ALMAWARID MANPOWER COMPANY
(A Saudi Joint Stock Company)

Consolidated Financial Statements
For the year ended 31 December 2023
With Independent auditors' report

Al Mawarid Manpower Company
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2023

KPMG Professional Services
Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al Mawarid Manpower Company (Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Al Mawarid Manpower Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023، the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor`s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters (continued)

Allowance of expected credit loss on trade receivables – see note (4.22) and (5) to the consolidated financial statements for the accounting policies and estimates relating to trade receivables and note (11) to the consolidated financial statements for the related disclosures.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the Group recognized an allowance of expected credit loss on trade receivables of SR 0.7 million (2022: SR 2.4 million). The total allowance of expected credit losses on trade receivables of SR 29.05 million (2022: SR 28.8 million). The Group applies the simplified approach in calculating expected credit losses (ECL) on trade receivables, The ECL model involves the use of various assumptions, macroeconomic factors and study of historical trends relating to the Group's trade receivables collections experience in line with the requirements of International Financial reporting standard 9 "financial instruments" (IFRS 9). All of which involves a significant degree of judgment and complexities. Due to significance of trade receivables and the involvement of significant degree of judgments in the expected credit losses calculation, we have identified this as a key audit matter. Furthermore, such allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Among other things, our procedures included the following: • Obtain an understanding of the management's process for determining the impairment of trade receivables and the expected credit losses; • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included revenue invoices and services delivery notes; • Involved specialist to assist in evaluating the judgments and estimates applied by the Group in the ECL model in accordance with the requirements of IFRS 9, tested the key assumptions used by the Group and assessed the reasonableness of the estimates used to record the impairment of trade receivables; • Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at 31 December 2023 with bank statements and relevant remittance documentation; and • Considering the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

Independent Auditor's Report (continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Joint Stock Company)

Other Information

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

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

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

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

Responsibilities of Management and 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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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, Board of Directors, is 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

Independent Auditor's Report (continued)

To the Shareholders of Al Mawarid Manpower Company (Saudi Joint Stock Company)

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, then 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 of Al Mawarid Manpower Company and its subsidiaries.

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

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

KPMG Professional Services

Fahad Mubarak Al Dossari
License No: 469

Riyadh, 21 Ramadan 1445H
Corresponding to: 31 March 2024

Al Mawarid Manpower Company
(A Saudi Joint Stock Company)
Consolidated Statement of Financial Position
As at 31 December 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	As at 31 December 2023	2022
Assets			
Non-current assets			
Property and equipment	*6*	**15,324,282**	13,290,668
Intangible assets	*7*	**1,406,706**	1,374,037
Right of use assets	*8*	**43,164,252**	22,607,698
Other non-current assets	*9*	**41,572,595**	46,603,184
Reimbursments right	*10*	**39,645,935**	-
Total non-current assets		**141,113,770**	83,875,587
Current assets			
Reimbursments right	*10*	**37,627,152**	-
Trade receivables	*11*	**214,644,186**	210,300,730
Prepayments and other current assets	*12*	**101,384,276**	150,513,813
Financial investments at FVTPL	*14*	**65,289,751**	4,027,500
Cash and cash equivalents	*15*	**81,457,517**	55,380,958
Total current assets		**500,402,882**	420,223,001
Total assets		**641,516,652**	504,098,588
Equity and liabilities			
Equity			
Share capital	*16*	**150,000,000**	150,000,000
Statutory reserve	*17*	**44,170,111**	35,293,412
Retained earnings		**149,714,749**	107,772,290
Total equity		**343,884,860**	293,065,702
Liabilities			
Non-current liabilities			
Employees' benefits liabilities	*19*	**66,338,872**	25,602,457
Lease liabilities	*8*	**26,390,857**	10,157,893
Recruitment agents guarantees		**1,023,481**	1,178,329
Total Non-current liabilities		**93,753,210**	36,938,679
Current liabilities			
Trade payables and other current liabilities	*20*	**172,127,683**	147,945,292
Retained deposits		**7,163,392**	7,014,634
Lease liabilities	*8*	**14,337,167**	10,670,935
Provision for Zakat	*21*	**10,250,340**	8,463,346
Total current liabilities		**203,878,582**	174,094,207
Total liabilities		**297,631,792**	211,032,886
Total equity and liabilities		**641,516,652**	504,098,588

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

Ahmad Mohammed Alrakban	Riyadh Ibrahim Alromaizan	Tarek Fouad Mahmoud
Chairman	Chief Executive Officer	Chief Financial Officer

Al Mawarid Manpower Company
(A Saudi Joint Stock Company)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

		For the year ended 31 December	
	Note	**2023**	2022
Revenue	*22*	**1,260,909,249**	944,729,376
Cost of revenue	*23*	**(1,115,576,796)**	(815,042,889)
Gross profit		**145,332,453**	129,686,487
Selling and marketing expenses	*24*	**(12,359,728)**	(13,271,013)
General and administrative expenses	*25*	**(33,388,967)**	(29,604,953)
Impairment loss of trade receivables	*11*	**(682,936)**	(2,408,253)
Impairment loss of prepayments and other current assets	*12*	**(2,516,402)**	(922,216)
Finance cost	*8*	**(2,323,358)**	(1,035,503)
Other income	*26*	**4,696,808**	1,810,303
Profit from operations before Zakat		**98,757,870**	84,254,852
Zakat expense	*21*	**(9,990,885)**	(8,267,481)
Profit for the year after Zakat		**88,766,985**	75,987,371
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement (losses) / gains on employees's defined benefit obligations	*19*	**(447,827)**	4,054,209
Total comprehensive income for the year		**88,319,158**	80,041,580
Earnings per share			
Basic and diluted earnings per share	*27*	**5.92**	5.07

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

Ahmad Mohammed Alrakban	Riyadh Ibrahim Alromaizan	Tarek Fouad Mahmoud
Chairman	Chief Executive Officer	Chief Financial Officer

Al Mawarid Manpower Company
(A Saudi Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	Share capital	Statutory reserve	Contractual reserve	Retained earnings	Total
Balance at 1 January 2022		100,000,000	27,694,675	20,000,000	85,329,447	233,024,122
Net income for the year		-	-	-	75,987,371	75,987,371
Other comprehensive income for the year		-	-	-	4,054,209	4,054,209
Total comprehensive income for the year		-	-	-	80,041,580	80,041,580
Increase of share capital	*16&17*	50,000,000	-	(20,000,000)	(30,000,000)	-
Transfer to statutory reserve	*17*	-	7,598,737	-	(7,598,737)	-
Dividend paid to shareholders	*18*	-	-	-	(20,000,000)	(20,000,000)
Balance at 31 December 2022 and 1 January 2023		**150,000,000**	**35,293,412**	-	**107,772,290**	**293,065,702**
Net income for the year		-	-	-	**88,766,985**	**88,766,985**
Other comprehensive loss for the year		-	-	-	**(447,827)**	**(447,827)**
Total comprehensive income for the year		-	-	-	**88,319,158**	**88,319,158**
Transfer to statutory reserve	*17*	-	**8,876,699**	-	**(8,876,699)**	-
Dividend paid to shareholders	*18*	-	-	-	**(37,500,000)**	**(37,500,000)**
Balance at 31 December 2023		**150,000,000**	**44,170,111**	-	**149,714,749**	**343,884,860**

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

Ahmad Mohammed Alrakban
Chairman

Riyadh Ibrahim Alromaizan
Chief Executive Officer

Tarek Fouad Mahmoud
Chief Financial Officer

Al Mawarid Manpower Company
(A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2023
(All amounts are expressed in Saudi Riyal unless otherwise stated)

	Note	**For the year ended 31 December**	
		2023	2022
Cash flow from operating activities			
Net profit before Zakat		**98,757,870**	84,254,852
Adjustments for non-cash items:			
Depreciation on property and equipment	*6*	**2,085,316**	1,492,477
(Gain) on disposal of property and equipment and intangible assets	*26*	**(106,623)**	(54,976)
Amortization of intangible assets	*7*	**639,815**	654,969
Depreciation on right of-use of assets	*8*	**16,888,150**	13,179,710
Finance costs – leases	*8*	**2,323,358**	1,035,503
(Gains) from derecognition of leases		**(1,735)**	(4,536)
Impairment loss of trade receivables	*11*	**682,936**	2,408,253
Impairment loss of prepayments and other current assets	*12*	**2,516,402**	922,216
Profits from financial investments at FVTPL	*14*	**(1,252,039)**	(147,113)
Provision for employees' benefits liabilities	*19*	**7,985,854**	8,074,190
		130,519,304	111,815,545
Changes in working capital:			
Other non-current assets		**5,030,589**	(5,158,949)
Trade receivables		**(5,026,392)**	(76,154,354)
Prepayments and other current assets		**46,613,135**	(15,271,053)
Recruitment agents guarantees		**(154,848)**	5,353
Trade payables and other current liabilities		**(13,444,761)**	38,733,239
Retained deposits		**148,758**	(737,631)
Employees' benefits liabilities paid	*19*	**(7,343,201)**	(6,002,322)
Interest paid		**(2,323,358)**	(1,035,503)
Zakat paid	*21*	**(8,203,891)**	(6,592,096)
Payments for purchase of financial investments at FVTPL	*14*	**(70,010,212)**	(17,000,000)
Proceeds from sale of financial investments at FVTPL	*14*	**10,000,000**	43,507,522
Net cash generated from operating activities		**85,805,123**	66,109,751
Cash flows from investing activities			
Payments for purchase of property and equipment	*6*	**(4,201,475)**	(3,204,523)
Proceeds from disposals of property and equipment		**189,169**	111,555
Payments for purchase of intangible assets	*7*	**(672,485)**	(242,350)
Net cash flows used in investing activities		**(4,684,791)**	(3,335,318)
Cash flows from financing activities			
Dividend paid to shareholders		**(37,500,000)**	(20,000,000)
Payment of lease liabilities without finance expenses	*8*	**(17,543,773)**	(14,020,627)
Net cash flows used in financing activities		**(55,043,773)**	(34,020,627)
Net change in cash and cash equivalents		**26,076,559**	28,753,806
Cash and cash equivalents at beginning of the year	*15*	**55,380,958**	26,627,152
Cash and cash equivalents at end of the year	*15*	**81,457,517**	55,380,958
Non-cash transactions:			
Remeasurement of employees' benefits liabilities	*19*	**(447,827)**	4,054,209
Reimbursment rights	*10*	**8,748,809**	-
Transferred from contractual reserve to capital increase		**-**	(20,000,000)
Transferred from retained earnings to capital increase		**-**	(30,000,000)

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

Ahmad Mohammed Alrakban Chairman	Riyadh Ibrahim Alromaizan Chief Executive Officer	Tarek Fouad Mahmoud Chief Financial Officer

1. General information

Al Mawarid Manpower Company is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010343697 issued in the city of Riyadh on 12 Sha'aban 1433H (corresponding to 2 July 2012).

The principal activities of the Company and its subsidiaries (the "Group") are to provide the activities of recruitment services for domestic workers and temporary employment agencies for domestic services and expatriate labor services, under a license Ministry of Labor No. (6 /UMM) dated 5 Muharram 1434H (corresponding to 19 November 2012), as well as providing a Saudi Manpower service, in addition to Buildings maintenance and cleaning services.

These consolidated financial statements were approved for issuance by the board of directors on 17 Ramadan 1445H (corresponding to 27 March 2024).

The headquarter of the Group is located in Riyadh, Al-Rawda District, P.O. Box 120058, Riyadh 11679, Kingdom of Saudi Arabia.

On 26 December 2022, the Capital Market Authority announced the approval to offer 4.5 million shares for public subscription representing 30% of the Group's shares. On 19 June 2023, the Group's shares started trading on Tadawul as a Joint Stock Company

The accompanying consolidated financial statements include the activities of subsidiaries and branches of the Group listed below, which operate under the following sub-commercial registrations:

Branch	CR No.	Date
Riyadh – domestic workers	1010369956	27 Jumada' I 1434H (corresponding 8 April 2013)
Riyadh – expatriate workers	1010369960	25 Jumada' I 1434H (corresponding 6 April 2013)
Al Khobar	2051060639	2 Sha'aban1436H (corresponding to 20 May 2015)
Buraidah	1131056623	21 Rabi' II 1437H (corresponding to 31 January 2016)
Al Jubail	2055024837	20 Jumada' I 1437H (corresponding to 29 February 2016)
Hail	3350044313	3 Dhul-Hijjah 1437H (corresponding to 4 September 2016)
Jeddah	4030292526	22 Rabi' I 1438H (corresponding to 21 December 2016)
Riyadh – Al Taawun	1010466766	29 Rabi' I 1438H (corresponding to 28 December 2016)
Al Madinah Al Monawarah	4650081885	3 Rabi' II 1438H (corresponding to 1 January 2017)
Riyadh – Al Rawda	1010638704	26 Shawwal 1441H (corresponding to 17 June 2020)
Uniza	1128184135	26 Shawwal 1441H (corresponding to 17 June 2020)
Abha	5850129737	22 Rabi' II 1442H (corresponding to 7 December 2020)
Tabouk	3550143539	28 Rajab 1443H (corresponding to 1 March 2022)
Al Ahsa	2031110814	13 Rabi' I 1444H (corresponding to 9 October 2022)
Riyadh -Narges	1010873667	15 Ramadan 1444H (corresponding to 5 April 2023)

2. Basis of preparation

a) Basis of consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries as follow:

		% of ownership	
Subsidiary's name	**Legal Entity**	**2023**	2022
Musanid Al Marafiq for Maintenance and Cleaning (*)	(A single Member Limited Liability Company)	**100%**	100%
Sawaid Manpower Company (**)	(A single Member Limited Liability Company)	**100%**	100%

2. Basis of preparation (continued)

a) Basis of consolidation (continued)

(*) <u>Musanid Al Marafiq for Maintenance and Cleaning</u>

Musanid Al Marafiq for Maintenance and Cleaning (a single shareholder limited liability company) is a company registered in Riyadh, the Kingdom of Saudi Arabia under Commercial Registration No. 1010995997 dated 12 Jumada' II 1437H (corresponding to 21 March 2016).

The subsidiary is wholly owned by Al Mawarid Manpower Company (the "Parent Company") as at 31 December 2023 and 2022.

The principal activities of the subsidiary are the provision of Building renovations, maintenance services, general building cleaning, administrative and support services, construction services, and catering services activities.

(**) **<u>Sawaid Manpower Company</u>**

Sawaid Manpower Company (a single shareholder limited liability company) is a company registered in Riyadh, the Kingdom of Saudi Arabia under Commercial Registration No. 1010601489 dated 29 Safar 1441H (corresponding to 28 October 2019).

The subsidiary is wholly owned by Al Mawarid Manpower Company (the "Parent Company") as at 31 December 2023 and 2022.

The principal activities of the subsidiary are the activities of searching for employees for positions, whether by induction or testing, online recruitment agencies, and the provision of other human resources (including providing human resources on a long-term or permanent basis in general).

b) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

c) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for employees' benefits liabilities which are recognized using the projected unit credit method, as well as financial investments at fair value through profit or loss are measured at fair value, the accrual basis of accounting and the going concern concept.

d) Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR) which is the Company's functional and presentation currency.

3. Going concern

The management of the Group has assessed the Group's ability to continue as a going concern, and concluded that the Group has sufficient resources to continue its business in the foreseeable future. In addition, the management does not have any material doubts about the Group's ability to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

4. Material accounting policies

The following accounting policies have been consistently applied to all periods presented in these consolidated financial statements, except for what is indicated in Note (4-24). Further, the Group adopted the disclosure of Accounting Policies (amendments to IFRS 1 and Practice Statement 2) from 1 January 2023. Amendments require disclosure of "Material" rather than "Significant" accounting policies. Although the amendments did not result in any changes in the accounting policy itself, they did affect the accounting policy information that was disclosed in certain cases.

4-1 Basis of consolidation

Business Combinations

The Group accounts for business combinations using the acquisition method when acquiring a set of activities and assets that meet the definition of a business and control is transferred to the Group.

When determining whether a specific set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired included at least an input and substantive process and whether the acquired set has the ability to produce an output.

The Group applies the "Concentration test" that allows for a simplified assessment of whether the acquired set of activities and assets is not a business. The test is satisfied if the fair values of total assets acquired are materially concentrated in a single identifiable asset or a set of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at the fair value of the identifiable net assets acquired. Any goodwill is tested for impairment loss annually.

Any gain from purchasing at a preferential rate is recognized in profit or loss immediately.

Transaction cost are expensed when incurred, unless they relate to the issuance of debt securities or financial securities.

The consideration transferred does not include amounts related to settlement of transactions arising from prior relationships. These amounts are usually recognized in profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If there is an obligation to pay a contingent consideration that meets the definition of financial instrument is classified as equity, then it is not remeasured, and the settlement is recognized in equity.

Otherwise, any other contingent consideration is measured at fair value at the reporting date and subsequent changes in fair value are recognized in profit or loss.

Subsidiaries

Subsidiaries are companies over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns resulted from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Parent company, using accounting policies consistent with the Company's financial policies.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the effective date that control commences until the date that control ceases.

Non-controlling interest "NCI"

NCI are measured based on their share of the acquirer`s identifiable net assets at the date of acquisition. Changes in the Group's equity in a subsidiary that do not entail in loss of control are recognized as equity transactions.

4. Material accounting polices (continued)

4-1 Basis of consolidation (continued)

Loss of control

Upon loss of control, the group derecognizes the assets and liabilities of the subsidiary, the non-controlling interests and the other components of equity relating to the subsidiary.

Any profit or loss arising from loss of control is recognized in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealized profits arising from transactions with equity- accounted investees are eliminated to the extent of the Group`s interest in the investee.

Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no evidence of impairment.

4-2 Current and non-current assets and liabilities

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is 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.

The Group classifies all other assets as non-current.

A liability is current when:
- It is expected to be settled in 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 liabilities for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

4-3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset`s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

4. Material accounting polices (continued)

4-3 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. This is disclosed as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable.

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 above.

4-4 Visas and recruitment costs

A) 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.

The validity of the use of these visas is two years, and if they are not used during that period, they are then reimbursed by the government authorities to the Group's accounts.

Upon the arrival of the recruited worker, the visa is transferred from the unused visas account to the used visas account.

The visa fees used are amortized in the consolidated statement of profit or loss using the straight-line method over the worker contract period estimated by two-year.

The balance that pertains to the next year is recorded under advance visas expenses under current assets, and what is more than the year is recorded under non-current assets.

B) Recruitment costs:

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

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

4. Material accounting polices (continued)

4-5 Residency and work permit fees

Residency and work permit fees are amortized in the consolidated statement of profit or loss over one year in line with the validity of such permits.

4-6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are stated at their fair values at the acquisition date. Intangible assets under development are stated at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses, if any. The useful lives of intangible assets are assessed and classified to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over the economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for intangible assets with finite useful lives 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 useful lives is recognized in the profit or loss under expenses category in line with the function of intangible assets.

Intangible assets with finite useful lives, that include computer software, applications and other intangible assets are amortized using the straight-line basis over their estimated useful lives estimated by 4 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in the profit or loss when the asset is disposed.

4-7 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 assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Lands are not depreciated as they do not have a finite life.

Depreciation of property and equipment is calculated less its estimated residual value to allocate its cost using a straight-line basis over the estimated useful lives of the assets.

4. Material accounting polices (continued)

4-7 Property and equipment (continued)

Depreciation is charged to the consolidated statement of profit or loss over the following estimated useful lives:

	Number of years
Buildings	20 years
Leasehold improvements	4 years or lease term, whichever is shorter
Motor vehicles	4 years
Office equipment and supplies	4 years
Furniture & fixtures	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the profit or loss.

4-8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period in exchange for specific consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

The Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

–the Group has the right to operate the asset; or
–the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Right-of-use assets

The Group recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4. Material accounting polices (continued)

4-8 Leases (continued)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, the Group's incremental borrowing rate, if that rate cannot be readily determined.

Lease payments included in the measurement of the lease liabilities comprise the following:
–fixed payments, including in-substance fixed payments;
–variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
–amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Group has presented separately the right-of-use assets and the lease liabilities in the Consolidated statement of financial position.

4-9 Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If these receivables are expected to be collected within one year or less, they are classified as current assets, otherwise they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

4-10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits with banks, as well as other short-term highly liquid investments with original maturities of three months or less that are ready for conversion into known amounts of cash and that are not significantly affected by the risk of change in value.

4-11 Impairment of non-financial assets

At each reporting date, the Group assesses 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's fair value less costs of disposal and its value in use.

The recoverable amount 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.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4. Material accounting polices (continued)

4-11 Impairment of non–financial assets (continued)

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

4-12 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

4-13 Foreign currency transactions

Reporting currency and functional currency

Transactions denominated in foreign currencies are translated to Saudi Riyal at the exchange rates ruling at the date of the transaction.

As for the monetary assets and liabilities denominated in foreign currencies, they are translated into Saudi riyals according to the exchange rates prevailing at the date of the consolidated statement of financial position.

Profit or loss on the exchange rate differences are included in the consolidated statement of profit or loss for the year.

4-14 Employees's benefits liabilities

The Group has a defined employees' end-of-service benefits scheme in line with the Labor Law in the Kingdom of Saudi Arabia based on the employee's last salary and the number of years of service.

The end-of-service benefits plans are not funded. Consequently, the liability valuations under the plans are performed by an independent actuary based on the projected unit credit method.

Costs of such plans initially include the current value of benefits obtained equally for each year of service and the benefits resulting from this obligation related to past employee's service.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded in consolidated statement of profit or loss.

Any changes in net obligation due to the actuarial valuation and changes in assumptions are considered as re-measurement in the statement of other comprehensive income.

The re-measurement of gains and losses arising from adjustments to years of experience and changes in actuarial assumptions are recognized in the period in which they occur directly in other comprehensive income.

They are transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

4. Material accounting polices (continued)

4-14 Employees's benefits liabilities (continued)

Changes in the present value of the defined benefit obligation resulting from amendments or curtailments in the scheme are recognized immediately in profit or loss as past service costs.

End-of-service payments are based primarily on employees' final salaries, allowances, and accumulated years of service, as defined in the Labor Law in the Kingdom of Saudi Arabia.

Reimbursements rights of employees`s benefits liabilities are recognised as a separate asset when recovery is virtually certain. The amount recognised cannot exceed the amount of the liabilities recognised for the claim. The expense relating to the employees's benefits are presented net of the amount recognised for a reimbursement rights in the statement of profit or loss and other comprehensive income.

4-15 Retained deposits

Retained deposits less any amounts due in accordance with the terms of the contract are stated under current liabilities in the consolidated statement of financial position.

4-16 Trade payables and other current liabilities

Trade payables and other current liabilities are liabilities for payment of services obtained from suppliers in the ordinary course of business. Trade payables and other current liabilities are classified as current liabilities if these payables are due within one year or less, otherwise they are presented as non-current liabilities. Trade payables and other current liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Reimbursements rights are recognised as a separate asset when recovery is virtually certain. the amount recognised cannot exceed the amount of the liabilities recognised for the claim. the expense are presented net of the amount recognised for a reimbursement rights in the statement of profit or loss and other comprehensive income.

4-17 Recruitment agents guarantees

Recruitment agents' guarantees represent the amounts collected in advance from recruitment agents as cash security in order to comply with the terms and conditions of contracts signed with them. The net retained guarantees is recovered after deducting the amounts due from the supplier upon termination of the contract with the recruitment agent.

4-18 Contract liabilities

Contract liabilities represent amounts collected in advance from customers when signing contracts for the provision of manpower services. These amounts are recognized in revenue in the Group's consolidated statement of profit or loss when earned.

4-19 Provisions

Provisions are recognized when the Group has a legal obligation (current or constructive) as a result of past events, and it is probable that the matter will require incurring resources to settle the obligation and the value of this obligation can be estimated reliably.

If there are a number of similar liabilities, the likelihood that an outflow will be required to settle these liabilities is determined by considering the classification of liabilities.

A provision is recognized even if the probability of an outflow for one of the items included in the same classification is minimal.

If the effect of the time value of money is significant, provisions are discounted using the current pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the liability.

4. Material accounting polices (continued)

4-20 Revenue recognition

The Group recognizes revenue by providing manpower services to the public and private sectors customers and individuals in line with the requirements of IFRS 15.

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

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, if any, on a systematic basis, consistent with the transfer of the services to the customer.

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 be recovered.
- Those costs would not have incurred if the contract had not been obtained or if an anticipated contract has not been identified by the Group.
- The costs that directly relates to a contract (or a specific anticipated contract) includes:
  a) direct labor.
  b) allocation costs that directly relate to the contract or to contract activities.
  c) costs that are explicitly chargeable to the customer under the contract; and
  d) other costs that are incurred only because the entity entered the contract.

Measuring progress towards satisfaction of performance obligation

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Corporate revenue	Corporate revenue relates to providing manpower services to corporate customers. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over time of the contractual arrangement.	Revenue is recognized over time as the services are provided.
Individual revenue	Manpower services provided to individual customers are covered under this stream. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over time of the contractual arrangement.	Revenue is recognized over time as the services are provided.
Hourly revenue	Such revenue stream relates to providing manpower services for few hours in a particular day. Customers obtain control of services when such services are rendered and have been accepted. Invoices are generated and the performance obligation (rendering of services) is satisfied over time.	Revenue is recognized over time as the services are provided.

Contract assets and liabilities

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.

4. Material accounting polices (continued)

4-20 Revenue recognition (continued)

Presentation and disclosure requirements

The Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

4-21 Zakat and taxation

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA).

Zakat is calculated for each company within the Group separately on the basis of the higher of approximate Zakat base or adjusted income, and charged to profit or loss.

Any additional amounts, if any, are recognized when they are determined for payment.

The Group withholds taxes on certain transactions with non-resident parties in the KSA, if any as required under Saudi Arabian Income Tax Law.

4-22 Financial *instruments*

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This selection is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

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 at FVTPL, transaction costs that are directly attributable to its acquisition.

4. Material accounting polices (continued)

4-22 Financial instruments (continued)

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net profits and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group has no debt investments at FVOCI or equity investments at FVOCI.

Derecognition

Financial assets

A financial asset (or part of a group of similar financial assets) is mainly derecognized (i.e. excluded from the Group's consolidated statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired.
- The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Financial liability

The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled, or expired. The Group also derecognize financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the consolidated statement of profit or loss.

Impairment of financial assets

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.
Loss provisions are measured on the bases of Expected Credit Losses ("ECLs") over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort.

4. Material accounting polices (continued)

4-22 Financial instruments (continued)

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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. This 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 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 modelling into following parts: probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"). These are briefly described below:
- loss given default (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.

Credit-impaired financial assets

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

Evidence that a financial asset is a credit impaired includes:
- Significant financial difficulties faced by the Group`s customers;
- A breach of contract such as a default or past due event;
- Rescheduling of financing by the group on terms that are not favorable to the group;
- Imminent bankruptcy or other financial reorganization of the customer;
- The absence of an active market for that financial instrument due to financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Impairment losses in financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

Financial assets are written off (either partially or in full) when the group has no reasonable expectations of recovery. The group also performs an individual assessment of each customer in order to determine the value and timing of write-offs, based on whether there are reasonable expectations of recovery.

However, financial assets that are written off are still subject to enforcement activities in order to comply with the group`s procedures for recovery of amounts due.

In the event that the amount to be written off exceeds the accumulated loss allowance, the difference is initially considered as an additions to the provision that is applied to the gross carrying amount.
Any subsequent recoveries are credited to other income.

4. Material accounting polices (continued)

4-22 Financial instruments (continued)

Presentation of impairment

Loss provisions for financial assets are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liability

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are 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.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4-23 Contingent liabilities

They are liabilities that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligation not recorded because it is not probable that an outflow of resources will be required to settle the obligation. In case the amount of the obligation cannot be measured with sufficient reliability, this amount disclosed as contingent liabilities in the consolidated financial statements.

4-24 New standards, interpretations and amendments

The following are a number of accounting standards, amendments and interpretations of accounting standards that have been issued by the IASB as at 31 August 2023.

a) Currently effective new standards, interpretations and amendments:

Effective date	Amendments in accounting standards
1 January 2023	IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
	Definition of Accounting estimated – Amendments to IAS 8
	Deferred Tax related to Assets and Liabilities arising from a single transaction – Amendments to IAS 12
23 May 2023	International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

Management assessed the financial impact and there is no impact on the consolidated financial statements as at 31 December 2023.

4. Material accounting polices (continued)

4-24 New standards, interpretations and amendments (continued)

b) <u>Standards issued but not adopted</u>

Standards and amendments issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2024	Non – current liabilities with covenants and Classification of liabilities as current or non-current - Amendments to IAS 1.
	Lease liability in a Sale and leaseback – Amendments to IFRS 16
	Supplier finance arrangements – Amendments to IAS 7 and IFRS 7
1 January 2025	Lack of Exchangeability – Amendments to IAS 21
Available for optional adoption/effective date deferred indefinitely	Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28.

Management will assess the financial impact of the new standards and amendments and management expects that they will have no impact on the group's financial statements.

5. Use of judgements and estimates

The estimates used by the Group to present these amounts in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA reflect the circumstances at the date of transition to IFRS and as at the end of the earliest reporting period presented.

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its estimates on information available in preparation of consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

5. Use of judgements and estimates (continued)

Defined benefit plans

The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature; a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases are based on expected future inflation rates for the respective countries.

Lease's discount rate

The management of the Group uses estimates in determining the incremental borrowing rate in computing the present value of minimum lease payments, as well as the expected lease term in the event of extension options.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the assets leased.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

6. Property and equipment

Cost	Land	Buildings	Leasehold Improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
As at 1 January 2022	**5,344,155**	**4,566,501**	**2,581,228**	**7,159,929**	**3,518,584**	**23,170,397**
Additions during the year	-	170,076	1,039,877	1,994,570	-	**3,204,523**
Disposals during the year	-	-	(1,770,327)	(56,721)	(735,971)	**(2,563,019)**
As at 31 December 2022 and 1 January 2023	**5,344,155**	**4,736,577**	**1,850,778**	**9,097,778**	**2,782,613**	**23,811,901**
Additions during the year	-	-	2,222,127	1,979,348	-	**4,201,475**
Disposals during the year	-	-	(3,700)	(790,092)	(703,880)	**(1,497,672)**
As at 31 December 2023	**5,344,155**	**4,736,577**	**4,069,205**	**10,287,034**	**2,078,733**	**26,515,704**
Accumulated depreciation						
As at 1 January 2022	**-**	**699,936**	**2,307,360**	**5,252,678**	**3,275,222**	**11,535,196**
Charge for the year	-	229,742	221,513	954,383	86,839	**1,492,477**
Disposals during the year	-	-	(1,729,437)	(41,040)	(735,963)	**(2,506,440)**
As at 31 December 2022 and 1 January 2023	**-**	**929,678**	**799,436**	**6,166,021**	**2,626,098**	**10,521,233**
Charge for the year	-	236,870	520,099	1,242,091	86,256	**2,085,316**
Disposals during the year	-	-	(2,600)	(708,652)	(703,875)	**(1,415,127)**
As at 31 December 2023	**-**	**1,166,548**	**1,316,935**	**6,699,460**	**2,008,479**	**11,191,422**
Net book value						
As at 31 December 2023	**5,344,155**	**3,570,029**	**2,752,270**	**3,587,574**	**70,254**	**15,324,282**
As at 31 December 2022	5,344,155	3,806,899	1,051,342	2,931,757	156,515	13,290,668

Depreciation for the year has been allocated as follows:

	31 December 2023	31 December 2022
Cost of revenue *(Note 23)*	**1,382,666**	821,638
General and administration expenses *(Note 25)*	**594,816**	628,093
Selling and marketing expenses *(Note 24)*	**107,834**	42,746
	2,085,316	1,492,477

As at 31 December 2023, property and equipment include fully depreciated assets and still in use with an original cost of SR 5,308,691 (31 December 2022: SR 5,817,627).

(All amounts are expressed in Saudi Riyal unless otherwise stated)

7. Intangible assets

Intangible assets represent computer software, applications and other intangible assets. The movements in balances during the year ended 31 December 2023 and 2022 are as follows:

	Computer Software	**Other intangible assets**	**Total**
Cost			
As at 1 January 2022	4,414,946	781,550	5,196,496
Additions during the year	162,550	79,800	242,350
As at 31 December 2022 and 1 January 2023	**4,577,496**	**861,350**	**5,438,846**
Additions during the year	**321,960**	**350,525**	**672,485**
Disposals during the year	**(58,000)**	**-**	**(58,000)**
As at 31 December 2023	**4,841,456**	**1,211,875**	**6,053,331**
Accumulated amortization:			
As at 1 January 2022	3,264,918	144,922	3,409,840
Amortization during the year	443,277	211,692	654,969
As at 31 December 2022 and 1 January 2023	**3,708,195**	**356,614**	**4,064,809**
Amortization during the year	**379,527**	**260,288**	**639,815**
Disposal during the year	**(57,999)**	**-**	**(57,999)**
As at 31 December 2023	**4,029,723**	**616,902**	**4,646,625**
Net book value:			
As at 31 December 2023	**811,733**	**594,973**	**1,406,706**
As at 31 December 2022	869,301	504,736	1,374,037

Amortization charge for the year is allocated as follows:

	31 December 2023	31 December 2022
General and administration expenses *(Note 25)*	**342,415**	344,430
Cost of revenue *(Note 23)*	**157,023**	122,319
Selling and marketing expenses *(Note 24)*	**140,377**	188,220
	639,815	654,969

8. Leases

The Group leases vehicles and buildings. The leases typicaly run for a period from 3 to 5 years.
During 2023, the Group recognized a gain of SR 1,735 (2022: SR 4,536) on derecognition of the lease contracts.

a) Right of use assets

Right of use assets relates to leased vehicles and building, and it is amortized on a straight-line basis over the lease term as shown below:

	Lease terms
Vehicles	4 years
Buildings	3 – 5 years

(All amounts are expressed in Saudi Riyal unless otherwise stated)

8. Leases (continued)

a) Right of use assets (continued)

Movement of right of use assets per class is shown below:

	Vehicles	Buildings	Total
Cost			
As at 1 January 2022	26,450,470	19,617,435	46,067,905
Additions during the year	5,662,788	9,729,783	15,392,571
Derecognition during the year	(255,989)	(1,526,220)	(1,782,209)
As at 31 December 2022 and 1 January 2023	**31,857,269**	**27,820,998**	**59,678,267**
Additions during the year	**13,662,704**	**23,800,269**	**37,462,973**
Derecognition during the year	**(1,396,822)**	**(1,022,589)**	**(2,419,411)**
As at 31 December 2023	**44,123,151**	**50,598,678**	**94,721,829**
Accumulated depreciation			
As at 1 January 2022	(15,125,900)	(10,497,474)	(25,623,374)
Depreciation charge for the year	(6,925,315)	(6,254,395)	(13,179,710)
Derecognition during the year	242,550	1,489,965	1,732,515
As at 31 December 2022 and 1 January 2023	**(21,808,665)**	**(15,261,904)**	**(37,070,569)**
Depreciation charge for the year	**(6,761,736)**	**(10,126,414)**	**(16,888,150)**
Derecognition during the year	**1,378,553**	**1,022,589**	**2,401,142**
As at 31 December 2023	**(27,191,848)**	**(24,365,729)**	**(51,557,577)**
Net book value			
As at 31 December 2023	**16,931,303**	**26,232,949**	**43,164,252**
As at 31 December 2022	10,048,604	12,559,094	22,607,698

Depreciation for the year has been allocated as follows:

	31 December 2023	31 December 2022
Cost of revenue *(Note 23)*	**16,605,805**	13,123,783
Selling and marketing expenses *(Note 24)*	**223,600**	-
General and administration expenses *(Note 25)*	**58,745**	55,927
	16,888,150	13,179,710

b) Lease liabilities

	31 December 2023	31 December 2022
As at 1 January	**20,828,828**	19,511,114
Additions during the year	**37,462,973**	15,392,571
Derecognition during the year	**(20,004)**	(54,230)
Finance charges during the year	**2,323,358**	1,035,503
Payment made during the year	**(19,867,131)**	(15,056,130)
As at 31 December	**40,728,024**	20,828,828

Lease liabilities have been presented in the statement of financial position as follows:	**31 December 2023**	31 December 2022
Lease liabilities – current portion	**14,337,167**	10,670,935
Lease liabilities – non-current portion	**26,390,857**	10,157,893

Lease liabilities have been discounted using a discount rate up to 9%.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

9. Other non-current assets

Other non-current assets include non-current portions of the unused visas, used visas and recruitment costs balances were presented in the financial position as follows:

	Note	31 December 2023	31 December 2022
Unused visa, non-current portions	*9.1*	**23,709,000**	17,576,000
Used visa, non-current portions	*9.2*	**5,458,423**	4,819,050
Recruitment costs, non-current portions	*9.3*	**12,405,172**	24,208,134
		41,572,595	46,603,184

9.1. Unused visas

Unused visas represent the value of the visas paid to Ministry of Human Resources and Social Development and have not been used until the date of the consolidated statement of financial position.

The movement of the unused visas during the year is as follows:

	31 December 2023	31 December 2022
As at 1 January	**29,140,000**	27,784,000
Purchased visas during the year	**49,924,000**	46,930,000
Expired visas refunded during the year	**(8,770,000)**	(8,746,000)
Transferred to used visas	**(32,862,000)**	(36,828,000)
As at 31 December	**37,432,000**	29,140,000
Less: unused visas balance – current portion *(note 12)*	**(13,723,000)**	(11,564,000)
Unused visas – Non-current portion	**23,709,000**	17,576,000

9.2. Used visas

The amounts of the visas are transferred to the used visas upon the arrival of the recruited manpower to the territory of the Kingdom of Saudi Arabia.

The movement of the used visas during the year is as follows:

	31 December 2023	31 December 2022
As at 1 January	**16,317,852**	12,051,614
Addition during the year	**33,953,694**	37,520,639
Amortization during the year	**(32,337,560)**	(33,254,401)
As at 31 December	**17,933,986**	16,317,852
Less: used visas balance – current portion *(note 12)*	**(12,475,563)**	(11,498,802)
Used visas – Non-current portion	**5,458,423**	4,819,050

9.3. Recruitment costs

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. Recruitment costs are amortized over a period of twenty-four months from the date the worker joins work.

The movement of the recruitment costs during the year is as follows:

	31 December 2023	31 December 2022
As at 1 January	**77,538,847**	41,751,451
Costs incurred during the year	**70,036,417**	103,748,059
Amortization during the year	**(97,599,625)**	(67,960,664)
As at 31 December	**49,975,639**	77,538,846
Less: recruitment costs– current portion	**(37,570,467)**	(53,330,712)
Recruitment costs – Non-current portion *(note 12)*	**12,405,172**	24,208,134

(All amounts are expressed in Saudi Riyal unless otherwise stated)

10. Reimbursements right

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which is paid by the group and refund from the customers in accordance with the terms of the contracts entered into with them upon the expiry of the workers' contracts amounted to SR 77.3 million as at 31 December 2023 (31 December 2022: nil).

	31 December 2023	31 December 2022
Reimbursements rights employees`s benefits – non current assets		
As at 1 January	**-**	-
Included in profit or loss		
Add: Expenses recoverable from the customers	**39,306,969**	-
Less: Benefits paid during the year	**(8,748,809)**	-
Included in other comprehensive income		
Actuarial Gain on reimbursments rights	**9,087,775**	-
As at 31 December	**39,645,935**	-

	31 December 2023	31 December 2022
Reimbursements rights accrued vacations and air tickets – current assets		
As at 1 January	**-**	-
Add: Expenses recoverable from the customers	**43,896,944**	-
Less: Benefits paid / settled during the year	**(6,269,792)**	-
As at 31 December	**37,627,152**	-

11. Trade receivables

	31 December 2023	31 December 2022
Trade receivables	**175,760,651**	159,456,663
Related parties receivable (note 13)	**67,931,166**	79,654,109
	243,691,817	239,110,772
Less: Allowance for expected credit losses	**(29,047,631)**	(28,810,042)
	214,644,186	210,300,730

The Group applies the simplified approach in IFRS 9 to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables.

Movement in impairment of trade receivable balances during the year is as follows:

	31 December 2023	31 December 2022
As at 1 January	**28,810,042**	28,519,911
Provided during the year	**682,936**	2,408,253
Trade receivables written-off during the year	**(445,347)**	(2,118,122)
As at 31 December	**29,047,631**	28,810,042

Trade receivables are written-off when there is no reasonable expectation of recovery. Indications that there are no reasonable expectations of collection include, among other things, the debtor's failure to agree on a payment plan with the Group and the failure to make contractual payments.

The balance of trade receivables as at 31 December 2023 includes an amount of SR 13 million secured by bank guarantees, promissory notes (31 December 2022: SR 20 million).

(All amounts are expressed in Saudi Riyal unless otherwise stated)

12. Prepayments and other current assets

	31 December 2023	31 December 2022
Recruitment fees – current portion *(Note 9.3)*	**37,570,467**	53,330,712
Residency and work permit fees	**15,641,119**	14,043,987
Unused visas – current portion *(Note 9.1)*	**13,723,000**	11,564,000
Used visas – current portion *(Note 9.2)*	**12,475,563**	11,498,802
Advances to suppliers	**11,611,011**	9,562,258
Prepaid other expenses	**7,708,103**	4,509,395
Other current assets	**3,737,783**	3,621,306
Advances to employees	**2,551,926**	2,382,940
Due from Zakat, Tax and customs Authority *	**-**	41,118,707
	105,018,972	151,632,107
Less: impairment of advances to suppliers **	**(2,935,441)**	(484,530)
Less: impairment of other current assets**	**(699,255)**	(633,764)
	101,384,276	150,513,813

(*) Due from Zakat, Tax and custom Authority

There was a dispute between the group and the Zakat, Tax and Customs Authority (ZATCA) dating back to the year 2020, as ZATCA re-evaluated the Value Added Tax (VAT) returns submitted by the group for the years 2018 and 2019. The dispute was that the ZATCA subjected the salaries and government fees of workers whose services were rendered to the group's customers to VAT in violation of the VAT regulations, the implementing regulations and the guideline for applying the VAT on employee benefits, and this resulted in VAT differences amounting to SR 21,955,089.

Based on ZATCA's rejection of the objections submitted by the group for the aforementioned differences, the management decided to amend the VAT returns that had not yet been evaluated by ZATCA for the periods from January 2020 to February 2021 to spare the Group any risks that may result when the dispute is finally resolved, and paid VAT differences of an amount of SR 26,489,954.

The group filed a grievance against the ZATCA's decision with the General Secretariat of Tax Commissions (GSTC), and after going through all the stages of litigation between the group and ZATCA, the GSTC final decision was issued during 2022 in favor of the group and canceled the re-evaluation carried out by the ZATCA.

During 2023, based on GSTC's decision the group recovered all the amounts it had previously paid as VAT differences of SR 48,445,043.

(**) The movement in impairment loss during the year is as follows:

	Advance to suppliers	**Other current assets**	**Total**
As at 1 January 2023	**484,530**	**633,764**	**1,118,294**
Provided during the year	**2,450,911**	**65,491**	**2,516,402**
Written off during the year	**-**	**-**	**-**
As at 31 December 2023	**2,935,441**	**699,255**	**3,634,696**

	Advance to suppliers	Other current assets	Total
As at 1 January 2022	477,135	633,764	1,110,899
Provided during the year	922,216	-	922,216
Written off during the year	(914,821)	-	(914,821)
As at 31 December 2022	484,530	633,764	1,118,294

(All amounts are expressed in Saudi Riyal unless otherwise stated)

13. Transactions and balances with related parties

Related parties represent key management personnel, members of the board of directors, shareholders of the Group and their associates. Related parties also include business entities in which some members of the board of directors or key management personnel have an interest (other related parties).

Transactions with related parties and jointly controlled entities are carried out in accordance with the terms and conditions approved by the Group's management or the Board of Directors.

All outstanding balances with these related parties are price on an arm`s length basis and are to be settled in cash. None of the balances are secured. No Guarantees have been given or received.

The following are the most significant transactions with related parties carried out by the Group:

a) Key management personnel compensation:

	31 December 2023	31 December 2022
Employees' salaries and other short-term benefits	**10,303,322**	8,377,632
Post-employment benefits	**428,126**	338,798
Long term benefits	**387,465**	-
	11,118,913	8,716,430

b) Board of Directors' remuneration and allowances

	31 December 2023	31 December 2022
Board remunerations	**2,200,000**	1,340,000
Allowances and compensations for board committees	**562,000**	959,000
	2,762,000	2,299,000

c) Business transactions with related parties

The following table presents amounts of material business transactions that carried out with related parties during the year ended 31 December 2023 and 2022 and the balances due from related parties at the end of year:

Name of the related party	**Nature of relationship**	**Nature of transactions**	**Transactions amounts as at 31 December**	
			2023	2022
Al-Ayuni Investment and Contracting Company	Investor with significant influence	Revenue against rendering labor services	**195,473,427**	59,662,923
		Cost of labor	**40,019,910**	11,676,747

Transactions with related parties during the year 2023 also include the amounts of the costs of the initial public offering of the group's shares, which the group paid on behalf of the shareholders, amounting to SR 8,4 million (2022: SR 7.4 million) which were collected in full from the offering proceeds.

d) Related party balances

The following table presents the balances due from related parties – trade receivables as at 31 December 2023 and 2022:

	31 December 2023	31 December 2022
Al-Ayuni Investment and Contracting Company	**38,950,094**	32,292,336
Other related parties	**28,981,072**	47,361,773
	67,931,166	79,654,109

(All amounts are expressed in Saudi Riyal unless otherwise stated)

14. Financial investments at fair value through profit or loss (FVTPL):

Financial investments represent investment in Al Rajhi Saving and Liquidity Fund - SAR and investment in the sukuk of Al-Rajhi Bank. The movement in the investments in FVTPL during the year is as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	**4,027,500**	30,387,909
Additions during the year	**70,010,212**	17,000,000
Disposals during the year	**(10,000,000)**	(43,507,522)
Fair value change	**1,252,039**	147,113
Balance as at 31 December	**65,289,751**	4,027,500

15. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash at banks	**81,201,613**	55,299,660
Cash in hand	**255,904**	81,298
	81,457,517	55,380,958

16. Share capital

As at 31 December 2023, the Company's share capital consists of 15 million shares (31 December 2022: 15 million shares) with a nominal value of SR 10 each.

The Company's General Assembly, in its meeting held on 30 May 2022, approved to increase the capital of Al Mawarid Manpower Company from SR 100 million to SR 150 million, with an increase of SR 50 million. This increase has been funded through transfer of SR 20 million from the contractual reserve account and an amount SR 30 million from the retained earnings account.

17. Reserves

17.1 Statutory reserve

In accordance with the company's By-Laws, the company is required to set aside 10% of the annual net income to the statutory reserve until this reserve equals 30% of the capital.

This reserve is not available for distribution to the shareholders of the company currently.

17.2 Contractual reserve

The contractual reserve was established under to the approvals of the shareholders General Assembly's meetings held on 27 June 2021 and 28 July 2020, where an amount of SR 12,285,183 and SR 7,714,817 were set aside, respectively, from the realized profits during the years 2020 and 2019, as the balance of reserve at the end of 2021 amounts to SR 20,000,000. During 2022, the entire balance was used to increase the share capital of Al Mawarid Manpower Company (note 16).

18. Dividends

The General Assembly, in its meeting held on 2 April 2023, approved to pay cash dividends to the shareholders for the year ended 31 December 2022 in the amount of SR 15 million, representing SR 1 per share due to the shareholders registered with the group on the date of the assembly, and it was paid in full in April 2023.

The General Assembly also approved, in its meeting held on 13 September 2023, to pay cash dividends to the shareholders for the first half of the year 2023 in the amount of SR 22.5 million, representing SR 1.5 per share due to the shareholders registered with the depository center at the end of the second trading day of the General Assembly meeting.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

19. Employees’ benefits liabilities

The Group operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia.

The amounts paid at the end of service under the plan are calculated on the basis of the employees’ last salaries and allowances and the number of their accumulated years of service as on the date of the end of their services, as outlined in the labor law in force in the Kingdom of Saudi Arabia.

Employees’ end-of-service benefit plans are unfunded. Benefits payment liabilities are met when due.

(a) The below table presents the movement of employees’ benefits liabilities during the years 2023 and 2022:

	31 December 2023	31 December 2022
As at 1 January	**25,602,457**	27,584,798
Included in profit or loss		
Current service cost	**45,390,210**	7,460,156
Interest expense	**1,902,613**	614,034
Payments and settlements	**(16,092,010)**	(6,002,322)
Included in other comprehensive income		
Remeasurement losses /(gains) on employees’ benefits liabilities	**9,535,602**	(4,054,209)
As at 31 December	**66,338,872**	25,602,457

The amounts recognized in the consolidated statement of profit or loss and other comprehensive income relating to employees’ benefits liabilities are as follows:

	31 December 2023	31 December 2022
Current service cost	**45,390,210**	7,460,156
Interest expense	**1,902,613**	614,034
Reimbursments rights *(Note 10)*	**(39,306,969)**	-
Total amounts recognized in profit or loss	**7,985,854**	8,074,190
Remeasurement of employees’ benefits liabilities	**(9,535,602)**	4,054,209
Reimbursments rights *(Note 10)*	**9,087,775**	-
Total Remeasurements recognized in OCI	**(447,827)**	4,054,209

(b) Key actuarial assumptions

	31 December 2023	31 December 2022
Discount rate	**4.6%**	4,1%
Salary growth rate	**4.4%**	3,4%
Employees’ turnover rate	**Moderate**	Moderate
Retirement age	**60 years**	60 years

Weighted average duration of the employee retirement benefit liability is 5 years

(All amounts are expressed in Saudi Riyal unless otherwise stated)

19. Employees`s benefits liabilities (continued)

(c) Sensitivity analysis for actuarial assumptions

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practical terms, this is not likely to happen, and changes in some assumptions may be linked to each other.

When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the end-of-service benefits.

A quantitative sensitivity analysis for significant assumptions on the employees' benefits are shown below:

	31 December 2023	31 December 2022
Discount rate		
Increase by 1%	**64,481,637**	24,299,342
Decrease by 1%	**70,409,114**	27,073,675
Expected salary increase		
Increase by 1%	**70,635,451**	27,167,488
Decrease by 1%	**64,225,245**	24,193,119

(d) Maturity profile

The following are expected undiscounted payment in future years:

	31 December 2023	31 December 2022
Year 1	**15,232,447**	5,169,576
Year 2 to Year 5	**28,912,494**	10,099,062
Year 6 to Year 10	**17,829,537**	7,083,058
Year 11 & above	**16,404,095**	8,912,996

20. Trade payables and other current liabilities

	31 December 2023	31 December 2022
Accrued vacations and air tickets	**86,046,198**	43,349,923
Accrued salaries and bonuses	**30,396,958**	43,309,023
Contract liabilities	**27,015,924**	26,996,310
Trade payables	**9,369,902**	10,975,265
Value Added Tax (VAT)	**7,886,729**	12,918,889
Commissions payable	**1,896,702**	1,390,719
Remunerations and allowances for members and committees of the Board of Directors	**2,906,000**	1,995,000
Accrued GOSI	**2,000,458**	1,816,691
Other	**4,608,812**	5,193,472
	172,127,683	147,945,292

Trade payables are unsecured and are normally paid within 30 days of recognition. The carrying value of trade payables and other current liabilities approximates their fair value, due to their short-term nature.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

21. Zakat

(a) The Group's consolidated Zakat liabilities consist of Zakat that has been calculated on the basis of the separate financial statements of each individual Company.

(b) Provision for Zakat

The movement in Zakat provision is as follows:

	31 December 2023	31 December 2022
As at 1 January	**8,463,346**	6,787,961
Prior year differences	**-**	8,097
Amounts paid during the year	**(8,203,891)**	(6,592,096)
Charge for the year	**9,990,885**	8,259,384
As at 31 December	**10,250,340**	8,463,346

(c) Status of final assessments

The Company and its subsidiaries filed Zakat returns to the Zakat, Tax and Customs Authority "ZATCA", and obtained a Zakat certificate until the end of the fiscal year ended 31 December 2022.

During 2021, **Al Mawarid Manpower Company** received the final assessments for the years 2015 to 2018 with Zakat differences totaling SR 2,069,020. An amount of SR 994,329 has been approved and paid by the Company, and it objected to the rest of the claim. ZATCA accepted certain items for an amount of SR 502,467 and rejected the objection to other items for a total amount of SR 572,224, and accordingly the Group escalated the dispute to the General Secretariat of the Tax Committees ("GSTC").

On 5 June 2022, the hearing session set by the GSTC was attended by representatives of the Company and its tax advisor. The decision was issued at the end of the hearing session approving some of the escalation items and rejecting others. The official decisions were received on 25 July 2022, and the appeal memorandum was submitted to the Appeal Committee on 21 August 2022.

In October 2023, the Appeals Committee's decision was issued which ruled in favor of the Group on items equivalent to SR 520,000 of the total amount of the dispute, and ruling in favor of the ZATCA amounted to SR 52,224 . As at the date of issuance of these consolidated financial statements, the final assessment for the years ended 31 December 2019, 2020, 2021 and 2022 has not been received.

The necessary provisions have been calculated for the items mentioned in the aforementioned Zakat assessments and approved by the Company, for the years for which the Zakat assessment has not yet been made.

The subsidiary, Musanid Al Marafiq for Maintenance and Cleaning have received the final zakat assessment for the year 2018 with zakat differences of SR 72,780, and an amount of SR 2,182 was approved and paid, and the rest of the amount was objected to, but the objection was rejected by ZATCA. Therefore, The Company escalates the grievance against the ZATCA's decision to General Secretariat of Zakat, Tax and Customs Committees ("GSTC"). GSTC's decision was issued in support of ZATCA's assessment, based on the fact that the company did not submit the required documents, which is an incorrect reliance. An appeal memorandum was submitted to the Appeal Committee.

In September 2023, the Appeals Committee's decision was issued in favor of the Company for the total amount of the dispute. In 17 July 2022, the subsidiary has received the final zakat assessment for the year 2020 with a Zakat difference of SR 8,097, and the management approved and paid the amount. As of the date of issuance of these consolidated financial statements, the final assessment for the year ended 31 December 2021 and 2022 has not been received.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

21. Zakat (continued)

(c) Status of final assessments (continued)

The subsidiary, Sawaid Manpower Company has not received any Zakat assessment from ZATCA, knowing that the first Zakat return submitted by the subsidiary is for the year 2020.

22. Revenue

In the following tables, revenues are disaggregated by type of segment, customer and duration of contracts:

Type of segment

	31 December 2023	31 December 2022
Corporate	**860,456,934**	619,527,011
Individual	**255,566,922**	203,676,146
Hourly (Hemma)	**144,885,393**	121,526,219
	1,260,909,249	944,729,376

Type of customers

	31 December 2023	31 December 2022
Construction	**447,926,360**	232,113,242
Individual	**400,452,315**	325,202,365
Operation and Maintenance	**102,915,683**	96,700,817
Hospitality	**94,998,854**	107,882,072
Commercial and services	**75,422,689**	65,951,218
Health care	**61,639,425**	51,574,075
Manufacturing	**46,090,353**	37,485,080
Transportation	**30,190,323**	26,172,692
Other	**1,273,247**	1,647,815
	1,260,909,249	944,729,376

Duration of contracts

	31 December 2023	31 December 2022
More than 1 year	**904,375,033**	663,392,929
One year and less	**356,534,216**	281,336,447
	1,260,909,249	944,729,376

23. Cost of revenue

	31 December 2023	31 December 2022
Employees’ salaries and benefits	**807,308,349**	598,115,740
Visa, work permit and recruitment fees	**258,374,908**	181,231,522
Depreciation on right of use assets *(Notes 8)*	**16,605,805**	13,123,783
Utilities	**4,660,505**	3,773,453
Bank charges	**4,315,840**	3,552,751
Catering expenses	**3,705,902**	3,532,169
Accommodation	**1,595,122**	1,604,317
Depreciation and amortization *(Notes 6 & 7)*	**1,539,689**	943,957
Other operating expenses	**17,470,676**	9,165,197
	1,115,576,796	815,042,889

(All amounts are expressed in Saudi Riyal unless otherwise stated)

24. Selling and marketing expenses

	31 December 2023	31 December 2022
Employees' salaries and benefits	**8,508,855**	9,472,001
Advertisement	**2,929,634**	2,576,220
Depreciation and amortization *(Notes 6 & 7)*	**248,211**	230,966
Depreciation on right of use assets *(Notes 8)*	**223,600**	-
Travelling and transportation expenses	**133,073**	58,676
Selling and marketing expenses	**104,279**	304,238
Utilities	**63,423**	41,214
Other	**148,653**	587,698
	12,359,728	13,271,013

25. General and administrative expenses

	31 December 2023	31 December 2022
Employees' salaries and benefits	**20,201,913**	18,959,805
Board committees' remuneration and allowances	**2,906,000**	2,449,000
Technical and other services	**2,071,306**	1,436,227
Software and licenses fees	**1,686,845**	1,210,287
Professional and consultancy fees	**1,278,419**	1,231,193
Depreciation and amortization *(Notes 6 & 7)*	**937,231**	972,523
Government and subscriptions fees	**761,970**	527,926
Utilities	**718,758**	830,200
Repair and maintenance	**514,610**	364,322
Stationery and printing	**232,996**	118,555
Bank charges	**208,435**	165,651
Depreciation on right of use assets *(Notes 8)*	**58,745**	55,927
Other	**1,811,739**	1,283,337
	33,388,967	29,604,953

26. Other income

	31 December 2023	31 December 2022
Support from the Human Resources Development Fund	**1,837,034**	630,448
Gains from investments in mutual funds	**1,499,883**	147,113
Revenues from labor accommodation canteens	**867,495**	666,902
Other	**385,773**	310,864
Gains on disposal of property and equipment and IA	**106,623**	54,976
	4,696,808	1,810,303

27. Basic and diluted earnings per share

Basic and diluted earnings per share are computed by dividing the net income for the year by the weighted average number of outstanding shares for the two years ended 31 December 2023 and 2022, as follows:

	31 December 2023	31 December 2022
Net income for the year	**88,766,985**	75,987,371
Weighted average number of shares	**15,000,000**	15,000,000
Basic & diluted earnings per share from net income for the year	**5.92**	5.07

(All amounts are expressed in Saudi Riyal unless otherwise stated)

28. Segment information

The operating segment is a component of the Group that:

- Performs activities from which revenue can be realized and expenses may be incurred,
- The results of its operations are constantly analyzed by management in order to make decisions regarding resource allocation and performance evaluation, and
- For which financial information is available.

The group has the following three strategic divisions, which are its reported segments. These segments provide services to different kinds of customer segments and are managed through different strategies. The following summary describes the operations of each reportable segment:

- **Corporate segment:** This segment relates to providing an expatriate and Saudi manpower services to companies, whose contracts are for two years.

- **Individual segment:** This segment relates to providing domestic labor services to individuals` clients ranging from the duration of their contracts ranges from one month to two year.

- **Hourly segment:** This segment relates to the cleaning services provided to individuals' clients by hourly basis/visit, mostly each cleaning visit is four hours.

Major customer

As at 31 December 2023, Revenue from one customer of the corporate sector represented approximately 15.5% (31 December 2022: 11.58%) of the Group`s total revenues.

	31 December 2023			
	Corporate segment	**Individual segment**	**Hourly segment**	**Total**
Revenue	**860,456,934**	**255,566,922**	**144,885,393**	**1,260,909,249**
Cost of revenue	**(753,467,596)**	**(243,488,146)**	**(118,621,054)**	**(1,115,576,796)**
Gross profit	**106,989,338**	**12,078,776**	**26,264,339**	**145,332,453**

	31 December 2022			
	Corporate segment	Individual segment	Hourly segment	Total
Revenue	619,527,011	203,676,146	121,526,219	944,729,376
Cost of revenue	(542,328,094)	(182,929,882)	(89,784,913)	(815,042,889)
Gross profit	77,198,917	20,746,264	31,741,306	129,686,487

Since the Group's activity depends on manpower services which entire revenues incurred in Kingdom of Saudi Arabia and has no direct connection to the Group's assets and liabilities. Therefore, it is not possible and impractical to disclose information pertaining to total assets and total liabilities pertaining to business segments.

Unallocated income / (expenses)	**31 December 2023**	31 December 2022
Gross profit	**145,332,453**	129,686,487
Selling and marketing expenses	**(12,359,728)**	(13,271,013)
General and administrative expenses	**(33,388,967)**	(29,604,953)
Impairment loss of trade receivables	**(682,936)**	(2,408,253)
Impairment loss of prepayments and other current assets	**(2,516,402)**	(922,216)
Finance cost	**(2,323,358)**	(1,035,503)
Other income	**4,696,808**	1,810,303
Profit from operations before Zakat	**98,757,870**	84,254,852
Zakat expense	**(9,990,885)**	(8,267,481)
Profit for the year after Zakat	**88,766,985**	75,987,371

29. Contingent liabilities and Commitments

The employees' entitlements, which represent the obligation of employees' benefits and leave and travel tickets allowances, which are borne by some customers on behalf of the Group in accordance with the terms of the contracts entered into with them upon the expiry of the workers' contracts amounted to SR nil as at 31 December 2023 (31 December 2022: SR 46.2 million).

A commercial bank, under the facility agreement signed with it, has issued a guarantee letter on behalf of the Group in favor of the Ministry of Human Resources and Social Development, which is a guarantee letter to issue the Company's license in the amount of SR 10 million.

30. Risk management

The Group has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk;
- Liquidity risk

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates, when appropriate, financial risks in close co-operation with the Group's operating units.

Financial assets and liabilities are offset and reported net in the consolidated financial statements when the Group has a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Market risk

Market risk is the risk that changes in market prices such as selling prices of products, profit rates and equity prices will affect the Company'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 a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are primarily denominated in Saudi Riyals. The management believes that the currency risk is immaterial, as the exchange rate of the USD is fixed against the SAR, therefore, the currency exchange risk is immaterial.

Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages interest rate risk by regularly monitoring the interest rate levels of its interest-bearing financial instruments. The Group is not exposed to significant interest sensitivity risk.

Other price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group hold certain equity securities for the purpose of trading. The Group is not exposed significantly to other market price risk.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

30. Risk management (continued)

Credit risk

Credit risk is the risk that a party will not be able to meet its obligations to a financial instrument, causing financial losses to the other party. The Group does not believe that there are significant risks from balances due from related parties.

Financial assets that are subject to credit risk are limited to cash and cash equivalents, trade receivables and other current assets.

The cash and cash equivalents of the Group are deposited in public accounts with local banks with good credit ratings ranging from BBB and above.

The Group's exposure to credit risk is mainly affected by the individual characteristics of each customer, however; management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which the costumer operates.

The Group only deals with high credit ratings financial institutions to limit the Group's exposure to credit risk.

The Group has put in place an approval process so that credit limits are applied to customers.

The management also continuously monitors exposure to credit risks towards customers and creates a provision against doubtful balances which is based on customer profile and previous payment dates. Existing customers' receivables are monitored on a regular basis.

As at 31 December 2023 and 2022, the exposure to credit risk for trade receivables was as follows:

	31 December 2023	31 December 2022
Trade receivables	**175,760,651**	159,456,663
Related parties receivable	**67,931,166**	79,654,109
	243,691,817	239,110,772
Less: Allowance for expected credit losses	**(29,047,631)**	(28,810,042)
	214,644,186	210,300,730

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2023.

31 December 2023	**Weighted-average loss rate**	**Total carrying value**	**Loss allowance**
Current (not past due)	1.97%	156,174,198	3,076,632
1-30 days past due	3.45%	17,368,369	599,209
31-60 days past due	5.01%	9,858,161	493,894
61-90 days past due	6.82%	7,211,437	491,820
91-180 days past due	13.62%	15,269,838	2,079,752
181-360 days past due	30.62%	10,796,184	3,305,792
More than 360 days past due	70.34%	27,013,630	19,000,532
		243,691,817	**29,047,631**

31 December 2022	**Weighted-average loss rate**	**Total carrying value**	**Loss allowance**
Current (not past due)	1.97%	154,403,746	2,895,708
1-30 days past due	3.45%	22,441,671	774,238
31-60 days past due	5.01%	7,991,973	400,398
61-90 days past due	6.82%	5,944,184	405,393
91-180 days past due	13.62%	8,187,486	1,115,136
181-360 days past due	30.62%	4,260,843	1,304,670
More than 360 days past due	61.76%	35,880,869	21,914,499
		239,110,772	28,810,042

(All amounts are expressed in Saudi Riyal unless otherwise stated)

30. Risk management (continued)

Credit risk (continued)

The total maximum exposure to credit risk in the Group as at the reporting date is as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	**81,457,517**	55,380,958
Trade receivables	**214,644,186**	210,300,730
Prepayments and other current assets	**6,289,709**	47,122,953
	302,391,412	312,804,641

The following table presents an analysis of the credit quality of assets measured at FVTPL as follows:

Credit rating		**At amortized cost**		
31 December 2023	**FVTPL**	**12-month ECL**	**Lifetime ECL- Not credit impaired**	**Lifetime ECL- credit impaired**
BBB+ to A1	**65,289,751**	**-**	**-**	**-**
Carrying amount	**65,289,751**	**-**	**-**	**-**
31 December 2022				
BBB+ to A1	4,027,500	-	-	-
Carrying amount	4,027,500	-	-	-

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from the inability to sell a financial asset quickly and for an amount close to its fair value.

Liquidity risk is managed by monitoring it periodically to ensure the availability of sufficient funds through available banking facilities to meet any future liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as and when they fall due under normal and abnormal conditions without incurring unacceptable losses or risking damage to the Group's reputation.

For this purpose, the Group has maintained credit limits with various commercial banks in order to meet its liquidity requirements. As at 31 December 2023, the Group has an unused bank financing facility of SR 26 million (31 December 2022: SR 26 million) to manage short and long-term liquidity requirements.

(All amounts are expressed in Saudi Riyal unless otherwise stated)

30. Risk management (continued)

Liquidity risk (continued)

The following are the contractual maturities of the remaining financial liabilities as at 31 December 2023 and 2022. These amounts are total and undiscounted and include contractual payments, excluding the effect of set-off agreements:

31 December 2023

			Maturity of Contractual cash flows			
Financial liabilities	**Carrying amount**	**Contractual Cash flows**	**Less than 1 year**	**More than 1 year to 3 years**	**More than 3 years to 5 years**	**Total**
Retained deposits	**7,163,392**	**7,163,392**	**7,163,392**	**-**	**-**	**7,163,392**
Trade payables and other current liabilities	**172,127,683**	**172,127,683**	**172,127,683**	**-**	**-**	**172,127,683**
Lease liabilities	**40,728,024**	**43,046,545**	**16,421,036**	**21,130,109**	**5,495,400**	**43,046,545**
Recruitment agents guarantees	**1,023,481**	**1,023,481**	**-**	**1,023,481**	**-**	**1,023,481**
	221,042,580	**223,361,101**	**195,712,111**	**22,153,590**	**5,495,400**	**223,361,101**

31 December 2022

			Maturity of Contractual cash flows			
Financial liabilities	**Carrying amount**	**Contractual Cash flows**	**Less than 1 year**	**More than 1 year to 3 years**	**More than 3 years to 5 years**	**Total**
Retained deposits	7,014,634	7,014,634	7,014,634	-	-	7,014,634
Trade payables and other current liabilities	147,945,292	147,945,292	147,945,292	-	-	147,945,292
Lease liabilities	20,828,828	21,848,912	11,830,017	9,026,395	992,500	21,848,912
Recruitment agents guarantees	1,178,329	1,178,329	-	1,178,329	-	1,178,329
	176,967,083	177,987,167	166,789,943	10,204,724	992,500	177,987,167

Fair value measurement of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

As the accompanying consolidated financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates.

The following table presents the Group's financial instruments measured at fair value as at 31 December 2023 and 2022:

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial investments at FVTPL	**65,289,751**	**-**	**-**	**65,289,751**
31 December 2022				
Financial investments at FVTPL	4,027,500	-	-	4,027,500

(All amounts are expressed in Saudi Riyal unless otherwise stated)

30. Risk management (continued)

Financial assets and liabilities not measured at fair value

Financial assets

	31 December 2023	31 December 2022
Financial assets at amortised cost:		
Trade receivables	**243,691,817**	239,110,772
Cash and cash equivalents	**81,457,517**	55,380,958
Total financial assets at amortized cost	**325,149,334**	294,491,730

Financial liabilities

	31 December 2023	31 December 2022
Financial liabilities at amortized cost:		
Retained deposits	**7,163,392**	7,014,634
Recruitment agents guarantees	**1,023,481**	1,178,329
Trade payables and other current liabilities	**172,127,683**	147,945,292
Total financial liabilities at amortized cost	**180,314,556**	156,138,255
Current portion of financial liabilities	**179,291,075**	154,959,926
Non-current portion of financial liabilities	**1,023,481**	1,178,329
Total Financial Liability	**180,314,556**	156,138,255

Capital management risk

When managing capital, the Group aims to ensure the Group's ability to continue as a going concern in order to be able to continue providing returns to shareholders and maintain a strong core capital to support the sustainable development of its business.

The Group manages its capital structure by monitoring returns on net assets and makes adjustments to them in light of changes that arise from economic conditions.

For the purpose of maintaining or adjusting the capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

	31 December 2023	31 December 2022
Total liabilities	**297,631,792**	211,032,886
Less: cash and cash equivalents	**(81,457,517)**	(55,380,958)
Adjusted net debt	**216,174,275**	155,651,928
Total equity	**343,884,860**	293,065,702
Adjusted net debt ratio from equity	**0.63**	0.53

31. Significant events

- Offering Group's shares

The General Assembly, in its meeting held on 30 May 2022, agreed to offer 30% of the Group's shares in an initial public offering by submitting a request for registration and offering of securities with the Capital Market Authority and a request for listing with the Saudi Stock Exchange Company (Tadawul).

On 5 July 2022, the Group's prospectus was uploaded to CMA and Tadawul portals.

On 26 December 2022, the Board of the Capital Market Authority decided to approve the Group's request to register the Group's shares and offer 4,5 million shares for public subscription in the principal market, representing 30% of the total shares of the Group. On 19 June 2023, the Group's shares started trading on Tadawul as a Joint Stock Company.

Other than the above, the Group's management believes that there have been no material significant events.

32. Subsequent events

The Board of directors, in its meeting held on 27 March 2024, approved to pay cash dividends to the shareholders for the second half of the year 2023 in the amount of SR 15 million, representing SR 1 per share. Eligibility for dividends will be for shareholders who own shares at the end of the second trading day following 02 April 2024.

Other than the above, The Group's management believes that there have been no material subsequent events.

33. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors for issuance on 17 Ramadan 1445H (corresponding to 27 March 2024).