

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017



Ernst & Young & Co. (Public Accountants)
Al Faisaliah Office Tower
PO Box 2732
King Fahad Road
Riyadh 11461
Saudi Arabia
Registration Number: 45

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

www.ey.com

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

Opinion

We have audited the consolidated financial statements of Maharah for Human Resources Company (the "Company") and its subsidiary (collectively, the "Group"), which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia (KSA).

Basis for Opinion

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

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted in the KSA and the provisions of Companies Law and the Company's By-Laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Building a better
working world

Ernst & Young & Co. (Public Accountants)
Al Faisaliah Office Tower
PO Box 2732
King Fahad Road
Riyadh 11461
Saudi Arabia
Registration Number: 45

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

www.ey.com

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Ernst and Young

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



Riyadh: 24 Jumad Thani 1439H
(12 March 2018)

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	2017 SR	2016 (Restated - Note 30) SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	342,221,524	190,906,099
Murabaha time deposits	5	4,000,000	16,344,690
Accounts receivable, unbilled receivables and other	6	143,975,960	117,773,749
Prepayments and other current assets	7	60,145,330	99,479,435
Available visas	8	21,064,000	19,480,000
TOTAL CURRENT ASSETS		571,406,814	443,983,973
NON-CURRENT ASSETS			
Used visas - non-current	7	18,205,989	7,309,312
Prepaid recruitment expenses - non-current		29,546,488	11,490,784
Property and equipment	11	104,577,019	92,795,357
Available-for-sale investments	12	31,261,609	30,680,240
Cash margin against license guarantee letter	9	-	10,000,000
TOTAL NON-CURRENT ASSETS		183,591,105	152,275,693
TOTAL ASSETS		754,997,919	596,259,666
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable, accruals and others	14	181,013,757	134,836,339
Retained deposits and unearned revenues	13	149,235,574	158,418,281
Zakat payable	15	9,470,542	10,975,623
TOTAL CURRENT LIABILITIES		339,719,873	304,230,243
NON-CURRENT LIABILITIES			
Employees' terminal benefits		42,070,769	31,543,006
Retained deposits - non-current portion		52,446,268	48,278,239
TOTAL NON-CURRENT LIABILITIES		94,517,037	79,821,245
TOTAL LIABILITIES		434,236,910	384,051,488
SHAREHOLDERS' EQUITY			
Share capital	16	250,000,000	100,000,000
Statutory reserve	17	20,347,320	30,000,000
Unrealized gains on revaluation of available-for-sale investments	12	1,261,609	680,240
Retained earnings		49,153,818	81,527,938
TOTAL SHAREHOLDERS' EQUITY		320,762,747	212,208,178
Non-controlling interests		(1,738)	-
TOTAL EQUITY		320,761,009	212,208,178
TOTAL LIABILITIES AND EQUITY		754,997,919	596,259,666

The attached notes 1 to 33 form part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2017

	<i>Note</i>	<i>2017 SR</i>	<i>2016 (Restated - Note 30) SR</i>
Revenue	25	1,167,944,942	1,181,428,295
Costs of revenue		<u>(875,418,632)</u>	<u>(844,642,415)</u>
GROSS PROFIT	25	292,526,310	336,785,880
EXPENSES			
General and administration	20	(87,732,481)	(66,352,024)
Marketing	21	<u>(8,920,204)</u>	<u>(28,213,083)</u>
INCOME FROM MAIN OPERATIONS		195,873,625	242,220,773
Other income	22	<u>16,531,496</u>	<u>4,487,440</u>
INCOME BEFORE ZAKAT		212,405,121	246,708,213
Zakat	15	<u>(8,979,559)</u>	<u>(8,136,965)</u>
NET INCOME FOR THE YEAR		203,425,562	238,571,248
NET INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Parent Company		<u>203,473,200</u>	<u>238,571,248</u>
Non-controlling interests		<u>(47,638)</u>	<u>-</u>
		203,425,562	238,571,248
EARNINGS PER SHARE:	23		
Income from main operations per share attributable to Shareholders of the Parent Company		7.83	9.69
Net income for the year per share attributable to Shareholders of the Parent Company		8.14	9.54

The attached notes 1 to 33 form part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	Note	2017 SR	2016 (Restated - Note 30) SR
OPERATING ACTIVITIES			
Income before zakat		212,405,121	246,708,213
<i>Adjustments for:</i>			
Amortization of used visas	7	36,463,753	33,685,490
Provision for employees' terminal benefits		22,903,798	19,487,179
Depreciation of property and equipment	11	6,510,887	5,145,279
Provision for doubtful debts	6	7,304,431	25,744,660
Reversal of provision for withholding taxes not required	22	(2,578,755)	-
Earnings from murabaha time deposits	22	(3,435,611)	(1,022,943)
Gain on disposal of property and equipment		(32,703)	-
		<u>279,540,921</u>	<u>329,747,878</u>
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable, unbilled receivables and other		(33,460,742)	(35,549,561)
Prepayments and other current assets		6,737,971	(58,659,568)
Available visas		(34,404,000)	21,086,712
Retained deposits and unearned revenues		(5,014,678)	21,644,935
Cash margin against license guarantee letter		10,000,000	-
Accounts payable, accruals and others		48,756,173	(2,013,604)
Cash generated from operations		<u>272,155,645</u>	<u>276,256,792</u>
Zakat paid	15	(10,484,640)	(6,483,132)
Employees' terminal benefits paid		(12,376,035)	(9,166,210)
Net cash generated from operating activities		<u>249,294,970</u>	<u>260,607,450</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	11	(18,334,846)	(15,666,873)
Net proceeds from murabaha time deposits		15,780,301	55,528,736
Proceeds from disposal of property and equipment		75,000	453,532
Purchase of available for sale investment		-	(30,680,240)
Net cash (used in) generated from investing activities		<u>(2,479,545)</u>	<u>9,635,155</u>
FINANCING ACTIVITIES			
Dividends paid	19	(95,500,000)	(265,722,188)
Net cash used in financing activities		<u>(95,500,000)</u>	<u>(265,722,188)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		151,315,425	4,520,417
Cash and cash equivalents at the beginning of the year		<u>190,906,099</u>	<u>186,385,682</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>342,221,524</u></u>	<u><u>190,906,099</u></u>
Significant non-cash transaction:			
Unrealized gains on revaluation of available-for-sale investments	12	581,369	680,240

The attached notes 1 to 33 form part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Attributable to Shareholders of the Parent Company							
	Share capital SR	Statutory reserve SR	Consensual reserve SR	Unrealized gains on revaluation of available-for-sale investments SR	Retained earnings SR	Total shareholders' equity SR	Non-controlling interests SR	Total equity SR
Balance at 31 December 2015, as previously reported	100,000,000	28,539,185	14,269,593	-	112,583,070	255,391,848	-	255,391,848
Prior years' adjustments (note 30)	-	-	-	-	(16,712,970)	(16,712,970)	-	(16,712,970)
Balance at 31 December 2015, as restated	100,000,000	28,539,185	14,269,593	-	95,870,100	238,678,878	-	238,678,878
Net income for the year, as restated (note 30)	-	-	-	-	238,571,248	238,571,248	-	238,571,248
Transfer to statutory reserve	-	1,460,815	-	-	(1,460,815)	-	-	-
Unrealized gains on available-for-sale investments (notes 12 and 30)	-	-	-	680,240	-	680,240	-	680,240
Dividends (note 19)	-	-	(14,269,593)	-	(251,452,595)	(265,722,188)	-	(265,722,188)
Balance at 31 December 2016, as restated	100,000,000	30,000,000	-	680,240	81,527,938	212,208,178	-	212,208,178
Capital increase (note 16)	150,000,000	(30,000,000)	-	-	(120,000,000)	-	-	-
Acquisition of partially-owned subsidiary	-	-	-	-	-	-	45,900	45,900
Net income for the year	-	-	-	-	203,473,200	203,473,200	(47,638)	203,425,562
Transfer to statutory reserve	-	20,347,320	-	-	(20,347,320)	-	-	-
Unrealized gains on available-for-sale investments (note 12)	-	-	-	581,369	-	581,369	-	581,369
Dividends (note 19)	-	-	-	-	(95,500,000)	(95,500,000)	-	(95,500,000)
Balance at 31 December 2017	250,000,000	20,347,320	-	1,261,609	49,153,818	320,762,747	(1,738)	320,761,009

The attached notes 1 to 33 form part of these consolidated financial statements.

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 December 2017

1 ACTIVITIES

Maharah for Human Resources Company (the "Company" or "Parent Company") is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (KSA) under Commercial Registration numbered 1010364538 and dated 7 Rabi Thani 1434H (corresponding to 17 February 2013). The Company is engaged in providing recruitment services for public and private sectors.

On 17 September 2017, the Parent Company attained 85% ownership of Musanid Cleaning Services (the "Subsidiary"), a Limited Liability Company registered in United Arab Emirates under Commercial Registration numbered 1304819 and dated 26 Dhul-Hijjah 1438H (corresponding to 17 September 2017). The Subsidiary is licensed in providing building cleaning services.

2 BASIS OF CONSOLIDATION

These consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its Subsidiary (collectively, the "Group") set out in note (1) above.

A subsidiary company is that in which the Parent Company has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts control. A subsidiary company is consolidated from the date on which the Parent Company obtains control until the date that control ceases.

The consolidated financial statements are prepared based on the individual financial statements of the Parent Company and its Subsidiary. The financial statements of the Subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, income, expenses, unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from the shareholders' equity.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the KSA. The significant accounting policies adopted are as follows:

Effective 1 January 2018, the Group's consolidated financial statements will be prepared under International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") and endorsed in KSA and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to "IFRSs as endorsed in KSA"). Upon IFRSs as endorsed in KSA adoption, the Group will be required to comply with the requirements of IFRS 1 - First-time Adoption of International Financial Reporting Standards for the reporting periods starting 1 January 2018. In preparing the opening consolidated financial statements in accordance with IFRSs as endorsed in KSA, the Group will analyze impacts and incorporate certain adjustments due to the first time adoption of IFRSs as endorsed in KSA.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention except for measurement of available-for-sale investments at fair values.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when placed.

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Murabaha time deposits

Deposits with banks represent deposits with local commercial banks having a maturity of more than three months from the date of acquisition and expected to be realized within one year from the date of the consolidated balance sheet.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized in the consolidated statement of income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Purchased, available, used visas and recruitment costs

Purchased visas

Purchased visas represent the amounts paid to the government authorities against issuing manpower visas and are recorded at cost.

Used visas

Visas transferred from purchased visas and used for recruitment, are classified as 'used visas' and amortized in the consolidated statement of income on straight-line basis over two years or the manpower contract period, whichever is shorter. In case of termination of manpower contract or occurrence of an event that prevents the continuation of service, the remaining unamortized amount of used visas are recognized as expense immediately. Used visas are classified as current assets if they are expected to be used within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current assets.

Available visas

Available visas represent the unused balance of purchased visas. As per General Administration of Visa Control, the Group, upon its wish, may return and refund unused visas. Available visas are presented under current assets.

Recruitment costs

Recruitment costs represent the amount paid to recruitment agencies in connection with services obtained. These costs are amortized in the consolidated statement of income over two years in line with the manpower contract period. Recruitment costs are classified as current assets if they were expected to be used within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current assets.

Resident fees and work permits

Resident fees and work permits are amortized in the consolidated statement of income over one year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Lands and capital work in progress are not depreciated. The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized on a straight-line basis over the shorter of useful lives of the improvements or the lease term.

Expenditure for repair and maintenance is charged to consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale investments

Available-for-sale investments are those investments neither intended to be held to maturity nor purchased for purpose of trading. Investments in available for sale securities are stated at fair value and included under non-current assets in the consolidated balance sheet unless the Group intends to sell those investments in next fiscal year. Unrealized gains or losses are included in the consolidated statement of changes in equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gains or losses previously reported in the equity is included in the consolidated statement of income for the year. Fair value is determined based on the market value if an open market exists or by using alternative revaluation methods. Otherwise cost is considered to be the fair value.

Impairment of non-financial assets

The Group periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Retained deposits

Retained deposits represent the amounts equivalent to two months' salary collected as security and retained with the Group until the completion/termination of the manpower contract. Retained deposits are classified as current liabilities if they are expected to be settled within one year from the date of the consolidated balance sheet. Otherwise, these are presented as non-current liabilities.

Unearned revenue

Unearned revenues represent the amounts collected from customers in advance at the signing of the contracts of providing manpower services. These amounts are recognized as revenue in the consolidated statement of income of the Group during the contract period.

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labor Laws applicable to employees' accumulated periods of service at the consolidated balance sheet date.

Dividends

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any levies or duty. Amounts disclosed as revenue are net of trade allowances and rebates. The Group has concluded it is the principal in all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

Revenue represents manpower services provided by the Group to the public and private sectors and individuals during the year. Revenue is measured and recorded on accrual basis and in accordance with the manpower contracts over the period of providing the services to customers.

Earnings from murabaha time deposits are recognized on accrual basis.

Other income is recognized when earned.

Costs and expenses

Costs which are directly related to services provided are classified as cost of revenue. Costs which are attributable to marketing, promotional activities and bad debts are classified as marketing expenses. All other indirect expenses are classified as general and administration expenses.

General and administration expenses include direct and indirect costs not specifically part of cost of revenue or the marketing activities of the Group.

Operating leases

Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the term of lease.

Foreign currencies

Transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the consolidated balance sheet date. All differences are taken to the consolidated statement of income.

Foreign operations translations

Financial statements of the foreign subsidiary are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rates for each period for revenue, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rates ruling at the date of occurrence of each component. Foreign currency translation adjustments, if material, are recorded as a separate component of the shareholders' equity.

Segmental Reporting

A segment is a distinguishable component of the Group that is engaged in either providing products or services (a business segment), or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

4 CASH AND CASH EQUIVALENTS

	2017 SR	2016 SR
Cash on hand	78,763	77,283
Bank balances	342,142,761	120,828,816
Short term deposits with current maturity of 3 months or less	-	70,000,000
	<u>342,221,524</u>	<u>190,906,099</u>

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

4 CASH AND CASH EQUIVALENTS (continued)

Included in the bank balances is an amount totaling to SR 10 million for the cash margin against the guarantee issued by one of the local commercial banks to the Ministry of Labor and Social Development on behalf of the Company (note 9).

5 MURABAHA TIME DEPOSITS

Murabaha time deposits represent deposits with local commercial banks having a maturity of more than three months from date of acquisition and expected to be realized within one year from the date of the consolidated balance sheet. The variable commission rates on the murabaha time deposits as at 31 December 2017 are based on prevailing commercial market rates.

6 ACCOUNTS RECEIVABLE, UNBILLED RECEIVABLES AND OTHER

	2017 SR	2016 (Restated - Note 30) SR
Accounts receivable	144,292,827	119,186,103
Less: provision for doubtful debts	(33,583,987)	(26,279,556)
	<u>110,708,840</u>	<u>92,906,547</u>
Amounts due from related parties (note 10)	7,088,462	9,368,907
Unbilled receivables	26,178,658	15,498,295
	<u>143,975,960</u>	<u>117,773,749</u>

The five largest customers account for 32% of outstanding accounts receivable as at 31 December 2017 (2016: 30%).

At 31 December 2017, accounts receivable at nominal value of SR 33.6 million (2016: SR 26.3 million) were impaired. Movements in the provision for doubtful debts were as follows:

	2017 SR	2016 SR
At the beginning of the year	26,279,556	534,896
Provided during the year (note 21)	7,304,431	25,744,660
At the end of the year	<u>33,583,987</u>	<u>26,279,556</u>

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

	Total SR	< 90 days SR	91-180 days SR	> 181 days SR
2017	110,708,840	101,027,026	3,609,874	6,071,940
2016	92,906,547	88,871,591	1,702,530	2,332,426

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

7 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>2017</i> <i>SR</i>	<i>2016</i> <i>SR</i>
Resident fees and work permits	39,307,778	40,800,078
Prepaid recruitment expenses	9,134,083	30,589,367
Used visas (*)	4,697,285	19,237,715
Advance to suppliers	3,790,759	2,009,339
Prepaid rent	1,856,122	1,635,613
Prepaid insurance	129,200	3,529,123
Others	1,230,103	1,678,200
	<u>60,145,330</u>	<u>99,479,435</u>

(*) The movement in used visas during the year was as follows:

	<i>2017</i> <i>SR</i>	<i>2016</i> <i>SR</i>
Opening balance	26,547,027	24,561,805
Transferred from available visas during the year (note 8)	32,820,000	35,670,712
Amortized during the year	(36,463,753)	(33,685,490)
Net balance of used visas at the end of the year	<u>22,903,274</u>	<u>26,547,027</u>

The net balance of used visa is presented as below:

	<i>2017</i> <i>SR</i>	<i>2016</i> <i>SR</i>
Current portion	4,697,285	19,237,715
Non-current portion	18,205,989	7,309,312
Net balance of used visas at the end of the year	<u>22,903,274</u>	<u>26,547,027</u>

8 AVAILABLE VISAS

Available visas represent the balance of unused visas as at the date of the consolidated financial statements. Amounts of available visas are transferred to used visas when issuing visas to the recruited manpower.

	<i>2017</i> <i>SR</i>	<i>2016</i> <i>SR</i>
Opening balance	19,480,000	40,566,712
Purchased visas during the year	34,404,000	14,584,000
Transferred to used visas (note 7)	(32,820,000)	(35,670,712)
Balance of available visas at the end of the year	<u>21,064,000</u>	<u>19,480,000</u>

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

9 CASH MARGIN AGAINST LICENSE GUARANTEE LETTER

Letter of guarantee represents the letter submitted to Ministry of Labor and Social Development against issuance of recruitment license for the Parent Company. The guarantee letter was secured against 100% cash margin, which was placed with a local commercial bank (the "Bank"). In October 2016, the Parent Company and the Bank entered into an agreement wherein the Bank will accept the placed murabaha time deposits of the Parent Company in lieu for the guarantees and that the Bank will serve as guarantor for the Parent Company with its guarantee to the Ministry of Labor and Social Development. During February 2017, the cash margin was transferred to the Parent Company's bank account (note 4).

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) 31 December 2017

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include major shareholders, directors and key management personnel of the Group and entities controlled or significantly influenced by such parties. Following are the major details of the related party transactions during the year and related balances at the end of the year:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Relationship</i>	<i>Amount of transactions</i>		<i>Balance</i>	
			<i>2017</i> <i>SR</i>	<i>2016</i> <i>SR</i>	<i>2017</i> <i>SR</i>	<i>2016</i> <i>SR</i>
Due from related parties						
Maharah Holding Company	Financing	Affiliate	-	4,052,650	4,080,150	4,080,150
Spectra Support Services	Manpower Services	Affiliate	-	40,932,620	-	5,288,757
Al Safi Danone Co. Ltd.	Manpower Services	Affiliate	9,216,241	-	1,895,160	-
ND Logistics	Manpower Services	Affiliate	3,252,873	-	797,276	-
Elixir Medical Co.	Manpower Services	Affiliate	389,392	-	155,222	-
Alfa for Operations Services Co. Ltd.	Manpower Services	Affiliate	1,180,736	-	103,301	-
Mayar Al Assef General Trading LLC	Capital contribution on behalf of minority partner of a subsidiary	Affiliate	45,900	-	45,950	-
Others	Manpower Services	Affiliate	712,686	-	11,403	-
					7,088,462	9,368,907
Due to related parties						
Mahara Travel and Tourism Company	Air tickets	Affiliate	22,441,838	13,720,691	792,625	372,551
Architectural Experience Company	Services	Affiliate	378,398	-	8,834	-
Directors	Board remuneration (note 20)	Key management personnel	2,000,000	1,600,000	2,200,000	1,600,000
					3,001,459	1,972,551

Amounts due from and due to related parties are shown in notes 6 and 14, respectively.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

II PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	20 years 10 years or lease term, whichever is shorter	Office equipment Vehicles	4 - 10 years 4 years							
	Lands SR	Buildings SR	Leasehold improvements SR	Furniture and fixtures SR	Office equipment SR	Vehicles SR	Capital work in progress SR	Total 2017 SR	Total 2016 SR	
Buildings										
Leasehold improvements										
Furniture and fixtures										
Cost:										
At the beginning of the year	45,976,200	16,730,033	15,450,662	3,817,433	9,948,387	5,640,800	6,131,354	103,694,869	88,560,496	
Additions	-	57,080	1,319,508	859,177	2,751,985	5,503,600	7,843,496	18,334,846	15,666,873	
Transfers	-	2,109,592	-	-	-	-	(2,109,592)	-	-	
Disposals	-	-	-	-	-	(133,700)	-	(133,700)	(532,500)	
At the end of the year	45,976,200	18,896,705	16,770,170	4,676,610	12,700,372	11,010,700	11,865,258	121,896,015	103,694,869	
Depreciation:										
At the beginning of the year	-	995,885	4,693,330	793,135	2,879,760	1,537,402	-	10,899,512	5,833,201	
Charge for the year (note 20)	-	449,289	1,630,361	446,325	2,017,147	1,967,765	-	6,510,887	5,145,279	
Disposals	-	-	-	-	-	(91,403)	-	(91,403)	(78,968)	
At the end of the year	-	1,445,174	6,323,691	1,239,460	4,896,907	3,413,764	-	17,318,996	10,899,512	
Net book values:										
At 31 December 2017	45,976,200	17,451,531	10,446,479	3,437,150	7,803,465	7,596,936	11,865,258	104,577,019		
At 31 December 2016	45,976,200	15,734,148	10,757,332	3,024,298	7,068,627	4,103,398	6,131,354		92,795,357	

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

12 AVAILABLE-FOR SALE INVESTMENTS

This represents investment in a mutual fund, namely Al Rajhi Commodity SAR Fund (206,988.44 units for SR 144.94 each) purchased for SR 30 million. The movement in available for sale investments for the year was as follows:

	<i>2017</i> <i>SR</i>	<i>2016</i> <i>(Restated -</i> <i>Note 30)</i> <i>SR</i>
<i>Cost:</i>		
At the beginning of the year	30,000,000	-
Additions during the year	-	30,000,000
At the end of the year	<u>30,000,000</u>	<u>30,000,000</u>
<i>Revaluation adjustments:</i>		
At the beginning of the year	680,240	-
Unrealized gain during the year	581,369	680,240
At the end of the year	<u>1,261,609</u>	<u>680,240</u>
<i>Net book values:</i>		
31 December:	<u>31,261,609</u>	<u>30,680,240</u>

13 RETAINED DEPOSITS AND UNEARNED REVENUES

	<i>2017</i> <i>SR</i>	<i>2016</i> <i>(Restated -</i> <i>Note 30)</i> <i>SR</i>
Retained deposits - current portion	79,316,636	110,453,851
Unearned revenues	69,918,938	47,964,430
	<u>149,235,574</u>	<u>158,418,281</u>

14 ACCOUNTS PAYABLE, ACCRUALS AND OTHERS

	<i>2017</i> <i>SR</i>	<i>2016</i> <i>(Restated -</i> <i>Note 30)</i> <i>SR</i>
Accrued tickets and vacations	80,643,183	79,479,619
Accrued salaries and benefits	60,814,573	33,749,379
Advances from customers	18,404,865	6,745,993
Accrued bonus and incentives	6,254,198	-
Provision for operational risk (note 26)	6,000,000	5,079,200
Accounts payable	5,895,479	5,230,842
Amounts due to related parties (note 10)	3,001,459	1,972,551
Provision for withholding taxes	-	2,578,755
	<u>181,013,757</u>	<u>134,836,339</u>

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

15 ZAKAT

Charge for the year

The zakat charge amounting to SR 8,979,559 (2016: SR 8,136,965) consists of current year provision and is based on the following:

	2017 SR	2016 SR
Shareholders' equity	211,527,938	128,539,185
Opening provisions and other adjustments	24,572,863	12,590,723
Book value of long term assets	(104,577,019)	(91,577,707)
	<u>131,523,782</u>	<u>49,552,201</u>
Zakatable income for the year	227,658,560	275,926,399
Zakat base	<u>359,182,342</u>	<u>325,478,600</u>
Zakat provision @ 2.5%	<u>8,979,559</u>	<u>8,136,965</u>

The differences between the financial and zakatable results are mainly due to provisions which are not allowed in calculation of zakatable income.

Movement of zakat provision

The movement in the zakat provision for the year was as follows:

	2017 SR	2016 SR
At the beginning of the year	10,975,623	9,321,790
Provided for the year	8,979,559	8,136,965
Paid during the year	(10,484,640)	(6,483,132)
At the end of the year	<u>9,470,542</u>	<u>10,975,623</u>

Status of zakat assessments

The Parent Company has submitted its zakat returns for all previous years up to 31 December 2016 with the General Authority for Zakat and Tax (GAZT) and obtained related zakat certificates. Final zakat assessments have not been raised as yet.

16 SHARE CAPITAL

Capital is divided into 25 million shares (2016: 10 million shares) of SR 10 each.

During 2017, the shareholders of the Parent Company resolved to increase the capital of the Parent Company to SR 250 million by transferring SR 120 million and SR 30 million from retained earnings and statutory reserve respectively to share capital. The legal formalities required to enforce the increase of the share capital have been completed during the year.

17 STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-laws, the Parent Company must transfer 10% of its income for the year to the statutory reserve. The Parent Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. Accordingly, the Parent Company has set aside 10% of the net income for the year to the statutory reserve. The reserve is not available for distribution.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 31 December 2017

18 CONSENSUAL RESERVE

In accordance with the Parent Company's by-laws and based on the proposal of the Board of Directors, 5% of the net income of each year up to 2015 had been transferred to the consensual reserve, to be allocated for certain purposes. During 2016, the Board of Directors have decided to release this reserve set aside to pay dividends.

19 DIVIDENDS

- In their meeting dated 27 Muharram 1439H (corresponding to 17 October 2017), the Board of Directors of the Parent Company declared interim dividends amounting to SR 95.5 million, which was paid during the year.
- In their meeting dated 27 Dhul-Hijjah 1437H (corresponding to 28 September 2016), the Board of Directors of the Parent Company declared interim dividends amounting to SR 165.7 million, which was paid in 2016. This was ratified by the shareholders general assembly held on 23 Rajab 1438H (corresponding to 20 April 2017).
- In their meeting dated 4 Rajab 1437H (corresponding to 11 April 2016), the Board of Directors of the Parent Company declared interim dividends amounting to SR 100 million, which was paid in 2016. This was ratified by the shareholders general assembly held on 12 Rajab 1437H (corresponding to 19 April 2016).

20 GENERAL AND ADMINISTRATION EXPENSES

	<i>2017</i>	<i>2016</i>
	<i>SR</i>	<i>SR</i>
Employees' costs	55,915,379	47,255,725
Professional fees	9,733,054	2,658,763
Depreciation (note 11)	6,510,887	5,145,279
Utilities and subscription	2,585,155	1,247,797
Bank charges	2,379,231	2,129,295
Board remuneration and bonus (note 10)	2,000,000	1,600,000
Repairs and maintenance	1,406,282	848,308
Rental	1,385,419	1,459,884
Travel	733,670	648,562
Others	5,083,404	3,358,411
	<u>87,732,481</u>	<u>66,352,024</u>

21 MARKETING EXPENSES

	<i>2017</i>	<i>2016</i>
	<i>SR</i>	<i>SR</i>
Provision for doubtful debts (note 6)	7,304,431	25,744,660
Advertisements	1,529,973	2,302,437
Marketing commission	85,800	165,986
	<u>8,920,204</u>	<u>28,213,083</u>

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

22 OTHER INCOME

	2017 SR	2016 (Restated - Note 30) SR
Income from customers' contract cancellation	5,320,172	1,829,993
Income from fines and penalties	3,582,307	1,494,301
Earnings from murabaha time deposits	3,435,611	1,022,943
Reversal of provision for withholding taxes not required	2,578,755	-
Miscellaneous	1,614,651	140,203
	<u>16,531,496</u>	<u>4,487,440</u>

23 EARNINGS PER SHARE

Earnings per share attributable to the shareholders of the Parent Company, is calculated based on the weighted average number of outstanding shares during the year. The weighted average number of outstanding shares in 2016 have been retrospectively adjusted to reflect the bonus element for shares issued during 2017.

The earnings per share attributable to income from main operations has decreased by 19% to 7.83 per share for the year ended 31 December 2017 from 9.69 per share for the year ended 31 December 2016.

24 OPERATING LEASES

Rent expenses are related to operating leases. During 2017, an amount of SR 8,220,407 (2016: SR 8,633,498) was recognized as an expense in the consolidated statement of income under general and administration expenses and cost of revenue.

25 SEGMENTAL REPORTING

These are attributable to the Group's activities and business lines approved by management to be used as a basis for the financial reporting and are consistent with the internal reporting process. The segments' results comprise items that are directly attributable to a certain segment and items that can be reasonably allocated between the main business segments.

The Group is organized into the following main business segments:

Corporate: This segment pertains to services provided to corporate entities that have contract terms for two years.

Individual: This segment pertains to services provided, ranging from worker rentals to khidma services, for individual customers that contract terms ranges from an hour to six-month basis.

	<i>Corporate</i>		<i>Individual</i>		<i>Total</i>	
	2017 SR	2016 (Restated - Note 30) SR	2017 SR	2016 (Restated - Note 30) SR	2017 SR	2016 (Restated - Note 30) SR
Revenue	879,320,551	992,037,065	288,624,391	189,391,230	1,167,944,942	1,181,428,295
Gross profit	220,236,748	282,796,745	72,289,562	53,989,135	292,526,310	336,785,880

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

The primary market for the Group's activities and services is KSA. Hence, geographical segmental information is not applicable in this case.

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

26 RISK MANAGEMENT

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on its commission bearing assets including cash and cash equivalents and murabaha time deposits which is not likely to be significant. The Group does not have any commission bearing liability at the balance sheet date.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the balance sheet date, 32% (2016: 30%) of the gross accounts receivable pertains to 5 (2016: 5) major customers.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages its liquidity risk by ensuring that necessary funds are available. The Group's terms of providing service require amounts to be paid within 30 days from the date of invoice issuance. Payables are normally settled within 30 days of the date of contract.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group transacts principally in Saudi Riyals, US Dollars and United Arab Emirates Dirhams. Management monitors regularly the fluctuations in currency exchange rates and the effects of the currency fluctuation has been accounted for in the consolidated financial statements accordingly.

Operational Risk

Operational risk is the risk that the Group will encounter difficulties in providing the required manpower or failing to complete the period of the contract due to rejection of work, lack of good work performance, escape, death and change of related laws and regulations. The Group seeks to manage the operation risks by monitoring these cases on a regular basis in order to avoid or reduce occurrence of such cases. The Group also provides a provision to encounter these cases when occurred. In 2017, the Group recognized additional provision as the Group was able to compute the net exposure/impact upon considering the related prepayments and accruals balances for inactive employees (note 14). Provision for operational risk during the year amounted to SR 6,000,000 as at 31 December 2017 (31 December 2016; SR 5,079,200).

27 CONTINGENT LIABILITIES

The Group's bankers have issued, on its behalf, guarantees amounting to SR 10,000,000 (2016: SR 10,000,000) in respect of contract performance, in the normal course of business.

28 KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of the past due receivables.

At the reporting date, gross accounts receivable were SR 144,292,827 with SR 33,583,987 being maintained as provision for doubtful debts (2016: gross accounts receivable of SR 119,186,103 with provision for doubtful debts of SR 26,279,556). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of income.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

28 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Zakat

Significant judgment is required in determining the provision for zakat. There are many transactions and calculations for which the ultimate zakat determination is uncertain. The Group recognizes liabilities for anticipated zakat based on estimation of whether additional zakat will be due.

29 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of cash and cash equivalents, murabaha time deposits, receivables and available-for-sale investments. Financial liabilities of the Group consist of accounts payables, accruals and others. The fair values of financial instruments of the Group at the balance sheet date are not materially different from their carrying values.

30 RECTIFICATIONS OF MISSTATEMENT IN PRIOR FINANCIAL REPORTING

During the year, the management of the Parent Company discovered accounting errors resulting in material misstatements in the previous years' financial statements. The misstatements largely encompassed understatements of salaries expense and related accruals pertaining to workers' unassigned periods; understatement of revenue as certain employee benefits are billable to customers; improper recognition of onboarding fees as revenue and related unearned revenue.

Maharah for Human Resources Company and its Subsidiary
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

30 RECTIFICATIONS OF MISSTATEMENT IN PRIOR FINANCIAL REPORTING (continued)

The management was able to quantify the impact of the misstatements in the previous years' financial statements. Accordingly, the Parent Company has rectified such misstatements and restated previous years' financial statements.

The following analysis reflects the restatements on the affected accounts as at 31 December:

	<i>Accounts receivable, unbilled receivables and other SR</i>	<i>Retained deposits and unearned revenues SR</i>	<i>Accounts payable, accruals and others SR</i>	<i>Revenue SR</i>	<i>Costs of revenue SR</i>	<i>Other income SR</i>	<i>Unrealized gains in available-for-sale investments SR</i>	<i>Net income SR</i>	<i>Retained earnings SR</i>
Balance as at 31 December 2015, as previously reported	110,602,348	92,524,235	128,078,264	957,757,005	(693,205,978)	-	-	199,192,457	112,583,070
Prior year adjustment - for 2015 and previous years	-	5,280,291	11,432,679	1,136,161	(6,742,793)	-	-	(5,606,632)	(16,712,970)
Restated balance as at 31 December 2015	110,602,348	97,804,526	139,510,943	958,893,166	(699,948,771)	-	-	193,585,825	95,870,100
Balance as at 31 December 2016, as previously reported	105,099,184	155,133,813	122,147,936	1,166,757,907	(843,386,691)	(5,167,680)	-	225,836,824	85,506,484
Prior year adjustment - for 2016 and previous years	12,674,565	3,284,468	12,688,403	14,670,388	(1,255,724)	680,240	(680,240)	12,734,424	(3,978,546)
Restated balance as at 31 December 2016	117,773,749	158,418,281	134,836,339	1,181,428,295	(844,642,415)	(4,487,440)	(680,240)	238,571,248	81,527,938

The following analysis reflects the impact on earnings per share are as at December 31:

	2016 SR	2015 SR
Increase (decrease) in income from main operations per share attributable to Shareholders of the Parent Company	0.54	(0.22)
Increase (decrease) in net income for the year per share attributable to Shareholders of the Parent Company	0.51	(0.22)

Maharah for Human Resources Company and its Subsidiary (A Closed Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2017

31 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 20 Jumad Thani 1439H (corresponding to 8 March 2018).

32 GROUP'S OPERATIONS

Following are Group's branches details as at 31 December 2017:

<i>Name</i>	<i>Commercial Registration Number</i>	<i>Date</i>
Al Yasameen	1010465207	2 Safar 1438H
Al Moroj	1010436553	28 Shawwal 1436H
Al Taawon	1010427484	9 Muhurram 1435H
Jubail	2055021858	5 Rabi Thani 1435H
Ar Rass	1132010975	7 Dhul-Qadah 1435H
Al Rabwah	1010465209	2 Safar 1438H
Suwaidi	1010427485	9 Muhurram 1435H
Medina	4650076804	7 Dhul-Qadah 1435H
Buraydah	1136056729	29 Jumad Awal 1437H
Ha'il	2350043311	27 Rabi Thani 1436H
Khamis Mushait	5855068093	15 Rabi Awal 1436H
Khurais	1010436554	28 Shawwal 1436H
Unaizah	1128019621	15 Rabi Awal 1436H
Jeddah - Naeem	4030278496	9 Muhurram 1435H
Jeddah - Rawda	4030296922	20 Muhurram 1439H
Dammam	2050111011	29 Safar 1438H
Abha	5850071792	23 Rabi Thani 1439H
Al Khobar	2051056199	5 Rabi Thani 1435H

33 COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform with the current year presentation.