in 2016G. The Company monitors the prices of tickets on a quarterly basis. This increase is also attributed to the rise in the average number of deployed resources from 24,600 to 30,870 resources during the same period.

Travel ticket allowance expense increased by 17.1% from SAR 26.5 million in 2016G to SAR 31.0 million in 2017G in line with the increase in the average number of deployed resources in the household segment during the same period. It is worth noting that the Company buys the tickets through Maharah Company for Travel and Tourism.

(d) End of Service Benefits

End of service benefits increased by 9.2% from SAR 16.5 million in 2015G to SAR 18.0 million in 2016G due to the increase in the end of service benefits of deployed resources in the household segment (due to the rise in the average number of deployed resources).

End of service benefits increased by 17.0% from SAR 18.0 million in 2016G to SAR 21.1 million in 2017G as a result of the increase in the average number of deployed resources in the household segment. This was offset by a decrease in the end of service benefits for the resources in the corporate segment as a result of terminating contracts.

(e) Health Insurance Premiums

Medical insurance increased by 13.9% from SAR 9.8 million in 2015G to SAR 11.1 million in 2016G as a result of the increase in the average number of deployed resources during the period, in addition to upgrading the insurance policy tier of resources deployed to the healthcare industry.

Medical insurance expenses increased by 51.3% from SAR 11.1 million in 2016G to SAR 16.8 million in 2017G due to the increase in the average number of resources deployed to the healthcare industry (the cost of medical insurance policies for the resources deployed to the healthcare industry is relatively higher given that the Company provides additional insurance, namely, business risk insurance) and the household segment.

(f) Rent

Rent expenses relate to the rent of the branches and housing facilities of the resources. The resources housing facilities are mainly related to the resources in the household segment, as corporate clients often provide housing facilities for resources deployed thereto.

Rent expenses decreased by 20.7% from SAR 4.2 million in 2015G to SAR 3.3 million in 2016G despite the opening of five (5) new branches as the Company has renegotiated the annual rental rates of the old branches. Rental expenses increased by 106.2% from SAR 3.3 million in 2016G to SAR 6.8 million in 2017G due to the increase in the number of branches from fifteen (15) to eighteen (18) branches, the overall impact of the branches opened during 2016G, and the rent of housing to accommodate the growth of the resources deployed to the household segment, especially those associated with “Khidmah” Program.

(g) Provision Operational Risk

Provision for operational risk is calculated on the basis of projections of the number of manpower resource absenteeism cases (at a fixed amount of SAR 5,600 per absentee manpower resource).

Provision for operational riskexpense decreased by 7.7% from SAR 5.5 million in 2015G to SAR 5.1 million in 2016G. Moreover, such expense decreased by 81.9% to SAR 921 thousand in 2017G due to a decrease in the number of absenteeism cases during the year as a result of the Company's efforts to launch awareness programs and periodic guidance for the resources and activate the resources care center (call center).

(h) Sales Commissions

Sales commissions relate to commissions paid to sales offices serving as intermediaries between the Company and corporate clients, ranging from SAR 750 to SAR 1,000 per manpower resource. Sales commissions decreased by 46.6% from SAR 11.4 million in 2015G to SAR 6.1 million in 2016G, due to the decline in contracting industry clients during the same period.

Sales commissions decreased by 37.7% to SAR 3.8 million in 2017G, on the account of the Company's aspiration to reduce dependence on intermediaries, as there is currently only one intermediary. The reason is that Company aims to reduce dependence on intermediaries is the desire to benefit from its sales and marketing team, where it believes it is able to provide its services independently of intermediaries.

(i) Other Expenses

Other expenses include Labor Office fees (43.9% of total other expenses) representing SAR 2,500 per year for resources in the corporate segment and SAR 100 per year for resources in the household segment, in addition to hiring costs (16.3%), and leave salaries (14.3%) during the period between 2015G and 2017G, in addition to other expenses. Other expenses increased by 14.9% from SAR 127.4 million in 2015G to SAR 146.5 million in 2016G due to increased hiring expenses (SAR 10.4 million), higher agency prices and higher labor office fees (SAR 4.7 million). In 2017G, other expenses increased by 2.2% to SAR 150.7 million due to higher hiring costs (SAR 12.1 million). This was offset by a reduction in Labor Office fees (SAR 7.9 million).

6-5-4 General and Administrative Expenses

Table (6-8): General and Administrative Expenses for the Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G - 2017G
Employee costs	36,573	47,256	55,915	29.2%	18.3%	23.6%
Professional fees	1,130	2,659	9,733	135.3%	266.0%	193.5%
Depreciation	3,038	5,145	6,511	69.4%	26.6%	46.4%
Utilities and subscriptions	939	1,248	2,585	32.9%	107.1%	65.9%
Bank charges	1,488	2,129	2,379	43.1%	11.7%	26.4%
Directors' remuneration	7,971	1,600	2,000	(79.9%)	25.0%	(49.9%)
Repair and maintenance	856	848	1,406	(0.9%)	65.8%	28.2%
Rent	1,814	1,460	1,385	(19.5%)	(5.1%)	(12.6%)
Travel costs	82	649	734	691.5%	13.1%	199.2%
Other expenses	3,992	3,358	5,083	(15.9%)	51.4%	12.8%
Total	**57,883**	**66,352**	**87,732**	**14.6%**	**32.2%**	**23.1%**
KPIs					Difference	
Average number of resources	258	398	542	140	144	284
Average salary per manpower resource	11,813	9,894	8,605	(16.2%)	(13.0%)	(14.7%)
As Percentage of Revenue					Percentage	
Employee costs	3.8%	4.0%	4.8%	0.2	0.8	1.0
Professional fees	0.1%	0.2%	0.8%	0.1	0.6	0.7

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G - 2017G
Depreciation	0.3%	0.4%	0.6%	0.1	0.1	0.2
Utilities and subscriptions	0.1%	0.1%	0.2%	0.0	0.1	0.1
Bank charges	0.2%	0.2%	0.2%	0.0	0.0	0.0
Directors' remuneration	0.8%	0.1%	0.2%	(0.7)	0.0	(0.7)
Repair and maintenance	0.1%	0.1%	0.1%	0.0	0.0	0.0
Rent	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)
Travel costs	0.0%	0.1%	0.1%	0.0	0.0	0.1
Other Expenses	0.4%	0.3%	0.4%	(0.1)	0.2	0.0
Total	**6.0%**	**5.6%**	**7.5%**	**(0.4)**	**1.9**	**1.5**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

The general and administrative expenses comprise mainly the costs of the resources of the Company's management (65.9% of the total expenses between 2015G and 2017G), depreciation of 6.9%, professional fees (6.4%), bank charges (2.8%), services and subscriptions, Directors' expenses and others.

(a) Employee Costs

Employee costs are mainly related to basic salaries, bonuses, allowances and others of the Company's management employees. Employee costs increased by 29.2% from SAR 36.6 million in 2015G to SAR 47.3 million in 2016G as a result of the increase in the average number of employees, amounting to 140 employees, in addition to higher payments to the General Organization for Social Insurance in line with the increase in the number of Saudi employees during this period. The number of employees as a result of the integration of new departments such as client service, quality control and "Khidmah" Program, in addition to the opening of five (5) branches during the same period.

Employee cost increased by 18.3% from SAR 47.3 million in 2016G to SAR 55.9 million in 2017G due to the increase in the average number of employees, accounting for 144 employees in line with the increase in the number of branches from fifteen (15) to eighteen (18) branches during the same period.

The average monthly salary for each employee decreased from SAR 11.8 thousand in 2015G to SAR 9.9 thousand in 2016G and SAR 8.6 thousand in 2017G due to the employment of a number of operational employees at lower costs.

(b) Professional Fees

Professional fees mainly include the costs of consulting, legal services, accounting and auditing. Professional fees increased by 135.3% from SAR 1.1 million in 2015G to SAR 2.7 million in 2016G due to higher costs related to preparations for the Offering.

Moreover, professional fees increased by 266.0% from SAR 2.7 million in 2016G to SAR 9.7 million in 2017G due to fees related to the transition from the accounting standards generally accepted in the Kingdom to the IFRS, as well as professional costs related to preparations for the Offering. In addition, the Company has appointed consultants to advise on internal audit of the Company.

(c) Depreciation

Depreciation costs increased by 69.4% from SAR 3.0 million in 2015G to SAR 5.1 million in 2016G due to the increase in additions during the same period with respect to vehicles, office equipment and leasehold improvements. Moreover, SAR 7.9 million were transferred from under construction projects to fixed assets during the same period. Depreciation costs increased by 26.6% from SAR 5.1 million in 2016G to SAR 6.5 million in 2017G due to the increase in additions related to vehicles, office equipment and leasehold improvements during the same period.

(d) Utilities and Subscriptions

Utilities and subscriptions expenses are related to water, electricity, internet subscriptions, telephone and others. The cost of general services and subscriptions increased by 32.9% from SAR 939 thousand in 2015G to SAR 1.2 million in 2016G in line with the increase in the number of branches from ten (10) branches to fifteen (15) branches during the same period. The cost of general services and subscriptions increased by 107.1% to SAR 2.6 million in 2017G due to a full year impact of the branches opened in 2016G, the opening of (3) three new branches in 2017G and the increase in housing for the Company's employees, telephone and internet costs, in addition to partial removal of subsides on electricity and water during the same period.

(e) Bank Charges

Bank charges increased by 43.1% from SAR 1.5 million in 2015G to SAR 2.1 million in 2016G and increased by 11.7% to SAR 2.4 million in 2017G due to the increase in the Company's banking activity which includes salary transfers to employees and service providers.

(f) Directors' Remuneration

The remuneration and compensation of the Board decreased by 79.9% from SAR 8.0 million in 2015G to SAR 1.6 million in 2016G as a result of the adoption of a new remuneration and compensation policy, previously bonuses were distributed according to management resolutions. Remuneration and compensation increased by 25.0% to SAR 2.0 million due to an increase in the number of Directors during the same period. It is worth noting that each Director receives between SAR 100,000 and SAR 200,000 per year. In addition, if the Director is a member in one of the Board's committees, the amount is raised to a maximum of SAR 500,000.

(g) Maintenance and Repair

Repair and maintenance costs are related to the maintenance of premises, cleaning and maintenance of vehicles. Repair and maintenance costs increased from SAR 856 thousand in 2015G to SAR 848 thousand in 2016G to SAR 1.4 million in 2017G due to the increase in the number of vehicles during the same period.

(h) Rent

Rent expenses are related to the Company's main offices and employee housing. Rent expenses decreased by 19.5% from SAR 1.8 million in 2015G to SAR 1.5 million in 2016G and declined by 5.1% to SAR 1.4 million in 2017G due to the decrease in employee housing costs, as the Company is moving towards owning buildings, as opposed to renting them.

(i) Travel Costs

Travel costs are related to the travel of management employees, which increased from SAR 82 thousand in 2015G to SAR 649 thousand in 2016G due to the increasing flights to the resources sourcing countries during the period. Travel costs increased by 13.1% to SAR 734 thousand in 2017G due to the increase in the number of flights mainly related to the management's consideration of acquisition opportunities outside the Kingdom.

(j) Other Expenses

Other expenses relate to miscellaneous expenses including charity, hospitality, vehicle insurance, office supplies, withholding tax and others. A withholding tax is a provision for professional services provided by companies based outside the Kingdom. Other expenses decreased by 15.9% from SAR 4.0 million in 2015G to SAR 3.4 million in 2016G. Other expenses increased by 51.4% to reach SAR 5.1 million in 2017G due to the increase in furniture expenses for the housing of resources, in addition to hospitality and charity during the same period. This was offset by a decrease in the deduction tax from SAR 1.2 million in 2016G to SAR 0.1 million in 2017G due to the reversal of expenses relating to previous years.

6-5-5 Marketing Expenses

Table (6-9): Marketing Expenses for the Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Provision for doubtful debts	535	25,745	7,304	4712.1%	(71.6%)	269.5%
Advertisements	728	2,302	1,530	216.2%	(33.5%)	45.0%
Marketing commissions	149	166	86	11.4%	(48.2%)	(24.0%)
Total	**1,412**	**28,213**	**8,920**	**1898.1%**	**(68.4%)**	**151.3%**
As a percentage of revenues					Percentage	
Provision for doubtful debts	0.1%	2.2%	0.6%	2.1	(1.6)	0.5
Advertisements	0.1%	0.2%	0.1%	0.1	(0.1)	0.0
Marketing commission	0.0%	0.0%	0.0%	(0.0)	(0.0)	(0.0)
Total	**0.2%**	**2.4%**	**0.7%**	**2.2**	**(1.7)**	**0.5**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

(a) Provision for Doubtful Debts

The provision for doubtful debts amounted to SAR 535 thousand in 2015G and increased to SAR 25.7 million in 2016G due to a change in doubtful debt provisioning policy.

- 10% of the outstanding receivables are between one hundred and eighty-one (181) days, three hundred and sixty-five (365) days,
- 20% of outstanding receivables over three hundred and sixty-five (365) days.

A new policy was adopted to allocate:

- 50% of the outstanding receivables are between ninety-one (91) days and one hundred and eighty (180) days,
- 100% of the receivables are more than one hundred and eighty-one (181) days.

The policy has been changed to meet debt defaults and raise the provision for such cases. The provision for doubtful debts amounted to SAR 7.3 million in 2017G as a result of clients' defaults due to the economic slowdown during the same period.

(b) Advertisements

Advertisement expenses increased by 216.2% from SAR 728 thousand in 2015G to SAR 2.3 million in 2016G due to the increase in advertising activities in newspapers, magazines and publications as well as advertising campaigns on social media platforms. However, advertisement expenses decreased by 33.5% to SAR 1.5 million in 2017G due to the decline in newspaper advertising activity during the same period. It is worth mentioning that advertisements are particular targeted towards the household segment.

(c) Marketing Commission

Marketing commissions are related to the commissions of sales employees when they manage to obtain a new client contract. An employee is given a commission of approximately SAR 20-25, for every appointment made by the sales employee in the corporate segment, while the marketing commission for sales employees in the household segment is calculated based on achieving specific percentages for each branch, upon which the marketing commission is distributed annually. The marketing commission increased from SAR 149 thousand in 2015G to SAR 166 thousand in 2016G and decreased to SAR 86 thousand in 2017G in line with the change in revenue during the same period.

6-5-6 Net Income

Table (6-10): Net Income for the Years Ended 31 December 2016G, 2017G and 2018G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Operating income	199,649	242,221	195,874	21.3%	(19.1%)	(0.9%)
Other income	3,088	4,487	16,531	45.3%	268.4%	131.4%
Income before zakat	**202,738**	**246,708**	**212,405**	**21.7%**	**(13.9%)**	**2.4%**
Zakat	(9,152)	(8,137)	(8,980)	(11.1%)	10.4%	(0.9%)
Net Income	**193,586**	**238,571**	**203,426**	**23.2%**	**(14.7%)**	**2.5%**
As Percentage of Revenues					Percentage	
Income from Main Operations	20.8%	20.5%	16.8%	(0.3)	(3.7)	(4.0)
Income before zakat	21.1%	20.9%	18.2%	(0.3)	(2.7)	(3.0)
Net Income	**20.2%**	**20.2%**	**17.4%**	**(0.0)**	**(2.8)**	**(2.8)**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

(a) Other Revenue

Table (6-11): Other Revenue for the Years Ended 31 December 2016G, 2017G and 2018G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited	Change 2015G-2016G	Change 2016G-2017G	Compound growth rate of 2015G- 2017G
Income from the termination of client contracts	**392**	**1,830**	**5,320**	**366.9%**	**190.7%**	**268.4%**
Income from fines and penalties	1,346	1,494	3,582	11.0%	139.7%	63.1%
Profits and term deposits	**241**	**1,023**	**3,436**	**324.6%**	**235.9%**	**277.6%**
Reversal of provision of ax	-	-	2,579	-	-	-
Miscellaneous	**1,109**	**140**	**1,615**	**(87.4%)**	**1051.7%**	**20.7%**
Other income total	**3,088**	**4,487**	**16,531**	**45.3%**	**268.4%**	**131.4%**
As a percentage of other income					Percentage Points	
Income from the termination of client contracts	**12.7%**	**40.8%**	**32.2%**	**28.1**	**(8.6%)**	**19.5**
Income from fines and penalties	43.6%	33.3%	21.7%	(10.3)	(11.6)	(21.9)
Profits and term deposits	**7.8%**	**22.8%**	**20.8%**	**15.0**	**(2.0)**	**13.0**
Reversal of provision of tax	-	-	15.6%	-	15.6	15.6
Miscellaneous	**35.9%**	**3.1%**	**9.8%**	**(32.8)**	**6.6**	**(26.1)**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Other income increased by 45.3% from SAR 3.1 million in 2015G to SAR 4.5 million in 2016G as a result of the increase in income from contract termination fines from SAR 392 thousand to SAR 1.8 million in line with the increase in household clients, as clients are required to pay 25% of the remaining value of the contract, in addition to the increase in the profit of Murabaha time deposits from SAR 241 thousand to SAR 1.0 million.

Other income increased by 268.4% to SAR 16.5 million in 2017G as a result of the increase in income from contract termination fines to SAR 5.3 million and reversal of the provision of withholding taxes in the amount of SAR 2.6 million by the Company's auditor (such that purchases from suppliers outside the Kingdom are not products, but services).

(b) Zakat

Zakat provision amounted to SAR 9.0 million in 2017G. The Company has submitted its Zakat returns for all previous years until 31 December 2016G to the GAZT, and has received the relevant Zakat certificates. Final Zakat assessments have not yet been issued.

(c) Net Income Margin

Net income margin reached 20.2% in 2015G and 2016G as the increase in revenues (23.2%) was offset by an increase in expenses related to the provision for doubtful debts from SAR 535 thousand in 2015G to SAR 25.7 million in 2016G in line with the change in the provisioning policy. Net income margin decreased by 2.8% to 17.4% as a result of the 13.1% decrease in gross profit resulting from the decrease in average monthly resources revenue from SAR 3,189 to SAR 3,097 for the same period, not to mention the growth of the general and administrative expenses.

6-5-7 Audited Balance Sheet

Table (6-12): The Company's Audited Balance Sheet Statements for the Years Ended 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Assets			
Cash and cash equivalents	186,386	190,906	342,222
Murabaha time deposits	70,170	16,345	4,000
Accounts receivable, unbilled receivables and others	110,602	117,774*	143,976
Prepayments and other current assets	78,125	99,479	60,145
Available visas	40,567	19,480	21,064
Total current assets	**485,850**	**443,984**	**571,407**

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Used Visas - non-current portion	9,332	7,309	18,206
Pre-paid recruitment expenses - non-current portion	5,848	11,491	29,546
Property and equipment	82,727	92,795	104,577
Available-for-sale investments	-	30,680	31,262
Investment in unconsolidated subsidiary	28	-	-
Cash margin against a license letter of guarantee	10,000	10,000	-
Total non-current assets	**107,935**	**152,276**	**183,591**
Total assets	**593,785**	**596,260**	**754,998**
Current liabilities			
Accounts payable, accruals and others	139,511*	134,836*	181,014
Retained insurance and unearned revenue	97,805*	158,418*	149,236
Payable zakat	9,322	10,976	9,471
Total current liabilities	**246,638**	**304,230**	**339,720**
Non-current liabilities			
Employee's end of service benefits	21,222	31,543	42,071
Retained insurance - non-current portion	87,247	48,278	52,446
Total non-current liabilities	**108,469**	**79,821**	**94,517**
Total liabilities	**355,107**	**384,051**	**434,237**
Shareholders' equity			
Share capital	100,000	100,000	250,000
Statutory reserve	28,539	30,000	20,347
Unrealized gains from revaluation of available-for-sale investments	14,270	680*	1,262
Retained earnings	95,870*	81,528*	49,154
Total shareholders' equity	**238,679**	**212,208**	**320,763**
Non-controlling interests	-	-	(2)
Total equity	**238,679**	**212,208**	**320,761**
Total liabilities and equity	**593,785**	**596,260**	**754,998**

*These numbers (or its components) have been restated.

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

6-5-8 Current assets

Table (6-13): Current Assets as on 31 March 2016G, 2017G and 2018G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Cash and Cash Equivalents	186,386	190,906	342,222
Murabaha time deposits	70,170	16,345	4,000
Accounts receivable, unbilled receivables and others	110,602	117,774	143,976
Prepayments and other current assets	78,125	99,479	60,145
Available Visas	40,567	19,480	21,064
Total current assets	**485,850**	**443,984**	**571,407**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Cash and Cash Equivalents

Cash and cash equivalents increased from SAR 186.4 million as on 31 December 2015G to SAR 190.9 million as on 31 December 2016G, so that positive cash flows from operations and investment activities were offset by an increase in dividends.

In addition, cash and cash equivalents increased from SAR 190.9 million as on 31 December 2016G to SAR 342.2 million as at 31 December 2017G as a result of continued positive cash flow from the Company's operations.

Murabaha Time Deposits

Murabaha time deposits represent deposits with local banks with a maturity of not less than 3 months from the date of acquisition, which are withdrawn from the banks within a period of less than one year. The balance of deposits decreased from SAR 70.2 million as on 31 December 2015G to SAR 16.3 million and SAR 4.0 million as on 31 December 2016G and 2017G respectively. This decrease partly resulted from the maturity of deposits, which have been reinvested in available-for-sale investments. In addition, the Company has liquidated more deposits as a result of a change in the Company's policies towards such types of investments.

Accounts Receivable, Unbilled Receivables and Others

The balance of accounts receivable, accounts due and other due balances relates to corporate clients as well as due from related parties. The balance of accounts receivable, accounts due and other due balances increased from SAR 110.6 million as at 31 December 2015G to SAR 117.8 million as on 31 December 2016G in line with the increase in revenues from corporate clients during the same period. The balance of accounts receivable, accounts due and other due balances increased to SAR 144.0 million as on 31 December 2017G due to late payments by some clients on the account of the general economic slowdown in the Kingdom.

Prepayments and Other Current Assets

The balance of prepayments and other current assets is mainly related to residence and work permit fees, prepaid recruitment expenses, used visas, advance payments to suppliers, rental expenses and prepaid insurance. The balance of prepayments increased from SAR 78.1 million as on 31 December 2015G to SAR 99.5 million as on 31 December 2016G due to higher prepayments (from SAR 9.7 million to SAR 30.6 million during the same period) because of higher numbers of resources recruited. The balance of prepayments and other current assets decreased to SAR 60.1 million as on 31 December 2017G due to a decrease in prepaid recruitment expenses (from SAR 30.6 million to SAR 9.1 million) as a result of the decrease in the number of resources recruited, not to mention the decline in the balance of the current portion of the used visas (from SAR 19.2 million to SAR 4.7 million) in line with the terms of the deployed resources' contracts.

Available Visas

Available visas are related to visas obtained from the MoL that have not yet been used. The Company maintains an inventory of available visas as per its expectations of market requirements. The nationality and the position of each visa are determined at purchase and the Company shall be entitled to modify such information at no additional cost. The relevant balance of available visas is transferred to the used visas, upon use in recruitment.

Available visas decreased from SAR 40.6 million as on 31 December 2015G to SAR 19.5 million as on 31 December 2016G, due to an increase in the number of resources recruited by the Company during the same period. The balance of available visas increased to SAR 21.1 million as on 31 December 2017G due to the increase in the number of visas obtained during the same period.

(a) Accounts Receivable, Unbilled Receivables and Others

Table (6-14): Accounts Receivable as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Total Accounts Receivable	103,939	119,186	144,293
Deducted: Provision for doubtful debts	(535)	(26,280)	(33,584)
Net Accounts Receivable	**103,404**	**92,906**	**110,709**
Unbilled Receivables	-	15,498	26,179
Due from Related Parties	7,198	9,369	7,088
Net Total	**110,602**	**117,774**	**143,976**
Receivable turnover	**43**	**52**	**72**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Accounts Receivable

Accounts receivable are related to invoices issued by the Company to corporate clients, as such invoices are issued on the basis of business hours records delivered by the Client with regards to each of its resources (the Company requires that such records be delivered within the first ten (10) days of the new month).

The total receivables increased from SAR 103.9 million as on 31 December 2015G to SAR 119.2 million as on 31 December 2016G in line with the increase in revenues during the same period. The accounts receivable increased to SAR 144.3 million as on 31 December 2017G due to delays in payment of receivables as a result of the general economic slowdown in the Kingdom.

The turnover of receivables increased by 9 days from 43 days as on 31 December 2015G to 52 days as on 31 December 2016G in line with the increase in the balance of receivables during the same period. The turnover of receivables increased by 20 days to 72 days as on 31 December 2017G due to delayed payment of dues by some Clients, as well as delayed collection resulting from the general economic slowdown.

Table (6-15): Provision for Doubtful Debts as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Opening Balance	-	535	26,280
Provision formed during the year	535	25,745	7,304
Ending balance	**535**	**26,280**	**33,584**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Table (6-16): Maturity of Receivables as on 31 December 2017G

SAR in thousands	<60 days	61-90 days	91-180 days	181-360 days	More than 360 days	Total
Total receivables	90,417	8,628	5,904	7,443	31,901	144,293
Total provision for doubtful receivables	-	-	(2,952)	(7,443)	(31,901)	(42,296)
Retained insurance from clients in default	-	-	-	-	-	8,713
Net Accounts Receivable	**90,417**	**8,628**	**2,952**	**-**	**-**	**110,709**

Source: Management Information

The provision for doubtful debts increased from SAR 535 thousand as on 31 December 2015G to SAR 26.3 million as on 31 December 2016G due to a change in the policy for the provision for doubtful debts, as the old policy recommended the provision of:

- 10% of the outstanding receivables for one hundred and eighty-one (181) days to three hundred and sixty-five (365) days; and
- 20% of outstanding receivables for over three hundred and sixty-five (365) days.

A new policy has been adopted, recommending the provision of:

- 50% of the outstanding receivables for ninety-one (91) days to one hundred and eighty (180) days; and
- 100% of the receivables for over one hundred and eighty-one (181) days.

Retained insurance balances attributed to clients in default are deducted from the total provision for doubtful debts.

It should be noted that the purpose of changing the policy of the provision for doubtful debts was to get gradually close to the IFRS.

The provision for doubtful debts increased from SAR 26.3 million as on 31 December 2016G to SAR 33.6 million as on 31 December 2017G due to the addition of SAR 7.3 million during the same period in line with the new said policy.

Due from Related Parties

Table (6-17): Due from Related Parties as of 31 December 2015G 2016G and 2017G

SAR in thousands	Nature of the Transaction	Transaction Amounts			Outstanding Balance		
		2015G Restated	2016G Restated	2017G Audited	2015G Restated	2016G Restated	2017G Audited
Maharah Holding Company	Financing	-	4,052	-	-	4,080	4,080
Spectra Support Services	Manpower Resources Services	27,139	40,933	-	2,495	5,289	-
Al Safi Danone	Manpower Resources Services	-	-	9,216	-	-	1,895
Al Safi Danone Logistics	Manpower Resources Services	-	-	3,253	-	-	797
Elixir Pharma	Manpower Resources Services	-	-	389	-	-	155
Alfa Operation Services Ltd.	Manpower Resources Services	-	-	1,180	-	-	103
Mayar Al-Aseel General Trading LLC	Share capital	-	-	46	-	-	46
Architectural Expertise Company	Manpower Resources Services	26,072	(4,000)	-	4,000	-	-
Maharah Travel and Tourism	Manpower Resources Services	703	(703)	-	703	-	-
Others	Manpower Resources Services	-	-	713	-	-	11
Total		**53,211**	**44,985**	**14,797**	**7,198**	**9,369**	**7,088**

Source: : Special-purpose consolidated financial statements for years ended 31 December 2016G and 2017G

Related Parties are the Substantial Shareholders, executives, key management personnel and entities under their control or influence (substantially).

Accounts receivable from related parties consist of balances related to commercial activities (SAR 3.0 million as of 31 December 2017G) and balances related to financing activities from Maharah Holding Company (SAR 4.1 million as of 31 December 2017G). The balance of due from related parties increased from SAR 7.2 million as of 31 December 2015G to SAR 9.4 million as on 31 December 2016G due to the increase in balances related to commercial activities from Spectra Support Services (from SAR 2.5 million to SAR 5.3 million) as a result of the increase in resources during the same period. The balance decreased to SAR 7.1 million as on 31 December 2017G due to settlement of receivables from Spectra Support Services during the same period.

Unbilled Receivables

Unbilled receivables relate to services that have been provided to clients and have not yet been invoiced. The Company issues invoices only when it receives business hours records for each month of corporate clients and some clients delay. The Company started to recognize unbilled receivables in 2016G, as these amounts were previously accounted for as receivables. Unbilled receivables increased from SAR 15.5 million as on 31 December 2016G to SAR 26.2 million as on 31 December 2017G due to differences in the timing of invoice issuance in the two periods.

(b) Prepayments and Other Current Assets

Table (6-18): Prepayments and Other Current Assets as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Residence and work permit fees	43,361	40,800	39,308
Pre-paid recruitment expenses	9,703	30,589	9,134
Used visas	15,230	19,238	4,697
Advances to suppliers	1,113	2,009	3,791
Prepaid rent	1,107	1,636	1,856
Prepaid insurance	6,830	3,529	129
Others	781	1,678	1,230
Total	**78,125**	**99,479**	**60,145**

Source: : Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Residence and Work Permit Fees

The pre-paid residence and work permit fees are related to the resources assigned to the Company's activities, as residence and permits are renewed annually. These expenses are amortized over a period of 15 months, as residence is renewed 3 months before the expiry date. Pre-paid residence and work permit fees decreased from SAR 43.4 million as on 31 December 2015G to SAR 40.8 million as on 31 December 2016G as a result changing the amortization period from 12 months to 15 months during the period. The balance of residence and work permit fees decreased to SAR 39.3 million as on 31 December 2017G due to decline in resources deployed to the corporate segment during the same period.

Pre-Paid Recruitment Expenses

Pre-paid recruitment expenses are related to residence, travel, accommodation and other allowances paid upon the recruitment of the resources. Expenses are amortized over the period of the contract for each individual. Pre-paid recruitment expenses increased from SAR 9.7 million as on 31 December 2015G to SAR 30.6 million as on 31 December 2016G as a result of the increase in the resources recruited during the same period in line with the expansion of the household and corporate segments. In addition, pre-paid recruitment expenses decreased to SAR 9.1 million as on 31 December 2017G due to the decrease in the number of newly recruited resources.

Used Visas

Used visas are related to visa purchase costs. Visas are reclassified from available visas to used visas as soon as they are used to recruit resources. The balance of the used visas increased from SAR 15.2 million as on 31 December 2015G to SAR 19.2 million as on 31 December 2016G as a result of the increase in the number of resources recruited for household and corporate clients during the period. Moreover, the balance of visas decreased to SAR 4.7 million as on 31 December 2017G due to the decrease in the number of resources recruited for corporate clients during the period.

Table (6-19): Used Visas Based on Segment as on 31 December 2015G, 2016G and 2017G.

	2015G	2016G	2017G
Number of visas used in the corporate segment	13,440	12,022	12,856
Number of visas used in the household segment	2,386	5,813	3,824
Total number of used visas	**15,826**	**17,835**	**16,410**

Source: The company

Advances to Suppliers

Advances to suppliers are related to amounts paid to external employment offices. The amounts shall be recognized under the pre-paid recruitment expenses at the recruitment of the client's resources. Advances to supplier increased from SAR 1.1 million as on 31 December 2015G to SAR 2.0 million as on 31 December 2016G due to an increase in the number of resources recruited during the same period. The balance increased to SAR 3.8 million as on 31 December 2017G due to an increase in advances related to the recruitment of the resources for the household segment (with the aim of expanding the segment).

Prepaid Rent

Pre-paid rent is related to rental expenses of the Company's branches. The pre-paid rent increased from SAR 1.1 million as on 31 December 2015G to SAR 1.6 million as on 31 December 2016G due to opening five (5) branches during the same period. Moreover, the prepaid rent balance increased to SAR 1.9 million as on 31 December 2017G due to opening three (3) additional branches during the period.

Prepaid Insurance

The balance of prepaid insurance decreased from SAR 6.8 million as on 31 December 2015G to SAR 3.5 million as on 31 December 2016G. The decrease in prepaid insurance balance continued to decrease to SAR 129 thousand as on 31 December 2017G in line with the change in insurance policies. The Company's resources have been classified into different levels in terms of insurance coverage, with management resources receiving more comprehensive coverage and resources receiving less comprehensive coverage. The balance of prepaid insurance continued to decrease to SAR 129 thousand as on 31 December 2017G due to the difference in the timing of the agreement with the insurance company, where the starting date of the policy was changed from half a year as in 2015G and 2016G to the beginning of the year in 2017G.

Others

Other prepayments are related to temporary residence and work permits of the Company's employees. The balance of other expenses increased from SAR 782 thousand as on 31 December 2015G to SAR 1.7 million as on 31 December 2016G due to higher revenues from long-term income. The balance decreased to SAR 1.2 million as on 31 December 2017G due to a decrease in other receivables related to manpower resource loans and lower income due from long-term deposits.

(c) Available Visas

Table (6-20): Visas Available as of 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Opening balance	36,569	40,567	19,480
Visa purchases during the year	35,650	14,584	34,404
Used visas	(31,652)	(35,671)	(32,820)
Closing balance of available visas	**40,567**	**19,480**	**21,064**
Number of available visas			
Opening balance	18,284	20,283	9,740
Visa purchases during the year	18,521	12,501	17,202
Total available visas	**36,805**	**32,784**	**26,942**
Returned visas during the period	(696)	(5,209)	-
Used visas	(15,826)	(17,835)	(16,410)
Total of available visas at the end of the period	**20,283**	**9,740**	**10,532**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Available visas are related to visas obtained from the MoL that have not yet been used. The Company maintains a number of available visas as per its expectations of market requirements. The nationality and the position of each visa are determined at purchase and the Company shall be entitled to modify such information at no additional cost. The relevant balance of available visas is transferred to the used visas, upon use in recruitment.

Available visas decreased from SAR 40.6 million as on 31 December 2015G to SAR 19.5 million as on 31 December 2016G, due to an increase in the number of resources recruited by the Company during the same period. The balance of available visas increased to SAR 21.1 million as on 31 December 2017G due to the increase in the number of visas obtained during the same period.

6-5-9 Non-Current Assets

Table (6-21): Non-Current Assets at 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Property and equipment	82,727	92,795	104,577
Available-for-sale investments	-	30,680	31,262
Pre-paid recruitment expenses - non-current portion	5,848	11,491	29,546
Used visas - non-current	9,332	7,309	18,206
Cash margin against a license letter of guarantee	10,000	10,000	-
Investment in unconsolidated subsidiary	28	-	-
Total non-current Assets	**107,935**	**152,276**	**183,591**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

(a) Property and Equipment

Table (6-22): Property and Equipment as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Lands	38,077	45,976	45,976
Buildings	14,011	15,734	17,452
Leasehold improvements	10,761	10,757	10,446
Furniture and fixtures	2,525	3,024	3,437

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Office supplies and equipment	6,406	7,069	7,803
Motor vehicles	2,089	4,103	7,597
Construction work in progress	8,858	6,131	11,865
Total	**82,727**	**92,795**	**104,577**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Lands

The Company sold one of its plots at an amount of SAR 25.4 million in 2015G for the acquisition of a plot at a more appropriate location at an amount of SAR 16.8 million during the same period. The Company owns such plots in order to construct housing areas therein for the resources.

The balance of plots increased from SAR 38.1 million as on 31 December 2015G to SAR 46.0 million as on 31 December 2016G due to a reclassification of SAR 6.6 million from buildings to plots, which was incorrectly classified in previous periods, in addition to purchase of a plot at an amount of SAR 1.3 million to construct residential buildings therein for the newly recruited resources under the the "Khidmah" Program. The balance of the lands remained the same from 31 December 2016G to 31 December 2017G (for further information about the lands owned by the Company, please refer to Section 12-6-1 "**Real Estates Owned by the Company**" of this Prospectus).

Buildings

Buildings are mainly related to the Company's offices and the housing of the resources (especially household resources) (for further information about the lands owned by the Company, please refer to Section 12-6-1 "**Real Estates Owned by the Company**" of this Prospectus). 2017G Buildings increased by SAR 14.0 million as on 31 December 2015G due to additions of two residential buildings for the resources of the corporate and household segments. Buildings increased from SAR 14.0 million as on 31 December 2015G to SAR 22.3 million as on 31 December 2016G as a result of transfers from projects under implementation amounting to SAR 7.9 million relating to the construction of two buildings for the Company's resources and resources. Buildings decreased to SAR 17.5 million as on 31 December 2017G due to the transfer of SAR 6.6 million from buildings to land. This was offset by a SAR 2.1 million increase as a result of a transfer from projects under implementation to a new building for the Company's administrative resources in Riyadh.

Leasehold Improvements

Leasehold improvements are related to reforms and improvements in the sites of the Company's offices and branches. These balances are amortized over a ten (10) year period or contract period (whichever is less).

Leasehold improvements amounted to SAR 10.8 million as on 31 December 2015G, remained relatively stable at SAR 10.8 million as on 31 December 2016G and decreased to SAR 10.4 million as on 31 December 2017G.

Furniture and Fixtures

The balance of furniture and fixtures increased from SAR 2.5 million as on 31 December 2015G to SAR 3.0 million as on 31 December 2016G and to SAR 3.4 million as on 31 December 2017G. This was due to the expansion of the Company's operations given that its eight (8) new branches opened during the same period, in addition to an increase in the number of the resources from 25,372 in 2015G to 31,606 in 2017G and increase in the number of resources from 258 in 2015G to 542 in 2017G.

Office Supplies and Equipment

The balance of office supplies and equipment increased from SAR 6.4 million as on 31 December 2015G to SAR 7.1 million as on 31 December 2016G as a result of the purchase of air conditioners for the new buildings. The balance of office supplies and equipment increased to SAR 7.8 million as on 31 December 2017G due to the expansion of the Company's operations in the UAE (mainly including software licenses and other information technology expenses).

Motor Vehicles

The balance of motor vehicles increased from SAR 2.1 million as on 31 December 2015G to SAR 4.1 million as on 31 December 2016G as a result of the addition of twenty-five (25) vehicles. Further, it increased to SAR 7.6 million as on 31 December 2017G as a result of the addition of one hundred and ten (110) vehicles. Such additions were in line with the expansion of the Company's operations and the increase in the resources and resources, especially under the "Khidmah" Program.

Projects Under Implementation

Projects under implementation mainly include residential buildings for the resources under construction, as well as the Company's New Headquarters Project. The balance of the projects under implementation decreased from SAR 8.9 million as on 31 December 2015G to SAR 6.1 million as on 31 December 2016G due to the transfer of SAR 7.9 million to buildings (housing for the resources). The balance of projects under implementation increased to SAR 11.9 million as on 31 December 2017G due to additions of SAR 7.8 million attributed mainly to the Company's new administrative building project.

It is worth mentioning that the budget of the Company's new administrative building project (located on the Northern Ring Road – Al Masif District) is SAR 20 million and that SAR 11.7 million had been disbursed in respect thereof until 31 December 2017G. 68% of the project has been completed and there is no specific date for completion of the project. In addition, the Company purchased a land and a building for its new headquarters (located on Olaya Road – Al-Yasmin District) for a total amount of SAR 50 million (the value of the building is SAR 32.8 million and the land value is SAR 17.2 million). The Company plans to spend 11 million to furnish its new premises.

(b) Available-for-Sale Investments

The Company invested SAR 30.0 million in the Al Rajhi Commodities Mudaraba Fund in 2016G. The investment value increased to SAR 30.7 million as on 31 December 2016G and to SAR 31.3 million as on 31 December 2017G as a result of unrealized profits recorded on revaluation of the investment.

(c) Prepayments - Non-Current Portion

Prepayments (non-current portion) relate to the costs paid to the agencies, which is amortized over a period of two years, representing the entire period of the contract. Pre-paid expenses (non-current portion) increased from SAR 5.8 million at 31 December 2015G to SAR 29.5 million on 31 December 2017G as a result of the increase in the number of deployed resources, coupled with the rise in the prices of recruitment agencies due to the increased demand for its services.

(d) Used Visas - Non-Current Portion

Visas used (non-current portion) represent the remaining period of the visas used, which are also amortized over two years in line with the duration of the contract. The value of used visas (non-current portion) increased from SAR 9.3 million as on 31 December 2015G to SAR 18.2 million as on 31 December 2017G due to a growth in the number of resources. The number of resources increased from 24,600 in 2015G to 31,427 2017G. The total number of used visas increased from 25,372 in the financial year ended 31 December 2015G to 31,961 in the financial year ended 31 December 2016G, before declining slightly to 31.606 in the financial year ended 2017G.

(e) Cash Deposits for the License Letter of Guarantee

The Company delivered a letter of guarantee to the MoL in exchange for the issuance of its license. A cash deposit was deposited with a local commercial bank at an amount equivalent to 100% of the guarantee value (SAR 10 million). In October 2016G, the Company entered into an agreement with the bank to be the guarantor of the Company before the MoL, and with this agreement, the cash insurance was replaced by Murabaha time deposits. Monetary insurance was reverted to the Company's accounts in February 2017G.

(f) Investment in a Non-Consolidated Subsidiary

An amount of SAR 28 thousand represents an investment in a non-consolidated subsidiary, Maharah Travel and Tourism, which was transferred from the Company to Maharah Holding Company in 2016G.

6-5-10 Current Liabilities

Table (6-23): Current Liabilities as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Accounts payable, accruals and others	139,511	134,836	181,014
Retained insurance and unearned revenue	97,805	158,418	149,236
Payable zakat	9,322	10,976	9,471
Total current liabilities	**246,637**	**304,230**	**339,720**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

(a) Accounts Payable, Accrued Expenses and Other Liabilities

Table (6-24): Accounts Payable, Accrued and other Liabilities as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Accrued tickets and vacations	60,883	79,480	80,643
Accured salaries and benefits	37,312	33,749	60,815
Advance payments from customers	-	6,746	18,405
Remunerations and incentives due	-	-	6,254
Provision for operational risk	4,480	5,079	6,000
Accounts payable	12,694	5,231	5,895
Amounts due to related parties	10,632	1,973	3,001
Provision for withholding taxes	-	2,579	-
Others	13,511	-	-
Total	**139,511**	**134,836**	**181,014**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Accrued Tickets and Vacations

Accrued tickets and vacations are related to airline tickets for the Company's resources and resources. The Company is obliged to providing a ticket to the resources every two years (as the contract term). Travel tickets are calculated based on the expected cost of the ticket.

Accrued tickets and vacations increased from SAR 60.9 million as on 31 December 2015G to SAR 79.5 million as at 31 December 2016G, as a result of the increase in the number of deployed resources from 24,600 to 30,870 during the same period, as well as increase in the Company's employees from 258 to 398. The balance increased to SAR 80.6 million as on 31 December 2017G in line with the increase in the number of deployed resources from 30,870 to 31,427 during the same period, in addition to the increase in the Company's employees from 398 to 542.

Accrued Employees' salaries and benefits

Salaries and accrued benefits decreased from SAR 37.3 million as on 31 December 2015G to SAR 33.7 million as on 31 December 2016G due to delays in the receipt of hourly records from clients. Salaries and accrued benefits increased to SAR 60.8 million as on 31 December 2017G due to the Company's correction of the salary and benefit policy (as it began to record accrued salaries and benefits whether resources are deployed or not), leading to accrued salaries and benefits with regards to previous periods.

Advance Payments From Customers

Advance payments are related to clients of the household segments, as the Company requires them to prepay for the entire term of the driver's or housekeeper's contract. The amount is recognized as an advance payment upon receipt from the client and is transferred to unrealized income as soon as the contract term begins. Advance payments increased from SAR 6.7 million as on 31 December 2016G to SAR 18.4 million as on 31 December 2017G in line with the expansion in the household segment (the number of resources in the household segment increased from 5,741 to 8,275) during the same period (Balance as on 31 December 2015G was classified under accounts payable).

Accured Bonus and Incentives

The accured bonus and incentives amounted to SAR 6.2 million as on 31 December in 2017G. The Company began to recognize the accured bonus and incentives in 2017G when the new remuneration policy was adopted, calculating remunerations based on performance evaluation. In previous periods, remunerations were distributed at the Management's decision without calculating any dues.

Provision for Operational Risk

The provision for operational risk is related to cases of disruptions by the resources deployed for reasons such as absence, death or change in labor laws. The provision is allocated at an amount equivalent to SAR 5,600 per absent manpower resource. The provision for operational risk increased from SAR 4.5 million as on 31 December 2015G to SAR 5.1 million as on 31 December 2016G due to the increase in the number of resources from 800 to 907 during the same period, in line with the increase in the number of deployed resources during the same period. The balance of the provision increased to SAR 6.0 million as on 31 December 2017G due to an increase in the number of absent resources from 907 to 1,072 during the same period. It should be noted that the increase in the provision was slight during the period as a result of the Company's investment in periodic guidance and awareness programs for the resources and the activation of the resources care center (a call center).

Accounts Payable

The balance of accounts payable is related to receivables to various suppliers and amounts related to terminated contracts of clients in the household segment, as well as commissions to sales offices acting as intermediaries between the Company and corporate clients. The balance of accounts payable decreased from SAR 12.7 million as on 31 December 2015G to SAR 5.2 million as on 31 December 2016G due to the inclusion of advance payments by clients amounting SAR 5.9 million, which was separately classified in 2016G. The balance increased to SAR 5.9 million as on 31 December 2017G due to the increase in the accounts receivable to a contractor whose business is related to projects under implementation.

Amounts Due to Related Parties

Amounts due to related parties are related to commercial and non-commercial activities. The commercial activities are mainly related to Spectra Support Services and Maharah Travel and Tourism, which is responsible for booking tickets for the resources. Other amounts relate to remuneration of directors. The balance of amounts due to related parties decreased from SAR 10.6 million as on 31 December 2015G to SAR 2.0 million as on 31 December 2016G due to a decrease in amounts due to the Board from SAR 8.0 million to SAR 1.6 million during the same period, in line with the change in the remuneration policy as stated above, in addition to the payment of all amounts due to Spectra Support Services (SAR 2.7 million). The balance of amounts due to related parties increased from SAR 2.0 million as on 31 December 2016G to SAR 3.0 million as on 31 December 2017G due to an increase in amounts due to the Board to SAR 2.2 million as a result of the increase in the number of directors during the same period.

Provision for Withholding Taxes

The provision for withholding taxes was retained by the Company's management as on 31 December 2016G and it was reversed as on 31 December 2017G, as the Company's relationship with its agents outside the Kingdom is a commercial relationship only.

(b) Retained Deposits and Unearned Revenue

Table (6-25): Retained Deposit as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Retained deposit - current portion	80,384	110,454	79,317
Unearned revenue	17,421	47,964	69,919
Total	**97,805**	**158,418**	**149,235**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Retained Deposits

Retained deposit is mainly related to corporate clients and is used by the Company as insurance for the salaries of the resources deployed to the client. The Company requires the receipt of the salaries of the deployed resources for the first two (2) or three months (3) months in advance. Deposits are retained over the contract term with the client, and such amount is refunded to the client at the end of the contract term or deducted from the amounts owed by the client, if any. The Company excludes some big or old clients from paying insurance to any new contracted resources. The balance of retained deposit increased from SAR 80.4 million as on 31 December 2015G to SAR 110.4 million as on 31 December 2016G in line with the increase in the average number of deployed resources to corporate clients during the same period. The balance decreased to SAR 79.3 million as on 31 December 2017G due to a decrease in the average number of deployed resources to corporate clients during the same period. The Company classifies the retained deposit as a current portion and a non-current portion due to the effects of Zakat. The current portion represents the retained insurance in effect for the next year of the manpower resource's contract, and the residual value is classified as non-current.

Unearned Revenue

Unearned revenue is mainly related to household clients since payments made by clients are transferred to unearned revenue as soon as the resources get on with their work. The Company requires full payment of the contract amount in advance. The balance of unearned revenue increased from SAR 17.4 million as on 31 December 2015G to SAR 48.0 million and SAR 69.9 million as on 31 December 2016G and 2017G respectively, in line with the increase in the average number of deployed resources to the household segment during that period.

Zakat Payable

Table (6-26): Provision for Zakat as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Opening Balance	3,649	9,322	10,976
Provision formed during the year	9,152	8,137	8,980
Payments during the Year	(3,479)	(6,483)	(10,485)
Ending balance	**9,322**	**10,976**	**9,471**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

The Company has submitted its Zakat returns for all previous years until 31 December 2017G to GAZT, and has received the relevant Zakat certificates. Final Zakat assessments have not yet been issued.

6-5-11 Non-Current Liabilities

Table (6-27): Non-Current Liabilities as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Employee's end of service benefits	21,222	31,543	42,071
Retained deposit - non-current portion	87,247	48,278	52,447
Total non-current liabilities	**108,469**	**79,821**	**94,517**

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

End-of-Service Benefits

The Company grants end of service benefits to its employees taking into consideration the Labor Law in the Kingdom. The benefits provided under this plan represent a lump sum calculated on the basis of the latest salaries and allowances of resources and the years of service accumulated on the last working day. The benefits included in the balance sheet in respect of the defined end of service benefits plan represents the present value of the benefit obligation on the date of the balance sheet. Employees' end of service benefits increased from SAR 21.2 million as on 31 December 2015G to SAR 42.1 million as on 31 December 2017G as a result of the application of an official accounting calculation during the financial year ended 2016G. End of service benefits are calculated for the resources of the corporate segment according to the Labor Law in the Kingdom while they are calculated for resources of the household segment on an individual basis.

Retained Deposits – Non-Current Portion

Retained deposits (non-current portion) represents deposits of 2-3 months deposited by corporate clients in respect of contracts representing less than one year (current) and over one year (non-current). The decline in value is in line with the slight decline in the revenue of the corporate segment and the decrease in the number of resources during the financial year ended 2017G. Moreover, the Company will waive deposits to some clients.

6-5-12 Shareholders' Equity

Table (6-28): Shareholders' Equity as on 31 December 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Shareholders' equity			
Capital	100,000	100,000	250,000
Statutory reserve	28,539	30,000	20,347
Unrealized gains on revaluation of available for sale investments	14,270	680	1,262
Retained earnings	95,870	81,528	49,154
Total shareholders' equity	**238,679**	**212,208**	**320,763**
Non-controlling interest	-	-	(2)
Total equity	**238,679**	**212,208**	**320,761**

Source: Special-purpose consolidated financial statements for the years ended 31 December 2015G, 2016G and 2017G.

The Company's capital was increased by SAR 150 million on 31 December 2017G. The shareholders of the Company increased the capital through the capitalization of SAR 120 million from the retained earnings balance and SAR 30 million from the statutory reserve.

The Company establishes a statutory reserve by allocating the equivalent of 10% of the net profit for the year until the statutory reserve reaches 30% of the capital in accordance with the Companies Law and the Company's Bylaws.

The unrealized gains on revaluation of available-for-sale investments increased as a result of the revaluation of available-for-sale investments. Since the investment profits has not yet been realized, it is not included in the income statement until it is realized.

6-5-13 Cash Flow Statement

Table (6-29): Cash Flow Statement for the Years 2015G, 2016G and 2017G

SAR in thousands	2015G Restated	2016G Restated	2017G Audited
Operating Activities			
Income before zakat	202,738*	246,708*	212,405
Settlement:			
Amortization of used visas	27,370	33,685	36,464
Provision for employees' end of service benefits	17,348	19,487	22,904
Depreciation of property and equipment	3,038	5,145	6,511
Provision for doubtful debts	535	25,745	7,304
Reversal of provision for withholding taxes	-	-	(2,579)
Earnings on Murabaha time deposits	(170)	(1,023)	(3,436)
(Gain) Loss on disposal property and equipment	3	-	(33)
Total	**250,861**	**329,748**	**279,541**
Changes in operating assets and liabilities			
Accounts receivable, unbilled receivables and others	(55,995)	(35,550)*	(33,461)
Prepayments and other current assets	(59,758)	(58,660)	6,738
Available visas	(3,998)	21,087	(34,404)
Retained insurance and unearned revenue	67,434*	21,645*	(5,015)
Cash margin against a license letter of guarantee	-	-	10,000
Accounts payable, accruals and others	93,921*	(2,014)*	48,756
Cash from operations	**292,465**	**276,257**	**272,156**
Zakat paid	(3,479)	(6,483)	(10,485)
Employees' termination benefits paid	(2,835)	(9,166)	(12,376)
Net cash from operating activities	**286,150**	**260,607**	**249,295**
Investing activities			
Purchase of property and equipment	(47,748)	(15,667)	(18,335)
Net proceeds from (purchase of) murabaha time deposits	(70,000)	55,529	15,780
Proceeds from disposal property and equipment	25,533	454	75
Purchase of available-for-sale investments	-	(30,680)	-
Investment in unconsolidated sister company	(28)	-	-
Net cash (used in) from investing activities	**(92,243)**	**9,635**	**(2,480)**
Financing activities			
Dividends Paid	(105,000)	(265,722)	(95,500)
Net cash used in financing activities	**(105,000)**	**(265,722)**	**(95,500)**
Net change in cash and cash equivalents	**88,908**	**4,520**	**151,315**
Cash and its equivalents at the beginning of the year	**97,478**	**186,386**	**190,906**
Cash and cash equivalents at the end of the year	**186,386**	**190,906**	**342,222**
Critical non-cash transaction			
Unrealized gains on revaluation of available-for-sale investments		**680,240**	**581,369**

*These numbers have been restated

Source: Special-purpose consolidated financial statements for years ended 31 December 2015G, 2016G and 2017G

Cash Flows from Operating Activities

Despite the increase in Income before zakat, net cash from operating activities decreased from SAR 286.2 million in 2015G to SAR 260.6 million in 2016G due to a decrease in working capital changes from SAR 36.0 million in 2015G to SAR 53.5 million in 2016G due to the increase in prepayments and other current assets, especially prepaid recruitment expenses as a result of the increase in the number of resources during the same period.

Net cash from operating activities decreased slightly from SAR 260.6 million in 2016G to SAR 249.3 million in 2017G due to a decrease in net profit before Zakat and increased working capital requirements as a result of the increase in accounts receivable (as a result of delayed payment of dues by some clients resulting from the general economic slowdown in the Kingdom at the time).

Cash flow (Used In)/From Investing Activities

Net cash from investment activities increased from SAR (-92.2) million in 2015G to SAR 9.6 million in 2016G due to the increase in net proceeds from murabaha time deposits (as a result of the liquidation of deposits under the changes in the Company's Policy towards such investments), as well as a relative decrease in property and equipment additions. Such additions were high during 2015G to lay the foundations necessary for the growth of the Company's operations.

Net cash from investing activities decreased from SAR 9.6 million in 2016G to SAR 2.5 million in 2017G due to the increase in property and equipment additions from SAR 15.7 million in 2016G to SAR 18.3 million in 2017G and a decrease in net proceeds of Murabaha time deposits.

Cash Flow Used in Financing Activity

The financing activity includes dividends only. The Company's dividend policy recommends the distribution of surplus cash, taking into account its plans for growth and the required capital and operational expenses. Such distributions shall be made upon a recommendation by the Board o and the approved by the General Assembly.

At the meeting of the Board held on 04/06/1437H (corresponding to 11/04/2016G) and the meeting held on 27/12/1437H (corresponding to 28/09/2016G), the Board announced interim dividends of SAR 100 million and SAR 165.7 million, respectively, paid in 2016G.

At the Board meeting held on 27/01/1439H (corresponding to 17/10/2017G), the Board of Directors of the Company announced interim dividends of SAR 95.5 million, paid in 2017G.

Critical Non-Cash Transaction

Unrealized gains on the evaluation of available-for-sale investments in Al Rajhi Commodity Mudaraba Fund (206,988 units, registered at SAR 144.94 per unit) were purchased at SAR 30 million. Unrealized gains amounted to SAR 680,240 in 2016G and SAR 581,369 in 2017G.

6-5-14 Amendments to Previous Financial Statements

Table (6-30): Amendments to the Financial Statements for the years 2015G and 2016G

SAR in thousands	2015G Audited	Modifications	2015G Restated	2016G Audited	Modifications	2016G Restated	Reference
Assets							
Cash and bank balances	186,386	-	186,386	190,906	-	190,906	
Time murabaha deposits	70,170	-	70,170	16,345	-	16,345	
Accounts receivable, unbilled receivables and others	110,602	-	110,602	105,099	12,675	117,774	(1)
Prepayments and other current assets	78,125	-	78,125	99,479	-	99,479	
Available visas	40,567	-	40,567	19,480	-	19,480	
Total current assets	**485,850**	**-**	**485,850**	**431,309**	**12,675**	**443,984**	
Used visas - non-current portion	9,332	-	9,332	7,309	-	7,309	
Pre-paid recruitment expenses - non-current portion	5,848	-	5,848	11,491	-	11,491	
Property and equipment	82,727	-	82,727	92,795	-	92,795	
Available-for-sale investments	28	-	28	30,680	-	30,680	
Cash margin against a license letter of guarantee	10,000	-	10,000	10,000	-	10,000	

SAR in thousands	2015G Audited	Modifications	2015G Restated	2016G Audited	Modifications	2016G Restated	Reference
Total non-current assets	**107,935**	**-**	**107,934**	**152,276**	**-**	**152,276**	
Total assets	**593,785**		**593,785**	**583,585**	**12,675**	**596,260**	
Current liabilities							
Accounts payable, accruals and others	128,078	11,433	139,511	122,148	12,688	134,836	(2)
Retained insurance and un-earned revenue	92,524	5,280	97,805	155,134	3,284	158,418	(3)
Zakat	9,322	-	9,322	10,976	-	10,976	
Total current liabilities	**229,924**	**16,713**	**246,637**	**288,257**	**15,972**	**304,230**	
Non-current liabilities							
Employee's end of service benefits	21,222	-	21,222	31,543	-	31,543	
Retained insurance - non-current portion	87,247	-	87,247	48,278	-	48,278	
Total non-current liabilities	**108,469**	**-**	**108,469**	**79,821**	**-**	**79,821**	
Total liabilities	**338,393**	**16,713**	**355,106**	**368,079**	**15,972**	**384,051**	
Shareholders' equity							
Share capital	100,000	-	100,000	100,000	-	100,000	
Statutory reserve	28,539	-	28,539	30,000	-	30,000	
Contractual reserve	14,270	-	14,270	-	-	-	
Unrealized gains from revaluation of available-for-sale investments	-	-	-	-	680	680	(4)
Retained earnings	112,583	(16,713)	95,870	85,506	(3,979)	81,528	(5)
Total shareholders' equity	**255,392**	**(16,713)**	**238,679**	**215,506**	**(3,299)**	**212,208**	
Non-controlling interests	-	-	-	-	-	-	
Total liabilities and shareholders' equity	**593,785**	**-**	**593,785**	**583,585**	**12,675**	**596,260**	

During the financial year 2017G, the Company's management discovered accounting errors that resulted in material errors in the financial statements for previous years (2015G and 2016G). The financial errors largely included the understatement of the salaries and benefits of the resources for undetermined periods, and presenting understated revenues as some of the benefits of the resources are chargeable to clients, and improper proof of.

Notes:

(1) Accounts receivable, unbilled receivables and others:

The comparative figures of unbilled accounts receivable for the financial year ended 31 December 2016G were amended as a result of an error in calculating the client the benefits of the resources, which is chargeable to the clients.

(2) Accounts payable, accruals and others:

The comparative figures of accounts payable outstanding for the financial years ended 31 December 2015G and 2016G were amended as a result of miscalculation of the salary and related due expenses for non-contract periods.

(3) Retained insurance and unearned revenue:

The comparative figures for unearned revenue for the financial years ended 31 December 2015G and 2016G were amended as a result of recognizing qualification fees under income and are related to unearned revenue accounts.

(4) Unrealized gains from revaluation of available-for-sale investments:

Unrealized gains from revaluation of available-for-sale investments for the financial year ended 31 December 2016G have been reclassified from other income.

(5) Retained Earnings:

The comparative figures of retained earnings for the financial years ended 31 December 2015G and 2016G have been amended based on previous amendments.

Table (6-31): Amendments to the Income Statement for the Years 2015G and 2016G

SAR in thousands	2015G Audited	Modifications	2015G Restated	2016G Audited	Modifications	2016G Restated	Reference
Revenue	957,757	1,136	958,893	1,166,758	14,670	1,181,428	(1)
Cost of revenue	(693,206)	(6,743)	(699,949)	(843,387)	(1,256)	(844,642)	(2)
Gross profit	**264,551**	**(5,607)**	**258,944**	**323,371**	**13,414**	**336,786**	
General and administrative expenses	(57,883)	-	(57,883)	(66,352)	-	(66,352)	
Marketing expenses	(1,412)	-	(1,412)	(28,213)	-	(28,213)	
Income from main operations	**205,256**	**(5,607)**	**199,649**	**228,806**	**13,414**	**242,221**	
Other income	3,088	-	3,088	5,168	(680)	4,487	(3)
Net Income before zakat	**208,344**	**(5,607)**	**202,738**	**233,974**	**12,734**	**246,708**	
Zakat	(9,152)	-	(9,152)	(8,137)	-	(8,137)	
Net income	**199,192**	**(5,607)**	**193,586**	**225,837**	**12,734**	**238,571**	

Notes:

(1) Income:

The comparative figures of income for the financial years ended 31 December 2015G and 2016G were amended as a result of miscalculation of the resources' invoiced benefits of the clients.

(2) Cost of Revenue:

The comparative figures of the cost of revenue for the financial years ended 31 December 2015G and 2016G were amended as a result of insufficient salary and related due expenses for non-contract periods.

(3) Other income:

Other income for the financial year ended 31 December 2016G was reclassified as a result of unrealized profit from revaluation of available-for-sale investments.

6-6 Applicable Accounting Standards

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

The significant accounting estimates, assumptions and judgments adopted by the Company in preparing the interim consolidated financial statements are as follows:

6-6-1 Significant accounting estimates, assumptions and judgments

The preparation of the Company'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.

(a) 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 Company 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 Company. 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. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Company 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.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account 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 Company 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.

(b) Critical judgments in applying accounting standards

The following critical judgments have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of control

Management's judgments in assessing control of consolidated subsidiaries:

Subsidiaries are all investees over which the Company has control. The Company's management considers that the Company controls an entity when the Company 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 Company has equal or less than a majority of the voting or similar rights of an investee, the Company 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 Company has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Company has, in relation to the investees.

Provision for doubtful debts

The Company reviews its accounts receivable at each reporting date to assess whether a provision for doubtful debts should be recorded in the consolidated statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

Economic useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Company 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.

6-6-2 Summary of Significant Accounting Policies

(a) Basis of consolidation

Subsidiaries

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit / loss and each component of OCI are attributed to the shareholders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-Company asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- Recognize any surplus or deficit in the consolidated statement of income; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of income or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

When the Company ceases to consolidate for an investment in a subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of income.

Non-controlling interests

Non-controlling interests in the results and equity of subsidiary is shown separately in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administration expenses.

When the Company 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 will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS (9), is measured at fair value with the changes in fair value recognized in the consolidated statement of income in accordance with IFRS (9). Other contingent consideration that is not within the scope of IFRS (9) is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over 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 Company 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 profit or loss.

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 Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(c) Foreign currency

Presentation currency

The consolidated financial statements are presented in SR; as it is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of income).

(d) Current versus non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The 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.

The Company 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, 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; and
- 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 on a recurring basis, the Company 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 reporting period.

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

(f) Revenue recognition

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The new revenue standard introduces a single principle-based five-step model for the recognition of revenue when control of a good is transferred to or a service performed for the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Being a first time adopter in 2018, the Company has applied IFRS 15 retrospectively from the earliest presented period, which is 1 January 2017 (the date of transition to IFRSs as endorsed in KSA) and used certain practical expedients (as listed below).

The Company has applied following practical expedients:

- The Company does not adjust the promised amount of consideration for the effects of significant financing component where period between delivery of promised services and payment from customer is one year or less.
- For periods before the date of initial application, the Company does not provide disclosures for remaining performance obligations.
- The Company does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognize that amount as revenue for periods prior to the date of transition to IFRS as endorsed in Kingom of Saudi Arabia.

The Company recognizes revenue as and when customer receives and consumes the services provided by the Company over a period of time i.e. number of days services are provided, which is in line with the requirements of IFRS 15. Accordingly there is no material effect of adopting IFRS 15 on the recognition of revenue of the Company.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when the services are rendered to customers. 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 Company estimates the amount of consideration to which the Company is entitled in exchange for transferring the promised services to a customer.

The Company deals with two possible scenarios in this aspect:

- Dropouts - these are the deductions on account of worker being absent while being employed by a customer. The Company bears up to 5% deduction on account of such dropouts and recognizes revenue net of these deductions.
- Discounts - these are allowed on case to case basis and are negotiated upfront at the time of entering into contract (Step 1) of IFRS 15 model. Company recognizes revenue net of these discounts.

There was no restatement due to this change as the Company's policy is already in line with the requirements of IFRS 15.

Significant financing component

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

Measuirng progress towards complete satisfaction of performance obligation

For each revenue stream, the performance obligation (rendering of services) is satisfied over time, the Company applies a single method of measuring progress toward satisfaction of the obligation. The Company has selected input method as a basis to measure performance completed to date. There was no restatement due to this change as the Company's policy is already in line with the requirements of IFRS 15.

Contract costs

Contract costs are recognized as an expense unless the Company has a reasonable expectation to recover these costs from its customers and in cases where these costs are recoverable from the customers. The Company amortize these costs on a systematic basis, consistent with the transfer to the customer of the services. The Company recognizes contract costs if:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify.
- The costs generate or enhance resources of the Company 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 contracts has not been identified by the Company
- The costs that directly relates to a contract (or a specific anticipated contract) includes:

  a- direct labour;

  b- direct materials;

  c- Allocation costs directly related to the contract or contract activities ;

  d- Costs that could be clearly charged on the client under the contract; and

  e- Other costs incurred only because the entity entered into the contract.

Visa and recruitment costs have been expensed out immediately as none of the above criteria have been met to capitalize those costs as contract costs.

Contract assets and liabilities

Under IFRS 15, when either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. There have been a reclassification from unbilled revenues to contract assets and from advances from customers and unearned revenues to contract liabilities due to this change.

Principal versus agent considerations

The Company 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 Company 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 Company has concluded that they are principal in all revenue arrangements. There was no restatement due to this change as the Company's policy is already in line with the requirements of IFRS 15.

Presentation and disclosure requirements

As required for the consolidated financial statements, the Company 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 (25) for the disclosure on disaggregated revenue.

Other income

Profits from Murabaha time deposits are recognized on an accrual basis.

Other income is recognized when earned.

(g) 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.

(h) Zakat

The Company is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

(i) Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have maturity of three months or less when places.

(j) Murabaha term 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.

(k) Financial instruments

IFRS 9 required financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through Other Comprehensive Income ("OCI") and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in OCI. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in OCI rather than the statement of income, unless this creates an accounting mismatch.

IFRS 9 introduced a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer required a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

The effect of adopting IFRS 9 is disclosed in note)6(to the consolidated financial statements which pertains to the new impairment requirements and reclassification of original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial instruments.

Recognition and initial measurement

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognized in the consolidated statement of financial position when the Company becomes party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial assets

Classification of Financial Assets

At initial recognition, financial assets are measured at amortized cost, at fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVTPL").

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

a- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition.

The Company has classified its investments in units of a mutual fund as FVTPL as these contractual cash flows are not limited to principal and interest only. The Company has not exercised irrevocable option to classify these at FVOCI as these fail the definition of equity instrument under IAS 32.

Subsequent Measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of income .

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate (EIR) method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in consolidated statement of income. Any gain or loss on derecognition is recognized in the consolidated statement of income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of income. Other net gains and losses are recognized in the consolidated statement of OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of income.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the consolidated statement of comprehensive income and are never reclassified to profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-

through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement 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 of consideration that the Company could be required to repay.

Expected credit loss (ECL) assessment for accounts receivables

The Company applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:

- financial assets measured at amortized cost; and
- contract assets.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified Gross Domestic Product (GDP) of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modeling into following parts: probability of default (PD), loss given default (LGD), exposure at default (EAD). These are briefly described below:

- LGD: This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- PD: likelihood of a default over a particular time horizon.
- EAD: This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Expected Credit Loss ("ECL") Model

The Company uses a point-in-time (PIT) probability of default model to measure its impairment on financial assets. PIT PD models incorporate information from a current credit cycle and assess risk at a PIT. The PIT PD term structure can be used to measure credit deterioration and starting PD when performing the allowance calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, you can project the cash flows and calculate the gross carrying amount, loss allowance, and amortized cost for the financial instrument.

Macroeconomic weighted average scenarios

The Company includes macroeconomic factor of GDP to develop scenarios with the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis incorporates forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

The Company assesses its financial assets based on credit risk characteristics using segmentations such as geographical region, type of customer, customer rating, etc. The different segments reflect differences in PDs and in recovery rates in the event of default.

Definition of default

In the above context, the Company considers default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the customer is more than 360 days past due on any material credit obligation to the Company.

The Company has rebutted the presumption that default does not occur later than when these financial assets are past due to define and assess default. This is demonstrated by past historical data where collections exceeding 70% were experienced in 360 days ageing bucket.

Specific Provision

Specific provision is recognized on customer to customer basis at every respective reporting date. The Company recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

Write-Off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities

Initial Recognition and Measurement

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of income. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of income. Any gain or loss on derecognition is also recognized in the consolidated statement of income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Purchased visas and available visas

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 visas

Available visas represent the unused balance of visas from the government. As per Saudi Law, the Company, 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 which are transferred from purchased visas are immediately recognized as expenses in the consolidated statement of income when issuing visas to recruited manpower.

(m) Residency and work permit fees

Residency and work permit fees are amortized in the Consolidated Income Statement over a period of one year based on the validity period of such permits.

(n) Property and equipment

Property and equipment is 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:

	Years
Office equipment	4-10
Buildings	20
Motor vehicles	4
Furniture & fixture	10
Leasehold improvements	10 years or the leasehold period, whichever is shorter

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.

(o) 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:

	Years
Tadbeer licenses	10
Client relationship	2

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.

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 income.

(p) Impairment of non-financial assets

The Company 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 Company 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 Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company'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 income 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 Company estimates the asset's or CGU's recoverable amount.

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.

(q) Retained deposits

Retained deposits represent the amounts equivalent to two-month salary collected from customers as security deposits which the Company 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 Company either refunds the balance or applies against the outstanding receivable from customers. Accordingly, these retained deposits are presented under current liabilities.

(r) Employees end-of-service benefits

Short-term obligations

Liabilities related to wages and salaries, including non-monetary benefits, accrued leave, travel tickets 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.

End-of-services benefit obligation

The Company'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 Company 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 in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the Kingdom of Saudi Arabia to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and Saudi Arabia.

The DBO also depends on the assumptions for future salary increases and the rate at which employees are expected to leave. The Company has assumed salaries will increase at a rate of 0.7%pa above the discount rate, in order to provide stability to the OCI account. Employee withdrawal rates are very high but can change quickly from year to year. The Company has therefore assumed updates 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.

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 Arabian Labour and Workmen Law as well as the Company's policy.

(s) Dividends

The Company 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 Companies Law in KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(t) Provisions

Provisions are recognized when the Company 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. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as finance costs.

(u) Leases

Company as Lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

(v) Segment reporting

The operating industry is a component of the Company:

- 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 Company'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 Company is organised into two segments, based on supply of manpower, as described below and as grouped in two reporting segments, financial details of those follow beneath.

The Company supplies manpower to corporates forming part of the revenue from its corporate segment. Similarly, the Company supplies manpower to individuals based on their needs (i.e. nurses, maids etc.) which forms part of the revenue from individual segment.

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 Company's operations are conducted in KSA and UAE.

6-7 Results of Operations Prepared in Accordance with the IFRS

6-7-1 Audited Consolidated Income Statements Prepared in Accordance with IFRS

Table (6-32): Audited Consolidated Income Statements for the Nine-Month Period Ended 30 September 2017G and 2018G

(SAR thousands)	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Revenue	867,074	1,004,348	15.8%
Cost of revenue	(649,277)	(755,890)	16.4%
Gross profit	**217,797**	**248,458**	**14.1%**
General and administrative expenses	(62,814)	(75,921)	20.9%
Marketing expenses	(1,438)	(2,896)	101.4%
Provision for doubtful debts	(12,596)	(636)	(94.9%)
Income from main operations	**140,948**	**169,004**	**19.9%**
Other income	12,575	15,197	20.9%
Net profits from equity investment at fair value through profit and loss	442	515	16.4%
Net income before zakat	**153,965**	**184,716**	**20.0%**
Zakat	(9,146)	(9,213)	0.7%
Net income for the period attributable to:			
Shareholders of the parent company	**144,819**	**174,955**	**21.2%**
Non-controlling interests	-	548	N/A
As a % of revenues		Percentage	
Gross profit	25.1%	24.7%	(0.4)
General and administrative expenses	7.2%	7.6%	0.3
Marketing expenses	0.2%	0.3%	0.1
Net operating Income	16.3%	16.8%	0.5
Income before zakat	17.8%	18.4%	0.6
Net income for the period	16.7%	17.5%	0.8
KPIs (Corporate segment)		Difference	
Average number of deployed manpower resources	23,065	23,026	(39)
Average monthly revenue per resource	3,196	3,449	253
KPIs (Household segment)		Difference	
Average number of deployed manpower resources	7,804	9,697	1,893
Average monthly revenue per manpower resource	2,899	3,318	419
Total number of deployed manpower resources	**30,869**	**32,723**	**1,854**

Source: Audited consolidated financial statements for the nine-month period ended 30 September 2017G and 2018G

(a) Revenue

Revenue increased by 15.8% from SAR 867.1 million for the nine-month period ended 30 September 2017G to SAR 1,004.3 million for the nine-month period ended 30 September 2018G, which increase is attributable to:

- An increase in the average number of deployed resources by 24.3% from 7,804 resources to 9,697 resources during the same period in line with higher demand on housekeepers:
  - An increase in the average monthly revenue per resource by 14.5% from 2,899 to SAR 3,318 due to higher deployed resources within the "Khidmah" Program (Housekeepers on an hourly basis),given that wages are higher in this product compared to ordinary contracts.
  - An increase in the average monthly revenue per manpower resource by 14.5% from 2,899 to SAR 3,318 due to higher deployed manpower resources within the "Khidmah" Program (Housekeepers on an hourly basis),given that wages are higher in this product compared to ordinary contracts.
- An increase in the corporate segment revenue by 7.7% from SAR 663.5 million to SAR 714.8 million during the same period due to:
  - An increase in the healthcare industry (by 38.6% from SAR 79.9 million to SAR 110.7 million) in line with the increase in the average number of resources by 459 resources in addition to hiring resources, i.e. doctors and specialist nurses with higher salaries.
  - An increase in the revenues of the corporate segment (by 21.0% from SAR 73.2 million to SAR 88.6 million) in line with an increase in the number of resources by 325 resources.
  - An increase in governmental fees related to foreign resources from SAR 200 per month to SAR 400 per month, given that the full amount of the increase in government fees was charged to the clients as stipulated in the contract, which was offset by discounts made to some clients when the contract was renewed.

(b) Cost of Revenue

Cost of revenue increased by 16.4% from SAR 649.3 million during the nine-month period ended 30 September 2017G to SAR 755.9 million during the nine-month period ended 30 September 2018G due to higher salaries, interests, and other costs, which is primarily due an increase in the salaries and other benefits by 11.8% (from SAR 455.1 million to SAR 508.6 million) and an increase in the vacation and travel tickets provision by 16.8% (from SAR 27.0 million to SAR 31.6 million) in line with an increase in the resources (deployed and un-deployed) by 1,854 resources during the same period offset by a decrease in the entry visa provision by 28.6% (from SAR 23.8 million to SAR 17.0 million) in line with a decrease in the number of resources recruited during the same period (1,487 resources).

Cost of revenue increased as a percentage of revenues by 0.4% from 74.9% during the nine-month period ended 30 September 2017G to 75.3% during the nine-month period ended 30 September 2018G, which increase is attributable to an increase in the Labor Office expenses by SAR 39.5 million, which increase is primarily due to an increase in the Labor Office fees related to foreign resources (expat levy) in the corporate segment in addition to an increase in the recruitment costs by SAR 8.5 million primarily attributable to an increase in the number of deployed resources in the healthcare industry during the same period.

(c) Gross Profit

Gross profit increased by 14.1% from SAR 217.8 million for the nine-month period ended 30 September 2017G to SAR 248.5 million for the nine-month period ended 30 September 2018G.

The profit margin decreased from 25.1% during the nine-month period ended 30 September 2017G to 24.7% during the nine-month period ended 30 September 2018G due to an increase in the cost of revenue attributable to an increase in the Labor Office expenses and recruitment expenses as a percentage of revenues, as set out above. Such an increase was offset by a decrease in salaries and other benefits as a percentage of revenue and entry visa fee expenses due to a decrease in the number of resources recruited during the same period by 1,487 resources.

(d) General and Administrative Expenses

General and administrative expenses increased by 20.9% from SAR 62.8 million for the nine-month period ended 30 September 2017G to SAR 75.9 million for the nine-month period ended 30 September 2018G:

- An increase in manpower resource salaries and benefits by 33.8% from SAR 36.4 million to SAR 48.8 million in line with an increase in the number of the Company's resources by 178 resources due to Company's activities expansion, including the opening of three (3) additional branches.
- An increase in depreciation expenses from SAR 5.0 million to SAR 6.9 million, i.e. 37.4% due to asset addition during the same period as well as the amortization of intangible assets of the Musanid's subsidiaries (SAR 1.4 million) acquired by the Company during the same period.
- An increase in travel expenses by 224.6% from SAR 575,000 to SAR 1.9 million in relation to flights heading to the UAE to incorporate Musanid and complete the acquisitions of TPH.

The increase was offset by a decrease in the professional fees by 42.1% from SAR 8.4 million to SAR 4.9 million primarily due to the incurrence by the Company of the Offering preparation expenses (SAR 3.1 million) during the nine-month period ended 30 September 2017G which has not recurred some of which were during the nine-month period ended 30 September 2018G. All costs and expenses related to the Offering will be borne by the Selling Shareholders. These costs will be deducted from the proceeds of the Offering, including the fees of the Financial Advisor, the Underwriter, the Legal Advisor, the Auditor and the Market Consultant, as well as Selling Agents fees, marketing expenses, printing and distribution and other related expenses.

(e) Marketing Expenses

Marketing expenses increased by 101.4% from SAR 1.4 million during the nine-month period ended 30 September 2017G to SAR 2.9 million during the nine-month period ended 30 September 2018G due to an increase in advertisement expenses by SAR 1.5 million to attract clients to the "Khidmah" Program.

(f) Provision for Doubtful Debts

Provision for doubtful debts reached SAR -12.6 million during the nine-month period ended 30 September 2017G to SAR 636 thousand during the nine-month period ended 30 September 2018G, which decrease is primarily attributable to calculation of the provision for doubtful debts in accordance with IFRS (9). The Company reviews its accounts receivable at each reporting date to determine whether a provision for doubtful debts shall be recognized in the consolidated statement of income. Judgment is required by management to estimate the amount and timing of future cash flows in determining the level of provision required. These estimates depend on assumptions on a number of factors, including the Kingdom's GDP.

(g) Other Income

Other income increased by 20.9% from SAR 12.6 million during the nine-month period ended 30 September 2017G to SAR 15.2 million during the nine-month period ended 30 September 2018G, which increase is mainly attributable to reversal of due salaries that are no longer requested (SAR 7.5 million), i.e. the salaries of resources who left the Kingdom once and for all for a period exceeding a year. Other income included income from Murabaha (SAR 3.2 million), fees of household segment client contract cancellation (SAR 2.1 million), as well as fines and penalties paid by corporate clients due to resources absence in case the reason has to do with the resources or by foreign recruitment agencies when dispatching resources not meeting the required specifications (SAR 2.4 million).

6-7-2 Revenue of the Corporate and Household Segments

Table (6-33): The Segments Revenue for the Nine-Month Period Ended 30 September 2017G and 2018G

(SAR thousands)	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Corporate segment	663,471	714,784	7.7%
Household segment	203,603	289,564	42.2%
Total revenue	**867,074**	**1,004,348**	**15.8%**
Average number of deployed manpower resources			
Corporate segment	23,065	23,026	(39)
Household segment	7,804	9,697	1,893
Total average number of deployed manpower resources	**30,869**	**32,723**	**1,854**
KPIs			
Average monthly revenue per resource by segment (SAR)		Difference	
Corporate segment	3,196	3,449	253
Household segment	2,899	3,318	419
Total	**3,048**	**3,384**	**336**

Source: Audited financial statements for the nine-month period ended 30 September 2017G and 2018G

Revenue from the corporate segment accounted for 76.5% of the total revenue during the period ended 30 September 2017G and 71.2% of the total revenue during the period ended 30 September 2018G. Household segment revenue accounted for 23.5% of the total revenue during the period ended 30 September 2017G and 28.8% of the total revenue during the period ended 30 September 2018G.

Corporate segment revenue increased by 7.7% from SAR 663.5 million for the nine-month period ended 30 September 2017G to SAR 714.8 million for the nine-month period ended 30 September 2018G, which increase is attributable to:

- An increase in the revenue from the healthcare industry by 38.6% from SAR 79.9 million during the nine-month period ended 30 September 2017G to SAR 110.7 million during the nine-month period ended 30 September

2018G, which increase is attributable to an increase in the average number of deployed resources by 40.4% from 1,136 resources to 1,595 manpower resources during the same period and primarily due to expansion of a hospital belonging to one of the major clients

- An increase in the revenues of the corporate segment (by 21.0% from SAR 73.2 million to SAR 88.6 million) in line with an increase in the number of manpower resources by 325 manpower resources.
- An increase in governmental fees related to foreign resources from SAR 200 per month to SAR 400 per month, given the full amount of the increase in government fees was charged to the clients as stipulated in the contract, which was offset by discounts provided to some clients at the time of contract renewal.

The increase was offset by a decrease in the revenue from the household segment by 7.8% from SAR 196.1 million to SAR 180.9 million due to a decrease in the average number of deployed manpower resources by 10.5% from 7,742 resources to 6,765 resources during the same period, which increase is primarily attributable to the expiry of non-renewed resources contracts.

Household segment revenue increased by 42.2% from SAR 203.6 million for the nine-month period ended 30 September 2017G to SAR 289.6 million for the nine-month period ended 30 September 2018G, which increase is attributable to:

- An increase in the average number of deployed resources by 32.0% from SAR 7,804 resources to 9,697 resources during the same period in line with higher demand on housekeepers.
- An increase in the average monthly revenue per resource by 13.3% from SAR 2,952 to SAR 3,345 due to higher deployed resources within the "Khidmah" Program (housekeepers on an hourly basis), for wages are higher in this product compared to ordinary contracts.

(a) Corporate Segment Revenue

Table (6-34): The Corporate Segment's Revenue for the Nine-Month Period ended 30 September 2017G and 2018G

SAR in thousands	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Industrial and operation	189,308	207,532	9.6%
Retail	196,127	180,908	(7.8%)
Hospitality	124,911	127,018	1.7%
Healthcare	79,922	110,745	38.6%
Commercial	73,203	88,582	21.0%
Total corporate segment revenue	**663,471**	**714,784**	**7.7%**
KPIs			
Average number of deployed manpower resources			Difference
Industrial and operation	7,770	7,898	128
Retail	7,742	6,765	(977)
Hospitality	4,899	4,925	26
Healthcare	1,136	1,595	459
Commercial	1,518	1,843	325
Total	**23,065**	**23,026**	**(39)**
Average monthly revenue per resource within the corporate segment (SAR)			Difference
Industrial and operation	2,707	2,920	213
Retail	2,815	2,971	157
Hospitality	2,833	2,866	33
Healthcare	7,817	7,715	(102)
Commercial	5,358	5,340	(18)
Total	**3,196**	**3,449**	**253**

Source: Management information for the nine-month period ended 30 September 2017G and 2018G

Industrial and Operation

The industrial and operation industry revenue increased by 9.6% from SAR 189.3 million during the nine-month period ended 30 September 2017G to SAR 207.5 million during the nine-month period ended 30 September 2018G due to an increase in the average monthly revenue per deployed resource from SAR 2,707 million to SAR 2,920 due to an increase in governmental fees related to foreign resources from SAR 200 per month to SAR 400 per month the full amount of the increase in government fees was charged to the clients as set out in the contract, which was offset by discounts provided to some clients at the time of the renewal of the contract. In addition to an increase in the average number of deployed resources by 1.6% from 7,770 resources to 7,898 resources during the same period.

Retail Industry

The revenue of the retail industry decreased by 7.8% from SAR 196.1 million during the nine-month period months ended 30 September 2017G to SAR 180.9 million during the nine-month period ended 30 September 2018G, due to the decrease in the average number of deployed resources from 7,742 resources to 6,765 resources during the same period and primarily due to the expiry of non-renewed resources contracts and as a result of the government initiatives to "Saudiaze" the retail industry, which was partially offset by the increase in government fees for foreign resources from SAR 200 per month to SAR 400 per month, the full amount of the increase in government fees was charged to the clients as set out in the contract, which was offset by discounts provided to some clients at the time of the renewal of the contract.

Hospitality Industry

Hospitality industry revenue increased by 1.7% from SAR 124.9 million during the nine-month period ended 30 September 2017G to SAR 127.0 million during the nine-month period ended 30 September 2018G due to an increase an increase in government fees related to foreign resources from SAR 200 per month to SAR 400 Saudi Riyals per month, the full amount of the increase in government fees was charged to the clients as set out in the contract, which was offset by discounts provided to some clients at the time of the renewal of the contract. . In addition to the increase in the average number of deployed resources by 0.5% from 4,899 resources to 4,925 resources during the same period due to certain client operation expansion within the said industry, which partially offset by discounts provided to certain clients.

Healthcare Industry

Healthcare industry revenue increased by 38.6% from SAR 79.9 million during the nine-month period ended 30 September 2017G to SAR 110.7 million during the nine-month period ended 30 September 2018G, due to the increase in the average number of deployed resources by 40.4% from 1,136 resources to 1,595 resources during the same period and primarily due to expansion of a hospital belonging to one of the major clients. It is worth noting that governmental fees related to foreign resources have been charged to clients as set out in the contracts, which is offset by a change in the professions of the deployed doctors and nurses.

Commercial Industry

Commercial industry revenues increased by 21.0% from SAR 73.2 million during the nine months period ended 30 September 2017G to SAR 88.6 million during the nine-month period ended 30 September 2018G due to the increase in the average number of deployed resources from 1,518 resources to 1,843 resources. Such increase was offset by a decrease in the average monthly income per resource from SAR 5,358 to SAR 5,340 due to an increase in the number of low salary resources.

(b) Household Segment Revenue by Profession

Table (6-35): The Household Segment's Revenue by Profession for the Nine-Month Period Ended 30 September 2017G and 2018G

SAR in thousands	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Housekeepers	182,423	272,891	49.6%
Private drivers	21,180	15,146	(28.5%)
Technicians	-	1,526	N/A
Total revenue	**203,603**	**289,564**	**42.2%**
KPIs			
Average number of resources			Difference
Housekeepers	6,866	9,065	2,199
Private drivers	938	616	(322)
Technicians	-	16	16
Total	**7,804**	**9,697**	**1,893**
Average monthly revenue per resource by profession (SAR)			Difference
Housekeepers	2,952	3,345	393
Private drivers	2,509	2,732	223
Technicians	-	10,599	10,599
Total	**2,899**	**3,318**	**419**

Source: Management information for the nine-month period ended 30 September 2017G and 2018G

Housekeepers

Housekeeper revenue increased by 49.6% from SAR 182.4 million during the nine-month period ended 30 September 2017G to SAR 272.9 million during the nine-month period ended 30 September 2018G, which increase is attributable to an increase in the average number of deployed Resources by 32.0% from 6,866 resources to 9,065 resources during the same period and primarily due to more efforts exerted by the company to expand the segment including:

- Higher "Khidmah" Program revenues by 286.7% from SAR 14.0 million to SAR 54.2 million in 2018G;
- An increase in Housekeeper revenue (ordinary contracts) by 17.6% from SAR 168.4 million to SAR 198.1 million; and
- Housekeeper revenue from TPH in the UAE (SAR 20.6 million) which was acquired during the nine months period ended 30 September 2018G.

Private Drivers

Revenue from private drivers decreased by 28.5% from SAR 21.2 million during the nine months period ended 30 September 2017G to SAR 15.1 million during the nine-month period ended 30 September 2018G due to a decrease in the average number of deployed drivers by 34.2% from 938 to 616 during the same period due to changes in demand on drivers during that period, which decrease was offset by an increase in the driver's average monthly revenue by 8.9% from SAR 2,509 million to SAR 2,732 due to hiring drivers with higher salaries.

Technicians

Technicians are related to TPH UAE, which has been acquired during the nine months period ended 30 September 2018G. Technicians (welders, carpenters, electricians, etc.) provide maintenance, repair, installation services to the household segment. Revenue from technicians amounted to SAR 1.5 million for the nine-month period ended 30 September 2018G.

(c) Revenue of the Corporate and Household Segments by the Nationality of the Resources

Table (6-36): Revenue of the Corporate and Household Segments by the Nationality of the Resources for the Nine-Month Period Ended 30 September 2017G and 2018G

SAR in thousands	Q3 of 2017G	Q3 of 2018G	Change 2017G-2018G
Indian nationality	325,027	382,629	17.72%
Indonesian nationality	170,901	226,903	32,77%
Filipino nationality	138,231	183,302	32.61%
Nepalese nationality	124,905	88,642	(29.0%)
Egyptian nationality	43,832	48,517	10.69%
Other nationalities	64,178	74,355	15.83%
Total revenue	**867,074**	**1,004,348**	**15.86%**
Average number of deployed resources			
Indian nationality	13,496	14,831	1,325
Indonesian nationality	6,506	7,946	1,440
Filipino nationality	3,221	3,980	759
Nepalese nationality	5,469	3,627	(1,842)
Egyptian nationality	506	524	18
Other nationalities	1,671	1,825	154
Total revenue	**30,869**	**32,723**	**1,854**
Average monthly revenue per resource by industry			
Indian nationality	2,676	2,869	193
Indonesian nationality	2,919	3,173	254
Filipino nationality	4,768	5,117	349
Nepalese nationality	2,538	2,715	178
Egyptian nationality	9,625	10,288	663
Other nationalities	4,267	4,527	260
Total revenue	**3,121**	**3,410**	**289**

Source: Management information for the nine-month period ended 30 September 2017G and 2018G

Indian resources accounted for 38% of the total revenue in the third quarter of the financial years 2017G and 2018G, followed by Indonesian resources (equivalent to 21% of the total revenue during the same period), followed by the Filipino resources (17%), Nepalese resources (12%) and Egyptian resources (5%).

Indian Nationality

Most of the Indian resources are deployed in the corporate segment in general occupations, sales occupations (salesperson, sales representative, marketing specialist), hospitality occupations (cooks, restaurant waiters, restaurant resources). A small number are employed in the healthcare industry as nurses and nurses. In addition, the majority of drivers in the household segment are Indian.

Indian resources are often deployed as general manpower. (Indian resources make up 77% of the total resources revenue).

Total Revenue from the Indian resources increased by 17.7% from SAR 325.0 million in the nine-month period ended 30 September 2017G to SAR 382.6 million in the nine-month period ended 30 September 2018G, mainly due to the increase in the number of resources by 9.8% from 13,496 to 14,821 during the same period. Due to the increase in deployment of general manpower, the Company witnessed a marked improvement in demand from the industrial and operations industry. Revenue was also boosted by an increase of 7.2% in the average monthly income of each resource due to the increase in residency fees from SAR 200 per month to SAR 400 per month collected from customers.

Indonesian Nationality

The Indonesian resources are mainly deployed as household resources in the household segment.

Total Revenue from the Indonesian resources increased by 32.8% from SAR 170.9 million in nine-month period ended 30 September 30 2017G to SAR 226.9 million in the nine-month period ended 30 September 2018G, as a result of the increase in the number of manpower by 22.1% from 6,506 resources to 7,946 due to the increase in full-time household resources and the increase in the average monthly income of each resource from SAR 2,189 to SAR 2,380 during the same period due to the increase in contract prices in the household segment.

Filipino Nationality

The Filipino resources are mainly deployed in the corporate segment, in the healthcare industry (nurses), the hospitality industry (cooks, restaurant waiters, restaurant resources) as well as common labour as part-time household resources under the “Khidmah” Program in the household segment.

Total Revenue from the Filipino resources increased by 32.6% from SAR 138.2 million in the nine-month period ended 30 September 2017G to SAR 183.3 million in the nine-month period ended 30 September 2018G as a result of the increase in the total resources by 23.6% from 3,221 resources to 3,980 resources during the same period. The increase in the average of resources was mainly due to an increase in household resources, mainly due to the expansion in the operations of the “Khidmah” Program and the acquisition of TPH in the UAE. In addition to the increase in the average monthly income of each resource as a result of the shift in the deployed professions towards nurses (with a high return) of 380 resources. This was offset by a decline in the number of the common labour (low return), equivalent to 221 resources during the same period.

Nepalese Nationality

Nepalese resources are mainly deployed in the corporate segment as common labour.

Total Revenue from the Nepalese resources decreased by 29.0% from SAR 124.9 million in the nine-month period ended 30 September 2017G to SAR 88.6 million nine-month period ended 30 September 2018G, mainly due to the decline in the number of resources by 33.7% from 5,469 resources to 3,627 resources, as a result of changes in the industries of general resource occupations from the retail industry to the industrial and operations industry. (Seeing as how Indian resources are deployed primarily to this industry). The decrease in resources is partially offset by an increase in residency fees from SAR 200 per month to SAR 400 per month, which is collected from customers, which resulted in an increase in the average monthly income of each resource by 7.0%.

Egyptian Nationality

The Egyptian resources are mainly deployed in the corporate segment in sales occupations (salesperson, sales representative, marketing specialist), doctors (in the healthcare industry) and common labour.

Total revenue of the Egyptian resources increased by 10.7% from SAR 43.8 million in the nine-month period ended 30 September 2017G to SAR 48.5 million in the nine-month period ended 30 September 2018G, mainly due to an increase in the number of deployed doctors, which resulted in an increase of 3.6% in the deployed resources (3.0% due to the increase in the number of doctors) and an increase of 6.9% in the average monthly income of each resource due to the shift towards hiring highly qualified resources (Revenue from doctors increased the total revenue of the Egyptian resources from 40% to 43%% over the same period).

Other

Other nationalities are mainly, but not exclusively, nationalities from the Middle East (Jordan, Palestine), South Asia (Bangladesh, Sri Lanka, Pakistan), Africa (Tanzania, Tunisia) and others such as China. Revenues from these nationalities increased from SAR 64.2 million in the nine-month period ended 30 September 2017G to SAR 74.4 million for the nine-month period ended 30 September 2018G due the increase in the number of deployed resources by 154 (9.2%) resources and the increase in the average monthly income of each resource from SAR 4,267 to SAR 4,527, due to the increase in residency fees from SAR 200 per month to SAR 400 per month.

6-7-3 Cost of Revenue

Table (6-37): Cost of Revenue for the Nine-Month Period Ended 30 September 2017G and 2018G

(SAR thousands)	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Salaries and benefits	455,128	508,637	11.8%
Air tickets provision	27,039	31,590	16.8%
Entry visa fee expenses	23,806	21,174	(11.1%)
Health insurance premium	12,164	11,240	(7.6%)
End of service benefits	12,209	10,950	(10.3%)
Rent	5,053	5,803	14.9%
Sales commissions	3,089	4,353	40.9%
Operational risk provision	691	109	(84.3%)
Other expenses	110,098	162,034	47.2%
Total costs	**649,277**	**755,890**	**16.4%**
KPIs			Difference
Total average number of resources (contracting and non-contracting)	**30,869**	**32,723**	**1,854**
Average salaries and monthly benefits per resource (SAR)	1,497	1,618	121
As Percentage of Revenues			Percentage
Salaries and benefits	52.5%	50.6%	(1.8)
Air tickets provision	3.1%	3.1%	0.0
Entry visa fee expenses	2.7%	2.1%	(0.6)
Health insurance premium	1.4%	1.1%	(0.3)
End of service benefits	1.4%	1.1%	(0.3)
Rent	0.6%	0.6%	(0.0)
Sales commissions	0.4%	0.4%	0.1
Operational risk provision	0.1%	0.0%	(0.1)
Other expenses	12.7%	16.1%	3.4
Total	**74.9%**	**75.1%**	**0.2**

Source: Audited consolidated Financial Statements for the nine-month period ended 30 September 2017G and 2018G

(a) Salaries and Benefits

Salaries and other benefits increased by 11.8% from SAR 455.1 million during the nine-month period ended 30 September 2017G to SAR 508.6 million during the nine-month period ended 30 September 2018G, which increase is primarily attributable to an increase in the average number of resources (deployed and un-deployed) by 6.0% from 30,869 resources to 32,723 resources during the same period in line (with household segment growth by 39.2% from SAR 87.7 million to SAR 122.0 million, during the same period).

In addition, salaries and other benefits within the corporate segment increased by 5.2% from SAR 367.4 million during the nine-month period ended 30 September 2017G to SAR 386.6 million during the nine-month period ended 30 September 2018G, which increase is primarily attributable to higher average salaries and benefits per resource due to an increase in the average number of resources deployed to the corporate segment from 4.9% to 6.9%, which resulted in a partial decrease of the average salaries and benefits of resources in the Health Industry, as a result of hiring more public nurses at a lower cost.

Salaries and other benefits decreased as a percentage of total revenue from 52.5% during the nine-month period ended 30 September 2017G to 50.6% during the nine-month period ended 30 September 2018G mainly driven by average monthly revenue for resources within the household segment by 14.5%.

(b) Travel Ticket Allowance Expense

Travel ticket allowance expense increased by 16.8% from SAR 27.0 million in the nine-month period ended 30 September 2017G to SAR 31.6 million in the nine-month period ended 30 September 2018G, as a result of the increase in the average number of deployed labor in the household segment (accounting for 1,893 resources) in addition to an increase in the travel ticket prices during the same period.

(c) Entry Visa Fee Expenses

Entry visa fee expenses are related to visa fees of resources upon their arrival in the Kingdom, amounting to SAR 2,000 million per manpower resource. It is worth noting that visa fees are recognized as an expense directly after arrival in the Kingdom, in accordance with the IFRS. Visa fee expenses decreased by 11.1% from SAR 23.8 million during the nine-month period ended 30 September 2017G to SAR 21.2 million during the nine-month period ended 30 September 2018G due to a decrease in the number of resources deployed in the corporate segment during the period.

(d) Medical Insurance

Medical insurance costs decreased by 7.6% from SAR 12.2 million in the nine-month period ended 30 September 2017G to SAR 11.2 million in the nine-month period ended 30 September 2018G due to the decrease in the average number of deployed resources during the period. The medical insurance costs are primarily related to the corporate segment (equivalent to 75.7% of total medical insurance costs).

(e) End of Service Benefits

End of service benefits decreased by 10.3% from SAR 12.2 million in the nine-month period ended 30 September 2017G to SAR 11.0 million in the nine-month period ended 30 September 2018G in line with the decline in the average number of deployed resources in the corporate segment during the same period, compared to the increase in the average number of deployed resources in the household segment.

(f) Rent

Rent expenses increased by 14.9% from SAR 5.1 million in the nine-month period ended 30 September 2017G to SAR 5.8 million in the nine-month period ended 30 September 2018G as a result of the opening of three (3) branches during the period, in addition to the rental of housing to accommodate the growth of the number of deployed resources in the household segment, especially with regard to “Khidmah” Program. It is worth noting that the Company may offer accommodation to the resources if requested by the client in exchange for agreed upon fees.

(g) Sales Commissions

Sales commissions are associated with commissions paid to sales offices acting as intermediaries between the Company and corporate and household clients. Sales commission increased by 40.9% from SAR 3.1 million in the nine-month period ended 30 September 2017G to SAR 4.4 million in the nine-month period ended 30 September 2018G, as a result of the increase in the average number of deployed labor in the household segment (due to the increase in the average number of deployed resources in the household segment in TPH in 2018G, who have an agreement with Matic Dubai with a commission 5 SAR per hour per each manpower resource). The decline in the corporate segment is attributed to the decrease in the average number of deployed resources during the same period.

(h) Provision for operational risk

The provision for operational risk relates to cases of disruptions by the resources deployed for reasons of absence, inability to complete the contract term. The provision is recognized at an amount equivalent to SAR 5,600 per absent resource (As determined by the Company). The provision for operating risk was fixed at SAR 109 thousand for the nine-month period ended 30 September 2018G, which is primarily related to the addition of TPH, which is calculated at a fixed amount of SAR 4,100 per absentee resource (As determined by the Company).

(i) Other Expenses

Table (6-38): Table of Other Expenses

(SAR thousands)	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Labor office fees	42,323	81,828	93.3%
Employment expenses	24,656	33,121	34.3%
Balance of leaves	14,401	16,936	17.6%
Accommodation fees	14,456	15,652	8.3%
Social insurance	8,225	9,115	10.8%
Travel expenses	1,522	1,395	(8.3%)
Recruitment expenses - Medical industry	1,113	1,252	12.5%
Others	3,401	2,734	(19.6%)
Total of other expenses	**110,098**	**162,034**	**47.2%**

Source: Audited financial statements for the periods ended 30 September 2017G and 30 September 2018G.

Other expenses include labor office fees, which represent SAR 4,800 per year for corporate segment labor (up from SAR 2,400 per year for the nine-month period ended 30 September 2017G to SAR 4,800 per year for the nine-month period ended 30 September 2018G) and SAR 100 per year for household segment labor (45.6%), employment costs (21.2%) and leave salaries (11.5%) during the nine-month period ended 30 September 2017G and 2018G, in addition to other expenses.

Other expenses increased by 47.2% from SAR 110.1 million in the nine-month period ended 30 September 2017G to SAR 162.0 million in the nine-month period ended 30 September 2018G, as a result of the increase in the labor office expenses by 93.3% (from SAR 42.3 million in the nine-month period ended 30 September 2017G to SAR 81.8 million in the nine-month period ended 30 September 2018G), driven mainly by the rise in government fees for foreign resources in the corporate segment, while the household segment is excluded from this increase. Employment expenses increased by 34.3% (from SAR 24.7 thousand in the nine-month period ended 30 September 2017G to SAR 33.1 thousand in the nine-month period ended 30 September 2018G), as a result of the increase in the average number of deployed labor during the period, in addition to the growing costs of recruitment offices.

6-7-4 General and Administrative Expenses

Table (6-39): The General and Administrative Expenses for the Nine-Month Period Ended 30 September 2017G and 2018G

(SAR thousands)	Q3 2017G	Q3 2018G	Change during Q3 of 2017G - 2018G
Employee costs	36,436	48,755	33.8%
Depreciation	5,042	6,927	37.4%
Professional fees	8,424	4,877	(42.1%)
Utilities and subscriptions	2,074	2,121	2.2%
Travel costs	575	1,867	224.6%
Bank charges	1,752	2,384	36.1%
Directors' remuneration	1,328	1,500	12.9%
Repair and maintenance	994	1,837	84.9%
Amortization	-	1,423	N/A
Rent	4,288	1,507	(64.9%)
Other expenses	1,900	2,722	43.3%
Total costs	**62,814**	**75,921**	**20.9%**
KPIs			Difference
Average number of resources	523	701	178
Average monthly resource salaries (SAR)	6,583	5,747	(836)
As Percentage of Revenues			Percentage
Employee costs	4.2%	4.9%	0.7
Depreciation	0.6%	0.7%	0.1

(SAR thousands)	Q3 2017G	Q3 2018G	Change during Q3 of 2017G - 2018G
Professional fees	1.0%	0.5%	(0.5)
Utilities and subscriptions	0.2%	0.2%	(0.0)
Travel costs	0.1%	0.2%	0.1
Bank charges	0.2%	0.2%	0.0
Directors' remuneration	0.2%	0.1%	(0.0)
Repair and maintenance	0.1%	0.2%	0.1
Amortization	0.0%	0.1%	0.1
Rent	0.5%	0.2%	(0.3)
Other expenses	0.2%	0.3%	0.1
Total	**7.2%**	**7.6%**	**0.3**

Source: Audited consolidated financial statements for the nine-month period ended 30 September 2017G and 2018G

The administrative and general expenses comprise mainly the Company's management employee costs (64.2% of the total expenses during the nine-month period ended 30 September 2017G), consumption expense (9.1%), professional fees (6.4%), General services and subscription (2.8%), bank charges (3.1%), travel costs, and Directors' remuneration.

(a) Employee Costs

Employee costs increased by 33.8% from SAR 36.4 million in the nine-month period ended 30 September 2017G to SAR 48.8 million in the nine-month period ended 30 September 2018G, as a result of the increase in the average number of resources by 178 during the same period, in line with the rise in the number of branches of the Company and the expansive activities during the same period. not to mention recognition of accrued remuneration of SAR 5.1 for the nine-month period ended 30 September 2018G.

(b) Depreciation

Depreciation costs increased by 37.4% from SAR 5.0 million in the nine-month period ended 30 September 2017G to SAR 6.9 million in the nine-month period ended 30 September 2018G due to the increase in additions related to vehicles, office equipment and improvements to leasehold premises during the same period.

(c) Professional Fees

Professional fees decreased by 42.1% from SAR 8.4 million in the nine-month period ended 30 September 2017G to SAR 4.9 million in the nine-month period ended 30 September 2018G, on account of the Company's capitalization of expenses related to preparations for the offering for the nine-month period ended 30 September 2018G, given the Company incurred relevant expenses of (SAR 3.2 million) during the nine-month period ended 30 September 2017G. All costs and expenses related to the Offering will be borne by the Selling Shareholders. These costs will be deducted from the proceeds of the Offering, including the fees of the Financial Advisor, the Underwriter, the Legal Advisor, the Auditor and the Market Consultant, as well as Selling Agents fees, marketing expenses, printing and distribution and other expenses related to the Offering. It shall be recorded under prepayments (by SAR 2.4 million as at 30 September 2018G).

(d) Public Utilities and Subscriptions

Utilities and subscriptions expenses remained stable at SAR 2.1 million for the nine-month period ended 30 September 2017G and the nine-month period ended 30 September 2018G in spite of the increase in the number of branches due to the decrease in Internet and telephone expenses. The Company hired a new company to provide such services at the end of 2017G to reduce the costs of utilities and subscriptions.

(e) Travel Costs

Travel costs increased by 224.6% from SAR 575 thousand in the nine-month period ended 30 September 2017G to SAR 1.9 million in the nine-month period ended 30 September 2018G, as a result of the increase in flights to the UAE during the same period with regards to the establishment of Musanid and the acquisition of TPH.

(f) Bank Charges

Bank charges increased by 36.1% from SAR 1.8 million during the nine-month period ended 30 September 2017G to SAR 2.4 million during the nine-month period ended 30 September 2018G, due to the increase in the Company's banking activities, including salary transfers to resources, service providers and contractors.

(g) Directors' Remuneration

Directors' remuneration increased by 12.9% from SAR 1.3 million for the nine-month period ended 30 September 2017G to SAR 1.5 million for the nine-month period ended 30 September 2018G, due to the increase in the number of Directors during the same period.

(h) Repair and Maintenance

Repair and maintenance costs increased by 84.9% from SAR 994 thousand in the nine-month period ended 30 September 2017G to SAR 1.8 million in the nine-month period ended 30 September 2018G due to the maintenance of a new floor in the current main building of the Company during the same period.

(i) Amortization

Amortization costs relate to goodwill of TPH and its subsidiaries acquired by the Company during the nine-month period ended 30 September 2018G. The amortization costs amounted to SAR 1.4 million, including the cost of a Tadbeer license, being the license granted to the Company to operate in the UAE. The cost of the Tadbeer license has been amortized over 10 years. In addition, the goodwill of client relations, valued at SAR 3.1 million upon acquisition, has been amortized over a period of two years, amounting to SAR 1.1 million.

(j) Rent

Rent costs increased by 64.9% from SAR 4.3 million during the nine-month period ended 30 September 2017G to SAR 1.6 million during the nine-month period ended 30 September 2018G, as a result of reclassification of SAR 3.2 million to cost of revenue.

(k) Other Expenses

Other expenses increased by 43.3% from SAR 1.9 million in the nine months ended 30 September 2017G to SAR 2.7 million in the nine months ended 30 September 2018G due to the increase in charitable expenses, fines and government penalties as a result of employment of non-Saudis in some branches, as well as hospitality during the same period.

6-7-5 Marketing Expenses

Table (6-40): Marketing Expenses for the Nine-Month Period Ended 30 September 2017G and 2018G

(SAR '000)	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Advertisements	1,352	2,803	107.3%
Marketing commission	86	94	9.2%
Total costs	**1,438**	**2,896**	**101.4%**
As Percentage of Revenues			Percentage
Advertisements	0.2%	0.3%	0.1
Marketing commissions	0.0%	0.0%	(0.0)
Total	**0.2%**	**0.3%**	**0.1**

Source: Audited consolidated financial statements for the nine-month period ended 30 September 2017G and 2018G

(a) Advertisements

The advertisement costs increased by 107.3% from SAR 1.4 million in the nine-month period ended 30 September 2017G to SAR 2.8 million in the nine-month period ended 30 September 2018G due to the increase in advertising activities in vehicles, television and social media, in addition to participating in various conferences, as these advertisements target the household segment in particular.

(b) Marketing Commission

The marketing commission increased from SAR 86 thousand in the nine-month period ended 30 September 2017G to SAR 94 thousand in the nine-month period ended 30 September 2018G, as a result of the increase in the total average number of manpower in the household segment.

6-7-6 Net Income for the Year

Table (6-41): Net Income for the Year Ended 30 September 2017G and 2018G

(SAR thousands)	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Net operating income	**140,948**	**169,004**	**19.9%**
Other income	12,575	15,197	20.9%
Net profits from equity investment at fair value through profit and loss	442	515	16.4%
Net income before zakat	**153,965**	**184,716**	**20.0%**
Zakat	(9,146)	(9,213)	0.7%
Net income for the year	**144,819**	**175,503**	**21.2%**
As a % of revenues			Percentage
Net operating income	16.3%	16.8%	0.6
Income before zakat	17.8%	18.4%	0.6
Net income margin for the year	**16.7%**	**17.5%**	**0.8**

Source: Audited consolidated financial statements for the nine-month period ended 30 September 2017G and 2018G

(a) Other Income

Table (6-42): Other Income for the Period Ended in 30 September 2018G and 2018G.

(SAR thousands)	Q3 2017G	Q3 2018G	Change Q3 2017G - 2018G
Reversal of accrued salaries no longer payable	**-**	**7,528**	**-**
Income murabaha deposits	2,961	3,228	9.0%
Income from fines and penalties	2,831	2,366	(16.4)
Income from the termination of client contracts	**5,717**	**2,075**	**(63.7)**
Miscellaneous	1,066	-	-
Total revenue	**12,575**	**15,197**	**20.9%**
As a % of revenues			Percentage
Reversal of accrued salaries no longer payable	-	0.7%	0.7%
Postponed murabaha deposits	0.3%	0.3%	-
Income from fines and penalties	0.3%	0.2%	(0.1%)
Income from the cancellation of client contracts	0.7%	0.2%	(0.5%)
Miscellaneous	0.1%	-	-(0.1%)
Total revenue	**1.5%**	**1.5%**	**-**

Other income increased by 20.9% from SAR 12.6 million in the nine-month period ended 30 September 2017G to SAR 15.2 million in the nine-month period ended 30 September 2018G due mainly to the reversal of the outstanding salary provision (SAR 7.5 million), accounting for the salaries of the resources who left the Kingdom for more than one year. This was offset by a decrease in revenues from fines for household client contract termination and fines paid by corporate clients.

Reversal of Accrued Salaries No Longer Payable

The amount of reversal of accrued salaries no longer payable has reached SAR 7.5 million during the nine-month period ended September 30, 2018G. This represents the salaries of resources who left the Kingdom for more than one year and did not demand payment of such salaries.

Income Murabaha Deposits

The Income murabaha deposits increased by 9.0% from SAR 3.0 million during the nine-month period ended September 30, 2017G to SAR 3.2 million during the nine-month period ended 30 September 2018G due to the increase in postponed Murabaha deposits during the same period.

Income from Fines and Penalties

Income from fines and penalties decreased by 16.4% from SAR 2.8 million during the nine-month period ended September 30, 2017G to SAR 2.4 million during the nine-month period ended September 30, 2018G due to the decrease in the final exit of deployed resources (SAR 448 thousand). In addition to the decrease of absent manpower, (amounting to SAR 211 thousand) due to the workshops and sessions provided by the management to the resources.

Income from Cancellation of Client Contracts

Income from cancellation of client contracts decreased by 63.7% from SAR 5.7 million in the nine-month period ended September 30, 2017G to SAR 2.1 million in the nine months ended September 30, 2018G due to the decrease in cancellations during the same period, due to the fact that household clients must pay 25% of the value of the contract in case of cancellation.

Miscellaneous

Income from miscellaneous revenue decreased by 100.0% from SAR 1.1 million during the nine- month period ended September 30, 2017G to SAR 0 in the nine-month period ended 30 September 2018G as a result of the discontinuation of support from the Human Resources Development Fund, as the miscellaneous income are constituted primarily of the commission received from the Human Resources Development Fund when employing Saudis.

(b) Zakat

Zakat provision amounted to SAR 9.2 million for the nine-month period ended 30 September 2018G. The Company has submitted its Zakat returns for all previous years until 31 December 2017G to GAZT, and has received the relevant Zakat certificates. Final Zakat assessments have not yet been issued.

(c) Net Profits from Equity Investment at Fair Value through Profit and Loss

Securities represent investments in Al Rajhi Commodities Mudaraba Fund whereby investment value increased from SAR 31.3 as of 31 December 2017G to SAR 31.8 million as at 30 September 2018G, which mainly represenrt additional net profits during the period.

6-7-7 Audited consolidated Balance Sheet

Table (6-43): Audited Consolidated Balance Sheet as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Current assets		
Cash and cash equivalents	342,222	93,993
Murabaha time deposits	4,000	276,500
Receivables	116,741	170,636
Contract assets	26,179	36,391
Prepayments and other current assets	46,314	112,256
Available visas	21,064	30,304
Total current assets	**556,520**	**720,080**
Non-current assets		
Property and equipment	104,577	162,149
Equity investment at fair value through profit and loss	31,262	31,776
Intangible assets	-	5,310
Intangible assets - goodwill	-	4,450
Total non-current assets	**135,839**	**203,686**
Total assets	**692,358**	**923,766**
Current liabilities		
Accounts payable, accruals and others	162,609	212,138
Contract liabilities	88,324	84,409
Retentions	131,763	135,713
Payable zakat	9,471	10,319
Total current liabilities	**392,166**	**442,579**

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Non-current liabilities		
Employee end of service benefits	35,942	37,151
Total non-current liabilities	**35,942**	**37,151**
Total liabilities	**428,108**	**479,730**
Share capital	250,000	250,000
Statutory reserve	20,347	20,347
Retained earnings	(9,999)	164,956
Non-controlling interests	(2)	1,145
Other reserves	3,903	7,588
Total equity	**264,250**	**444,037**
Total liabilities and equity	**692,358**	**923,766**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

6-7-8 Current Assets

Table (6-44): Current assets as on 31 December 2017G and the period ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Cash and cash equivalents	342,222	93,993
Murabaha time deposits	4,000	276,500
Accounts receivable and unbilled revenue	116,741	170,636
Contract assets	26,179	36,391
Prepayments and other current assets	46,314	112,256
Available visas	21,064	30,304
Total current assets	**556,520**	**720,080**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Cash and Cash Equivalents

Cash and cash equivalents decreased from SAR 342.2 million as on 31 December 2017G to SAR 94.0 million as at 30 September 2018G as a result of investment in Murabaha deposits, and the balance of Murabaha deposits increased accordingly from SAR 4.0 million as on 31 December 2017G to SAR 276.5 million as at 30 September 2018G.

Murabaha time deposits

Murabaha time deposits represent deposits with local banks with a maturity of not less than 3 months from the date of acquisition, which are withdrawn from the banks within a period of one or less than one year. The variable profit rates from Murabaha time deposits as at 30 September 2018G are based on prevailing market prices.

The balance of deposits increased from SAR 4.0 million as on 31 December 2017G to SAR 276.5 million as at 30 September 2018G, as the Company increased deposits during the period to invest surplus cash.

Accounts receivable and unbilled revenue

The balance of Accounts receivable and unbilled revenue increased from SAR 116.7 million as on 31 December 2017G to SAR 170.6 million as at 30 September 2018G mainly due to higher revenues and higher collections (as they increased from 72 days to 89 days during the same period) as a result of delayed payment of receivables by some clients on account of the general economic slowdown in the Kingdom. This is in addition to the balance of receivables arising from the acquisition of Musanid by TPH, which amounted to SAR 2.7 million as at 30 September 2018G.

Contract Assets

Contract assets are mainly related to unbilled receivables, accounting for services rendered but not invoiced at the reporting date. Contract assets are transferred to accounts receivable when the Company issues invoices to clients.

The balance of contract assets increased from SAR 26.2 million as on 31 December 2017G to SAR 36.4 million as at 30 September 2018G in line with the increase in corporate income during the period from 30 September 2017G to 30 September 2018G.

Prepayments and Other Current Assets

The balance of prepayments increased from SAR 46.3 million as on 31 December 2017G to SAR 112.3 million as at 30 September 2018G due to an increase in residence fees and work permits from SAR 39.3 million to SAR 98.1 million during the same period as a result of the increase in the foreign resources salaries from SAR 200 per month to SAR 400 per month.

Available Visas

Table (6-45): Available Visas as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Balance as at 1 January	19,480	21,064
Purchases during the period	34,404	30,072
Transfer to used visas	(32,820)	(20,832)
Ending balance	**21,064**	**30,304**

Source: Management information for the nine-month period ended 30 September 2017G and 2018G

The balance of available visas increased from SAR 21.1 million as on 31 December 2017G to SAR 30.3 million as at 30 September 2018G due to a decrease in transfers from available visas representing SAR 32.8 million to used visas representing SAR 20.8 million. The balance accounted for two different periods (12 months against 9 months).

(a) Receivables

Table (6-46): Accounts Receivable as on 31 December 2017G and the period ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Total accounts receivable	137,220	186,914
Less: provision for doubtful debts	(34,640)	(35,276)
Net accounts receivable	102,580	151,638
Amounts due from related parties	14,161	18,997
Net total	**116,741**	**170,636**
Receivable turnover	72	89

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Accounts Receivables

The balance of total receivables increased from SAR 137.2 million as on 31 December 2017G to SAR 186.9 million as at 30 September 2018G due to delayed payment of receivables by some clients on account of the general economic slowdown in the Kingdom.

The turnover of receivables increased by 17 days from 72 days as on 31 December 2017G to 89 days as at 30 September 2018G due to late collection during the same period.

Activity in the Provision for Doubtful Debts

Table (6-47): Activity in the Provision for Doubtful Debts as on 31 December 2017G and the period ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Balance as at 1 January	20,243	34,640
Provision formed during the period	14,397	636
Ending balance	**34,640**	**35,276**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Collection of Receivables

Table (6-48): Collection of receivables as at 30 September 2018G

(SAR thousands)	Non-refundable and non-discounted	Less than 90 days	90-180 days	More than 180 days	Total
Net accounts receivable	6,365	118,682	9,533	17,059	151,638

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Provision for Doubtful Debts

The provision for doubtful debts increased from SAR 34.6 million as on 31 December 2017G to SAR 35.3 million as at 30 September 2018G. In 2018G, the Company calculated the provision for doubtful debts in accordance with IFRS (9), as the Company reviewed receivables at each reporting date to determine whether a provision for doubtful debts should be recognized in the consolidated statement of income. Judgment is required by management to estimate the amount and timing of future cash flows in determining the level of provision required. These estimates depend on assumptions on a number of factors, including the Kingdom's GDP.

Due from Related Parties

Table (6-49): Due from Related Parties as at 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Spectra Support Services (commercial activities)	7,072	11,442
Maharah Holding Company (financing)	4,080	4,080
Al Safi Danone Co. Ltd (commercial activities)	1,895	943
ND Logistic (commercial activities)	797	2,135
Elixir Pharma (commercial activities)	155	297
ALFA Company for Operation Services Ltd. (commercial activities)	103	96
Mayar Al-Aseel General Trading Co. (capital contribution on behalf of a share-holder)	46	-
Others (commercial activities)	11	4
Total	**14,161**	**18,997**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Accounts receivable from related parties consist of balances relating to commercial activities (SAR 14.9 million as on 31 September 2018G) and balances relating to financing activities from Maharah Holding Company (SAR 4.1 million as on 31 September 2018G). The balance of due from related parties increased from SAR 14.2 million as on 31 December 2017G to SAR 19.0 million as at 30 September 2018G due to the increase in balances relating to commercial activities with Spectra Support Services (from SAR 7.1 million to SAR 11.4 million).

(b) Prepayments and Other Current Assets

Table (6-50): Prepayments and Other Current Assets as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Residence and work permit fees	39,308	98,124
Prepaid rent	1,856	3,448
Advances to suppliers	3,791	1,172
Others	1,359	9,513
Total	**46,314**	**112,256**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Residency and Work Permit Fees

The balance of residence and work permit fees increased from SAR 39.3 million as on 31 December 2017G to SAR 98.1 million as at 30 September 2018G due to increased additions during the period (SAR 77.6 million as on 31 December 2017G compared to SAR 160.5 million as at 30 September 2008G) driven by an increase in the average number of resources deployed to the household segment during the same period, in addition to the increase in the fees of the Labor Office from SAR 200 per month to SAR 400 per month for the corporate segment.

Prepaid Rent

The prepaid rent balance increased from SAR 1.9 million as on 31 December 2017G to SAR 3.4 million as at 30 September 2018G, as the Company paid rent in advance, which is mainly related to the opening of three (3) new branches during 2018G and the lease of a new floor for the current Head Office, as well as the lease of the Musanid office, at an amount of SAR 683 thousand.

Advances to Suppliers

The balance of advances to suppliers decreased from SAR 3.8 million as on 31 December 2017G to SAR 1.2 million as at 30 September 2018G due to a decrease in payments to suppliers associated with the recruitment of personnel to the household segment.

Others

The balance of other expenses increased from SAR 1.4 million as on 31 December 2017G to SAR 9.5 million as at 30 September 2018G as a result of capitalization of expenses relating to the Offering amounting to SAR 2.4 million as at 30 September 2018G, recognized as an expense in the comparative period. The balance of Paytabs (electronic payment platform) (Electronic Payment Platform) increased from SAR 361 thousand as at 30 December 2017G to SAR 3.4 million as at 30 September 2018G.

6-7-9 Non-Current Assets

Table (6-51): Non-Current Assets as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Property and equipment	104,577	162,149
Equity investments at fair value through profit or loss	31,262	31,776
Intangible assets	-	5,310
Intangible assets - goodwill	-	4,450
Total non-current assets	**135,839**	**203,686**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

(a) Property and Equipment

Table (6-52): Property and Equipment as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Lands	45,976	63,187
Buildings	17,451	49,299
Leasehold improvements	10,447	9,603
Motor Vehicles	7,597	8,172
Office Equipment	7,803	8,517
Furniture & fixture	3,437	3,580
Construction Work in Progress	11,865	19,792
Total	**104,577**	**162,149**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Lands

The land balance increased from SAR 46.0 million as on 31 December 2017G to SAR 63.2 million as at 30 September 2018G, as the Company made additions at an amount of SAR 17.2 million during the period.

Buildings

The balance of the buildings increased from SAR 17.5 million as on 31 December 2017G to SAR 49.3 million as at 30 September 2018G, as the Company made additions amounting to SAR 32.8 million during the period.

Leasehold Improvements

The balance of leasehold improvements decreased from SAR 10.4 million as on 31 December 2017G to SAR 9.6 million as at 30 September 2018G, as depreciation rate (SAR 1.3 million) and extras(SAR 430 thousand) in respect of the three branches opened during the period.

Motor Vehicles

The balance of motor vehicles increased from SAR 7.6 million as on 31 December 2017G to SAR 8.2 million as at 30 September 2018G as a result of additions amounting to SAR 2.5 million in respect of transport buses and vehicles for operations and sales personnel, in addition to the increase in the vehicles of Musanid at a value of SAR 397 thousand.

Office Equipment

The balance of office equipment increased from SAR 7.8 million as on 31 December 2017G to SAR 8.5 million as at 30 September 2018G as a result of additions of SAR 1.6 million relating to the new branches and an increase of SAR 1.6 million in the subsidiary. This increase was offset by depreciation of SAR 2.5 million.

Furniture and Fixture

The balance of furniture and fixture increased from SAR 3.4 million as on 31 December 2017G to SAR 3.6 million as at 30 September 2018G. The increase resulted from additions of SAR 1.1 million, offset by depreciation of SAR 1.0 million.

Construction Work in Progress

The balance of construction work in progress increased from SAR 11.9 million as on 31 December 2017G to SAR 19.8 million as at 30 September 2018G due to the complete establishment of the Company's head office for SAR 2.6 million and the establishment of a Musanid headquarters for SAR 5.3 million.

(b) Equity Investments at Fair Value through Profit or Loss

The Company invested SAR 30.0 million in the Al Rajhi Commodities Mudaraba Fund in 2016G. The investment value increased to SAR 31.8 million as at 30 September 2018G as a result of unrealized gains recognized on revaluation of the investment.

(c) Intangible Assets

Table (6-53): Intangible Assets as at the Period Ended 30 September 2018G

(SAR thousands)	30 September 2018G Audited consolidated
Tadbeer license	3,397
Client relations	1,913
Total intangible assets	**5,310**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

The intangible assets represent a Tadbeer license, which is required for the recruitment of household manpower in the UAE through TPH. The license was granted by the Ministry of Human Resources and Emiratization. The value is calculated on the basis of the business plan is recorded as 70% of the total value, which represents Musanid's ownership of TPH, as well as client relationships (SAR 1.9 million) relating to the existing client file of TPH. Intangible assets are amortized over ten (10) years for the TPH license, and client relations are amortized over a period of two years.

(d) Intangible Assets - Goodwill

Table (6-54): Intangible Assets -Goodwill as at the Period Ended 30 September 2018G

(SAR thousands)	30 September 2018G Audited consolidated
TPH center for support labor services	3,002
MBL building & maintenance	1,176
Missing ingredient cleaning services LLC	273
Total intangible assets - goodwill	**4,450**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Goodwill relates to TPH (70% acquired by Musanid, a company established by the company in partnership with Mayar Limited, where the company owns 85% of it) and its subsidiaries (M P L and Missing Ingredient Cleaning LLC). The acquired company is licensed to provide cleaning, maintenance and other technical services to the buildings, The acquisition cost was SAR 10.2 million and SAR 4.5 million was allocated for goodwill in respect of TPH, while the Company recorded 70% on its books. Similarly, after TPH acquired 100% of M P L Building Maintenance LLC and Missing Ingredient Cleaning Services LLC, the Company recorded the following amounts to goodwill: SAR 3.0 million to TPH, SAR 1.2 million to M B L and SAR 273 thousand to Missing Ingredient Cleaning Services LLC. . 2018G.

6-7-10 Current Liabilities

Table (6-55): Current Liabilities as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Accounts payable, accruals and others	162,609	212,138
Contract liabilities	88,324	84,409
Retentions	131,763	135,713
Payable zakat	9,471	10,319
Total current liabilities	**392,166**	**442,579**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

(a) Accounts payable, Accruals and Others

Table (6-56): Accounts Payable, Accruals and others as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Accrued tickets and vacations	80,643	96,660
Employees' salaries and benefits	60,815	88,668
Accounts payable	5,895	7,293
Provision for operational risk	6,000	6,511
Value added tax	-	4,760
Remunerations and incentives due	6,254	5,265
Amounts due to related parties	3,001	2,982
Total	**162,609**	**212,138**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Accrued Tickets and Vacations

The Accrued tickets and vacations increased from SAR 80.6 million as on 31 December 2017G to SAR 96.7 million as at 30 September 2018G as most of the resources made use of the tickets and accrued leave balance at the end of the year.

Employees' Salaries and Benefits

The balance of salaries and accrued benefits increased from SAR 60.8 million as on 31 December 2017G to SAR 88.7 million as at 30 September 2018G in line with the increase in government fees relating to work permits.

Accounts Payable

Accounts payable increased from SAR 5.9 million as on 31 December 2017G to SAR 7.3 million as at 30 September 2018G. The increase was mainly related to Al Sharqiah Contracting Company, amounting to SAR 2.2 million during the same period. The balance of accounts payable is mainly related to operational suppliers, including auditors, advisors, and others.

Provision for Operational Risk

The provision for operational risk increased from SAR 6.0 million as on 31 December 2017G to SAR 6.5 million as at 30 September 2018G as a result of the addition of SAR 511 thousand during the same period.

Value Added Tax

The VAT is related to payments to GAZT, after the application of the tax in the Kingdom at the beginning of 2018G. The balance amounted to SAR 4.8 million as at 30 September 2018G.

Remunerations and Benefits Due

The Company calculates the maturity of the remunerations on a monthly basis, which shall be paid at the end of the year. The balance of accrued benefits and remunerations decreased from SAR 6.3 million as on 31 December 2017G to SAR 5.3 million as at 30 September 2018G due to time differences. The balance accounted for two different periods (12 months against 9 months).

Amounts Due to Related Parties

Table (6-57): Amounts Due to Related Parties as at 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Maharah Travel and Tourism	793	1,467
Al-Khibra Al-Mi'mariya Company	9	-
Directors	2,200	1,515
Total	**3,001**	**2,982**

The balance of amounts due to related parties was recognized at an amount of SAR 3.0 million as on 31 December 2017G and 30 September 2018G. This resulted from the decrease in the amounts due to Directors from SAR 2.2 million to SAR 1.5 million during the same period. The balance accounted for two different periods (12 months against 9 months). This decline was offset by increase in Maharah Travel and Tourism from SAR 793 thousand as at 30 December 2017G to SAR 1.5 million as at 30 September 2018G.

Contract Liabilities

Contract liabilities represent advances from clients (which are paid by a client prior to the appointment of a particular manpower resource) and unearned income (where amounts are transferred from advances from clients to unearned income upon appointment of a particular manpower resource). Such liabilities are mainly related to household segment clients.

The balance of contract liabilities decreased from SAR 88.3 million as on 31 December 2017G to SAR 84.4 million as at 30 September 2018G due to the larger trend towards a "Khidmah" Program (with low advances) during the same period, representing hourly contracts other than contracts, which start with a one-month contract.

Retained Deposits

The balance of retained deposits increased from SAR 131.8 million as on 31 December 2017G to SAR 135.7 million as at 30 September 2018G due to the increase in future orders by corporate clients during Q3 of 2018G.

Retained insurance mainly represent corporate-related deposits of two to three months. The balance of retained earnings increased from SAR 131.8 million as on 31 December 2017G to SAR 135.7 million as at 30 September 2018G.

Provision of Zakat

Table (6-58): Movement of Zakat Provision as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Balance as at 1 January	10,976	9,471
Costs during the period	8,980	9,213
Paid during the period	(10,485)	(8,365)
Total	**9,471**	**10,319**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

The Company has submitted its Zakat returns for all previous years until 31 December 2017G to the GAZT, and has received the relevant Zakat certificates. Final Zakat assessments have not yet been issued.

6-7-11 Non-Current Liabilities

Table (6-59): Non-Current Liabilities as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	31 December 2017G Audited consolidated	30 September 2018G Audited consolidated
Provision for manpower resource's end of service benefits	35,942	37,151
Total non-current liabilities	**35,942**	**37,151**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

In accordance with IFRS adopted in the Kingdom, the Company began to calculate end of service benefits using the actuarial valuation. The calculation of the provision requires assumptions about variables such as discount rates, salary increase rate, mortality rates, turnover rate and future healthcare costs. The management periodically consults external actuaries on these assumptions.

The balance of provision for manpower resource's end of service benefits increased from SAR 35.9 million as on 31 December 2017G to SAR 37.2 million as at 30 September 2018G in line with the increase in the average number of resources deployed to corporate clients, along with the Company's resources during the same period.

6-7-12 Equity Rights

Table (6-60): Equity Rights as of 31 December 2017G and the Period Ended 30 December 2018G.

(SAR thousands)	31 December 2017G Audited and Consolidated	31 December 2018G Audited and Consolidated
Capital	250,000	250,000
Statutory reserve	20,347	20,347
Retained earnings	(9,999)	164,956
Property rights	(2)	1,145
Other reserves	3,903	7,588
Equity	264,250	444,037
Total liabilities and property rights	**692,358**	**923,766**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

The total equity is mainly comprised of capital (56.3%) and retained earnings (37.1%) as of 30 September 2018G.

Capital

The authorized share capital consists of 25 million shares (31 December 2017G: 25 million shares, 1 January 2017G: 10 million shares), the value of each share is SAR 10. During 2017G, the shareholders of the parent company decided to increase its capital to SAR 250 million by transferring SAR 120 million from the retained earnings and SAR 30 million from the statutory reserve to the capital. The regulatory procedures for capital increase during the year ended 31 December 2017G have been completed.

Statutory Reserve

According to the Companies Law and the Company's Bylaws, the Company must transfer 10% of the year's income to the statutory reserve. The Company may discontinue such transfers when the reserve reaches 30% of the capital. This reserve is not available for distribution. This reserve is set aside on the basis of the annual consolidated financial statements.

Retained Earnings

The balance of retained earnings amounted to SAR 165 million as of 30 September 2018G. The balance of retained earnings was negative, as the balance was transformed into accumulated losses of 10 million as of 31 December 2017G due to the Company's application of IFRS. The application of the IFRS for Maharah resulted in an adjustment on both the financial position and the statement of income. The adjustments are based on three basic standards: Standard 9 (Financial Instruments), Standard 15 (Revenue from Contracts) and Standard 19 (Employee Benefit Cost) The accounting adjustments are as follows:

Table (6-61): Adjustment of Retained Earnings After the Company's Adoption of the IFRS

(SAR thousands)	
Retained earnings subject to Saudi standards	49,154
IFRS 9 effect	(475)
IFRS 15 effect	(57,974)
IFRS 19 effect	(704)
Total adjustments	**(59,152)**
Retained earnings subject to international standards	(9,999)

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Non-Controlling Interests

Non-controlling interests represents the balance of non-controlling interests in the acquired company amounting to SAR 1.2 million as of 30 September 2018G.

Other Reserves

Movement in other reserves is as follows:

Table (6-62): Movement of Other Reserves as on 31 December 2017G and the Period Ended 30 September 2018G

(SAR thousands)	Cumulative reserve for foreign exchange	Cumulative actuarial gains	Total
For the nine-month period ended 30 September 2017G and the period ended 30 September 2018G			
At the beginning of the period	0,32	3,903	3,903
Changes during the period as a result of:			
Cumulative foreign currency exchange losses	(0.35)	-	(0.35)
Revaluation of resources' end of service benefits	-	3,685	3,685
At the end of the period	(0.03)	7,588	7,588
For the year ended 31 December 2017G			
At the beginning of the year	-	3,431	3,431
Changes during the period as a result of:			
Cumulative foreign currency exchange profits	0.32	-	0.32
Revaluation of resources' end of service benefits	-	472	472
At the end of the period	0.32	3,903	3,903

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

6-7-13 Audited Consolidated Cash Flow Statement

Table (6-63): Audited Consolidated Cash Flow Statement for the Nine-Month Period Ended 30 September 2018G

(SAR thousands)	30 September 2017G Audited consolidated	30 September 2018G Audited consolidated
Operating Activities		
Net income before zakat	153,965	184,716
Adjustments:		
Provision for employees' end of service benefits	14,166	14,165
Depreciation of property and equipment	5,042	6,927
Amortization of intangible assets	-	1,423
Provision (reversal of provision) for doubtful receivables	12,596	636
Net gain on equity investments at FVTPL	(442)	(515)
Earnings from murabaha term deposits	(2,961)	(3,228)
Reversal of accrued salaries no longer payable	-	(7,528)
Gain on disposal of property and equipment	(30)	-
Working capital changes:		
Accounts receivables	(38,520)	(53,581)
Contract assets	(5,119)	(10,212)
Prepayments and other current assets	1,557	(63,070)
Available visas	774	(9,240)
Cash margin for a license letter of guarantee	10,000	-
Contract liabilities	14,230	(3,914)
Retained deposits	(13,652)	3,950
Accounts payable, accruals and others	37,051	49,217
Cash from operating activities	**188,657**	**109,746**
Zakat paid	(10,485)	(8,365)
Employees end of service benefits paid	(8,605)	(9,271)
Net cash from operating activities	**169,568**	**92,110**
Investment activities		
Purchase of property and equipment	(13,179)	(62,851)
Acquisition of subsidiaries	(260)	(11,305)
Non-controlling interests	46	3,089
Proceeds from disposal of property and equipment	72	-
Proceeds from murabaha time deposits, net	5,306	(269,272)
Net cash used in investing activities	**(8,015)**	**(340,338)**
Net increase and (decrease) in cash and cash equivalents	**161,552**	**(248,228)**
Cash and cash equivalents at the beginning of the period	190,906	342,222
Cash and cash equivalents at the end of the period	**352,458**	**93,993**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Cash Flows from Operating Activities

Net cash from operating activities decreased from SAR 169.6 million on 30 September 2017G to SAR 92.1 million as at 30 September 2018G due to higher receivables as a result of growing revenues and delays in payment of receivables owing to the general economic slowdown in the Kingdom during the period. In addition to the increase in prepayments and other current assets, mainly due to the increase in fees for foreign manpower resources.

Cash Flow Used in Investment Activities

Net cash used in investing activities increased from SAR 8.0 million on 30 September 2017G to SAR 340.3 million as at 30 September 2018G due to a rise in net proceeds from murabaha time deposits (SAR 269.3 million), purchase of property and equipment (SAR 62.9 million), and the acquisition of subsidiary companies during the period (SAR 11.3 million).

The Company's First-Time Adoption of IFRS in the Kingdom of Saudi Arabia

In preparing the financial statements for the financial year starting on 1 January 2018G and ended on 31 December 2018G, and the years following, the Company's management has prepared a transition plan from SCOPA accounting standards to IFRS, which aims to ensure that the process of transition to international standards is carried out efficiently and smoothly, so that ultimately the full transition from the current accounting framework governed by Saudi accounting standards to the IFRS in accordance with the version adopted by SCOPA. The interim consolidated financial statements of the Company as at 30 June 2018G are the first interim financial statements prepared in accordance with IFRS adopted in the Kingdom, followed by the Company's consolidated financial statements as at 30 September 2018G.

Accordingly, the Board of Directors approved adoption of International Accounting Standards (IAS). Ernst & Young & Co. has been appointed as an external expert to assist in the review of the required adjustments to the Company's accounting systems to meet the measurement and disclosure requirements. As a result of the review aimed at determining the required adjustments in the Company's accounting systems, the financial impact on both the income and financial statements is as follows:

- Recognition of all assets and liabilities in IFRS in the balance sheet, and de-recognition of other assets and liabilities.
- Classification and measurement of all assets, liabilities and equity items in accordance with IFRS.
- Adoption of IFRS (15) (Revenue from Client Contracts). The adoption of this standard will require the Company to retroactively apply it as of 1 January 2017G.
- Adoption of IFRS (9) (Financial Instruments). The adoption of this standard will require the Company to retroactively apply it as of 1 January 2017G.
- Adoption of IFRS 19 (Employee Benefits), which will require the Company to retroactively apply it as of 1 January 2017G.

All adjustments relating to the adoption of IFRS were made based on the opening balance sheet of the balance sheet (1 January 2017G) as the beginning of the first period to be presented in accordance with IFRS. Accordingly, the Company prepared the financial statements for 2017G in accordance with the accounting standards issued by SCOPA and IFRS.

Mechanisim of Transition to IFRS

In preparing the balance sheet on the basis of IFRS, the Company has adjusted the amounts previously recognized in the financial statements prepared in accordance with generally accepted accounting standards in the Kingdom issued by SCOPA (the previous accounting standards). The following tables show the impact on the financial position and financial performance of the Company as a result of the transition from the previous accounting standards to IFRS.

The following are issued standards and interpretations but will not be in force until after the date of issuance of the Company's interim financial statements. The Company intends to apply these standards, as applicable, when they enter into force.

IFRS 16: Leases

The International Accounting Standards Board (IASB) has issued a new standard of proof for leases, which will replace:

- **IAS 17**: Leases
- **IFRIC (4)**: Determining Whether an Arrangement Contains a Lease
- **SIC(-15)**: Operating Leases – Incentives
- **SIC-27**: Evaluating the Substance of Transactions in the Legal Form of a Lease

The objective of IAS 17 (1997) is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to finance (included in the balance sheet) and operating (not included in the balance sheet) leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A contract is considered a lease if it conveys the right to use an asset for a period of time in exchange for consideration. IFRS 16 is mandatory for annual periods beginning on or after 1 January 2019G. Early adoption is permitted. Management is currently studying the impact of IFRS 16 on the Company's future financial reporting periods.

Management expects to apply IFRS 16 in the financial year starting on 1 January 2019G. The adoption of IFRS 16 may have an impact on the amounts and disclosures disclosed in the Company's consolidated financial statements regarding the Company's lease arrangements. However, it is not practical to provide reasonable estimates of the implications of applying this standard until the company has completed the detailed review.

Table (6-64): The Company's Adjustments to the Consolidated Balance Sheet and Consolidated Equity as on 31 December 2017G

(SAR thousands)	Balances as per SOCPA	Reclassification	Balances as per IFRS	Note
Current assets				
Cash and cash equivalents	342,222	-	342,222	
Time murabaha deposits	4,000	-	4,000	
Accounts receivable and unbilled revenue	143,976	(27,235)	116,741	1
Contract assets	-	26,179	26,179	1
Prepayments and other current assets	60,145	(13,831)	46,314	2
Available visas	21,064	-	21,064	
Total current assets	**571,407**	**(14,887)**	**556,520**	
Non-current assets				
Used visas - non-current	18,206	(18,206)	-	2
Prepayments expenses - non-current	29,546	(29,546)	-	2
Properties and equipment	104,577	-	104,577	
Equity investment at fair value through profit and loss	-	31,262	31,262	3
Available for sale investments	31,262	(31,262)	-	3
Total non-current assets	**183,591**	**(47,752)**	**135,839**	
Total assets	**754,998**	**(62,640)**	**692,359**	
Current liabilities				
Accounts payable, accruals and others	181,014	(18,405)	162,609	4
Contract liabilities	-	88,324	88,324	4
Retained deposit and unearned revenue	149,236	(17,473)	131,763	4
Provision for zakat	9,471	-	9,471	
Total current liabilities	**339,720**	**52,446**	**392,166**	
Non-current assets				
Employees terminal benefits expense	42,071	(6,129)	35,942	5
Retained deposit non-current portion	52,446	(52,446)	-	4
Total non-current liabilities	**94,517**	**(58,575)**	**35,942**	
Total liabilities	**434,237**	**(6,129)**	**428,108**	
Equity				
Share capital	250,000	-	250,000	
Statutory Reserve	20,347	-	20,347	
Other reserves	1,262	2,641	3,903	

(SAR thousands)	Balances as per SOCPA	Reclassification	Balances as per IFRS	Note
Retained earnings (accumulated loss)	49,154	(59,152)	(9,999)	
Non-controlling interests	(2)	-	(2)	
Total equity	**320,761**	**(56,511)**	**264,250**	
Total liabilities and equity	**754,998**	**(62,640)**	**692,359**	

Notes:

(1) Accounts receivable and unbilled revenue, contract assets, retained earnings / accumulated losses

In accordance with IFRS adopted in the Kingdom, the Company has replaced International Accounting Standards (39) - Accounting for Accumulated Losses with IFRS (9) - Expected Credit Loss Model. The Company reviews its accounts receivable at each reporting date to determine whether the provision for doubtful debts shall be recognized in the consolidated statement of income. A decision is required by management to estimate the amount and timing of future cash flows in determining the level of provision required. These estimates depend on assumptions on a number of factors, including the Kingdom's Gross National Product. Accordingly, the balance of receivables and unbilled revenue decreased by an amount of SAR 1.0 million, which resulted in the decrease of the retained earnings by the same amount. In accordance with IFRS 15, when either party to the contract performs its obligations, the entity presents the contract in the consolidated balance sheet as contract assets or contract liabilities based on the relationship between the entity's performance and the client's payment. Therefore, unbilled revenue has been reclassified from contract assets, advances from clients and unearned income to contract liabilities (SAR 26.2 million). Thus, the balance of receivables and unearned income decreased by a total amount of SAR 27.3 million 31 December 2017G.

(2) Prepayments and other receivables, used visas, prepayment costs, retained earnings / accumulated losses

Based on IFRS (15), the Company recognized the cost of residences and employment in the statement of income and loss, since these expenses are not considered expenses mainly related to contracts. The Company has already recorded these expenses under prepayments and amortized them over two years (the term of the manpower resource's contract) in accordance with the general policies adopted by the companies in the Kingdom in light of the financial accounting concepts issued by SCOPA. The change resulted from a decrease in balances of prepayments and other receivables (SAR 13.8 million), used visas (SAR 18.2 million), prepaid recruitment costs (SAR 29.5 million) and an increase in retained earnings (SAR 61.6 million) as on 31 December 2017G.

(3) Equity investments at fair value through profit and loss, available for sale investments, retained earnings / accumulated losses, other reserves

In accordance with IFRS (9), investments in a commodity fund unit previously classified as available-for-sale has been transferred to equity investments at fair value through profit or loss. These investments are held in a cash flow collection business model, and for sale if necessary. Accordingly, the appropriate classification of these investments will be equity investments at fair value through profit or loss. This resulted from a decrease in available for sale investments (SAR 31.3 million), an increase in equity investments at fair value through profit or loss with the same balance, an increase in retained earnings (SAR 1.3 million), and a decrease in other reserves with the same balance.

(4) Accounts payable, accruals and others, contract liabilities, retentions and unearned income, retained earnings / accumulated losses

In accordance with IFRS (15), when either party to the contract performs its obligations, the entity presents the contract in the consolidated balance sheet as contract assets or contract liabilities based on the relationship between the entity's performance and the client's payment, as set out in Note (1). This resulted from an increase in contract liabilities (SAR 88.3 million), a decrease in accounts payable, amounts due and other payables (SAR 18.4 million) and a decrease in retained earnings and unearned income (SAR 69.9 million) as on 31 December 2017G.

(5) Provision for manpower resources' end of service benefits - actuarial valuation of resource benefits, retained earnings / accumulated losses, other reserves

In accordance with IFRS adopted in the Kingdom, end of service benefits should be calculated using the actuarial valuation. Historically, the Company calculated these liabilities in accordance with local regulations in the Kingdom at the date of preparation of the financial statements, without taking into account expected future service terms of manpower resources, salary increases and discount rates. This resulted from a decrease in manpower resources' end of service benefits (SAR 6.1 million), an increase in retained earnings / accumulated losses (SAR 2.2 million) and an increase in other reserves (SAR 3.9 million) as on 31 December 2017G.

Table (6-65): Consolidated Comprehensive Income Statement for the Nine-Month Period Ended 31 December 2017G

(SAR thousands)	Balances according to the previous Saudi standards	Reclassification	Balances in accordance with IFRS	Note
Revenue	1,167,945	-	1,167,945	
Cost of revenue	(875,419)	10,653	(864,766)	1
Gross profit	**292,526**	**10,653**	**303,179**	
General and administrative expenses	(87,733)	465	(87,267)	2
Marketing expenses	(8,920)	7,304	(1,616)	3
Provision for doubtful debts	-	(14,397)	(14,397)	4
Income from main operations	**195,873**	**4,026**	**199,900**	
Other income	16,531	-	16,531	
Net unrealized gains from equity investments	-	581	581	5
Net income before zakat	**212,405**	**4,607**	**217,012**	
Zakat	(8,980)	-	(8,979)	
Net income for the period	**203,425**	**4,607**	**208,033**	

Notes:

(1) Cost of revenue

Further to Note (5) to the balance sheet, the change in the calculation of end of service benefits using the actuarial valuation resulted from a decrease in the cost of revenues amounting to SAR 3.6 million for the nine-month period ended 2017G. In addition, based on Note (2) to the balance sheet, adoption of IFRS (15) resulted from a decrease in the cost of revenues of SAR 14.3 million for the nine-month period ended 30 September 2017G.

(2) General and administrative expenses

Further to Note (5) to the balance sheet, the change in the calculation of end of service benefits using the actuarial valuation resulted from a decrease in general and administrative expenses amounting to SAR 469 thousand for the nine-month period ended 30 September 2017G.

(3) Sale and Marketing Expenses

Further to Note (1) to the balance sheet, the change to IFRS (9) resulted from a decrease in marketing expenses (SAR 3.1 million) for the nine-month period ended 30 September 2017G. The Company reclassified the previous impairment in value of receivables to marketing expenses.

(4) Provision for doubtful debts

Further to Note (1) to the balance sheet, adoption of IFRS (15) resulted from an increase in the provision for doubtful debts of SAR 12.6 million for the nine-month period ended 30 September 2017G.

(5) Net Unrealized gains from investments

As explained in Note (3) to the balance sheet.

Transition from the generally accepted accounting standards issued by SCOPA to the IFRS adopted in the Kingdom and the adoption of the IFRS (15) and IFRS (9) did not have any material impact on the statement of cash flows for the nine-month period ended 30 September 2017G and 2018G.

6-7-14 Commitments and Contingent Liabilities

Operating Lease Commitments - Company as a Lessee

The Company has entered into operating leases regarding office space and resource housing. The following is an analysis of the minimum future lease payments under non-cancellable operating leases at the end of the financial periods:

Table (6-66): Operating Lease Commitments for the Nine-Month Period Ended 30 September 2018G

(SAR thousands)	30 September 2018G	31 December 2017G	1 January 2017G
Within one year	3,729,894	6,786,030	6,820,674
After one year and less than 5 years	7,238,594	10,597,424	15,888,062
More than 5 years	5,877,697	2,946,634	4,423,340
Total	**16,846,185**	**20,330,088**	**27,132,076**

Source: Audited consolidated financial statements as on 31 December 2017G and 30 September 2018G

Rent expenses relate to operating leases. For the nine-month period ended 30 September 2018G, an amount of SAR 8.5 million (the nine-month period ended 30 June 2017G: SAR 7.4 million) is recognized as an expense in the consolidated interim income statement under general and administrative expenses and cost of revenue.

Contingent Liabilities

The banks, with which the Company deals, issued in the name of the Company, guarantees of nil (31 December 2017G: nil, 1 January 2017G: SAR 10,000,000) with regards to contract execution during the ordinary business cycle.

7- Dividend Policy

The shares shall grant their holders gain the profits are declared by the Company as of the date of this Prospectus and for the subsequent financial years.

The Company intends to distribute annual profits to its shareholders to enhance the value received by such shareholders as appropriate to the Company's profits, financial condition, restrictions of dividend process under funding and debit agreements, the results of Company's activities, the Company's needs of funding currently and in the future, the expansion plans and the investment requirements of the Company and other factors, including analyzing investment chances and the Company's requirements of reinvestment, monetary and capitalistic requirements, commercial expectations and impact of any distributions of such kind on any legal or statutory considerations. In addition, any Investor willing to invest in the Offer Shares should realize that the dividend distribution policy may change from time to time.

Although the Company is determined to distribute annual profits to its shareholders, there are no any warranties with respect to an actual distribution of profits nor regarding the amounts to be paid at any year. The Company's net profits will be distributed after deducting all general expenses and other costs as follows:

1- 10% of net profits shall be set aside to build-up the statutory reserve of the Company. The Ordinary General Assembly may decide to discontinue this allocation if the reserve reaches 30% of the paid-up capital.
2- Based on the Board's suggestion, the Ordinary General Assembly may set aside 10% of net profits to build-up an additional reserve that shall be allocated to one or more specific purposes.
3- The Ordinary General Assembly may build up other reserves to the extent that achieve the Company's interest or guarantee distributing as fixed profits as possible to shareholders. It may also deduct amounts from net profits to establish social institutions for the Company's manpower resources or aiding such existing institutions.
4- From the remainder, then, an initial payment will be distributed to shareholders equivalent to 5% of paid-up capital, at least.
5- Subject to the provisions set forth in article twenty (20) of the Company's Bylaws; and Article seventy-six (76) of the Companies Law, the Ordinary General Assembly may, after that, allocate a specified ratio of the remainder to remunerate the Board provided that such remuneration be proportionate to the numbers of sessions attended by each director.

The summary of profits that were distributed by the Company over the last three (3) years and the nine-month period ended 30 September 2018G is as follows:

Table (7-1): Historical Profits in Saudi Riyals

SAR in thousands	Financial Year 2015G	Financial Year 2016G	Financial Year 2017G	The Nine-month period Ended 30 September 2018G
Net Income	193,586	238,571	203,426	175,503
Profits announced during the period	105,000	265,722*	95,500	59,000
Profits distributed over the year	105,000	265,722*	95,500	59,000
Ratio of declared profits to net income	54%	111%*	47%	34%

*In 2016G, the company distributed fourteen million and three hundred thousand Saudi Riyals (SAR 14,300,000) as dividends from the additional reserve and two hundred and fifty one million and nine hundred thousand Saudi Riyals (SAR 251,400,000) from the retained earnings.

Source: The company

8- Use of Proceeds

The total of Offering proceeds is estimated at seven hundred seventy six million two hundred fifty thousand Saudi Riyals (SAR (776,250,000)), an amount of which, estimated at fifty one million Saudi Riyals (SAR (51,000,000)), will be used to settle all the expenses related to the Offering, including the fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Auditor, Selling Agents, Market Consultant in addition to marketing, printing and distribution expenses and other Offering-related expenses. Net Proceeds, estimated at seven hundred twenty five million two hundred fifty thousand Saudi Riyals (SAR (725,250,000)), will be distributed to Selling Shareholders proportionally to the number of Offer Shares to be sold by each of them in the Offering. The Company will not receive any such Offering proceeds. Selling Shareholders will bear all the fees, expenses and costs related to the Offering.

9- Capitalization of the Company's Capital and Indebtedness

Current shareholders hold all the Company's shares prior to the Offering. After completing the Offering, they will have together what is accounted for 70% of the Company's shares.

The following table shows the Company's capitalization as reflected in the audited financial statements for financial years ended on 31 December 2015G, 2016G, and 2017G and the interim consolidated financial statements for the nine-month period ended on 30 September 2018G. Noting that the following table shall be read together with the relevant financial statements, including the attached clarifications contained in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Table (9-1): Capitalization of the Company's Capital and Indebtedness for Financial Years Ended on 31 December 2015G, 2016G and 2017G.

(SAR in thousands)	2015G	2016G	2017G
Total loans	-	-	-
Shareholders' equity			
Share capital	100,000	100,000	250,000
Statutory Reserve	28,539	30,000	20,347
Unrealized gains after re-evaluation of the available-for-sale investments	14,270	680	1,262
Retained Earnings	95,870	81,528	49,154
Total shareholders' equity	**238,679**	**212,208**	**320,763**
Non-Controlling interests	-	-	(2)
Total equity	**238,679**	**212,208**	**320,761**
Total Capitalization (Total loans + Total shareholders' equity)	**238,679**	**212,208**	**320,761**
Total capitalization/Total loans	-	-	-

Source: Audited Financial Statements for years ended 31 December 2015G, 2016G and 2017G

Table (9-2): Capitalization of the Company's Capital and Indebtedness for the Nine-Month Period Ended on 30 September 2018G.

(SAR in thousands)	30 September 2018G Audited consolidated
Total loans	-
Share capital	250,000
Statutory Reserve	20,347
Retained Earnings	95,610
Non-Controlling interests	794
Other reserves	7,588
Total equity	**374,340**
Total Capitalization (Total loans + Total shareholders' equity)	**374,340**
Total capitalization/Total loans	-

Source: Audited consolidated Financial Statements for the nine-month period ended 30 September 2017G and 2018G

The Directors declare that:

a- No shares of the Company are subject to any option rights.

b- The Company does not have any debt instrument as at the date of this Prospectus.

c- The Company's balance and its cash flows are sufficient to meet its projected monetary requirements for working capital and capitalistic expenses for twelve (12) months at least after the date of this Prospectus, subject to any adverse and material change in the Company's businesses.

10- Experts' Statements

All advisors, whose names are contained on page (v) of this Prospectus, have furnished, without withdrawing them until the date of this Prospectus, their written consent to the reference to their names, addresses and logos and to the publication of their statements in this Prospectus. Also, none of the advisors and their manpower resources – forming part of the engagement team serving the Company – nor their relatives have any shares or interest of any kind in the Company or its Subsidiaries as at the date of this Prospectus which would impair their independence.

11- Declarations

The Directors declare that:

1- There has been no interruption in the Company, its Subsidiaries or Associate Companies' business that may influence or have a significant impact on its financial situation during the last twelve (12) months.

2- No commissions, discounts, brokerage fees or non-cash compensations were given by the Company, its Subsidiaries or Associate Companies' during the three (3) years immediately preceding the date of application for registration and offer of securities with respect to issuance or offer any securities.

3- There has been no material adverse change in the Company, its Subsidiaries or Associate Companies' financial or business position in the three (3) financial years directly preceding the date of application for listing and offer of securities that are subject to this Prospectus, in addition to the period included in the Auditor's Report until the approval of this Prospectus.

4- Except as provided in Section 12-5 "**Material Agreements with Related Parties**" of this Prospectus, the Board of Directors or their relatives don't own any shares or interest of any kind in the Company, its Subsidiaries or Associate Companies.

5- The Company, it's Subsidiaries and Associate Companies have a working capital that is sufficient for twelve (12) months at least following the date of this Prospectus.

6- The balance of the Company, its Subsidiaries and Associate Companies and its cash flows are sufficient to cover its expected cash and working capital requirements for at least twelve (12) months after the date of this Prospectus, taking into account any adverse and significant change in the business of the Company, its Subsidiaries or Associate Companies.

7- None of the Company's Directors, Executive Management or Board Secretary has declared bankruptcy.

8- No insolvency has been declared over the last five (5) years for a company any of the Company's Directors, Executive Management or Board Secretary has been appointed in an administrative or supervisory position.

9- None of the Company's Directors, Executive Management, Board Secretary nor any of their relatives or affiliates have any direct or indirect interest in the shares of the Company, its Subsidiaries or Associate Companies or any other matter that can affect the Company's business, except as disclosed in Table 5-2 "**Board of Director of the Company**" and Section 12-5 "**Material Agreements with Related Parties**" of this Prospectus.

10- None of the Company's Directors, Executive Management, Board Secretary nor any of their relatives or affiliates have any interest in any applicable contract or arrangement as of the date of this Prospectus or to be proposed upon submitting this Prospectus in the business of the Company its Subsidiaries or Associate Companies except as disclosed in Section 12-5 "**Material Agreements with Related Parties**" of this Prospectus.

11- Except as disclosed in Section 12.5 "Material Agreements with Related Parties" of this Prospectus, the Company is not bound by any transactions, agreements, commercial relationships or real estate transactions with a related party including the Financial Advisor and the Legal Advisor for the Offering.

12- All agreements with related parties described in Section 12-5 "**Material Agreements with Related Parties**" do not include any preferential requirements and have been made in a systematic, legal and on a fair and appropriate commercial basis.

13- Compliance with articles (71) and (72) of the Companies Law, and articles (44) and (46) of the Corporate Governance Regulations.

14- Not to vote on contracts with related parties in General Assembly meetings if they have an interest in such contracts directly or indirectly.

15- Compliance with not competing against the business of the Company and that all transactions with related parties in the future will be conducted on an arm's length basis in accordance with the provisions of Article (72) of the Companies Law.

16- As of the date of this Prospectus, there are no equity programs for Company manpower resources that would involve manpower resources in the Company's capital, and no other similar arrangements exist.

17- As of the date of this Prospectus, and to the best of their knowledge and belief, there are no significant risks other than those mentioned in Section 2, "**Risk Factors**" of this Prospectus, which may affect investor decisions relating to the investment in the Offer Shares.

18- Except as disclosed in Section 2 "**Risk Factors**" and Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus, the Company has no information on any government, economic, financial, monetary, political or other factors affecting or may materially affect (directly or indirectly) the operations of the Company, its Subsidiaries and Associate Companies.

19- Except as disclosed in Section 2 "**Risk Factors**" and Section 6 "**Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus, the Company is not aware of any seasonal factors or economic cycles related to the activity that may have an impact on the business and financial position of the Company, its Subsidiaries or Associate Companies.

20- As of the date of this Prospectus, there is no intention to make any material change in the nature of the Company, its Subsidiaries or Associate Companies' activity.

21- The financial information presented in this Prospectus has been extracted from the audited financial statements without material modifications for the years ended 31 December 2015G, 2016G and 2017G and the restatements thereto, including those restatements that have been made, and includes financial information presented on a consolidated basis in the form consistent with the financial statements approved by the Company annually, and has been prepared by the Company's management in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

22- There are no loans or debts including overdrafts from bank accounts, any guarantee obligations (including personal or non-personal guarantees), obligations under acceptance, acceptance credit or rental purchase commitments except as disclosed in section 12.4.6 "**Financing Agreements**" and Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus.

23- As of the date of this Prospectus, all the financing agreements in Section 12-4-6 "**Financing Agreements**" are still in force and the terms and conditions set forth therein have not been breached.

24- The Company, its Subsidiaries or Associate Companies have no assets, including securities that have been contracted upon or other assets whose value fluctuates or is difficult to ascertain, which significantly affects the assessment of the financial position except as disclosed in Section 6, " **Management Discussion and Analysis of Financial Conditions and Results of Operations**" of this Prospectus.

25- As of the date of this Prospectus, there are no mortgages, rights, burdens or costs on the assets of the Company, its Subsidiaries or Associate Companies.

26- Neither the Company's shares nor the shares of its Subsidiaries or Associate Companies are subject to any rights of option.

27- The Company, its Subsidiaries and Associate Companies have no debt instruments as of the date of this Prospectus.

28- The Offering does not violate the relevant laws and regulations in the Kingdom.

29- The Offering does not breach to any of the contracts or agreements to which the Company is a party.

30- All material legal information relating to the Company has been disclosed in the Prospectus.

31- Other than what is stated in Section 12-9 "**Litigation**" of this Prospectus, the Company, its Subsidiaries or Associate Companies are not subject to any legal proceedings or actions that separately or collectively may affect the Company's business or financial position alone or substantially.

32- Directors shall are subject to any legal proceedings or actions that may separately or collectively affect the business or financial position of the Company, its Subsidiaries or Associate Companies.

33- They are not aware of any claims that are to be filed.

34- Both Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company and Abdullah Sulaiman Al-Amro have undertaken, as shareholders in the Company, to bear all liabilities, of any value, arising from the lawsuit filed by New Boy Saudi Arabia against the Company (detailed in Section 12-9 "**Litigation**" of this Prospectus) on behalf of the Company.

35- The Selling Shareholders have undertaken on 12/02/1440H (corresponding to 21/10/2018G), to assume any future obligations on behalf of the Company as a result of any previous practices that do not comply with the current salary policy adopted by the Company in 2017G (for further information on the salary policy adopted by the Company, please refer to Section 4-4-3(b) "**Corporate Manpower Resources Recruitment Process in the Kingdom**" and Section 4-4-4(b) "**Household Manpower Resources Recruitment Process in the Kingdom**" of this Prospectus), in proportion to the stake of each shareholder in the Company's capital, including any future claims, litigation or violations that may arise.

36- That all material facts related to the Company, Subsidiaries and Associate Companies and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents or facts the omission of which would make any statement herein misleading.

12- Legal Information

12-1 Legal Declarations

The Directors declare that:

1- The Offering does not violate the related laws and regulations in the Kingdom.
2- The Offering does not violate any contracts or agreements to which the Company is a party.
3- All material legal information related to the Company have been disclosed in the Prospectus.
4- Except as provided in Section 12-9 “Litigation” of this Prospectus, the Company is subject to any legal proceedings or claims that may materially affect, individually or wholly, the Company’s businesses or its financial position.
5- The Directors are subject to any legal claims or proceedings that may materially affect, individually or wholly, the Company, its Subsidiary or Associated Company’s businesses orts financial position.

12-2 The Company

Maharah Human Resources Company is a closed joint stock company incorporated pursuant to Ministerial Resolution number 80/S dated 02/04/1434H (corresponding to 13/02/2013G) under commercial registration number 1010364538 dated 07/04/1434H (corresponding to 18/02/2013G). The Company has obtained a license from the MoL allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector until 02/04/1444H (corresponding to 28/10/2022G).

The Company was established in 1434H (corresponding to 2013G) as a closed joint stock company under the name “Maharah Foreign Recruitment Company” with a total capital of one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) ordinary Shares, with a nominal value per share of ten Saudi Riyals (SAR 10) per Share. It was registered in Riyadh under commercial registration number 1010364539 dated 07/04/1434H (corresponding to 17/02/2013G).

On 29/04/1434H (corresponding to 12/03/2013G), the Company obtained license number 9/SH.M.M. from the MoL, allowing it to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector. On 23/07/1438H (corresponding to 20/04/2017G), the Company’s Extraordinary General Assembly approved the change of the Company’s name to “Maharah Human Resources Company”; accordingly, the Company’s commercial registration was changed on 16/09/1438H (corresponding to 11/06/2017G).

On 17/09/1438H (corresponding to 12/06/2017G), the Extraordinary General Assembly of the Company approved an increase to the Company’s capital to two hundred fifty million Saudi Riyals (SAR 250,000,000), divided into twenty five million (25,000,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share through capitalization of one hundred twenty million Saudi Riyals (SAR 120,000,000) from the Company’s retained earnings and thirty million Saudi Riyals (SAR 30,000,000) from the Company’s statutory reserve.

On 05/04/1440H (corresponding to 12/12/2018G), the Extraordinary General Assembly approved an increase to the Company’s capital to three hundred seventy-five million Saudi Riyals (SAR 375,000,000), divided into thirty-seven million five hundred thousand (37,500,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share through the capitalization of twenty million Saudi Riyals (SAR 20,000,000) from the Company’s statutory reserve and one hundred and five million Saudi Riyals (SAR 105,000,000) from the Company’s retained earnings balance.

12-2-1 Shareholders Structure

The following table sets out ownership of shares and selling shareholders of the Company before and after the Offer:

Table (12-1): Ownership Structure of the Company Pre- and Post-Offering

Shareholders	Pre-Offering			Post-Offering		
	Number of Shares	Nominal value (SAR)	Percentage	Number of Shares	Nominal value (SAR)	Percentage
Al-Ahliya International Real Estate Investment Company	10,410,000	104,100,000	27.76%	7,287,000	72,870,000	19.43%
Al-Khibra Al-Mi’mariya Company	8,553,750	85,537,500	22.81%	5,987,625	59,876,250	15.97%
Al-Faisaliah Holding Group Company	7,500,000	75,000,000	20%	5,250,000	52,500,000	14%
Abdullah Sulaiman Al-Amro	6,536,250	65,632,500	17.43%	4,575,375	45,753,750	12.2%

Shareholders	Pre-Offering			Post-Offering		
	Number of Shares	Nominal value (SAR)	Percentage	Number of Shares	Nominal value (SAR)	Percentage
Dr. Sulaiman Al Habib Commercial Investment Company	3,750,000	37,500,000	10%	2,625,000	26,250,000	7%
Al-Wasat Al-Raqi Trading Establishment	298,125	2,981,250	0.795%	208,687	2,086,870	0.56%
Mohammed Abdulaziz Al-Eid Manpower Establishment	112,500	1,125,000	0.30%	78,750	787,500	21.%
Fakher Al-Khaleej Manpower Office	112,500	1,125,000	0.30%	78,750	787,500	21.%
Alfa Manpower Establishment	112,500	1,125,000	0.30%	78,750	787,500	21.%
Abdulelah Abdulmohsin Ali Al-Oqaili	112,500	1,125,000	0.30%	78,750	787,500	21.%
Mohammed Hamad Mohammed Al-Muzaini	1,875	18,750	0.005%	1,313	13,130	0.004%
Public	-	-	-	11,250,000	112,500,000	30%
Total	**37,500,000**	**375,000,000**	**100%**	**37,500,000**	**375,000,000**	**100%**

Source: The Company

12-2-2 The Company's Branches

The Company has eighteen (18) branches in addition to the head office located in King Fahd Road, Riyadh. It also has a sales point in Saud King University. The following table shows the details of the registered branches of the Company:

Table (12-2): The Company's Branches

#	Branch Name	Commercial Registration Number	Commercial Registration Certificate Date
1	Anas bin Malek Road Branch, Al-Yasmeen District, Riyadh	1010465207	02/02/1438H (corresponding to 02/11/2016G)
2	Khurais Road Branch, Al-Rayan District, Riyadh	1010436554	28/10/1436H (corresponding to 13/08/2015G)
3	Southern Circular Road Branch, Al-Suwaidi District, Riyadh	1010427485	09/01/1435H (corresponding to 12/11/2013G)
4	King Abdulaziz Road Branch, Al-Muruj District, Riyadh	1010436553	28/10/1436H (corresponding to 31/08/2015G)
5	Northern Circular Road Branch, Al-Taa'wun District, Riyadh	1010427484	09/01/1435H (corresponding to 12/11/2013G)
6	Eastern Circular Road Branch, Al-Rawdah District, Riyadh	1010465209	02/02/1438H (corresponding to 02/11/2016G)
7	King Fahd Road Branch, Al-Mohammadiyah District, Riyadh	1010434669	21/08/1436H (corresponding to 08/06/2015G)
8	King Abdulaziz Road Branch, Al-Sultana District, Buraidah	1131056729	29/05/1437H (corresponding to 08/03/2016G)
9	King Khaled Road Branch, Al-Fakhriyah District, Buraidah	1131291194	03/06/1439H (corresponding to 19/02/2018G)
10	Al-Rayan Road Branch, Unaizah District, Riyadh	1128019121	15/03/1436H (corresponding to 05/01/2015G)
11	Al-Gref Road Branch, Al-Hazem District, Riyadh	1132010275	07/11/1435H (corresponding to 02/09/2014G)
12	Prince Sultan Road branch, Al Na'eem District, Jeddah	4030278496	09/01/1435H (corresponding to 12/11/2013G)
13	Prince Motib bin Abdulaziz Road branch, Al-Marwah District, Jeddah	4030296922	20/01/1439H (Corresponding to 10/10/2017G)
14	Second Circular Road branch, Al-Areed District, Medina	4650074415	07/11/1435H (corresponding to 02/09/2014G)

#	Branch Name	Commercial Registration Number	Commercial Registration Certificate Date
15	King Khaled Road Branch, Al-Wasita District, Hail	3350043316	27/04/1436H (corresponding to 16/02/2015G)
16	King Fahd Road Branch, Al-HiJla District, Abha	5850071792	23/04/1439H (corresponding to 10/01/2018G)
17	Al-Khaleej Road Branch, Al-Shatee' District, Dammam	2050111011	29/02/1438H (corresponding to 29/11/2016G)
18	King Bdullah Road Branch, Al-Worood District, Al-Kharj	1011139356	25/03/1440H (corresponding to 03/12/2018G)

Source: The Company

12-2-3 Material Licenses

With the exception of the MoL licenses for the three (3) branches which is in the process of being issued, the Company has obtained all necessary licenses from the authorized bodies, allowing it to operate all its businesses. Summary of the issued licenses to the Company in the Kingdom is as set out below:

Table (12-3): List of Required Licenses and Approvals

#	License Type	Purpose	License Number	Date of Issue	Expiry Date	Issuing Authority
Required licenses and approvals issued to the Company						
1	Registration certificate of a joint stock company	Registration of the Company in the commercial register	1010364538	07/04/1434H (corresponding to 17/02/2013G)	18/02/1444H (corresponding to 14/09/2022G)	MoCI
2	Recruitment Company License	To engage in foreign man-power resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9/SH.M.M	29/04/1434H (corresponding to 12/03/2013G)	02/04/1444H (corresponding to 28/10/2022G)	MoL
Required licenses and approvals issued to the branches						
1	Certificate of the Registra-tion of a Branch	Branch registration - Al-Yasmin District, Riyadh	1010465207	02/02/1438H (corresponding to 02/11/2016G)	02/02/1442H (corresponding to 19/09/2019G)	MOCI
2	Recruitment Branch Com-pany License	License for the branch located in Al-Rayan District in Riyadh to engage in foreign manpower resources recruit-ment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F18	11/04/1440H (corresponding to 18/12/2018G)	02/04/1444H (corresponding to 28/10/2022G)	MoL
3	Certificate of the Registra-tion of a Branch	Branch registration - Al-Rayan District, Riyadh	1010436554	28/10/1436H (corresponding to 13/08/2015G)	28/10/1441H (corresponding to 19/06/2020G)	MOCI
4	Recruitment Branch Com-pany License	License for the branch located in Al-Rayan District to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to house-holds, corporate private sector and corporate public sector.	9SHMM/F16	12/02/1439H (corresponding to 01/11/2017G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
5	Certificate of the Registra-tion of a Branch	Branch registration - Al-Suwai-di District, Riyadh	1010427485	09/01/1435H (corresponding to 12/11/2013G)	09/01/1443H (corresponding to 17/08/2021G)	MOCI

#	License Type	Purpose	License Number	Date of Issue	Expiry Date	Issuing Authority
6	Recruitment Branch Company License	The license for the branch located in Al-Suwaidi District in Riyadh, to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F5	12/04/1436H (corresponding to 01/02/2015G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
7	Certificate of the Registration of a Branch	Branch registration – Al-Muruj District, Riyadh	1010426553	28/10/1436H (corresponding to 31/08/2015G)	28/10/1441H (corresponding to 19/06/2020G)	MOCI
8	Recruitment Branch Company License	The license for the branch located in Al-Muruj Distict in Riyadh to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F15	21/01/1438H (corresponding to 22/10/2016G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
9	Certificate of the Registration of a Branch	Branch registration – Al-Taawun District, Riyadh	1010427484	09/01/1435H (corresponding to 12/11/2013G)	29/05/1437H (corresponding to 17/08/2021G)	MOCI
10	Recruitment Branch Company License	The license for the branch located in Al-Taawun District in Riyadh to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F4	12/04/1436H (corresponding to 01/02/2015G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
11	Certificate of the Registration of a Branch	Branch registration in Al-Rawdah District, Riyadh	1010465209	02/02/1438H (corresponding to 02/11/2016G)	03/02/1442H (corresponding to 19/09/2019G)	MOCI
12	Recruitment Branch Company License	The license for the branch located in Al-Rawdah Distict in Riyadh to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F13	12/11/1437H (corresponding to 15/08/2016G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
13	Certificate of the Registration of a Branch	Branch registration – Al-Sultana District, Buraydah	1131056729	29/05/1437H (corresponding to 09/03/2016G)	28/05/1442H (corresponding to 12/01/2021G)	MOCI
14	Recruitment Branch Company License	The license for the branch located in Al-Sultana District in Buraydah to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F13	12/11/1437H (corresponding to 15/08/2016G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
15	Certificate of the Registration of a Branch	Branch registration - Al-Rayan District, Onaiza	1128019121	15/03/1436H (corresponding to 06/01/2015G)	15/03/1441H (corresponding to 12/11/2019G)	MOCI

#	License Type	Purpose	License Number	Date of Issue	Expiry Date	Issuing Authority
16	Recruitment Branch Company License	The license for the branch located in Al-Rayan Distict in Onaiza to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F9	12/04/1436H (corresponding to 01/02/2015G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
17	Certificate of the Registration of a Branch	Branch registration - Al-Hazem District, Al-Rass	1132010175	07/11/1435H (corresponding to 02/09/2014G)	07/11/1440H (corresponding to 10/07/2019G)	MOCI
18	Recruitment Branch Company License	The license for the branch located in Al-Hazem Distict in Al-Rass to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F8	12/04/1436H (corresponding to 01/02/2015G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
19	Certificate of the Registration of a Branch	Branch registration - Al-Naeem District, Jeddah	4030278496	09/01/1435H (corresponding to 12/11/2013G)	09/01/1443H (corresponding to 17/08/2021G)	MOCI
20	Recruitment Branch Company License	The license for the branch located in Al-Naeem District in Jeddah to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F3	12/04/1436H (corresponding to 01/02/2015G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
21	Certificate of the Registration of a Branch	Branch registration in Al-Wasita District, Ha'il	335043316	27/04/1436H (corresponding to 16/02/2015G)	27/04/1441H (corresponding to 24/12/2019G)	MOCI
22	Recruitment Branch Company License	The license for the branch located in Al-Wasita'a District in Ha'il to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F12	11/06/1436H (corresponding to 31/03/2015G)	29/04/1444H (corresponding to 23/11/2022G)	MoL
23	Certificate of the Registration of a Branch	Branch registration – A–Hijla District, Abha	5850071792	23/04/1439H (corresponding to 10/01/2018G)	23/04/1444H (corresponding to 17/11/2022G)	MOCI
24	Certificate of the Registration of a Branch	Branch registration – Al-Areed District, Medina	4650074415	07/11/1435H (corresponding to 02/09/2014G)	07/11/1440H (corresponding to 10/07/2019G)	MOCI
25	Recruitment Branch Company License	The license for the branch located in Al-Areed District in Medina to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F10	12/04/1436H (corresponding to 01/02/2015G)	29/04/1444H (corresponding to 23/11/2022G)	MoL

#	License Type	Purpose	License Number	Date of Issue	Expiry Date	Issuing Authority
26	Certificate of the Registration of a Branch	Branch registration - Al-Mohammadiyah District, Riyadh	1010434669	21/08/1436H (corresponding to 08/06/2015G)	20/08/1443H (corresponding to 23/03/2022G)	MOCI
27	Certificate of the Registration of a Branch	Branch registration - Al-Fakhriyah District, Buraydah	1131291194	03/06/1439H (corresponding to 19/02/2018G)	03/06/1444H (corresponding to 27/12/2022G)	MOCI
28	Certificate of the Registration of a Branch	Branch registration - Al-Shat'ee District, Dammam	2050111011	29/02/1438H (corresponding to 29/11/2016G)	05/04/1442H (corresponding to 20/11/2020G)	MOCI
29	Recruitment Branch Company License	The license for the branch located in Al-Shatee District in Dammam to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F6	12/04/1436H (corresponding to 01/02/2015G)	20/08/1443H (corresponding to 23/03/2022G)	MoL
30	Certificate of the Registration of a Branch	Branch registration - Al-Marwah District, Jeddah	4030296922	20/01/1439H (corresponding to 10/10/2017G)	20/01/1440H (corresponding to 30/09/2018G)	MOCI
32	Certificate of the Registration of a Branch	Branch registration - Al Wurood District, Al-Kharj	1011139356	25/03/1440H (corresponding to 03/12/2018G)	25/03/1442H (corresponding to 11/11/2020G)	MOCI
32	Recruitment Branch Company License	The license for the branch located in Al-Wurood Distict in Al-Kharj to engage in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector.	9SHMM/F19	16/05/1440H (corresponding to 22/01/2019G)	02/04/1444H (corresponding to 28/10/2022G)	MoL

*Note: The Company received a letter from the MoL under number 49785 dated 11/03/1440H (corresponding to 19/11/2018G) stating that it will renew the licenses for companies that are in compliance with the Recruitment Rules for a similar term upon expiry of their current licenses.
Source: The Company

The Company has applied for licenses from the MoL for its branches in Al-Rawdah District in Riyadh, as well as Al-Hijla District in Abha, Al-Fakhriya District in Buraydah and Al-Marwah District in Jeddah. Such licenses still in the process of being issued as of the date of this Prospectus. As for the Company's branch in Al-Mohammadiyah District in Riyadh, it operates under the license of the MoL issued to the Company.

12-2-4 Subsidiaries and Associate Companies

The Company has one subsidiary in the UAE, Musanid Cleaning Services LLC and one associate company in the Cayman Islands, Bloovo Ltd. Details of these companies are as follows. Musanid and Bloovo Company constitute less than 5% of the Company's total assets, liabilities, income, profits and contingent liabilities and therefore are not considered material subsidiaries for the purpose of applying the OSCO Rules (for further information about Musanid and Bloovo Company, please refer to Section 4-2 "**Overview of the Operations Outside the Kingdom**" of this Prospectus).

Table (12-4): Subsidiaries and Associate Companies

#	Name of subsidiary	Country of incorporation	Company's ownership percentage	Remaining Ownership
1	Musanid Cleaning Services LLC	UAE	85%	Mayar Al-Aseel General Trading Co. LLC has the remaining 15%
2	Bloovo Ltd.	Cayman Islands	40%	Other individual shareholders

Source: The Company

12-3 Summary of the Company's Bylaws

12-3-1 The Company's Objectives, duration and headquarters

(a) Objectives of the Company

The Company engages in foreign manpower resources recruitment as an intermediary, and provide manpower services to households, corporate private sector and corporate public sector. Moreover, it practices its activities in accordance with the regulations and by obtaining the necessary licenses from the relevant authorities.

(b) Duration of the Company

The Company's duration shall be ninety-nine (99) Hijri years, starting from the date of its registration in the commercial register. It may also be extended by a decision issued by the Extraordinary General Assembly at least one year prior to its expiration.

(c) Headquarter of the Company

The Company's headquarter is located in Riyadh. It may open branches, offices or agencies inside or outside the Kingdom by a decision of the Company's Board of Directors.

(d) Participation and Inclusion

The Company may establish individual companies (limited liability or closed shareholding), provided that the capital is not less than five million Saudi Riyals (SAR 5,000,000). It may also own stock and shares in other existing companies or merge with them and have the right to participate in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions in this regard. Besides, the Company may dispose of these stocks or shares, provided that there is no brokerage in trading shares.

12-3-2 The Company's Administrative and Supervisory Affairs and its Supervisory Committees

(a) Formation of the Board

The Company shall be managed by a Board of Directors comprised of eleven (11) directors elected by the Ordinary General Assembly of shareholders, four (4) of which shall be independent directors, for a term not exceeding three (3) financial years. As an exception, the founders have appointed the first Board for a term of five (5) years from the date of the issuance of the Ministerial resolution amending Company's Articles of Association.

(b) Expiry of Board Membership

Membership of the Board shall be terminated upon the expiration of the appointment period, by resignation, upon death, if it is proven to the Board that a Director has breached his/her duties against the Company's interest provided that the Ordinary General Assembly approval is obtained, or the disqualification of a Director pursuant to applicable laws and regulations in the Kingdom. The ordinary general assembly may, at any time, remove all or any of the Directors without prejudice to their rights to compensation in case the termination was unjustified or at an inappropriate time. A Director may resign, provided that such resignation is made at a proper time; otherwise, he/she shall be responsible vis-à-vis the Company for any damages resulting from his resignation.

(c) Vacant Position in the Board

If the position of a Director becomes vacant, the Board may appoint a temporary director in such vacant position according to order in getting the votes in the Assembly that has elected the Board, provided that he/she shall be experienced and competent. Moreover, the ministry shall be notified of the same within five (5) working days from the appointment's date. The appointment decision shall be submitted to the Ordinary General Assembly at its first meeting and the new director shall complete the term of his/her predecessor. Shall the conditions for the Board of Directors not be met due to a shortage of its directors than the minimum stipulated by the Companies Law or the Company's Articles of Association, other directors shall call on the Ordinary General Assembly to convene within sixty (60) days to elect the required number of directors.

(d) Powers of the Board

Without prejudice to the powers granted to the general assembly, the Board shall be vested with full powers to manage the Company and to achieve its objects, including:

1- Disposition of the Company's assets, properties, and real estate, provided that the value of such disposition shall not reach or exceed 20% of the value of the total assets of the Company or five million Saudi Riyals (SAR 5,000,000), whichever is less. The Board shall have the right to sell, purchase, make and receive payments, pledge and transfer properties, provided that the Board's minutes shall record the decisions made and their reasoning, taking the following into consideration:

  a- the Board decision shall specify the reasons and justification for the relevant sale;
  b- the sale price shall be fair and relative to that of a similar nature;
  c- the sale must be a present sale, unless the Board determines that sufficient guarantees are obtained; and
  d- the sale shall not bring about a consequence of obstruction to the Company's activities.

2- Executing contracts, bank transactions and obtain and repay loans. The Board shall take the following into consideration when executing a loan agreement of a term exceeding three years:
  a- the loans which the Board is allowed to conclude during their period of maturity shall not exceed 100% of the Company's equity;
  b- the Board decision shall specify the purpose of the relevant loan and its repayment method; and
  c- the terms and conditions of the relevant loan shall not harm the Company, its Shareholders or creditors.
3- Collecting the Company's entitlements from third parties. The Board may also make settlements, release Company debtors from their obligations and enter into contracts and commitments on the Company's behalf, provided that, in the event the Board releases a Company debtor from its obligation, the Board's minutes shall record the reasoning for such release. The Board may also authorize the CEO or the Managing Director to collect the Company's entitlements from third parties, to make settlements, release Company debtors from their obligations and enter into contracts and commitments on the Company's behalf.
4- Carrying out all of the activities related to the Company's objects;
5- Opening bank accounts, withdrawing and depositing and signing on all documents and cheques and all banking transactions;
6- Forming committees of the Board, determining their objectives, powers and term, and recommending the composition of the Audit Committee and its charter to the general assembly; and
7- Appointing the CEO and determining his/her powers, authorities and compensation. The Board may also appoint a deputy or more to the CEO and the appointment resolution shall determine his/her powers, authorities and compensation.

The Board may, within the scope of its powers, delegate one or more members or third parties to carry out certain power(s).

(e) Powers of the Board's Chairman, Vice-Chairman, Managing Director and Secretary

The Board of Directors may appoint, from among its directors, a Chairman and a Vice-Chairman. It also may appoint a Managing Director. The Board's Chairman and any executive position of the Company may not be combined. No director shall combine the position of the Board's Chairman and the position of the Managing Director. The powers of the Board's Chairman shall be in accordance with the limits set out in his appointment decision. In particular, he/she shall have the following powers:

1- **With regards to notaries:** Signing the companies' articles of association, amendment decisions and all the amendments' annexes before the notaries; signing the articles of association of the companies, whether new or existing, in which the Company participates, as well as signing and documenting all decisions to modify, exit or entry of a partner or selling shares or stocks, whether therefrom or thereto, or waiving or assigning them and conducting its affairs within and outside the Kingdom, appointment and dismissal of directors and the entry and exit of partners.
2- **With regards to courts of all instances, judiciary and claims:** Claims, judicial proceedings, pleading, advocacy, hearing the suits and responding to the same, denial and recognition, demand, reject and abstain from oath, calling witnesses, evidences and appeal against it and allegation of forgery, declining fonts, seals, signatures, applying for prohibition of travel and canceling it, detention request, seizure request, request for arbitration, appointing experts and judges, requiring the implementation of the provisions and recognize the provisions and denying it, objection to provisions and appeals, seeking review, marginalization over the provisions' instruments, applying for rehabilitation, preemption requests, terminating what is obligatory, attending the sessions in all the proceedings in all courts, receiving the instruments of provisions, requesting the recusal of a judge, request to include and intervene, applying to refer the procedures, fiscal settlements and receipts to the administrative courts (Board of Grievances), medical forensic committees, labor committees, committees charged with securities' disputes settlement, the offices charged with commercial papers settlement disrupts, tariff committees, commercial fraud committees, committees of insurance disputes and violations, public investigation and prosecution department, public prosecution, supreme court, Violations Consideration Committee of the Code of Practice for Health Professionals and Violations Consideration Committee of health institutions code and cassation appeal in the supreme court. Also, he/she shall have the right to authorize others on behalf of the Company. The attorney shall be entitled to give the power of attorney to others regarding all of the above.
3- **With regards to the Ministry of Commerce and Investment:** Issuing commercial registrations, opening its branches, delisting or modifying the commercial registrations or its branches as well as the right to sell the

interests, shares existing in the other companies and disposition of the assets. All the above mentioned shall apply to all the companies formed therefor or sharing or participating therein. He/she shall have the offering right in the name of the Company in joint stock companies, attending its General Assembly or giving a power of attorney to someone they deemed fit to attend and vote in the name of the Company.

4- **With regards to banks:** Review all the banks, open accounts and accreditation of signature, withdraw from accounts, deposit, transfer from accounts, issue ATM cards and receive them, receive passwords and enter them, issue credit cards and receive them and their passwords, issue account statement, issue cheque counterfoils, receive and edit them, issue approved cheques and receive them, receive transfers, subscribe in safety deposit funds, renew subscription in safety deposit funds, open safety deposit funds, redeem the units of safety deposit funds, mortgage, pay all promissory notes and commercial papers, apply for banking loans (after approval of the Board with all that are related to the loans), accept their terms, conditions and prices and sign their contracts, samples, commitments, and payment schedules, receive the loan and dispose it, request exemption from loans, reschedule installments, apply for banking accreditation, sign contracts and samples, apply for bank guarantee, obtain guarantees and register them, activate accounts, close the books and settle them, disburse cheques, object to cheques, receive cheques, update data, buy shares, receive contribution certificates, receive share values, receive profits, receive surplus, open an investing account in the name of the Company, open portfolio, edit, modify and cancel orders, subscribe in units of investment funds, allot the shares between the heirs and transferring them to their portfolios, transfer the shares from the portfolio and issue financial guarantees and warrants for third parties on behalf of the Company. Also, he/she shall have the right to lend companies and institutions, including sub-accounts related to banking facilities contracts, providing warrants and signing all the contracts for making a loan in the name of the Company from all the companies and real estate development agricultural, commercial and industrial funds, receive and repay loans, enter into contracts, agreements and transactions and sign them. CEO shall have the right to authorize or give power of attorney to others regarding the above.

5- **With regards to companies:** Establishing a company inside and outside the Kingdom, signing on articles of associations and amendment annexes, signing partners' decisions, appointment and dismissal of directors, amending the term of management, entry and exit of partners, entering into existing companies within and outside the Kingdom, increasing, lowering and limiting capital, receiving surplus of allocation, buying interests and shares, paying price, selling interests and shares, obtaining profits, selling the Company's subsidiary, waiving interests and shares of the capital, approving to waive interests, shares and capital, transferring interests, shares and bonds, opening accounts in banks in the name of the Company, signing agreements, modifying the Company's objectives, changing the name of the Company, closing accounts in banks in the name of the Company, modifying terms of articles of association and amendment, annexes, registering the Company, registering company, agencies and brands, waiving brands or abolishing them, attending General Assemblies, opening profiles to the Company, opening branches, liquidation of the Company, transferring the Company from joint stock company into limited liability company, transferring the Company from Limited liability company into a joint stock company, transferring the Company from a partnership company into a limited liability company, canceling articles of association and amendment annexes, signing articles of association and amendment annexes before the Notary Public, issuing commercial registrations and renewing them for the Company, subscribing in Chamber of Commerce and renewing it, reviewing quality management and specifications and standards department, issuing licenses and renewing them for the Company, transferring the institution into a company, transferring the Company's subsidiary's into an institution, transferring the Company's subsidiary into a company, reviewing the communication company and establishing landline telephones or mobile phones in the name of the Company, reviewing the General Investment Authority and signing before it, reviewing the Capital Market Authority, engaging in tenders and obtaining the forms, signing of the Company's contracts with third parties, publishing articles of association, amendment annexes, its summaries and Bylaws in the Official Gazette, changing the legal entity of the Company and transferring the Company from commanding company into a limited liability company, provided obtaining the approval of CEO.

6- **With regards to the MoL and its departments and labor offices:** Obtaining and canceling visas, modifying nationalities and professions in such visas, transferring guarantees, modifying professions, updating manpower data, liquidation and cancellation of employment, reporting manpower's escape, issuance and renewal of work permits and the termination of manpower's procedures in social insurance.

7- **With regards to passports, management of outplacement and comer, and management of outlets affairs:** Issuing and renewing residences, issuing replacement for lost or damaged residencies, issuing exit and return visas and final exit visa, changing professions, reporting of escaping, canceling reports of escaping, issuing manpower data sheet, deporting work force and reviewing the servants affairs for obtaining women manpower and women detainees in the custodies, registering in electronic services and receiving passwords.

8- **With regards to airports, ports, railways and group transportation stations:** Receiving manpower, men or women, from airports and ports.

9- **With regard to the Ministry of Health and its authorities:** Reviewing the Ministry of Health and Health Affairs in regions to terminate any works related to them, requesting medical reports and receiving them from hospitals, issuing licenses from Saudi Commission for Health Specialties to doctors, nurses and technicians.

10- **With regards to foreign recruitment agencies:** Signing contracts with foreign recruitment agencies and recruiting manpower from abroad.

11- **With regards to other government entities:** He shall have the right to review all government departments, receive, deposit and withdraw from payments and checks, terminate all procedures, receive and deliver, review all relevant government departments, terminate all related procedures, comment for the Company, receive manpower resources detained in prisons and corpses of the deceased from hospitals, the right to review after the Ministry of Petroleum and Mineral Resources, sign all contracts in the Ministry on behalf of the Company, review the Ministry of Municipal and Rural Affairs and secretariats to obtain building permits and all licenses of municipalities and review the traffic, Ministry of Foreign Affairs, Ministry of Commerce and Investments, Department of Zakat and Income Tax and the Chambers of Commerce for subscription, renewal and cancellation, review all embassies and foreign consulates in the Kingdom, review the Ministry of Housing and all its branches, Ministry of Finance and Ministry of Economy and Planning and all its branches, General Customs and all its branches and the Departments of Public Ports and all their branches, including the presidential agencies of faculties of girls and their branches, Ministry of Transportation and all its branches, Ministry of Agriculture and all its branches, Ministry of Education and all its branches, all universities and colleges, technical and health institutes, Capital Market Authority and all its branches, Telecommunications Authority and its branches, General Authority for Tourism and National Heritage and all its branches, Saudi Arabian Monetary Agency and its branches, Ministry of Civil Service and its branches, General Audit Bureau and its branches, Board of Grievances and its branches, General Statistics Department and its branches, Presidency of the National Guard and its branches, General Presidency of Youth Welfare and its branches, Water and Sanitation Department and its branches and Ministry of Interior and its branches, including Governors of the regions, governorates and city centers, Division of Enforcement of Judgments, Public Security and Police Directorate and police stations. Regarding termination of all inquiries or complaints related to the Company, review the General Investigation Department, Criminal Investigation, Civil Defense and its branches, Anti-Narcotics Department and its branches, border guards and its branches, General Administration of Prisons and its branches, all the relevant security authorities and security of roads, wired and wireless communications, Saudi export development and its branches, Ministry of Planning, Department of Statistics and Ministry of Defense and Aviation, including the Royal Air Defense Forces and their branches, Saudi Arabian Airlines and all its offices in the Kingdom, all other aviation offices inside and outside the Kingdom, Saudi Aramco Company and all its offices, Standards and Metrology Authority and all its branches, Committee for the Propagation of Virtue and Prevention of Vice and all its branches, General Organization for Social Insurance and its branches and the General Organization for Retirement and its branches in respect of the Company and signing on behalf of the Company and signing on behalf of the Company as necessary to attend before the above mentioned entities, as well as receipt and delivery of transactions and official papers.

12- **With regards to Properties:** He shall have the right to dispose the Company's assets, properties and real estate, sale, accept foreclosure, empty and receive and pay the price. The Chairman of the Board may authorize or delegate others for the said.

The Managing Director or CEO, together or individually, shall have the following powers and authorities:

1- **With regards to notaries:** Signing the companies' articles of association, amendment decisions and all the amendments' annexes before the notaries; signing the articles of association of the companies, whether new or existing, in which the Company participates, as well as signing and documenting all decisions to modify, exit or entry of a partner or selling shares or stocks, whether therefrom or thereto, or waiving or assigning them and conducting its affairs within and outside the Kingdom, appointment and dismissal of directors and the entry and exit of partners.

2- **With regards to banks:** Review all the banks, open accounts and accreditation of signature, withdraw from accounts, deposit, transfer from accounts, issue ATM cards and receive them, receive passwords and enter them, issue credit cards and receive them and their passwords, issue account statement, issue check counterfoils, receive and edit them, issue approved checks and receive them, receive transfers, subscribe in safety deposit funds, renew subscription in safety deposit funds, open safety deposit funds, redeem the units of safety deposit funds, mortgage, pay all promissory notes and commercial papers, apply for banking loans (after approval of the Board with all that are related to the loans), accept their terms, conditions and prices and sign their contracts, samples, commitments, and payment schedules, receive the loan and dispose it, request exemption from loans, reschedule installments, apply for banking accreditation, sign contracts and samples, apply for bank guarantee, obtain guarantees and register them, activate accounts, close the books and settle them, disburse checks, object to checks, receive checks, update data, buy shares, receive contribution certificates, receive share values, receive profits, receive surplus, open an investing account in the name of the Company, open portfolio, edit, modify and cancel orders, subscribe in units of investment funds, allot the shares between the heirs and transferring them to their portfolios, transfer the shares from the portfolio and issue financial guarantees and warrants for third parties on behalf of the Company. Also, he/she shall have the right to lend companies and institutions, including sub-accounts related to banking facilities contracts, providing warrants and signing all the contracts for making a loan in the name of the Company from all the companies and real estate development agricultural, commercial and industrial funds, receive and repay loans, enter into contracts, agreements and transactions and sign them. Managing Director and Chief Executive Officer may authorize or delegate others in the said.

3- **With regards to the Ministry of Commerce and Investment:** Issuing commercial registrations, opening its branches, delisting or modifying the commercial registrations or its branches.

4- **With regards to companies:** Establishing a company inside and outside the Kingdom, signing on articles of associations and amendment annexes, signing partners' decisions, appointment and dismissal of directors, amending the term of management, entry and exit of partners, entering into existing companies within and outside the Kingdom, increasing, lowering and limiting capital, receiving surplus of allocation, buying interests and shares, paying price, selling interests and shares, obtaining profits, selling the Company's subsidiary, waiving interests and shares of the capital, approving to waive interests, shares and capital, transferring interests, shares and bonds, opening accounts in banks in the name of the Company, signing agreements, modifying the Company's objectives, changing the name of the Company, closing accounts in banks in the name of the Company, modifying terms of articles of association and amendment, annexes, registering the Company, registering agencies and brands, waiving brands or abolishing them, attending General Assemblies, opening branches, opening profiles to the Company, liquidation of the Company, transferring the Company from joint stock company into limited liability company, transferring the Company from Limited liability company into a joint stock company, transferring the Company from a partnership company into a limited liability company, canceling articles of association and amendment annexes, signing articles of association and amendment annexes before the Notary Public, issuing commercial registrations and renewing them for the Company, subscribing in Chamber of Commerce and renewing it, reviewing quality management and specifications and standards department, issuing licenses and renewing them for the Company, transferring the institution into a company, transferring the Company's subsidiary's into an institution, transferring the Company's subsidiary into a company, reviewing the communication company and establishing landline telephones or mobile phones in the name of the Company, reviewing the General Investment Authority and signing before it, reviewing the Capital Market Authority, engaging in tenders and obtaining the forms, signing of the Company's contracts with third parties, publishing articles of association, amendment annexes, its summaries and Bylaws in the Official Gazette, changing the legal entity of the Company and transferring the Company from commanding company into a limited liability company, provided obtaining the approval of CEO.

5- **With regards to the MoL and its departments and labor offices:** Obtaining and canceling visas, modifying nationalities and professions in such visas, transferring guarantees, modifying professions, updating manpower data, liquidation and cancellation of employment, reporting manpower's escape, issuance and renewal of work permits and the termination of manpower's procedures in social insurance.

6- **With regards to passports, management of outplacement and comer, and management of outlets affairs:** Issuing and renewing residences, issuing replacement for lost or damaged residencies, issuing exit and return visas and final exit visa, changing professions, reporting of escaping, canceling reports of escaping, issuing manpower data sheet, deporting work force and reviewing the servants affairs for obtaining women manpower and women detainees in the custodies, registering in electronic services and receiving passwords.

7- **With regards to airports, ports, railways and group transportation stations:** Receiving manpower, men or women, from airports and ports.

8- **With regards to the Ministry of Health and its authorities:** Reviewing the Ministry of Health and Health Affairs in regions to terminate any works related to them, requesting medical reports and receiving them from hospitals, issuing licenses from Saudi Commission for Health Specialties to doctors, nurses and technicians

9- **With regards to foreign recruitment agencies:** Signing contracts with foreign recruitment agencies and recruiting manpower from abroad.

10- **With regards to other government entities:** He shall have the right to review all government departments, receive, deposit and withdraw from payments and checks, terminate all procedures, receive and deliver, review all relevant government departments, terminate all related procedures, comment for the Company, receive manpower resources detained in prisons and corpses of the deceased from hospitals, sign all contracts in the Ministry on behalf of the Company, review the Ministry of Municipal and Rural Affairs and secretariats to obtain building permits and all licenses of municipalities and review the traffic, Ministry of Foreign Affairs, Ministry of Trade and Investments, Department of Zakat and Income Tax and the Chambers of Commerce for subscription, renewal and cancellation, review all embassies and foreign consulates, review the Ministry of Housing and all its branches, Ministry of Finance and Ministry of Economy and Planning and all its branches, General Customs and all its branches and the Departments of Public Ports and all their branches, including the presidential agencies of faculties of girls and their branches, Ministry of Transportation and all its branches, Ministry of Agriculture and all its branches, Ministry of Education and all its branches, all universities and colleges, technical and health institutes, Capital Market Authority and all its branches, Telecommunications Authority and its branches, General Authority for Tourism and National Heritage and all its branches, Saudi Arabian Monetary Agency and its branches, Ministry of Civil Service and its branches, General Audit Bureau and its branches, Board of Grievances and its branches, General Statistics Department and its branches, Presidency of the National Guard and its branches, General Presidency of Youth Welfare and its branches, Water and Sanitation Department and its branches and Ministry of Interior and its branches, including Governors of the regions, governorates and city centers, Division of Enforcement of Judgments, Public Security and Police Directorate and police stations. Regarding termination of all inquiries or complaints related to the Company, review the General Investigation Department, Criminal Investigation, Civil Defense and its branches, Anti-Narcotics Department and its branches, border guards and its branches, General Administration of Prisons and its branches, all the relevant security authorities and security of roads, wired and wireless communications, Saudi export development and its branches, Ministry of Planning, Department of Statistics and Ministry of Defense and Aviation, including the Royal Air Defense Forces and their branches, Saudi Arabian Airlines and all its offices in the Kingdom, all other aviation offices inside and outside the Kingdom, Saudi Aramco Company and all its offices, Standards and Metrology Authority and all its branches, Committee for the Propagation of Virtue and Prevention of Vice and all its branches, General Organization for Social Insurance and its branches and the General Organization for Retirement and its branches in respect of the Company and signing on behalf of the Company and signing on behalf of the Company as necessary to attend before the above mentioned entities, as well as receipt and delivery of transactions and official papers.

11- **With regards to Properties:** He shall have the right to dispose the Company's assets, properties and real estate, sale, accept foreclosure, empty and receive and pay the price. Managing Director and Chief Executive Officer may authorize or delegate others for the said.

12- **Contracts and Agreements:** He shall have the right to enter into and sign all contracts and agreements to which the Company is party. Furthermore, the Managing Director and Executive Chief shall be entitled to authorize or give the power of attorney to third parties for the said.

13- **Collection:** He shall have the right to collect all the Company's Equities with third parties and the right of conciliation, waiver. Also, the Managing Director and Executive Chief shall have the right to authorize or give the power of attorney to third parties for the said.

In this regard, he shall also have the right to receive, deliver and review all the related bodies, terminate all the necessary procedures and sign inter alia.

Moreover, the Chairman of the Board of Directors, Managing Director or any two directors may have the powers and authorities to invite the Board to convene. The Chairman or the Managing Director shall have the right to chair the meeting of the Board and meetings of the General Assemblies of Shareholders. The Board of Directors shall determine the Board' remuneration received by each of the Chairman and Managing Director, in addition to the assessed remunerations for every director according to the Company's Bylaw.

Furthermore, the Chairman may also give a power of attorney to or authorize a director or third party to carry out the company's mentioned-above business.

The Board of Directors shall assign a secretary from among the Directors or others, whose authorities and remunerations shall be determined by a resolution issued by the Board and his/her appointment may be renewed. The service of the Chairman, Secretary and Directors shall not exceed the term of their membership in the Board, and may be re-elected. The Board shall be entitled to dismiss all or any of them at any time without prejudice to the right of the dismissed directors to claim compensation if the dismissal occurs for an illegal reason or at an inappropriate time.

The Ordinary General Assembly shall determine the remuneration that shall be received by both of them in addition to the prescribed remuneration for the Directors, Chairman and Managing Director.

(f) Remuneration of the Directors

Remuneration of the Board of Directors shall be within the limits set by the Company's Bylaws and its regulations. In addition, the Board of Directors' report to the Ordinary General Assembly shall include a comprehensive statement that contains all remunerations, allowances, expenses and other privileges received by the Directors during the financial year. It shall also include a statement of what is received by the Directors as manpower resources or administrators or what they have received in return for technical, administrative or consultative works. It shall also include a statement of the number of sessions of the Board and the number of sessions attended by each director from the date of the last meeting for the General Assembly.

(g) Meetings of the Board of Directors

The Board shall be convened by a call from the Chairman at least twice a year. A written invitation to the meeting may be circulated. The Chairman shall call for a meeting of the Board if requested to do so by at least two members of the Board.

(h) Quorum of the Board's Meeting

A Board meeting shall not be quorate unless attended by six Directors. In case there is no quorum, another meeting shall be called within seven days from such meeting through registered mail, electronic mail, text messages or any other modern technology methods within 15 days from such meeting. A Director may be represented by a proxy, provided such representation is appointed in accordance to the following:

a- a Director may not be represented by a non-Director at the same meeting;

b- a Director may not represent more than one Director at the same meeting;

c- the proxy must be in writing; and

d- the proxy may not vote on issues that proxies may not vote on pursuant to applicable laws.

Resolutions of the Board are passed by the majority of votes of Directors present or represented in a Board meeting.

(i) Deliberations of the Board of Directors

Deliberations of the Board of Directors shall be recorded in minutes signed by the Chairman of the Board and Secretary. Such minutes shall be recorded in a special record signed by the Chairman and Secretary.

(j) Audit Committee

It shall be established by a decision issued from the Ordinary General Assembly of the Company's Audit Committee constituted from four (4) members from Shareholders or other persons, provided that they shall include at least one independent member and none of the Executive Directors shall be listed. In addition, it shall include a financial and accounting specialist. The Ordinary General Assembly shall acknowledge the Regulations of Audit Committee's work.

(k) Quorum of Audit Committee Meeting

Meetings of the Audit Committee shall be valid by the attendance of the majority of its members, and its decisions shall be issued by the majority of the attended members votes. In the case of equal votes, the Chairman shall have the casing vote.

(l) Terms of Reference of the Audit Committee

Audit Committee shall be competent to control the Company's business. In order to do so, it may have an access to the Company's records and documents and request any clarification from the Board of Directors or Executive Management. Further, Audit Committee may ask the Board to invite the Company's General Assembly to convene if its business was hindered by the Board or if the Company suffered material losses or damages.

(m) Reports of the Committee

Audit Committee shall review the Company's financial statements, reports and notes submitted by the Auditor and provide its views, if any, on the same. It shall also prepare a report regarding its opinion on the adequacy of the Company's internal control system and its other activities within the scope of its competence. The Board shall file sufficient copies of such report at the Company's headquarter at least twenty-one days prior to convening the General Assembly to provide each shareholder with a copy of such report that shall be read during the Assembly's meeting.

(n) Appointment of an Auditor

The Company shall have one or (more auditors) from among the auditors authorized to work in the Kingdom, appointed by the Ordinary General Assembly annually, which shall determine his/her remuneration and duration. The Assembly may also change him at any time without prejudice to his/her right to compensation if the change occurs at an inappropriate time or for an illegal reason.

(o) Powers of the Auditor

The Auditor may at any time have accessibility to the Company's books, records and other documents. He/she may also request data and clarifications that he/she deems necessary to be obtained in order to verify the Company's assets and liabilities and any other matters within his/her scope of work. The Chairman of the Board shall enable the Auditor to perform his/her duties. If the auditor faces any challenges in this regard, he/she may submit a report to the Board If the Board does not facilitate the work of the Auditor, he/she shall request the Board to invite the Ordinary General Assembly to consider the matter.

(p) Financial Year

The Company's financial year shall start from the first of January and end at the end of December of each calendar year, with the first financial year starting from the date of the Company's entry into the commercial register until the end of December of the following year.

(q) Financial Documents

1- The Board of Directors shall, at the end of each financial year of the Company, prepare the Company's financial statements and a report on its activity and financial position for the previous financial year. Such report shall ensure the proposed method of profits distribution. The Board shall place these documents at the disposal of the Auditor at least twenty-one (21) days before holding the General Assembly's meeting.
2- The Company's Chairman, Chief Executive Officer and Chief Financial Officer shall sign the documents referred to in paragraph (1) of this Article, and copies thereof shall be deposited in the Company's headquarter at the disposal of the shareholders at least ten (10) days before holding the General Assembly's meeting.
3- The Chairman of the Board shall provide the shareholders with the Company's financial statements, report of the Board and report of the Auditor, unless published in a daily newspaper distributed at the Company's headquarter.

He/she shall also send a copy of these documents to the Ministry of Trade and Investment at least fifteen (15) days before the date of holding the General Assembly's meeting.

12-3-3 Rights and Restrictions of Securities

(a) The Company's Capital

The Company's capital is set at three hundred and seventy five million Saudi Riyals (SAR 375,000,000), divided into thirty seven million and five hundred thousand (37,500,000) shares of equal value, the value of each is ten Saudi Riyals (SAR 10), all of which are ordinary shares of cash.

(b) Subscription to the Shares

The founders have subscribed to the entire thirty seven million and five hundred thousand (37,500,000) capital shares of the (SAR 375,000,000) paid in full. All cash amounts, paid from the capital, have been deposited at one of the licensed banks in the Kingdom.

(c) Selling Undervalued Shares

Each shareholder shall be liable to pay the share value on the determined dates. So, if he/she fails to meet the due date, the Board of Directors may, by notifying the shareholder via a registered mail or e-mail or a registered letter, of selling the shares in a public auction, as the case may be, in accordance with the controls determined by the Competent Authority.

The Company shall collect the due amounts from sale proceeds and the rest shall be returned to the shareholder. If the sale proceeds are not sufficient to meet these amounts, the Company may meet the remaining from all the shareholder's balances.

However, a shareholder, who defaults to pay at the day of sale, may pay the due amount, plus the expenses incurred by the Company in this regard. The Company shall cancel the sold share in accordance with the provisions of this Article and give the buyer a new share bearing the canceled share's number, and register in the shares' record that the sale process has happened, stating the new owner's name.

(d) Shareholders Register

The Company's shares shall be traded by listing in the register of shareholders prepared or contracted to be prepared by the Company, which shall include the shareholders' names, nationalities, places of residence, occupations, stock numbers and paid amounts. Shares shall be marked in this registration. However, transferring ownership of nominal shares in the face of the Company or third parties cannot be taken into account except from the date of registration in the said register.

(e) Share Certificates

The Company shall issue certificates of shares with serial numbers signed by the Company's Chairman or his authorized directors and shall bear the Company's stamp. The share shall include, in particular, the number and date of the ministerial decree issued to establish the Company, the number and date of the ministerial decree announcing the establishment of a company and the value of the capital and the number of shares, the nominal value of the share, the amounts paid by it, the Company's objective in short, its main position and duration. Moreover, shares shall have coupons with serial numbers and the share number attached thereto.

(f) Shares Trading

Shares, subscribed by the founders, may not be traded until publishing the financial statements for two (2) financial, years each of them not less than twelve (12) months from the date of incorporation of the Company. Equity instruments shall have an indication of their type, corporation date and period within which shares trading shall be prohibited. However, during the period of prohibition, the ownership of the shares may be transferred according to the provisions of rights sale from one of the founders to another founder, from heirs of one of the founders in the event of death to third parties or in the case of execution on the assets of the insolvent or bankrupt founder. The provisions of this article shall apply to what the founders have subscribed to in the case of capital increase before the expiry of prohibition period.

(g) Distribution of Profits

The Company's annual net profits shall be distributed as follows:

1- 10% of net profits shall be set aside to build-up the statutory reserve of the Company. The Ordinary General Assembly may decide to prevent this allocation upon reaching the mentioned reverse to 30% of the paid-up capital.
2- Based on the Board's suggestion, the Ordinary General Assembly may set aside 5% of net profits to build-up contractual reserve that shall be allocated to one or certain purposes.

3- The Ordinary General Assembly may build up other reserves to the extent that achieve the Company's interest or guarantee distributing as fixed profits as possible to shareholders. It may also deduct amounts from net profits to establish social institutions for the Company's manpower resources or aiding such existing institutions.

4- From the remainder, then, a down payment will be distributed to shareholders equivalent to 10% of paid-up capital, provided that the distributed profits shall not be less than 90% of the net profit included in the audited financial statements.

5- Subject to the provisions set forth in the previously mentioned powers of the Board; and Article seventy-six (76) of the Companies Law, the Ordinary General Assembly may, after that, allocate a specified ratio of the remainder to remunerate the Board of Directors, provided that such remuneration be proportionate to the numbers of sessions attended by each director.

(h) Maturity of Profits

The shareholder shall be entitled to his/her share of the profits in accordance with the General Assembly's resolution issued in this regard. The decision shall indicate the maturity date and the date of distribution. Moreover, the profits shall be distributed to the shareholders registered in the shareholders' registers at the end of the day determined for maturity.

(i) Distribution of Preferred Shares Dividend

1- Shall no profits be distributed for any financial year, no profits may be distributed for the following years before paying the percentage determined in accordance with Article (114) of the Companies Law for preferred shareholders for that year.

2- If the Company fails to pay the profits' percentage determined in accordance with the provisions of Article (114) of the Companies Law for three (3) consecutive years, then the Special Assembly of shareholders of such shares held in accordance with the provisions of Article (89) of the Companies Law may decide to allow them to attend the meetings of the Company's General Assembly and to participate in voting or appoint their representatives in the Board of Directors commensurate with the value of their shares in the capital, until the Company can pay all the priority profits allocated to the holders of such shares for the previous years.

(j) Liability Claim

Each shareholder shall have the right to bring the Company's liability against the directors if the mistake made by them is to cause damage of its own. The shareholder may not bring the said claim unless the Company's right to bring it is still in place. The shareholder must inform the Company of his/her intention to the claim.

12-3-4 Amendment of Share Rights or Classes

(a) Preference Shares

The company's Extraordinary General Assembly may, in accordance with the principles established by the competent authority, issue Preference shares not exceeding 50% of the shares issued in the capital or decide to purchase them or transfer ordinary shares to preference shares not exceeding 50% of the shares issued in the capital. Or the transfer of preference Shares to ordinary and does not give the preference shares the right to vote in the General Assemblies of the Shareholders. These shares entitle their holders to the right to receive more than the ordinary shareholders of the net profits of the Company after the reserve of statutory reserve.

(b) Issuance of shares

The shares shall be nominal and shall not be issued less than their nominal values, rather they may be issued higher than this value. In such last case, the value difference shall be added in an independent term within the Shareholders' equities, and shall not be distributed as profits to the Shareholders. Each share shall be indivisible in face of the Company. If the share has been owned by many persons, they need to choose one of them to represent them when using the related equities. Such persons shall be jointly liable for the obligations arising from the share ownership.

(c) Capital Increase

1- The Extraordinary General Assembly may decide to increase the capital of the Company provided that the capital has been paid in full, and that the capital is not required to be paid in full if the unpaid part of the capital is due to shares issued in return for the conversion of debt instruments or financing instruments into shares have not yet expired after the determined period to transfer them into shares.

2- In all cases, the Extraordinary General Assembly shall have the right to allocate the issued shares and/or part thereof to the Company's manpower resources when increasing the capital. Shareholders may not exercise the right of priority when the Company issues the shares allocated to manpower resources.

3- Shareholder, owning the share at the time of the issuing decision by the Extraordinary General Assembly approving the increase of the capital, shall have the priority right to subscribe in the new shares issued for monetary interests. Such shareholders shall be informed of their priority in publishing in a daily newspaper, or informed by a registered mail of the decision of increasing the capital and the terms, duration and starting and expiry dates of subscription.

4- The General Assembly shall be entitled to suspend the work by the priority right for shareholders in the subscription to increase the capital in exchange for cash shares or to give priority to non-shareholders in such cases as it deems appropriate for the benefit of the Company.
5- The shareholder shall be entitled to sell or waive the right of priority during the period from the time of the decision of the General Assembly approving the capital increase to the last day of subscription in the new shares that are related to such rights, in accordance with the regulations determined by the competent authority.
6- Subject to the provisions of paragraph (4) above, the new shares shall be distributed to the holders of priority rights applying for subscribing in proportion to their priority rights of the total priority rights arising from the capital increase, provided that what they obtain shall not exceed what they were requesting from the new shares. The remainder of new shares shall be distributed to the holders of the priority rights who requested more than their shares, in proportion to their priority rights of the total priority rights arising from the capital increase, provided that what they obtain shall not exceed what they were requesting from the new shares. Unless otherwise decided by the Extraordinary General Assembly or otherwise provided for by the Capital Market Law, the remainder of the shares shall be offered to others.

(d) Capital Decrease

The Extraordinary General Assembly shall be entitled to issue a decision to decrease the capital if it exceeds the need of the Company or if the Company has suffered losses. In the latter case alone, capital may be decreased to less than the specified limit in Article fifty-four (54) of the Companies Law. Decreasing decision shall be issued only after reading a special report prepared by the Auditor on the reasons thereof, the obligations of the Company and the impact of the decrease on such obligations.

If the capital decrease is a result of exceeding the Company's need, the creditors shall be invited to submit their objections thereto within sixty (60) days starting from publishing of the decrease decision in a daily newspaper distributed in the region where the company is headquartered. If a creditor objects and submits to the Company its documents on the determined date, the Company shall perform its debt if it is due or provide sufficient guarantee to meet it if it is later.

12-3-5 General Assemblies

(a) Attending Assemblies

Each subscriber, regardless of the number of shares, shall have the right to attend the Constituent Assembly. Each shareholder shall have the right to attend the General Assemblies of Shareholders, and may appoint another person who is not a director or an employee of the Company to attend the General Assembly. The Assembly shall be held in the city in which the Company's headquarters is located.

(b) Constituent Assembly

The founders shall invite all the Investors to hold a Constituent Assembly within forty-five (45) days starting from the date of the Ministry's decision to license the establishment of the Company. The meeting must be attended by a number of Investors representing at least half of the capital. If such quorum is not available, the second meeting shall be held one hour after the expiry of the determined period to hold the first meeting, provided that the invitation of the first meeting shall include that, in all cases the second meeting shall be valid whatever the number of the represented Investors therein.

(c) Powers of the Constituent Assembly

The Constitution Assembly shall be competent to the matters specified in Article sixty-three (63) of the Company Law.

(d) Powers of the Ordinary General Assembly

Except for the matters pertaining to the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to all the related matters of the Company, and shall be held at least once a year during the six (6) months following the end of the Company's financial year. Other ordinary General Assemblies may be invited to convene whenever the need arises.

(e) Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall be competent to modify the Company's Bylaws, except for the matters that are forbidden to be modified by Law. It shall have the right to issue decisions of the matters that are already included in the terms of reference of the Ordinary General Assembly, subject to the same conditions and conditions prescribed by the Ordinary General Assembly.

(f) Call for General Assemblies

The Ordinary and Extraordinary General Assemblies shall be held for the shareholders by an invitation of the Board of Directors. The Board shall call for the Ordinary General Assembly to convene if requested by the Auditor, Audit Committee or a number of shareholders that represent at least 5% of the capital. The Auditor may call for the Assembly to convene shall the Board not call for the Assembly within thirty (30) days starting from the date of the request of the Auditor to hold the Assembly.

The call for the General Assembly shall be published in a daily newspaper distributed in the Company's headquarters at least twenty-one days (21) prior to the determined appointment for holding. The invitation shall include the agenda. However, it may be sufficient to direct the invitation on the said date to all the Shareholders via registered letters, and a copy of the invitation and agenda shall be sent to the Ministry within the period specified for publication.

(g) Attendance Record of the General Assemblies

Shareholders, willing to attend the General or Private Assembly, register their names at the Company's headquarter before the time set for the Assembly.

(h) Quorum of the Ordinary General Assembly's Meeting

The Ordinary General Assembly's meeting shall not be valid unless attended by shareholders representing at least one quarter of the Company's capital. If a quorum is not available for this meeting, an invitation shall be addressed to convene a second meeting within thirty (30) days following the previous meeting. Such invitation shall be published in the manner stipulated for the invitation of the General Assemblies above. However, the second meeting may be convened one hour after the end of the period specified for the first meeting, provided that the convening of the first meeting shall include an announcement of the possibility to convene the meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

(i) Quorum of the Extraordinary General Assembly's Meeting

A meeting of the Extraordinary General Assembly shall not be valid unless attended by shareholders representing 50% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened in the same manner stipulated in the above-mentioned General Assembly's invitation. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least 25% (quarter) of the Company's share capital.

If the necessary quorum is not available at the second meeting, a third meeting shall be convened in the same manner stipulated in the General Assemblies' invitation. The third meeting shall be valid regardless of the number of shares represented therein, after the approval of the relevant authority.

(j) Voting at Assemblies

Each subscriber shall have a vote for each share he/she represents in the Constituent Assembly, and each shareholder shall have a vote for each share in the General Assemblies. Cumulative voting shall be used when electing the Board of Directors.

(k) Assemblies' Decisions

1- Decisions of the Constituent Assembly shall be adopted by an absolute majority of the shares represented therein. However, if a decision relates to valuing in-kind shares or special benefits, a majority of the Investors of cash shares is needed such that they represent two-thirds of the cash shares after discounting the shares subscribed to by those given in kind shares or those benefiting from special benefits. Such Investors shall not have a vote in these decisions, even if they also own cash shares.
2- Decisions of the Ordinary General Assembly shall be adopted by an absolute majority of the Shares represented at the meeting.
3- Decisions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds of the shares represented at the meeting. However, if the decision to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified under the Company's by-laws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters of the shares represented at the meeting.

(l) Discussion at Assemblies

Each Shareholder shall have the right to discuss the subjects listed in the General Assembly's agenda and to direct questions in respect thereof to the Board of Directors and the Auditor. The Board or Auditor shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a shareholder deems the answer to the question unsatisfactory, then he/she may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

(m) Chairing the Assemblies and Preparing Minutes

Meetings of the General Assemblies of the Shareholders shall be chaired by the Chairman of the Board of Directors or his deputy in his/her absence or whoever is elected by the Board from among its directors for that in the absence of the Chairman and his/her Deputy. The minutes of the meeting shall include a number of shareholders present or their representatives, as well as the number of shares held by them personally or by proxy, the decisions adopted and the number of votes approved or otherwise contradicted, and a compendium of the discussions that took place at the meeting. Minutes shall be recorded regularly following each meeting in a special record signed by the Chairman, Secretary and Registrar.

12-3-6 Liquidation and Dissolution of the Company

(a) The Company's Losses

1- If the losses of the Joint Stock Company reach half of the paid capital at any time during the financial year, any official of the Company or the Auditor shall immediately inform the Chairman of the Board of Directors and the Chairman shall notify the Directors immediately upon becoming aware thereof. The Board shall, within fifteen (15) days after being aware of that, invite the Extraordinary General Assembly to convene within forty-five (45) days from the date of being aware of the losses; to decide either to increase or reduce the capital of the Company in accordance with the provisions of the Companies Law to the extent that the loss ratio that falls below half of the paid capital or dissolve the Company before the term specified in this Companies' Law.
2- The Company shall be considered to be dissolved under the Companies Law if the General Assembly does not meet within the period specified in Paragraph (1) of this Article, or if it meets and cannot issue a decision on the matter or decides to increase the capital according to the conditions stipulated in this Article and the capital increase was not subscribed within ninety (90) days of the Assembly's decision to increase the capital.

(b) Expiration of the Company

Upon expiration, the Company shall enter into the stage of liquidation while retaining its legal entity to the extent required for liquidation. Liquidation decision shall be issued by the Extraordinary General Assembly. Moreover, the liquidation decision shall include the appointment of a liquidator, determination of its powers and fees, restrictions imposed upon its authorities and the time required for liquidation. The period of voluntary liquidation shall not exceed five (5) years and may only be extended by a judicial order. The authority of the Board of Directors of the Company shall expire upon its expiration, however, they remain in charge of the management of the Company and shall be considered as liquidators unit appointing a liquidator, and their role shall be limited to exercising their competencies which shall not conflict with the terms of reference of the liquidator.

12-4 Material Agreements

The Company entered into a number of material agreements and contracts with multiple parties. This section sets out summary of agreements and contracts which may, in the best knowledge of the Board, be material and significant with respect to the Company's business or which may impact the Investors' decision to subscribe for the Offer Shares. The summary of agreements and contracts referred to below doesn't cover all terms and conditions and it can't be considered a substitute for the terms and conditions of these agreements.

12-4-1 Shareholders Agreement

On 25/07/1437H (corresponding to 02/05/2016G), the Company's shareholders concluded a shareholders agreement governing matters related to the Company's capital, financial matters, annual budget, financial reports, distribution of profits, offering the shares through an initial public offering, shareholder assemblies, formation of the Board, accounting system, maintenance of confidentiality, agreement termination, applicable law and settlement of conflicts. The shareholders agreement has been amended pursuant to an amendment agreement dated 19/02/1440H (corresponding to 28/10/2018G), the shareholders agreed, pursuant to the amendment agreement, to terminate the shareholders agreement upon completion of the Offering.

12-4-2 Bloovo's Shareholders Agreements

On 11/03/1440H (corresponding to 19/11/2018G), the Company entered into an agreement with Ahmed Mohamed Deeb Khamis and Iyad Nasser Abu Hweij (Bloovo's other shareholders) governing matters that have to do with the Company's capital, financial matters, annual budget, financial reports, distribution of profits, shareholders meetings, formation of the board of directors, accounting system, maintenance of confidentiality, agreement termination, applicable law and settlement of conflicts.

In addition, the Company has entered into a Subscription Agreement on 11/07/1439H (corresponding to 15/07/2018G) with Ahmed Mohamed Deeb Khamis and Iyad Nasser Abu Hweij (Bloovo's Other Shareholders) whereby the Company subscribed to its own shares representing 40% of the capital of Bloovo. Under said agreement, the Company shall pay

USD 3.5 million on the date of completion (which is 11/03/1440H (corresponding to 19/11/2018G)), which the Company has already paid, and USD 1.5 million within eighteen (18) months from the completion date (i.e. on 26/09/1441H (corresponding to 19/05/2020G).

12-4-3 Manpower Resources Services Agreements

(a) Corporate Segment Clients

The Company provides services to its corporate clients by entering into contracts for the provision of manpower resources which services are prepared in accordance with the form developed by the Company for that purpose. As of 30 September 2018G, the Company has entered into more than eight hundred (800) contracts that are still valid to provide manpower resources to its corporate clients. The following table provides a summary of manpower resources contracts entered into between the Company and the top ten corporate clients in terms of contribution to the Company's revenues as on 31 December 2017G.

Table (12-5): Summary of Manpower Resources Service Contracts Entered into between the Company and the Top Ten Clients in the Corporate Segment

#	Client	Date	Term	Date of Latest Renewal	Expiration Date of the Contract	Client Revenue as on 31 December 2017G (SAR)	Contribution to Revenues Corporate Segment (as on 31 December 2017G) (SAR)	Average Number of Deployed Manpower Resources
1	A company operating in the retail industry	16/01/1435H (corresponding to 19/11/2013G)	Two (2) years that are automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	12/04/1439H (corresponding to 30/12/2017G)	04/05/1441H (corresponding to 30/12/2019G)	81,356,000	9.25%	3,304
2	A company operating in the healthcare industry	13/06/1435H (corresponding to 13/04/2014G)	Two (2) years that are renewable for only one year unless either party notifies the other party of its unwillingness to renew the contract three (3) months prior to the expiration of the current term	29/07/1439H (corresponding to 15/04/2018G)	2020G (22/08/1441H (corresponding to 15/04/2020G)	58,351,000	6.63%	355
3	A company operating in the retail industry	25/09/1435H (corresponding to 22/07/2014G)	Two (2) years that automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	03/02/1440H (corresponding to 12/10/2018G)	25/02/1442H (corresponding to 12/10/2020G)	44,696,000	5.08%	1,045

#	Client	Date	Term	Date of Latest Renewal	Expiration Date of the Contract	Client Revenue as on 31 December 2017G (SAR)	Contribution to Revenues Corporate Segment (as on 31 December 2017G) (SAR)	Average Number of Deployed Manpower Resources
4	Company operating in the industrial and operations industry	23/12/1434H (corresponding to 28/10/2013G)	Two (2) years that are automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	17/03/1440H (corresponding to 25/11/2018G)	10/04/1442H (corresponding to 25/11/2020G)	37,263,000	4.24%	1,101
5	Company operating in the commercial industry	01/01/1435H (corresponding to 04/11/2014G)	Two (2) years that are automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	17/02/1439H (corresponding to 06/11/2017G)	09/03/1441H (corresponding to 06/11/2019G)	31,459,000	3.58%	252
6	A company operating in the healthcare hndustry	08/07/1436H (corresponding to 27/04/2015G)	Two (2) years that are automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	(25/04/1440H (corresponding to 01/01/2019G)	2021G (17/05/1442 (corresponding to 01/01/2021G)	30,325,000	3.45%	399
7	A Company operating in hospitality industry	27/05/1437H (corresponding to 07/03/2016G)	Two (2) years that are automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	01/04/1440H (corresponding to 08/12/2018G)	23/04/1442H (corresponding to 08/12/2020G)	23,762,000	2.70%	783

#	Client	Date	Term	Date of Latest Renewal	Expiration Date of the Contract	Client Revenue as on 31 December 2017G (SAR)	Contribution to Revenues Corporate Segment (as on 31 December 2017G) (SAR)	Average Number of Deployed Manpower Resources
8	Company operating in the commercial industry	22/02/1440H (corresponding to 18/02/2014G)	Two (2) years that are automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	26/05/1439H (corresponding to 12/02/2018G)	18/06/1441H (corresponding to 11/12/2020G)	23,214,000	2.64%	67
9	Company operating in industrial and operations industry	21/09/1437H (corresponding to 26/06/2016G)	Two (2) years that are automatically renewable for similar periods unless either party notifies the other of its unwillingness to renew the contract three (3) months prior to the expiration thereof	04/04/1440 (corresponding to 11/12/2018G)	26/04/1442H (corresponding to 11/12/2018G)	21,518,000	2.45%	496
10	Company operating in the commercial industry	01/03/1435H (corresponding to 02/01/2014G)	One (1) year and its automatically renewed for similar periods unless either party notify the other of desire of non-renewing the contract one (1) month prior to the expiration of the current term	17/04/1439H (corresponding to 04/01/2018G)	09/05/1441H (corresponding to 04/01/2018G)	17,425,000	1.98%	187
Total						**369,369,000**	**42%**	**7,989**

*Names of the clients are not disclosed given the sensitivity of such information and given that contractual terms with such clients provide for confidentiality.

Source: The Company

The Company's standard contract for manpower resources services to the corporate segment sets forth, among other things, the obligations of the Company to the client and vice versa and obligations to the manpower resources whose services are hired under a contract. Under the contract, the Company shall secure a certain number of foreign manpower resources to work with the client for monthly payment that is determined based on the proposed job for each manpower resource, along with the nationality, qualifications and experience thereof. The client shall provide the Company with daily timesheets which show attendance times on day twenty-one (21) of each Gregorian month. The Company reviews these timesheets and sends the payment request to the client on the twenty third (23) day of that month. The client shall honor the payment request no later than the twenty eighth day (28) of each Gregorian month. The Company shall, in turn, transfer resource salaries no later than first day of the following Gregorian month. The Company may adjust the monthly cost if new statutory fees are introduced in the Kingdom or the basic salaries of professions are changed by the countries form which manpower resources are recruited.

During the period of the contract, the client shall provide, among other things, decent and adequate housing for manpower resources as required by MoL laws, and shall provide proper transportation and sustenance allowance. In addition, the client shall pay the annual leave salary and end of service benefits to those whose basic salary is three thousands Saudi Riyals (SAR 3,000) or above, while the Company shall pay government entity expenses, charges and fees required for recruitment of manpower resources.

Usually, a contract period is two (2) Gregorian years renewable for a similar period or periods unless either party notifies the other of its unwillingness to renew the contract within three (3) months from its expiry. If the client is willing to terminate the contract prior the expiry or specified period, the client shall notify the Company at least two (2) months in advance (so that the manpower resources can continue to work with the client during that period) and make payments for four (4) months of the full contract period. In the event of failure to make such notification at least two (2) months in advance, the client shall make payments for six (6) months of the full contract period instead of four (4) months. Additionally, the Company reserves the right to claim damages.

The Company may, withdraw any of the manpower resources, after giving the client opportunity to object in any of the following cases: (a) assigning tasks to manpower resources, which are fundamentally inappropriate to the nature of their occupation; (b) if the client or its representative has committed an assault or treated the resource unethically or immorally, or his treatment was cruel, unfair or offensive; and (c) if there is serious risk to the safety or health condition of the manpower resource.

The contract shall be subject to the applicable laws of the Kingdom of Saudi Arabia. In the event of any dispute between the parties in relation to the interpretation or implementation of the terms of the contract, it shall be amicably settled within thirty (30) days. In case of failure to do so, the competent jurisdiction in Riyadh shall be the body to decide the dispute.

(b) Household Segment Clients

"Khidmah" Program Contracts

The Company provides household segment clients with housekeepers under hourly rate contracts upon the request of clients through entering into contracts specific to this service developed according to a form prepared by the Company for that purpose.

Under the standard contract, the Company shall provide the household manpower resources based on the required nationality, and schedule the number of visits based on the terms set forth in the contract with the client, with the visit duration not exceeding five (5) hours for the housekeepers and twelve (12) hours for the homecare nurses, in consideration of an amount of money paid in advance by the client. Where the client is willing to terminate the contract before the start of the visits, 25% of the contract value will be deducted. Where the client is willing to terminate the contract after the start of the visits, the full contract value will be deducted and no refunds will be made. While retaining its right to terminate the contract without the client's consent in the event of an offense related to using the manpower resources in another site or assigning the manpower resources with tasks other than their core tasks, or if the client is suspected or proven to have committed a violation of the rights of the manpower resources to have committed a violation with respect to their religion.

Manpower Resources Service Contract

The Company provides short-term and medium-term services to its household segment clients through entering into contracts for the provision of labor services, which are prepared in accordance with the standard contract developed by the Company for that purpose.

Under the standard contract, the Company shall secure manpower resources to work at the client's home for a monthly payment determined by nationality and proposed job for the manpower resources. The client shall pay such amount at the end of each month to the Company and the Company shall in turn transfer the salary of manpower resources directly. If the client is five (5) days in arrears with respect to the monthly installment, the client shall pay a default penalty of two hundred Saudi Riyals (SAR 200). If the default exceeds ten (10) days, the Company may terminate the contract and withdraw the resource or manpower resources and claim the remaining installments.

The client shall provide the manpower resources with decent accommodation and at least three (3) healthy meals per day or a monthly food allowance of two hundred Saudi Riyals (SAR 200). The client shall provide an appropriate working environment where safety and security factors are in place and shall not assign the manpower resources with work that is hazardous to the manpower resources health and physical safety or that affects their human dignity.

The term of the contract varies based on the needs and requirements of the client. The client may renew the contract for a similar period provided that the client notifies the Company of his/her desire to renew the contract at least three (3) weeks prior to expiry. Where the client is willing to terminate the contract before receiving the resource or female resource during the available period, the client shall be liable to pay amount of five hundred Saudi Riyals (SAR 500) for the administrative services as well as subsistence expenses and the remaining amount upon signing the contract. Where the client cancels the contract before the expiry of the contract period, 25% of the value of the remaining installments in the contract will be deducted.

The contract shall subject to the applicable laws of the Kingdom. In the event of any dispute between the parties with respect to interpretation or implementation of the terms of the contract, it shall be settled amicably by resorting to competent department at the Company. If an agreed solution cannot be reached, the matter shall be referred to the Senior Management of the Company. If the dispute is not be solved within fifteen (15) days following the referral, it shall be referred to the competent Labor Office to try to reach an amicable solution between the parties before it is considered by the competent court.

12-4-4 Agreements of Foreign Recruitment Agencies

The Company has entered into agreements with a number of foreign recruitment agencies in various countries outside the Kingdom (including India, Nepal, Indonesia, Philippines, Pakistan, Sri Lanka, Egypt, Tunisia, Canada and Australia) to recruit specialized manpower resources in various fields for certain fees paid by the Company. The following table summarizes the Company's most significant agreements with foreign recruitment agencies.

Table (12-6): Summary of Agreements of Foreign Recruitment Agencies

#	Country	Name of Foreign Recruitment Agency*	Date	Contract Term	Renewal Mechanism	Status as of the date of this Prospectus	Date of Last Renewal
1	India	Indian Recruitment Agency 1	26/04/1438H (corresponding to 24/01/2017G)	Two years	Not specified	Effective	19/05/1440H (corresponding to 25/01/2019G) for a similar period
		Indian Recruitment Agency 2	17/11/1436H (corresponding to 10/09/2015G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	11/03/1440H (corresponding to 19/11/2018G) for an additional year
		Indian Recruitment Agency 3	07/07/1436H (corresponding to 26/04/2015G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	27/03/1440H (corresponding to 05/12/2018G) for an additional year
		Indian Recruitment Agency 4	08/11/1437H (corresponding to 11/08/2016G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	01/12/1439H (corresponding to 12/08/2018G) for a similar period
		Indian Recruitment Agency 5	09/05/1437H (corresponding to 18/02/2016G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	02/06/1439H (corresponding to 18/02/2018G) for a similar period
		Indian Recruitment Agency 6	36/06/1439H (corresponding to 11/03/2018G)	2 Years	Not specified	Effective	N/A
		Indian Recruitment Agency 7	20/04/1435H (corresponding to 20/02/2014G)	Two years, and the contract is still valid as at the date of this Prospectus.	By the agreement of both parties	Effective	19/06/1440H (corresponding to 24/02/2019G) for one year
		Indian Recruitment Agency 8	14/04/1439H (corresponding to 01/01/2018G)	2 Years	Not specified	Effective	N/A
		Indian Recruitment Agency 9	26/04/1438H (corresponding to 24/01/2017G)	2 Years	Not specified	Effective	18/05/1440H (corresponding to 24/01/2019G) for a similar period

#	Country	Name of Foreign Recruitment Agency*	Date	Contract Term	Renewal Mechanism	Status as of the date of this Prospectus	Date of Last Renewal
		Indian Recruitment Agency 10	22/01/1437H (corresponding to 04/11/2015G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	15/03/1439H (corresponding to 04/11/2017G) for a similar period
		Indian Recruitment Agency 11	21/05/1439H (corresponding to 07/02/2018G)	2 Years	Not specified	Effective	N/A
		Indian Recruitment Agency 12	22/03/1439H (corresponding to 10/12/2017G)	2 Years	Not specified	Effective	N/A
		Indian Recruitment Agency 13	07/04/1439H (corresponding to 25/12/2017G)	2 Years	Not specified	Effective	N/A
		Indian Recruitment Agency 14	22/03/1439H (corresponding to 10/12/2017G)	2 Years	Not specified	Effective	N/A
		Indian Recruitment Agency 15	26/10/1438H (corresponding to 20/07/2017G)	2 Years	Not specified	Effective	N/A
		Indian Recruitment Agency 16	26/05/1439H (corresponding to 12/02/2018G)	2 Years	Not specified	Effective	N/A
2	Philippines	Philippine Recruitment Agency 1	29/11/1437H (corresponding to 01/09/2016G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	21/12/1439H (corresponding to 01/09/2018G) for a similar period
		Philippine Recruitment Agency 2	15/11/1437H (corresponding to 18/08/2016G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	02/10/1438H (corresponding 28/05/2017G) for two years
		Philippine Recruitment Agency 3	03/02/1437H (corresponding to 15/11/2015G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	30/03/1439H (correspding to 18/12/2017G) for two years
		Philippine Recruitment Agency 4	28/03/1435H (corresponding to 29/01/2014G)	Indefinite	Not specified	Effective	N/A
		Philippine Recruitment Agency 5	07/04/1435H (corresponding to 07/02/2014G)	Indefinite	Not specified	Effective	N/A

#	Country	Name of Foreign Recruitment Agency*	Date	Contract Term	Renewal Mechanism	Status as of the date of this Prospectus	Date of Last Renewal
3	Pakistan	Pakistani Recruitment Agency 1	01/11/1437H (corresponding to 04/08/2016G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	22/11/1439H (corresponding to 04/08/2018G) for a similar period
		Pakistani Recruitment Agency 2	23/02/1435H (corresponding to 26/12/2013G)	One year, renewable automatically	Automatically	Effective	19/04/1440H (corresponding to 26/11/2018G) for a similar period
		Pakistani Recruitment Agency 3	08/03/1435H (corresponding to 09/01/2014G)	Two years, and the contract is still valid as at the date of this Prospectus.	With the agreement of both parties	Effective	N/A
4	Sudan	Sudanese Recruitment Agency 1	26/05/1439H (corresponding to 14/03/2018G)	2 Years	Not specified	Effective	N/A
		Sudanese Recruitment Agency 2	23/04/1437H (corresponding to 02/02/2016G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	22/05/1439H (corresponding to 02/02/2018G) for a similar period
		Sudanese Recruitment Agency 3	29/03/1439H (corresponding to 17/12/2017G)	2 Years	Not specified	Effective	N/A
5	Sri Lanka	Sri Lankan Recruitment Agency 1	03/02/1438H (corresponding to 03/11/2016G)	Two years, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	25/02/1440H (corresponding to 03/11/3028G for a similar period)
6	Nigeria	Nigerian Recruitment Agency 1	04/05/1438H (corresponding to 01/02/2017G)	2 Years	Not specified	Effective	26/05/1440H (corresponding to 01/02/2019G)
		Nigerian Recruitment Agency 2	08/11/1438H (corresponding to 31/07/2017G)	2 Years	Not specified	Effective	N/A
7	Tunisia	Tunisian Recruitment Agency 1	15/02/1438H (corresponding to 15/11/2016G)	2 Years	Not specified	Effective	07/03/1440H (corresponding to 15/11/2018G) for a similar period
8	Nepal	Nepalese Recruitment Agency 1	22/06/1438H (corresponding to 21/03/2017G)	2 Years	Not specified	Effective	N/A
		Nepalese Recruitment Agency 2	06/01/1435H (corresponding to 09/03/2013G)	Two years, and the contract is still valid as at the date of this Prospectus.	By the agreement of both parties	Effective	10/05/1438H (corresponding to 09/03/2017G) for similar periods
9	Turkey	Turkish Recruitment Agency 1	06/06/1438H (corresponding to 25/03/2017G)	2 Years	Not specified	Effective	N/A

#	Country	Name of Foreign Recruitment Agency*	Date	Contract Term	Renewal Mechanism	Status as of the date of this Prospectus	Date of Last Renewal
10	Egypt	Egyptian Recruitment Agency 1	28/07/1435H (corresponding to 27/05/2014G)	Two years, and the contract is still valid as at the date of this Prospectus.	By the agreement of both parties	Effective	06/04/1440H (corresponding to 13/12/2018G) for one year
11	North Africa	North African Recruitment Agency 1	17/05/1436H (corresponding to 08/03/2015G)	One year, renewable automatically.	Automatically	Effective	20/06/1439H (corresponding to 08/03/2018G) for a similar period
12	The Kingdom	Saudi Recruitment Agency 1	16/06/1435H (corresponding to 16/04/2014G)	One year, renewable automatically.	Automatically	Effective	30/07/1439H (corresponding to 16/04/2018G) for a similar period
13	Jordan	Jordanian Recruitment Agency 1	24/02/1437H (corresponding to 06/12/2014G)	One year, and the contract is still valid as at the date of this Prospectus.	Not specified	Effective	08/08/1439H (corresponding to 24/04/2018G) for two years
		Jordanian Recruitment Agency 2	23/01/1435H (corresponding to 26/11/2013G)	One year, renewable automatically.	Automatically	Effective	18/03/1440H (corresponding to 26/11/2018G) for a similar period
		Jordanian Recruitment Agency 3	10/02/1436H (corresponding to 02/12/2014G)	One year, renewable automatically.	Automatically	Effective	24/03/1440H (corresponding to 02/12/2018G) for a similar period
14	Canada	Canadian Recruitment Agency 1	23/03/1438H (corresponding to 22/12/2016G)	Two years, renewable automatically.	Automatically	Effective	15/04/1440H (corresponding to 22/12/2018G) for a similar period
15	Bangladesh	Bangladeshi Recruitment Agency 1	08/03/1439H (corresponding to 26/11/2017G)	2 Years	Not specified	Effective	N/A
		Bangladeshi Recruitment Agency 2	10/03/1439H (corresponding to 28/11/2017G)	2 Years	Not specified	Effective	N/A
		Bangladeshi Recruitment Agency 3	08/03/1439H (corresponding to 26/11/2017G)	2 Years	Not specified	Effective	N/A
		Bangladeshi Recruitment Agency 4	08/03/1439H (corresponding to 26/11/2017G)	2 Years	Not specified	Effective	N/A
		Bangladeshi Recruitment Agency 5	08/03/1439H (corresponding to 26/11/2017G)	2 Years	Not specified	Effective	N/A

*The names of the recruitment agencies have not been disclosed due to the sensitive nature of that information.

Source: The Company

The Company's agreements with foreign recruitment agencies are similar in their terms. Under these agreements, the foreign recruitment agencies shall secure the manpower resources specialized in certain fields according to the Company's request for certain fees to be agreed between the parties. Under these agreements, the foreign recruitment agencies shall be responsible for all costs related to recruitment and interviewing of candidates, as well as all expenses related to the medical statements and documents required for their employment. These agreement shall not be under exclusive terms.

12-4-5 Information Technology Agreements

(a) Agreement of Electronic Payment Services with Paytabs (E-Payment Gateway)

On 11/11/1437H (corresponding to 14/05/2016G), the Company entered into an agreement with the Paytabs (E-Payment Gateway) for provision of electronic payment feature to the Company for its clients to shop via the Company's website. Paytabs shall, under the agreement, pay the price within three (3) days to the Company for any transaction made using electronic payment. All payments made by the Company's electronic payment gateway may be subject to chargebacks and fees related to payment cards. The Company shall, in accordance with the agreement, pay:

1- For credit cards: Registration fees in the amount of one thousand Saudi Riyals (SAR 1,000), 2% for transaction exchange out of the full value thereof, and a fee of two Saudi Riyals (SAR 2) per transaction.
2- For SADAD: Registration fees of one thousand and five hundred Saudi Riyals SAR 1,500) Saudi Riyals and 1.5% for transaction exchange out of the full value thereof.

The term of the agreement shall be one (1) year, automatically renewable for a similar period or periods unless either party notifies the other, within a period of no less than sixty (60) days prior to the expiry of the agreement, of its intention not to renew. Paytabs shall, under the agreement, maintain full and strict confidentiality of the agreement, in particular the details of the Company's transactions and any confidential information about the Company. The agreement shall be governed by the applicable laws of the Kingdom.

(b) Master Service Agreement with Nour Communication Company Limited

Master Service Agreement

On 05/05/1438H (corresponding to 02/02/2017G), the Company entered into an agreement with Nour Communication Company Limited for the provision of information and communication technology services to the Company based on purchase orders defined by the Company. The total value of the agreement amounted to three million three hundred fifty-eight thousand six hundred eighteen Saudi Riyals (SAR 3,358,618). According to the agreement, amounts due shall be paid on a quarterly basis except for the invoices related to tools and registration fees, which are invoiced once the agreed services have been activated.

The term of the agreement shall be five (5) years, automatically renewable for a similar period or periods unless either party notifies the other, in writing and within a period of no less than sixty (60) days prior to the expiry of the agreement, of its intention not to renew. Neither party may assign, transfer or sub-contract with respect to any provision of the agreement without prior written notice to the other party. However, Nour Communication Company Limited may subcontract any of its obligations provided it is liable for its actions. The Agreement shall be governed by the applicable laws of the Kingdom, and Saudi judicial authorities shall have the jurisdiction to settle the disputes that arise in respect of the agreement.

Information Center Hosting and Technical Service Agreement

On 13/04/1438H (corresponding to 11/01/2017G), the Company entered into an agreement with Nour Communication Company Limited to host the Company's information center and provide the Company with internet services and managed services in accordance with the agreement and any other agreements between the Company and Nour Communication Company Limited The total value of the agreement amounted to three million three hundred fifty-eight thousand six hundred eighteen Saudi Riyals (SAR 3,358,618).

The term of the agreement shall be five (5) years from the date of receipt of the first payment, to be renewed with the approval of the Company. Nour Communication Company Limited may assign, transfer or sub-contract with respect to any provision of the agreement without prior written notice to the Company. The agreement shall be governed by the applicable laws of the Kingdom, and Saudi judicial authorities shall have the jurisdiction to settle the disputes that arise in respect of the Agreement.

(c) Agreements with Banan Information Technology Company

Agreement for Sale and Development of Systems

The Company entered into an agreement with Banan Information Technology Company on 23/07/1435H (corresponding to 22/05/2014G) to design financial, administrative and technical systems, including the Company's client relationship management system to follow up client orders and link them to the financial, accounting, human resource and inventory management system so that users can access and inquire about orders and their status, in addition to linking this system with the "Ajeer" system in the MoL to enable supervisory authorities to monitor the performance of the Company. Banan Information Technology Company reserves the intellectual property of all programs and systems that are designed, created, installed, activated or developed under the agreement.

The Company has agreed to pay amount of eight hundred thousand Saudi Riyals (SAR 800,000) in consideration for purchase of a license authoring exclusive use of such systems. In case the Company decides to accept and purchase the systems at the end of the specified period for design of client relationship management system, the Company, shall, in addition to the license fee, pay to Banan Information Technology Company in respect of the call center:

First: Ninety thousand Saudi Riyals (SAR 90,000) per month to in the event that the Company commissions Banan Information Technology Company to establish and fully supervise the call center. In this case, the Company shall secure work visas to the users of Banan Information Technology Company dedicated to the call center, provided that Banan Information Technology Company shall pay their salaries and remuneration; or

Second: Two hundred seventy thousand Saudi Riyals (SAR 270,000) as a lump sum in the event that the Company commissions Banan Information Technology Company to establish and fully supervise call center and train the Company's team.

The parties shall maintain confidentiality of information, data and documents of each party. The agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. In the event of any dispute, it shall be settled amicably. If this is not possible, the parties shall have recourse to Saudi judicial authorities.

Agreement for Sale of Right to System Modification Use

The Company entered into an agreement with Banan Information Technology Company on 17/11/1436H (corresponding to 01/09/2015G) to grant the Company an exclusive license to modify source code of accounting information system (AIS), human capital management system (HCM) and client relationship management (CRM) so as to suit the business needs of the Company. Such license may not be sold, granted, or transferred to any third party. The license granted to the Company is permanent and not limited to a fixed time. Banan Information Technology Company shall be the sole owner of intellectual property for the systems set out in the agreement. The Company shall pay a million SAR (1,000,000) within a week from the date the agreement is signed in consideration for the license to modify the source code. The parties shall maintain the confidentiality of information, data and documents of each party. The agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. In the event of any dispute, it shall be settled amicably. If this is not possible, the parties shall have recourse to Saudi judicial authorities.

12-4-6 Financing Agreements

The following is a summary of the main terms and conditions of the financing agreements concluded by the Company. The Board declares that, as at the date of this Prospectus, all the financing agreements contained in this Section are still in force, and none of the material obligations and conditions provided for herein have been violated.

(a) Bank Facility Agreement with Bank Albilad

Bank Albilad issued a letter of guarantee on 22/04/1434H (corresponding to 04/03/2013G) in favor of the MoL for the purpose of the Company's MoL license. The letter covers an amount of no more than ten million Saudi Riyals (SAR 10,000,000). The guarantee expires on 05/04/1445H (corresponding to 20/10/2023G). In addition, the Company entered into a letter of guarantee facility agreement with Bank Albilad in favor of the MoL on 26/01/1438H (corresponding to 27/10/2016G), for the purpose of recruiting manpower resources, at a maximum of ten million Saudi Riyals (SAR 10,000,000) without a cash cover, subject to half the tariff commission. The facility agreement expires on 05/04/1445H (corresponding to 20/10/2023G).

Below is a brief summary of the main terms of this agreement:

Table (12-7): Terms of the Credit Facilities Agreement with Bank Albilad dated 22/04/1434H (corresponding to 04/03/2013G)

Item	Description
Total Facilities	Ten million Saudi Riyals (SAR 10,000,000).
Date of Letter of Guarantee and Facilities	The letter of guarantee was issued on 22/04/1434H (corresponding to 04/03/2013G) and the guarantee expires on 05/04/1445H (corresponding to 20/10/2023G). The letter of guarantee facility agreement was signed on 26/01/1438H (corresponding to 27/10/2016G) and the facility agreement expires on 05/04/1445H (corresponding to 20/10/2023G).
Guarantees	Pledge of an investment account covering 100% of the total facilities. The Company undertakes to provide additional guarantees when the value of the guarantees falls below ten million Saudi Riyals (SAR 10,000,000) upon the first notice from the Bank.

Item	Description
Covenants	• This agreement includes, among other things, the following undertakings by the Company: • Only use credit facilities granted to it for the purpose for which it was granted in compliance with the provisions of the Islamic Shariah. • Pay any obligations or debts due to Bank Albilad on due dates without the need for an alert or notice by the bank. • Sign any documents required by the bank to document the transactions, subject of the agreement. • Provide Bank Albilad with audited financial statements and accompanying closing accounts within a period of no more than ninety (90) days from the end of the financial year. • Inform Bank Albilad of any actual or anticipated changes in the legal status of the Company.
Defaults and acceleration of payment	• Defaults include, but are not limited to: • The Company's late settlement of obligations or the implementation of undertakings to Bank Albilad. • Violations of securities and guarantees provided to Bank Albilad by taking any action that would impair its value. • Violation of any rights or obligations to third parties in such manner as may be considered by Bank Albilad, at its absolute discretion, of an adverse impact on the financial position of the Company and its business. • Company's bankruptcy or loss of legal capacity • Dissolution, liquidation, sale, or discontinuation of operation of the Company's existing legal entity, change of its legal entity, or withdrawal or death of a partner.

Source: The Company

Under the terms and conditions of the above agreement, which require the Company to notify Bank Albilad of the Offering, the Company has done so in accordance with the letter dated 20/02/1440H (corresponding to 29/10/2018G).

12-4-7 Other Agreements

(a) Two Agreements with Naseem Al Azhar Trading Company.

The Company entered into two agreements with Naseem Al Azhar Trading Company on 25/09/1434H (corresponding to 01/10/2013G) and 01/01/1435H (corresponding to 04/11/2013G) respectively, whereby the Company agreed to transfer the sponsorship of all staff of Naseem Al Azhar Trading Company working for the Arab National Bank to the Company, provided Naseem Al Azhar Trading Company supervises management of the manpower resources, including attendance and leave monitoring, financial claim preparation, and collection of the amounts related to the manpower resources service contract entered into between the Arab National Bank and the Company, along with depositing such amounts in the Company's account. Upon the collection of these amounts, the Company shall pay all the entitlements of the manpower resources without delay, deduct an amount of SAR 500 per capita and then transfer all the additional amounts to Al Naseem Al Azhar Trading Company. within a period not exceeding three (3) days from the date of transfer of the amounts from the Arab National Bank.

The two agreements shall terminate at the end of the term of the contracts of the staff working for the Arab National Bank, whose sponsorship is transferred to the Company. The two agreements shall be governed by the applicable laws of the Kingdom of Saudi Arabia.

12-5 Material Agreements with Related Parties

Total transactions with related parties as on 31 December 2017G and the nine-month period ended 30 September 2018G include:

- Services provided by the Company to the related parties for an amount of twenty-nine million one hundred eighty thousand five hundred twenty-four Saudi Riyals (SAR 29,180,524) representing 2.5% of the Company's revenues, and an amount of twenty two million seven hundred and twenty three thousand and fifty seven Saudi Riyals (SAR 22,723,057) representing 2.3% of the Company's revenues, respectively.
- Services obtained from the related parties for an amount of two million seven hundred-seventy-one thousand and one Saudi Riyals (SAR 2,771,001), representing 0.3% of the Company's cost of revenues, and amount of eighteen million five hundred and six thousand and nine hundred and seventy nine Saudi Riyals (SAR 18,506,979), representing 2.22% of the cost of the Company's revenues, respectively.

The Directors declare that all agreements with related parties described in this Section do not include any preferential conditions and have been executed in accordance with laws and regulations and on an arm's length basis. Except as disclosed in this Section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a related party including the Financial Advisor and the Legal Advisor in respect of the Offering.

Moreover, the Directors declare their intention to comply with article (72) of the Companies Law and article (46) of the Corporate Governance Regulations issued by CMA in relation to the agreements with the related parties. Below are the details of the material agreements between the Company and related parties.

12-5-1 Forward Sale Contract between the Company and Maharah Travel and Tourism

The Company enterted into a forward sale contract on 07/05/1437H (corresponding to 16/02/2016G) with Maharah Travel and Tourism, whereby Maharah Travel and Tourism shall open credit account for the Company, so that the Company purchases air tickets and other tourist services under purchase orders issued by the Company to Maharah Travel and Tourism. The commission of Maharah Travel and Tourism shall be 5% of the reduced price for tickets and services provided under this contract. Maharah Travel and Tourism shall send a bill every Thursday including all purchases and weekend balances. The Company undertakes to pay the balance of the statement of account within a maximum period of three (3) days from the date of receipt of such statement within the first six (6) months from the date the contract is signed up to a maximum of fourteen (14) days of the remaining period of the contract. Maharah Travel and Tourism may, if the Company fails to pay within the defined time frame, suspend the credit account and request the Company to make any outstanding payments immediately.

The Company shall make payments through a non-transferable check or a bank transfer. If the Company objects to the value of the bill, the parties must review the bill and settle the dispute within ten (10) days from the date of receipt of that bill. The Company shall also bear any costs resulting from the adjustment of the prices or discounts provided to Maharah Travel and Tourism by third parties, provided that such adjustments shall be notified to the Company within three days.

The term of the contract shall be one (1) year as of the date it is signed, automatically renewable unless either party notifies the other, in writing and within a month prior to the expiry of the contract, of its intention not to renew. The Company may also terminate this Contract by prior written notice to Maharah Travel and Tourism within thirty (30) days from the date of expiry of the contract.

The Company shall notify Maharah Travel and Tourism of any change in its ownership. The contract shall be governed by the applicable in the Kingdom, and any dispute shall be referred to the competent courts in the Kingdom.

This contract is a related party contract because some of the Directors, including Abdullah Sulaiman Al-Amro, and shareholders Sulaiman Al-Habib Commercial Investment Company, Al-Ahliya International Real Estate Investment Company, and Al-Faisaliah Holding Group Company have interests therein. This contract was approved by the General Assembly held on 28/07/1439H (corresponding to 11/04/2018G) The Company also notified Maharah Travel and Tourism of the Offering in accordance with the letter dated 07/03/1440H (corresponding to 15/11/2018G).

12-5-2 Manpower Resources Service Contract between the Company and Spectra Support Services

The Company entered into a manpower resources service contract on 01/04/1435H (corresponding to 01/02/2014G) with Spectra Support Services, pursuant to which the Company shall second certain manpower resources to Spectra Support Services. The fees paid by Spectra Support Services to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard contract for the its clients (for further information on this standard contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because some of the Directors, including Abdullah Sulaiman Al-Amro, and shareholders Sulaiman Al-Habib Commercial Investment Company, Al-Ahliya International Real Estate Investment Company, and Al-Faisaliah Holding Group Company have interests therein. This contract was approved by the General Assembly held on 25/07/1439H (corresponding to 11/04/2018G).

12-5-3 Manpower Resources Service between the Company and Al Safi Danone Logistics

The Company entered into a manpower resources service contract on 19/05/1437H (corresponding to 16/02/2017G) with Al Safi Danone Logistics, pursuant to which the Company shall second certain manpower resources to Al Safi Danone Logistics. The fees paid by Al Safi Danone Logistics to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be one (1) year, automatically renewable for similar periods unless either party notifies the other, within two (2) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on a standard contract for the it's clients (for further information on this model contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Al-Faisaliah Holding Group Company has interests therein. This contract was approved by the General Assembly held on 25/07/1439H (corresponding to 11/04/2018G)

12-5-4 Manpower Resources Service Contract between the Company and Al Safi - Danone Co. Ltd

The Company entered into a manpower resources service contract on 05/04/1438H (corresponding to 05/04/2017G) with Al Safi Danone Logistics, pursuant to which the Company shall second certain manpower resources to Al Safi Danone Co. Ltd. The fees paid by Al Safi Danone Co. Ltd. to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be one (1) year, automatically renewable for similar periods unless either party notifies the other, within two (2) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard contract for its clients (for further information on this model contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Al-Faisaliah Holding Group Company has interests therein. This contract was approved by General Assembly held on 25/07/1439H (corresponding to 11/04/2018G)

12-5-5 Manpower Resources Service Contract between the Company and Modern Medical Technology Developers Company

The Company entered into a manpower resources service contract on 24/12/1434H (corresponding to 29/10/2013G) with Modern Medical Technology Developers Company, pursuant to which the Company shall second certain manpower resources to Modern Medical Technology Developers Company. The fees paid by Modern Medical Technology Developers Company to the company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based the Company's standard contract for its clients (for further information on this model contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Abdullah Sulaiman Al-Amro, a Director, has interests therein. This contract was presented to the General Assembly held on 17/09/1438H (corresponding to 12/06/2017G) and approved.

12-5-6 Manpower Resources Service Contract between the Company and Maharah Travel and Tourism

The Company entered into a manpower resources service contract on 24/06/1437H (corresponding to 03/04/2016G) with Maharah Travel and Tourism, pursuant to which the Company shall second certain manpower resources to Maharah Travel and Tourism. The fees paid by Maharah Travel and Tourism to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard for its clients (for further information on this standard contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because some of the Directors, including Abdullah Sulaiman Al-Amro, and shareholders Sulaiman Al Habib Commercial Investment Company, Al-Ahliya International Real Estate Investment Company, and Al-Faisaliah Holding Group Company have interests therein. This contract was approved by the General Assembly held on 28/07/1439H (corresponding to 11/04/2018G) and approved.

12-5-7 Manpower Resources Service Contract between the Company and ALFA Company for Operation Services Ltd.

The Company entered into a manpower resources service contract on 03/04/1438H (corresponding to 01/01/2017G) with ALFA Company for Operation Services Ltd., pursuant to which the Company shall second certain manpower resources to ALFA Company for Operation Services Ltd.. The fees paid by ALFA Company for Operation Services Ltd. to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard contract for its clients (for further information on this standard contract contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Al-Faisaliah Holding Group Company has interests therein. This contract was approved by the General Assembly held on 17/09/1438H (corresponding to 12/06/2017G)

12-5-8 Manpower Resources Service Contract between the Company and Exir Arabia Medical Co.

The Company entered into a manpower resources service contract on 12/07/1437H (corresponding to 15/08/2018G) with Exir Arabia Medical Co., pursuant to which the Company shall second certain manpower resources to Exir Arabia Medical Co. The fees paid by Exir Arabia Medical Co. to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard contract for its clients (for further information on this standard contract contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Abdullah Sulaiman Al-Amro, a Director, has interests therein. This contract approved by the General Assembly held on 05/07/1439H (corresponding to 11/04/2018G)

12-5-9 Manpower Resources Service Contract between the Company and Bait Alfoul Restaurant

The Company entered into a manpower resources service contract on 10/08/1439H (corresponding to 26/04/2018G) with Bean House Restaurant, pursuant to which the Company shall second certain manpower resources to Bait Alfoul Restaurant. The fees paid by Bait Alfoul Restaurant to the company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard contract for its clients (for further information on this standard contract contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Abdullah Sulaiman Al-Amro, a Director, has interests therein. This contract was approved by the General Assembly held on 25/07/1439H (corresponding to 11/04/2018G)

12-5-10 Manpower Resources Service Contract between the Company and Hamat Trading Co.

The Company entered into a manpower resources service contract on 15/12/1438H (corresponding to 06/09/2017G) with Hamat Trading Co., pursuant to which the Company shall second certain manpower resources to Exir Hamat Trading Co. The fees paid by Hamat Trading Co. to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on a model contract for the Company's clients (for further information on this model contract, see Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Abdullah Sulaiman Al-Amro, a Director, has interests therein. This contract was approved by the General Assembly held on 28/07/1439H (corresponding to 11/04/2018G)

12-5-11 Manpower Resources Service Contract between the Company and Shifa Arabian Medical Cure Co.

The Company entered into a manpower resources service contract on 04/06/1439H (corresponding to 20/02/2018G) with Shifa Arabian Medical Cure Co., pursuant to which the Company shall second certain manpower resources to Shifa Arabian Medical Cure Co. The fees paid by Shifa Arabian Medical Cure Co. to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard contract for its clients (for further information on this standard contract contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Abdullah Sulaiman Al-Amro, a Director, has interests therein. This contract was approved by the General Assembly held on 05/07/1439H (corresponding to 11/04/2018G)

12-5-12 Manpower Resources Service Contract between the Company and Al-Mozon Communications & Information Technology Company

The Company entered into a manpower resources service contract on 07/04/1438H (corresponding to 05/01/2017G) with Al-Mozon Communications & Information Technology Company, pursuant to which the Company shall second certain manpower resources to Al-Mozon Communications & Information Technology Company. The fees paid by Al-

Mozon Communications & Information Technology Company. to the Company varies according to the nationality and qualifications of manpower resources required. The term of the contract shall be two (2) years, automatically renewable for similar periods unless either party notifies the other, within three (3) months prior to the expiry of the contract, of its intention not to renew. It should be noted that this contract is based on the Company's standard contract for its clients (for further information on this standard contract contract, please refer to Section 12-4-3 "**Manpower Resources Service Agreements**" of this Prospectus).

This contract is a related party contract because Abdullah Sulaiman Al-Amro, a Director, has interests therein. This contract was approved by the General Assembly held on 17/09/1438H (corresponding to 12/06/2017G)

12-5-13 Manpower Resources Service Contract with Directors

Directors, including Sulaiman Bin Abdul Aziz Al Majed, Abdullah Bin Abdul Aziz AlMajed, Saud bin Nasser Al-Shathri, Abdullah Sulaiman Al-Amro, Abdullah bin Ahmed Al Dashan Al-Kanani and Yousef bin Mohammed Al-Ghafari, have obtained given household manpower resources through the Company under the terms of the Company's model service contract. These contracts were presented to the General Assembly held on 28/07/1439H (corresponding to 11/04/2018G) and approved.

12-6 Real Estate

12-6-1 Properties Owned by the Company

The Company owns the following real estates in the Kingdom:

Table (12-8): Properties Owned by the Company

#	Deed Number & Date	Owner Name	Real Estate Number/Boundaries	Area (Square Meters)	Location	Description of Use	Value as of 30 September 2018G
1	910119028074 dated 16/08/1436H (corresponding to 03/06/2015G)	The Company	Plot Number 628, Scheme 2357	900	Al-Amanah District, Riyadh	Empty land	1,875,000
2	310119028071 dated 16/08/1436H (corresponding to 03/06/2015G)	The Company	Plot Number 629, Scheme 2357	900	Al-Amanah District, Riyadh	Empty land	1,875,000
3	910119028073 dated 16/08/1436H (corresponding to 03/06/2015G)	The Company	Plot Number 630, Scheme 2357	870	Al-Amanah District, Riyadh	Empty land	1,875,000
4	310121035856 dated 16/08/1436H (corresponding to 03/06/2015G)	The Company	Plot Number 631, Scheme 2357	870	Al-Amanah District, Riyadh	Empty land	870,000
5	310119028072 dated 16/08/1436H (corresponding to 03/06/2015G)	The Company	Plot Number 632, Scheme 2357	870	Al-Amanah District, Riyadh	Empty land	1,875,000
6	310121035857 dated 16/08/1436H (corresponding to 03/06/2015G)	The Company	Plot Number 633, Scheme 2357	870	Al-Amanah District, Riyadh	Empty land	870,000

#	Deed Number & Date	Owner Name	Real Estate Number/Boundaries	Area (Square Meters)	Location	Description of Use	Value as of 30 September 2018G
7	610118032487 dated 20/01/1436H (corre-sponding to 13/11/2014G)	The Company	Plot Number 1, Block Number 136, Scheme 2199	1,110	Al Maseef District, Riyadh	Unused building	1,875,000
8	710118032486 dated 20/01/1436H (corre-sponding to 13/11/2014G)	The Company	Plot Number 174/6, Scheme 2357	1,050	Al-Amanah District, Riyadh	Housing for male manpower resources	870,000
9	310121038850 dated 06/03/1437H (correspond-ing to 17/12/2015G)	The Company	Plot Number 207, Block Number 19, Scheme 2199	616	Al - Wadi District, Riyadh	Office building	18,148,500
10	510112041737 dated 19/03/1437H (corre-sponding to 30/12/2015G)	The Company	Plot Number 635, Scheme 2357	900	Al-Amanah District, Riyadh	Empty land	Land: 3,150,000 :Building 3.,126,510
11	710112039626 dated 05/09/1436H (corre-sponding to 22/06/2015G)	The Company	Plot Number 634, Scheme 2357	900	Al-Amanah District, Riyadh	Empty land	Land: 1,878,800 Building 2,109,592
12	910117029501 dated 16/03/1436H (corre-sponding to 07/01/2015G)	The Company	Plot Number 242, Scheme 2357	1,600	Al-Amanah District, Riyadh	Housing for male manpower resources at the Company	1,100,000
13	910120035500 dated 21/12/1436H (corre-sponding to 04/10/2015G)	The Company	Plots Number 477/1 and 478/1, Block Number 91, Scheme 2199	1,824	Al –Wadi District, Riyadh	Housing for the female manpower resources of the "Khidmah" Program	1,600,000
14	410116035456 dated 23/10/1437H (correspond-ing to 28 July 2016G)	The Company	Plot Number 749, Zone 1983	500	Al- Raw-dahDistrict, Riyadh	Housing for the female manpower resources of the "Khidma" Program	Land: 2,900,000 Building: 4,417,853
15	710114042757 dated 17/12/1439H (06/11/2017G)	The Company	Plot Number 1194, Block Number 116, Scheme 3114	3,000	Al-Yasmin District, Riyadh	New Head Office of the Company	Land: 6,566,400 Building: 8,415,263 including SAR 981,663 in revovation costs on the building.

Source: The Company

The Directors confirm that, except for the above mentioned, no other real estate properties are owned by the Company. They also confirm that no real estate, owned by related parties, is being used by the Company.

12-6-2 Properties Leased by the Company

The following table presents the details of the properties leased by the company.

Table (12-9): Properties Leased by the Company

#	Lessee	Lessor	Location	Effective date of the lease	Lease annual amount (SAR)	Total lease amount for the contract term (SAR)	Lease term/ Contract Expiry Date
Housing for staff and manpower resources							
1	The Company	Fahad Mohammed Sulaiman Al-Rebdi	16 apartments located in King Salman Road, Sultanah District, north-west of Buraydah	01/10/1439H (corresponding to 15/06/2018G)	150,000	450,000	Three (3) years ending on 01/10/1442H (corresponding to 13/05/2021G)
2	The Company	Mohammed Abdulmohsen Al Hussein	A commercial building and its shops located in Al Juraif Street, Bahja District, Ar Rass	01/05/1435H (corresponding to 20/02/2015G)	2,000,000	200,000	Ten (10) years ending on 30/04/1446H (corresponding to 02/11/2024G)
3	The Company	Bandar Khaled Al Shammari	Six apartments located in Al Wusayta, Ha'il	01/04/1438H (corresponding to 30/12/2016G)	80,000	450,000	Five (5) years ending on 01/04/1443H (corresponding to 06/11/2021G)
4	The Company	Abdul Aziz Mousa Abdullah Al-Odaib	An apartment in a building located in King Abdul Aziz Road, Buraydah	01/06/1437H (corresponding to 11/03/2016G)	15,000	45,000	Three (3) years ending on 01/06/1440H (corresponding to 06/02/2019G)
5	The Company	Mansour Mohamed Al-Zair	Residential building in As Suwaidi, Riyadh	01/01/1439H (corresponding to 21/09/2017G)	150,000	750,000	Five (5) years ending on 01/01/1444H (corresponding to 30/07/2022G)
6	The Company	Huda Abdullah Alhamrani	Residential Building	02/01/1439H (corresponding to 20/11/2017G)	160,000	800,000	Five (5) years ending on 02/03/1444H (corresponding to 28/09/2022G), automatically renewed for the same period
7	The Company	Zafer Ali Zuhair	Building located in King Fahad Road, Khamis Mushait	27/03/1439H (corresponding to 15/12/2017G)	18,000	18,000	One (1) year ending on 26/03/1440H (corresponding to 05/12/2018G), automatically renewed for the same period
8	The Company	Abdul Moneim Al-Wasebi and Ibrahim Al-Omran	A building in Al-Burj District, Al Kharj	01/06/1439H (corresponding to 17/02/2018G)	105,000	525,000	Five (5) years ending on 01/06/1444H (corresponding to 25/12/2022G)
9	The Company	Bader Mohammed Aloula & Partners Co.	Office Number 104 located in Al Jarif Road, Al Maseef District, Riyadh	25/05/1439H (corresponding to 11/02/2018G)	19,000	57,000	Three (3) years ending on 25/05/1440H (corresponding to 31/01/2019G), automatically renewed for the same period

#	Lessee	Lessor	Location	Effective date of the lease	Lease annual amount (SAR)	Total lease amount for the contract term (SAR)	Lease term/ Contract Expiry Date
10	The Com-pany	Adel Youssef Al-Fawzan	An apartment located in Al Quds District, Riyadh	25/02/1438H (corresponding to 25/11/2016G)	18,000 (as of 25/08/1439H (corre-sponding to 11/05/2018G))	18,000	One (1) year ending on 25/02/1439H (corresponding to 14/11/2017G), automatically renewed for the same period
11	The Com-pany	Khaled Ali Al Shehri	An apartment located in Al Nozha District, Hira Road, Jed-dah	10/07/1439H (corresponding to 27/03/2018G)	25,000	25,000	One (1) year ending on 10/07/1440H (corresponding to 17/03/2019G), automatically renewed for the same period
12	The Com-pany	Khaled Ali Al Shehri	An apartment located in Al-Nozha District, Hira Road, Jeddah	10/07/1439H (corresponding to 27/03/2018G)	16,000	16,000	One (1) year ending on 10/07/1440H (corresponding to 17/03/2019G), automatically renewed for the same period
13	The Com-pany	Khaled Ali Al Shehri	An apartment located in Al-Nozha District, Hira Road, Jeddah	10/07/1439H (corresponding to 27/03/2018G)	16,000	16,000	One (1) year ending on 10/07/1440H (corresponding to 17/03/2019G), automatically renewed for the same period
14	The Com-pany	Alif Alqasim Real Estate Company	An apartment located in Al-Nafel District, Riyadh	20/12/1439H (corresponding to 31/08/2018G)	27,000	27,000	One (1) year ending on 20/12/1440H (corresponding to 21/08/2019G), automatically renewed for the same period
Branches							
15	The Com-pany	Ali Moham-med Al-Obaidan	A showroom located in Trucks Road, Buraydah	01/04/1439H (corresponding to 20/12/2017G)	35,000	175,000	Five (5) years ending on 01/04/1444H (corresponding to 27/10/2022G)
16	The Com-pany	Maflah Hus-sein Nasser Al-Rassi	A showroom located in Khamis Road, Abha	01/03/1439H (corresponding to 2019G/11/2017G)	180,000	900,000	Five (5) years ending on 01/03/1444H (corresponding to 27/09/2022G)
17	The Com-pany	Huda Abdul-lah Al-Sheikh	Two showrooms located in Prince Sultan Road, Jeddah	06/10/1438H (corresponding to 01/07/2017G)	4,500,000	4,500,00	Ten (10) years ending on 25/01/1449H (corresponding to 30/06/2027G)
18	The Com-pany	Mansour Abdullah Al-Zahem	A showroom located in King Abdul Aziz Road, Medina	01/09/1439H (corresponding to 16/05/2018G)	120,000 (excluding the first six months with a lease value of 65,000)	305,000	Two (2) years ending on 01/03/1442H (corresponding to 18/10/2020G)
19	The Com-pany	Khalid bin Abdul Rah-man Al-Farhan	Two showrooms located in the Al-Rayan District, Onaiza	15/02/1439H (corresponding to 04/11/2017G)	100,000	300,000	Three (3) years ending on 14/02/1442H (corresponding to 01/10/2020G)

#	Lessee	Lessor	Location	Effective date of the lease	Lease annual amount (SAR)	Total lease amount for the contract term (SAR)	Lease term/ Contract Expiry Date
20	The Company	Mohammed Abdullah Akhdar and Fayza Mohammed Akhdar	Part of a front showroom located in Al-Ta'awun District, Riyadh	24/07/1436H (corresponding to 13/05/2015G)	380,745 (plus annual service feels of 10,000)	781,490	Two years from 24/07/1438H (corresponding to 21/04/2017G) to 23/07/1440H (corresponding to 30/03/2019G)
21	The Company	Nayef Abdul Karim Al Jameel	A showroom located in King Khalid Road	01/05/1439H (corresponding to 18/01/2018G)	85,000	297,500	Three (3) years ending on 01/05/1442H (corresponding to 16/12/2020G)
22	The Company	Saeed Abdul Rahman Al - Yemeni	A showroom located in King Abdul Aziz Road, Al-Sultana District, Buraidah	01/05/1437H (corresponding to 10/02/2016G)	450,000 decreased to 200,000 from 01/01/1439 H (corresponding to 21/09/2017G)	1,416, 667	Five (5) years ending on 30/04/1442H (corresponding to 16/12/2020G)
23	The Company	Abdul Latif bin Mohammed Ibrahim Abdullatif	A shop located in Dammam	01/01/1438H (corresponding to 02/10/2016G)	700,000	2,100,000	Three (3) years ending on 30/12/1440H (corresponding to 31/08/2019G)
24	The Company	Italian Taste Restaurant	A showroom located in Al-Rayan District, Riyadh	15/06/1436H (corresponding to 04/04/2015G)	550,000 decreased to 500,000 from 15/06/1439H (corresponding to 03/03/2018G)	4,650,000	Nine (9) years ending on 14/06/1445H (corresponding to 27/12/2023G)
25	The Company	Ali Ibrahim Al-Hadithi	A showroom located in Al-Murooj Commercial Building, Riyadh	01/09/1436H (corresponding to 18/06/2015G)	193,000 decreased to 165,000 from 01/09/1439 H (corresponding to 16/05/2017G) plus a 5% service charge	744,000 plus a 5% service charge)	Four (4) years ending on 30/8/1440H (corresponding to 05/05/2019G)
26	The Company	Arkan Development Company	A showroom located in Albaraka Commercial Complex 2, Al-Yasmeen District, Riyadh	24/06/1437H (corresponding to 02/04/2016G)	476,520	1,429,560	Five (5) years ending on 23/06/1442H (corresponding to 05/02/2021G)
27	The Company	Abdullah Othman Alabra	A ground-floor showroom located in the Eastern Ring Road between Exit 10 and Exit 11, Riyadh	01/09/1439H (corresponding to 16/05/2018G)	500,000	500,000	One year ending on 01/09/1440H (corresponding to 06/05/2019G)
28	The Company	Abdullah Hussein	Two showrooms located in King Salman Road, Al- Rabwa District, Al-Rass	30/05/1440 H (corresponding to 05/02/2019G)	90,000	270,000	Three (3) years ending on 30/05/1443H (corresponding to 03/01/2022G G)
29	The Company	Rashed Hamad Almuslim	A showroom located in Al-Suwaidi District, Riyadh	01/07/1440H (corresponding to 08/03/2019G)	125,000	375,000	Thee (3) years ending on 01/07/1443H (corresponding to 02/02/2022G)

#	Lessee	Lessor	Location	Effective date of the lease	Lease annual amount (SAR)	Total lease amount for the contract term (SAR)	Lease term/ Contract Expiry Date
30	The Company	AlOula Real Estate Development	A showroom in Building 1 located in King Fahd Road, Al Muzahimiyah, Riyadh	14/04/1439H (corresponding to 01/01/2018G)	960,000 plus 15% service charge	1,200,000 plus 15% service charge	One year ending on 24/04/1440H (corresponding to 31/12/2018G), which was renewed for an additional three months until 24/07/1440H (corresponding to 31/03/2019G)
31	The Company	Abdullah AlOthaim Markets	A showroom located in AlOthaim Markets, Ad Diriyah	03/08/1439H (corresponding to 19/04/2018G)	22,500	22,500	One year ending on 13/08/1440H (corresponding to 18/04/2019G)
32	The Company	Ali Hassan Attieh Al Zahrani	A showroom located in Al-Marwah District, Jeddah	05/06/1439H (corresponding to 21/02/2018G)	150,000	750,000	Five (5) years ending on 04/06/1444H (corresponding to 28/12/2022G)
33	The Company	Abdul Moneim Al-Wasebi and Ibrahim Al-Omran	Two showrooms in Al-Burj District, Al-Kharj	01/06/1439H (corresponding to 17/02/2018G)	35,000	175,000	Five (5) years ending on 01/06/1444H (corresponding to 25/12/2022G)

Source: The Company

It should be noted that the rental values mentioned in the table above relate only to the terms of the current contracts and no terms to be renewed in future or previous ones under terminated contracts are calculated.

12-7 Intangible Assets

The Company has registered its trademark with the Trademark Department at MoCI. The Company's ability to protect its trademarks or to take legal action necessary to protect it may adversely affect its ability to use their trademarks, which will affect its operations and results of operations (for further information, please refer to Section See Section 2-1-30 "**Risks Related to the Protection of Intellectual Property Rights**" of this Prospectus). Musanid and TPH have not registered their trademarks. The following table sets out key particulars of the Company's registered trademark:

Table (12-10): Key particulars of the Company's registered trademark

Name of Owner	Category	Protection Commencement Date	Protection Expiry Date	Registration Number	Logo
The Company	35	25/01/1437H (corresponding to 08/11/2015G)	25/01/1447H (corresponding to 20/07/2025G)	1437001941	شـركة مهارة للموارد البشرية Maharah Human Resources Company

Source: The Company

12-8 Insurance

The Company shall hold insurance policies covering different types of risks associated with its activities. The key particulars of the Company's insurance policies are as follows:

Table (12-11): Company's insurance policies

#	Coverage type	Insurance company	Document Number	Insured	Coverage Expiry Date	Value of the insured/ Maximum Compensation
1	Health insurance	Al Sagr Company for Cooperative Insurance	P/300/03/18/787595	All employees and any of their dependent family members.	14/04/1441H (corresponding to 11/12/2019G)	Maximum benefit per person for a document year: SAR 500,000
2	Insurance against medical errors	Al Sagr Company for Cooperative Insurance	N/A	All specialized manpower resources in the healthcare industry.	• 13/07/1438H (corresponding to10/04/2017G) for nurses, noting that the Company does not intend to renew insurance at the request of clients. • 05/08/1440H (corresponding to 10/04/2019G) for doctors.	• Female nurses: Basic: SAR 100,000, Plus: SAR 150,000 • Non-surgical physicians: Basic: SAR 250,000, Plus: SAR 300,000. • Surgeons: Basic: 500,000, Plus: Letter of guarantee.
3	Comprehensive insurance for commercial vehicles	Al Sagr Company for Cooperative Insurance	P/300/2902/18/000107	Company's vehicles	20/01/1441H (corresponding to 22/09/2019G)	SAR 10,000,000 in any accident
4	Insurance against all real estate risk	Al Sagr Company for Cooperative Insurance	P/100/3402/18/000030	The company's real estate located in Al-Yasmin, Al-Wadi, Al-Amanah and Al-Rawdah in Riyadh	19/04/1441H (corresponding to 16/12/2019G)	SAR 60,215,694.14

Source: The Company

12-9 Litigation

Except the following, the Directors confirm that the Company is not a party, to the date of this Prospectus, to any judicial dispute, arbitration or administrative proceeding that may, individually or collectively, have a adverse effect on its financial position and operations results. Moreover, they confirm that they are not aware of any cases or claims threatened to be filed.

12-9-1 Commercial Disputes

The following table summarizes the commercial disputes filed by or against the Company as of the date of this Prospectus.

Table (12-12): Summary of commercial disputes filed by or against the Company as of the date of this Prospectus

SN	Plaintiff	Defendant	Dispute Summary	Status	Financial impact of dispute
Summary of commercial disputes filed against the Company					
1	New Boy Saudi Arabia	The Company*	Financial Claim	The claim is still pending before the General Court	SAR 123,000,000 for New Boy Saudi Arabia
2	Al-Dar Al Ali Contracting Company	The Company	Financial Claim	The claim is still pending before the Commercial Court	SAR 765,000 for Al-Dar Al Ali Contracting Company
3	Eastern Labor	The Company	Financial Claim	The claim is still pending before the General Court	SAR 9,000,000 for Eastern Labor
Summary of commercial disputes filed by the Company					
1	The Company	New Boy Saudi Arabia	Financial Claim	The claim is still pending before the General Court	SAR 54,643,692 for the Company

SN	Plaintiff	Defendant	Dispute Summary	Status	Financial impact of dispute
2	The Company	HAZ Contracting Company	Financial Claim	The Company was awarded the outstanding due amounts pursuant to a decision by the General Court. The Company appealed the decision for compensation for the delay and the appeal is still pending	SAR 441,000 for the Company
3	The Company	Supporting Forces Foundation	Financial Claim	The claim is still pending before the General Court	SAR 1,677,000 for the Company
4	The Company	Salman Alsubaie	Financial Claim	The claim is still pending before the Court of Appeal	SAR 56,000 for the Company
5	The Company	Abou Shakra Restaurants	Financial Claim	The claim is still pending before the General Court	SAR 3,278,000 for the Company
6	The Company	Mohammed Hamid Factory for Concrete Poles and Steel Industries	Financial Claim	The claim was filed to the Supreme Court to hear jurisdiction disputes.	SAR 121,000 for the Company
7	The Company	Najd Borders Trading Co.	Financial Claim	The claim was filed to the Supreme Court to hear jurisdiction disputes.	SAR 53,000 for the Company
8	The Company	Saudi Oil Company	Financial Claim	The claim is still pending before the General Court	SAR 156,600 for the Company
9	The Company	Ideal Catering LLC	Financial Claim	The claim was filed to the Supreme Court to hear jurisdiction disputes.	SAR 1,696,343 for the Company
10	The Company	Drake and Scull	Financial Claim	The claim is still pending before the Commercial Court	SAR 5,992,014 for the Company
11	The Company	Rakan Trading & Contracting Corp	Financial Claim	The claim is still pending before the Commercial Court	SAR 4,873,285 for the Company
12	The Company	Meshal Al-Enezi	Financial Claim	Judgment has been issued and is being executed by the Execution Court	SAR 15,000 for the Company
13	The Company	Mohammed Alsubaie	Financial Claim	Judgment has been issued and is being executed by the Execution Court	SAR 59,400 for the Company
14	The Company	Al - Alwani Perfumes Company	Financial Claim	The claim is still pending before the Commercial Court	SAR 28,000 for the Company
15	The Company	Dar Al Hamma Food Company	Financial Claim	The claim is still pending before the Commercial Court	SAR 1,221,000 for the Company
16	The Company	Ibrahim Al Rumaih	Financial Claim	The claim is still pending before the General Court	SAR 4,900 for the Company
17	The Company	Anas Aldreham	Financial Claim	The claim is still pending before the General Court	SAR 29,400 for the Company
18	The Company	Amira Al hajaily	Financial Claim	The claim is still pending before the General Court	SAR 90,000 for the Company

* Note: Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company and Abdullah Sulaiman Al-Amro, as Shareholders of the Company, have undertaken to fulfil all the obligations arising from this lawsuit, regardless of its value, in full on behalf of the Company.

Source: The Company

The estimated value of commercial claims filed by the Company as of the date of this Prospectus Seventy-six million and one hundred and twenty five thousand six hundred and thirty four Saudi Riyals (SAR 76,125,634)

The estimated value of commercial claims filed against the Company as of the date of this Prospectus amounts to one hundred and thirty two million, seven hundred and sixty five thousand Saudi Riyals (SAR 132,765,000). It should be noted that Al-Ahliya International Real Estate Investment Company, Al-Khibra Al-Mi'mariya Company and Abdullah Sulaiman Al-Amro, as Shareholders of the Company, have undertaken to assume all liabilities arising from claims filed by New Boy Saudi Arabia. These amount to one hundred and twenty three million Saudi Riyals (SAR 123,000,000) under the Letter dated 23/02/1440H (corresponding to 01/11/2018G).

12-9-2 Labor Disputes

The following table summarizes the labor disputes filed against the Company before the Commissions for the Settlement of Labor Disputes at the MoL as of the date of this Prospectus.

Table (12-13): Summary of labor disputes filed against the Company as of the date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Financial impact of dispute
1	Egyptian male manpower resource	The Company	Compensation claim for salaries, end of service benefits, and travel tickets, as well as damages for absconding report and suspension of medical insurance	A compensation judgment has been awarded and an endorsement is underway.	SAR 5,290
2	Egyptian male manpower resource	The Company	Compensation claim for salaries during his term of imprisonment until judgment of acquittal is rendered and he files a compensation claim for the damage arising from unfair dismissal	Underway	SAR 140,533
3	Egyptian male manpower resource	The Company	Compensation claim for salaries, commissions and transfer of sponsorship	Underway	SAR 1,850
4	Jordanian female manpower resource	The Company	Claim for full-year salaries, attendance allowance of audit committee meetings, end of service benefits and value of travel tickets	Underway	SAR 550,000
5	Pakistani male manpower resource	The Company	Compensation claim for salaries, leave allowance, housing allowance, transport allowance, children's education allowance, two-year travel ticket allowance, residence renewal fees and end of service benefits	Underway	SAR 1,150,000
6	Egyptian male manpower resource	The Company	Claim of transfer of sponsorship and compensation for suspension period from March 2016G to date	Underway	SAR 125,000
7	Yemeni male manpower resource	The Company	Claim for a letter of waiver for sponsorship transfer to be awarded by the Company	Underway	N/A

Source: The Company

The estimated value of the labor claims filed against the Company as of the date of this Prospectus amounts to one million, nine hundred and seventy two thousand, six hundred and seventy three Saudi Riyals (SAR 1,972,673). As on the date of this Prospectus, there are no existing or potential claims or claims relating to the Company's previous non-compliance with the Wage Protection Program requirements prior to the Company's adoption of the manpower resources salary, entitlements and benefits policy on 15/03/1439H (corresponding to 03/12/2017G). On 12/02/1440H (corresponding to 21/10/2018G), the Selling Shareholders have undertaken to assume any future obligations on behalf of the Company as a result of any previous practices that do not comply with the current salary policy adopted by the Company in 2017G (for further information on the Salary Policy adopted by the Company, please refer to Section 4-4-3 (b) "**Corporate Manpower Resources Recruitment Process in the Kingdom**" and Section 4-4-4(b) "**Household Manpower Resources Recruitment Process in the Kingdom**" of this Prospectus), in proportion their shateholding percentage in the Company's capital, including any future claims, litigation or violations that may arise.

12-10 Description of Shares

12-10-1 Voting Rights

Each shareholder shall have the right to attend a general assembly and may authorize another shareholder other than a member of the board of directors or an resource of the company to attend the general assembly on his/her behalf. Each shareholder shall have a vote for each share in the General Assemblies. Cumulative voting shall be used when electing the Board of Directors.

Resolutions of the General Assembly shall be passed if supported by a majority of the Shares represented at the meeting. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified under the Company's by-laws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters of the Shares represented at the meeting.

Each Shareholder shall have the right to discuss the subjects listed in the General Assembly's agenda and to direct questions in respect thereof to the Board of Directors and the Auditor. The Board or Auditor shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a shareholder deems the answer to the question unsatisfactory, then he/she may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

12-10-2 Rights in Dividends

Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the shareholders register shall be entitled to their shares of profit by the end of the day of their entitlement.

12-10-3 Rights of recovery or repurchase ability

N/A

12-10-4 Rights in surplus assets at liquidation and dissolution

Pursuant to Article (163) of the Companies Law, Shares shall entail equal rights to net profit and liquidation surplus, unless the articles of incorporation stipulate otherwise.

12-10-5 Approvals necessary to amend voting rights

The Company's Bylaws shall be amended to amend the rights and voting mechanism at the General Assemblies of the Company. In accordance with Article (30) of the Company's Bylaws, the Bylaws may be amended only by a resolution of the Extraordinary General Assembly. The quorum of the Extraordinary General Assembly is constituted by the shareholders representing at least 50% of the Company's share capital. If such quorum is not reached at the first meeting, the second Extraordinary General Assembly shall be valid if attended by a number of shareholders representing at least of the Company's share capital. Resolutions of the Extraordinary General Assembly on the Company's Bylaws amendment shall be passed if supported by a majority of at least two-thirds of the Shares represented at the meeting.

13- Underwriting

The Company, Selling Shareholders, and the Underwriter (Samba Capital & Investment Management Company (Samba Capital)) have entered into an Underwriting Agreement dated 02/09/1440H (corresponding to 07/05/2019G), under which the Underwriter has agreed to underwrite all of the eleven million two hundred and fifty thousand (11,250,000) Offer Shares subject to certain terms and conditions contained in the Undertaking Agreement. The name and address of the Underwriter are as follows:

13-1 Underwriter Name and Address

Samba Capital & Investment Management Company (Samba Capital)
Kingdom Tower, 14th Floor
PO Box: 220007 Riyadh 11311
Kingdom of Saudi Arabia
Tel: +966 (11) 477 0477
Fax: +966 (11) 211 7438
Website: www.sambacapital.com
Email: ipo@sambacapital.com

13-2 Summary of Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

a- The Selling Shareholders undertake to the Underwriter that, on the first business day after the CMA approves the allocation of the Offer Shares following the end of the Offering Period, they shall:

1- sell and allocate the Offer Shares to any Individual Investors or Participating Parties whose application for Offer Shares has been accepted by a Selling Agent; and

2- sell and allocate to the Underwriter the Offer Shares that are not purchased by Individual Investors or Participating Parties pursuant to the Offering.

b- The Underwriter undertakes to the Selling Shareholders that it will purchase any Offer Shares that are not subscribed for by Individual Investors or Participating Parties, as stated below:

Table (13-1): Underwritten Shares

Underwriter	Number of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
Samba Capital & Investment Management Company	11,250,000	100%

The Company and Selling Shareholders have committed to satisfy all the provisions of the Underwriting Agreement.

13-3 Underwriting Costs

The Selling Shareholders will pay to the Underwriter an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholders agreed on behalf of the Company to pay the Underwriter's costs and expenses in connection with the Offering.

14- Offering Expenses

The Selling Shareholders will be responsible for all costs associated with the Offering, which are estimated at approximately fifty one million Saudi Riyals (SAR (51,000,000)). This figure includes the fees of each of the Financial Advisor, Underwriter, Lead Manager, Bookrunner, Legal Advisor to the Company and the legal advisor to the Underwriter, reporting accountants, Selling Agents, Market Consultant, in addition to marketing expenses, printing and distribution expenses and other related expenses. The Offering expenses will be deducted from the proceeds of the Offering. The Company will not be responsible for payment of the Offering expenses.

15- Undertakings Following Listing

Following Listing, the Company undertakes to:

- complete Form 8 (related to compliance with the Corporate Governance Regulations) and, in the event that the Company does not comply with any of the requirements of the Corporate Governance Regulations, explain the reasons for such non-compliance;
- provide the CMA with the date on which the first General Assembly will be held following Listing so that a representative may attend;
- submit transactions and contracts in which a Director has a direct or indirect interest for the authorization of the General Assembly (in accordance with the Companies Law and Corporate Governance Regulations), provided that the interested Director shall be prohibited from voting on the relevant resolution whether in the Board or the General Assembly.
- comply with all the mandatory provisions of the Corporate Governance Regulations immediately upon listing.
- Convening a General Assembly to update the Company's Bylaws immediately after listing.

Similarly, following the Listing, the Board undertakes to:

- record all Board resolutions by means of written minutes of meetings, which shall be signed by the Directors and Secretary; and
- disclose the details of any related party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

16- Waivers

The Company has not applied to the CMA for any exemption from any regulatory requirement.

17- Subscription Terms and Conditions

The Company has made an application to the CMA for the registration and offer of securities and an application for listing of securities on the Exchange in accordance with the OSCO Rules and Listing Rules. All Investors must carefully read the subscription terms and conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Selling Agent is deemed as acceptance and approval of the subscription terms and conditions.

17-1 Subscription to Offer Shares

The Offering will consist of eleven million, two hundred and fifty thousand (11,250,000) Ordinary Offer Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share at an Offer Price of sixty nine Saudi Riyals (SAR (69)) per Offer Share. The Offer Shares represent 30% of the Company's share capital, with the total value of the Offering amounting to seven hundred seventy-six million two hundred fifty thousand Saudi Riyals Saudi Riyals (SAR (776,250,000)). The Offering of the Offer Shares to the Individual Investors and the listing of the Offer Shares is contingent on the successful subscription by the Participating Entities of 100% of the Offer Shares. The Offering will be canceled if it is not fully subscribed for at this stage. The CMA has also the right to suspend the Offering if, at any time after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

Offering is restricted to the following two tranches of investors:

Tranche (A) - Participating Parties:

This tranche comprises of the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (for further information, please see Section 1 (**Definitions and Abbreviations**)). Participating Entities will initially be allocated [eleven million and two hundred and fifty thousand (11,250,000) Offer Shares, representing 100% of the Offer Shares. In the event that there is sufficient demand by Individual Investors. The Lead Manager shall have the right to initially reduce the previously allocated Offer Shares to Participating Entities to ten million and one hundred and twenty five thousand (10,125,000) Offer Shares, representing 90% of the total Offer Shares.

Tranche (B) - Individual Investors:

This tranche comprises of Saudi Arabian nationals, including any Saudi female divorcee or widow from a marriage to a non-Saudi, who can subscribe for her own benefit, in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children, and GCC investors having natural personality. The subscription by a person in the name of his divorced wife shall be deemed invalid and those who perform such transactions will be subject to penalty under the laws of the Kingdom. In case there has been two subscriptions, the second one is deemed null and only the first one shall prevail. A maximum of [one million one hundred and twenty five thousand (1,125,000) Ordinary Offer Shares representing 10% of the total Offer Shares will be allocated for individual investors. In the event that the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them, subject to the approval of the CMA.

17-2 Book-building and Subscription by Participating Entities

a- The Financial Advisor will determine the price range for the purposes of book-building, which will made available to all Participating Parties.

b- Each of the Participating Entities must submit an offer to purchase the Offer Shares during the book building period by filling and submitting the Bid Form. The Participating Entities may change or cancel their Bid Forms at any time during the book-building process, provided that such change shall be made through submitting an amended or additional Bid Form, where applicable, before Offer Price determination to be made before the Offering Period. The number of Offer Shares to be subscribed by each Participating Entity shall neither be less than one hundred thousand (100,000) shares nor more than one million eight hundred and seventy four thousand and nine hundred and ninety nine (1,874,999) shares, and in relation only to public investment funds, without exceeding the maximum amount specified for each participating fund that is determined in accordance with Book-Building Instructions. The number of requested shares shall be subject to allocation. The Lead Manager will inform the Participating Entities of the offer price and the number of Offer Shares initially allocated thereto. Subscriptions by the Participating Entities shall commence during the Offering Period, which also includes the Individual Investors, according to the terms and conditions detailed in the Subscription Application Forms.

c- After book-building for the Participating Entities, the Lead Manager will announce the covering percentage for the Participating Entities.

d- The Lead Manager and the Company will have the power to determine the Offer Price based on the forces of supply and demand, provided that it does not exceed the price set out in the underwriting agreement and provided that the Offer Price is in accordance with the tick size applied by the Tadawul.

17-3 Subscription by Individual Investors

Each Individual Investor shall subscribe for a minimum of ten (10) Offer Shares and a maximum of two hundred and fifty thousand (250,000) Ordinary Offer Shares. Changes to or withdrawal of the Subscription Application shall not be permitted once the Subscription Application Form has been submitted.

Subscription Application Forms will be available during the Offering Period at some of the Selling Agents' branches. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Investors who have recently participated in recent initial public offerings can also subscribe through the internet, banking telephone or ATMs of any of the Selling Agents that offer any or all such services to its clients, provided that, the following requirements are satisfied:

a- the Individual Investor shall have a bank account at a Selling Agent which offers such services; and

b- there should have been no changes to the personal information or data of the Individual Investor since his subscription in the last offering.

A signed Subscription Application Form represents a legally binding agreement between the Selling Shareholders and the relevant Individual Investor submitting it to the Selling Agents.

Individual Investors may obtain a copy of this Prospectus and the Subscription Application Form from the branches of the following Selling Agents (the Prospectus is also available on the websites of the CMA, the Financial Advisor and Company):

Samba Financial Group King Abdulaziz Road P. O. 833, Riyadh 11421, Kingdom of Saudi Arabia Tel: +966 (11) 477 4770 Fax: +966 (11) 479 9402 Website: www.samba.com Email: customercare@samba.com	samba سامبا
Al Rajhi Bank Olaya Road P. O. 28, Riyadh 11411, Kingdom of Saudi Arabia Tel: +966 11 211 6000 Fax: +966 11 460 0705 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	Al Rajhi Bank مصرف الراجحي
Banque Saudi Fransi AlMathar Street P. O. 56006, Riyadh 11554, Kingdom of Saudi Arabia Tel: +966 (11) 404 2222 Fax: +966 (11) 404 2311 Website: www.alfransi.com.sa Email: communications@alfransi.com.sa	البنك السعودي الفرنسي Banque Saudi Fransi
National Commercial Bank King Abdulaziz Roa P. O. 3555, Jeddah 21481, Kingdom of Saudi Arabia Tel: +966 (12) 649 3333 Fax: +966 (12) 643 7426 Website: www.alahli.com Email: contactus@alahli.com	NCB الأهلي
Riyad Bank King Abdulaziz Road P. O. 22622, Riyadh 11614, Kingdom of Saudi Arabia Tel: +966 (11) 401 3030 Fax: +966 (11) 404 2311 Website: www.riyadbank.com Email: customercare@riyadbank.com	بنك الرياض riyad bank
Saudi British Bank (SABB) Prince Abdulaziz bin Musaed bin Jalawi Street P. O. 9084, Riyadh 11413, Kingdom of Saudi Arabia Tel: +966 (11) 405 0677 Fax: +966 (11) 405 0660 Website: www.sabb.com Email: sabb@sabb.com	SABB ساب

The Selling Agents will commence receiving Subscription Application Forms at some of their branches throughout the Kingdom beginning on Wednesday, 03/09/1440H (corresponding to 08/05/2019G) until Tuesday, 09/09/1440H (corresponding to 14/05/2019G). Once the Subscription Application Form is signed and submitted, the relevant Selling

Agent will stamp it and provide the Individual Investor with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Selling Agent, the Subscription Application Form will be considered void. The Individual Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual Investor is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of sixty nine Saudi Riyals (SAR (69)) per Offer Share.

Subscriptions by Individual Investors for less than ten (10) Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of such minimum number, while the maximum number of Offer Shares to be applied for is two hundred and fifty thousand (250,000) Offer Shares.

Subscription Application Forms for Individual Investors should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Selling Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

a- the original and copy of the Individual Investor's national civil identification card (in case of Individual Investors);
b- the original and copy of the Individual Investor's national civil identification card (in case of GCC Individual Investors);
c- the original and copy of the family civil identification card (when subscribing on behalf of family members);
d- the original and copy of a power of attorney (when subscribing on behalf of others);
e- the original and copy of certificate of guardianship (when subscribing on behalf of orphans);
f- the original and copy of the divorce certificate (for the children of Saudi female divorcees);
g- the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman);
h- and the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Subscription Application Form, accompanied with a valid original and a copy of the power of attorney. The power of attorney must be notarized by a notary public for the Individual Investors residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for the Individual Investors residing outside the Kingdom. The concerned official of the Selling Agent shall match the copy with the original version and return the original version to the Investor.

One Subscription Application Form should be completed for each head of family applying for himself and members appearing on his family identification card if dependent Investors apply for the same number of Offer Shares as the prime Investor. In this case:

a- all Offer Shares allocated to the prime Individual Investor and dependent Investors will be registered in the prime Individual Investor's name;
b- the prime Investor will receive any refund in respect of amounts not allocated and paid for by himself and dependent Investors;
c- the prime Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a- the Offer Shares that will be allocated are to be registered in a name other than the name of the prime Individual Investor;
b- dependent Individual Investors intend to apply for a different number of Offer Shares than the prime Individual Investor; and
c- the wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant prime Individual Investor). In the latter case, applications made by the husbands on behalf of their spouses will be canceled and the independent application of the wives will be processed by the Selling Agent.

Any Saudi female divorcee or widow from a marriage to a non-Saudi, who can subscribe for her own benefit, in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi Arabian children. The Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as prime Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be notarized (attested) by a Saudi consulate or embassy in the relevant country.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of sixty nine Saudi Riyals (SAR (69)) per Offer Share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

a- delivery by the Individual Investor of the Subscription Application Form to any of the Selling Agents;

b- payment in full by the Individual Investor to the Selling Agent of the total value of the Offer Shares subscribed for; and

c- delivery to the Individual Investor by the Selling Agent of the allotment letter specifying the number of Offer Shares allotted to him/her.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Selling Agents by authorizing a debit of the Individual Investor's account held with the Selling Agent to whom the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Individual Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he has applied for.

17-4 Allocation and Refunds

The Lead Manager and the Selling Agents shall open and operate escrow accounts. Each of the Selling Agents shall deposit all amounts received from the Investors into the escrow accounts mentioned above.

The Lead Manager and Selling Agents, as applicable, will notify the Investors informing them of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Investors in whole without any deductions or fees and will be deposited in the Investors' accounts specified in the Subscription Application Forms. The announcement of the final allocation and refunds process shall be made no later than Tuesday, 16/09/1440H (corresponding to 21/05/2019G) (for further information, please see "**Key Dates and Subscription Procedures**", page (xi)). Investors should communicate with the Lead Manager or the branch of the Selling Agents where they submitted their Subscription Application Form, as applicable, for any further information.

17-4-1 Allocation of Offer Shares to Participating Entities

The allocation of the Offer Shares to Participating Entities will, after completion of the allocation of the Offer Shares to Individual Investors, be determined by the Financial Advisor in coordination with the Company at their discretion, provided that the initial Offer Shares allocated to Participating Entities shall not be less than eleven million and two hundred and fifty thousand (11,250,000) ordinary shares representing 100% of the Offer Shares, and provided that the final allocation for the Participating Entities shall not be less than ten million and one hundred and twenty five thousand (10,125,000) ordinary shares, representing 90% of the Offer Shares.

17-4-2 Allocation of Offer Shares to Individual Investors

A maximum of one million and one hundred and twenty five thousand (1,125,000) Normal Offer Shares 10% of the total Offer Shares will be allocated for Individual investors. The minimum allocation per Individual Investor is (10) Offer Shares and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000,000) Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis of the number of Offer Shares applied for by each Individual Investor to the total applied for Offer Shares. In the event that the number of Individual Investors exceeds one hundred and twelve thousand and five hundred (112,500) Individual Investors, the Company will not guarantee the minimum allocation of Offer Shares per Individual Investors, and the Offer Shares will be allocated in accordance with the proposals made by the Company and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the Selling Agent.

17-5 Circumstances Where Listing May be Suspended or Canceled

17-5-1 Power to Suspend or Cancel Listing

a- CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:

1- CMA considers it necessary for the protection of investors or the maintenance of an orderly market;

2- the Company fails, in a manner which the CMA considers material, to comply with CML, its Implementing Regulations or market rules;
3- if the Company fails to pay any fees due to the CMA or the Exchange or penalties due to the CMA on time;
4- if it considers that the Company or its business, the level of its operations or its assets is no longer suitable for the continued listing of shares in the market;
5- when reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Company has given sufficient information regarding the target entity and the CMA is convinced, after the announcement of the Company, that sufficient public information is available on the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;
6- when information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the market cannot be informed accordingly.

b- The Exchange shall suspend the trading of securities of an Issuer in any of the following cases:
1- when the Company does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the requirements of Rules on the Offer of Securities and Continuous Obligations until its disclosure;
2- when the auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from opinion expressing until the opposing opinion or abstention from opinion expressing is removed;
3- if the liquidity requirements of Chapters 2 and 8 of the Listing Rules are note met after listing after the time limit set by the Exchange for the Company to rectify its conditions unless the CMA agrees otherwise; or
4- the issuance of a decision by an extraordinary general assembly of the Company to reduce its capital for the two trading days following the issuance of the decision.

17-5-2 Voluntary Cancellation of Listing

a- The Company whose securities have been listed on the Exchange may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to Exchange. The application has to include the following:
1- specific reasons for the request for the cancellation;
2- a copy of the disclosure described in item "d" below;
3- a copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company; and
4- names and contact information of the financial advisor and legal advisor appointed according to the Rules on the Offer of Securities and Continuing Obligations.

b- The CMA may, at its discretion, approve or reject the cancellation request.

c- The Company must obtain the consent of the extraordinary general assembly on the cancellation of the listing after obtaining the CMA approval.

d- Where cancellation is made at the Company's request, the Company must disclose that to the public as soon as possible. The disclosure has to include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities.

17-5-3 Temporary Trading Suspension

a- The Company may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CML, its Implementing Regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange suspends trading of the securities of that Issuer as soon as it receives the request.

b- When trading is temporarily suspended at the Issuer's request, the Issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it and how it affects the Company's activities.

c- The CMA may impose a temporary trading suspension without a request from the Company when the CMA has information or there are circumstances that affect the Company's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. The Company whose securities are subject to temporary trading suspension must continue to comply with the CML, its implementing regulations and Exchange rules.

d- A temporary trading suspension will be lifted following the elapse of the period referred to in the Paragraph B above, unless the CMA or the Exchange decide otherwise.

17-5-4 Lifting of Suspension

Lifting of trading suspension under Paragraph (A) of Section 17-5-1 "**Power to Suspend or Cancel Listing**" is subject to the following:

a- adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;

b- the lifting of suspension being unlikely to affect the normal activity of the Exchange; and

c- the Company complying with any other conditions that the CMA may require.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Issuer to correct such suspension, the CMA may cancel the listing of Company.

17-6 Approvals and Decisions Under Which the Offer Shares are Offered

The Resolutions and Approvals under which shares are offered are under:

a- the Company's Board decision recommending the Offering dated 14/02/1440H (corresponding to 23/10/2018G);

b- the Company's General Assembly resolution approving the Offering dated 23/02/1440H (corresponding to 01/11/2018G); and

c- the CMA's announcement regarding its approval of the Offering dated 23/07/1440H (corresponding to 31/03/2019G)

d- The approval of the Exchange on the listing dated 17/05/1440H (corresponding to 23/01/2019G)

17-7 Lock-Up Period

Substantial Shareholders mentioned on page (viii) of this Prospectus may not dispose of their Shares for six (6) months from the date on which trading in the Offer Shares commences on the Exchange and may only dispose of their respective Shares after obtaining the approval of the CMA.

17-8 Acknowledgments by Investors

By completing and delivering the Subscription Application Form, each Investor:

a- agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;

b- declares that he/she has read this Prospectus and understood all its content;

c- accepts the Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes in the Offer Shares accordingly;

d- declares that neither himself nor any of his family members included in the Subscription Application Form have previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;

e- accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) as per the Subscription Application Form; and

f- warrants not to cancel or amend the Subscription Application Form after submitting it to the Selling Agent.

For further information about the Allocations and Refunds, please refer to Section 17-4 "**Allocations and Refunds**" of this Prospectus. For further information about the Stock Exchange, please refer to Section 17-10 "**The Saudi Stock Exchange**" of this Prospectus.

17-9 Shares' Record and Trading Arrangements

The Company shall maintain a shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

17-10 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 10:00 am and 3:00 pm from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or canceled from 9:30 am to 10:00 am. The said times are subject to change during the month of Ramadan and they are announced by Tadawul Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, i.e., shares ownership transfer takes two working days after the trade transaction is executed.

Listed Companies are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

17-11 Trading of Company's Shares

It is expected that dealing in the Shares will commence on Tadawul after finalization of the allocation process and the announcement of the start date of trading by Tadawul. Following Admission, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, GCC nationals, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, QFIs and Approved QFI Clients will be permitted to trade in the Shares in accordance with QFI Rules. Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into swap agreements with Authorized Persons to acquire, hold and trade in the Shares on the Exchange on behalf of a foreign non-GCC investor. It should be noted that Authorized Persons shall be deemed the legal owners of the Shares under the swap agreements.

Furthermore, Shares can only be traded after allocated Offer Shares have been credited to Investors' accounts at Tadawul, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Investors entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

17-12 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs. Neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus has been released in both Arabic and English languages and the Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than Saudi Arabia are expressly prohibited except for the Foreign Institutional Investors subject to the applicable laws and instructions. Recipients of this Prospectus are required to inform themselves of any regulatory restrictions relevant to the Offer Shares and the sale of Offer Share and to observe all such restrictions.

18- Documents Available for Inspection

The following documents will be available for inspection at the Company's head office at King Fahd Road between 9:00 am and 5:00 pm, from 16/08/1440H (corresponding to 21/04/2019G) until 03/09/1440H (corresponding to 08/05/2019G) for a period of no less than 20 days prior to the end of the Offering Period:

a- CMA announcement of the approval of the Offering;
b- The Company's General Assembly resolution approving the Offering dated 23/02/1440H (corresponding to 01/11/2018G);
c- The Company's Bylaws;
d- Company's Articles of Association and amendments thereto;
e- Company's commercial registration certificate issued by the MOCI;
f- Audited and restated financial statements of the Company for the financial years ended 31 December 2015G, 2016G and the audited financial statements of the Company for the financial year ended 31 December 2017G;
g- Valuation Report prepared by the Financial Advisor;
h- Market study report prepared by the Market Consultant;
i- All other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus;
j- Contracts and agreements disclosed in Section 12-5 "**Material Agreements with Related Parties**" of this Prospectus;
k- Letters of consent from:
    1- Financial Advisor, Lead Manager, Bookrunner and Underwriter (Samba Capital & Investment Management Company) for the inclusion of its name and logo in this Prospectus;
    2- Public Accountants (Ernst & Young & Co. (Certified Public Accountants)), along with the audit reports for the same years, in this Prospectus;
    3- The Financial Due Diligence Advisor (PricewaterhouseCoopers) for the inclusion of its name, logo and statements, if any, in this Prospectus;
    4- The Market Consultant (Roland Berger Middle East W.L.L.) for the inclusion of its name, logo and statements in this Prospectus;
    5- The Legal Advisor (Law Office of Salman M. Al-Sudairi), for the inclusion of its name, logo and statements in this Prospectus.
l- Underwriting Agreement.

19- Financial Statements and Auditor's Report

This section contains the audited financial statements for the financial years ended 31 December 2015G and 2016G, and the accompanying notes thereto. The audited financial statements for the financial years ended 31 December 2015G and 2016G, and the accompanying notes thereto, have been prepared in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants (SOCPA) and audited by Ernst & Young & Co. (Certified Public Accountants). This section contains also the Company's audited financial statements for financial year ended 31 December 2017G, including the restated financial statements for financial years ended 31 December 2015G and 2016G, and the accompanying notes thereto, prepared in compliance with accounting standards promulgated by SOCPA, and the special purpose audited financial statements for the financial year ended 31 December 2017G, prepared in compliance with the IFRS as endorsed by Saudi Organization for Certified Public Accountants SOCPA and audited by Ernst & Young & Co. (Certified Public Accountants). It also contains the interim consolidated financial statements for the period of nine- months ended 30 September 2018G, and the accompanying notes thereto, prepared in compliance with the IFRS as endorsed by Saudi Organization for Certified Public Accountants (SOCPA) and audited by Ernst & Young & Co. (Certified Public Accountants). This section also contains audited financial statements prepared for special purposes for the financial years ended 31 December 2017G, 2016G and 2017G which also contain the restated financial statements for the financial years ended 31 December 2017G and 2016G, prepared by Ernst & Young & Co. (Certified Public Accountants).

Maharah For Human Resource Company

(A Saudi Closed Joint Stock company)

FINANCIAL STATEMENTS

31 DECEMBER 2015

Building a better working world

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AUDITORS' REPORT TO THE SHAREHOLDERS OF
MAHARAH FOR HUMAN RESOURCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

Scope of audit:

We have audited the accompanying balance sheet of Maharah for Human Resource Company (A Saudi Closed Joint Stock company) (the "Company") as at 31 December 2015 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified opinion:

In our opinion, the financial statements taken as a whole:

1) present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

2) comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as they affect the preparation and presentation of the financial statements.

For Ernst & Young

Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437

ERNST & YOUNG

Riyadh: 4 Rajab 1437H
(11 April 2016)

Maharah For Human Resource Company
(A Saudi Closed Joint Stock company)
BALANCE SHEET
As at 31 December 2015

	Notes	2015 SR	2014 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	186,385,682	97,478,009
Time deposits	4	70,170,243	-
Accounts receivable	5	103,404,429	51,152,977
Prepayments and other receivables	6	93,305,453	60,917,265
Available visas	7	40,566,712	36,568,712
Amounts due from related parties	9	7,197,919	3,988,786
TOTAL CURRENT ASSETS		501,030,438	250,105,749
NON-CURRENT ASSETS			
License guarantee letter	8	10,000,000	10,000,000
Property and equipment	10	82,727,295	63,553,335
Investment in an unconsolidated subsidiary		27,500	-
TOTAL NON-CURRENT ASSETS		92,754,795	73,553,335
TOTAL ASSETS		593,785,233	323,659,084
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Retained deposits	11	167,630,657	106,510,793
Accounts payable, accruals and others	12	137,557,901	45,590,020
Amounts due to a related party	9	2,661,000	-
Zakat payable	13	9,321,790	3,649,342
TOTAL CURRENT LIABILITIES		317,171,348	155,750,155
NON-CURRENT LIABILITY			
Employees› terminal benefits		21,222,037	6,709,538
TOTAL LIABILITIES		338,393,385	162,459,693
SHAREHOLDERS' EQUITY			
Capital	14	100,000,000	100,000,000
Statutory reserve		28,539,185	8,619,939
Consensual reserve	16	14,269,593	4,309,970
Retained earnings		112,583,070	48,269,482
TOTAL SHAREHOLDERS' EQUITY		255,391,848	161,199,391
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		593,785,233	323,659,084

The attached notes 1 to 24 form part of these financial statements.

Maharah For Human Resource Company
(A Saudi Closed Joint Stock company)

STATEMENT OF INCOME
Year ended 31 December 2015

	Notes	2015	Period from 17 February 2013 to 31 December 2014
		SR	SR
Revenue		957,757,005	425,599,848
Cost of revenue		(677,379,460)	(285,452,327)
GROSS PROFIT		280,377,545	140,147,521
EXPENSES			
General and administration	17	(62,308,094)	(46,735,737)
Marketing	18	(12,813,388)	(6,015,776)
INCOME FROM MAIN OPERATIONS		205,256,063	87,396,008
Other income		3,088,131	2,452,725
INCOME BEFORE ZAKAT		208,344,194	89,848,733
Zakat	13	(9,151,737)	(3,649,342)
NET INCOME FOR THE YEAR / PERIOD		199,192,457	86,199,391
EARNINGS PER SHARE:			
Attributable to income from main operations	19	20.53	8.74
Attributable to net income for the year / period	19	19.92	8.62

The attached notes 1 to 24 form part of these financial statements.

Maharah For Human Resource Company

(A Saudi Closed Joint Stock company)

STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	2015	Period from 17 February 2013 to 31 December 2014
	SR	SR
OPERATING ACTIVITIES		
Income before zakat	208,344,194	89,848,733
Adjustments for:		
Amortization of used visas	27,370,236	14,719,959
Depreciation of property and equipment	3,038,431	2,816,666
Loss on disposal of property and equipment	2,854	-
Employees' terminal benefits – net	14,512,499	6,709,538
Provision for doubtful debts	534,896	-
Earnings from time deposits	(170,243)	-
	253,632,867	114,094,896
Changes in operating assets and liabilities:		
Accounts receivable, prepayments and others	(112,544,772)	(136,790,201)
Available visas	(3,998,000)	(36,568,712)
Balances with related parties - net	(548,133)	(3,988,786)
Retained deposits	61,119,864	105,018,007
Accounts payable, accruals and others	91,967,881	47,082,806
Cash from operations	289,629,707	88,848,010
Zakat paid	(3,479,289)	-
Net cash from operating activities	286,150,418	88,848,010
INVESTING ACTIVITIES		
Purchase of property and equipment	(47,748,295)	(66,370,001)
Proceeds from disposal of property and equipment	25,533,050	-
Investment in unconsolidated subsidiary	(27,500)	-
Time deposits	(70,000,000)	-
Net cash used in investing activities	(92,242,745)	(66,370,001)
FINANCING ACTIVITIES		
Issue of capital	-	100,000,000
Dividend paid	(105,000,000)	(25,000,000)
Net cash (used in) from financing activities	(105,000,000)	75,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	88,907,673	97,478,009
Cash and cash equivalents at the beginning of the year / period	97,478,009	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD	186,385,682	97,478,009

The attached notes 1 to 24 form part of these financial statements.

Maharah For Human Resource Company
(A Saudi Closed Joint Stock company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2015

	Capital SR	Statutory reserve SR	Consensual reserve SR	Retained earnings SR	Total SR
Capital	100,000,000	-	-	-	100,000,000
Net income for the period	-	-	-	86,199,391	86,199,391
Transfer to statutory reserve	-	8,619,939	-	(8,619,939)	-
Transfer to consensual reserve	-	-	4,309,970	(4,309,970)	-
Dividend (note 15)	-	-	-	(25,000,000)	(25,000,000)
Balance at 31 December 2014	100,000,000	8,619,939	4,309,970	48,269,482	161,199,391
Net income for the year	-	-	-	199,192,457	199,192,457
Transfer to statutory reserve	-	19,919,246	-	(19,919,246)	-
Transfer to consensual reserve	-	-	9,959,623	(9,959,623)	-
Dividend (note 15)	-	-	-	(105,000,000)	(105,000,000)
Balance at 31 December 2015	100,000,000	28,539,185	14,269,593	112,583,070	255,391,848

The attached notes 1 to 24 form part of these financial statements.

1- ACTIVITIES

Maharah For Human Resources Company (the "Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010364538 and dated 7 Rabi Thani 1434H, corresponding to 17 February 2013.

The Company is engaged in providing recruitment services for public and private sector.

2- SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The financial statements are prepared under the historical cost convention.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when placed.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognised in the statement of income. Impairment is determined as follows:

a- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

b- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Available and used visas

Purchased visas

Purchased visas represent the amounts paid to the government authorities against issuing manpower visas and are recorded at cost.

Used visas

Visas which are used in recruitment and are transferred from purchased visas are classified under used visa and amortized in the statement of income on straight-line basis over two years or over the contract period whichever is shorter. The amount of visas amortized in the statement of income in case of termination of the contract or occurrence of anything that prevents the continuation of the service. Used visas are classified under current assets.

Available visas

Available visas represent the unused balance of visas purchased. As per Saudi law, the company, upon its wish, may return the amount of visas. Available visas are classified under current assets.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are amortized on a straight line basis over the shorter of useful lives of the improvements or the lease term.

Expenditure for repair and maintenance is charged to statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Investment in an unconsolidated subsidiary company

Unconsolidated subsidiary company represents long term investment by the Company comprising an interest of more than 50% of the voting capital and over which it exercises control. The subsidiary has not started its operations yet, and is carried at cost.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Deferred revenue

Deferred revenues represent the amounts collected from customers in advance when signing the contracts of providing manpower services. These amounts are recognized under revenue in the statement of income of the Company when earned.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labor Law applicable to employees' accumulated periods of service at the balance sheet date.

Statutory reserve

As required by the Saudi Arabian Regulations for Companies, 10% of the net income for the year has been transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the capital. This reserve is not available for distribution.

Revenue recognition

Revenue represents the activity prices of manpower services provided by the Company to the public and private sectors and individuals during the period. Revenue is measured and recognized in accordance with the contracts, according to accrual basis at the time of providing service to customers.

Other income is recognized when earned.

Operating leases

Operating lease payments are recognized as an expense in the statement of income on a straight line basis over the term of lease.

Costs and expenses

Costs which directly related to services providing are classified as revenue costs. Costs which are attributable to marketing, promotional activities and bad debts are classified as marketing expenses. All other indirect expenses are classified as general and administration expenses.

Segmental Reporting

A segment is a distinguishable component of the Company that is engaged in either providing products or services (a business segment), or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. As the Company is currently operating in one segment, the requirements of segmental reporting are not applicable in the current time.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

3- CASH AND CASH EQUIVALENTS

	2015	2014
	SR	SR
Bank balances	176,385,516	97,478,009
Short term deposits with original maturity of 3 months or less	10,000,166	-
	186,385,682	97,478,009

4- TIME DEPOSITS

Time deposits represent deposits with local commercial banks having an original maturity of more than three months from date of acquisition. The variable special commission rate on the time deposits as at 31 December 2015 is based on prevailing commercial market rates.

5- ACCOUNTS RECEIVABLE

The five largest customers account for 38% (2014 : 38%) of outstanding accounts receivable at year end.

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

	Total SR	<90 days SR	91-180 days SR	181-365 days SR
2015	103,404,429	91,729,263	7,881,394	3,793,772
2014	51,152,977	48,236,321	1,729,237	1,187,419

As at 31 December 2015, the Company made provision against doubtful receivables amounting to SR. 534,896 (2014 : nil).

6- PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	SR	SR
Residence fees and work permits	43,360,947	33,526,705
Used visas (*)	24,561,805	20,280,041
Prepaid recruitment expenses	15,551,037	-
Prepaid insurance	6,829,759	4,278,867
Advance to suppliers	1,113,349	800,000
Prepaid rent	1,107,346	1,459,802
Others	781,210	571,850
	93,305,453	60,917,265

(*) The movement in used visas during the year / period was as follows:

	2015 SR	2014 SR
Opening balance	20,280,041	-
Used visas transferred during the year / period (note 7)	31,652,000	35,000,000
Amortized during the year / period	(27,370,236)	(14,719,959)
Net balance of used visas at the end of the year / period	24,561,805	20,280,041

7- AVAILABLE VISAS

Available visas represent the balance of unused visas until the date of the financial statements. Amounts of available visas are transferred to used visas when issuing visas to the recruited manpower.

	2015	2014
	SR	SR
Opening balance	36,568,712	-
Purchased visas during the year / period	35,650,000	71,568,712
Transferred to used visas (note 6)	(31,652,000)	(35,000,000)
Balance of available visas at the end of the year / period	40,566,712	36,568,712

8- LICENSE GUARANTEE LETTER

Letter of guarantee represents the letter submitted to ministry of labor against issuance of recruitment license for the Company. This letter is valid until 14 Sha'ban 1445, corresponding to 24 February 2024.

9- RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of major related party transactions during the year / period and the related balances at the year / period end.

Related party	Nature of transactions	Relationship	Amount of transactions		Balance	
			2015	2014	2015	2014
			SR	SR	SR	SR
Due from related parties						
National Real Estate Investment Company	Services	Affiliate	-	100,000,000	-	-
Spectra Support Services	Services	Affiliate	27,138,773	-	2,495,269	-
Al Khebra Architectural Company	Services	Affiliate	26,072,400	-	4,000,000	-
Mahara Operation and Maintenance	Services	Affiliate	-	10,348,992	-	3,988,786
Mahara Travel and Tourism Company	Financing	Subsidiary	702,650	-	702,650	-
					7,197,919	3,988,786
Due to related parties						
Spectra Support Services	Services	Affiliate	4,227,797	-	2,661,000	-
					2,661,000	-
Shareholder	Sale of land	Shareholder	7,150,000	-	-	-
Key management person	Sale of land	Key management person	18,265,500	-	-	-
Directors	Board remuneration and bonus (note 17)	Key management staff	7,970,599	-	7,970,599	-

10- PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Leasehold improvements	10 years	Office equipment	4 -10 years
Furniture and fixtures	10 years	Vehicle	4 years
Buildings	20 years		

	Lands SR	Buildings SR	Leasehold improvement SR	Furniture and fixtures SR	office equip-ment SR	Vehicles SR	Capital work in progress SR	Total 2015 SR	Total 2014 SR
Cost:									
At the beginning of the year / period	46,714,000	-	13,112,347	1,936,439	3,065,555	911,650	630,010	66,370,001	-
Additions	16,778,800	14,178,969	859,324	1,043,632	4,685,118	1,974,350	8,228,102	47,748,295	66,370,001
Disposals	(25,415,500)	-	-	-	-	(142,300)	-	(25,557,800)	-
At the end of the year / period	38,077,300	14,178,969	13,971,671	2,980,071	7,750,673	2,743,700	8,858,112	88,560,496	66,370,001
Depreciation:									
At the beginning of the year / period	-	-	1,844,235	203,993	538,490	229,948	-	2,816,666	-
Charge for the year / period	-	168,447	1,366,767	250,859	806,416	445,942	-	3,038,431	2,816,666
Disposals	-	-	-	-	-	(21,896)	-	(21,896)	-
At the end of the year / period	-	168,447	3,211,002	454,852	1,344,906	653,994	-	5,833,201	2,816,666
Net book amounts:									
At 31 December 2015	38,077,300	14,010,522	10,760,669	2,525,219	6,405,767	2,089,706	8,858,112	82,727,295	
At 31 December 2014	46,714,000	-	11,268,112	1,732,446	2,527,065	681,702	630,010		63,553,335

11- RETAINED DEPOSITS

Retained deposits represent the amounts collected in advance from customers and agents as a warranty of employment contracts. These amounts are returned at the end of the contact after deducting the amount due to the Company and the manpower from customers and agents.

12- ACCOUNTS PAYABLE, ACCRUALS AND OTHERS

	2015	2014
	SR	SR
Accrued tickets and vacations	60,883,005	19,406,689
Accrued salaries and benefits	37,311,757	17,570,588
Accounts payable	12,694,375	4,042,829
Deferred revenue	12,140,637	2,716,785
Provision for operational risk (note 21)	4,480,000	1,478,700
Provision for withholding taxes	1,564,876	-
Advance from customers	-	224,177
Others	8,483,251	150,252
	137,557,901	45,590,020

13- ZAKAT

Charge for the year

The zakat charge amounting to SR 9,151,737 (2014: SR 3,649,342) consists of current year provision and is based on the following:

	2015 SR	2014 SR
Shareholders' equity	112,929,909	186,849,315
Opening provisions and other adjustments	107,152,527	-
Book value of long term assets	(82,754,795)	(137,433,903)
	137,327,641	49,415,412
Zakatable income for the year / period	228,741,831	96,558,271
Zakat base	366,069,472	145,973,683
Zakat provision @ 2.5%	9,151,737	3,649,342

The differences between the financial and zakatable results are mainly due to provisions which are not allowed in calculation of zakatable income.

13- ZAKAT (continued)

Movement of zakat provision

The movement in the zakat provision for the year / period was as follows:

	2015 SR	2014 SR
At the beginning of year / period	3,649,342	-
Provided for the year / period	9,151,737	3,649,342
Paid during the year / period	(3,479,289)	-
At the end of year / period	9,321,790	3,649,342

Status of zakat assessments

The Company has submitted its zakat return for the period ended 31 December 2014 to the Department of Zakat and Income Tax (DZIT) and obtained zakat certificate but the final assessment has not been raised yet.

14- SHARE CAPITAL

Capital is divided into 10 million shares of SR 10 each as of 31 December 2015 and 2014.

15- DIVIDENDS

In the meeting dated 8 Dhul Qadah 1436H (corresponding to 23 August 2015), the general assembly has ratified the dividends amounting to SR. 25 million for 2014.

During the year ended 31 December 2015, the Company›s Board of Directors declared dividend of SR 105 million to the shareholders of the Company, which paid during the year.

16- CONSENSUAL RESERVE

In accordance with the Company’s by-laws and based on the proposal of the Board of Directors, 5% of the net income of the year has been transferred to the consensual reserve, to be allocated for certain purposes.

17- GENERAL AND ADMINISTRATION EXPENSES

	2015 SR	Period from 17 February 2013 to 31 December 2014 SR
Employee costs	39,590,953	25,697,972
Board remuneration and bonus (note 9)	7,970,599	-
Rent	6,239,268	8,486,263
Depreciation (note 10)	3,038,431	2,816,666
Bank charges	1,487,822	794,056
Professional fees	1,129,536	5,754,229
Utilities	939,375	503,861
Repair and maintenance	856,042	236,655
Travel	81,975	690,863
Others	974,093	1,755,172
	62,308,094	46,735,737

18- MARKETING EXPENSES

	2015 SR	Period from 17 February 2013 to 31 December 2014 SR
Marketing commission	11,550,230	442,135
Incentives	728,262	5,573,641
Provision for doubtful debts (note 5)	534,896	-
	12,813,388	6,015,776

19- EARNINGS PER SHARE

Earnings per share is calculated for the year / period ended 31 December 2015 and 2014 based on weighted average of the number of shares issued at the end of the year which aggregates to 10 million shares.

20- SEGMENTAL REPORTING

The Company did not disclose segmental information, as the Company has only one business segment and conducts its business in Kingdom of Saudi Arabia.

21- RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company is subject to interest rate risk on its interest bearing assets and liabilities, which is not likely to be significant.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages its liquidity risk by ensuring that necessary funds are available. The Company's terms of providing service require amounts to be paid within 30 days from the date of invoice issuance. Trade payables are normally settled within 30 days of the date of contract.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company monitors the fluctuations in currency exchange rates and manages its effect on the financial statements accordingly.

Operational Risk

Operational risk is the risk that the Company will encounter difficulties in providing the required manpower or failing to complete the period of the contract due to rejection of work, lack of good work performance, escape, death and change of related laws and regulations. The Company seeks to manage the operation risks by monitoring these cases on a regular basis in order to avoid or reduce occurrence of such cases. The Company also provides a provision to encounter these cases when occurred.

22- CONTINGENT LIABILITIES

The Company's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 in respect of contract performance, in the normal course of business.

23- COMPARATIVE FIGURES

Certain of prior period balances have been reclassified to conform with the current year presentation.

24- APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 4 Rajab 1437H (corresponding to 11 April 2016).

Maharah for Human Resource Company

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS

31 DECEMBER 2016

Building a better working world

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AUDITORS' REPORT TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCE COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Scope of audit:

We have audited the accompanying balance sheet of Maharah for Human Resource Company (A Saudi Closed Joint Stock Company) (the "Company") as at 31 December 2016 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the requirements of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified opinion:

In our opinion, the financial statements taken as a whole:

1) present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

2) comply with the requirements of the Regulations for Companies and the Company's by-laws in so far as they affect the preparation and presentation of the financial statements.

For Ernst & Young

Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437

Riyadh: 8 Jumad Thani 1438H
(7 March 2017)

ERNST & YOUNG

Maharah for Human Resource Company
(A Saudi Closed Joint Stock Company)
BALANCE SHEET
As at 31 December 2016

	Notes	2016 SR	2015 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	190,906,099	186,385,682
Time deposits	4	16,344,690	70,170,243
Accounts receivable and unbilled receivables	5	105,099,184	110,602,348
Prepayments and other receivables	6	99,479,435	78,125,250
Available visas	7	19,480,000	40,566,712
TOTAL CURRENT ASSETS		431,309,408	485,850,235
NON-CURRENT ASSETS			
Used Visa – non-current portion	6	7,309,312	9,332,184
License guarantee letter	8	10,000,000	10,000,000
Prepaid Recruitment Expenses – Non-current portion		11,490,784	5,848,019
Property and equipment	10	92,795,357	82,727,295
Investment in an unconsolidated subsidiary	9	-	27,500
Available for Sale investment	11	30,680,240	-
TOTAL NON-CURRENT ASSETS		152,275,693	107,934,998
TOTAL ASSETS		583,585,101	593,785,233
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Retained deposits and deferred revenues	12	155,133,813	92,524,235
Accounts payable, accruals and others	13	122,147,936	128,078,264
Zakat payable	14	10,975,623	9,321,790
TOTAL CURRENT LIABILITIES		288,257,372	229,924,289
NON-CURRENT LIABILITY			
Employees› terminal benefits		31,543,006	21,222,037
Retained Deposit – Non-Current portion		48,278,239	87,247,059
TOTAL NON-CURRENT LIABILITIES		79,821,245	108,469,096
TOTAL LIABILITIES		368,078,617	338,393,385
SHAREHOLDERS' EQUITY			
Capital	15	100,000,000	100,000,000
Statutory reserve		30,000,000	28,539,185
Consensual reserve	17	-	14,269,593
Retained earnings		85,506,484	112,583,070
TOTAL SHAREHOLDERS' EQUITY		215,506,484	255,391,848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		583,585,101	593,785,233

The attached notes 1 to 23 form part of these financial statements.

Maharah for Human Resource Company
(A Saudi Closed Joint Stock Company)
STATEMENT OF INCOME
Year ended 31 December 2016

	Notes	2016 SR	2015 SR
Revenue		1,166,757,907	957,757,005
Cost of revenue		(843,386,691)	(693,205,978)
GROSS PROFIT		323,371,216	264,551,027
EXPENSES			
General and administration	18	(66,352,024)	(57,882,836)
Marketing	19	(28,213,083)	(1,412,128)
INCOME FROM MAIN OPERATIONS		228,806,109	205,256,063
Other income		5,167,680	3,088,131
INCOME BEFORE ZAKAT		233,973,789	208,344,194
Zakat	14	(8,136,965)	(9,151,737)
NET INCOME FOR THE YEAR		225,836,824	199,192,457
EARNINGS PER SHARE:			
Attributable to income from main operations	20	22.88	20.53
Attributable to net income for the year	20	22.58	19.92

The attached notes 1 to 23 form part of these financial statements.

Maharah for Human Resource Company
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
Year ended 31 December 2016

	Notes	2016 SR	2015 SR
OPERATING ACTIVITIES			
Income before zakat		233,973,789	208,344,194
Adjustments for:			
Amortization of used visas	6	33,685,490	27,370,236
Depreciation of property and equipment	10,18	5,145,279	3,038,431
Loss on disposal of property and equipment		-	2,854
Employees' terminal benefits		19,487,179	17,347,719
Provision for doubtful debts	5,19	25,744,660	534,896
Earnings from time deposits		(1,703,183)	(170,243)
		316,333,214	256,468,087
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and others		(78,873,564)	(115,753,905)
Available visas		21,086,712	(3,998,000)
Retained deposits		23,640,758	(61,119,864)
Accounts payable, accruals and others		(5,930,328)	(94,628,881)
Cash generated from operations		276,256,792	292,464,927
Zakat paid	14	(6,483,132)	(3,479,289)
Employees' terminal benefits paid		(9,166,210)	(2,835,220)
Net cash generated from operating activities		260,607,450	286,150,418
INVESTING ACTIVITIES			
Purchase of property and equipment	10	(15,666,873)	(47,748,295)
Proceeds from disposal of property and equipment		453,532	25,533,050
Purchase of available for sale securities		(30,680,240)	
Investment in unconsolidated subsidiary		-	(27,500)
Time deposit		55,528,736	(70,000,000)
Net cash generated from (used in) investing activities		9,635,155	(92,242,745)
FINANCING ACTIVITIES			
Dividends paid	16	(265,722,188)	(105,000,000)
Net cash used in financing activities		(265,722,188)	(105,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,250,417	88,907,673
Cash and cash equivalents at the beginning of the year		186,385,682	97,478,009
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		190,906,099	186,385,682
Significant non-cash transaction:			
Investment in an unconsolidated subsidiary transferred to Maharah Holding Company		27,500	-

The attached notes 1 to 23 form part of these financial statements.

Maharah for Human Resource Company

(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2016

	Capital SR	Statutory reserve SR	Consensual reserve SR	Retained earnings SR	Total SR
Capital	100,000,000	8,619,939	4,309,970	48,269,482	161,199,391
Net income for the year	-	-	-	199,192,457	199,192,457
Transfer to statutory reserve	-	19,919,246	-	(19,919,246)	-
Transfer to consensual reserve (note 16)	-	-	9,959,623	(9,959,623)	-
Dividends (note 15)	-	-	-	(105,000,000)	(105,000,000)
Balance at 31 December 2015	100,000,000	28,539,185	14,269,593	112,583,070	255,391,848
Net income for the year	-	-	-	225,836,824	225,836,824
Transfer to statutory reserve	-	1,460,815	-	(1,460,815)	-
Dividend (note 15)	-	-	(14,269,593)	(251,452,595)	(265,722,188)
Balance at 31 December 2016	100,000,000	30,000,000	-	85,506,484	215,506,484

The attached notes 1 to 23 form part of these financial statements.

1- ACTIVITIES

Maharah For Human Resources Company (the "Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010364538 and dated 7 Rabi Thani 1434H, corresponding to 17 February 2013.

The Company is engaged in providing recruitment services for public and private sector.

2- SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The financial statements are prepared under the historical cost convention.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when placed.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognised in the statement of income. Impairment is determined as follows:

- a- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;
- b- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- c- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

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.

Used visas

Visas which are used in recruitment and are transferred from purchased visas are classified under used visa and amortized in the statement of income on straight-line basis over two years or over the contract period whichever is shorter. The amount of visas amortized in the statement of income in case of termination of the contract or occurrence of anything that prevents the continuation of the service. Used visas are classified under current assets and non-current assets accordingly.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Available, used Visas and recruitment costs (continued)

Available visas

Available visas represent the unused balance of visas purchased. As per Saudi law, the Company, upon its wish, may return the amount of visas. Available visas are classified under current assets.

Recruitment costs

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortised in the statement of income over two years in line with the contract period.

These amounts are appropriately presented under current and non-current assets.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Lands and capital work in progress are not depreciated. The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are amortized on a straight-line basis over the shorter of useful lives of the improvements or the lease term.

Expenditure for repair and maintenance is charged to statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Available-for-sale investments

Available for sale securities are stated at fair value and included under non-current assets in the consolidated balance sheet unless the Company intends to sell those investments in next fiscal year. Unrealized gains or losses are included in the statement of changes in Partner's equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gains or losses previously reported in the equity is included in the statement of income for the year. Fair value is determined based on the market value if an open market exists or by using alternative revaluation methods. Otherwise cost is considered to be the fair value.

Impairment of non-financial assets

The Company periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the statement of income.

For all non-financial assets except goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately. Impairment recorded against the carrying value of goodwill is not reversed subsequently.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Retained deposits

Retained deposits represent the amounts equivalent to two months' salary collected as security and retained with the Company until the completion/termination of the contract. These amount are appropriately presented under current and non-current liabilities.

Deferred revenue

Deferred revenues represent the amounts collected from customers in advance when signing the contracts of providing manpower services. These amounts are recognized under revenue in the statement of income of the Company when earned.

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labor Law applicable to employees' accumulated periods of service at the balance sheet date.

Dividend distribution

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the company must set aside10% of its net income for each year until it has built up reserve equal to half of capital. Accordingly, the company has set aside equivalent amount from net income to statutory reserve to make the reserve equal to 30% of the capital. This reserve is not available for distribution.

Revenue recognition

Revenue represents the activity prices of manpower services provided by the Company to the public and private sectors and individuals during the year. Revenue is measured and recognized in accordance with the contracts, according to accrual basis at the time of providing service to customers.

Other income is recognized when earned.

Operating leases

Operating lease payments are recognized as an expense in the statement of income on a straight line basis over the term of lease.

2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs and expenses

Costs which directly related to services providing are classified as revenue costs. Costs which are attributable to marketing, promotional activities and bad debts are classified as marketing expenses. All other indirect expenses are classified as general and administration expenses.

Segmental Reporting

A segment is a distinguishable component of the Company that is engaged in either providing products or services (a business segment), or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

3 - CASH AND CASH EQUIVALENTS

	2016 SR	2015 SR
Bank balances	120,906,099	176,385,516
Short term deposits with current maturity of 3 months or less	70,000,000	10,000,166
	190,906,099	186,385,682

4- TIME DEPOSITS

Time deposits represent deposits with local commercial banks having a maturity of more than three months from date of acquisition. The variable special commission rates on the time deposits as at 31 December 2016 are based on prevailing commercial market rates.

5- ACCOUNTS RECEIVABLE AND UNBILLED RECEIVABLES

	2016 SR	2015 SR
Accounts receivable	119,186,103	103,939,325
Provision for doubtful debts	(26,279,556)	(534,896)
	92,906,547	103,404,429
Amount due from related parties (note 9)	9,368,907	7,197,919
Unbilled revenue	2,823,730	
	105,099,184	110,602,348

The five largest customers account for 30% (2015: 38%) of outstanding accounts receivable at year end.

As at 31 December 2016, the provision against doubtful receivables amounts to SR. 26.3 (2015:SR 0.5). were impaired movements in the allowance of doubtful Debt were as follows:

	2016 SR	2015 SR
At the beginning of the year	534,896	-
Providing during the year (Note 19)	25,744,660	534,896
The end of the year	26,279,660	534,896

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

	Total SR	<90 days SR	91-180 days SR	>181 Days and more
2016	92,906,547	88,871,591	1,702,530	2,332,426
2015	103,404,429	91,729,263	7,881,394	3,793,772

6- PREPAYMENTS AND OTHER RECEIVABLES

	2016 SR	2015 SR
Residence fees and work permits	40,800,078	43,360,947
Used visas (*)	19,237,715	15,229,621
Prepaid recruitment expenses	30,589,367	9,703,018
Prepaid insurance	3,529,123	6,829,759
Advance to suppliers	2,009,339	1,113,349
Prepaid rent	1,635,613	1,107,346
Others	1,678,200	781,210
	99,479,435	78,125,250

(*) The movement in used visas during the year was as follows:

	2016 SR	2015 SR
Opening balance	24,561,805	20,280,041
Used visas transferred during the year (note 7)	35,670,712	31,652,000
Amortized during the year	(33,685,490)	(27,370,236)
Net balance of used visas at the end of the year	26,547,027	24,561,805

	2016 SR	2017 SR
Current Portion (as shown Above)	19,237,715	15,229,621
Non-current Portion	7,309,312	9,332,184
Net Balance of used visas as the end of the year	26,547,027	24,561,805

7- AVAILABLE VISAS

Available visas represent the balance of unused visas until the date of the financial statements. Amounts of available visas are transferred to used visas when issuing visas to the recruited manpower.

	2016 SR	2015 SR
Opening balance	40,566,712	36,568,712
Purchased visas during the year	14,584,000	35,650,000
Transferred to used visas (note 6)	(35,670,712)	(31,652,000)
Balance of available visas at the end of the year	19,480,000	40,566,712

8- CASH MARGIN AGAINST LICENSE GUARANTEE LETTER

Letter of guarantee represents the letter submitted to ministry of labor and social development against issuance of recruitment license for the Company. This letter is valid until 14 Sha'ban 1445, corresponding to 24 February 2024.the guarantee letter is secured against 100% cash margin.

9- RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of major related party transactions during the year and the related balances at the year end.

Related party	Nature of transactions	Relationship	Amount of transactions		Balance	
			2016	2015	2016	2015
			SR	SR	SR	SR
Due from related parties						
Maharah Holding Company	Financing	Affiliate	4,052,650	-	4,080,150	-
	Transfer of Investment in an unconsolidated subsidiary		27,500	-	-	-
Spectra Support Services	Services	Affiliate	40,932,620	27,138,773	5,288,757	2,495,269
	Payment	Affiliate	(38,139,132)	-		
Al Khebra Architectural Company	Payments/Services	Shareholder	(4,000,000)	26,072,400	-	4,000,000
Mahara Travel and Tourism Company	Payment	Affiliate	(702,650)	702,650	-	702,650
					9,368,907	7,197,919
Due to related parties						
Mahara Travel and Tourism		Affiliate	13,720,691		372,551	
Spectra Support Services	Services	Affiliate	-	4,227,797	-	2,661,000
Shareholder	Sale of land	Shareholder	-	7,150,000	-	-
Key management person	Sale of land	Key management person	-	18,265,500	-	-
Directors	Board remuneration and bonus (note 17)	Key management staff	1,600,000	7,970,599	1,600,000	7,970,599
					1,972,551	10,631,599

10- PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Leasehold improvements	10 years	Office equipment	4 -10 years
Furniture and fixtures	10 years	Vehicle	4 years
Buildings	20 years		

	Lands SR	Buildings SR	Leasehold improvement SR	Furniture and fixtures SR	Office equip-ment SR	Vehicles SR	Capital work in progress SR	Total 2016 SR	Total 2015 SR
Cost:									
At the beginning of the year	38,077,300	14,178,969	13,971,671	2,980,071	7,750,673	2,743,700	8,858,112	88,560,496	66,370,001
Additions	1,332,500	1,263,003	1,478,991	837,362	2,130,098	3,429,600	5,195,319	15,666,873	47,748,295
Transfer	-	7,854,461		-	67,616		(7,922,077)		
Disposals	-	-	-	-	-	(532,500)	-	(532,500)	(25,557,800)
At the end of the year	39,409,800	23,296,433	15,450,662	3,817,433	9,948,387	5,640,800	6,131,354	103,694,869	88,560,496
Depreciation:									
At the beginning of the year	-	168,447	3,211,002	454,852	1,344,906	653,994	-	5,833,201	2,816,666
Charge for the year	-	827,438	1,482,328	338,283	1,534,854	962,376	-	5,145,279	3,038,431
Disposals	-	-	-	-	-	(78,968)	-	(78,968)	(21,896)
At the end of the year	-	995,885	4,693,330	793,135	2,879,760	1,537,402	-	10,899,512	5,833,201
Net book amounts:									
At 31 December 2016	39,409,800	22,300,548	10,757,332	3,024,298	7,068,627	4,103,398	6,131,354	92,795,357	
At 31 December 2015	38,077,300	14,010,522	10,760,669	2,525,219	6,405,767	2,089,706	8,858,112		82,727,295

11- AVAILABLE FOR SALE INVESTMENT

This represent investment in a mutual fund named commodity SAR fund comprising 206,988.44 units carried at SR 148.222 per unit.

12- RETAINED DEPOSITS AND DEFERRED REVENUES

	2016 SR	2015 SR
Retained deposits - Current portion	110,453,851	80,383,598
Deferred revenue	44,679,962	12,140,637
	155,133,813	92,524,235

13- ACCOUNTS PAYABLE, ACCRUALS AND OTHERS

	2016 SR	2015 SR
Accrued tickets and vacations	79,479,619	60,883,005
Accrued salaries and benefits	20,896,499	37,311,757
Provision for operational risk (note 23)	5,079,200	4,480,000
Advance from customers	5,904,670	-
Amount due to related party (note 9)	1,972,551	10,631,599
Accounts payable	5,230,842	12,694,375
Others	3,584,555	2,077,528
	122,147,936	128,078,264

14- ZAKAT

Charge for the year

The zakat charge amounting to SR 8,136,965 (2015: SR 9,151,737) consists of current year provision and is based on the following:

	2016 SR	2015 SR
Shareholders' equity	128,539,185	112,929,909
Opening provisions and other adjustments	12,590,723	107,152,527
Book value of long term assets	(91,577,707)	(82,754,795)
	49,552,201	137,327,641
Zakatable income for the year	275,926,399	228,741,831
Zakat base	325,478,600	366,069,472
Zakat provision @ 2.5%	8,136,965	9,151,737

The differences between the financial and zakatable results are mainly due to provisions which are not allowed in calculation of zakatable income.

14- ZAKAT (continued)

Movement of zakat provision

The movement in the zakat provision for the year was as follows:

	2016 SR	2015 SR
At the beginning of year	9,321,790	3,649,342
Provided for the year	8,136,965	9,151,737
Paid during the year	(6,483,132)	(3,479,289)
At the end of year	10,975,623	9,321,790

Status of zakat assessments

The Company has submitted its zakat return for all years up to 31 December 2015 with the General Authority for Zakat and Income Tax (GAZT) and obtained zakat certificates but the final assessments have not been raised yet.

15- CAPITAL

Capital is divided into 10 million shares of SR 10 each as of 31 December 2016 and 2015.

16- DIVIDENDS

In the meeting dated 27 Dhual-Hijjah 1437H (corresponding to 28 September 2016), the company board of directors (the"BOD") Declared dividends amounting to SR 165.7 Million, which paid during the year. The amount transferred from consensual reserve to retained earnings during the year were partly utilised to pay these dividends.

In the meeting dated 4 Rajab 1437H (corresponding to 11 April 2016), the Company's Board of Directors declared dividends amounting to SR 100 million, which paid during the year.

In the meeting dated 8 Dhual-Qadah 1436H (corresponding to 23 August 2015), the general assembly has ratified the-dividends amounting to SR 25 million, which was paid during 2015.

In the meeting dated 12 Rajab 1437H (corresponding to 19 April 2016), the general assembly has ratified the dividends amounting to SR 80 Million, which was paid during 2015.in the same meeting dividends Amounting to SR 100 million were also ratified by the general assembly which were declare based on the recommendation of board of directors on their meeting on 4 Rajab 1437H (corresponding to 11 April 2016)

17- CONSENSUAL RESERVE

In accordance with the Company's by-laws and based on the proposal of the Board of Directors, 5% of the net income of the year has been transferred to the consensual reserve, to be allocated for certain purposes. During 2016, the BOD has decided to release this reverse set aside last year to pay dividends.

18- GENERAL AND ADMINISTRATION EXPENSES

	2016 SR	2015 SR
Employee costs	47,255,725	36,573,322
Board remuneration and bonus (note 9)	1,600,000	7,970,599
Rent	1,459,884	1,814,010
Depreciation (note 10)	5,145,279	3,038,431
Bank charges	2,129,295	1,487,822
Professional fees	2,658,763	1,129,536
Utilities	1,247,797	939,375
Repairs and maintenance	848,308	856,042
Travel	648,562	81,975
Others	3,358,411	3,991,724
	66,352,024	57,882,836

19- MARKETING EXPENSES

	2016 SR	2015 SR
Provision for doubtful debts (note 5)	25,744,660	534,896
Advertisements	2,302,437	728,262
Marketing Commission	165,986	148,970
	28,213,083	1,412,128

20- EARNINGS PER SHARE

Earnings per share is calculated based on the weighted average number of outstanding shares during the year. The weighted average number of outstanding shares for the year ended 31 December 2016 and 2015 were 10 million shares.

21- OPERATING LEASES

Rent expenses are related to operating leases. During 2016, an amount of SR 5,318,996 (2015: 6,239,268) was recognised in the statement of income in respect of operating leases under general and administration expenses and cost of revenue.

22- SEGMENTAL REPORTING

These are attributable to the Company's activities and business lines approved by management to be used as a basis for the financial reporting and are consistent with the internal reporting process. The segments' results comprise items that are directly attributable to a certain segment and items that can be reasonably allocated between the main business segments.

The Company is organised into the following main business segments:

	Corporate		Individual		Total	
	2016 SR	2015 SR	2016 SR	2015 SR	2016 SR	2015 SR
Revenue	977,366,677	909,841,981	189,391,230	47,915,024	1,166,757,907	957,757,005
Gross profit	263,395,261	250,026,875	59,975,955	14,524,152	323,371,216	264,551,027

It is impracticable to disclose information pertaining to net book value of property and equipment, total assets and total liabilities pertaining to these business segments. The primary market for the company's activities and services is the kingdom of Saudi Arabia and hence geographical segmental information is not applicable in this case.

23- RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company is subject to interest rate risk on its interest-bearing assets including cash and cash equivalents and time deposit which is not likely to be significant. The company does not have any interest-bearing liability at the balance sheet date.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages its liquidity risk by ensuring that necessary funds are available. The Company's terms of providing service require amounts to be paid within 30 days from the date of invoice issuance. Trade payables are normally settled within 30 days of the date of contract.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company monitors the fluctuations in currency exchange rates and manages its effect on the financial statements accordingly.

Operational Risk

Operational risk is the risk that the Company will encounter difficulties in providing the required manpower or failing to complete the period of the contract due to rejection of work, lack of good work performance, escape, death and change of related laws and regulations. The Company seeks to manage the operation risks by monitoring these cases on a regular basis in order to avoid or reduce occurrence of such cases. The Company also provides a provision to encounter these cases when occurred.

24- CONTINGENT LIABILITIES

The Company's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 in respect of contract performance, in the normal course of business.

25- KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of the past due receivables.

At the reporting date, gross accounts receivable were SR 119,186,103 with SR 26,279,556 being maintained as provision for doubtful debts (2015: gross accounts receivable of SR 103,939,325 with provision for doubtful debt of SR 534,896). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of income.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Zakat

Significant judgment is required in determining the provision for zakat and income tax. There are many transactions and calculations for which the ultimate zakat and income tax determination is uncertain. The Company recognises liabilities for anticipated zakat and income tax based on estimation of whether additional zakat and income tax will be due.

26- FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Financial instruments comprise financial assets and financial liabilities. The Company's financial assets consist of cash and cash equivalents, time deposits, accounts and other receivables and amounts due from related parties. Financial liabilities of the Company consist of accounts and other payables, accruals and amounts due to a related party. The fair values of financial instruments of the Company at the balance sheet date are not materially different from their carrying values.

27- APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 8 Jumad Thani 1438H (corresponding to 7 March 2017).

28- COMPANY OPERATION

Following are company branches details as at 31 December 2016

Name	Commercial Registration Number	Date
Al Yasameen	1010465207	2 Safar 1438H
Al Moroj	1010436553	28 Shawwal 1436H
Al Taawon	1010427484	9 Muhurram 1435H
Jubail	2055021858	5 Rabi Thani 1435H
Ar Rass	1132010975	7 Dhul-Qadah 1435H
Al Rabwah	1010465209	2 Safar 1438H
Suwaidi	1010427485	9 Muhurram 1435H
Medina	4650076804	15 Rabi Awal 1436H
Buraydah	1136056729	29 Jumad Awal 1437H
Ha'il	2350043311	27 Rabi Thani 1436H
Khamis Mushait	5855068093	15 Rabi Awal 1436H
Khurais	1010436554	28 Shawwal 1436H
Unaizah	1128019621	15 Rabi Awal 1436H

29- COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform with the current year presentation.

Maharah for Human Resources Company and its Subsidiary

(A Closed Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Closed Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Maharah for Human Resources Company (the "Company") and its subsidiary (collectively, the "Group"), which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of 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 at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia (KSA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. 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 professional code of conduct and ethics 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.

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 accounting standards generally accepted in the KSA and the provisions of Companies Law and the 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 are responsible for overseeing the Group's financial reporting process.

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 ISAs that are endorsed in KSA 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 ISAs that are endorsed in KSA, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Closed Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 evidence 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.

For Ernst and Young

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

Riyadh: 24 Jumad Thani 1439H
(12 March 2018)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS
PROFESSIONAL LICENCE No. 45

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)
CONSOLIDATED BALANCE SHEET
As at 31 December 2017

	Note	2017 SR	2016 (Restated - Note 30) SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	342,221,524	190,906,099
Murabaha time deposits	5	4,000,000	16,344,690
Accounts receivable, unbilled receivables and other	6	143,975,960	117,773,749
Prepayments and other current assets	7	60,145,330	99,479,435
Available visas	8	21,064,000	19,480,000
TOTAL CURRENT ASSETS		571,406,814	443,983,973
NON-CURRENT ASSETS			
Used visas - non-current	7	18,205,989	7,309,312
Prepaid recruitment expenses - non-current		29,546,488	11,490,784
Property and equipment	11	104,577,019	92,795,357
Available-for-sale investments	12	31,261,609	30,680,240
Cash margin against license guarantee letter	9	-	10,000,000
TOTAL NON-CURRENT ASSETS		183,591,105	152,275,693
TOTAL ASSETS		754,997,919	596,259,666
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable, accruals and others	14	181,013,757	134,836,339
Retained deposits and unearned revenues	13	149,235,574	158,418,281
Zakat payable	15	9,470,542	10,975,623
TOTAL CURRENT LIABILITIES		339,719,873	304,230,243
NON-CURRENT LIABILITIES			
Employees› terminal benefits		42,070,769	31,543,006
Retained deposits - non-current portion		52,446,268	48,278,239
TOTAL NON-CURRENT LIABILITIES		94,517,037	79,821,245
TOTAL LIABILITIES		434,236,910	384,051,488
SHAREHOLDERS' EQUITY			
Share capital	16	250,000,000	100,000,000
Statutory reserve	17	20,347,320	30,000,000
Unrealized gains on revaluation of available-for-sale investments	12	1,261,609	680,240
Retained earnings		49,153,818	81,527,938
TOTAL SHAREHOLDERS' EQUITY		320,762,747	212,208,178
Non-controlling interests		(1,738)	-
TOTAL EQUITY		320,761,009	212,208,178
TOTAL LIABILITIES AND EQUITY		754,997,919	596,259,666

The attached notes 1 to 33 form part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary

(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2017

	Note	2017 SR	2016 (Restated - Note 30) SR
Revenue	25	1,167,944,942	1,181,428,295
Costs of revenue		(875,418,632)	(844,642,415)
GROSS PROFIT	25	292,526,310	336,785,880
EXPENSES			
General and administration	20	(87,732,481)	(66,352,024)
Marketing	21	(8,920,204)	(28,213,083)
INCOME FROM MAIN OPERATIONS		195,873,625	242,220,773
Other income	22	16,531,496	4,487,440
INCOME BEFORE ZAKAT		212,405,121	246,708,213
Zakat	15	(8,979,559)	(8,136,965)
NET INCOME FOR THE YEAR		203,425,562	238,571,248
NET INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Parent Company		203,473,200	238,571,248
Non-controlling interests		(47,638)	-
		203,425,562	238,571,248
EARNINGS PER SHARE:	23		
Income from main operations per share attributable to Shareholders of the Parent Company		7.83	9.69
Net income for the year per share attributable to Shareholders of the Parent Company		8.14	9.54

The attached notes 1 to 33 form part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary

(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 SR	2016 (Restated - Note 30) SR
OPERATING ACTIVITIES			
Income before zakat		212,405,121	246,708,213
Adjustments for:			
Amortization of used visas	7	36,463,753	33,685,490
Provision for employees' terminal benefits		22,903,798	19,487,179
Depreciation of property and equipment	11	6,510,887	5,145,279
Provision for doubtful debts	6	7,304,431	25,744,660
Reversal of provision for withholding taxes not required	22	(2,578,755)	-
Earnings from murabaha time deposits	22	(3,435,611)	(1,022,943)
Gain on disposal of property and equipment		(32,703)	-
		279,540,921	329,747,878
Changes in operating assets and liabilities:			
Accounts receivable, unbilled receivables and other		(33,460,742)	(35,549,561)
Prepayments and other current assets		6,737,971	(58,659,568)
Available visas		(34,404,000)	21,086,712
Retained deposits and unearned revenues		(5,014,678)	21,644,935
Cash margin against license guarantee letter		10,000,000	-
Accounts payable, accruals and others		48,756,173	(2,013,604)
Cash generated from operations		272,155,645	276,256,792
Zakat paid	15	(10,484,640)	(6,483,132)
Employees' terminal benefits paid		(12,376,035)	(9,166,210)
Net cash generated from operating activities		249,294,970	260,607,450
INVESTING ACTIVITIES			
Purchase of property and equipment	11	(18,334,846)	(15,666,873)
Net proceeds from murabaha time deposits		15,780,301	55,528,736
Proceeds from disposal of property and equipment		75,000	453,532
Purchase of available for sale investment		-	(30,680,240)
Net cash (used in) generated from investing activities		(2,479,545)	9,635,155
FINANCING ACTIVITIES			
Dividends paid	19	(95,500,000)	(265,722,188)
Net cash used in financing activities		(95,500,000)	(265,722,188)
NET INCREASE IN CASH AND CASH EQUIVALENTS		151,315,425	4,520,417
Cash and cash equivalents at the beginning of the year		190,906,099	186,385,682
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		342,221,524	190,906,099
Significant non-cash transaction:			
Unrealized gains on revaluation of available-for-sale investments	12	581,369	680,240

The attached notes 1 to 33 form part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Attributable to Shareholders of the Parent Company							
	Share capital SR	Statutory reserve SR	Consensual reserve SR	Unrealized gains on revaluation of available-for-sale investments SR	Retained earnings SR	Total share-holders' equity SR	Non-controlling interests SR	Total equity SR
Balance at 31 December 2015, as previously reported	100,000,000	28,539,185	14,269,593	-	112,583,070	255,391,848	-	255,391,848
Prior years' adjustments (note 30)	-	-	-	-	(16,712,970)	(16,712,970)	-	(16,712,970)
Balance at 31 December 2015, as restated	100,000,000	28,539,185	14,269,593	-	95,870,100	238,678,878	-	238,678,878
Net income for the year, as restated (note 30)	-	-	-	-	238,571,248	238,571,248	-	238,571,248
Transfer to statutory reserve	-	1,460,815	-	-	(1,460,815)	-	-	-
Unrealized gains on available-for-sale investments (notes 12 and 30)	-	-	-	680,240	-	680,240	-	680,240
Dividends (note 19)	-	-	(14,269,593)	-	(251,452,595)	(265,722,188)	-	(265,722,188)
Balance at 31 December 2016, as restated	100,000,000	30,000,000	-	680,240	81,527,938	212,208,178	-	212,208,178
Capital increase (note 16)	150,000,000	(30,000,000)	-	-	(120,000,000)	-	-	-
Acquisition of partially-owned subsidiary	-	-	-	-	-	-	45,900	45,900
Net income for the year	-	-	-	-	203,473,200	203,473,200	(47,638)	203,425,562
Transfer to statutory reserve	-	20,347,320	-	-	(20,347,320)	-	-	-
Unrealized gains on available-for-sale investments (note 12)	-	-	-	581,369	-	581,369	-	581,369
Dividends (note 19)	-	-	-	-	(95,500,000)	(95,500,000)	-	(95,500,000)
Balance at 31 December 2017	250,000,000	20,347,320	-	1,261,609	49,153,818	320,762,747	(1,738)	320,761,009

The attached notes 1 to 33 form part of these consolidated financial statements.

1- ACTIVITIES

Maharah for Human Resources Company (the "Company" or "Parent Company") is a Closed 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 Company is engaged in providing recruitment services for public and private sectors.

On 17 September 2017, the Parent Company attained 85% ownership of Musanid Cleaning Services (the "Subsidiary"), a Limited Liability Company registered in United Arab Emirates under Commercial Registration numbered 1304819 and dated 26 Dhul-Hijjah 1438H (corresponding to 17 September 2017). The Subsidiary is licensed in providing building cleaning services.

2- BASIS OF CONSOLIDATION

These consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its Subsidiary (collectively, the "Group") set out in note (1) above.

A subsidiary company is that in which the Parent Company has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts control. A subsidiary company is consolidated from the date on which the Parent Company obtains control until the date that control ceases.

The consolidated financial statements are prepared based on the individual financial statements of the Parent Company and its Subsidiary. The financial statements of the Subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, income, expenses, unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from the shareholders' equity.

3- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the KSA. The significant accounting policies adopted are as follows:

Effective 1 January 2018, the Group's consolidated financial statements will be prepared under International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") and endorsed in KSA and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to "IFRSs as endorsed in KSA"). Upon IFRSs as endorsed in KSA adoption, the Group will be required to comply with the requirements of IFRS 1 - First-time Adoption of International Financial Reporting Standards for the reporting periods starting 1 January 2018. In preparing the opening consolidated financial statements in accordance with IFRSs as endorsed in KSA, the Group will analyze impacts and incorporate certain adjustments due to the first time adoption of IFRSs as endorsed in KSA.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention except for measurement of available-for-sale investments at fair values.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when placed.

Murabaha time deposits

Deposits with banks represent 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 consolidated balance sheet.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized in the consolidated statement of income. Impairment is determined as follows:

a- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income;

b- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

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.

Used visas

Visas transferred from purchased visas and used for recruitment, are classified as ‘used visas’ and amortized in the consolidated statement of income on straight-line basis over two years or the manpower contract period, whichever is shorter. In case of termination of manpower contract or occurrence of an event that prevents the continuation of service, the remaining unamortized amount of used visas are recognized as expense immediately. Used visas are classified as current assets if they are expected to be used within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current assets.

Available visas

Available visas represent the unused balance of purchased visas. As per General Administration of Visa Control, the Group, upon its wish, may return and refund unused visas. Available visas are presented under current assets.

Recruitment costs

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortized in the consolidated statement of income over two years in line with the manpower contract period. Recruitment costs are classified as current assets if they were expected to be used within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current assets.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

Resident fees and work permits

Resident fees and work permits are amortized in the consolidated statement of income over one year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Lands and capital work in progress are not depreciated. The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized on a straight-line basis over the shorter of useful lives of the improvements or the lease term.

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

Available-for-sale investments

Available-for-sale investments are those investments neither intended to be held to maturity nor purchased for purpose of trading. Investments in available for sale securities are stated at fair value and included under non-current assets in the consolidated balance sheet unless the Group intends to sell those investments in next fiscal year. Unrealized gains or losses are included in the consolidated statement of changes in equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gains or losses previously reported in the equity is included in the consolidated statement of income for the year. Fair value is determined based on the market value if an open market exists or by using alternative revaluation methods. Otherwise cost is considered to be the fair value.

Impairment of non-financial assets

The Group periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Retained deposits

Retained deposits represent the amounts equivalent to two months' salary collected as security and retained with the Group until the completion/termination of the manpower contract. Retained deposits are classified as current liabilities if they are expected to be settled within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current liabilities.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned revenue

Unearned revenues represent the amounts collected from customers in advance at the signing of the contracts of providing manpower services. These amounts are recognized as revenue in the consolidated statement of income of the Group during the contract period.

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labor Laws applicable to employees' accumulated periods of service at the consolidated balance sheet date.

Dividends

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Group has concluded it is the principal in all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Revenue represents manpower services provided by the Group to the public and private sectors and individuals during the year. Revenue is measured and recorded on accrual basis and in accordance with the manpower contracts over the period of providing the services to customers.

Earnings from murabaha time deposits are recognized on accrual basis.

Other income is recognized when earned.

Costs and expenses

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

General and administration expenses include direct and indirect costs not specifically part of cost of revenue or the marketing activities of the Group.

Operating leases

Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the term of lease.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the consolidated balance sheet date. All differences are taken to the consolidated statement of income.

Foreign operations translations

Financial statements of the foreign subsidiary are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rates for each period for revenue, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rates ruling at the date of occurrence of each component. Foreign currency translation adjustments, if material, are recorded as a separate component of the shareholders' equity.

Segmental Reporting

A segment is a distinguishable component of the Group that is engaged in either providing products or services (a business segment), or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

4- CASH AND CASH EQUIVALENTS

	2017 SR	2016 SR
Cash on hand	78,763	77,283
Bank balances	342,142,761	120,828,816
Short term deposits with current maturity of 3 months or less	-	70,000,000
	342,221,524	190,906,099

Included in the bank balances is an amount totaling to SR 10 million for the cash margin against the guarantee issued by one of the local commercial banks to the Ministry of Labor and Social Development on behalf of the Company (note 9).

5- MURABAHA TIME DEPOSITS

Murabaha time deposits represent deposits with local commercial banks having a maturity of more than three months from date of acquisition and expected to be realized within one year from the date of the consolidated balance sheet. The variable commission rates on the murabaha time deposits as at 31 December 2017 are based on prevailing commercial market rates.

6- ACCOUNTS RECEIVABLE, UNBILLED RECEIVABLES AND OTHER

	2017 SR	2016 (Restated - Note 30) SR
Accounts receivable	144,292,827	119,186,103
Less: provision for doubtful debts	(33,583,987)	(26,279,556)
	110,708,840	92,906,547
Amounts due from related parties (note 10)	7,088,462	9,368,907
Unbilled receivables	26,178,658	15,498,295
	143,975,960	117,773,749

The five largest customers account for 32% of outstanding accounts receivable as at 31 December 2017 (2016: 30%).

At 31 December 2017, accounts receivable at nominal value of SR 33.6 million (2016: SR 26.3 million) were impaired. Movements in the provision for doubtful debts were as follows:

	2017 SR	2016 SR
At the beginning of the year	26,279,556	534,896
Provided during the year (note 21)	7,304,431	25,744,660
At the end of the year	33,583,987	26,279,556

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

	Total SR	< 90 days SR	91-180 days SR	> 181days SR
2017	110,708,840	101,027,026	3,609,874	6,071,940
2016	92,906,547	88,871,591	1,702,530	2,332,426

7- PREPAYMENTS AND OTHER CURRENT ASSETS

	2017 SR	2016 SR
Resident fees and work permits	39,307,778	40,800,078
Prepaid recruitment expenses	9,134,083	30,589,367
Used visas (*)	4,697,285	19,237,715
Advance to suppliers	3,790,759	2,009,339
Prepaid rent	1,856,122	1,635,613
Prepaid insurance	129,200	3,529,123
Others	1,230,103	1,678,200
	60,145,330	99,479,435

(*) The movement in used visas during the year was as follows:

	2017 SR	2016 SR
Opening balance	26,547,027	24,561,805
Transferred from available visas during the year (note 8)	32,820,000	35,670,712
Amortized during the year	(36,463,753)	(33,685,490)
Net balance of used visas at the end of the year	22,903,274	26,547,027

The net balance of used visa is presented as below:

	2017 SR	2016 SR
Current portion	4,697,285	19,237,715
Non-current portion	18,205,989	7,309,312
Net balance of used visas at the end of the year	22,903,274	26,547,027

8- AVAILABLE VISAS

Available visas represent the balance of unused visas as at the date of the consolidated financial statements. Amounts of available visas are transferred to used visas when issuing visas to the recruited manpower.

	2017 SR	2016 SR
Opening balance	19,480,000	40,566,712
Purchased visas during the year	34,404,000	14,584,000
Transferred to used visas (note 7)	(32,820,000)	(35,670,712)
Balance of available visas at the end of the year	21,064,000	19,480,000

9- CASH MARGIN AGAINST LICENSE GUARANTEE LETTER

Letter of guarantee represents the letter submitted to Ministry of Labor and Social Development against issuance of recruitment license for the Parent Company. The guarantee letter was secured against 100% cash margin, which was placed with a local commercial bank (the "Bank"). In October 2016, the Parent Company and the Bank entered into an agreement wherein the Bank will accept the placed murabaha time deposits of the Parent Company in lien for the guarantees and that the Bank will serve as guarantor for the Parent Company with its guarantee to the Ministry of Labor and Social Development. During February 2017, the cash margin was transferred to the Parent Company's bank account (note 4).

10- RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include major shareholders, directors and key management personnel of the Group and entities controlled or significantly influenced by such parties. Following are the major details of the related party transactions during the year and related balances at the end of the year:

Related party	Nature of transactions	Relationship	Amount of transactions		Balance	
			2017 SR	2016 SR	2017 SR	2016 SR
Due from related parties						
Maharah Holding Company	Financing	Affiliate	-	4,052,650	4,080,150	4,080,150
Spectra Support Services	Manpower Services	Affiliate	-	40,932,620	-	5,288,757
Al Safi Danone Co. Ltd.	Manpower Services	Affiliate	9,216,241	-	1,895,160	-
ND Logistics	Manpower Services	Affiliate	3,252,873	-	797,276	-
Elixir Medical Co.	Manpower Services	Affiliate	389,392	-	155,222	-
Alfa for Operations Services Co. Ltd.	Manpower Services	Affiliate	1,180,736	-	103,301	-
Mayar Al Assel General Trading LLC	Capital contribution on behalf of minority partner of a subsidiary	Affiliate	45,900	-	45,950	-
Others	Manpower Services	Affiliate	712,686	-	11,403	-
					7,088,462	9,368,907
Due to related parties						
Mahara Travel and Tourism Company	Air tickets	Affiliate	22,441,838	13,720,691	792,625	372,551
Architectural Experience Company	Services	Affiliate	378,398	-	8,834	-
Directors	Board remuneration (note 20)	Key management personnel	2,000,000	1,600,000	2,200,000	1,600,000
					3,001,459	1,972,551

Amounts due from and due to related parties are shown in notes 6 and 14, respectively.

11- PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	20 years	Office equipment	4 - 10 years
Leasehold improvements	10 years or lease term, whichever is shorter	Vehicles	4 years
Furniture and fixtures	10 years		

	Lands SR	Buildings SR	Leasehold improvements SR	Furniture and fixtures SR	Office equipment SR	Vehicles SR	Capital work in progress SR	Total 2017 SR	Total 2016 SR
Cost:									
At the beginning of the year	45,976,200	16,730,033	15,450,662	3,817,433	9,948,387	5,640,800	6,131,354	103,694,869	88,560,496
Additions	-	57,080	1,319,508	859,177	2,751,985	5,503,600	7,843,496	18,334,846	15,666,873
Transfers	-	2,109,592	-	-	-	-	(2,109,592)	-	-
Disposals	-	-	-	-	-	(133,700)	-	(133,700)	(532,500)
At the end of the year	45,976,200	18,896,705	16,770,170	4,676,610	12,700,372	11,010,700	11,865,258	121,896,015	103,694,869
Depreciation:									
At the beginning of the year	-	995,885	4,693,330	793,135	2,879,760	1,537,402	-	10,899,512	5,833,201
Charge for the year (note 20)	-	449,289	1,630,361	446,325	2,017,147	1,967,765	-	6,510,887	5,145,279
Disposals	-	-	-	-	-	(91,403)	-	(91,403)	(78,968)
At the end of the year	-	1,445,174	6,323,691	1,239,460	4,896,907	3,413,764	-	17,318,996	10,899,512
Net book values:									
At 31 December 2017	45,976,200	17,451,531	10,446,479	3,437,150	7,803,465	7,596,936	11,865,258	104,577,019	
At 31 December 2016	45,976,200	15,734,148	10,757,332	3,024,298	7,068,627	4,103,398	6,131,354		92,795,357

12- AVAILABLE-FOR SALE INVESTMENTS

This represents investment in a mutual fund, namely Al Rajhi Commodity SAR Fund (206,988.44 units for SR 144.94 each) purchased for SR 30 million. The movement in available for sale investments for the year was as follows:

	2017 SR	2016 (Restated - Note 30) SR
Cost:		
At the beginning of the year	30,000,000	-
Additions during the year	-	30,000,000
At the end of the year	30,000,000	30,000,000
Revaluation adjustments:		
At the beginning of the year	680,240	-
Unrealized gain during the year	581,369	680,240
At the end of the year	1,261,609	680,240
Net book values:		
31 December	31,261,609	30,680,240

13- RETAINED DEPOSITS AND UNEARNED REVENUES

	2017 SR	2016 (Restated - Note 30) SR
Retained deposits - current portion	79,316,636	110,453,851
Unearned revenues	69,918,938	47,964,430
	149,235,574	158,418,281

14- ACCOUNTS PAYABLE, ACCRUALS AND OTHERS

	2017 SR	2016 (Restated - Note 30) SR
Accrued tickets and vacations	80,643,183	79,479,619
Accrued salaries and benefits	60,814,573	33,749,379
Advances from customers	18,404,865	6,745,993
Accrued bonus and incentives	6,254,198	-
Provision for operational risk (note 26)	6,000,000	5,079,200
Accounts payable	5,895,479	5,230,842
Amounts due to related parties (note 10)	3,001,459	1,972,551
Provision for withholding taxes	-	2,578,755
	181,013,757	134,836,339

15- ZAKAT

Charge for the year

The zakat charge amounting to SR 8,979,559 (2016: SR 8,136,965) consists of current year provision and is based on the following:

	2017 SR	2016 SR
Shareholders' equity	211,527,938	128,539,185
Opening provisions and other adjustments	24,572,863	12,590,723
Book value of long term assets	(104,577,019)	(91,577,707)
	131,523,782	49,552,201
Zakatable income for the year	227,658,560	275,926,399
Zakat base	359,182,342	325,478,600
Zakat provision @ 2.5%	8,979,559	8,136,965

The differences between the financial and zakatable results are mainly due to provisions which are not allowed in calculation of zakatable income.

Movement of zakat provision

The movement in the zakat provision for the year was as follows:

	2017 SR	2016 SR
At the beginning of the year	10,975,623	9,321,790
Provided for the year	8,979,559	8,136,965
Paid during the year	(10,484,640)	(6,483,132)
At the end of the year	9,470,542	10,975,623

Status of zakat assessments

The Parent Company has submitted its zakat returns for all previous years up to 31 December 2016 with the General Authority for Zakat and Tax (GAZT) and obtained related zakat certificates. Final zakat assessments have not been raised as yet.

16- SHARE CAPITAL

Capital is divided into 25 million shares (2016: 10 million shares) of SR 10 each.

During 2017, the shareholders of the Parent Company resolved to increase the capital of the Parent Company to SR 250 million by transferring SR 120 million and SR 30 million from retained earnings and statutory reserve respectively to share capital. The legal formalities required to enforce the increase of the share capital have been completed during the year.

17- STATUTORY RESERVE

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

18- CONSENSUAL RESERVE

In accordance with the Parent Company's by-laws and based on the proposal of the Board of Directors, 5% of the net income of each year up to 2015 had been transferred to the consensual reserve, to be allocated for certain purposes. During 2016, the Board of Directors have decided to release this reserve set aside to pay dividends.

19- DIVIDENDS

- In their meeting dated 27 Muharram 1439H (corresponding to 17 October 2017), the Board of Directors of the Parent Company declared interim dividends amounting to SR 95.5 million, which was paid during the year.
- In their meeting dated 27 Dhul-Hijjah 1437H (corresponding to 28 September 2016), the Board of Directors of the Parent Company declared interim dividends amounting to SR 165.7 million, which was paid in 2016. This was ratified by the shareholders general assembly held on 23 Rajab 1438H (corresponding to 20 April 2017).
- In their meeting dated 4 Rajab 1437H (corresponding to 11 April 2016), the Board of Directors of the Parent Company declared interim dividends amounting to SR 100 million, which was paid in 2016. This was ratified by the shareholders general assembly held on 12 Rajab 1437H (corresponding to 19 April 2016).

20- GENERAL AND ADMINISTRATION EXPENSES

	2017 SR	2016 SR
Employees' costs	55,915,379	47,255,725
Professional fees	9,733,054	2,658,763
Depreciation (note 11)	6,510,887	5,145,279
Utilities and subscription	2,585,155	1,247,797
Bank charges	2,379,231	2,129,295
Board remuneration and bonus (note 10)	2,000,000	1,600,000
Repairs and maintenance	1,406,282	848,308
Rental	1,385,419	1,459,884
Travel	733,670	648,562
Others	5,083,404	3,358,411
	87,732,481	66,352,024

21- MARKETING EXPENSES

	2017 SR	2016 SR
Provision for doubtful debts (note 6)	7,304,431	25,744,660
Advertisements	1,529,973	2,302,437
Marketing commission	85,800	165,986
	8,920,204	28,213,083

22- OTHER INCOME

	2017 SR	2016 (Restated - Note 30) SR
Income from customers' contract cancellation	5,320,172	1,829,993
Income from fines and penalties	3,582,307	1,494,301
Earnings from murabaha time deposits	3,435,611	1,022,943
Reversal of provision for withholding taxes not required	2,578,755	-
Miscellaneous	1,614,651	140,203
	16,531,496	4,487,440

23- EARNINGS PER SHARE

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. The weighted average number of outstanding shares in 2016 have been retrospectively adjusted to reflect the bonus element for shares issued during 2017.

The earnings per share attributable to income from main operations has decreased by 19% to 7.83 per share for the year ended 31 December 2017 from 9.69 per share for the year ended 31 December 2016.

24- OPERATING LEASES

Rent expenses are related to operating leases. During 2017, an amount of SR 8,220,407 (2016: SR 8,633,498) was recognized as an expense in the consolidated statement of income under general and administration expenses and cost of revenue.

25- SEGMENTAL REPORTING

These are attributable to the Group's activities and business lines approved by management to be used as a basis for the financial reporting and are consistent with the internal reporting process. The segments' results comprise items that are directly attributable to a certain segment and items that can be reasonably allocated between the main business segments.

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 terms ranges from an hour to six-month basis.

	Corporate		Individual		Total	
	2017	2016 (Restated - Note 30)	2017	2016 (Restated - Note 30)	2017	2016 (Restated - Note 30)
	SR	SR	SR	SR	SR	SR
Revenue	879,320,551	992,037,065	288,624,391	189,391,230	1,167,944,942	1,181,428,295
Gross profit	220,236,748	282,796,745	72,289,562	53,989,135	292,526,310	336,785,880

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

The primary market for the Group's activities and services is KSA. Hence, geographical segmental information is not applicable in this case.

26- RISK MANAGEMENT

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on its commission bearing assets including cash and cash equivalents and murabaha time deposits which is not likely to be significant. The Group does not have any commission bearing liability at the balance sheet date.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the balance sheet date, 32% (2016: 30%) of the gross accounts receivable pertains to 5 (2016: 5) major customers.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages its liquidity risk by ensuring that necessary funds are available. The Group's terms of providing service require amounts to be paid within 30 days from the date of invoice issuance. Payables are normally settled within 30 days of the date of contract.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group transacts principally in Saudi Riyals, US Dollars and United Arab Emirates Dirhams. Management monitors regularly the fluctuations in currency exchange rates and the effects of the currency fluctuation has been accounted for in the consolidated financial statements accordingly.

Operational Risk

Operational risk is the risk that the Group will encounter difficulties in providing the required manpower or failing to complete the period of the contract due to rejection of work, lack of good work performance, escape, death and change of related laws and regulations. The Group seeks to manage the operation risks by monitoring these cases on a regular basis in order to avoid or reduce occurrence of such cases. The Group also provides a provision to encounter these cases when occurred. In 2017, the Group recognized additional provision as the Group was able to compute the net exposure/ impact upon considering the related prepayments and accruals balances for inactive employees (note 14). Provision for operational risk during the year amounted to SR 6,000,000 as at 31 December 2017 (31 December 2016; SR 5,079,200).

27- CONTINGENT LIABILITIES

The Group's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 (2016: SR 10,000,000) in respect of contract performance, in the normal course of business.

28- KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of the past due receivables.

At the reporting date, gross accounts receivable were SR 144,292,827 with SR 33,583,987 being maintained as provision for doubtful debts (2016: gross accounts receivable of SR 119,186,103 with provision for doubtful debts of SR 26,279,556). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of income.

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Zakat

Significant judgment is required in determining the provision for zakat. There are many transactions and calculations for which the ultimate zakat determination is uncertain. The Group recognizes liabilities for anticipated zakat based on estimation of whether additional zakat will be due.

29- FAIR VALUES OF FINANCIAL INSTRUMENTS

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 assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of cash and cash equivalents, murabaha time deposits, receivables and available-for-sale investments. Financial liabilities of the Group consist of accounts payables, accruals and others. The fair values of financial instruments of the Group at the balance sheet date are not materially different from their carrying values.

30- RECTIFICATIONS OF MISSTATEMENT IN PRIOR FINANCIAL REPORTING

During the year, the management of the Parent Company discovered accounting errors resulting in material misstatements in the previous years' financial statements. The misstatements largely encompassed understatements of salaries expense and related accruals pertaining to workers' unassigned periods; understatement of revenue as certain employee benefits are billable to customers; improper recognition of onboarding fees as revenue and related unearned revenue.

30 RECTIFICATIONS OF MISSTATEMENT IN PRIOR FINANCIAL REPORTING (continued)

The management was able to quantify the impact of the misstatements in the previous years' financial statements. Accordingly, the Parent Company has rectified such misstatements and restated previous years' financial statements.

The following analysis reflects the restatements on the affected accounts as at 31 December:

	Accounts receivable, unbilled receivables and other	Retained deposits and unearned revenues	Accounts payable, accruals and others	Revenue	Costs of revenue	Other income	Unrealized gains in available-for-sale investments	Net income	Retained earnings
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 31 December 2015, as previously reported	110,602,348	92,524,235	128,078,264	957,757,005	(693,205,978)	-	-	199,192,457	112,583,070
Prior year adjustment - for 2015 and previous years	-	5,280,291	11,432,679	1,136,161	(6,742,793)	-	-	(5,606,632)	(16,712,970)
Restated balance as at 31 December 2015	110,602,348	97,804,526	139,510,943	958,893,166	(699,948,771)	-	-	193,585,825	95,870,100
Balance as at 31 December 2016, as previously reported	105,099,184	155,133,813	122,147,936	1,166,757,907	(843,386,691)	(5,167,680)	-	225,836,824	85,506,484
Prior year adjustment - for 2016 and previous years	12,674,565	3,284,468	12,688,403	14,670,388	(1,255,724)	680,240	(680,240)	12,734,424	(3,978,546)
Restated balance as at 31 December 2016	117,773,749	158,418,281	134,836,339	1,181,428,295	(844,642,415)	(4,487,440)	(680,240)	238,571,248	81,527,938

The following analysis reflects the impact on earnings per share are as at December 31:

	2016 SR	2015 SR
Increase (decrease) in income from main operations per share attributable to Shareholders of the Parent Company	0.54	(0.22)
Increase (decrease) in net income for the year per share attributable to Shareholders of the Parent Company	0.51	(0.22)

31- APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 20 Jumad Thani 1439H (corresponding to 8 March 2018).

32- GROUP'S OPERATIONS

Following are Group's branches details as at 31 December 2017:

Name	Commercial Registration Number	Date
Al Yasameen	1010465207	2 Safar 1438H
Al Moroj	1010436553	28 Shawwal 1436H
Al Taawon	1010427484	9 Muhurram 1435H
Jubail	2055021858	5 Rabi Thani 1435H
Ar Rass	1132010975	7 Dhul-Qadah 1435H
Al Rabwah	1010465209	2 Safar 1438H
Suwaidi	1010427485	9 Muhurram 1435H
Medina	4650076804	7 Dhul-Qadah 1435H
Buraydah	1136056729	29 Jumad Awal 1437H
Ha›il	2350043311	27 Rabi Thani 1436H
Khamis Mushait	5855068093	15 Rabi Awal 1436H
Khurais	1010436554	28 Shawwal 1436H
Unaizah	1128019621	15 Rabi Awal 1436H
Jeddah - Naeem	4030278496	9 Muhurram 1435H
Jeddah - Rawda	4030296922	20 Muhurram 1439H
Dammam	2050111011	29 Safar 1438H
Abha	5850071792	23 Rabi Thani 1439H
Al Khobar	2051056199	5 Rabi Thani 1435H

33- COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform with the current year presentation.

Maharah for Human Resources Company and its Subsidiaries

(A Closed Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2018

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Closed Saudi Joint Stock Company)

Opinion
We have audited the interim consolidated financial statements of Maharah for Human Resources Company (the "Company") and its subsidiaries (together with the Company, referred to as the "Group"), which comprise the interim consolidated statement of financial position as at 30 September 2018 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-month period then ended, and notes to the interim consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 September 2018, its interim consolidated financial performance and its interim consolidated cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in KSA that are relevant to our audit of the interim 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.

Responsibilities of Management and those Charged with Governance for the Interim Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with IFRSs as endorsed in KSA and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the interim 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 ISAs that are endorsed in KSA 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 interim consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Closed Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements (continued)
As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 evidence 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 interim 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 interim consolidated financial statements, including the disclosures, and whether the interim 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 interim 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.

for Ernst & Young

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

Riyadh: 6 Rabi Thani 1440H
(13 December 2018)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS
PROFESSIONAL LICENCE No. 45

Maharah for Human Resources Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Interim consolidated statement of financial position
As at 30 September 2018

	Note	30 September 2018	31 December 2017 (Note 6)	1 January 2017 (Note 6)
		SR	SR	SR
Assets				
Current assets				
Cash and cash equivalents	7	93,993,320	342,221,524	190,906,099
Murabaha time deposits	8	276,500,000	4,000,000	16,344,690
Accounts receivable	9	170,635,573	116,741,414	108,311,691
Contract assets	10	36,391,145	26,178,658	15,498,295
Prepayments and other current assets	11	112,256,058	46,313,962	49,652,353
Available visas	12	30,304,000	21,064,000	19,480,000
Total current assets		720,080,096	556,519,558	400,193,128
Non-current assets				
Property and equipment	15	162,149,392	104,577,019	92,795,357
Intangible assets	16	5,310,196	-	-
Goodwill	17	4,450,237	-	-
Equity investments at fair value through profit or loss (FVTPL)	18	31,776,161	31,261,609	30,680,240
Cash margin against license guarantee letter	13	-	-	10,000,000
Total non-current assets		203,685,986	135,838,628	133,475,597
Total assets		923,766,082	692,358,186	533,668,725
Liabilities and equity				
Liabilities				
Current liabilities				
Accounts payable, accruals and others	19	212,137,885	162,608,892	128,090,346
Contract liabilities	10	84,409,309	88,323,803	54,710,423
Retained deposits		135,712,556	131,762,904	158,732,090
Zakat payable	20	10,318,776	9,470,542	10,975,623
Total current liabilities		442,578,526	392,166,141	352,508,482
Non-current liabilities				
Employees' end-of-service benefits	21	37,151,000	35,942,000	29,961,000
Total liabilities		479,729,526	428,108,141	382,469,482
Equity				
Share capital	22	250,000,000	250,000,000	100,000,000
Statutory reserve	23	20,347,320	20,347,320	30,000,000
Other reserves	23	7,587,970	3,903,318	3,431,000
Retained earnings (accumulated losses)		164,956,012	(9,998,855)	17,768,243
Equity attributable to the Shareholders of the Parent Company		442,891,302	264,251,783	151,199,243
Non-controlling interests		1,145,254	(1,738)	-
Total equity		444,036,556	264,250,045	151,199,243
Total liabilities and equity		923,766,082	692,358,186	533,668,725

The accompanying notes from 1 to 36 form an integral part of these interim consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries

(A Closed Saudi Joint Stock Company)

Interim consolidated statement of income

For the nine-month period ended 30 September 2018

	Note	Nine-month period ended	
		30 September 2018	30 September 2017 (Note 6)
		SR	SR
Revenue	25	1,004,348,332	867,074,151
Cost of revenue		(755,889,909)	(649,277,227)
Gross profit		248,458,423	217,796,924
General and administration expenses	26	(75,921,333)	(62,814,463)
Marketing expenses	27	(2,896,487)	(1,438,093)
Provision for doubtful debts	9	(636,321)	(12,596,491)
Income from main operations		169,004,282	140,947,877
Other income	28	15,197,162	12,575,081
Net gain on equity investments at FVTPL	18	514,552	442,169
Net income before zakat		184,715,996	153,965,127
Zakat	20	(9,212,761)	(9,146,160)
Net income for the period		175,503,235	144,818,967
Net income for the period attributable to:			
Shareholders of the Parent Company		174,954,867	144,818,967
Non-controlling interests		548,368	-
		175,503,235	144,818,967
Basic and diluted earnings per share:			
Income from main operations per share attributable to Shareholders of the Parent Company	29	6.76	5.64
Net income for the period per share attributable to Shareholders of the Parent Company	29	7.00	5.79

The accompanying notes from 1 to 36 form an integral part of these interim consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Interim consolidated statement of comprehensive income
For the nine-month period ended 30 September 2018

	Note	Nine-month period ended	
		30 September 2018	30 September 2017 (Note 6)
		SR	SR
Net income for the period		175,503,235	144,818,967
Other comprehensive income (loss):			
Item that will be reclassified to consolidated statement of income:			
Cumulative translation loss, net of zakat	23	(348)	(600)
Item that will not be reclassified to consolidated statement of income:			
Re-measurements of employees' end-of-service benefits, net of zakat	21	3,685,000	(10,000)
Other comprehensive income (loss) for the period		3,684,652	(10,600)
Total comprehensive income for the period		179,187,887	144,808,367
Total comprehensive income for the period attributable to:			
Shareholders of the Parent Company		178,639,519	144,808,367
Non-controlling interests		548,368	-
		179,187,887	144,808,367

The accompanying notes from 1 to 36 form an integral part of these interim consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Interim consolidated statement of changes in equity
For the nine-month period ended 30 September 2018

	Attributable to Shareholders of the Parent Company							
	Share capital	Proposed capital increase	Statutory reserve	Other reserves	Retained earnings (accumulated losses)	Total	Non-controlling interests	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR
30 September 2017								
Balance as at 1 January 2017	100,000,000	-	30,000,000	3,431,000	17,768,243	151,199,243	-	151,199,243
Net income for the period	-	-	-	-	144,818,967	144,818,967	-	144,818,967
Other comprehensive loss for the period	-	-	-	(10,600)	-	(10,600)	-	(10,600)
Total comprehensive income for the period	-	-	-	(10,600)	144,818,967	144,808,367	-	144,808,367
Proposed capital increase (note 22)	-	150,000,000	(30,000,000)	-	(120,000,000)	-	-	-
Acquisition of partially-owned subsidiary (note 1)	-	-	-	-	-	-	45,900	45,900
Balance as at 30 September 2017	100,000,000	150,000,000	-	3,420,400	42,587,210	296,007,610	45,900	296,053,510
30 September 2018								
Balance as at 1 January 2018	250,000,000	-	20,347,320	3,903,318	(9,998,855)	264,251,783	(1,738)	264,250,045
Net income for the period	-	-	-	-	174,954,867	174,954,867	548,368	175,503,235
Other comprehensive income for the period	-	-	-	3,684,652	-	3,684,652	-	3,684,652
Total comprehensive income for the period	-	-	-	3,684,652	174,954,867	178,639,519	548,368	179,187,887
Acquisition of partially-owned subsidiary (note 1)	-	-	-	-	-	-	598,624	598,624
Balance as at 30 September 2018	250,000,000	-	20,347,320	7,587,970	164,956,012	442,891,302	1,145,254	444,036,556

The accompanying notes from 1 to 36 form an integral part of these interim consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Interim consolidated statement of cash flows
For the nine-month period ended 30 September 2018

		Nine-month period ended	
		30 September 2018	30 September 2017
	Note	SR	SR
Operating activities			
Net income before zakat		184,715,996	153,965,127
Adjustments:			
Provision for employees' end-of-service benefits	21	14,165,000	14,166,000
Depreciation of property and equipment	15	6,927,306	5,042,080
Amortization of intangible assets	16	1,423,299	-
Provision for doubtful debts	9	636,321	12,596,491
Gain on disposal of property and equipment		-	(29,703)
Net gain on equity investments at FVTPL	18	(514,552)	(442,169)
Earnings from murabaha time deposits	28	(3,228,213)	(2,961,263)
Reversal of accrued salaries no longer payable	28	(7,527,582)	-
		196,597,575	182,336,563
Changes in working capital:			
Accounts receivable		(53,581,469)	(38,520,305)
Contract assets		(10,212,487)	(5,119,434)
Prepayments and other current assets		(63,069,720)	1,556,798
Available visas		(9,240,000)	774,000
Cash margin against license guarantee letter		-	10,000,000
Contract liabilities		(3,914,494)	14,230,480
Retained deposits		3,949,652	(13,652,057)
Accounts payable, accruals and others		49,216,610	37,051,196
Cash generated from operations		109,745,667	188,657,241
Zakat paid	20	(8,364,527)	(10,484,639)
Employees' end-of-service benefits paid	21	(9,271,000)	(8,605,000)
Net cash from operating activities		92,110,140	169,567,602
Investing activities			
Purchase of property and equipment	15	(62,851,289)	(13,178,989)
Acquisition of subsidiaries		(11,304,610)	(260,100)
Non-controlling interests	30	3,089,342	45,900
Proceeds from murabaha time deposits, net		(269,271,787)	5,305,953
Proceeds from disposal of property and equipment		-	72,000
Net cash used in investing activities		(340,338,344)	(8,015,236)
Net (decrease) increase in cash and cash equivalents		(248,228,204)	161,552,366
Cash and cash equivalents at beginning of the period	7	342,221,524	190,906,099
Cash and cash equivalents at end of the period		93,993,320	352,458,465

The accompanying notes from 1 to 36 form an integral part of these interim consolidated financial statements.

1- Corporate information and activities

Maharah for Human Resources Company (the "Company" or "Parent Company") is a Closed 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 King Fahad Road, Almohamdah, Riyadh, KSA.

The Company is engaged in providing recruitment services for public and private sectors.

Following is the subsidiary included in these interim consolidated financial statements as at 30 September 2018 and 31 December 2017:

	Ownership %		
	30 September 2018	31 December 2017	1 January 2017
Musanid Cleaning Services	85%	85%	-

On 17 September 2017, the Company acquired 85% ownership of Musanid Cleaning Services (the "Subsidiary"), a Limited Liability Company registered in United Arab Emirates (UAE) (collectively with the Company referred to as the "Group") under commercial registration numbered 1304819 and dated 26 Dhul-Hijjah 1438H (corresponding to 17 September 2017). The Subsidiary is licensed in providing building cleaning services.

Effective 1 January 2018, the Subsidiary acquired a 70% ownership of TPH Center for Domestic Workers "Formerly TPH Cleaning Services" ("TPH"), a Limited Liability Company registered in UAE under commercial registration numbered 729497 and dated 25 Jumad Awal 1436H (corresponding to 16 March 2015). TPH is licensed in providing building cleaning services and residential property core services.

As at 30 September 2018, the following are the subsidiaries owned by TPH:

	Ownership %
MaidCV.com LLC Free Zone Establishment (*)	100%
The Perfect Help LLC (*)	100%
Missing Ingredient Cleaning Establishment (**)	100%
MPL Building maintenance LLC (***)	100%
Yalla Fix It One Person Company LLC (****)	100%

(*) As at the date of the Subsidiary's acquisition of TPH, these entities are already 100% owned by TPH.

(**) On 1 January 2018, TPH acquired 100% shares of Missing Ingredients Cleaning Establishment ("MICE"), a Limited Liability Company registered in UAE under commercial registration numbered 1338526 and dated 6 Dhul-Qadah 1432H (corresponding to 4 October 2011). MICE is licensed in providing building cleaning services.

(***) On 1 January 2018, TPH acquired 100% shares of MPL Building Maintenance LLC ("MPL"), a Limited Liability Company registered in UAE under commercial registration numbered 1344621 and dated 12 Rajab 1435H (corresponding to 11 May 2014). MPL is licensed in providing building maintenance services.

(****) TPH established a wholly owned subsidiary, Yalla Fix It One Person Company LLC ("Yalla"), 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.

As at the date of the interim consolidated financial statements, TPH is still in the process of finalizing the legal formalities of the acquisition of MICE and MPL and establishment of Yalla.

The interim consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 6 Rabi Thani 1440H (corresponding to 13 December 2018).

2- Basis of preparation

Statement of compliance

These are the Group's interim 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 Certified Public Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA") for the part of the period (i.e. as at and for the nine-month period ended 30 September 2018) covered by the first annual consolidated financial statements in accordance with IFRSs as endorsed in KSA as at and for the year ending 31 December 2018.

Accordingly, IFRS 1 "First time adoption of International Financial Reporting Standards" endorsed in KSA has been applied. Changes to significant accounting policies are described in note (5) to the interim consolidated financial statements. Refer to note (6) for further information.

When the Group prepares its first complete set of consolidated financial statements in accordance with IFRSs as endorsed in KSA as at and for the year ending 31 December 2018, they will be prepared in accordance with the Standards and Interpretations in effect as at that date and as endorsed in KSA.

Basis of measurement and functional currency

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

3- Significant accounting estimates, assumptions and judgements

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. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. 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.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account 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.

3- Significant accounting estimates, assumptions and judgements (continued)

Estimates and assumptions (continued)

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.

Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of control

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.

Provision for doubtful debts

The Group reviews its accounts receivable at each reporting date to assess whether a provision for doubtful debts should be recorded in the consolidated statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision. Refer to note (33) for further information.

Economic useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment 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.

4- Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16: Leases

The International Accounting Standards Board (IASB) has issued a new standard for the recognition of leases. This standard will replace:

- International Accounting Standard (IAS) 17 – 'Leases'
- International Financial Reporting Interpretations Committee (IFRIC) 4 – 'Whether an arrangement contains a lease'
- Standard Interpretations Committee (SIC) 15 – 'Operating leases – Incentives'
- SIC-27 – 'Evaluating the substance of transactions involving the legal form of a lease'

4- Standards issued but not yet effective (continued)

IFRS 16: Leases (continued)

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption of certain short-term leases and leases of low-value assets. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2019, with earlier application permitted. Management is currently assessing the effect of this standard on the future financial reporting periods of the Group.

Management anticipates that these new and revised standard, interpretation and amendments will be adopted in the Group's consolidated financial statements for the year when they are applicable and adoption of these new standard, interpretation and amendments.

Management anticipates that IFRS 16 will be adopted for the annual year beginning 1 January 2019. The application of IFRS 16 may have an impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of the Group's lease arrangements. However, it is not practicable to provide a reasonable estimate of effects of the application of this standard until the Group completes a detailed review.

5- Summary of significant accounting policies

The significant accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below:

Basis of consolidation

Subsidiaries

Refer to note (3) for details on judgements applied by the Group in respect of determination of control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit / loss and each component of OCI are attributed to the shareholders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of income; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate for an investment in a subsidiary because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of income.

5- Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

Details of the subsidiaries are provided in note (1). This note also discloses the country of incorporation, principal activities and percentages of ownership.

Non-controlling interests

Non-controlling interests in the results and equity of subsidiary is shown separately in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administration 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 will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with the changes in fair value recognized in the consolidated statement of income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over 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 profit or loss.

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 CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

5- Summary of significant accounting policies (continued)

Foreign currencies

Presentation currency

The consolidated financial statements are presented in SR; as it is the Group's functional currency.

Transactions and balances

Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of income).

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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 twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The 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.

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.

5- Summary of significant accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements 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 reporting period.

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

Revenue recognition

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The new revenue standard introduces a single principle-based five-step model for the recognition of revenue when control of a good is transferred to or a service performed for the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Being a first time adopter in 2018, the Group has applied IFRS 15 retrospectively from the earliest presented period, which is 1 January 2017 (the date of transition to IFRSs as endorsed in KSA) and used certain practical expedients (as listed below).

The Group has applied following practical expedients:

- The Group does not adjust the promised amount of consideration for the effects of significant financing component where period between delivery of promised services and payment from customer is one year or less.
- For periods before the date of initial application, the Group does not provide disclosures for remaining performance obligations.
- The Group does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognize that amount as revenue for periods prior to the date of transition to IFRSs as endorsed in KSA.

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. Accordingly there is no material effect of adopting IFRS 15 on the recognition of revenue of the Group.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when the services are rendered to customers. 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.

5- Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

The Group deals with two possible scenarios in this aspect:

- Dropouts - these are the deductions on account of worker being absent while being employed by a customer. The Group bears up to 5% deduction on account of such dropouts and recognizes revenue net of these deductions.
- Discounts - these are allowed on case to case basis and are negotiated upfront at the time of entering into contract (Step 1) of IFRS 15 model. Group recognizes revenue net of these discounts.

There was no restatement due to this change as the Group's policy is already in line with the requirements of IFRS 15.

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

For each revenue stream, 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 has selected input method as a basis to measure performance completed to date. There was no restatement due to this change as the Group's policy is already in line with the requirements of IFRS 15.

Contract costs

Contract 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 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 contracts 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.

Visa and recruitment costs have been expensed out immediately as none of the above criteria have been met to capitalize those costs as contract costs. Refer to note)6(to the consolidated financial statements for further details.

5- Summary of significant accounting policies (continued)

Revenue recognition (continued)

Contract assets and liabilities

Under IFRS 15, when either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. There have been a reclassification from unbilled revenues to contract assets and from advances from customers and unearned revenues to contract liabilities due to this change.

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. There was no restatement due to this change as the Group's policy is already in line with the requirements of IFRS 15.

Presentation and disclosure requirements

As required for the consolidated financial statements, 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 (25) for the disclosure on disaggregated revenue.

Other income

Profit from murabaha time deposits are recognized on accrual basis.

Other income is recognized when earned.

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.

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have maturity of three months or less when places.

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.

5- Summary of significant accounting policies (continued)

Financial instruments

IFRS 9 required financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through Other Comprehensive Income ("OCI") and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in OCI. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in OCI rather than the statement of income, unless this creates an accounting mismatch.

IFRS 9 introduced a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer required a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

The effect of adopting IFRS 9 is disclosed in note)6(to the consolidated financial statements which pertains to the new impairment requirements and reclassification of original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial instruments.

Recognition and initial measurement

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognized in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

5- Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

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

a- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition.

The Group has classified its investments in units of a mutual fund as FVTPL as these contractual cash flows are not limited to principal and interest only. The Group has not exercised irrevocable option to classify these at FVOCI as these fail the definition of equity instrument under IAS 32.

Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of income.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate (EIR) method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in consolidated statement of income. Any gain or loss on derecognition is recognized in the consolidated statement of income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of income. Other net gains and losses are recognized in the consolidated statement of OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of income.

5- Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the consolidated statement of comprehensive income and are never reclassified to profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets)

is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement 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 of consideration that the Group could be required to repay.

5- Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Expected credit loss (ECL) assessment for accounts receivables

The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:

- financial assets measured at amortized cost; and
- contract assets

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (GDP) of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected loss approach breaks the total loss amount modeling into following parts: probability of default (PD), loss given default (LGD), exposure at default (EAD). These are briefly described below:

- LGD: This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD
- PD: the likelihood of a default over a particular time horizon
- EAD: This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities

ECL Model

The Group uses a point-in-time (PIT) probability of default model to measure its impairment on financial assets. PIT PD models incorporate information from a current credit cycle and assess risk at a PIT. The PIT PD term structure can be used to measure credit deterioration and starting PD when performing the allowance calculations. Also, when calculating lifetime expected credit losses, after the inputs are correctly converted, you can project the cash flows and calculate the gross carrying amount, loss allowance, and amortized cost for the financial instrument.

Macroeconomic weighted average scenarios

The Group includes macroeconomic factor of GDP to develop scenarios with the realization of most likely outcome using worst and best case scenarios. The scenario-based analysis incorporates forward-looking information into the impairment estimation using multiple forward-looking macroeconomic scenarios. The estimate of expected credit losses reflects an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes.

After the inputs to the model are adjusted for above mentioned macroeconomic scenarios, PD of each scenario is calculated and then weighted average PD based on likelihood of scenarios is calculated. In the last step, a weighted average lifetime ECL based on the likelihood of the scenarios is determined.

The Group assesses its financial assets based on credit risk characteristics using segmentations such as geographical region, type of customer, customer rating, etc. The different segments reflect differences in PDs and in recovery rates in the event of default.

5- Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Definition of default

In the above context, the Group considers default when:

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the customer is more than 360 days past due on any material credit obligation to the Group.

The Group has rebutted the presumption that default does not occur later than when these financial assets are past due to define and assess default. This is demonstrated by past historical data where collections exceeding 70% were experienced in 360 days ageing bucket.

Specific provision

Specific provision is recognized on customer to customer basis at every respective reporting date. The Group recognizes specific provision against receivables from certain customers. Provisions are reversed only when the outstanding amounts are recovered from the customers.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities

Initial recognition and measurement

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of income. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of income. Any gain or loss on derecognition is also recognized in the consolidated statement of income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5- Summary of significant accounting policies (continued)

Purchased visas and available visas

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 visa

Available visas represent the unused balance of visas from the government. As per Saudi 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 which are transferred from purchased visas are immediately recognized as expenses in the consolidated statement of income when issuing visas to recruited manpower.

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.

Property and equipment

Property and equipment is 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:

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

5- Summary of significant accounting policies (continued)

Property and equipment (continued)

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:

	Number of years
Tadbeer licenses	10
Customer relationship	2

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.

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 income.

5- Summary of significant accounting policies (continued)

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 income 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 asset's or CGU's recoverable amount.

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.

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.

Employees' end-of-service benefits

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.

5- Summary of significant accounting policies (continued)

Employees' end-of-service benefits (continued)

End-of-services 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 in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the Kingdom of Saudi Arabia to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and Saudi Arabia.

The DBO also depends on the assumptions for future salary increases and the rate at which employees are expected to leave. The Group has assumed salaries will increase at a rate of 0.7%pa above the discount rate, 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 has therefore assumed updates 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.

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 Arabian 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 Companies Law in KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

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. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as finance costs.

5- Summary of significant accounting policies (continued)

Leases

Group as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

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 two segments, based on supply of manpower, as described below and as grouped in two reporting segments, financial details of those follow beneath.

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.

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.

6- First time adoption of IFRSs as endorsed in KSA

For all financial years up to and including the year ended 31 December 2017, the Group prepared its consolidated financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") issued by SOCPA in KSA (referred to "SOCPA GAAP"). As explained in note (2) above, these interim consolidated financial statements are the Group's interim consolidated financial statements prepared in accordance with IFRSs as endorsed in KSA. Accordingly, the Group has applied IFRSs as endorsed in KSA for the preparation of its interim consolidated financial statements for the period beginning 1 January 2018 as well as for presenting the relevant comparative data.

In compliance with requirements of IFRS 1 as endorsed in KSA, the interim consolidated financial statements were prepared after incorporating required adjustments to reflect the transition to IFRSs as endorsed in KSA from the previous SOCPA GAAP. The Group has analyzed the impact on the consolidated statement of financial position as at the transition date (1 January 2017) and 30 September 2017, 31 December 2017, and the consolidated statement of income and consolidated statement of comprehensive income for the year ended 31 December 2017 and for the interim consolidated statement of income and interim consolidated statement of comprehensive income for the nine-month period ended 30 September 2017.

In addition, this is the second set of the Group's interim consolidated financial statements where IFRS 15 and IFRS 9 have been applied retrospectively. The notes below explain the significant adjustments in transitioning from SOCPA GAAP to IFRSs as endorsed in KSA including the effect of the Group's adoption of IFRS 15 and IFRS 9.

6- First time adoption of IFRSs as endorsed in KSA (continued)

6-1 Exemption applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRSs as endorsed in KSA. The Group has applied the transitional provisions in IAS 39, Financial Instruments: Recognition and Measurement, pertaining to the recognition of day one gain or loss prospectively to long-term financial assets and liabilities for which transactions occurred on or after the date of transition to IFRSs as endorsed in KSA. Therefore, amounts related to the Group's long-term cash margin against license guarantee letter occurred prior to the date of transition to IFRSs as endorsed in KSA are not retrospectively restated.

6-2 Reconciliation of consolidated statement of financial position as at 1 January 2017 (date of transition to IFRSs as endorsed in KSA)

	Note	As previously reported (SOCPA GAAP)	Adjustments/ Reclassifications	Balance as per IFRSs as endorsed in KSA
		SR	SR	SR
Assets				
Current assets				
Cash and cash equivalents		190,906,099	-	190,906,099
Murabaha time deposits		16,344,690	-	16,344,690
Accounts receivable and unbilled revenue	6.7.3 & 6.7.4	117,773,749	(9,462,058)	108,311,691
Contract assets	6.7.4	-	15,498,295	15,498,295
Prepayments and other current assets	6.7.4	99,479,435	(49,827,082)	49,652,353
Available visas		19,480,000	-	19,480,000
Total current assets		443,983,973	(43,790,845)	400,193,128
Non-current assets				
Used visas - non-current	6.7.4	7,309,312	(7,309,312)	-
Prepaid recruitment costs - non-current	6.7.4	11,490,784	(11,490,784)	-
Property and equipment		92,795,357	-	92,795,357
Equity investments at FVTPL	6.7.3	-	30,680,240	30,680,240
Available-for-sale investment	6.7.3	30,680,240	(30,680,240)	-
Cash margin against license guarantee letter		10,000,000	-	10,000,000
Total non-current assets		152,275,693	(18,800,096)	133,475,597
Total assets		596,259,666	(62,590,941)	533,668,725
Liabilities and equity				
Liabilities				
Current liabilities				
Accounts payable, accruals and others	6.7.4	134,836,339	(6,745,993)	128,090,346
Contract liabilities	6.7.4	-	54,710,423	54,710,423
Retained deposits and unearned revenues	6.7.2 & 6.7.4	158,418,281	313,809	158,732,090

6- First time adoption of IFRSs as endorsed in KSA (continued)

6-2 Reconciliation of consolidated statement of financial position as at 1 January 2017 (date of transition to IFRSs as endorsed in KSA) (continued)

	Note	As previously reported (SOCPA GAAP)	Adjustments/ Reclassifications	Balance as per IFRSs as endorsed in KSA
		SR	SR	SR
Zakat payable		10,975,623	-	10,975,623
Total current liabilities		304,230,243	48,278,239	352,508,482
Non-current liabilities				
Employees' end-of-service benefits	6.7.1	31,543,006	(1,582,006)	29,961,000
Retained deposits - non-current	6.7.2	48,278,239	(48,278,239)	-
Total non-current liabilities		79,821,245	(49,860,245)	29,961,000
Total liabilities		384,051,488	(1,582,006)	382,469,482
Equity				
Share capital		100,000,000	-	100,000,000
Statutory reserve		30,000,000	-	30,000,000
Other reserves	6.7.1 & 6.7.3	680,240	2,750,760	3,431,000
Retained earnings	6.7.1, 6.7.3 & 6.7.4	81,527,938	(63,759,695)	17,768,243
Total equity		212,208,178	(61,008,935)	151,199,243
Total liabilities and equity		596,259,666	(62,590,941)	533,668,725

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.3 Reconciliation of the consolidated statement of financial position as at 31 December 2017

	Note	As previously reported (SOCPA GAAP) SR	Adjustments/ Reclassifications SR	Balance as per IFRSs as endorsed in KSA SR
Assets				
Current assets				
Cash and cash equivalents		342,221,524	-	342,221,524
Murabaha time deposits		4,000,000	-	4,000,000
Accounts receivable and unbilled revenue	6.7.3 & 6.7.4	143,975,960	(27,234,546)	116,741,414
Contract assets	6.7.4	-	26,178,658	26,178,658
Prepayments and other current assets	6.7.4	60,145,330	(13,831,368)	46,313,962
Available visas		21,064,000	-	21,064,000
Total current assets		571,406,814	(14,887,256)	556,519,558
Non-current assets				
Used visas - non-current	6.7.4	18,205,989	(18,205,989)	-
Prepaid recruitment costs - non-current	6.7.4	29,546,488	(29,546,488)	-
Property and equipment		104,577,019	-	104,577,019
Equity investments at FVTPL	6.7.3	-	31,261,609	31,261,609
Available-for-sale investment	6.7.3	31,261,609	(31,261,609)	-
Total non-current assets		183,591,105	(47,752,477)	135,838,628
Total assets		754,997,919	(62,639,733)	692,358,186
Liabilities and equity				
Liabilities				
Current liabilities				
Accounts payable, accruals and others	6.7.4	181,013,757	(18,404,865)	162,608,892
Contract liabilities	6.7.4	-	88,323,803	88,323,803
Retained deposits and unearned revenues	6.7.2 & 6.7.4	149,235,574	(17,472,670)	131,762,904
Zakat payable		9,470,542	-	9,470,542
Total current liabilities		339,719,873	52,446,268	392,166,141
Non-current liabilities				
Employees' end-of-service benefits	6.7.1	42,070,769	(6,128,769)	35,942,000
Retained deposits - non-current	6.7.2	52,446,268	(52,446,268)	-
Total non-current liabilities		94,517,037	(58,575,037)	35,942,000
Total liabilities		434,236,910	(6,128,769)	428,108,141
Equity				
Share capital		250,000,000	-	250,000,000
Statutory reserve		20,347,320	-	20,347,320
Other reserves	6.7.1 & 6.7.3	1,261,927	2,641,391	3,903,318
Retained earnings (accumulated losses)	6.7.1, 6.7.3 & 6.7.4	49,153,500	(59,152,355)	(9,998,855)
Equity attributable to the Shareholders of the Parent Company		320,762,747	(56,510,964)	264,251,783
Non-controlling interests		(1,738)	-	(1,738)
Total equity		320,761,009	(56,510,964)	264,250,045
Total liabilities and equity		754,997,919	(62,639,733)	692,358,186

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.4 Reconciliation of the interim consolidated statement of financial position as at 30 September 2017

	Note	As per SOCPA GAAP	Adjustments/ Reclassifications	Balance as per IFRSs as endorsed in KSA
		SR	SR	SR
Assets				
Current assets				
Cash and cash equivalents		352,458,465	-	352,458,465
Murabaha time deposits		14,000,000	-	14,000,000
Accounts receivable and unbilled revenue	6.7.3 & 6.7.4	158,620,366	(24,125,361)	134,495,005
Contract assets	6.7.4	-	20,617,729	20,617,729
Prepayments and other current assets	6.7.4	60,603,014	(12,507,459)	48,095,555
Available visas		18,706,000	-	18,706,000
Total current assets		604,387,845	(16,015,091)	588,372,754
Non-current assets				
Used visas - non-current	6.7.4	28,039,337	(28,039,337)	-
Prepaid recruitment costs - non-current	6.7.4	13,741,978	(13,741,978)	-
Property and equipment		100,889,969	-	100,889,969
Equity investments at FVTPL	6.7.3	-	31,122,409	31,122,409
Available-for-sale investment	6.7.3	31,122,409	(31,122,409)	-
Total non-current assets		173,793,693	(41,781,315)	132,012,378
Total assets		778,181,538	(57,796,406)	720,385,132
Liabilities and equity				
Liabilities				
Current liabilities				
Accounts payable, accruals and others	6.7.4	179,806,605	(14,665,063)	165,141,542
Contract liabilities	6.7.4	-	68,940,903	68,940,903
Retained deposits and unearned revenues	6.7.2 & 6.7.4	160,021,172	(14,941,139)	145,080,033
Zakat payable		9,637,144	-	9,637,144
Total current liabilities		349,464,921	39,334,701	388,799,622
Non-current liabilities				
Employees' end-of-service benefits	6.7.1	41,215,463	(5,683,463)	35,532,000
Retained deposits - non-current	6.7.2	39,334,701	(39,334,701)	-
Total non-current liabilities		80,550,164	(45,018,164)	35,532,000
Total liabilities		430,015,085	(5,683,463)	424,331,622
Equity				
Share capital		100,000,000	-	100,000,000
Proposed capital increase		150,000,000	-	150,000,000
Other reserves	6.7.1 & 6.7.3	1,121,809	2,298,591	3,420,400
Retained earnings	6.7.1, 6.7.3 & 6.7.4	96,998,744	(54,411,534)	42,587,210
Equity attributable to the Shareholders of the Parent Company		348,120,553	(52,112,943)	296,007,610
Non-controlling interests		45,900	-	45,900
Total equity		348,166,453	(52,112,943)	296,053,510
Total liabilities and equity		778,181,538	(57,796,406)	720,385,132

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.5 Reconciliation of interim consolidated statement of income and other comprehensive income for the nine-month period ended 30 September 2017

	Note	As per SOCPA GAAP	Adjustments/ Reclassifications	Balance as per IFRSs as endorsed in KSA
		SR	SR	SR
Revenue		867,074,151	-	867,074,151
Cost of revenue	6.7.1 & 6.7.4	(667,257,968)	17,980,741	(649,277,227)
Gross profit		199,816,183	17,980,741	217,796,924
General and administration expenses	6.7.1	(63,283,583)	469,120	(62,814,463)
Marketing expenses	6.7.3	(4,490,715)	3,052,622	(1,438,093)
Provision for doubtful debts	6.7.3	-	(12,596,491)	(12,596,491)
Income from main operations		132,041,885	8,905,992	140,947,877
Other income		12,575,081	-	12,575,081
Net gain on equity investments at FVTPL	6.7.3	-	442,169	442,169
Net income before zakat		144,616,966	9,348,161	153,965,127
Zakat		(9,146,160)	-	(9,146,160)
Net income for the period		135,470,806	9,348,161	144,818,967
Other comprehensive income (loss):				
Item that may be reclassified to consolidated statement of income:				
Change in fair value of available-for-sale investment, net of zakat	6.7.3	442,169	(442,169)	-
Cumulative translation loss, net of zakat		(600)	-	(600)
Item that will not be reclassified to consolidated statement of income:				
Re-measurements of employees' end-of-service benefits, net of zakat	6.7.1	-	(10,000)	(10,000)
Other comprehensive income (loss) for the period		441,569	(452,169)	(10,600)
Total comprehensive income for the period		135,912,375	8,895,992	144,808,367

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.6 Reconciliation of consolidated statement of income and other comprehensive income for the year ended 31 December 2017

	Note	As previously reported (SOCPA GAAP)	Adjustments/ Reclassifications	Balance as per IFRSs as endorsed in KSA
		SR	SR	SR
Revenue		1,167,944,942	-	1,167,944,942
Cost of revenue	6.7.1 & 6.7.4	(875,418,632)	10,653,162	(864,765,470)
Gross profit		292,526,310	10,653,162	303,179,472
General and administration expenses	6.7.1	(87,732,480)	464,934	(87,267,546)
Marketing expenses	6.7.3	(8,920,205)	7,304,431	(1,615,774)
Provision for doubtful debts	6.7.3	-	(14,396,556)	(14,396,556)
Income from main operations		195,873,625	4,025,971	199,899,596
Other income		16,531,177	-	16,531,177
Net gain on equity investments at FVTPL	6.7.3	-	581,369	581,369
Net income before zakat		212,404,802	4,607,340	217,012,142
Zakat		(8,979,558)	-	(8,979,558)
Net income for the year		203,425,244	4,607,340	208,032,584
Net income for the year attributable to:				
Shareholders of the Parent Company		203,472,882	4,607,340	208,080,222
Non-controlling interests		(47,638)	-	(47,638)
		203,425,244	4,607,340	208,032,584
Other comprehensive income:				
Item that may be reclassified to consolidated statement of income:				
Change in fair value of available-for-sale investment, net of zakat	6.7.3	581,369	(581,369)	-
Cumulative translation gains, net of zakat		318	-	318
Item that will not be reclassified to consolidated statement of income:				
Re-measurements of employees' end-of-service benefits, net of zakat	6.7.1	-	472,000	472,000
Other comprehensive income for the year		581,687	(109,369)	472,318
Total comprehensive income for the year		204,006,931	4,497,971	208,504,902

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.7 Explanation of significant transitional adjustments and reclassifications

6.7.1 Actuarial valuation of employees' benefits

Under IFRSs as endorsed in KSA, employees' end-of-service benefits are required to be calculated using actuarial valuations. Historically, the Group has calculated these obligations based on the local regulations in KSA at the reporting date without considering expected future service periods of employees, salary increments and discount rates. The impacts on the consolidated financial statements were as follows:

Consolidated statement of financial position line items	1 January 2017 SR	30 September 2017 SR	31 December 2017 SR
Decrease in employees' end-of-service benefits	1,582,006	5,683,463	6,128,769
Decrease/(increase) in retained earnings (accumulated losses)	1,848,994	(2,262,463)	(2,225,769)
Increase in other reserves	(3,431,000)	(3,421,000)	(3,903,000)

Consolidated statement of income line items	Nine-month period ended 30 September 2017	Year ended 31 December 2017
	SR	SR
Decrease in cost of revenue	(3,642,337)	(3,609,829)
Decrease in general and administration expenses	(469,120)	(464,934)

Consolidated statement of comprehensive income line item	Nine-month period ended 30 September 2017	Year ended 31 December 2017
	SR	SR
Decrease/(increase) in re-measurements of employees' end-of-service benefits, net of zakat	10,000	(472,000)

6.7.2 Reclassifications

Management has reclassified non-current portion of retained deposits in the consolidated statement of financial position into current portion as these retained deposits are refunded or applied against outstanding customers' receivables upon termination of the manpower contract or occurrence of anything that prevents the continuation of the service. The impacts on the consolidated financial statements were as follows:

Consolidated statement of financial position line items	1 January 2017 SR	30 September 2017 SR	31 December 2017 SR
Increase in retained deposits and unearned revenues	(48,278,239)	(39,334,701)	(52,446,268)
Decrease in retained deposits - non-current	48,278,239	39,334,701	52,446,268

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.7 Explanation of significant transitional adjustments and reclassifications (continued)

6.7.3 Financial instruments

The following set out the impacts of adopting IFRS 9 on the consolidated financial statements of the Group pertaining to the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECL model including reclassification of previous impairment of accounts receivable charged in marketing expenses separately in the consolidated statement of income:

Consolidated statement of financial position line items	1 January 2017 SR	30 September 2017 SR	31 December 2017 SR
Increase/(decrease) in accounts receivable and unbilled revenue	6,036,237	(3,507,632)	(1,055,888)
(Increase)/decrease in retained earnings (accumulated losses)	(6,036,237)	3,507,632	1,055,888

Consolidated statement of income line items	Nine-month period ended 30 September 2017 SR	Year ended 31 December 2017 SR
Decrease in marketing expenses	(3,052,622)	(7,304,431)
Increase in provision for doubtful debts	12,596,491	14,396,556

Under IFRS 9, investment in units of a commodity fund, which were classified previously as available-for-sale investment, were transferred to equity investments at FVTPL. The investments are held in a business model to collect cash flows as well as to sell if needed. Accordingly, appropriate classification of these investments will be equity investments at FVTPL. The impacts on the consolidated financial statements were as follows:

Consolidated statement of financial position line items	1 January 2017 SR	30 September 2017 SR	31 December 2017 SR
Decrease in available-for-sale investment	(30,680,240)	(31,122,409)	(31,261,609)
Increase in equity investments at FVTPL	30,680,240	31,122,409	31,261,609
Increase in retained earnings (accumulated losses)	(680,240)	(1,122,409)	(1,261,609)
Decrease in other reserves	680,240	1,122,409	1,261,609

Consolidated statement of income line item	Nine-month period ended 30 September 2017 SR	Year ended 31 December 2017 SR
Increase in net gain on equity investments at FVTPL	(442,169)	(581,369)

Consolidated statement of comprehensive income line item	Nine-month period ended 30 September 2017 SR	Year ended 31 December 2017 SR
Decrease in unrealized gains on revaluation of available-for-sale investments	442,169	581,369

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.7 Explanation of significant transitional adjustments and reclassifications (continued)

6.7.4 Revenue from contracts with customers and related costs

Under IFRS 15, when either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. Below are the reclassifications from unbilled revenue to contract assets and from advances from customers and unearned revenues to contract liabilities due to this change:

Consolidated statement of financial position line items	1 January 2017 SR	30 September 2017 SR	31 December 2017 SR
Increase in contract assets	15,498,295	20,617,729	26,178,658
Decrease in accounts receivable and unbilled revenue	(15,498,295)	(20,617,729)	(26,178,658)
Increase in contract liabilities	(54,710,423)	(68,940,903)	(88,323,803)
Decrease in accounts payable, accruals and others	6,745,993	14,665,063	18,404,865
Decrease in retained deposits and unearned revenues	47,964,430	54,275,840	69,918,938

Upon transition to IFRSs as endorsed in KSA, the Group recognized used visas and recruitment costs immediately as expense in the consolidated statement of income as these costs are not qualified as contract costs. Previously these costs were amortized in the consolidated statement of income on a straight-line basis over two years (which is usually the duration of the employment contract) in accordance with general practice being followed by companies in KSA under financial accounting concepts issued by SOCPA. The impacts on the consolidated financial statements were as follows:

Consolidated statement of financial position line items	1 January 2017 SR	30 September 2017 SR	31 December 2017 SR
Decrease in prepayments and other current assets	(49,827,082)	(12,507,459)	(13,831,368)
Decrease in used visas - non-current	(7,309,312)	(28,039,337)	(18,205,989)
Decrease in prepaid recruitment costs - non-current	(11,490,784)	(13,741,978)	(29,546,488)
Decrease in retained earnings (accumulated losses)	68,627,178	54,288,774	61,583,845

Consolidated statement of comprehensive income line item	Nine-month period ended 30 September 2017 SR	Year ended 31 December 2017 SR
Decrease in cost of revenue	(14,338,404)	(7,043,333)

6- First time adoption of IFRSs as endorsed in KSA (continued)

6.8 Effect on the interim consolidated statement of cash flows

The transition from SOCPA GAAP to IFRSs as endorsed in KSA and adoption of IFRS 15 and 9 had no significant impact on the interim consolidated statement of cash flows for the nine-month period ended 30 September 2017.

7- Cash and cash equivalents

	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
Cash at banks	93,117,370	342,142,761	120,906,099
Cash in hand	875,950	78,763	-
Short-term deposits with original maturities of three-months or less	-	-	70,000,000
Total	93,993,320	342,221,524	190,906,099

Included in the bank balances is an amount totalling to SR Nil (31 December 2017: SR Nil; 1 January 2017: SR 10 million) for the cash margin against the guarantee issued by one of the local commercial banks to the Ministry of Labor and Social Development on behalf of the Group (note 13).

8- Murabaha time deposits

Murabaha time deposits represent deposits with local commercial banks having a maturity of more than three months from date of acquisition and expected to be realized within one year from the date of the consolidated statement of financial position. The variable commission rates on the murabaha time deposits as at 30 September 2018 are based on prevailing commercial market rates.

9- Accounts receivable

	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
Accounts receivable	186,914,348	137,220,406	116,754,568
Less: provision for doubtful debts (note 33)	(35,276,196)	(34,639,875)	(20,243,319)
	151,638,152	102,580,531	96,511,249
Amounts due from related parties (note 14)	18,997,421	14,160,883	11,800,442
Total	170,635,573	116,741,414	108,311,691

Trade receivable comprise of interest free net receivables due from customers with no credit rating. Unimpaired trade receivable 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 acquisition of subsidiaries resulted in increase in accounts receivables of SR 949,011.

Movements in the provision for doubtful debts were as follows:

	Nine-month period ended 30 September 2018 SR	Year ended 31 December 2017 SR	Nine-month period ended 30 September 2017 SR
At the beginning of the period/year	34,639,875	20,243,319	20,243,319
Provision for doubtful debts during the period/year	636,321	14,396,556	12,596,491
At the end of the period/year	35,276,196	34,639,875	32,839,810

9- Accounts receivables (continued)

The ageing of unimpaired accounts receivable was as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	< 90 days	90 – 180 days	> 180 days
	SR	SR	SR	SR	SR
30 September 2018	151,638,152	6,364,571	118,681,967	9,532,777	17,058,837
31 December 2017	102,580,531	5,140,231	88,814,374	3,609,874	5,016,052
1 January 2017	96,511,249	4,780,999	87,695,294	1,702,530	2,332,426

10-Contract assets and liabilities

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.

Contract liabilities

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

11- Prepayments and other current assets

	30 September 2018 SR	31 December 2017 SR	1 January 2017 SR
Residence fees and work permits	98,123,713	39,307,778	40,800,078
Prepaid rent	3,447,524	1,856,122	1,635,613
Advances to suppliers	1,172,262	3,790,759	2,009,339
Other prepayments	9,512,559	1,359,303	5,207,323
	112,256,058	46,313,962	49,652,353

The acquisition of subsidiaries resulted in increase in prepayments and other current assets of SR 2,872,376.

12- Available visas

Available visas represent the balance of unused visas as of the date of the interim consolidated financial statements. Amounts of available visas are recognized as expense in the consolidated statement of income when issuing visas to recruited manpower.

13- Cash margin against license guarantee letter

Letter of guarantee represents the letter submitted to Ministry of Labor and Social Development against issuance of recruitment license for the Company. The guarantee letter was secured against 100% cash margin, which was placed with a local commercial bank (the "Bank"). In October 2016, the Company and the Bank entered into an agreement wherein the Bank will accept the placed murabaha time deposits of the Company in lien for the guarantees and that the Bank will serve as guarantor for the Company with its guarantee to the Ministry of Labor and Social Development. During February 2017, the cash margin was transferred to the Company's bank account (note 7).

14- 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.

14.1 Major shareholders

The following are the major shareholders of the Group as of 30 September 2018, 31 December 2017 and 1 January 2017:

Name	Place of incorporation/residence	Ownership %
Alahlia International Real Estate Investment Company	KSA	28%
Architectural Experience Company	KSA	23%
Al Faisaliah Group Holding Company	KSA	20%
Dr Abdullah Bin Sulaiman Alamro	KSA	17%
Dr Sulaiman Alhabib Trading Commercial Investment Company	KSA	10%
Other	KSA	2%

14.2 Key management personnel compensation

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

	Nine-month period ended	
	30 September 2018 SR	30 September 2017 SR
Salaries and short-term benefits	6,633,439	6,448,341
End-of-service benefits	394,406	266,328
Total key management compensation	7,027,845	6,714,669

14.3 Terms and conditions of transactions with related parties

Outstanding balances at the consolidated statement of financial position date are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties.

14- Related party transactions and balances (continued)

14.4 Related party transactions and balances

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

Related party	Nature of transactions	Relationship	Transactions Nine-month period ended		Balances		
			30 September 2018	30 September 2017	30 September 2018	31 December 2017	1 January 2017
			SR	SR	SR	SR	SR
Amounts due from related parties (note 9)							
Spectra Support Services	Manpower services	Affiliate	4,369,807	(5,288,757)	11,442,228	7,072,421	5,288,757
Maharah Holding Company	Financing	Affiliate	-	-	4,080,150	4,080,150	4,080,150
ND Logistics	Manpower services	Affiliate	1,337,942	(261,614)	2,135,218	797,276	1,052,325
Al Safi Danone Co. Ltd.	Manpower services	Affiliate	(952,573)	542,621	942,587	1,895,160	1,370,810
Elixir Medical Co.	Manpower services	Affiliate	142,057	91,441	297,279	155,222	-
Alfa Co, for Operations Services Ltd.	Manpower services	Affiliate	(7,015)	112,755	96,286	103,301	-
Mayar Al Assel General Trading LLC	Capital contribution on behalf of minority partner of a subsidiary	Affiliate	(45,950)	-	-	45,950	-
Others	Manpower services	Affiliate	(7,730)	(3,693)	3,673	11,403	8,400
					18,997,421	14,160,883	11,800,442
Amounts due to related parties (note 19)							
Mahara Travel and Tourism Company	Purchase of air tickets	Affiliate	674,116	1,215,137	1,466,741	792,625	372,551
Architectural Experience Company	Professional services	Shareholder	(8,834)	66,927	-	8,834	-
Directors	Remuneration (note 26)	Board of Directors	(1,500,000)	(1,328,377)	1,514,944	2,200,000	1,600,000
					2,981,685	3,001,459	1,972,551

15- Property and equipment

30 September 2018	Land	Buildings	Leasehold improvement	Furniture and fixtures	Office equipment	Vehicles	Capital work in progress (*)	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Cost								
At the beginning of the period	45,976,200	18,896,705	16,770,170	4,676,610	12,700,372	11,010,700	11,865,258	121,896,015
Additions	17,210,814	32,789,199	429,857	387,630	1,564,653	2,542,424	7,926,712	62,851,289
Acquisition of subsidiaries	-	-	-	758,410	1,624,439	397,286	-	2,780,135
At the end of the period	63,187,014	51,685,904	17,200,027	5,822,650	15,889,464	13,950,410	19,791,970	187,527,439
Accumulated depreciation								
At the beginning of the period	-	1,445,174	6,323,691	1,239,460	4,896,907	3,413,764	-	17,318,996
Charge for the period (note 26)	-	941,810	1,272,850	726,020	1,682,177	2,304,449	-	6,927,306
Acquisition of subsidiaries	-	-	-	278,087	793,190	60,468	-	1,131,745
At the end of the period	-	2,386,984	7,596,541	2,243,567	7,372,274	5,778,681	-	25,378,047
Net book value								
30 September 2018	63,187,014	49,298,920	9,603,486	3,579,083	8,517,190	8,171,729	19,791,970	162,149,392
31 December 2017	45,976,200	17,451,531	10,446,479	3,437,150	7,803,465	7,596,936	11,865,258	104,577,019

15- Property and equipment (continued)

31 December 2017	Land	Buildings	Leasehold improvement	Furniture and fixtures	Office equipment	Vehicles	Capital work in progress (*)	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Cost								
At the beginning of the year	45,976,200	16,730,033	15,450,662	3,817,433	9,948,387	5,640,800	6,131,354	103,694,869
Additions	-	57,080	1,319,508	859,177	2,751,985	5,503,600	7,843,496	18,334,846
Transfers	-	2,109,592	-	-	-	-	(2,109,592)	-
Disposals	-	-	-	-	-	(133,700)	-	(133,700)
At the end of the year	45,976,200	18,896,705	16,770,170	4,676,610	12,700,372	11,010,700	11,865,258	121,896,015
Accumulated depreciation								
At the beginning of the year	-	995,885	4,693,330	793,135	2,879,760	1,537,402	-	10,899,512
Charge for the year	-	449,289	1,630,361	446,325	2,017,147	1,967,765	-	6,510,887
Disposals	-	-	-	-	-	(91,403)	-	(91,403)
At the end of the year	-	1,445,174	6,323,691	1,239,460	4,896,907	3,413,764	-	17,318,996
Net book value								
31 December 2017	45,976,200	17,451,531	10,446,479	3,437,150	7,803,465	7,596,936	11,865,258	104,577,019
1 January 2017	45,976,200	15,734,148	10,757,332	3,024,298	7,068,627	4,103,398	6,131,354	92,795,357

15- Property and equipment (continued)

30 September 2017	Land	Buildings	Leasehold im-provement	Furniture and fixtures	Office equipment	Vehicles	Capital work in progress (*)	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Cost								
At the beginning of the period	45,976,200	16,730,033	15,450,662	3,817,433	9,948,387	5,640,800	6,131,354	103,694,869
Additions	-	-	1,119,335	830,984	2,910,460	2,980,050	5,338,160	13,178,989
Disposals	-	-	-	-	-	(133,700)	-	(133,700)
At the end of the period	45,976,200	16,730,033	16,569,997	4,648,417	12,858,847	8,487,150	11,469,514	116,740,158
Accumulated depreciation								
At the beginning of the period	-	995,885	4,693,330	793,135	2,879,760	1,537,402	-	10,899,512
Charge for the period (note 26)	-	685,979	1,217,492	330,256	1,421,382	1,386,971	-	5,042,080
Disposals	-	-	-	-	-	(91,403)	-	(91,403)
At the end of the period	-	1,681,864	5,910,822	1,123,391	4,301,142	2,832,970	-	15,850,189
Net book value								
30 September 2017	45,976,200	15,048,169	10,659,175	3,525,026	8,557,705	5,654,180	11,469,514	100,889,969
1 January 2017	45,976,200	15,734,148	10,757,332	3,024,298	7,068,627	4,103,398	6,131,354	92,795,357

(*) Pertains to expenditures relating to the construction and development of the Group's head office.

16- Intangible assets

	30 September 2018 SR	31 December 2017 SR	1 January 2017 SR
Tadbeer licenses	3,397,097	-	-
Customer relationship	1,913,099	-	-
	5,310,196	-	-

30 September 2018	Tadbeer licenses	Customer relationship	Total
	SR	SR	SR
Cost			
Arising from the acquisition of subsidiaries during the period and at end of the period (note 30)	3,672,537	3,060,958	6,733,495
Accumulated amortization			
Charge for the period (note 26)	275,440	1,147,859	1,423,299
Net book value	3,397,097	1,913,099	5,310,196

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 to provide specific services related to domestic worker recruitment and welfare while customer relationships relates to TPH's current customers consist predominantly of residential cleaning clients across UAE.

17- Goodwill

Carrying amount of goodwill are as follow (note 30):

	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
TPH	3,001,536	-	-
MPL	1,175,521	-	-
MICE	273,180	-	-
	4,450,237	-	-

Effective 1 January 2018, the Subsidiary acquired a 70% ownership of TPH. The total consideration amounted to SR 10.2 million. TPH is licensed in providing building cleaning services and residential property core services (note 30).

On 1 January 2018, TPH acquired 100% shares of MPL for a total consideration of SR 1.5 million. MPL is licensed in providing building maintenance services (note 30).

On 1 January 2018, TPH acquired 100% shares of MICE for a total consideration amounting to SR 1.2 million. MICE is licensed in providing building cleaning services (note 30).

18- Equity investments at FVTPL

Equity investments at FVTPL include financial assets that are invested in units of a mutual fund, namely Al Rajhi Commodity SAR Fund (206,988.44 units for SR 144.94 each) purchased for SR 30 million. The Group considers its investments to be strategic in nature. The movement in FVTPL investments for the period/year was as follows:

	Nine-month period ended 30 September 2018	Year ended 31 December 2017	Nine-month period ended 30 September 2017
	SR	SR	SR
Cost			
At the beginning and end of the period/year	30,000,000	30,000,000	30,000,000
Revaluation adjustments			
At the beginning of the period/year	1,261,609	680,240	680,240
Net gain during the period/year	514,552	581,369	442,169
At the end of the period/year	1,776,161	1,261,609	1,122,409
Net book value	31,776,161	31,261,609	31,122,409

19- Accounts payable, accruals and others

	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
Accrued tickets and vacations	96,659,759	80,643,183	79,479,619
Accrued salaries and other employee costs	88,668,027	60,814,573	33,749,379
Accounts payable	7,292,657	5,895,479	5,230,842
Provision for operational risk (note 33)	6,510,710	6,000,000	5,079,200
Accrued bonus and incentives	5,265,091	6,254,198	-
Value Added Tax (VAT), net	4,759,956	-	-
Amounts due to related parties (note 14)	2,981,685	3,001,459	1,972,551
Provision for withholding taxes	-	-	2,578,755
	212,137,885	162,608,892	128,090,346

The acquisition of subsidiaries resulted in increase in accounts payable, accruals and others of SR 2,259,527.

20- Zakat

Charge for the period/year

Zakat charge for the nine-month period ended 30 September 2018 amounted to SR 12,583,325 (Year ended 31 December 2017: SR 8,979,558; Nine-month period ended 30 September 2017: SR 9,146,160) consists of the current period/year provision. The current period/year zakat provision is based on the following:

	30 September 2018	31 December 2017	30 September 2017
	SR	SR	SR
Shareholders' equity, beginning balance	264,251,783	151,199,243	151,199,243
Income before zakat	184,715,996	217,012,142	153,965,127
Opening provisions and adjustments	86,077,647	90,867,563	157,162,408
Non-current liabilities	37,151,000	35,942,000	35,532,000
Non-current assets	(203,685,986)	(135,838,628)	(132,012,378)

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

Movements in zakat provision during the period/year

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

	Nine-month period ended 30 September 2018	Year ended 31 December 2017	Nine-month period ended 30 September 2017
	SR	SR	SR
Balance at beginning of the period/year	9,470,542	10,975,623	10,975,623
Provision for the period/year	9,212,761	8,979,558	9,146,160
Paid during the period/year	(8,364,527)	(10,484,639)	(10,484,639)
Balance at end of the period/year	10,318,776	9,470,542	9,637,144

Status of assessments

The Company has submitted its zakat returns for all previous years up to 31 December 2017 with GAZT and obtained related zakat certificates. Final zakat assessments have not been received yet.

21- Employees' end-of-service benefits

	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
Defined benefits obligation (DBO)	37,151,000	35,942,000	29,961,000

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labor law requirements in KSA. 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 benefit liability recognized in the consolidated statement of financial position in respect of defined benefit 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, and that have terms approximating to the terms of the related obligation (equivalent to a duration of 2 years at 30 September 2018). In countries where there is no deep market in such bonds, the market rates on government bonds are used.

As there are insufficient corporate and government bonds in the KSA to generate a credible discount rate the discount rate has instead been based on US Treasury bonds adjusted for country differences between the US and KSA.

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, net of zakat under the consolidated statement of comprehensive income and cumulative actuarial gains in the consolidated statement of changes in equity.

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

	Nine-month period ended 30 September 2018	Year ended 31 December 2017	Nine-month period ended 30 September 2017
	SR	SR	SR
Opening balance	35,942,000	29,961,000	29,961,000
Current service cost	13,682,000	17,988,000	13,491,000
Interest cost	483,000	900,000	675,000
Amount recognized in the consolidated statement of income	14,165,000	18,888,000	14,166,000
Experience (gains) / losses (note 23)	(3,685,000)	(472,000)	10,000
Amount recognized in the consolidated statement of comprehensive income	(3,685,000)	(472,000)	10,000
Benefits paid during the period/year	(9,271,000)	(12,435,000)	(8,605,000)
Closing balance	37,151,000	35,942,000	35,532,000

Significant actuarial assumptions

The significant actuarial assumptions used in the DBO computation:

	30 September 2018	31 December 2017	30 September 2017
Gross discount rate	3.80%	2.50%	3.20%
Salary growth rate	4.50%	3.20%	3.90%
Withdrawal rate	50%	50%	30%
Retirement age	55-60	55-60	55-60

21- Employees' end-of-service benefits (continued)

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 as of 30 September 2018:

			Impact on defined benefit obligation	
	Change in	Base value	Increase in assumption	Decrease in assumption
	assumption	SR	SR	SR
Discount rate	1%	37,151,000	37,640,000	39,119,000
Salary growth rate	1%	37,151,000	39,107,000	37,638,000
Withdrawal rate	15%	37,151,000	36,378,000	41,967,000

The average duration of the DBO at the end of the reporting period is 2 years (31 December 2017: 2 years; 30 September 2017: 4 years).

The Group expects to make contributions during the reporting period, 30 September 2018 to 31 December 2018, to the benefit plan amounting to SR 11.1 million (year ending 31 December 2018: SR 20.4 million; year ended 31 December 2017: SR 12.4 million).

22- Share capital

Authorized and issued share capital is divided into 25 million shares (31 December 2017: 25 million shares; 1 January 2017: 10 million shares) of SR 10 each.

During 2017, the shareholders of the Parent Company resolved to increase its capital to SR 250 million by transferring SR 120 million and SR 30 million from retained earnings and statutory reserve, respectively to share capital. The legal formalities required to enforce the increase of the share capital were completed during the year ended 31 December 2017.

23- 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. The reserve is not available for distribution. The reserve is being set aside based on the annual consolidated financial statements.

Other reserves

Movement on other reserves is shown below:

	Cumulative translation reserve SR	Cumulative actuarial gains SR	Total SR
For the nine-month period ended 30 September 2018			
At the beginning of the period	318	3,903,000	3,903,318
Changes during the period due to:			
Cumulative translation losses	(348)	-	(348)
Re-measurements of employees' end-of-service benefits (note 21)	-	3,685,000	3,685,000
At the end of the period	(30)	7,588,000	7,587,970

23- Reserves (continued)

Other reserves (continued)

	Cumulative translation reserve SR	Cumulative actuarial gains SR	Total SR
For the year ended 31 December 2017			
At the beginning of the year	-	3,431,000	3,431,000
Changes during the year due to:			
Cumulative translation gains	318	-	318
Re-measurements of employees' end-of-service benefits (note 21)	-	472,000	472,000
At the end of the year	318	3,903,000	3,903,318

	Cumulative translation reserve SR	Cumulative actuarial gains SR	Total SR
For the nine-month period ended 30 September 2017			
At the beginning of the period	-	3,431,000	3,431,000
Changes during the period due to:			
Cumulative translation losses	(600)	-	(600)
Re-measurements of employees' end-of-service benefits (note 21)	-	(10,000)	(10,000)
At the end of the period	(600)	3,421,000	3,420,400

24- Dividends

The Company's shareholders in their meeting held on 27 Muharram 1439H (corresponding to 17 October 2017), resolved to distribute interim dividends amounting to SR 0.38 per share aggregating to SR 95.5 million, which was paid during the year ended 31 December 2017.

25- Revenue

Disaggregation of revenue

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

Type of sector	Nine-month period ended	
	30 September 2018	30 September 2017
	SR	SR
Individuals	289,563,838	203,603,096
Industrial and operation	207,531,900	189,307,577
Retail	180,907,895	196,127,492
Hospitality	127,017,976	124,911,168
Healthcare	110,745,211	79,921,567
Commercial	88,581,512	73,203,251
Total	1,004,348,332	867,074,151

25- Revenue (continued)

Disaggregation of revenue (continued)

Type of customer	Nine-month period ended	
	30 September 2018	30 September 2017
	SR	SR
Corporate – private	710,381,861	662,466,521
Individuals	289,563,838	203,603,096
Corporate - governmental & semi-government	4,402,633	1,004,534
Total	1,004,348,332	867,074,151

Type of contracts	Nine-month period ended	
	30 September 2018	30 September 2017
	SR	SR
Corporate	714,784,494	663,471,055
Retail	235,338,914	189,581,169
Hourly “Khidma”	54,224,924	14,021,927
Total	1,004,348,332	867,074,151

Duration of contracts	Nine-month period ended	
	30 September 2018	30 September 2017
	SR	SR
More than one year	714,784,494	663,471,055
One year and less	289,563,838	203,603,096
Total	1,004,348,332	867,074,151

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.

26- General and administration expenses

	Nine-month period ended	
	30 September 2018 SR	30 September 2017 SR
Employee costs	48,755,319	36,436,418
Depreciation (note 15)	6,927,306	5,042,080
Professional fees	4,876,836	8,424,218
Bank charges	2,384,294	1,751,640
Utilities and subscription	2,120,725	2,074,207
Travel	1,866,990	575,195
Repairs and maintenance	1,837,063	993,683
Rent	1,507,209	4,288,298
Board of directors remuneration (note 14)	1,500,000	1,328,377
Amortization (note 16)	1,423,299	-
Others	2,722,292	1,900,347
Total	75,921,333	62,814,463

27- Marketing expenses

	Nine-month period ended	
	30 September 2018 SR	30 September 2017 SR
Advertisements	2,802,787	1,352,293
Marketing commission	93,700	85,800
Total	2,896,487	1,438,093

28- Other income

	Nine-month period ended	
	30 September 2018 SR	30 September 2017 SR
Reversal of accrued salaries no longer payable	7,527,582	-
Earnings from murabaha time deposits (note 8)	3,228,213	2,961,263
Income from fines and penalties	2,365,970	2,830,848
Income from customers' contract cancellation	2,075,397	5,717,025
Miscellaneous	-	1,065,945
Total	15,197,162	12,575,081

29- 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.

	Nine-month period ended	
	30 September 2018 SR	30 September 2017 SR
Income from main operations for the period	169,004,282	140,947,877
Net income attributable to Shareholders of the Parent Company	174,954,867	144,818,967
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 22)	25,000,000	25,000,000
Basic and diluted earnings per share of income from main operations for the period	6.76	5.64
Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company	7.00	5.79

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

30- Business combination

Assets acquired and liabilities assumed

Effective 1 January 2018, the Subsidiary acquired 70% ownership of TPH through a tender offer by the Subsidiary for cash amounting in an aggregate SR 10.2 million. The acquisition was accounted for using the purchase method of accounting. The purchase consideration was allocated based on the proportionate share of the identifiable net assets. The excess of the purchase consideration over the estimated fair values of the net assets acquired and any amount of non-controlling interests has been allocated to goodwill. The estimated fair values of the net assets acquired as at the date of acquisition were:

	SR
Assets	
Cash and cash equivalents	1,459,938
Accounts receivable	295,993
Prepayments other current assets	1,780,647
Property and equipment	1,332,575
	4,869,153
Liabilities	
Accounts payable, accruals and others	1,302,223
Total net assets	3,566,930
Intangible assets (note 16)	6,733,495
Non-controlling interest	(3,089,342)
Goodwill arising on acquisition (note 17)	3,001,536
Purchase consideration (note 17)	10,212,619

30- Business combination (continued)

Assets acquired and liabilities assumed (continued)

	SR
Cash acquired with the subsidiary	1,459,938
Cash paid	(10,212,619)
Net cash flow on acquisition	(8,752,681)

Effective 1 January 2018, TPH acquired 100% shares of MICE for a cash consideration of SR 1.2 million. The estimated fair values of the net assets acquired as at the date of acquisition were:

	SR
Assets	
Cash and cash equivalents	27,111
Accounts receivable	400,152
Prepayments and other current assets	928,737
Property and equipment	113,934
	1,469,934
Liabilities	
Accounts payable, accruals and others	517,794
Total net assets	952,140
Goodwill arising on acquisition (note 17)	273,180
Purchase consideration (note 17)	1,225,320

	SR
Cash acquired with the subsidiary	27,111
Cash paid	(1,225,320)
Net cash flow on acquisition	(1,198,209)

Effective 1 January 2018, TPH acquired 100% shares of MPL for a cash consideration of SR 1.5 million. The estimated fair values of the net assets acquired as at the date of acquisition were:

	SR
Assets	
Cash and cash equivalents	126,875
Accounts receivable	252,866
Prepayments other current assets	162,992
Property and equipment	201,881
	744,614
Liabilities	
Accounts payable, accruals and others	439,540
Total net assets	305,074
Goodwill arising on acquisition (note 17)	1,175,521
Purchase consideration (note 17)	1,480,595

	SR
Cash acquired with the subsidiary	126,875
Cash paid	(1,480,595)
Net cash flow on acquisition	(1,353,720)

31- 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 (5) of these interim 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 prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group has no significant customer which contributes 10.0% or more to the revenues of the Group.

The Group is organised into the following main business segments:

	Nine-month period ended 30 September 2018		
	Corporate	Individual	Total
	SR	SR	SR
Revenue	714,784,494	289,563,838	1,004,348,332
Cost of revenue	(569,280,129)	(186,609,780)	(755,889,909)
Gross profit	145,504,365	102,954,058	248,458,423
General and administration expenses	(58,742,987)	(17,178,346)	(75,921,333)
Marketing expenses	(2,078,547)	(817,940)	(2,896,487)
Provision for doubtful debts	(636,321)	-	(636,321)
Income from main operations	84,046,510	84,957,772	169,004,282

	Nine-month period ended 30 September 2017		
	Corporate	Individual	Total
	SR	SR	SR
Revenue	663,471,055	203,603,096	867,074,151
Cost of revenue	(510,118,324)	(139,158,903)	(649,277,227)
Gross profit	153,352,731	64,444,193	217,796,924
General and administration expenses	(47,951,479)	(14,862,984)	(62,814,463)
Marketing expenses	(1,438,093)	-	(1,438,093)
Provision for doubtful debts	(12,596,491)	-	(12,596,491)
Income from main operations	91,366,668	49,581,209	140,947,877

31- Segment information (continued)

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

The primary markets for the Group's products are KSA and UAE. Following is the geographical segment analysis of the Group:

Nine-month period ended 30 September 2018	KSA	UAE	Total
	SR	SR	SR
Revenue	982,247,367	22,100,965	1,004,348,332
Cost of revenue	(739,939,000)	(15,950,909)	(755,889,909)
Gross profit	242,308,367	6,150,056	248,458,423
General and administration expenses	(70,901,883)	(5,019,450)	(75,921,333)
Marketing expenses	(2,896,487)	-	(2,896,487)
Provision for doubtful debts	(636,321)	-	(636,321)
Income from main operations	167,873,676	1,130,606	169,004,282
As at 30 September 2018			
Net book value of property and equipment	154,546,890	7,602,502	162,149,392
Total assets	886,755,511	37,010,571	923,766,082
Total liabilities	476,495,101	3,234,425	479,729,526

As at 31 December 2017, 30 September 2017 and 1 January 2017, the primary market for the Group's activities and services is KSA. Hence, geographical segmental information is not applicable in this case.

32- Financial instruments

Financial instruments by category

Financial instruments have been categorised as follows:

Financial assets	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
Cash and cash equivalents	93,993,320	342,221,524	190,906,099
Murabaha time deposits	276,500,000	4,000,000	16,344,690
Accounts receivable	151,638,152	102,580,531	96,511,249
Amounts due from related parties	18,997,421	14,160,883	11,800,442
Equity investments at FVTPL	31,776,161	31,261,609	30,680,240
Cash margin against license guarantee letter	-	-	10,000,000
Total financial assets	572,905,054	494,224,547	356,242,720

Financial liabilities	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
Accounts payable	7,292,657	5,895,479	5,230,842
Amounts due to related parties	2,981,685	3,001,459	1,972,551
Retained deposits	135,712,556	131,762,904	158,732,090
Total financial liabilities	145,986,898	140,659,842	165,935,483

32- Financial instruments (continued)

Fair value estimation of financial instruments

The following table present the Group's financial instruments measured at fair value at 30 September 2018, 31 December 2017 and 1 January 2017:

	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR
30 September 2018 Equity investments at FVTPL	31,776,161	-	-	31,776,161
31 December 2017 Equity investments at FVTPL	31,261,609	-	-	31,261,609
1 January 2017				
Equity investments at FVTPL	30,680,240	-	-	30,680,240

Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities:

30 September 2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			SR	SR
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	93,993,320	93,993,320
Murabaha time deposits	Held-to-maturity	Amortized cost	276,500,000	276,500,000
Accounts receivable (*)	Loans and receivables	Amortized cost	153,609,024	151,638,152
Amounts due from related parties, net	Loans and receivables	Amortized cost	18,997,421	18,997,421
Equity investments at FVTPL	Available-for-sale investments	FVTPL	31,776,161	31,776,161
Total			574,875,926	572,905,054

30 September 2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			SR	SR
Financial liabilities				
Accounts payable	Amortized cost	Amortized cost	7,292,657	7,292,657
Amounts due to related parties	Amortized cost	Amortized cost	2,981,685	2,981,685
Retained deposits	Amortized cost	Amortized cost	135,712,556	135,712,556
Total			145,986,898	145,986,898

32- Financial instruments (continued)

Classification of financial assets on the date of initial application of IFRS 9 (continued)

31 December 2017	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			SR	SR
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	342,221,524	342,221,524
Murabaha time deposits	Held-to-maturity	Amortized cost	4,000,000	4,000,000
Accounts receivable (*)	Loans and receivables	Amortized cost	103,636,419	102,580,531
Amounts due from related parties, net	Loans and receivables	Amortized cost	14,160,883	14,160,883
Equity investments at FVTPL	Available-for-sale investments	FVTPL	31,261,609	31,261,609
Total			495,280,435	494,224,547
Financial liabilities				
Accounts payable	Amortized cost	Amortized cost	5,895,479	5,895,479
Amounts due to related parties	Amortized cost	Amortized cost	3,001,459	3,001,459
Retained deposits	Amortized cost	Amortized cost	131,762,904	131,762,904
Total			140,659,842	140,659,842

1 January 2017	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			SR	SR
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	190,906,099	190,906,099
Murabaha time deposits	Held-to-maturity	Amortized cost	16,344,690	16,344,690
Accounts receivable(*)	Loans and receivables	Amortized cost	90,475,012	96,511,249
Amounts due from related parties, net	Loans and receivables	Amortized cost	11,800,442	11,800,442
Cash margin against license guarantee letter	Loans and receivables	Amortized cost	10,000,000	10,000,000
Equity investments at FVTPL	Available-for-sale investments	FVTPL	30,680,240	30,680,240
Total			350,206,483	356,242,720
Financial liabilities				
Accounts payable	Amortized cost	Amortized cost	5,230,842	5,230,842
Amounts due to related parties	Amortized cost	Amortized cost	1,972,551	1,972,551
Retained deposits	Amortized cost	Amortized cost	158,732,090	158,732,090
Total			165,935,483	165,935,483

* The change in carrying amount is a result of a change in impairment allowance due to adoption of IFRS 9. See explanation on expected credit loss assessment for accounts receivables below.

33- Financial risk and capital management

The Group's principal financial instruments consist of cash and cash equivalents and accounts receivable which are generated directly from operations. The Group has various other financial instruments such as murabaha time deposits, equity investments at FVTPL, amounts due from related parties, cash margin against license guarantee letter, accounts payable, retained deposits and amounts due to related parties, which are incurred to finance operations in the normal course of business.

The Group is exposed to market risk (e.g. currency risk and commission rate risk), credit risk and liquidity risk and equity price risk.

Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group transacts principally in SR, US Dollars and UAE Dirhams. Management monitors regularly the fluctuations in currency exchange rates and the effects of the currency fluctuation has been accounted for in the consolidated financial statements accordingly.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on its commission bearing assets including cash and cash equivalents and murabaha time deposits which is not likely to be significant. The Group does not have any commission bearing liability at the consolidated financial position date.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the consolidated statement of financial position date 31% (31 December 2017: 32%; 1 January 2017: 30%) of the gross accounts receivable pertains to 5 major customers.

Accounts receivable

Customers are assessed according to Group's criteria prior to entering into service arrangements.

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 14). 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.

33- Financial risk and capital management (continued)

Expected credit loss (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

Expected credit loss (ECL) assessment for accounts receivable (continued)

30 September 2018	Weighted average loss rate	Gross carrying amount	Loss allowance (note 9)
		SR	SR
0-90 days past due	4%	110,117,379	3,895,173
90-180 days past due	38%	7,537,579	2,858,184
180-270 days past due	67%	2,909,801	2,029,814
270-360 days past due	79%	3,782,811	3,122,179
360+ days past due	79%	23,827,211	19,666,015
Specific provision	100%	3,704,831	3,704,831
		151,879,612	35,276,196

31 December 2017	Weighted average loss rate	Gross carrying amount	Loss allowance (note 9)
		SR	SR
0-90 days past due	6%	78,463,636	5,094,683
90-180 days past due	55%	4,595,747	2,545,718
180-270 days past due	83%	4,657,026	3,845,988
270-360 days past due	92%	2,261,777	2,076,326
360+ days past due	92%	22,959,704	21,077,160
		112,937,890	34,639,875

1 January 2017	Weighted average loss rate	Gross carrying amount	Loss allowance (note 9)
		SR	SR
0-90 days past due	5%	47,589,621	2,366,255
90-180 days past due	59%	1,932,670	1,133,110
180-270 days past due	79%	6,801,466	5,385,340
270-360 days past due	87%	6,828,069	5,914,411
360+ days past due	87%	6,285,223	5,444,203
		69,437,049	20,243,319

33- Financial risk and capital management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities (excluding amounts due to related parties as these could be deferred during liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
30 September 2018	SR	SR	SR	SR	SR
Accounts payable	7,292,657	-	-	-	7,292,657
Amounts due to related parties	2,981,685	-	-	-	2,981,685
Retained deposits	135,712,556	-	-	-	135,712,556
Total	145,986,898	-	-	-	145,986,898

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
31 December 2017	SR	SR	SR	SR	SR
Accounts payable	5,895,479	-	-	-	5,895,479
Amounts due to related parties	3,001,459	-	-	-	3,001,459
Retained deposits	131,762,904	-	-	-	131,762,904
Total	140,659,842	-	-	-	140,659,842

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
1 January 2017	SR	SR	SR	SR	SR
Accounts payable	5,230,842	-	-	-	5,230,842
Amounts due to related parties	1,972,551	-	-	-	1,972,551
Retained deposits	158,732,090	-	-	-	158,732,090
Total	165,935,483	-	-	-	165,935,483

Equity price risk

The Group is exposed to equity price risks arising from equity investments. At the end of the reporting period, most of the Group's equity investments are held for strategic purposes rather than trading purposes. The Group does not actively trade these investments.

At the reporting date, the exposure of quoted equity investments was SR 31.8 million (31 December 2017: SR 31.3 million; 1 January 2017: SR 30.7 million).

33- Financial risk and capital management (continued)

Operational risk

Operational risk is the risk that the Group will encounter difficulties in providing the required manpower or failing to complete the period of the contract due to rejection of work, lack of good work performance, escape, death and change of related laws and regulations. The Group seeks to manage the operation risks by monitoring these cases on a regular basis in order to avoid or reduce occurrence of such cases. The Group also provides a provision to encounter these cases when occurred. During the period, the Group was able to compute the net exposure/impact upon considering the related prepayments and accruals balances for inactive employees (note 19). Provision for operational risk as at the end of the reporting period amounted to SR 6,510,710 (31 December 2017: SR 6,000,000; 1 January 2017: SR 5,079,200).

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 makes adjustments to 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 period. Neither the Group are subject to externally imposed capital requirements.

34- Commitments and contingencies

Operating lease commitments - Group as a lessee

The Group has entered into operating leases on office spaces and staff accommodation. Future minimum rentals payable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	30 September 2018	31 December 2017	1 January 2017
	SR	SR	SR
Within one year	3,729,894	6,786,030	6,820,674
After one year but not more than five years	7,238,594	10,597,424	15,888,062
More than five years	5,877,697	2,946,634	4,423,340
	16,846,185	20,330,088	27,132,076

Rent expenses are related to operating leases. For the nine-month period ended 30 September 2018, an amount of SR 8.5 million (Nine-month period ended 30 September 2017: SR 7.4 million) was recognized as an expense in the interim consolidated statement of income under general and administration expenses and cost of revenue.

Contingent liabilities

The Group's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 (31 December 2017; SR 10,000,000; 1 January 2017: SR 10,000,000) in respect of contract performance, in the normal course of business.

35- Subsequent events

Effective 19 November 2018, the Group acquired 40% share capital of Bloovo Ltd. (the "Associate") for a total consideration of SR 18.75 million. The Associate is engaged in providing online recruitment and advisory services. Out of the total consideration, the Group paid SR 5.63 million on 19 November 2018. The outstanding consideration amounting to SR 13.12 million shall be paid within 18 months from the effective date.

In the extraordinary general meeting (EGM) held on 5 Rabi Thani 1440H (corresponding to 12 December 2018) the shareholders resolved to increase the share capital to SR 375 million by transferring SR 105 million and SR 20 million from retained earnings and statutory reserve, respectively to share capital.

The company's shareholders in the EGM held on 5 Rabi Thani 1440H (corresponding to 12 December 2018),resolved to distribute interim dividends amounting to SR 0.236 per share aggregating to SR 59 million.

36- Company's operations

Following are Company's branches details as at 30 September 2018:

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
Jubail	2055021858	5 Rabi Thani 1435H
Ar Rass	1132010275	7 Dhul-Qadah 1435H
Al Rabwah	1010465209	2 Safar 1438H
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
Khamis Mushait	5855068093	15 Rabi Awal 1436H
Khurais	1010436554	28 Shawwal 1436H
Unaizah	1128019621	15 Rabi Awal 1436H
Jeddah - Naeem	4030278496	9 Muhurram 1435H
Jeddah - Rawda	4030296922	20 Muhurram 1439H
Dammam	2050111011	29 Safar 1438H
Abha	5850071792	23 Rabi Thani 1439H
Al Khobar	2051056199	5 Rabi Thani 1435H
Al Qassim Buradah 2	1131291194	3 Jumad Thani 1439H
Al Mohamadia	1010434669	21 Sha'aban 1436H

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)
SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017, 31 DECEMBER 2016 and 31 DECEMBER 2015

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INDEPENDENT AUDITOR'S REPORT ON SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Closed Saudi Joint Stock Company)

Opinion

We have audited the special-purpose consolidated financial statements of Maharah for Human Resources Company (the "Company") and its subsidiary (collectively, the "Group"), which comprise the special-purpose consolidated balance sheet as at 31 December 2017, 31 December 2016 and 31 December 2015 and the special-purpose consolidated statement of income, special-purpose consolidated statement of changes in equity and special-purpose consolidated statement of cash flows for the years then ended, and notes to the special-purpose consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special-purpose consolidated financial statements present fairly, in all material respects, the special-purpose consolidated financial position of the Group as at 31 December 2017, 31 December 2016 and 31 December 2015 and its special-purpose consolidated financial performance and its special-purpose consolidated cash flows for the years then ended in accordance with the basis of preparation and presentation set out on note (2) to the special-purpose consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in in the Kingdom of Saudi Arabia ("KSA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special-Purpose Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in KSA that are relevant to our audit of the special-purpose 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.

Emphasis of Matter – Basis of Preparation and Presentation

We draw attention to note (2) to the special purpose consolidated financial statements, which describes the basis of preparation and presentation, and sets out that the special-purpose consolidated financial statements have been prepared for the information and use of the Capital Market Authority ("CMA") in KSA in connection with the Company's application for proposed initial public offering and pursuant to the requirements of Annex 15 of the Rules on the Offer of Securities and Continuing Obligations and inclusion in relevant prospectus. As a result, the special-purpose consolidated financial statements may not be suitable for another purpose. Our opinion on this matter has not been modified.

Other Matter

The Group has prepared separate statutory consolidated financial statements for the years ended 31 December 2017, 2016 and 2015 in accordance with accounting standards generally accepted in KSA on which we issued separate auditor's reports to the shareholders dated 24 Jumad Thani 1439H (corresponding to 12 March 2018), 8 Jumad Thani 1438H (corresponding to 7 March 2017) and 4 Rajab 1437H (corresponding to 11 April 2016), respectively.

Responsibilities of Management and those Charged with Governance for the Special-Purpose Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose consolidated financial statements in accordance with the basis of preparation and presentation set out on note (2) to the special-purpose consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of special-purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT ON SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF MAHARAH FOR HUMAN RESOURCES COMPANY
(A Closed Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Special-Purpose Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose 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 ISAs that are endorsed in KSA 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 special-purpose consolidated financial statements. As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special-purpose 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 evidence 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 special-purpose 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 special-purpose consolidated financial statements, including the disclosures, and whether the special-purpose 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 special-purpose 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.

For Ernst and Young

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

Riyadh: 14 Jumad Thani 1440H
(19 February 2019)

ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS
PROFESSIONAL LICENCE No. 45

Maharah for Human Resources Company and its Subsidiary

(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED BALANCE SHEET

As at 31 December 2017, 31 December 2016 and 31 December 2015

	Note	2017 SR	2016 (Restated - Notes 2 & 31) SR	2015 (Restated - Notes 2 & 31) SR
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	342,221,524	190,906,099	186,385,682
Murabaha time deposits	6	4,000,000	16,344,690	70,170,243
Accounts receivable, unbilled receivables and other	7	143,975,960	117,773,749	110,602,348
Prepayments and other current assets	8	60,145,330	99,479,435	78,125,250
Available visas	9	21,064,000	19,480,000	40,566,712
TOTAL CURRENT ASSETS		571,406,814	443,983,973	485,850,235
NON-CURRENT ASSETS				
Used visas - non-current	8	18,205,989	7,309,312	9,332,184
Prepaid recruitment expenses - non-current		29,546,488	11,490,784	5,848,019
Property and equipment	12	104,577,019	92,795,357	82,727,295
Available-for-sale investments	13	31,261,609	30,680,240	-
Cash margin against license guarantee letter	10	-	10,000,000	10,000,000
Investment in an unconsolidated subsidiary				27,500
TOTAL NON-CURRENT ASSETS		183,591,105	152,275,693	107,934,998
TOTAL ASSETS		754,997,919	596,259,666	593,785,233
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable, accruals and others	15	181,013,757	134,836,339	139,510,943
Retained deposits and unearned revenues	14	149,235,574	158,418,281	97,804,526
Zakat payable	16	9,470,542	10,975,623	9,321,790
TOTAL CURRENT LIABILITIES		339,719,873	304,230,243	246,637,259
NON-CURRENT LIABILITIES				
Employees› terminal benefits		42,070,769	31,543,006	21,222,037
Retained deposits - non-current portion		52,446,268	48,278,239	87,247,059
TOTAL NON-CURRENT LIABILITIES		94,517,037	79,821,245	108,469,096
TOTAL LIABILITIES		434,236,910	384,051,488	355,106,355
SHAREHOLDERS' EQUITY				
Share capital	17	250,000,000	100,000,000	100,000,000
Statutory reserve	18	20,347,320	30,000,000	28,539,185
Consensual reserve	19	-	-	14,269,593
Unrealized gains on revaluation of available-for-sale investments	13	1,261,609	680,240	-
Retained earnings		49,153,818	81,527,938	95,870,100
TOTAL SHAREHOLDERS' EQUITY		320,762,747	212,208,178	238,678,878
Non-controlling interests		(1,738)	-	-
TOTAL EQUITY		320,761,009	212,208,178	238,678,878
TOTAL LIABILITIES AND EQUITY		754,997,919	596,259,666	593,785,233

The attached notes 1 to 34 form part of these special-purpose consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)
SPECIAL-PURPOSE CONSOLIDATED STATEMENT OF INCOME
For the years ended 31 December 2017, 31 December 2016 and 31 December 2015

	Note	2017	2016 (Restated - Notes 2 & 31)	2015 (Restated - Notes 2 & 31)
		SR	SR	SR
Revenue	26	1,167,944,942	1,181,428,295	958,893,166
Costs of revenue		(875,418,632)	(844,642,415)	(699,948,771)
GROSS PROFIT	26	292,526,310	336,785,880	258,944,395
EXPENSES				
General and administration	21	(87,732,481)	(66,352,024)	(57,882,836)
Marketing	22	(8,920,204)	(28,213,083)	(1,412,128)
INCOME FROM MAIN OPERATIONS		195,873,625	242,220,773	199,649,431
Other income	23	16,531,496	4,487,440	3,088,131
INCOME BEFORE ZAKAT		212,405,121	246,708,213	202,737,562
Zakat	16	(8,979,559)	(8,136,965)	(9,151,737)
NET INCOME FOR THE YEAR		203,425,562	238,571,248	193,585,825
NET INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Shareholders of the Parent Company		203,473,200	238,571,248	193,585,825
Non-controlling interests		(47,638)	-	-
		203,425,562	238,571,248	193,585,825
EARNINGS PER SHARE:	24			
Income from main operations per share attributable to Shareholders of the Parent Company		7.83	9.69	7.99
Net income for the year per share attributable to Shareholders of the Parent Company		8.14	9.54	7.74

The attached notes 1 to 34 form part of these special-purpose consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)
SPECIAL-PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended 31 December 2017, 31 December 2016 and 31 December 2015

	Note	2017	2016 (Restated - Notes 2 & 31)	2015 (Restated - Notes 2 & 31)
		SR	SR	SR
OPERATING ACTIVITIES				
Income before zakat		212,405,121	246,708,213	202,737,562
Adjustments for:				
Amortization of used visas	8	36,463,753	33,685,490	27,370,236
Provision for employees' terminal benefits		22,903,798	19,487,179	17,347,719
Depreciation of property and equipment	12	6,510,887	5,145,279	3,038,431
Provision for doubtful debts	7	7,304,431	25,744,660	534,896
Reversal of provision for withholding taxes not required	23	(2,578,755)	-	-
Earnings from murabaha time deposits	23	(3,435,611)	(1,022,943)	(170,243)
(Gain) or loss on disposal of property and equipment		(32,703)	-	2,854
		279,540,921	329,747,878	250,861,455
Changes in operating assets and liabilities:				
Accounts receivable, unbilled receivables and other		(33,460,742)	(35,549,561)	(55,995,481)
Prepayments and other current assets		6,737,971	(58,659,568)	(59,785,424)
Available visas		(34,404,000)	21,086,712	(3,998,000)
Retained deposits and unearned revenues		(5,014,678)	21,644,935	67,434,454
Cash margin against license guarantee letter		10,000,000	-	-
Accounts payable, accruals and others		48,756,173	(2,013,604)	93,920,923
Cash generated from operations		272,155,645	276,256,792	292,464,927
Zakat paid	16	(10,484,640)	(6,483,132)	(3,479,289)
Employees' terminal benefits paid		(12,376,035)	(9,166,210)	(2,835,220)
Net cash generated from operating activities		249,294,970	260,607,450	286,150,418
INVESTING ACTIVITIES				
Purchase of property and equipment	12	(18,334,846)	(15,666,873)	(47,748,295)
Net proceeds from (purchase of) murabaha time deposits		15,780,301	55,528,736	(70,000,000)
Proceeds from disposal of property and equipment		75,000	453,532	25,533,050
Purchase of available for sale investment		-	(30,680,240)	-
Investment in unconsolidated Subsidiary		-	-	(27,500)
Net cash (used in) generated from investing activities		(2,479,545)	9,635,155	(92,242,745)
FINANCING ACTIVITIES				
Dividends paid	20	(95,500,000)	(265,722,188)	(105,000,000)
Net cash used in financing activities		(95,500,000)	(265,722,188)	(105,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		151,315,425	4,520,417	88,907,673
Cash and cash equivalents at the beginning of the year	5	190,906,099	186,385,682	97,478,009
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		342,221,524	190,906,099	186,385,682
Significant non-cash transaction:				
Unrealized gains on revaluation of available-for-sale investments	13	581,369	680,240	-

The attached notes 1 to 34 form part of these special-purpose consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary

(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2017, 31 December 2016 and 31 December 2015

	Attributable to Shareholders of the Parent Company							
	Share capital SR	Statutory reserve SR	Consensual reserve SR	Unrealized gains on revaluation of available-for-sale investments SR	Retained earnings SR	Total shareholders' equity SR	Non-controlling interests SR	Total equity SR
Balance at 31 December 2014, as previously reported	100,000,000	8,619,939	4,309,970	-	48,269,482	161,199,391	-	161,199,391
Prior years' adjustments (note 31)	-	-	-	-	(11,106,338)	(11,106,338)	-	(11,106,338)
Balance at 31 December 2014, as restated	100,000,000	8,619,939	4,309,970	-	37,163,144	150,093,053	-	150,093,053
Net income for the year, as restated (note 31)	-	-	-	-	193,585,825	193,585,825	-	193,585,825
Transfer to statutory reserve	-	19,919,246	-	-	(19,919,246)	-	-	-
Transfer to consensual reserve	-	-	9,959,623	-	(9,959,623)	-	-	-
Dividends (note 20)	-	-	-	-	(105,000,000)	(105,000,000)	-	(105,000,000)
Balance at 31 December 2015, as restated	100,000,000	28,539,185	14,269,593	-	95,870,100	238,678,878	-	238,678,878
Net income for the year, as restated (note 31)	-	-	-	-	238,571,248	238,571,248	-	238,571,248
Transfer to statutory reserve	-	1,460,815	-	-	(1,460,815)	-	-	-
Unrealized gains on available-for-sale investments (notes 13 and 31)	-	-	-	680,240	-	680,240	-	680,240
Dividends (note 20)	-	-	(14,269,593)	-	(251,452,595)	(265,722,188)	-	(265,722,188)
Balance at 31 December 2016, as restated	100,000,000	30,000,000	-	680,240	81,527,938	212,208,178	-	212,208,178
Capital increase (note 17)	150,000,000	(30,000,000)	-	-	(120,000,000)	-	-	-
Acquisition of partially-owned subsidiary	-	-	-	-	-	-	45,900	45,900
Net income for the year	-	-	-	-	203,473,200	203,473,200	(47,638)	203,425,562
Transfer to statutory reserve	-	20,347,320	-	-	(20,347,320)	-	-	-
Unrealized gains on available-for-sale investments (note 13)	-	-	-	581,369	-	581,369	-	581,369
Dividends (note 20)	-	-	-	-	(95,500,000)	(95,500,000)	-	(95,500,000)
Balance at 31 December 2017	250,000,000	20,347,320	-	1,261,609	49,153,818	320,762,747	(1,738)	320,761,009

The attached notes 1 to 34 form part of these special-purpose consolidated financial statements.

1- ACTIVITIES

Maharah for Human Resources Company (the "Company" or "Parent Company") is a Closed 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 Company is engaged in providing recruitment services for public and private sectors.

On 17 September 2017, the Parent Company attained 85% ownership of Musanid Cleaning Services (the "Subsidiary"), a Limited Liability Company registered in United Arab Emirates under Commercial Registration numbered 1304819 and dated 26 Dhul-Hijjah 1438H (corresponding to 17 September 2017). The Subsidiary is licensed in providing building cleaning services.

2- BASIS OF PREPARATION AND PRESENTATION

These special-purpose consolidated financial statements have been prepared in accordance with accounting standards generally accepted in KSA and are presented for the use of the Capital Market Authority (the "CMA") in KSA in connection with the Company's application for the proposed initial public offering for inclusion in the Company's prospectus pursuant to the requirements of Annex 15 of the Rules on the Offer of Securities and Continuing Obligations ("Annex 15"). Annex 15 requires preparation of complete set of special-purpose financial statements covering the three financial years immediately preceding the application for registration and offer of securities subject to the relevant prospectus and incorporating adjustments to previously published figures. Accordingly, these special-purpose consolidated financial statements have been presented after rectifying accounting errors resulting in misstatements in the financial statements for the years ended 31 December 2016 and 2015 as set out in note (31) to the special-purpose consolidated financial statements. Consequently, adjusted figures pertaining to the years ended 31 December 2016 and 2015 have been restated for the purposes of these special-purpose financial statements.

The Group has prepared separate sets of statutory consolidated financial statements for the years ended 31 December 2017, 2016 and 2015 in accordance with accounting standards generally accepted in KSA.

3- BASIS OF CONSOLIDATION

For the year ended 31 December 2017, the Parent Company and its Subsidiary (collectively, the "Group") as set out in note (1) above, consolidated the Group's assets, liabilities and the results of the operations.

A subsidiary company is that in which the Parent Company has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts control. A subsidiary company is special-purpose consolidated from the date on which the Parent Company obtains control until the date that control ceases.

For the year ended 31 December 2017, the special-purpose consolidated financial statements are prepared based on the individual financial statements of the Parent Company and its Subsidiary. The financial statements of the Subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, income, expenses, unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the special-purpose consolidated statement of income and within equity in the special-purpose consolidated balance sheet, separately from the shareholders' equity.

4- SIGNIFICANT ACCOUNTING POLICIES

The special-purpose consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the KSA. The significant accounting policies adopted are as follows:

Accounting convention

The special-purpose consolidated financial statements are prepared under the historical cost convention except for measurement of available-for-sale investments at fair values.

Use of estimates

The preparation of special-purpose consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when placed.

Murabaha time deposits

Deposits with banks represent 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 special-purpose consolidated balance sheet.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized in the special-purpose consolidated statement of income. Impairment is determined as follows:

a- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the special-purpose consolidated statement of income;

b- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Used visas

Visas transferred from purchased visas and used for recruitment, are classified as 'used visas' and amortized in the special-purpose consolidated statement of income on straight-line basis over two years or the manpower contract period, whichever is shorter. In case of termination of manpower contract or occurrence of an event that prevents the continuation of service, the remaining unamortized amount of used visas are recognized as expense immediately. Used visas are classified as current assets if they are expected to be used within one year from the date of the special-purpose consolidated balance sheet. Otherwise, these are presented as non-current assets.

Available visas

Available visas represent the unused balance of purchased visas. As per General Administration of Visa Control, the Group, upon its wish, may return and refund unused visas. Available visas are presented under current assets.

Recruitment costs

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortized in the special-purpose consolidated statement of income over two years in line with the manpower contract period. Recruitment costs are classified as current assets if they were expected to be used within one year from the date of the special-purpose consolidated balance sheet. Otherwise, these are presented as non-current assets.

Resident fees and work permits

Resident fees and work permits are amortized in the special-purpose consolidated statement of income over one year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Lands and capital work in progress are not depreciated. The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized on a straight-line basis over the shorter of useful lives of the improvements or the lease term.

Expenditure for repair and maintenance is charged to special-purpose consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Available-for-sale investments

Available-for-sale investments are those investments neither intended to be held to maturity nor purchased for purpose of trading. Investments in available for sale securities are stated at fair value and included under non-current assets in the special-purpose consolidated balance sheet unless the Group intends to sell those investments in next fiscal year. Unrealized gains or losses are included in the special-purpose consolidated statement of changes in equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gains or losses previously reported in the equity is included in the special-purpose consolidated statement of income for the year. Fair value is determined based on the market value if an open market exists or by using alternative revaluation methods. Otherwise cost is considered to be the fair value.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the special-purpose consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Retained deposits

Retained deposits represent the amounts equivalent to two months' salary collected as security and retained with the Group until the completion/termination of the manpower contract. Retained deposits are classified as current liabilities if they are expected to be settled within one year from the date of the special-purpose consolidated balance sheet. Otherwise, these are presented as non-current liabilities.

Unearned revenue

Unearned revenues represent the amounts collected from customers in advance at the signing of the contracts of providing manpower services. These amounts are recognized as revenue in the special-purpose consolidated statement of income of the Group during the contract period.

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labor Laws applicable to employees' accumulated periods of service at the balance sheet date.

Dividends

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Group has concluded it is the principal in all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Revenue represents manpower services provided by the Group to the public and private sectors and individuals during the year. Revenue is measured and recorded on accrual basis and in accordance with the manpower contracts over the period of providing the services to customers.

Earnings from murabaha time deposits are recognized on accrual basis.

Other income is recognized when earned.

Costs and expenses

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

General and administration expenses include direct and indirect costs not specifically part of cost of revenue or the marketing activities of the Group.

Foreign currencies

Transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the special-purpose consolidated balance sheet date. All differences are taken to the special-purpose consolidated statement of income.

Foreign operations translations

Financial statements of the foreign subsidiary are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rates for each period for revenue, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rates ruling at the date of occurrence of each component. Foreign currency translation adjustments, if material, are recorded as a separate component of the shareholders' equity.

Operating leases

Operating lease payments are recognized as an expense in the special-purpose consolidated statement of income on a straight-line basis over the term of lease.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged in either providing products or services (a business segment), or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

5 CASH AND CASH EQUIVALENTS

	2017	2016	2015
	SR	SR	SR
Cash on hand	78,763	77,283	-
Bank balances	342,142,761	120,828,816	176,385,516
Short term deposits with current maturity of 3 months or less	-	70,000,000	10,000,166
	342,221,524	190,906,099	186,385,682

Included in the bank balances is an amount totaling to SR 10 million for the cash margin against the guarantee issued by one of the local commercial banks to the Ministry of Labor and Social Development on behalf of the Company (note 10).

6- MURABAHA TIME DEPOSITS

Murabaha time deposits represent deposits with local commercial banks having a maturity of more than three months from date of acquisition and expected to be realized within one year from the date of the special-purpose consolidated balance sheet. The variable commission rates on the murabaha time deposits as at 31 December 2017 are based on prevailing commercial market rates.

7- ACCOUNTS RECEIVABLE, UNBILLED RECEIVABLES AND OTHER

	2017 SR	2016 (Restated - Note 31) SR	2015 SR
Accounts receivable	144,292,827	119,186,103	103,939,325
Less: provision for doubtful debts	(33,583,987)	(26,279,556)	(534,896)
	110,708,840	92,906,547	103,404,429
Amounts due from related parties (note 11)	7,088,462	9,368,907	7,197,919
Unbilled receivables	26,178,658	15,498,295	-
	143,975,960	117,773,749	110,602,348

The five largest customers account for 32% of outstanding accounts receivable as at 31 December 2017 (2016: 30%; 2015: 38%).

At 31 December 2017, accounts receivable at nominal value of SR 33.6 million (2016: SR 26.3 million; 2015: SR 0.5 million) were impaired. Movements in the provision for doubtful debts were as follows:

	2017	2016	2015
	SR	SR	SR
At the beginning of the year	26,279,556	534,896	-
Provided during the year (note 22)	7,304,431	25,744,660	534,896
At the end of the year	33,583,987	26,279,556	534,896

7- ACCOUNTS RECEIVABLE, UNBILLED RECEIVABLES AND OTHER (continued)

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

	Total SR	< 90 days SR	91-180 days SR	> 181days SR
2017	110,708,840	101,027,026	3,609,874	6,071,940
2016	92,906,547	88,871,591	1,702,530	2,332,426
2015	103,404,429	91,729,263	7,881,394	3,793,772

8 PREPAYMENTS AND OTHER CURRENT ASSETS

	2017	2016	2015
	SR	SR	SR
Resident fees and work permits	39,307,778	40,800,078	43,360,947
Prepaid recruitment expenses	9,134,083	30,589,367	9,703,018
Used visas (*)	4,697,285	19,237,715	15,229,621
Advance to suppliers	3,790,759	2,009,339	1,113,349
Prepaid rent	1,856,122	1,635,613	1,107,346
Prepaid insurance	129,200	3,529,123	6,829,759
Others	1,230,103	1,678,200	781,210
	60,145,330	99,479,435	78,125,250

(*) The movement in used visas during the year was as follows:

	2017 SR	2016 SR	2015 SR
Opening balance	26,547,027	24,561,805	20,280,041
Transferred from available visas during the year (note 9)	32,820,000	35,670,712	31,652,000
Amortized during the year	(36,463,753)	(33,685,490)	(27,370,236)
Net balance of used visas at the end of the year	22,903,274	26,547,027	24,561,805

The net balance of used visa is presented as below:

	2017 SR	2016 SR	2015 SR
Current portion	4,697,285	19,237,715	15,229,621
Non-current portion	18,205,989	7,309,312	9,332,184
Net balance of used visas at the end of the year	22,903,274	26,547,027	24,561,805

9- AVAILABLE VISAS

Available visas represent the balance of unused visas as at the date of the special-purpose consolidated financial statements. Amounts of available visas are transferred to used visas when issuing visas to the recruited manpower.

	2017	2016	2015
	SR	SR	SR
Opening balance	19,480,000	40,566,712	36,568,712
Purchased visas during the year	34,404,000	14,584,000	35,650,000
Transferred to used visas (note 8)	(32,820,000)	(35,670,712)	(31,652,000)
Balance of available visas at the end of the year	21,064,000	19,480,000	40,566,712

10- CASH MARGIN AGAINST LICENSE GUARANTEE LETTER

Letter of guarantee represents the letter submitted to Ministry of Labor and Social Development against issuance of recruitment license for the Parent Company. The guarantee letter was secured against 100% cash margin, which was placed with a local commercial bank (the “Bank”). In October 2016, the Parent Company and the Bank entered into an agreement wherein the Bank will accept the placed murabaha time deposits of the Parent Company in lien for the guarantees and that the Bank will serve as guarantor for the Parent Company with its guarantee to the Ministry of Labor and Social Development. During February 2017, the cash margin was transferred to the Parent Company’s bank account (note 5).

11- RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include major shareholders, directors and key management personnel of the Group and entities controlled or significantly influenced by such parties. Following are the major details of the related party transactions during the year and related balances at the end of the year:

Related party	Nature of transactions	Relationship	Amount of transactions			Balance		
			2017	2016	2015	2017	2016	2015
			SR	SR	SR	SR	SR	SR
Amounts due from related parties								
Maharah Holding Company	Financing	Affiliate	-	4,052,650	-	4,080,150	4,080,150	-
Spectra Support Services	Manpower Services	Affiliate	-	40,932,620	27,138,773	-	5,288,757	2,495,269
Al Safi Danone Co. Ltd.	Manpower Services	Affiliate	9,216,241	-	-	1,895,160	-	-
ND Logistics	Manpower Services	Affiliate	3,252,873	-	-	797,276	-	-
Elixir Medical Co.	Manpower Services	Affiliate	389,392	-	-	155,222	-	-
Alfa for Operations Services Co. Ltd.	Manpower Services	Affiliate	1,180,736	-	-	103,301	-	-
Mayar Al Assel General Trading LLC	Capital contribution on behalf of minority partner of a subsidiary	Affiliate	45,900	-	-	45,950	-	-
Architectural Experience Company	Manpower Services	Affiliate	-	-	26,072,400	-	-	4,000,000
Mahara Travel and Tourism Company	Manpower Services	Affiliate	-	-	702,650	-	-	702,650
Others	Manpower Services	Affiliate	712,686	-	-	11,403	-	-
						7,088,462	9,368,907	7,197,919
Amounts due to related parties								
Mahara Travel and Tourism Company	Air tickets	Affiliate	22,441,838	13,720,691	-	792,625	372,551	-
Architectural Experience Company	Services	Affiliate	378,398	-	7,150,000	8,834	-	-
Spectra Support Services	Manpower Services	Affiliate	-	-	4,227,797	-	-	2,661,000
Directors	Board remuneration (note 21)	Key management personnel	2,000,000	1,600,000	7,970,599	2,200,000	1,600,000	7,970,599
						3,001,459	1,972,551	10,631,599

Amounts due from and due to related parties are shown in notes 7 and 15, respectively.

12- PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	20 years	Office equipment	4 - 10 years
Leasehold improvements	10 years or lease term, whichever is shorter	Vehicles	4 years
Furniture and fixtures	10 years		

	Lands SR	Buildings SR	Leasehold improvements SR	Furniture and fixtures SR	Office equipment SR	Vehicles SR	Capital work in progress SR	Total 2017 SR	Total 2016 SR
Cost:									
At the beginning of the year	45,976,200	16,730,033	15,450,662	3,817,433	9,948,387	5,640,800	6,131,354	103,694,869	88,560,496
Additions	-	57,080	1,319,508	859,177	2,751,985	5,503,600	7,843,496	18,334,846	15,666,873
Transfers	-	2,109,592	-	-	-	-	(2,109,592)	-	-
Disposals	-	-	-	-	-	(133,700)	-	(133,700)	(532,500)
At the end of the year	45,976,200	18,896,705	16,770,170	4,676,610	12,700,372	11,010,700	11,865,258	121,896,015	103,694,869
Depreciation:									
At the beginning of the year	-	995,885	4,693,330	793,135	2,879,760	1,537,402	-	10,899,512	5,833,201
Charge for the year (note 21)	-	449,289	1,630,361	446,325	2,017,147	1,967,765	-	6,510,887	5,145,279
Disposals	-	-	-	-	-	(91,403)	-	(91,403)	(78,968)
At the end of the year	-	1,445,174	6,323,691	1,239,460	4,896,907	3,413,764	-	17,318,996	10,899,512
Net book values:									
At 31 December 2017	45,976,200	17,451,531	10,446,479	3,437,150	7,803,465	7,596,936	11,865,258	104,577,019	
At 31 December 2016	45,976,200	15,734,148	10,757,332	3,024,298	7,068,627	4,103,398	6,131,354		92,795,357

12- PROPERTY AND EQUIPMENT (continued)

	Lands SR	Buildings SR	Leasehold improvement SR	Furniture and fixtures SR	Office equip-ment SR	Vehicles SR	Capital work in progress SR	Total 2016 SR	Total 2015 SR
Cost:									
At the beginning of the year	38,077,300	14,178,969	13,971,671	2,980,071	7,750,673	2,743,700	8,858,112	88,560,496	66,370,001
Additions	-	10,449,964	1,478,991	845,462	2,257,230	3,429,600	5,195,319	23,656,566	47,748,295
Disposals	-	-	-	(8,100)	(59,516)	(532,500)	(7,922,077)	(8,522,193)	(25,557,800)
At the end of the year	38,077,300	24,628,933	15,450,662	3,817,433	9,948,387	5,640,800	6,131,354	103,694,869	88,560,496
Depreciation:									
At the beginning of the year	-	168,447	3,211,002	454,852	1,344,906	653,994	-	5,833,201	2,816,666
Charge for the year (note 21)	-	827,438	1,482,328	338,283	1,534,854	962,376	-	5,145,279	3,038,431
Disposals	-	-	-	-	-	(78,968)	-	(78,968)	(21,896)
At the end of the year	-	995,885	4,693,330	793,135	2,879,760	1,537,402	-	10,899,512	5,833,201
Net book amounts:									
At 31 December 2016	38,077,300	23,633,048	10,757,332	3,024,298	7,068,627	4,103,398	6,131,354	92,795,357	
At 31 December 2015	38,077,300	14,010,522	10,760,669	2,525,219	6,405,767	2,089,706	8,858,112		82,727,295

12- PROPERTY AND EQUIPMENT (continued)

	Lands SR	Buildings SR	Leasehold improvement SR	Furniture and fixtures SR	Office equipment SR	Vehicles SR	Capital work in progress SR	Total 2015 SR	Total 2014 SR
Cost:									
At the beginning of the year	46,714,000	-	13,112,347	1,936,439	3,065,555	911,650	630,010	66,370,001	-
Additions	16,778,800	14,178,969	859,324	1,043,632	4,685,118	1,974,350	8,228,102	47,748,295	66,370,001
Disposals	(25,415,500)	-	-	-	-	(142,300)	-	(25,557,800)	-
At the end of the year	38,077,300	14,178,969	13,971,671	2,980,071	7,750,673	2,743,700	8,858,112	88,560,496	66,370,001
Depreciation:									
At the beginning of the year	-	-	1,844,235	203,993	538,490	229,948	-	2,816,666	-
Charge for the year (note 21)	-	168,447	1,366,767	250,859	806,416	445,942	-	3,038,431	2,816,666
Disposals	-	-	-	-	-	(21,896)	-	(21,896)	-
At the end of the year	-	168,447	3,211,002	454,852	1,344,906	653,994	-	5,833,201	2,816,666
Net book amounts:									
At 31 December 2015	38,077,300	14,010,522	10,760,669	2,525,219	6,405,767	2,089,706	8,858,112	82,727,295	
At 31 December 2014	46,714,000	-	11,268,112	1,732,446	2,527,065	681,702	630,010		63,553,335

13- AVAILABLE-FOR SALE INVESTMENTS

This represents investment in a mutual fund, namely Al Rajhi Commodity SAR Fund (206,988.44 units for SR 144.94 each) purchased for SR 30 million. The movements in available for sale investments for the year follow:

	2017	2016 (Restated - Note 31)	2015
	SR	SR	SR
Cost:			
At the beginning of the year	30,000,000	-	-
Additions during the year	-	30,000,000	-
At the end of the year	30,000,000	30,000,000	-
Revaluation adjustments:			
At the beginning of the year	680,240	-	-
Unrealized gain during the year	581,369	680,240	-
At the end of the year	1,261,609	680,240	-
Net book values:			
31 December	31,261,609	30,680,240	-

14- RETAINED DEPOSITS AND UNEARNED REVENUES

	2017	2016 (Restated - Note 31)	2015 (Restated - Note 31)
	SR	SR	SR
Retained deposits - current portion	79,316,636	110,453,851	80,383,598
Unearned revenues	69,918,938	47,964,430	17,420,928
	149,235,574	158,418,281	97,804,526

15- ACCOUNTS PAYABLE, ACCRUALS AND OTHERS

	2017	2016 (Restated - Note 31)	2015 (Restated - Note 31)
	SR	SR	SR
Accrued tickets and vacations	80,643,183	79,479,619	60,883,005
Accrued salaries and benefits	60,814,573	33,749,379	48,744,436
Advances from customers	18,404,865	6,745,993	-
Accrued bonus and incentives	6,254,198	-	-
Provision for operational risk (note 27)	6,000,000	5,079,200	4,480,000
Accounts payable	5,895,479	5,230,842	12,694,375
Amounts due to related parties (note 11)	3,001,459	1,972,551	10,631,599
Provision for withholding taxes	-	2,578,755	2,077,528
	181,013,757	134,836,339	139,510,943

16- ZAKAT

Charge for the year

The zakat charge amounting to SR 8,979,559 (for the year ended 31 December 2016: SR 8,136,965; for the year ended 31 December 2015: SR 9,151,737) consists of current year provision and is based on the following:

	2017 SR	2016 SR	2015 SR
Shareholders' equity	211,527,938	128,539,185	112,929,909
Opening provisions and other adjustments	24,572,863	12,590,723	107,152,527
Book value of long term assets	(104,577,019)	(91,577,707)	(82,754,795)
	131,523,782	49,552,201	137,327,641
Zakatable income for the year	227,658,560	275,926,399	228,741,831
Zakat base	359,182,342	325,478,600	366,069,472
Zakat provision @ 2.5%	8,979,559	8,136,965	9,151,737

The differences between the financial and zakatable results are mainly due to provisions which are not allowed in calculation of zakatable income.

Movement of zakat provision

The movement in the zakat provision for the year was as follows:

	2017 SR	2016 SR	2015 SR
At the beginning of the year	10,975,623	9,321,790	3,649,342
Provided for the year	8,979,559	8,136,965	9,151,737
Paid during the year	(10,484,640)	(6,483,132)	(3,479,289)
At the end of the year	9,470,542	10,975,623	9,321,790

Status of zakat assessments

The Parent Company has submitted its zakat returns for all previous years up to 31 December 2016 with the General Authority for Zakat and Tax ("GAZT") and obtained related zakat certificates. Final zakat assessments have not been raised as yet.

17- SHARE CAPITAL

Capital is divided into 25 million shares (2016: 10 million shares; 2015: 10 million shares) of SR 10 each.

During 2017, the shareholders of the Parent Company resolved to increase the capital of the Parent Company to SR 250 million by transferring SR 120 million and SR 30 million from retained earnings and statutory reserve respectively to share capital. The legal formalities required to enforce the increase of the share capital have been completed during the year.

18- STATUTORY RESERVE

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

19- CONSENSUAL RESERVE

In accordance with the Parent Company's by-laws and based on the proposal of the Board of Directors, 5% of the net income of each year up to 2015 had been transferred to the consensual reserve, to be allocated for certain purposes. During 2016, the Board of Directors have decided to release this reserve set aside to pay dividends.

20- DIVIDENDS

- In their meeting dated 27 Muharram 1439H (corresponding to 17 October 2017), the Board of Directors of the Parent Company declared interim dividends amounting to SR 95.5 million, which was paid during the year.
- In their meeting dated 27 Dhul-Hijjah 1437H (corresponding to 28 September 2016), the Board of Directors of the Parent Company declared interim dividends amounting to SR 165.7 million, which was paid in 2016. This was ratified by the shareholders general assembly held on 23 Rajab 1438H (corresponding to 20 April 2017).
- In their meeting dated 4 Rajab 1437H (corresponding to 11 April 2016), the Board of Directors of the Parent Company declared interim dividends amounting to SR 100 million, which was paid in 2016. This was ratified by the shareholders general assembly held on 12 Rajab 1437H (corresponding to 19 April 2016).
- In the meeting dated 8 Dhul Qadah 1436H (corresponding to 23 August 2015), the general assembly has ratified the dividends amounting to SR 25 million for 2014. During the year ended 31 December 2015, the Company's Board of Directors declared dividend of SR 105 million to the shareholders of the Company, which paid during the year.

21- GENERAL AND ADMINISTRATION EXPENSES

	2017 SR	2016 SR	2015 SR
Employees' costs	55,915,379	47,255,725	36,573,322
Professional fees	9,733,054	2,658,763	1,129,536
Depreciation (note 12)	6,510,887	5,145,279	3,038,431
Utilities and subscription	2,585,155	1,247,797	939,375
Bank charges	2,379,231	2,129,295	1,487,822
Board remuneration and bonus (note 11)	2,000,000	1,600,000	7,970,599
Repairs and maintenance	1,406,282	848,308	856,042
Rental	1,385,419	1,459,884	1,814,010
Travel	733,670	648,562	81,975
Others	5,083,404	3,358,411	3,991,724
	87,732,481	66,352,024	57,882,836

22- MARKETING EXPENSES

	2017 SR	2016 SR	2015 SR
Provision for doubtful debts (note 7)	7,304,431	25,744,660	534,896
Advertisements	1,529,973	2,302,437	728,262
Marketing commission	85,800	165,986	148,970
	8,920,204	28,213,083	1,412,128

23- OTHER INCOME

	2017 SR	2016 (Restated - Note 31) SR	2015 SR
Income from customers' contract cancellation	5,320,172	1,829,993	391,966
Income from fines and penalties	3,582,307	1,494,301	1,346,000
Earnings from murabaha time deposits	3,435,611	1,022,943	170,243
Reversal of provision for withholding taxes not required	2,578,755	-	-
Miscellaneous	1,614,651	140,203	1,179,922
	16,531,496	4,487,440	3,088,131

24- EARNINGS PER SHARE

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. The weighted average number of outstanding shares in 2016 and 2015 have been retrospectively adjusted to reflect the bonus element for shares issued during 2017.

The earnings per share attributable to income from main operations has decreased by 19% to 7.83 per share for the year ended 31 December 2017 from 9.69 per share for the year ended 31 December 2016 and 7.99 per share for the year ended 31 December 2015.

25- OPERATING LEASES

Rent expenses are related to operating leases. During 2017, an amount of SR 8,220,407 (2016: SR 8,633,498) was recognized as an expense in the special-purpose consolidated statement of income under general and administration expenses and cost of revenue.

26- SEGMENTAL REPORTING

These are attributable to the Group's activities and business lines approved by management to be used as a basis for the financial reporting and are consistent with the internal reporting process. The segments' results comprise items that are directly attributable to a certain segment and items that can be reasonably allocated between the main business segments.

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.

26- SEGMENTAL REPORTING (continued)

Individual: This segment pertains to services provided, ranging from worker rentals to khidma services, for individual customers that contract terms ranges from an hour to six-month basis.

	Corporate			Individuals			Total		
	2017	2016 (Restated - Note 31)	2015 (Restated - Note 31)	2017	2016 (Restated - Note 31)	2015 (Restated - Note 31)	2017	2016 (Restated - Note 31)	2015 (Restated - Note 31)
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Revenue	879,320,551	992,037,065	910,978,142	288,624,391	189,391,230	47,915,024	1,167,944,942	1,181,428,295	958,893,166
Gross profit	220,236,748	282,796,745	244,700,401	72,289,562	53,989,135	14,243,994	292,526,310	336,785,880	258,944,395

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

The primary market for the Group's activities and services is KSA. Hence, geographical segmental information is not applicable in this case.

27- RISK MANAGEMENT

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on its commission bearing assets including cash and cash equivalents and murabaha time deposits which is not likely to be significant. The Group does not have any commission bearing liability at the balance sheet date.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the balance sheet date, 32% (2016: 30%; 2015: 38%;) of the gross accounts receivable pertains to 5 (2016: 5; 2015: 5) major customers.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages its liquidity risk by ensuring that necessary funds are available. The Group's terms of providing service require amounts to be paid within 30 days from the date of invoice issuance. Payables are normally settled within 30 days of the date of contract.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group transacts principally in Saudi Riyals, US Dollars and United Arab Emirates Dirhams. Management monitors regularly the fluctuations in currency exchange rates and the effects of the currency fluctuation has been accounted for in the special-purpose consolidated financial statements accordingly.

Operational risk

Operational risk is the risk that the Group will encounter difficulties in providing the required manpower or failing to complete the period of the contract due to rejection of work, lack of good work performance, escape, death and change of related laws and regulations. The Group seeks to manage the operation risks by monitoring these cases on a regular basis in order to avoid or reduce occurrence of such cases. The Group also provides a provision to encounter these cases when occurred. In 2017, the Group recognized additional provision as the Group was able to compute the net exposure/ impact upon considering the related prepayments and accruals balances for inactive employees (note 15). Provision for operational risk during the year amounted to SR 6,000,000 as at 31 December 2017 (2016; SR 5,079,200; 2015; SR 4,480,000).

28- CONTINGENT LIABILITIES

The Group's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 (2016: SR 10,000,000; 2015: SR 10,000,000) in respect of contract performance, in the normal course of business.

29- KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of the past due receivables.

29- KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of accounts receivable (continued)

At the reporting date, gross accounts receivable were SR 144,292,827 with SR 33,583,987 being maintained as provision for doubtful debts (2016: gross accounts receivable of SR 119,186,103 with provision for doubtful debts of SR 26,279,556; 2015: gross accounts receivable of SR 103,939,325 with provision for doubtful debts of SR 534,896). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the special-purpose consolidated statement of income.

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Zakat

Significant judgment is required in determining the provision for zakat. There are many transactions and calculations for which the ultimate zakat determination is uncertain. The Group recognizes liabilities for anticipated zakat based on estimation of whether additional zakat will be due.

30- FAIR VALUES OF FINANCIAL INSTRUMENTS

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 assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of cash and cash equivalents, murabaha time deposits, receivables and available-for-sale investments. Financial liabilities of the Group consist of accounts payables, accruals and others. The fair values of financial instruments of the Group at the balance sheet date are not materially different from their carrying values.

31- RECTIFICATIONS OF MISSTATEMENTS IN PRIOR FINANCIAL REPORTING

During the year, the management of the Parent Company discovered accounting errors resulting in material misstatements in the previous years' financial statements. The misstatements largely encompassed understatements of salaries expense and related accruals pertaining to workers' unassigned periods; understatement of revenue as certain employee benefits are billable to customers; improper recognition of onboarding fees as revenue and related unearned revenue.

31- RECTIFICATIONS OF MISSTATEMENTS IN PRIOR FINANCIAL REPORTING (continued)

The management was able to quantify the impact of the misstatements in the previous years' financial statements. Accordingly, the Parent Company has rectified such misstatements and restated previous years' financial statements.

The following analysis reflects the restatements on the affected accounts as at 31 December:

	Accounts receivable, unbilled receivables and other	Retained deposits and unearned revenues	Accounts payable, accruals and others	Revenue	Costs of revenue	Other income	Unrealized gains in available-for-sale investments	Net income	Retained earnings
	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 31 December 2015, as previously reported	110,602,348	92,524,235	128,078,264	957,757,005	(693,205,978)	-	-	199,192,457	112,583,070
Prior year adjustment - for 2015 and previous years	-	5,280,291	11,432,679	1,136,161	(6,742,793)	-	-	(5,606,632)	(16,712,970)
Restated balance as at 31 December 2015	110,602,348	97,804,526	139,510,943	958,893,166	(699,948,771)	-	-	193,585,825	95,870,100
Balance as at 31 December 2016, as previously reported	105,099,184	155,133,813	122,147,936	1,166,757,907	(843,386,691)	(5,167,680)	-	225,836,824	85,506,484
Prior year adjustment - for 2016 and previous years	12,674,565	3,284,468	12,688,403	14,670,388	(1,255,724)	680,240	(680,240)	12,734,424	(3,978,546)
Restated balance as at 31 December 2016	117,773,749	158,418,281	134,836,339	1,181,428,295	(844,642,415)	(4,487,440)	(680,240)	238,571,248	81,527,938
	(A)	(B)	(C)	(A) (B)	(C)	(D)	(D)	(A) (B) (C)	(A) (B) (C)

a- To adjust understatement of revenue as certain employee benefits are billable to customers

b- To adjust for improper recognition of onboarding fees as revenue and related unearned revenue

c- To adjust understatements of salaries expense and related accruals pertaining to employees' unassigned periods

d- To present the unrealized gains on available-for-sale investments as a separate component of equity which is in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia

31- RECTIFICATIONS OF MISSTATEMENTS IN PRIOR FINANCIAL REPORTING (continued)

The following analysis reflects the impact on earnings per share are as at December 31:

	2016 SR	2015 SR
Increase (decrease) in income from main operations per share attributable to Shareholders of the Parent Company	0.54	(0.22)
Increase (decrease) in net income for the year per share attributable to Shareholders of the Parent Company	0.51	(0.22)

32- APPROVAL OF THE FINANCIAL STATEMENTS

The special-purpose consolidated financial statements were approved by the Board of Directors on 14 Jumad Thani 1440H (corresponding to 19 February 2019).

33- GROUP'S OPERATIONS

Following are Group's branches details as at 31 December 2017:

Name	Commercial Registration Number	Date
Al Yasameen	1010465207	2 Safar 1438H
Al Moroj	1010436553	28 Shawwal 1436H
Al Taawon	1010427484	9 Muhurram 1435H
Jubail	2055021858	5 Rabi Thani 1435H
Ar Rass	1132010975	7 Dhul-Qadah 1435H
Al Rabwah	1010465209	2 Safar 1438H
Suwaidi	1010427485	9 Muhurram 1435H
Medina	4650076804	7 Dhul-Qadah 1435H
Buraydah	1136056729	29 Jumad Awal 1437H
Ha›il	2350043311	27 Rabi Thani 1436H
Khamis Mushait	5855068093	15 Rabi Awal 1436H
Khurais	1010436554	28 Shawwal 1436H
Unaizah	1128019621	15 Rabi Awal 1436H
Jeddah - Naeem	4030278496	9 Muhurram 1435H
Jeddah - Rawda	4030296922	20 Muhurram 1439H
Dammam	2050111011	29 Safar 1438H
Abha	5850071792	23 Rabi Thani 1439H
Al Khobar	2051056199	5 Rabi Thani 1435H

34- COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform with the current year presentation.