

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month and six-month period ended 30 June 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 30 June 2022

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KPMG Professional Services

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Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي ام 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 30 June 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 30 June 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month period ended 30 June 2022;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2022;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 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 30 June 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: 1 September 2022

Corresponding to: 5 Safar 1444H

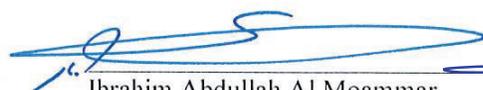


KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent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

كي بي ام جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "الشركة كي بي ام جي للفرزان وشركاه محاسبون ومد ايجون قوتونين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي ام جي المستقلة والتابعة لكي بي ام جي العالمية المحدودة، شركة انجازية محدودة بضمان. جميع الحقوق محفوظة.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

		30 June 2022 SR (Unaudited)	31 December 2021 SR (Audited)
ASSETS			
Non-current assets			
Property and equipment, net	7A	42,305,577	42,386,878
Intangible assets, net	7B	4,425,592	6,315,141
Equity-accounted investees	8A	8,132,408	6,551,183
Advance for investment	8B	25,000,000	25,000,000
Contract assets	9A	23,149,153	45,477,359
Total non-current assets		103,012,730	125,730,561
Current assets			
Contract assets, net	9A	458,475,112	522,265,988
Contract costs, net	9B	33,175,165	72,075,505
Trade and other receivables, net	10	483,389,914	388,122,120
Prepayments and other assets	11	33,398,452	22,007,053
Inventory	12	1,382,294	-
Cash and cash equivalents		192,331,723	21,563,199
Total current assets		1,202,152,660	1,026,033,865
TOTAL ASSETS		1,305,165,390	1,151,764,426
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	300,000,000	250,000,000
Statutory reserve	14	--	5,647,975
Other reserves		8,102,781	7,168,919
Retained earnings		22,937,264	70,842,327
Total shareholders' equity		331,040,045	333,659,221
Liabilities			
Non-current liabilities			
Employee benefits		22,677,576	22,575,107
Contract liabilities	18	21,661,176	24,495,304
Lease liabilities		254,904	368,055
Total non-current liabilities		44,593,656	47,438,466
Current liabilities			
Loans and borrowings	16	415,086,772	370,753,812
Trade and other payables	17	227,347,392	264,781,063
Other liabilities		33,554,946	4,181,537
Contract liabilities	18	250,995,328	123,499,301
Zakat payable	6	2,547,251	7,451,026
Total current liabilities		929,531,689	770,666,739
Total liabilities		974,125,345	818,105,205
Total shareholders' equity and liabilities		1,305,165,390	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 23 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 and six-month period ended 30 June 2022

	Note	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
		2022 SR	2021 (Restated Note 20) SR	2022 SR	2021 (Restated Note 20) SR
Revenue	4	171,032,867	148,156,990	277,631,570	291,593,807
Cost of sales		(122,821,823)	(113,309,138)	(200,628,291)	(224,344,047)
Gross profit		48,211,044	34,847,852	77,003,279	67,249,760
General and administration expenses		(23,018,243)	(14,391,681)	(39,382,500)	(26,982,700)
Selling and marketing expenses		(2,701,493)	(2,407,304)	(5,524,408)	(5,056,759)
Impairment loss on trade receivables and contract assets	9a,10	(700,000)	(66,848)	(1,700,000)	(2,240,848)
Income from operations		21,791,308	17,982,019	30,396,371	32,969,453
Other income		860,328	1,170,075	1,233,357	1,657,054
Share of profit/(loss) of equity-accounted investees	8a	1,701,412	305,133	3,313,725	(93,808)
Finance cost		(4,757,691)	(4,812,260)	(9,996,491)	(9,902,062)
Finance income		--	132,306	-	845,306
Income before zakat		19,595,357	14,777,273	24,946,962	25,475,943
Zakat	6	(2,750,000)	(1,250,000)	(3,500,000)	(2,650,000)
Net income for the period		16,845,357	13,527,273	21,446,962	22,825,943
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Remeasurements gain/(loss) on employees' defined benefit obligations		2,281,485	(804,449)	933,862	73,936
Other comprehensive income/loss		2,281,485	(804,449)	933,862	73,936
Total comprehensive income for the period		19,126,842	12,722,824	22,380,824	22,899,879
Earnings per share:					
Basic and diluted earnings per share of net income for the period	5	0.56	0.45	0.71	0.76


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors


Abdullah Ghazi Al Ghamdi
Acting - Chief Executive Officer


Karthik Ramaswamy Nagar Subramanian
Chief Financial Officer

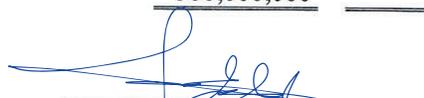
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AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2022

	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 20)	--	--	--	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)	--	--	--	26,471,644	26,471,644
Restatement (note 20)	--	--	--	(3,645,701)	(3,645,701)
Net income for the period, restated	--	--	--	22,825,943	22,825,943
Other comprehensive income for the period	--	--	73,936	--	73,936
Total comprehensive income for the period	--	--	73,936	22,825,943	22,899,879
Dividends	-	--	--	(22,000,000)	(22,000,000)
Transferred to share capital	50,000,000	(9,037,604)	--	(40,962,396)	--
Balance as at 30 June 2021 (Unaudited)	<u>250,000,000</u>	<u>-</u>	<u>7,516,516</u>	<u>67,836,496</u>	<u>325,353,012</u>
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	--	--	--	21,446,962	21,446,962
Other comprehensive income for the period	--	--	933,862	--	933,862
Total comprehensive income for the period	--	--	933,862	21,446,962	22,380,824
Dividends (note 15)	--	--	-	(25,000,000)	(25,000,000)
Transfer to share capital (note 13)	50,000,000	(5,647,975)	-	(44,352,025)	--
Balance as at 30 June 2022 (Unaudited)	<u>300,000,000</u>	<u>-</u>	<u>8,102,781</u>	<u>22,937,264</u>	<u>331,040,045</u>



Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors



Abdullah Ghazi Al Ghamdi
Acting - Chief Executive Officer

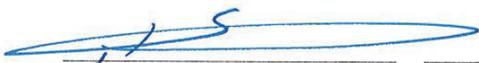


Karthik Ramaswamy Nagar Subramanian
Chief Financial Officer

The accompanying notes from 1 to 23 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 CASH FLOWS
For the six-month period ended 30 June 2022

	Note	For the six-month period ended 30 June (Unaudited)	
		2022	2021
		SR	SR
Operating activities			<i>(Restated)</i>
Net income for the period			
<i>Adjustments for:</i>		21,446,962	22,825,943
Depreciation of property and equipment	7A	1,848,360	1,384,696
Amortization of intangible assets	7B	534,734	339,853
Share of (profit)/loss of equity-accounted investees	8A	(3,313,725)	93,808
Impairment loss on trade receivables and contract assets	9,10	1,700,000	2,240,848
Impairment loss on contract costs		--	3,400,000
Employee benefits charge		3,574,328	3,023,115
Finance costs		9,996,491	9,902,062
Finance income		--	(845,306)
Zakat expense	6	3,500,000	2,650,000
		39,287,150	45,015,019
<i>Changes in working capital:</i>			
Contract assets		84,419,082	(63,025,064)
Contract costs		38,900,342	15,432,355
Trade and other receivables		(95,267,794)	(69,221,321)
Prepayments and other assets		(11,391,399)	(2,648,643)
Trade and other payables		(37,433,671)	73,554,295
Inventory	12	(1,382,294)	--
Other liabilities		29,373,409	(4,560,882)
Contract liabilities		124,661,898	15,459,625
Net cash generated from operations		171,166,723	10,005,385
Zakat paid		(8,403,775)	(8,063,191)
Employee benefits paid		(2,537,997)	(1,412,211)
Net cash generated from operating activities		160,224,951	529,983
Investing activities			
Acquisition of property and equipment	7A	(1,767,059)	(4,984,099)
Advance for investment		--	(25,000,000)
Acquisition of intangible assets		1,354,815	(466,240)
Dividend received from equity-accounted investees	8A	1,732,500	271,874
Net cash generated from/ (used in) investing activities		1,320,256	(30,178,465)
Financing activities			
Proceeds from loans and borrowings	16	392,726,594	362,339,862
Repayment of loans and borrowings	16	(348,393,634)	(356,866,575)
Finance costs paid		(9,914,746)	(9,109,050)
Payment of lease liabilities			
- Principle		(175,500)	(65,767)
- Interest		(19,397)	(21,983)
Dividend paid	15	(25,000,000)	(22,000,000)
Net cash generated from/ (used in) financing activities		9,223,317	(25,723,513)
Net increase/ (decrease) in cash and cash equivalents		170,768,524	(55,371,995)
Cash and cash equivalents at the beginning of the period		21,563,199	81,408,907
Cash and cash equivalents at the end of the period		192,331,723	26,036,912


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of
Directors


Abdullah Ghazi Al Ghannam
Acting - Chief Executive
Officer


Karthik Ramaswamy Nagar Subramanian
Chief Financial Officer

The accompanying notes from 1 to 23 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 and six-month period ended 30 June 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 30 June 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 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 01 September 2022 (corresponding to 5 Safar 1444H).

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.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2022

2. BASIS OF ACCOUNTING

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost using accrual basis, 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. These condensed consolidated interim financial statements are prepared on a going concern basis.

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 judgements, 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 judgements 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 for the year ended 31 December 2021. During the period the Group entered into contract to build data center for its customer. The following significant judgement has been applied to the assessment.

The Group has applied the significant judgment while assessing the performance obligation under revenue from contract with customers. The Group enters into separate contracts with customers to build data centers for the customers. These contracts involve various promises including design, procurement and construction of data centers. The Group evaluates whether it is a principal or an agent under these contracts. The Group assesses that it is acting as a principal where it is responsible to make the decisions around effective utilization of internal resources and/or vendors/sub-contractor in implementation services and in the eventual delivery of the deliverables fulfilling the customer’s requirements. Where the Group is the primary obligor within the context of the contract and has the direct responsibility to provide the services, the revenue is recorded on gross basis as a principal.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group further assesses whether the promises under these contracts involve a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted. Accordingly, the Group assesses that the Group's promises to transfer goods or services to the customer under these contracts are not separately identifiable within the context of the contract and represents a single performance obligation to build the data center for the customers.

In addition, under the terms of the contracts, the Group assesses that its performance creates an asset that the customer controls as the asset is created and the recognizes revenue over the period of the contract as the performance obligation is satisfied over time. The Group applies the input method to recognize revenue based on cost incurred as a percentage of total estimated cost towards satisfying the performance obligation.

The Group evaluates if such contracts include defect and warranty periods following completion of the project. These are not deemed to be separate performance obligations and therefore estimated and included in the total costs of the contracts. Where required, amounts are recognized accordingly according to IAS 37 as provisions.

Any non-cash consideration receivable under the contract from the customer is measured at fair value. The fair value of the non-cash consideration is determined at each billing date based on the terms of the contract. Where such non-cash consideration includes financial asset, these are subsequently re-measured at the reporting date in accordance with the Group's policy

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.

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 categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Fair value measurement (continued)

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 categorized 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:

Desegregation 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 revenue earned acting as principals or agent:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	SR	SR	SR	SR
<i>Timing of revenue recognition</i>		<i>(Restated)</i>		<i>(Restated)</i>
Product transferred at a point in time	59,205,820	52,092,471	81,198,052	113,301,401
Services transferred overtime	111,827,047	96,064,519	196,433,518	178,292,406
	171,032,867	148,156,990	277,631,570	291,593,807
	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	SR	SR	SR	SR
<i>Type of customers</i>		<i>(Restated)</i>		<i>(Restated)</i>
Government & government - controlled entities	138,475,208	106,888,689	222,228,703	217,025,164
Private	32,557,659	41,268,301	55,402,867	74,568,643
	171,032,867	148,156,990	277,631,570	291,593,807

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. REVENUE (CONTINUED)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	SR	SR	SR	SR
<i>Product or service</i>		<i>(Restated)</i>		<i>(Restated)</i>
Equipment and hardware	27,907,042	31,416,465	47,013,645	71,476,935
Software licenses	2,600,000	7,340,549	5,485,629	28,489,010
Maintenance, services and solutions	140,525,825	109,399,976	225,132,296	191,627,862
	171,032,867	148,156,990	277,631,570	291,593,807

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	SR	SR	SR	SR
<i>Revenue earned as principal or agent</i>		<i>(Restated)</i>		<i>(Restated)</i>
Revenue derives from principal	149,656,115	130,801,505	243,362,074	266,550,945
Revenue derives from agent	21,376,752	17,355,485	34,269,496	25,042,862
	171,032,867	148,156,990	277,631,570	291,593,807

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 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	SR	SR	SR	SR
		<i>(Restated)</i>		<i>(Restated)</i>
Net income for the period	16,845,357	13,527,273	21,446,962	22,825,943
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share*	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted earnings per share of net income for the period	0.56	0.45	0.71	0.76

*The weighted average number of ordinary shares used as a denominator in calculating basic and diluted EPS for 30 June 2021 has been adjusted on account of the bonus share issue.

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6. ZAKAT

Zakat charge for the six-month period ended 30 June 2022 amounts to SR 3,500,000 (for the six-month period ended 30 June 2021 amounts to SR 2,650,000) and is based on the following:

Movement in Zakat provision during the period / year

	30 June 2022 SR	31 December 2021 SR
Balance at 1 January	<u>7,451,026</u>	<u>8,314,217</u>
Charged for the period/year	3,500,000	8,400,805
Paid during the period/year	<u>(8,403,775)</u>	<u>(9,263,996)</u>
	<u>2,547,251</u>	<u>7,451,026</u>

The Company has finalized its Zakat and withholding tax assessment with the ZATCA up to year 2016 and obtained the final Zakat and withholding tax certificate. At 30 June 2022, the Company has filed the Zakat returns for the years 2017 to 2021 and withholding tax returns for the years 2017 to A2021, which are under review by ZATCA. (At 30 June 2021, the Company has filed the Zakat returns for the year 2017 to 2020, which are under review by ZATCA).

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7A. PROPERTY AND EQUIPMENT, NET

<u>2022</u>	Land SR	Building* SR	Equipment SR	Motor vehicles SR	Furniture and fixtures SR	Total SR
<i>Cost:</i>						
As at 1 January 2022	8,122,900	29,270,525	15,681,493	1,287,687	3,422,257	57,784,862
Additions	--	1,154,908	544,911	-	67,240	1,767,059
As at 30 June 2022	8,122,900	30,425,433	16,226,404	1,287,687	3,489,497	59,551,921
<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	--	858,751	621,803	25,330	342,476	1,848,360
As at 30 June 2022	--	2,908,045	12,240,503	1,157,555	940,241	17,246,344
<i>Net book value</i>						
As at 30 June 2022	8,122,900	27,517,388	3,985,901	130,132	2,549,256	42,305,577

*Building includes right-of-use assets at net book value of **SR 556,304** (2021: SR 690,725) related to leased office premises.

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7A. PROPERTY AND EQUIPMENT, NET (CONTINUED)

<u>2021</u>	Land SR	Building* SR	Equipment SR	Motor vehicles SR	Furniture and fixtures SR	Capital work in progress** SR	Total SR
<i>Cost:</i>							
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	<u>8,122,900</u>	<u>29,270,525</u>	<u>15,681,493</u>	<u>1,287,687</u>	<u>3,422,257</u>	<u>-</u>	<u>57,784,862</u>
<i>Accumulated depreciation:</i>							
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	<u>--</u>	<u>2,049,294</u>	<u>11,618,700</u>	<u>1,132,225</u>	<u>597,765</u>	<u>--</u>	<u>15,397,984</u>
<i>Net book value</i>							
As at 31 December 2021	<u>8,122,900</u>	<u>27,221,231</u>	<u>4,062,793</u>	<u>155,462</u>	<u>2,824,492</u>	<u>--</u>	<u>42,386,878</u>

*Building includes right-of-use assets at net book value of SR 690,725 (2020: SR 959,566) related to leased office premises.

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

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7B. INTANGIBLE ASSETS, NET

	<i>ERP software SR</i>	<i>Application development SR</i>	<i>Other software SR</i>	<i>Total SR</i>
<i>Cost:</i>				
As at 1 January 2022	3,297,535	4,532,387	7,244,622	15,074,544
Additions	465,763	-	2,565,973	3,031,736
Disposal & reclassification of Assets	-	-	(4,386,551)	(4,386,551)
As at 30 June 2022	<u>3,763,298</u>	<u>4,532,387</u>	<u>5,424,044</u>	<u>13,719,729</u>
<i>Amortization:</i>				
As at 1 January 2022	1,698,313	4,532,387	2,528,703	8,759,403
Charge for the period	287,004	-	247,730	534,734
As at 30 June 2022	<u>1,985,317</u>	<u>4,532,387</u>	<u>2,776,433</u>	<u>9,294,137</u>
<i>Net book value</i>				
As at 30 June 2022	<u>1,777,981</u>	<u>-</u>	<u>2,647,611</u>	<u>4,425,592</u>
2021	<i>ERP software SR</i>	<i>Application development SR</i>	<i>Other software SR</i>	<i>Total SR</i>
<i>Cost:</i>				
As at 1 January 2021	2,438,341	4,532,387	3,085,065	10,055,793
Additions	859,194	--	4,159,557	5,018,751
As at 31 December 2021	<u>3,297,535</u>	<u>4,532,387</u>	<u>7,244,622</u>	<u>15,074,544</u>
<i>Amortization:</i>				
As at 1 January 2021	1,329,450	4,532,387	2,104,266	7,966,103
Charge for the year	368,863	--	424,437	793,300
As at 31 December 2021	<u>1,698,313</u>	<u>4,532,387</u>	<u>2,528,703</u>	<u>8,759,403</u>
<i>Net book value</i>				
As at 31 December 2021	<u>1,599,222</u>	<u>-</u>	<u>4,715,919</u>	<u>6,315,141</u>

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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:

	<u>Total</u>
At 1 January 2021	4,919,342
Share of profit for the year	1,903,716
Dividend received	<u>(271,875)</u>
At 31 December 2021	6,551,183
Share of profit for the period	3,313,725
Dividends received	<u>(1,732,500)</u>
At 30 June 2022	<u>8,132,408</u>

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 30 June 2022, the necessary legal formalities for incorporation of legal entity and regulatory approvals are not completed.

9A. CONTRACT ASSETS, NET

	<u>30 June 2022</u>	<u>31 December 2021</u>
	<u>SR</u>	<u>SR</u>
Unbilled receivables*	496,549,517	580,968,599
Less: Impairment loss on contract assets	<u>(14,925,252)</u>	<u>(13,225,252)</u>
	<u>481,624,265</u>	<u>567,743,347</u>
Classification of contract assets		
Unbilled receivables, non-current	23,149,153	45,477,359
Unbilled receivables, current	<u>458,475,112</u>	<u>522,265,988</u>
	<u>481,624,265</u>	<u>567,743,347</u>

* 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, NET (CONTINUED)

Movement of allowance for expected credit losses on contract assets was as follows:

	30 June 2022 SR	31 December 2021 SR
Opening balance	13,225,252	8,797,228
Charged during the period/year	1,700,000	4,428,024
Closing balance	14,925,252	13,225,252

9B. CONTRACT COSTS, NET

	30 June 2022 SR	31 December 2021 SR
Contract costs (refer notes a and b)	33,175,165	87,744,046
Less: Impairment loss on contract costs*(refer note c)	-	(15,668,541)
	33,175,165	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.

- c) Movement of impairment loss on contract costs was as follows:

	30 June 2022 SR	31 December 2021 SR
Opening balance	15,668,541	1,100,000
Charged during the period/year	--	14,568,541
Write off during the period/year	(15,668,541)	--
Closing balance	--	15,668,541

10. TRADE AND OTHER RECEIVABLES, NET

	30 June 2022 SR	31 December 2021 SR
Trade receivables - external*	499,995,347	407,386,122
Less: Impairment loss on trade receivables	(28,580,375)	(28,580,375)
	471,414,972	378,805,747
Trade receivables - amounts due from related parties (note 19)	3,797,382	4,982,701
Other receivables	8,177,560	4,333,672
	483,389,914	388,122,120

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10. TRADE AND OTHER RECEIVABLES, NET (CONTINUED)

*Trade receivables include SR 383,041,967 (31 December 2021: 326,689,764) due from government or government - controlled entities which represent the vast majority of the total receivables. In certain cases, the Group obtains collateral over receivables from non-government-controlled entities.

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

	Total SR	Not yet due SR	0-1 year SR	1-2 year SR	2- 3 years SR	Above 3 years SR
30 June 2022	503,792,729	41,927,441	302,586,195	83,861,358	33,971,643	41,446,092
31 December 2021	412,368,823	28,554,911	256,581,550	63,890,204	36,205,357	27,136,801

Movement of allowance for impairment loss on trade receivables was as follows:

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

11. PREPAYMENTS AND OTHER ASSETS

	30 June 2022 SR	31 December 2021 SR
Margin on letters of credit and guarantees	<u>10,695,632</u>	13,038,113
Prepaid expenses	<u>8,519,020</u>	4,392,171
Advances to suppliers	<u>13,455,393</u>	3,906,974
Advances to employees	<u>1,159,856</u>	1,101,244
Other prepayments	<u>362,704</u>	362,704
	34,192,605	22,801,206
Provision for impairment on advances to suppliers	<u>(794,153)</u>	(794,153)
	<u>33,398,452</u>	<u>22,007,053</u>

12. INVENTORIES

	30 June 2022 SR	31 December 2021 SR
Goods held for sales	<u>1,382,294</u>	--
Less: allowance for slow moving inventory	--	--
	<u>1,382,294</u>	--

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, and other direct cost incurred in bringing them to their existing location and condition. At each reporting date, inventories are assessed for impairment using net realizable value that represents the estimated selling price for inventories less all estimated costs of completion & costs necessary to make the sale.

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13. SHARE CAPITAL

Share capital of SR 300,000,000 is divided into 30,000,000 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 were completed during the period ended 30 June 2022.

14. 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 during the period.

15. 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 dividend was paid on 14 March 2022.

16. 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.

	30 June 2022 SR	31 December 2021 SR
Murabaha facilities	388,763,167	348,361,798
Conventional facilities	26,323,605	22,392,014
	<u>415,086,772</u>	<u>370,753,812</u>

Movement in loans and borrowings are shown below:

	30 June 2022 SR	31 December 2021 SR
Opening balance	370,753,812	371,942,139
Additions during the period/year	392,726,594	787,537,111
Repayment made during the period/year	(348,393,634)	(788,725,438)
Closing balance	<u>415,086,772</u>	<u>370,753,812</u>

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17. TRADE AND OTHER PAYABLES

	30 June 2022 SR	31 December 2021 SR
Trade payables	197,591,989	225,961,118
Accrued projects cost	14,942,844	11,051,072
Accrual of other employee costs	10,029,531	9,590,945
Accrued expenses	2,045,967	1,313,079
Amounts due to related parties (note 19)	1,847,090	16,113,766
Other payables	565,661	471,572
Lease liabilities, current	324,310	279,511
	<u>227,347,392</u>	<u>264,781,063</u>

18. CONTRACT LIABILITIES

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

	30 June 2022 SR	31 December 2021 SR
Contract liabilities, non-current	21,661,176	24,495,304
Contract liabilities, current	250,995,328	123,499,301
	<u>272,656,504</u>	<u>147,994,605</u>

The amount of SR 64,180,357 included in contract liabilities at 31 December 2021 has been recognised as revenue during the six month period ended 30 June 2022 (year ended 31 December 2021: SR 81,810,991).

19. RELATED PARTY TRANSACTIONS AND BALANCES

During the period ended 30 June 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 are as follows:

	30 June 2022 SR	30 June 2021 SR
Transaction with shareholders		
Dividends paid	25,000,000	22,000,000
Transactions with associate:		
Edarat Telecommunication and Information Technology Company;		
Revenue	1,416,670	225,998
Purchases	17,277,354	1,600,000
Sub- lease rental income	304,307	--
Transactions with entities having common shareholders		
Purchases		
ESRI Saudi Arabia Limited Company	1,405,010	4,127,406
Emaar Executives For Information Technology	2,886,809	16,151,673
Electronic Maps Trading Company	295,868	714,689
Revenue		
Emaar Executives For Information Technology	128,139	--

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19. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

	30 June 2022 SR	30 June 2021 SR
Salaries and short-term benefits	3,292,437	3,184,196
Employee benefits	285,713	196,612
	<u>3,578,150</u>	<u>3,380,808</u>

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

	30 June 2022 SR	31 December 2021 SR
Due from related parties:		
Electronic Maps Trading Company	2,868,898	4,316,897
Emaar Executives For Information Technology	928,484	--
Edarat Telecommunication and Information Technology Company	--	665,804
	<u>3,797,382</u>	<u>4,982,701</u>
Due to related parties:		
Edarat Telecommunication and Information Technology Company	231,329	--
ESRI Saudi Arabia Limited Company	1,615,761	8,375,207
Electronic Maps Trading Company	--	2,294,029
Emaar Executives For Information Technology	--	5,444,530
	<u>1,847,090</u>	<u>16,113,766</u>

20. 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, 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.

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20. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

- 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 unspecified upgrades provided by 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 for earlier quarters. Accordingly, the impact of the above, was incorporated in presenting the financial information for the comparative period ended 30 June 2021.

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

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20. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

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

	31 December 2020		1 January 2021
	<i>As previously reported</i>	Adjustments	<i>Restated</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
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	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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20. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

Impact of the above adjustments in statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2021:

	30 June 2021		30 June 2021
	<i>As previously reported (Unaudited)</i>	Adjustments	<i>Restated (Unaudited)</i>
Revenue	471,299,062	(179,705,255)	291,593,807
Cost of sales	(401,670,449)	177,326,402	(224,344,047)
Gross profit	69,628,613	(2,378,853)	67,249,760
General and administration expenses	(26,982,700)	-	(26,982,700)
Selling and marketing expenses	(5,056,759)	-	(5,056,759)
Impairment loss on trade receivables & contract assets	(974,000)	(1,266,848)	(2,240,848)
Income from operations	36,615,154	(3,645,701)	32,969,453
Other income	1,657,054	-	1,657,054
Share of profit of equity-accounted investees	(93,808)	-	(93,808)
Finance costs	(9,902,062)	-	(9,902,062)
Finance income	845,306	-	845,306
Income before zakat	29,121,644	(3,645,701)	25,475,943
Zakat expense	(2,650,000)	-	(2,650,000)
Net income for the year	26,471,644	(3,645,701)	22,825,943
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>	-	-	-
Remeasurements gain on employees' defined benefit obligations	73,936	-	73,936
Other comprehensive income	73,936	-	73,936
Total comprehensive income for the year	26,545,580	(3,645,701)	22,899,879

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20. 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 30 June 2021:

	30 June 2021		30 June 2021
	<i>As previously reported</i>		<i>Restated</i>
	<i>(Unaudited)</i>	Adjustments	<i>(Unaudited)</i>
Revenue	247,842,234	(99,685,244)	148,156,990
Cost of sales	(215,359,842)	102,050,704	(113,309,138)
Gross profit	32,482,392	2,365,460	34,847,852
General and administration expenses	(14,391,681)	-	(14,391,681)
Selling and marketing expenses	(2,407,304)	-	(2,407,304)
Impairment loss on trade receivables & contract assets	(800,000)	733,152	(66,848)
Income from operations	14,883,407	3,098,612	17,982,019
Other income	1,170,075	-	1,170,075
Share of profit of equity-accounted investees	305,133	-	305,133
Finance costs	(4,812,260)	-	(4,812,260)
Finance income	132,306	-	132,306
Income before zakat	11,678,661	3,098,612	14,777,273
Zakat expense	(1,250,000)	-	(1,250,000)
Net income for the year	10,428,661	3,098,612	13,527,273
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurements gain on employees' defined benefit obligations	(804,449)	-	(804,449)
Other comprehensive income	(804,449)	-	(804,449)
Total comprehensive income for the year	9,624,212	3,098,612	12,722,824

Impact of the above adjustments in statement of cash flows for the six-month period 30 June 2021:

	30 June 2021		30 June 2021
	<i>As previously reported</i>		<i>Restated</i>
	<i>(Unaudited)</i>	Adjustments	<i>(Unaudited)</i>
Net cash flows from operating activities	529,983	--	529,983
Net cash used in investing activities	(30,178,465)	--	(30,178,465)
Net cash used in financing activities	(25,723,513)	--	(25,723,513)
Net decrease in cash and cash equivalents	(55,371,995)	--	(55,371,995)

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21. 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:

	2022								
	<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>	<i>Data center</i>	<i>Corporate</i>	<i>Total</i>
As at 30 June 2022									
Total assets	118,804,708	213,428,269	116,636,053	119,895,603	277,801,753	180,690,464	1,170,852	276,737,688	1,305,165,390
Total liabilities	48,164,371	214,211,346	70,903,878	103,758,925	236,970,356	133,608,228	160,075,707	6,432,534	974,125,345
For the six-months period ended 30 June 2022									
Revenue									
<i>Timings of revenue</i>									
Sale of goods at point in time	8,703,466	14,568,226	14,998,869	8,737,212	25,323,081	8,867,198	-	-	81,198,052
Sale of services over period of time	6,337,347	6,263,576	7,989,558	8,444,268	49,888,375	94,583,800	22,926,594	-	196,433,518
<i>Type of customers</i>									
Government & government - controlled entities	12,156,832	17,821,987	17,766,355	14,115,937	56,992,972	103,374,620	-	-	222,228,703
Private	2,883,981	3,009,816	5,222,072	3,065,543	18,218,483	76,378	22,926,594	-	55,402,867
<i>Principal or agent revenue</i>									
Principal revenue	6,306,217	7,617,886	20,476,465	13,253,909	72,224,247	100,556,756	22,926,594	-	243,362,074
Agent revenue	8,734,595	13,213,917	2,511,962	3,927,571	2,987,209	2,894,242	-	-	34,269,496
Income before Zakat	2,086,152	4,719,205	792,719	1,389,015	1,563,440	8,509,192	2,573,514	3,313,725	24,946,962

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21. SEGMENT INFORMATION (CONTINUED)

Information about reportable segments

	2021							<i>Total</i>
	<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>	<i>Corporate</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 six-months period ended 30 June 2021, restated								
Revenue								
<i>Timings of revenue*</i>								
Sale of goods at point in time	19,294,909	12,518,035	50,678,873	9,235,547	17,599,380	3,974,657	--	113,301,401
Sale of services over year of time	9,102,629	6,006,792	30,419,312	4,370,151	68,133,100	60,260,422	--	178,292,406
<i>Type of customers**</i>								
Government & government -controlled entities	6,580,865	17,434,467	69,600,548	12,698,918	46,604,110	64,106,256	--	217,025,164
Private	21,816,673	1,090,360	11,497,638	906,780	39,128,369	128,823	--	74,568,643
<i>Principal or agent revenue***</i>								
Principal revenue	27,662,808	6,774,720	77,113,815	9,813,453	83,850,844	61,335,305	--	266,550,945
Agent revenue	734,730	11,750,106	3,984,371	3,792,245	1,881,636	2,899,774	--	25,042,862
Income before Zakat	1,960,649	1,973,555	6,530,900	1,300,531	8,919,515	4,884,601	(93,808)	25,475,943

There is a change in segment revenue reported during the six months period ended 30 June 2021 on account of reassessment carried out in Q4 2021 as explained in restatement Note 20.

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21. SEGMENT INFORMATION (CONTINUED)

- * The change in previously reported point in time revenue is SR 102.6 million (Solutions: SR 26.7 million, Network: SR 27.5 million, Others: SR 48.4 million). Similarly, the change in overtime revenue is SR 77.1 million (Solutions: SR 54 million, Others: SR 23.1 million).
- ** The change in previously reported revenue from government customers is SR 144.2 million (Solutions: SR 63.7 million, O&M: SR 34.9 Others: SR 45.6 million). Similarly, the change in revenue from private customers is SR 35.4 million (Solutions: SR 17.1 million, Others: SR 18.3 million).
- *** The management has considered that the Company is 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 taken into consideration earlier and concluded that the revenue was earned on agent basis.

22. CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees

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

	30 June 2022 SR	31 December 2021 SR
Letters of credit	85,233,200	62,128,383
Letter of guarantees	378,741,264	209,658,673

23. SUBSEQUENT EVENT

No event has occurred subsequent to the financial position 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.