

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022
Together with
INDEPENDENT AUDITOR'S REVIEW REPORT

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at 31 March 2022

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KPMG Professional Services

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Riyadh 11663
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Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Al Moammar Information Systems Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of Al Moammar Information Systems Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

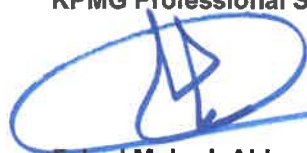
Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 condensed consolidated interim financial statements of Al Moammar Information Systems Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Fahad Mubark Aldossari
License No: 469



Date: 24 May 2022

Corresponding to: 23 Shawwal 1443H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

		31 March 2022 SR (Unaudited)	31 December 2021 SR (Audited)
	Note		
ASSETS			
Non-current assets			
Property and equipment	7	42,070,211	42,386,878
Intangible assets		8,304,573	6,315,141
Equity-accounted investees	8A	8,163,496	6,551,183
Advance for investment	8B	25,000,000	25,000,000
Contract assets	9A	25,964,509	45,477,359
Total non-current assets		109,502,789	125,730,561
Current assets			
Contract assets	9A	519,196,870	522,265,988
Contract costs	9B	78,613,521	72,075,505
Trade and other receivables	10	457,146,833	388,122,120
Prepayments and other assets	11	26,915,689	22,007,053
Cash and cash equivalents		11,096,539	21,563,199
Total current assets		1,092,969,452	1,026,033,865
TOTAL ASSETS		1,202,472,241	1,151,764,426
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	250,000,000	250,000,000
Proposed share capital	12	50,000,000	--
Statutory reserve	13	-	5,647,975
Other reserves		5,821,296	7,168,919
Retained earnings		6,091,907	70,842,327
Total shareholders' equity		311,913,203	333,659,221
Liabilities			
Non-current liabilities			
Employee benefits		24,629,093	22,575,107
Contract liabilities	17	15,850,341	24,495,304
Lease liabilities		326,392	368,055
Total non-current liabilities		40,805,826	47,438,466
Current liabilities			
Loans and borrowings	15	456,182,319	370,753,812
Trade and other payables	16	255,014,562	264,781,063
Other liabilities		9,908,543	4,181,537
Contract liabilities	17	120,446,762	123,499,301
Zakat payable	6	8,201,026	7,451,026
Total current liabilities		849,753,212	770,666,739
Total liabilities		890,559,038	818,105,205
Total shareholders' equity and liabilities		1,202,472,241	1,151,764,426

Ibrahim Abdullah Al Moammar
Vice Chairman, Board of
Directors


Abdullah Ghazi Al Ghamdi
Acting - Chief Executive
Officer

Karthik Ramaswamy Nagar
Subramanian
Chief Financial Officer

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the three-month period ended 31 March 2022

		For the three-month period ended 31 March (Unaudited)	
		2022	2021
	Note	SR	(Restated- Note 19) SR
Revenue	4	106,598,703	143,436,817
Cost of sales		(77,806,468)	(111,034,909)
Gross profit		28,792,235	32,401,908
General and administration expenses		(16,364,256)	(12,591,019)
Selling and marketing expenses		(2,822,915)	(2,649,456)
Impairment loss on trade receivables and contract assets	9A, 10	(1,000,000)	(2,174,000)
Income from operations		8,605,064	14,987,433
Other income		373,028	486,980
Share of profit/(loss) of equity-accounted investees	8A	1,612,313	(398,941)
Finance costs		(5,238,800)	(5,089,802)
Finance income		-	713,000
Income before zakat		5,351,605	10,698,670
Zakat expense	6	(750,000)	(1,400,000)
Net income for the period		4,601,605	9,298,670
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurements (loss)/gain on employees' defined benefit obligations		(1,347,623)	878,385
Other comprehensive income		(1,347,623)	878,385
Total comprehensive income for the period		3,253,982	10,177,055
Earnings per share:			
Basic and diluted earnings per share of net income for the period	5	0.18	0.37


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AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2022

	Share capital SR	Proposed Share Capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total shareholders' equity SR
Balance as at 1 January 2021 as previously reported	200,000,000	-	9,037,604	7,442,580	91,870,956	308,351,140
Restatement (note 19)	-	-	-	-	16,101,993	16,101,993
Balance as at 1 January 2021, restated	200,000,000	-	9,037,604	7,442,580	107,972,949	324,453,133
Net income for the period (as previously reported)	-	-	-	-	16,042,983	16,042,983
Restatement (note 19)	-	-	-	-	(6,744,313)	(6,744,313)
Net income for the period, restated	-	-	-	-	9,298,670	9,298,670
Other comprehensive income for the period	-	-	-	878,385	-	878,385
Total comprehensive income for the period	-	-	-	878,385	9,298,670	10,177,055
Dividends	-	-	-	-	(22,000,000)	(22,000,000)
Transfer to proposed share capital	-	50,000,000	(9,037,604)	-	(40,962,396)	-
Balance as at 31 March 2021 (Unaudited)	200,000,000	50,000,000	-	8,320,965	54,309,223	312,630,188
As at 1 January 2022	250,000,000	-	5,647,975	7,168,919	70,842,327	333,659,221
Net income for the period	-	-	-	-	4,601,605	4,601,605
Other comprehensive loss for the period	-	-	-	(1,347,623)	-	(1,347,623)
Total comprehensive income for the period	-	-	-	(1,347,623)	4,601,605	3,253,982
Dividends (note 14)	-	-	-	-	(25,000,000)	(25,000,000)
Transfer to proposed share capital (note 12)	-	50,000,000	(5,647,975)	-	(44,352,025)	-
Balance as at 31 March 2022 (Unaudited)	250,000,000	50,000,000	-	5,821,296	6,091,907	311,913,203

Ibrahim Abdullah Al Moammar
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AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2022

		For the three-month period ended 31 March (Unaudited)	
		2022	2021
		SR	SR
Operating activities			(Restated)
Net income for the period		4,601,605	9,298,670
Adjustments for:			
Depreciation of property and equipment	7	878,345	666,453
Amortization of intangible assets		441,214	166,191
Share of (profit)/loss of equity-accounted investee	8A	(1,612,313)	398,941
Impairment loss on trade receivables and contract assets, net	9,10	1,000,000	2,174,000
Impairment loss on contract costs		-	1,900,000
Employee benefits		1,810,501	1,462,561
Finance costs		5,238,800	5,089,802
Finance income		(373,028)	(713,000)
Zakat expense	6	750,000	1,400,000
		<u>12,735,124</u>	<u>21,843,618</u>
Changes in working capital:			
Contract assets		21,581,968	(31,820,268)
Contract costs		(6,538,016)	45,193,972
Trade and other receivables		(68,651,685)	(11,155,104)
Prepayments and other assets		(4,908,636)	(1,045,413)
Trade and other payables		(9,766,501)	20,185,733
Other liabilities		5,727,006	(6,010,408)
Contract liabilities		(11,697,502)	(31,801,387)
Net cash (used in)/generated from operations		<u>(61,518,242)</u>	<u>5,390,743</u>
Employee benefits paid		<u>(1,104,138)</u>	<u>(304,629)</u>
Net cash (used in)/generated from operating activities		<u>(62,622,380)</u>	<u>5,086,114</u>
Investing activities			
Acquisition of property and equipment	7	(561,678)	(2,474,388)
Acquisition of intangible assets		<u>(2,430,646)</u>	<u>(56,002)</u>
Net cash used in investing activities		<u>(2,992,324)</u>	<u>(2,530,390)</u>
Financing activities			
Proceeds from loans and borrowings	15	194,772,831	194,488,750
Repayment of loans and borrowings	15	(109,344,324)	(170,403,522)
Finance costs paid		(5,184,618)	(5,070,238)
Payment of lease liabilities			
- Principle		(87,750)	(87,750)
- Interest		(8,095)	(11,470)
Dividends paid	14	<u>(25,000,000)</u>	<u>(22,000,000)</u>
Net cash generated/(used in) from financing activities		<u>55,148,044</u>	<u>(3,084,230)</u>
Net decrease in cash and cash equivalents		<u>(10,466,660)</u>	<u>(528,506)</u>
Cash and cash equivalents at the beginning of the period		<u>21,563,199</u>	<u>81,408,907</u>
Cash and cash equivalents at the end of the period		<u>11,096,539</u>	<u>80,880,401</u>

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The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

1. CORPORATE INFORMATION

Al Moammar Information Systems Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (“KSA”) under Commercial registration number 1010063470 dated 10 Muharram 1407H (corresponding to 15 September 1986).

The registered office of the Company is located at following address:

Head Office and Central Region:

6330 Al Thumamah Rd - Al Sahafa Dist.

Unit No 1, 3296

Riyadh 13315, Kingdom of Saudi Arabia

The Company is registered in KSA with the following branches as at 31 March 2022:

<u>Commercial registration number</u>	<u>Commercial registration date</u>	<u>Location</u>
4030097824	8 Rabi Awal 1414H	Jeddah
1010432047	12 Jumad Thani 1436H	Riyadh
2051011413	17 Rabi Awal 1407H	Al Khobar
4030288661	4 Rajab 1437H	Jeddah

The Company is engaged in providing information technology solutions services which includes operating systems, system analysis, software design and programming, software maintenance, web design, setting up the primary structure for web hosting, data processing services and related activities.

During 2021, the Group incorporated a wholly owned subsidiary “Excellence Medical Systems Company” (A one person company) under Commercial registration number 1010707294 with a paid up capital of SR 1,000,000. The primary business of this wholly owned subsidiary is to engage in providing supplies and maintenance of medical devices, laboratory products, operate tele-care and telemedicine centers and canteens or cafeterias in hospitals and storage of hazardous medical waste.

During December 2021, the Group incorporated a wholly owned subsidiary “Excellence Application Solutions Company” (A one person company) under Commercial registration number 1010764928 with a paid up capital of SR 1,000,000. The primary business of this wholly owned subsidiary is to engage with clients to nurture bold ideas and build innovative technology solutions by offering its expertise derived from its employees with long experience in managing such businesses, technical strength in the development of technologies and digital integration. The company engages in developing leading-edge platforms and products such as buy now pay later, marketplace and open banking solution.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 May 2022 (corresponding to 23 Shawwal 1443H).

2. BASIS OF ACCOUNTING

2.1 Statement of Compliance

These condensed consolidated interim financial statements comprise the financial information of the Group and have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Group’s annual financial statements for the year ended 31 December 2021.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the going concern basis of assumption, except for measurement of employee benefits that are measured at present value using projected unit credit method and equity-accounted investees which are measured using equity method. The carrying amount of financial assets and liabilities are a reasonable approximation of their fair values.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

2. BASIS OF ACCOUNTING (CONTINUED)

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Group.

2.4 Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis. In assessing the going concern assumption, the management has considered the current and expected operational levels and available facilities to meet the requirements as they fall due. There have been some delays in collections from the customers, however the risk of default is considered low, considering the significant amount of receivables are from governmental customers and continue to be received. Also, the Group continues to work with its suppliers to source equipment to meet its contractual needs.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's annual financial statements for the year ended 31 December 2021.

3.1 Significant accounting estimates and assumptions

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2021.

3.2 Fair value measurement

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

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

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

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

4. REVENUE

The Group revenue is derived from contracts with customers:

Disaggregation of revenue

Set out below is the disaggregation of Group's revenue from contracts by type of goods or services, timing of revenue recognition, type of customers and types of principals or agent:

	For the three-month period ended 31 March (Unaudited)	
	2022	2021
	SR	SR
<i>Timing of revenue recognition</i>		
		<i>(Restated)</i>
Product transferred at a point in time	21,992,232	61,208,930
Services transferred overtime	84,606,471	82,227,887
	106,598,703	143,436,817
<i>Type of customers</i>		
	2022	2021
	SR	SR
		<i>(Restated)</i>
Government & government - controlled entities	83,753,495	110,136,475
Private	22,845,208	33,300,342
	106,598,703	143,436,817

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

4. REVENUE (CONTINUED)

<i>Product or service</i>	For the three-month period ended 31 March (Unaudited)	
	2022	2021
	SR	SR
		<i>(Restated)</i>
Equipment and hardware	19,106,603	40,060,470
Software licenses	2,885,629	21,148,461
Maintenance services	84,606,471	82,227,886
	106,598,703	143,436,817
<i>Revenue, type principal or agent</i>	2022	2021
	SR	SR
		<i>(Restated)</i>
Revenue derives from principal	93,705,959	135,749,440
Revenue derives from agent	12,892,744	7,687,377
	106,598,703	143,436,817

5. EARNINGS PER SHARE

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

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

	For the three-month period ended 31 March (Unaudited)	
	2022	2021
	SR	SR
		<i>(Restated)</i>
Net income for the period	4,601,605	9,298,670
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	25,000,000	25,000,000
Basic and diluted earnings per share of net income for the period	0.18	0.37

The weighted average number of ordinary shares used as a denominator in calculating basic and diluted EPS for 31 March 2021 has been adjusted on account of the bonus share issue.

6. ZAKAT

The Zakat charge consist of provision amounting to SR 750,000 (2021: SR 8,400,805) and is based on the following:

Movements in zakat provision during the period/year

	31 March 2022	31 December 2021
	SR	SR
Balance at 1 January	7,451,026	8,314,217
Charged for the period/year	750,000	8,400,805
Paid during the period/year	-	(9,263,996)
	8,201,026	7,451,026

The Company has finalized its Zakat and withholding tax assessment with the GAZT up to year 2016 and obtained the final Zakat and withholding tax certificate. At 31 March 2022, the Company has filed the Zakat returns for the years 2017 to 2020 and withholding tax returns for the years 2017 to 2021, which are under review by GAZT. Subsequent to 31 March 2022, the Company has filed the zakat return of the year 2021.

AL MOAMMAR INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2022

7. PROPERTY AND EQUIPMENT

<u>2022</u>	Land	Building*	Equipment	Motor vehicles	Furniture and fixtures	Total
<i>Cost</i>	SR	SR	SR	SR	SR	SR
As at 1 January 2022	8,122,900	29,270,525	15,681,493	1,287,687	3,422,257	57,784,862
Additions	-	321,453	206,169	-	34,056	561,678
As at 31 March 2022	8,122,900	29,591,978	15,887,662	1,287,687	3,456,313	58,346,540
<i>Accumulated Depreciation</i>						
As at 1 January 2022	-	2,049,294	11,618,700	1,132,225	597,765	15,397,984
Charge for the period	-	412,798	283,554	12,595	169,398	878,345
As at 31 March 2022	-	2,462,092	11,902,254	1,144,820	767,163	16,276,329
<i>Net book value</i>						
As at 31 March 2022	8,122,900	27,129,886	3,985,408	142,867	2,689,150	42,070,211

*Property and equipment includes right-of-use assets at net book value of **SR 623,514** (2021: SR 690,725) related to leased office premises that do not meet the definition of investment property.

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7. PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Building*	Equipment	Motor vehicles	Furniture and fixtures	Capital work in progress**	Total
<u>2021</u>	SR	SR	SR	SR	SR	SR	SR
Cost							
As at 1 January 2021	8,122,900	21,092,510	13,004,497	1,166,787	2,598,591	3,709,516	49,694,801
Additions	-	134,694	1,667,734	158,400	547,046	5,619,687	8,127,561
Transfers from capital work in progress**	-	8,043,321	1,009,262	-	276,620	(9,329,203)	-
Disposals	-	-	-	(37,500)	-	-	(37,500)
As at 31 December 2021	8,122,900	29,270,525	15,681,493	1,287,687	3,422,257	-	57,784,862
Accumulated Depreciation							
As at 1 January 2021	-	537,684	10,671,720	1,130,954	1,139	-	12,341,497
Charge for the year	-	1,511,610	946,980	38,771	596,626	-	3,093,987
Disposals	-	-	-	(37,500)	-	-	(37,500)
As at 31 December 2021	-	2,049,294	11,618,700	1,132,225	597,765	-	15,397,984
Net book value							
As at 31 December 2021	8,122,900	27,221,231	4,062,793	155,462	2,824,492	-	42,386,878

*Property and equipment includes right-of-use assets at net book value of SR 690,725 (2020: SR 959,566) related to leased office premises that do not meet the definition of investment property.

** This represents capital expenditure on the new head office building.

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8A. EQUITY-ACCOUNTED INVESTEEES

<u>Name of associates</u>	<u>Principal activities</u>	<u>Place of incorporation and principal place of business</u>	<u>% age holding</u>
Edarat Group SAL	Technology based solutions	Lebanon	50%
Edarat Telecommunication and Information Technology Company	Development, installation and maintenance of computer hardware and software	Kingdom of Saudi Arabia	50%
Phoenicia Tech Worldwide Inc. – BVI	Technology based solutions	British Virgin Island	50%

*The Group has significant influence, but does not have control or joint control, over the financial and operating policies of these equity accounted investees.

The movement in investment in associates was as follows:

	Total
At 1 January 2021	4,919,342
Share of profit for the year	1,903,716
Dividend received	(271,875)
At 31 December 2021	6,551,183
Share of profit for the period	1,612,313
At 31 March 2022	8,163,496

8B. ADVANCE FOR INVESTMENT

During 2021, the Group has signed a subscription agreement to acquire 1.58% shareholding in a digital bank and has paid an advance for investment amounting to SR 25,000,000. As at 31 March 2022, the necessary legal formalities for incorporation of legal entity and regulatory approvals are not completed.

9A. CONTRACT ASSETS

	31 March 2022 SR	31 December 2021 SR
Unbilled receivables*	559,386,631	580,968,599
Less: Impairment loss on contract assets	(14,225,252)	(13,225,252)
	545,161,379	567,743,347
Classification of contract assets		
Unbilled receivables, non-current	25,964,509	45,477,359
Unbilled receivables, current	519,196,870	522,265,988
	545,161,379	567,743,347

* Unbilled receivables primarily relate to the Group's right to consideration for goods and services delivered but not billed at the reporting date. The same is transferred to trade receivables when the Group issues an invoice to the customer. The contractual terms of invoicing are primarily on a milestone basis.

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9A. CONTRACT ASSETS (CONTINUED)

The movement for allowance for expected credit losses on contract assets was as follows:

	31 March 2022 SR	31 December 2021 SR
Opening balance	13,225,252	8,797,228
Charged during the period/year	1,000,000	4,428,024
Closing balance	14,225,252	13,225,252

9B. CONTRACT COSTS

	31 March 2022 SR	31 December 2021 SR
Contract costs (refer notes a and b)	94,282,062	87,744,046
Less: Impairment loss on contract costs*	(15,668,541)	(15,668,541)
	78,613,521	72,075,505

- a) It includes incurred costs in respect of long-term IT support contracts, which will generate resources that will be used in satisfying these contracts and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil contracts. The asset is amortised on a straight-line basis over the term where the group is principal in the performance obligation, and
- b) It includes amounts prepaid by the group to a third party on behalf of customers and will be adjusted against the recoveries from the customer in the due course. These balances do not gross up expenses as these payments relates to the transaction where group acts as an agent.

*Represents the amount doubtful of recovery and accordingly recognised as an expense in direct costs.

10. TRADE AND OTHER RECEIVABLES

	31 March 2022 SR	31 December 2021 SR
Trade receivables - external*	475,998,053	407,386,122
Less: Impairment loss on trade receivables	(28,580,375)	(28,580,375)
	447,417,678	378,805,747
Trade receivables - amounts due from related parties (note 18)	4,356,545	4,982,701
Other receivables - vendor rebates	5,372,610	4,333,672
	457,146,833	388,122,120

*Trade receivables include SR 355,423,406 (31 December 2021: 326,689,764) due from government or government - controlled entities which represent the vast majority of the total receivables. In certain private cases, the Group obtains collateral over receivables.

Below is the ageing of gross trade receivables (including due from related party)

	<i>Total SR</i>	<i>Not yet due SR</i>	<i>0-1 year SR</i>	<i>1-2 year SR</i>	<i>2- 3 years SR</i>	<i>Above 3 years SR</i>
31 March 2022	480,354,598	32,635,490	331,784,899	52,809,709	32,296,013	30,828,487
31 December 2021	412,368,823	28,554,911	256,581,550	63,890,204	36,205,357	27,136,801

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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement for allowance for impairment loss on trade receivables was as follows:

	31 March 2022 SR	31 December 2021 SR
Opening balance	28,580,375	14,537,438
Charged during the period/year	-	14,042,937
Closing balance	28,580,375	28,580,375

11. PREPAYMENTS AND OTHER ASSETS

	31 March 2022 SR	31 December 2021 SR
Margin on letters of credit and guarantee	12,860,524	13,038,113
Prepaid expenses	8,535,519	4,392,171
Advances to supplier	4,976,850	3,906,974
Advances to employees	974,245	1,101,244
Prepayment other	362,704	362,704
	27,709,842	22,801,206
Provision on advances to supplier	(794,153)	(794,153)
	26,915,689	22,007,053

12. SHARE CAPITAL

Share capital of SR 250,000,000 is divided into 25,000,000 shares (31 December 2021: 25,000,000 shares) of SR 10 each.

The Board of Directors in their meeting held on 28 Jumada-I 1443H (Corresponding to 31 January 2022) resolved to increase the Company's share capital to SR 300,000,000 through issuance of one (1) bonus share for every five (5) shares by transferring SR 44,352,025 and SR 5,647,975 from retained earnings and statutory reserve, respectively to share capital. The legal formalities required to enforce the increase of the share capital are still in progress as of 31 March 2022 hence disclosed as Proposed Share Capital of SR 50,000,000.

13. STATUTORY RESERVE

In accordance with the Company regulations of KSA and the Company's By-Laws, the Group must transfer 10% of its net income to statutory reserve at year end. The Group may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The Group has utilized the statutory reserve of SR 5,647,975 (2021 SR 9,037,604) to issue the bonus shares.

14. DIVIDENDS

Pursuant to the shareholders approval in the Annual General meeting dated 26 May 2021, the Board of Directors in their meeting held on 31 January 2022 resolved to distribute cash dividends amounting to SR 1 per share aggregating to SR 25,000,000 for the second half of the year 2021. This was paid on 14 March 2022.

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15. LOANS AND BORROWINGS

The Group has obtained loans from various local commercial banks and other financial institutions to meet the working capital requirements. These loans are subject to certain financial covenants and are secured by promissory notes and assignment of certain contract proceeds and carry commission charges at prevailing market commission rates.

	31 March 2022 SR	31 December 2021 SR
Murabaha facilities	430,511,730	348,361,798
Conventional facilities	25,670,589	22,392,014
	<u>456,182,319</u>	<u>370,753,812</u>

Movements in loans and borrowings are shown below:

	31 March 2022 SR	31 December 2021 SR
Opening balance	370,753,812	371,942,139
Additions during the period/year	194,772,831	787,537,111
Repayment made during the period/year	(109,344,324)	(788,725,438)
Closing balance	<u>456,182,319</u>	<u>370,753,812</u>

16. TRADE AND OTHER PAYABLES

	31 March 2022 SR	31 December 2021 SR
Trade payables	211,216,535	225,961,118
Accrued expenses	20,611,026	9,590,945
Amounts due to related parties (note 18)	12,526,807	16,113,766
Accrual of other employee costs	10,134,154	12,364,151
Other payables	284,521	471,572
Lease liabilities, current	241,519	279,511
	<u>255,014,562</u>	<u>264,781,063</u>

17. CONTRACT LIABILITIES

The contract liabilities relate to advance consideration billed/received, for which revenue is recognized on satisfaction of performance obligations which is generally over one to four years.

	31 March 2022 SR	31 December 2021 SR
Contract liabilities- non-current	15,850,341	24,495,304
Contract liabilities- current	120,446,762	123,499,301
	<u>136,297,103</u>	<u>147,994,605</u>

The amount of SR 32,940,495 included in contract liabilities at 31 December 2021 has been recognised as revenue during the three months period ended 31 March 2022 (year ended 31 December 2021: SR 81,810,991).

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18. RELATED PARTY TRANSACTIONS AND BALANCES

During the period ended 31 March 2022, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The transactions during the period/year are as follows:

	31 March 2022 SR	31 December 2021 SR
Transaction with shareholders		
Dividends paid	25,000,000	47,000,000
Transaction with Associate:		
Edarat telecommunication and information technology company		
Revenue	1,378,805	2,649,742
Purchases	8,791,473	4,526,571
Transactions with entities having common shareholders		
Purchases		
ESRI Saudi Arabia Limited Company	409,340	10,078,849
Emaar executives for information technology	-	22,800,372
Electronic maps trading company	6,171	2,920,574
Revenue		
Emaar executives for information technology	62,518	1,276,533

The remuneration of key management personnel for the period/ year are as follows:

	31 March 2022 SR	31 December 2021 SR
Salaries and short-term benefits	1,767,928	9,792,915
Employee benefits	103,254	340,685
	1,871,182	10,133,600

The following balances were outstanding with related parties at the reporting date:

	31 March 2022 SR	31 December 2021 SR
Due from related parties:		
Electronic maps trading company	4,316,897	4,316,897
Emaar executives for information technology	39,648	-
Edarat telecommunication and information technology company	-	665,804
	4,356,545	4,982,701
Due to related parties:		
Edarat telecommunication and information technology company	7,472,425	-
ESRI Saudi Arabia Limited company	4,764,982	8,375,207
Electronic maps trading company	289,400	2,294,029
Emaar executives for information technology	-	5,444,530
	12,526,807	16,113,766

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19. RESTATEMENT OF PRIOR PERIODS

During the three-month period ended 31 December 2021, the Group has revisited its assessment of certain contracts with customers in accordance with IFRS 15 - Revenue from contracts with customers.

Previously management has considered that the Group was acting as a principal in contract with customers and presented revenue on gross basis along with the related cost of sales. However, as part of the reassessment exercise, the management has revisited some critical management judgements and/or assumptions which were earlier taken into consideration and concluded as follows:

- 1) In respect of certain software license sales, where the installation is not complex and integrated, and/or the Group do not control the license before delivery to the end-consumer, the Group is acting as an agent and revenue should have been recorded on a net basis
- 2) In respect of Post Contract Support (PCS),
 - a. Where the PCS is provided directly by the third-party vendor without any involvement of the Group in the provision of services the Group is acting as an agent and revenue should have been recorded on a net basis.
 - b. Where the PCS includes the unspecified upgrades provided by third party vendors, the Group is required to segregate the unspecified upgrades from the other component in PCS as it represents a separate performance obligation. The Group is acting as an agent in the provision of the third-party provided unspecified upgrades and the revenue should have been recorded on net basis.
- 3) In respect of certain security software license, where the third-party vendor provided upgrades are critical to the functionality of the underlying software, the Group is acting as an agent and revenue should have been recorded on net basis
- 4) In respect of certain end to end projects including those for specific types of cloud computing solutions, where the vendor or a subcontractor controlled by the vendor has the primary responsibility for delivery to the end customer the Group is acting as an agent and revenue for each of the respective performance obligations should have been recorded on net basis.

The above re-assessment exercise was carried during the three-month period ended 31 December 2021 and had an impact on the reported amounts during the earlier quarters. Accordingly, the impact of the above conclusions was incorporated in presenting the financial information for the comparative period ended 31 March 2021.

The errors have been corrected by restating each of the affected financial statement line items for prior periods.

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19. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

Impact of the above adjustments in statement of financial position as at 1 January 2021.

	31 December 2020 Previously Reported SR	Adjustments SR	1 January 2021 Restated SR
ASSETS			
Non-current assets			
Property and equipment	37,353,304	-	37,353,304
Intangible assets	2,089,690	-	2,089,690
Equity-accounted investees	4,919,342	-	4,919,342
Contract assets	24,120,402	-	24,120,402
Trade receivables	618,345	-	618,345
Total non-current assets	69,101,083	-	69,101,083
Current assets			
Contract assets	336,072,012	14,886,965	350,958,977
Contract costs	110,815,191	-	110,815,191
Trade and other receivables	516,373,846	-	516,373,846
Prepayments and other assets	19,141,670	-	19,141,670
Cash and cash equivalents	81,408,907	-	81,408,907
Total current assets	1,063,811,626	14,886,965	1,078,698,591
Total Assets	1,132,912,709	14,886,965	1,147,799,674
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	200,000,000	-	200,000,000
Statutory reserve	9,037,604	-	9,037,604
Other reserves	7,442,580	-	7,442,580
Retained earnings	91,870,956	16,101,993	107,972,949
Total shareholders' equity	308,351,140	16,101,993	324,453,133
Liabilities			
Non-current liabilities			
Employee benefits	20,123,942	-	20,123,942
Contract liabilities, non-current	33,277,882	-	33,277,882
Lease liabilities	647,565	-	647,565
Total non-current liabilities	54,049,389	-	54,049,389
Current liabilities			
Short-term loans	371,942,139	-	371,942,139
Trade and other payables	243,368,697	-	243,368,697
Other liabilities	7,136,576	-	7,136,576
Contract liabilities	139,750,551	(1,215,028)	138,535,523
Zakat payable	8,314,217	-	8,314,217
Total current liabilities	770,512,180	(1,215,028)	769,297,152
Total liabilities	824,561,569	(1,215,028)	823,346,541
Total shareholders' equity and liabilities	1,132,912,709	14,886,965	1,147,799,674

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19. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

Impact of the above adjustments in statement of profit or loss and other comprehensive income for the three month period ended 31 March 2021:

	31 March 2021 Previously Reported (Unaudited)	Adjustments	31 March 2021 Restated (Unaudited)
Revenue	223,456,828	(80,020,011)	143,436,817
Cost of sales	(186,310,607)	75,275,698	(111,034,909)
Gross profit	37,146,221	(4,744,313)	32,401,908
General and administration expenses	(12,591,019)	-	(12,591,019)
Selling and marketing expenses	(2,649,456)	-	(2,649,456)
Impairment loss on trade receivables & contract assets	(174,000)	(2,000,000)	(2,174,000)
Income from operations	21,731,746	(6,744,313)	14,987,433
Other income	486,980	-	486,980
Share of profit of equity-accounted investees	(398,941)	-	(398,941)
Finance costs	(5,089,802)	-	(5,089,802)
Finance income	713,000	-	713,000
Income before zakat	17,442,983	(6,744,313)	10,698,670
Zakat expense	(1,400,000)	-	(1,400,000)
Net income for the year	16,042,983	(6,744,313)	9,298,670
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurements gain on employees' defined benefit obligations	878,385	-	878,385
Other comprehensive income	878,385	-	878,385
Total comprehensive income for the year	16,921,368	(6,744,313)	10,177,055

Impact of the above adjustments in statement of cash flows for the three month period 31 March 2021:

	31 March 2021 Previously Reported (Unaudited)	Adjustments	31 March 2021 Restated (Unaudited)
Net cash flows from operating activities	4,832,111	254,003	5,086,114
Net cash used in investing activities	(2,530,390)	-	(2,530,390)
Net cash used in financing activities	(2,830,227)	(254,003)	(3,084,230)
Net decrease in cash and cash equivalents	(528,506)	-	(528,506)

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20. SEGMENT INFORMATION

The Group operates solely in KSA and has no geographical segment. For management purposes, the Group is organized into business units based on service provided and has the following reportable segments:

Information about reportable segments:

	Segments					Corporate	Total
	<i>Business service management Unit</i>	<i>Solutions Unit</i>	<i>Systems Unit</i>	<i>Information technology security Unit</i>	<i>Networking Unit</i>	<i>Operation and maintenance unit</i>	
As at 31 March 2022							
Total assets	114,171,652	187,202,423	199,419,990	129,607,967	312,590,130	164,845,259	1,202,472,241
Total liabilities	110,402,358	102,865,415	84,089,111	83,868,546	227,206,246	282,127,362	890,559,038
For the three-month period ended 31 March 2022							
Revenue							
<i>Timings of revenue</i>							
Sale of goods at point in time	1,548,162	1,070,506	8,049,138	1,251,672	8,286,133	1,786,621	21,992,232
Sale of services over period of time	4,137,521	6,800,859	2,342,690	3,857,920	25,178,397	42,289,084	84,606,471
<i>Type of customers</i>							
Government & government -controlled entities	4,381,811	7,219,170	5,624,752	4,113,578	18,338,479	44,075,705	83,753,495
Private	1,303,872	652,196	4,767,076	996,013	15,126,051	-	22,845,208
<i>Principal or agent revenue</i>							
Principal revenue	2,364,050	3,495,568	10,227,190	2,598,187	32,162,937	42,858,027	93,705,959
Agent revenue	3,321,633	4,375,799	164,638	2,511,405	1,301,592	1,217,677	12,892,744
Income before zakat	407,009	892,109	220,285	644,735	1,225,333	349,821	5,351,605

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20. SEGMENT INFORMATION (CONTINUED)

Information about reportable segments

	<i>Business management Unit</i>	<i>Solutions unit</i>	<i>Systems Unit</i>	<i>Information technology Unit</i>	<i>Networking unit</i>	<i>Operation and maintenance unit</i>	<i>Corporate</i>	<i>Total</i>
As at 31 December 2021								
Total assets	135,477,485	155,112,103	208,936,991	130,399,655	296,753,265	122,299,090	102,785,837	1,151,764,426
Total liabilities	36,115,715	94,400,004	150,104,483	107,220,221	169,648,935	166,357,603	94,258,244	818,105,205
For the three month period ended 31 March 2021, restated								
Revenue								
<i>Timings of revenue*</i>								
Sale of goods at point in time	18,176,008	1,235,611	34,433,816	1,835,876	5,293,870	233,700	-	61,208,931
Sale of services over year of time	3,867,340	5,395,367	15,758,834	3,153,138	25,061,657	28,991,550	-	82,227,881
<i>Type of customers**</i>								
Government & government -controlled entities	3,170,640	5,732,314	47,780,308	4,507,377	19,849,361	29,096,471	-	110,136,471
Private	18,872,708	898,664	2,412,342	481,637	10,506,166	128,821	-	33,300,341
<i>Principal or agent revenue</i>								
Principal revenue	21,623,595	2,727,690	48,859,187	3,639,146	29,835,533	29,064,289	-	135,749,440
Agent revenue	419,753	3,903,288	1,333,463	1,349,868	519,994	161,011	-	7,687,377
Income before zakat	1,841,221	1,085,896	3,083,416	435,435	2,305,719	2,345,923	(398,940)	10,698,670

There is a change in segment revenue reported during the three months ended 31 March 2021 on account of reassessment carried out in Q4 2021 as explained in restatement Note 19.

*The change in previously reported point in time revenue is SR 41.7 million (Solutions: SR 12.4 million, Systems: SR 12.2 million, Others: SR 17.1 million). Similarly, the change in overtime revenue is SR 38.3 million (Solutions: SR 26.7 million, Others: SR 11.6 million).

**The change in previously reported revenue from government customers is SR 66.9 million (Solutions: SR 31.2 million, Systems: SR 9.9 million, Others: SR 25.8 million). Similarly, the change in revenue from private customers is SR 13.2 million (Solutions: SR 8.1 million, Others: SR 5.1 million).

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21. CONTINGENT LIABILITIES

Guarantees

At reporting date, the Group has issued the bank guarantees in normal course of business:

	31 March 2022 SR	31 December 2021 SR
Letters of credit	83,505,885	62,128,383
Letter of guarantees	235,187,794	209,658,673

22. SUBSEQUENT EVENT

No event has occurred subsequent to the balance sheet date and including the date of the approval of the condensed consolidated interim financial statements which requires the adjustment to, or disclosures, in these condensed consolidated interim financial statements.