

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

**Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three-month period ended 31 March 2019**

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Maharah for Human Resources Company - A Saudi Joint Stock Company (the "Company") and its subsidiaries (together with the Company, referred to as the "Group") as at 31 March 2019, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia ("KSA"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

for Ernst & Young

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

Riyadh: 14 Ramadan 1440H
(19 May 2019)



Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 31 March 2019

	31 March 2019	31 December 2018
Note	SR	SR
Assets		
Current assets		
Cash and bank balances	126,261,470	81,693,843
Murabaha time deposits	240,000,000	274,000,000
Accounts receivable	172,163,945	147,195,836
Contract assets	45,078,166	37,535,712
Prepayments and other current assets	148,923,311	143,015,162
Available visas	31,366,000	29,394,000
Total current assets	763,792,892	712,834,553
Non-current assets		
Property and equipment	168,601,367	167,930,223
Right-of-use assets	35,290,625	-
Intangible assets – Goodwill	4,450,237	4,450,237
Other intangible assets	4,638,092	5,172,137
Equity investments at fair value through profit or loss (“FVTPL”)	32,222,055	31,991,284
Investment in an associate	18,252,619	18,639,605
Total non-current assets	263,454,995	228,183,486
Total assets	1,027,247,887	941,018,039
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable, accruals and others	237,505,188	236,139,472
Contract liabilities	92,495,413	91,096,897
Retained deposits	131,943,249	137,035,965
Zakat payable	16,042,984	12,073,729
Total current liabilities	477,986,834	476,346,063
Non-current liabilities		
Lease liabilities - noncurrent	29,813,266	-
Employees' end-of-service benefits	38,493,200	35,253,000
Total non-current liabilities	68,306,466	35,253,000
Total liabilities	546,293,300	511,599,063
Equity		
Share capital	375,000,000	375,000,000
Statutory reserve	22,572,306	22,572,306
Other reserves	4,595,369	6,914,664
Retained earnings	80,041,226	26,026,014
Equity attributable to the Shareholders of the Parent Company	482,208,901	430,512,984
Non-controlling interests	(1,254,314)	(1,094,008)
Total equity	480,954,587	429,418,976
Total liabilities and equity	1,027,247,887	941,018,039

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of income
For the three-month period ended 31 March 2019

	For the three-month period ended March 31	
	2019 SR	2018 SR
Revenue	372,876,548	327,382,193
Cost of revenue	(291,898,615)	(264,649,083)
Gross profit	80,977,933	62,733,110
General and administration expenses	(17,288,098)	(17,435,357)
Marketing expenses	(2,838,138)	(2,320,956)
(Provision for) reversal of provision for doubtful debts	(6,269,727)	25,352
Income from main operations	54,581,970	43,002,149
Other income	3,398,406	8,381,818
Share in net loss of an associate	(386,986)	-
Net gain on equity investments at FVTPL	230,771	147,024
Income before zakat	57,824,161	51,530,991
Zakat	(3,969,255)	(3,265,775)
Net income for the period	53,854,906	48,265,216
Net income (loss) for the period attributable to:		
Shareholders of the Parent Company	54,015,212	48,019,005
Non-controlling interests	(160,306)	246,211
	53,854,906	48,265,216
Basic and diluted earnings per share:		
Income from main operations per share attributable to Shareholders of the Parent Company	1.46	1.15
Net income per share attributable to Shareholders of the Parent Company	1.44	1.28

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The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three-month period ended 31 March 2019

	Note	For the three-month period ended March 31	
		2019 SR	2018 SR
Net income for the period		53,854,906	48,265,216
Other comprehensive (loss) income:			
<i>Item that will be reclassified to consolidated statement of income:</i>			
Cumulative currency translation loss		-	(309)
<i>Item that will not be reclassified to consolidated statement of income:</i>			
Re-measurements of employees' end-of-service benefits	6	(2,319,295)	3,685,000
Other comprehensive (loss) income for the period		(2,319,295)	3,684,691
Total comprehensive income for the period		51,535,611	51,949,907
Total comprehensive income (loss) for the period attributable to:			
Shareholders of the Parent Company		51,695,917	51,703,696
Non-controlling interests		(160,306)	246,211
		51,535,611	51,949,907

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the three-month period ended 31 March 2019

	Attributable to Shareholders of the Parent Company						
	Share capital	Statutory reserve	Other reserves	Retained earnings (accumulated losses)	Total SR	Non-controlling interests SR	Total equity SR
Balance as at 1 January 2018	250,000,000	20,347,320	3,903,318	(9,998,855)	264,251,783	(1,738)	264,250,045
Net income for the period	-	-	-	48,019,005	48,019,005	246,211	48,265,216
Other comprehensive income for the period	-	-	3,684,691	-	3,684,691	-	3,684,691
Total comprehensive income for the period	-	-	3,684,691	48,019,005	51,703,696	246,211	51,949,907
Acquisition of partially-owned subsidiary	-	-	-	-	-	598,624	598,624
Balance as at 31 March 2018	250,000,000	20,347,320	7,588,009	38,020,150	315,955,479	843,097	316,798,576
Balance as at 1 January 2019	375,000,000	22,572,306	6,914,664	26,026,014	430,512,984	(1,094,008)	429,418,976
Net income (loss) for the period	-	-	-	54,015,212	54,015,212	(160,306)	53,854,906
Other comprehensive loss for the period	-	-	(2,319,295)	-	(2,319,295)	-	(2,319,295)
Total comprehensive income (loss) for the period	-	-	(2,319,295)	54,015,212	51,695,917	(160,306)	51,535,611
Balance as at 31 March 2019	375,000,000	22,572,306	4,595,369	80,041,226	482,208,901	(1,254,314)	480,954,587

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the three-month period ended 31 March 2019

	Note	For the three-month period ended March 31	
		2019 SR	2018 SR
Operating activities			
Income before zakat		57,824,161	51,530,991
Adjustments:			
Provision for (reversal of) doubtful debts		6,269,727	(25,352)
Provision for employees' end-of-service benefits	6	5,005,453	4,854,366
Depreciation of property and equipment		2,901,075	2,188,130
Depreciation of right-of-use assets	4	1,997,568	-
Amortization of intangible assets		534,045	508,163
Share in net loss of an associate		386,986	-
Net gain on equity investments at FVTPL		(230,771)	(147,023)
Finance costs on lease liabilities	4	(260,793)	-
Reversal of accrued salaries no longer payable		(838,352)	(5,884,050)
Earnings from Murabaha time deposits		(1,251,013)	(940,696)
		<u>72,338,086</u>	<u>52,084,529</u>
Changes in working capital:			
Accounts receivable		(31,237,836)	(26,055,242)
Contract assets		(7,542,454)	173,447
Prepayments and other current assets		(7,033,606)	(24,447,106)
Available visas		(1,972,000)	(4,755,997)
Accounts payable, accruals and others		(3,329,609)	25,012,363
Contract liabilities		1,398,516	5,206,040
Retained deposits		(5,092,716)	211,535
Cash generated from operations		<u>17,528,381</u>	<u>27,429,569</u>
Employees' end-of-service benefits paid		(4,084,548)	(1,848,000)
Net cash from operating activities		<u>13,443,833</u>	<u>25,581,569</u>
Investing activities			
Movements in Murabaha time deposits, net		35,251,013	2,440,696
Acquisition of subsidiaries		-	(11,304,610)
Non-controlling interests		-	3,089,342
Purchase of property and equipment		(3,572,219)	(3,639,220)
Net cash from (used in) investing activities		<u>31,678,794</u>	<u>(9,413,792)</u>
Financing activities			
Payment of lease liabilities	4	(555,000)	-
Cash used in financing activities		<u>(555,000)</u>	<u>-</u>
Net increase in cash and bank balances		<u>44,567,627</u>	<u>16,167,777</u>
Cash and bank balances at beginning of the period		81,693,843	342,221,524
Cash and bank balances at end of the period		<u>126,261,470</u>	<u>358,389,301</u>
Supplemental non-cash information			
- Right-of-use assets		37,288,193	-
- Lease liabilities		35,086,150	-

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

1 Corporate information and activities

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

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

The interim condensed consolidated financial statements were authorized for issue with the resolution of the Board of Directors on 8 Ramadan 1440H (corresponding to 13 May 2019).

2 Basis of preparation

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

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

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

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

Basis of measurement and functional currency

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

3 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of International Financial Reporting Standard 16 'Leases' ("IFRS 16") at its effective date 1 January 2019.

IFRS 16 replaces IAS 17 'Leases' ("IAS 17"), IFRIC 4 'Whether an arrangement contains a lease' ("IFRIC 4"), SIC-15 'Operating leases - Incentives' and SIC-27 'Evaluating the substance of transactions involving the legal form of a lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective.

4 Changes in accounting policies

IFRS 16, Leases

The Group has adopted IFRS 16 from its mandatory adoption date 1 January 2019 using the modified simplified transition approach as permitted under the specific transition provisions in the standard. As a result, comparatives have not been restated. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value assets').

4 Changes in accounting policies (continued)

IFRS 16, Leases (continued)

Impact on the interim condensed consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	SR
Assets	
Right-of-use assets	33,191,405
Prepayments and other current assets	(1,647,043)
Total assets	31,544,362
Liabilities	
Lease liabilities – noncurrent	25,157,078
Accounts payable, accruals and others (*)	6,387,284
Total liabilities	31,544,362

(*) current portion of lease liabilities is included under accounts payable, accruals and others.

On adoption of IFRS 16, the Group has recognised lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The associated right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the amount of prepayments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranges from 3.12% - 3.70%.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Restoration costs for most the leases were considered to be negligible, except where reasonable information was available to assess and include such costs in determining lease liabilities
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The following table shows reconciliation of operating lease commitments under IAS 17 to lease liabilities under IFRS 16 as at 1 January 2019:

	SR
Operating lease commitments as at 31 December 2018	25,330,843
(Less): Commitments relating to short-term and low-value assets	(391,800)
	24,939,043
Discounted using the Group's incremental borrowing rate	23,359,652
Add: contracts reassessed with optional extension periods not recognised as at 31 December 2018	8,184,710
Lease liabilities recognised as at 1 January 2019	31,544,362

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the interim condensed consolidated statement of income over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4 Changes in accounting policies (continued)

IFRS 16, Leases (continued)

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the three-month period ended 31 March 2019:

	Right-of-use assets SR	Lease liabilities (*) SR
As at 1 January 2019	33,191,405	31,544,362
Additions	4,096,788	4,096,788
Depreciation	(1,997,568)	-
Finance costs	-	260,793
Payments	-	(555,000)
As at 31 March 2019	35,290,625	35,346,943

(*) As at 31 March 2019, noncurrent portion of lease liabilities amounted to SR 29.8 million (current portion amounting to SR 5.5 million were included in accounts payable, accruals and others).

Summary of new accounting policies

Right-of-use assets

Right-of-use assets are initially measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs; if applicable.

Lease liabilities

Lease liabilities include, if applicable, the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Low-value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with extension and termination options

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

5 Related party transactions and balances

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

	For the three-month period ended 31 March	
	2019 SR	2018 SR
Salaries and short-term benefits	2,849,959	2,831,332
End-of-service benefits	119,527	112,703
Total key management compensation	2,969,486	2,944,035

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
31 March 2019

5 Related party transactions and balances (continued)

During the period, the Group transacted with its related parties. The terms of those transactions are approved by management in the ordinary course of business. The transactions and balances for the period are as follows:

Related party	Relationship	Nature of transactions	Transactions		Balances	
			For the three-month period ended 31 March		31 March 2019	31 December 2018
			2019	2018	SR	SR
<u>Amounts due from related parties</u>						
Spectra Support Services	Affiliate	Manpower services	17,217,449	18,900,669		
		Collections	(11,118,821)	(13,329,816)	16,186,865	10,088,237
Maharah Holding Company	Affiliate	Financing	-	-	4,080,150	4,080,150
Key management personnel	Key management personnel	Settlement	(1,207,951)	-	1,934,490	3,142,441
ND Logistics	Affiliate	Manpower services	2,306,292	2,574,776		
		Collections	(2,326,449)	(2,128,399)	1,100,760	1,120,917
Al Safi Danone Co. Ltd.	Affiliate	Manpower services	1,425,305	818,112		
		Collections	(1,266,385)	(2,174,018)	806,136	647,216
Elixir Medical Co.	Affiliate	Manpower services	152,057	166,515		
		Collections	(154,529)	(104,606)	101,371	103,843
Alfa Co. for Operations Services Ltd.	Affiliate	Manpower services	157,671	311,665		
		Collections	(129,731)	(304,077)	93,047	65,107
Others	Affiliate	Manpower services	11,007	17,119		
		Collections	(7,552)	(71,892)	3,680	225
					24,306,499	19,248,136
		Less: provision for doubtful debts			(727,736)	(560,181)
					23,578,763	18,687,955

Maharah for Human Resources Company and its Subsidiaries
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
31 March 2019

5 Related party transactions and balances (continued)

Related party	Relationship	Nature of transactions	Transactions For the three-month period ended 31 March		Balances	
			2019		31 March 2019	
			SR	SR	SR	SR
Amounts due to related parties						
Bloovo Ltd.	Associate	Deferred consideration (note 10)	-	-	13,130,600	13,130,600
Directors	BOD	Remuneration	500,000	500,000	2,514,944	2,014,944
Maharah Travel and Tourism Company	Affiliate	Purchase of air tickets Payments	5,178,444 (4,846,512)	4,935,534 (5,257,464)	1,361,354	1,029,422
					17,006,898	16,174,966

Amounts due from / to related parties were included in "Accounts receivable" and "Accounts payable, accruals and others", respectively, except for amounts due from key management personnel which were included in "Prepayments and other current assets".

6 Employees' end-of-service benefits

The following table represents the movement in the defined benefits obligation ("DBO") for the period:

	For the three-month period ended 31 March	
	2019 SR	2018 SR
Opening balance	35,253,000	35,942,000
Current service cost	4,783,359	4,693,366
Interest cost	222,094	161,000
Amount recognized in the interim condensed consolidated statement of income	5,005,453	4,854,366
Financial assumptions	(462,719)	-
Demographic assumptions	2,143,004	-
Experience losses (gains)	639,010	(3,685,000)
Amount recognized in the interim condensed consolidated statement of comprehensive income	2,319,295	(3,685,000)
Benefits paid during the period	(4,084,548)	(1,848,000)
Closing balance	38,493,200	35,263,366

Significant actuarial assumptions

The significant actuarial assumptions used in the DBO computation:

	31 March 2019	31 March 2018
Gross discount rate	3.20%	3.20%
Salary growth rate	Staff 5.00%; Workers 0%	3.90%
Withdrawal rate	Staff 5% Workers 15%	50%
Retirement age	55-60	55-60

7 Share capital

Authorized and issued share capital is divided into 37.5 million shares (31 December 2018: 37.5 million shares) of SR 10 each.

In the extraordinary general assembly meeting held on 5 Rabi Thani 1440H (corresponding to 12 December 2018) the shareholders resolved to increase the share capital to SR 375 million by transferring SR 105 million and SR 20 million from retained earnings and statutory reserve, respectively to proposed capital increase account. The legal formalities required to enforce the increase of the share capital were completed during the year ended 31 December 2018.

8 Earnings per share

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

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

	For the three-month period ended 31 March	
	2019	2018
Income from main operations for the period (SR)	54,581,970	43,002,149
Net income attributable to Shareholders of the Parent Company (SR)	54,015,212	48,019,005
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 7)	37,500,000	37,500,000
Basic and diluted earnings per share of income from main operations for the period (SR)	1.46	1.15
Basic and diluted earnings per share of net income attributable to Shareholders of the Parent Company (SR)	1.44	1.28

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

9 Segment information

The Group is organized into corporate and individual business segments.

The segments' financial details are shown below:

	For the three-month period ended 31 March 2019		
	Corporate SR	Individual SR	Total SR
Revenue	268,441,099	104,435,449	372,876,548
Cost of revenue	(211,665,679)	(80,232,936)	(291,898,615)
Gross profit	56,775,420	24,202,513	80,977,933
General and administration expenses	(14,606,400)	(2,681,698)	(17,288,098)
Marketing expenses	(2,067,407)	(770,731)	(2,838,138)
Provision for doubtful debts	(1,679,234)	(4,590,493)	(6,269,727)
Income from main operations	38,422,379	16,159,591	54,581,970

	For the three-month period ended 31 March 2018		
	Corporate SR	Individual SR	Total SR
Revenue	230,969,557	96,412,636	327,382,193
Cost of revenue	(186,644,859)	(78,004,224)	(264,649,083)
Gross profit	44,324,698	18,408,412	62,733,110
General and administration expenses	(11,723,660)	(5,711,697)	(17,435,357)
Marketing expenses	(1,394,604)	(926,352)	(2,320,956)
Reversal of provision for doubtful debts	25,352	-	25,352
Income from main operations	31,231,786	11,770,363	43,002,149

It is impracticable to disclose information pertaining to net book value of property and equipment, total assets and total liabilities pertaining to these segments.

9 Segment information (continued)

The primary markets for the Group's products are KSA and UAE. Following is the geographical segment analysis of the Group:

<u>For the three-month period ended</u> <u>31 March 2019</u>	KSA SR	UAE SR	Total SR
Revenue	357,624,216	15,252,332	372,876,548
Cost of revenue	(282,529,150)	(9,369,465)	(291,898,615)
Gross profit	75,095,066	5,882,867	80,977,933
General and administration expenses	(14,606,400)	(2,681,698)	(17,288,098)
Marketing expenses	(2,507,949)	(330,189)	(2,838,138)
Provision for doubtful debts	(1,679,234)	(4,590,493)	(6,269,727)
Income (loss) from main operations	56,301,483	(1,719,513)	54,581,970

As at 31 March 2019

Net book value of property and equipment	162,323,180	6,278,187	168,601,367
Total assets	983,745,842	43,502,045	1,027,247,887
Total liabilities	529,713,166	16,580,134	546,293,300

For the three-month period ended
31 March 2018

	KSA SR	UAE SR	Total SR
Revenue	320,331,175	7,051,018	327,382,193
Cost of revenue	(260,079,937)	(4,569,146)	(264,649,083)
Gross profit	60,251,238	2,481,872	62,733,110
General and administration expenses	(14,425,592)	(3,009,765)	(17,435,357)
Marketing expenses	(2,252,925)	(68,031)	(2,320,956)
Reversal of provision for doubtful debts	25,352	-	25,352
Income (loss) from main operations	43,598,073	(595,924)	43,002,149

As at 31 December 2018

Net book value of property and equipment	161,508,762	6,421,461	167,930,223
Total assets	908,806,876	32,211,163	941,018,039
Total liabilities	507,734,960	3,864,103	511,599,063

10 Commitments and contingencies

Commitments

Deferred consideration in acquisition of investment in an associate

A consideration amounting to SR 13.1 million shall be paid by the Company within 18 months from the effective date of acquisition of an associate and is subject to conditions on whether the associate will be able to meet the business plan agreed by both parties which include cash flow forecasts (note 5).

Contingent liabilities

The Group's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 (31 December 2018; SR 10,000,000) in respect of contract performance, in the normal course of business.

11 Events subsequent to the reporting date

On 9 May 2019, the Company received zakat assessments from the General Authority of Zakat and Tax (the "GAZT") for the years 2014 to 2017 with additional zakat liability of approximately SR 25.0 million. The management believes that the additional zakat liability pertaining to the zakat assessments received is substantially inaccurate as certain items included in zakat base calculation of GAZT have already been considered by the Company in the zakat calculation of the said periods. Under the Saudi Arabian Zakat regulations, the Company has the right to file an appeal against such assessments within 60 days from receiving the assessments.

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