MAALEM FINANCING COMPANY
(Formerly known as Maalem Al Taqseet Company)
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2017 AND
INDEPENDENT AUDITORS' REPORT

MAALEM FINANCING COMPANY
(Formerly known as Maalem Al Taqseet Company)
(A Saudi Closed Joint Stock Company)
Financial statements
For the year ended December 31, 2017

pwc

Independent auditor's report to the shareholders of Maalem Financing Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maalem Financing Company (the "Company") as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by Saudi Arabian Monetary Authority ("SAMA") for zakat and income tax.

What we have audited

The Company's financial statements comprise:

- the statement of comprehensive income for the year ended December 31, 2017;
- the statement of financial position as at December 31, 2017;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as modified by SAMA for zakat and income tax and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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Independent auditor's report to the shareholders of Maalem Financing Company
(A Saudi Closed Joint Stock Company) ***(continued)***

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies and the Company's Articles of Association in so far as they affect the preparation and presentation of the financial statements.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

March 1, 2018

MAALEM FINANCING COMPANY
(Formerly known as Maalem Al Taqseet Company)
(A Saudi Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2017	2016 (restated)*
Murabaha Income	20	30,086,688	11,508,241
Financial charges		(4,463,887)	-
		25,622,801	11,508,241
Operating expenses			
Other general and administrative	4, 20	(9,140,741)	(3,507,641)
Provision for doubtful debts	6	(6,052,203)	(948,470)
Salaries and other benefits		(7,426,965)	(4,798,320)
Income from operations		3,002,892	2,253,810
Other income		177,184	114,949
Net income		3,180,076	2,368,759
Other comprehensive income		-	-
Total comprehensive income		3,180,076	2,368,759
Basic earnings per share	14, 20	0.26	0.24
Weighted average number of shares	14	12,315,068	10,000,000

*See note 20 for the details regarding the restatement as a result of errors.

The notes on pages 7 to 22 form an integral part of these financial statements.

MAALEM FINANCING COMPANY
(Formerly known as Maalem Al Taqseet Company)
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

	Note	December 31, 2017	December 31, 2016 (restated)*	January 1, 2016 (restated)*
Assets				
Cash and cash equivalents	5	**27,870,949**	8,792,741	2,707,344
Murabaha receivables, net	6, 20	**190,837,990**	85,424,018	95,494,723
Due from related parties	7, 20	**2,985,707**	6,838,164	8,372,048
Prepayments and other receivables	8	**9,597,289**	1,628,607	1,244,123
Repossessed assets held for sale	9	**2,000,000**	-	-
Property and equipment, net	10	**5,064,278**	1,193,791	669,523
Total assets		**238,356,213**	103,877,321	108,487,761
Liabilities and shareholders' equity				
Liabilities				
Due to related parties		**-**	-	3,460,000
Loan from a related party	11	**79,327,397**	-	-
Accrued and other liabilities		**4,467,015**	1,455,528	4,495,147
Provision for zakat	12, 20	**9,253,214**	7,804,796	6,044,044
Employees' termination benefits	13, 20	**658,700**	609,700	400,100
Total liabilities		**93,706,326**	9,870,024	14,399,291
Shareholders' equity				
Share capital	14	**150,000,000**	100,000,000	100,000,000
Statutory reserve	15	**2,080,046**	1,762,038	1,762,038
Accumulated deficit	20	**(7,430,159)**	(7,754,741)	(7,673,568)
Total shareholders' equity		**144,649,887**	94,007,297	94,088,470
Total liabilities and shareholders' equity		**238,356,213**	103,877,321	108,487,761
Contingency and commitments	16			

*See note 20 for the details regarding the restatement as a result of errors.

The notes on pages 7 to 22 form an integral part of these financial statements.

MAALEM FINANCING COMPANY
(Formerly known as Maalem Al Taqseet Company)
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated deficit	Total
January 1, 2016 (previously reported)		100,000,000	1,762,038	3,049,333	104,811,371
Adjustment for correction of errors	20	-	-	(10,722,901)	(10,722,901)
January 1, 2016 (restated)*		100,000,000	1,762,038	(7,673,568)	94,088,470
Comprehensive income:					
Net income for the year (restated)*	20	-	-	2,368,759	2,368,759
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	2,368,759	2,368,759
Zakat charged for the year (restated)*	20	-	-	(2,449,932)	(2,449,932)
December 31, 2016 (restated)*		100,000,000	1,762,038	(7,754,741)	94,007,297
January 1, 2017 (restated)*		**100,000,000**	**1,762,038**	**(7,754,741)**	**94,007,297**
Increase in capital	14	**50,000,000**	-	-	**50,000,000**
Comprehensive income:					
Net income for the year		-	-	**3,180,076**	**3,180,076**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	**3,180,076**	**3,180,076**
Transfer to Statutory Reserve		-	**318,008**	**(318,008)**	-
Zakat charged for the year		-	-	**(2,537,486)**	**(2,537,486)**
December 31, 2017		**150,000,000**	**2,080,046**	**(7,430,159)**	**144,649,887**

*See note 20 for the details regarding the restatement as a result of errors.

The notes on pages 7 to 22 form an integral part of these financial statements.

MAALEM FINANCING COMPANY
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(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2017	2016 (restated)*
Cash flows from operating activities			
Net income		3,180,076	2,368,759
Adjustments for non-cash items:			
Depreciation	10	617,368	303,600
Financial charges		4,327,397	-
Provision for doubtful debts	6	6,052,203	948,470
Provision for employees' termination benefits	13	332,488	266,190
Changes in working capital			
Murabaha receivables		(113,466,175)	9,122,235
Due from related parties		3,852,457	1,533,884
Prepayments and other receivables		(7,968,682)	(834,483)
Due to related parties		-	(3,460,000)
Accrued and other liabilities		3,011,487	(2,589,618)
Employees' termination benefits paid	13	(283,488)	(56,590)
Zakat paid	12	(1,089,068)	(689,180)
Net cash (utilized in) / generated from operating activities		(101,433,937)	6,913,267
Cash flows from investing activity			
Purchase of property and equipment	10	(4,487,855)	(827,870)
Net cash utilized in investing activity		(4,487,855)	(827,870)
Cash flows from financing activities			
Increase in capital	14	50,000,000	-
Loan received from a related party	11	75,000,000	-
Net cash generated from financing activities		125,000,000	-
Net change in cash and cash equivalents		19,078,208	6,085,397
Cash and cash equivalents at the beginning of the year	5	8,792,741	2,707,344
Cash and cash equivalents at the end of the year	5	27,870,949	8,792,741
Supplemental non-cash information:			
Real estate transferred from a customer as settlement for an outstanding balance		2,000,000	-

*See note 20 for the details regarding the restatement as a result of errors.

The notes on pages 7 to 22 form an integral part of these financial statements.

1. General information

Maalem Financing Company (formerly known as Maalem Al Taqseet Company) (the "Company") is a closed joint stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010262141 issued in Riyadh on Safar 9, 1430H (corresponding to February 4, 2009).

The Company is principally engaged in retailing and wholesaling home furniture, electrical and home devices, building materials in cash and installment, purchase of real estates and sell them in cash and installment, purchase of lands to build up buildings and sell them back in cash and installments or to rent them, development and maintenance for real estates, general constructions for buildings, electrical and electronic works, and import and export and marketing expenses for third parties.

As per the Saudi Arabian Monetary Authority ("SAMA") license No. 45/HA/201605 dated 2 Sha'ban 1437H (corresponding to May 9, 2016), the Company is authorized to provide lease finance, consumer finance and small and medium enterprise finance in the Kingdom of Saudi Arabia.

The Company's registered office is located in Riyadh at the following address:

Maalem Financing Company
P.O. Box 271188
Riyadh 11352
Kingdom of Saudi Arabia

The Board of Directors in their meeting held in April 24, 2017 approved the increase in capital amounting Saudi Riyals 50 million to become Saudi Riyals 150 million (Note 14). Also, they approved to change the Company's Arabic name from Maalem Al Taqseet Company to Maalem Financing Company. The legal procedures have been finalized during the third quarter of 2017.

The Board of Directors approved issuing of these financial statements on February 28, 2018.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with 'International Financial Reporting Standards ("IFRS") as modified by SAMA for the accounting of zakat and income tax', which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and tax are to be accrued on a quarterly basis through shareholders' equity under retained earnings.

Refer note 2.11 for the accounting policy of zakat and note 20 for the impact of change in the accounting policy resulting from the SAMA Circular.

The financial statements have been prepared on a historical cost basis, except as disclosed in these notes to the financial statements.

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('Saudi Riyals'). The financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency.

2.3 New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- *Disclosure initiative - amendments to IAS 7.*

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

2.4 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory as of December 31, 2017 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

IFRS 9 Financial instruments - IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company has decided not to adopt IFRS 9 until it becomes mandatory as of January 1, 2018. The Company does not expect the new guidance to have a significant impact on the classification and measurement or any other impact for impairment or hedging of its financial assets.

IFRS 15 Revenue from contracts with customers - The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue generated from goods and services and IAS 11 which covers construction contracts.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. It is effective for interim financial statements within the annual reporting periods beginning on or after January 1, 2018. The Company will adopt the new standard in January 1, 2018.

IFRS16 Leases - IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors did not significantly change. The Company does not expect the new guidance to have a significant impact on the classification and measurement or any other impact for impairment or hedging of its financial assets.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after January 1, 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

All Company's operations are located in Kingdom of Saudi Arabia. The Company has one branch in Riyadh city. The Company's operation mainly representing Murabaha Contracts, thus the Company have not disclosed segment reporting note.

2.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the financial position.

2.7 Murabaha receivables

Murabaha originated by the Company, are initially recognized at fair value including transaction costs when cash is advanced to customers. Subsequently, these financial assets are measured at amortized cost. For presentation purposes, the unearned finance income and provision for impairment are deducted from gross receivables.

2.8 Repossessed assets held for sale

The Company, in the ordinary course of business, acquires real estate or other assets against settlement of finances due. Such assets are considered as assets held for sale and are initially recorded at the lower of receivables value or the current fair value of the related assets, less any costs to sell, at the time of possession. No depreciation is charged on such assets.

Subsequent to initial recognition, any subsequent write down to fair value, less cost to sell, are charged to the statement of income. Any subsequent gain in the fair value less cost to sell of these assets to the extent this does not exceed the cumulative write down is recognized as income together with any gain/loss on disposal.

2.9 Property and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

The estimated useful life of the assets are as follow:

	Number of years
Vehicles	5 years
Furniture and furnishings	5 years
Computer	5 years
Improvements in leased buildings	4 - 5 years

2.10 Trade and other payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Zakat

In accordance with the regulations of the Zakat and Income Tax, the Company is subject to zakat. Provisions for zakat is charged to the statement of changes in shareholders' equity. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Until 2016, the zakat was charged to the statement of comprehensive income as per the requirements of International Financial Reporting Standards ("IFRS"). Therefore, the statement of comprehensive income in these financial statements has been restated and the effect of such change is disclosed in Note 20 to the financial statements.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.13 Employees' termination benefits

(a) Provision for end-of-service benefit

The level of benefit provided is based on the length of service and earnings of the person entitled, and computed in accordance with the rules stated under the Saudi Arabian Labor and Workmen Law.

The liability for end of service benefits, being a defined benefit plan, is determined using the projected unit credit method with actuarial valuations being conducted at end of annual reporting periods. The related liability recognized in the statement of financial position is the present value of the end of service benefits obligation at the end of the reporting period.

The discount rate applied in arriving at the present value of the end of service benefits obligation represents the yield on government bonds, by applying a single discount rate that approximately reflects the estimated timing and amount of benefit payments.

End of service benefits costs are categorized as follows:

(i) current service cost (increase in the present value of end of service benefits obligation resulting from employee service in the current period),
(ii) interest expense (calculated by applying the discount rate at the beginning of the period to the end of service benefits liability); and
(iii) remeasurement.

Current service cost and the interest expense arising on the end of service benefits liability are included in the same line items in the profit and loss as the related compensation cost.

Remeasurement, comprising actuarial gains and losses, is recognized in full in the period in which they occur, in other comprehensive income without recycling to the profit and loss in subsequent periods. Amounts recognized in other comprehensive income are recognized immediately in retained earnings.

(b) Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.14 Impairment of financial and non-financial assets

Financial assets at amortized cost

At each reporting date, the Company assesses whether there is objective evidence that financial assets at amortized cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired primarily includes:

- default or delinquency by the counter-party;
- indications that a counter-party will enter bankruptcy or under significant financial difficulties; or
- restructuring of receivables on terms that the Company would not consider otherwise.

All individually significant receivables are assessed for specific impairment based on the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Other financial assets with similar characteristics of credit risk are collectively assessed for impairment based on probability of default calculated on historical trend and other factors.

Impairment losses and subsequent changes therein are recognized in statement of comprehensive income.

Financial assets are written-off only in circumstances where there are no realistic prospects of recovery.

Non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. 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 the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of comprehensive income.

2.15 Revenue recognition

Income from Murabaha receivables is recognized in the statement of comprehensive income using the effective yield method, on the outstanding balance over the term of the contract.

The calculation of effective yield method includes transaction costs and fees & commission income received that are an integral part of effective yield method. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial asset.

Other income are recognized on accrual basis as the services are rendered.

2.16 General and administrative expenses

General and administrative expenses are those arising from Company's efforts underlying the administrative activities.

2.17 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2016. Except for the judgment for calculation the provision for doubtful debts as the management re-reviewed these judgments to accurately calculate the provision for doubtful debts appropriate to circumstances of the Company as the following:

(All amounts in Saudi Riyals unless otherwise stated)

A provision against doubtful debts is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivables are uncollectable. For significant individual amounts, assessment is made at individual basis. Amounts which are not individually significant, are grouped and assessed collectively and a provision is recognised considering the length of time and the past recovery rates.

4 Other general and administrative expenses

	Note	2017	2016 (restated)
Professional fees		**3,259,156**	923,019
Committee allowances		**741,000**	48,000
Rentals		**721,098**	325,280
Board of director's allowances		**670,264**	300,000
Depreciation		**617,368**	303,600
Medical insurance		**514,344**	448,575
End of service benefits and vacation		**505,849**	339,410
Bank charges		**502,895**	27,604
Information technology		**336,628**	44,365
Marketing expenses		**304,896**	55,298
Other expenses		**967,243**	692,490
	20	**9,140,741**	3,507,641

5 Cash and cash equivalents

	As at December 31 2017	2016
Cash in hand	**89,568**	45,215
Current accounts with banks	**27,781,381**	8,747,526
	27,870,949	8,792,741

6 Murabaha receivables, net

	Note	As at December 31 2017	2016 (restated)
Murabaha receivable		**245,989,891**	119,699,985
Less: Unearned revenue		**(47,151,228)**	(32,327,497)
Murabaha receivable, net		**198,838,663**	87,372,488
Less: provision for doubtful debts		**(8,000,673)**	(1,948,470)
	20	**190,837,990**	85,424,018
Current portion of murabaha receivables		**111,084,571**	41,528,391
Non-current portion of murabaha receivables		**79,753,419**	43,895,627

(All amounts in Saudi Riyals unless otherwise stated)

The movement in provision for doubtful debts was as follows:

	2017	**2016**
Opening balance	**1,948,470**	1,000,000
Charge for the year	**6,052,203**	948,470
	8,000,673	1,948,470

6.1 Stage wise analysis of murabaha receivables was as follow:

	Performing	**Under-performing**	**Non-performing**	**Total**
December 31, 2017				
Receivables	**84,016,522**	**148,110,803**	**13,862,566**	**245,989,891**
Unearned revenue	**(20,894,463)**	**(23,124,901)**	**(3,131,864)**	**(47,151,228)**
Impairment provision	**(956,165)**	**(1,339,524)**	**(5,704,984)**	**(8,000,673)**
Net receivables	**62,165,894**	**123,646,378**	**5,025,718**	**190,837,990**
December 31, 2016				
Receivables	66,613,360	30,568,870	22,517,755	119,699,985
Unearned revenue	(18,587,506)	(8,373,410)	(5,366,581)	(32,327,497)
Impairment provision	-	-	(1,948,470)	(1,948,470)
Net receivables	48,025,854	22,195,460	15,202,704	85,424,018

6.2 The movement in impairment provision for murabaha receivables was as follows:

	2017				**2016**
	Performing	**Under-performing**	**Non-performing**	**Total**	**Total**
January 1,	**-**	**-**	**1,948,470**	**1,948,470**	1,000,000
Charge for the year	**956,165**	**1,339,524**	**3,756,514**	**6,052,203**	948,470
December 31,	**956,165**	**1,339,524**	**5,704,984**	**8,000,673**	1,948,470

7 Due from related parties

Due from related parties represents due amounts from some of the Company's shareholders as well as some main employees of the Company against obtaining finance in form of murabaha contracts. Terms of those contracts were approved by the Company's Board of Directors. Due from shareholders is stated as follows:

	Relationship	**As at December 31** **2017**	**2016** (restated)
Majed Romi Al Romi	Shareholder	**912,280**	1,335,052
Abdulaziz Abdulrahman Al Romi	Shareholder	**620,690**	2,688,935
Mahfoz Mostafa Kamal	Manager	**467,270**	660,280
Ayman Amin Sajini	Shareholder	**420,316**	-
Sultan Mohammad Al Dwesh	Shareholder	**415,636**	1,895,102
Zafer Ahmed Mohammad Alklali	Independent board member	**95,892**	-
Turki Sultan Al Dwesh	Son of shareholder	**41,935**	62,428
Anas Mohammad Al Dwesh	Brother of shareholder	**11,688**	48,700
Khaled Sakeer Al Sakeer	Shareholder	**-**	147,667
		2,985,707	6,838,164

(All amounts in Saudi Riyals unless otherwise stated)

8 Prepayments and other receivables

	As at December 31 2017	2016
Advance payment against collateral	3,605,650	-
Advance financial interest	2,768,810	-
Prepayments and other receivables	3,222,829	1,628,607
	9,597,289	1,628,607

9 Repossessed assets held for sale

The balance representing in the value of real estate received from a Company's customer during the period to settle part of his outstanding balance, the legal procedure needed to transfer the ownership of real estate to the Company has completed during the period. Currently the Company set the land for sale and expect to sell it during 2018.

10 Property and equipment, net

2017	Vehicles	Furniture and furnishings	Computer	Improvements in leased buildings	Total
Cost					
January 1, 2017	679,550	977,707	778,740	115,400	2,551,397
Additions during the year	-	464,232	310,753	3,712,870	4,487,855
December 31, 2017	679,550	1,441,939	1,089,493	3,828,270	7,039,252
Accumulated depreciation					
January 1, 2017	543,579	485,964	328,063	-	1,357,606
Charge for the year	79,077	175,490	144,061	218,740	617,368
December 31, 2017	622,656	661,454	472,124	218,740	1,974,974
Net book value at December 31, 2017	56,894	780,485	617,369	3,609,530	5,064,278

2016	Vehicles	Furniture and furnishings	Computer	Improvements in leased buildings	Total
Cost					
January 1, 2016	741,850	659,436	438,541	-	1,839,827
Additions during the year	54,000	429,621	340,199	4,050	827,870
Disposals	(116,300)	-	-	-	(116,300)
Transfers	-	(111,350)	-	111,350	-
December 31, 2016	679,550	977,707	778,740	115,400	2,551,397
Accumulated depreciation					
January 1, 2016	539,121	365,896	265,287	-	1,170,304
Charge for the year	120,756	120,068	62,776	-	303,600
Disposals	(116,298)	-	-	-	(116,298)
December 31, 2016	543,579	485,964	328,063	-	1,357,606
Net book value at December 31, 2016	135,971	491,743	450,677	115,400	1,193,791

(All amounts in Saudi Riyals unless otherwise stated)

11 Loan from a related party

	As at December 31	
	2017	**2016**
Loan obtained	**75,000,000**	-
Financial charges	**4,327,397**	-
	79,327,397	-

During 2016, the Company signed an agreement with a related party to obtain a new long term loan to finance the growth of its lending portfolio in order to provide a wide range of financing products to both individual and corporate clients in the Kingdom of Saudi Arabia, with products being tailored to meet a wider base of clients. During the current period, the Company obtained the loan amounting Saudi Riyals 75 million, the loan is subject to 6% annual murabaha rate. The Company paid an amount of Saudi Riyals 2.3 million as a loan security deposit classified under Prepayments and other receivables in the financial position and the loan is secured by pledging the Company's shares to the financer. This loan will be paid in one instalment after five years.

12 Provision for zakat

12.1 Provision of zakat is calculated at 2.5% based on adjusted net income or zakat base, whichever is higher. The calculation of estimated adjusted net income and zakat base is as follows:

	As at December 31	
	2017	**2016** (restated)
Income for the year	**3,180,076**	2,368,759
Provisions	**7,052,203**	948,470
Provision of employee termination benefits	**332,488**	266,190
Utilized provisions	**(283,488)**	(56,590)
Adjusted net income	**10,281,279**	3,526,829
Adjustments opening balance		
Share capital	**100,000,000**	100,000,000
Statutory reserves	**1,762,038**	1,762,038
Accumulated deficit	**(7,754,741)**	(7,673,568)
Provision for impairment	**1,948,470**	1,000,000
Provision of employee termination benefits	**609,700**	400,100
Property and equipment and others	**(5,064,278)**	(1,193,791)
Zakat base	**101,782,468**	97,821,608
Zakat for the year @ 2.5%	**2,544,562**	2,445,540

12.2 The movement in the zakat provision is as follows:

	2017	**2016** (restated)
January 1	**7,804,796**	6,044,044
Charge for the year	**2,537,486**	2,449,932
Payments made during the year	**(1,089,068)**	(689,180)
December 31	**9,253,214**	7,804,796

12.3 Status of assessments
The Company has filed its zakat returns to the GAZT for the years until 2016. The Company has not received any final assessment for any of the years. The management believes that the variances that may result from obtaining final zakat settlement are not expected to be material to the financial statement.

(All amounts in Saudi Riyals unless otherwise stated)

13 Employee termination benefits

Provision of employee termination benefits is made in accordance with the Saudi Arabian labor law assuming the maximum payable based on current remuneration and cumulative years of service at the end of the reporting period.

The following tables summaries the components of net benefit expense recognized in the statement of comprehensive income:

	2017	2016 (restated)
Opening balance	609,700	400,100
Statement of profit and loss		
Service cost attributable to the current and past years	332,488	266,190
Statement of comprehensive income		
Actuarial gains and losses	-	-
End of service paid during the year	(283,488)	(56,590)
Ending balance	658,700	609,700

14 Share capital

Shareholders	**Holding**	**No. of shares**	**Amount**
2017			
Saleh Abdullah Alsayari	34%	5,057,999	50,579,990
Majed Romi Al Romi	19%	2,912,776	29,127,760
Abdulaziz Abdulrahman Alromi	18%	2,668,507	26,685,070
Other	29%	4,360,718	43,607,180
	100%	15,000,000	150,000,000
2016			
Saleh Abdullah Alsayari	16%	1,585,713	15,857,130
Abdulaziz Abdulrahman Alromi	30%	3,022,966	30,229,660
Other	54%	5,391,321	53,913,210
	100%	10,000,000	100,000,000

Increase in share capital by Saudi Riyals 50 million

During the year, the Company's General Assembly approved the Company capital increase from Saudi Riyals 100 million to Saudi Riyals 150 million through a cash deposit from the Company's shareholders, which was proposed by the Company's Board of Directors on October 22, 2016, and authorized by SAMA on February 6, 2017. The legal procedure related to this increase has been finalized during the third quarter of 2017.

Share capital consists of 15 million shares as of December 31, 2017 (December 31, 2016: 10 million shares). Each share has a book value of Saudi Riyals 10 as of December 31, 2017 (December 31, 2016: Saudi Riyals 10).

15 Statutory reserve

In accordance with Regulations for Companies in Saudi Arabia, the Company is required to set aside a statutory reserve, after absorption of accumulated losses, if any, by the appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for distribution. Accordingly, the Company has transferred 10% of its net income for the year to the statutory reserve account.

16 Contingency and commitments

Contingency
The contingency related to zakat and income tax is disclosed in note 12 to these financial statements.

Capital commitments
There are no significant capital commitments at financial position date.

Operating leases commitments
Rental expenses under operating leases are charged to the statement of comprehensive income over the period of the respective lease. The Company has one operating lease contract with one year period renewing yearly with amount of SR 0.75 million.

17 Fair values of financial assets and liabilities

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 to the Company. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy of financial assets and liabilities

All financial assets and liabilities of the Company are categorised as held at amortized cost which approximate their fair value and accordingly fair value hierarchy disclosure is not applicable.

18 Financial risk management

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and supervising the Company's risk management framework. The Board of Directors has established the Risk Management Committee, to oversee the development and maintenance of risk management processes, policies, strategies, risk methodologies and reporting them to the Board.

In addition, the Audit Committee of the Company also reviews the internal audit risk assessment, discuss the Company's policy with respect to risk assessment and risk management. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Risk Management Committee oversees the Company risks and report to the Board.

(i) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to murabaha receivables customers, including outstanding receivables.

(ii) Risk management

Credit risk is managed on a Company's basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'B' are accepted.

If murabaha receivables customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by murabaha receivables customers is regularly monitored by line management.

Murabaha receivables customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(iii) Security

For some murabaha receivables the Company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iv) Impaired murabaha receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is an objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss under provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited against provision for doubtful depts.

For movements in the provision for impairment of murabaha receivables that are assessed for impairment collectively, see note 6.

(All amounts in Saudi Riyals unless otherwise stated)

Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired receivables

Impairment losses	2017	2016
• Movement in provision for impairment	(6,052,203)	(948,470)

Past due but not impaired

As at 31 December 2017, murabaha receivables of Saudi Riyals 123,803,126 (2016: Saudi Riyals 35,500,246) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default or having collaterals. The ageing analysis of these murabaha receivables is as follows:

	2017	2016
Up to 3 months	123,551,352	22,195,460
3 to 6 months	-	6,360,013
More than 6 months	251,774	6,944,773

ii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity on a daily basis. The Company also has revolving credit facilities from commercial banks that it can access to meet future liquidity needs.

As at financial position date, based on the following maturity profile of financial assets and liabilities, the management believes that the Company is not exposed to liquidity risk.

2017	Less than 3 months	3 to12 months	1 to 10 years	Total 2017
Financial assets - commission bearing				
Murabaha receivables, net	78,119,163	32,965,408	79,753,419	190,837,990
Due from related parties	180,926	292,258	2,512,523	2,985,707
Financial assets - non commission bearing				
Cash and cash equivalents	27,870,949	-	-	27,870,949
Prepayments and other receivables	6,825,823	421,466	2,350,000	9,597,289
Repossessed assets held for sale	-	-	2,000,000	2,000,000
Property and equipment, net	248,644	725,664	4,089,970	5,064,278
	113,245,505	34,404,796	90,705,912	238,356,213
Financial liabilities - commission bearing				
Loan from a related party	-	-	75,000,000	75,000,000
Financial charges	4,327,397	-	-	4,327,397
Financial liabilities - non commission bearing				
Accrued and other liabilities	3,857,870	251,515	357,630	4,467,015
Provision for zakat	-	5,042,589	4,210,625	9,253,214
Employee termination benefits	-	-	658,700	658,700
	8,185,267	5,294,104	80,226,955	93,706,326
Net financial assets:				
Commission bearing	73,972,692	33,257,666	7,265,942	114,496,300
Non commission bearing	31,087,546	(4,146,974)	3,213,015	30,153,587
	105,060,238	29,110,692	10,478,957	144,649,887

2016	Less than 3 months	3 to12 months	1 to 5 years	Total 2016
Financial assets - commission bearing				
Murabaha receivables, net	14,947,848	26,580,543	43,895,627	85,424,018
Due from related parties	300,873	595,240	5,942,051	6,838,164
Financial assets - non commission bearing				
Cash and cash equivalents	8,792,741	-	-	8,792,741
Prepayments and other receivables	927,331	559,890	141,385	1,628,606
Repossessed assets held for sale	-	-	-	-
Property and equipment, net	101,020	261,508	831,263	1,193,791
	25,069,813	27,997,181	50,810,326	103,877,320
Financial liabilities - commission bearing				
Loan from a related party	-	-	-	-
Financial charges	-	-	-	-
Financial liabilities - non commission bearing				
Accrued and other liabilities	1,455,527	-	-	1,455,527
Provision for zakat	-	1,094,547	6,710,249	7,804,796
Employee termination benefits	-	-	609,700	609,700
	1,455,527	1,094,547	7,319,949	9,870,023
Net financial assets:				
Commission bearing	15,248,721	27,175,783	49,837,678	92,262,182
Non commission bearing	8,365,565	(273,149)	(6,347,301)	1,745,115
	23,614,286	26,902,634	43,490,377	94,007,297

iii) Profit rate risk

Profit rate risk is the impact on future earnings of the Company resulting from increase in the market interest rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The most important source of such risk is the Company's financing receivables and bank financing. The profit rate is fixed for the financing receivables and for the loan borrowings.

The risk of the fluctuation in the commission rate is not material to the financial statement.

iv) Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Company has no exposure to foreign currency risk as it mainly deals in Saudi Riyals which is also the functional currency of the Company.

19 Capital management

The Company's objective when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of Murabaha financing and the advantages and security afforded by a sound capital position. In relation to the capital structure of the Company, management closely monitors the compliance with regulations and Murabaha financing covenants and as at the statement of financial position date the Company was is in compliance with the prescribe requirements. At financial position date, the management analysis of gearing ratio was as follows:

(All amounts in Saudi Riyals unless otherwise stated)

	2017	2016 (restated)
Shareholders' equity	144,649,887	94,007,297
Murabaha financing	190,837,990	85,424,018
Total capital structure	335,487,877	179,431,315
Gearing ratio	56.88%	47.61%

20 Correction of errors and change in accounting policy

During 2017, the Company has restated the 2016 comparative financial information to correct the following errors related to revenue recognition and employee termination benefits and zakat and due to change in the accounting policy:

Revenue recognition

During 2017, the Company corrected errors related to prior year for recognition of income under the murabaha arrangements with its customers. Income under such arrangements was previously being either recognized uniformly over the term of murabaha contract or upon end of the contract period which has now been corrected and recognized using the effective yield method.

Employee termination benefits

The Company recognized liability related to its employees termination benefits at current value of the vested benefit to which the employee is entitled in accordance with the labor laws of the Kingdom of Saudi Arabia. However, the liability should have been determined in accordance with the projected unit credit method as required by IAS 19. During 2017, the Company has reassessed the liability and have adjusted the carrying value at January 1, 2016 and the charge for the year ended December 31, 2016.

Provision for zakat

During 2017, the Company corrected an error related to the calculation of the zakat based where the Company previously deducted the non-current portion of murabaha receivables from the zakat base resulting in lower zakat provision for the years 2009 to 2016. Such error has now been corrected by restating the zakat provision as at January 1, 2016 and the charge for the year ended December 31, 2016.

Change in accounting policy

In accordance with the regulations of the Zakat and Income Tax, the Company is subject to zakat. Provisions for zakat is charged to the statement of changes in shareholders' equity.

Until 2016, zakat was charged to the statement of comprehensive income as per the requirements of IFRS. Therefore, the statement of comprehensive income in these financial statements has been restated.

The impact due to the above-mentioned restatements are summarized as follows:

(All amounts in Saudi Riyals unless otherwise stated)

Statement of financial position

	Before restatement	Adjustment	Restated balance
January 1, 2016			
Murabaha receivables, net	101,909,753	(6,415,030)	95,494,723
Due from related parties	7,564,277	807,771	8,372,048
Provision for Zakat	(694,658)	(5,349,386)	(6,044,044)
Employee termination benefits	(633,844)	233,744	(400,100)
(Retained earnings) / accumulated deficit	(3,049,333)	10,722,901	7,673,568
December 31, 2016			
Murabaha receivables, net	93,350,028	(7,926,010)	85,424,018
Due from related parties	5,945,664	892,500	6,838,164
Provision for Zakat	(1,094,547)	(6,710,249)	(7,804,796)
Employee termination benefits	(841,945)	232,245	(609,700)
Statutory reserve	(2,032,782)	270,743	(1,762,039)
(Retained earnings) / accumulated deficit	(5,486,030)	13,240,771	7,754,741

Statement of comprehensive income

	Before restatement	Adjustment	Restated balance
For the year ended December 31, 2016			
Murabaha income	12,934,493	(1,426,252)	11,508,241
Zakat (correction of error prior to restatement due to change in accounting policy)	(1,089,069)	(1,360,863)	(2,449,932)
Other general and administrative expenses	(3,506,142)	(1,499)	(3,507,641)
Net income for the year	2,707,441	(338,682)	2,368,759
Total comprehensive income for the year	2,707,441	(338,682)	2,368,759
Basic earnings per share	0.38	(0.14)	0.24

Statement of changes in shareholders' equity

	Before restatement	Adjustment	Restated balance
January 1, 2016			
(Retained earnings) / accumulated deficit	3,049,333	(10,722,901)	(7,673,568)
For the year ended December 31, 2016			
Total comprehensive income for the year	2,707,441	(338,682)	2,368,759
Zakat and income tax	-	(2,449,932)	(2,449,932)

The above restatements did not have any impact on net cash generated from operating activities for the year ended December 31, 2016.

21 Comparative figures

During the year, certain prior year amounts have been reclassified to conform with current year's presentation. The impact of reclassifications was not material to the overall presentation of the financial statements.