Al Moammar Information Systems Company
(A Saudi Joint Stock Company)

Financial Statements

For the year ended 31 December 2019

Al Moammar Information Systems Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Al Moammar Information Systems Company (A Saudi Joint Stock Company) (the "Company"), which comprise of the statement of financial position as at 31 December 2019, and the related statement of comprehensive income, statement of changes in shareholders equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	***How our audit addressed the key audit matter***

Revenue recognition
 	
The Company earns revenue from several activities, including sale of hardware and software, and the provision of maintenance and other services.
 	
As required under IFRS 15- *Revenue from Contracts with Customers,* the management identifies customer contracts relating to services provided, and for each type of contract identified, the management determines the performance obligations that exist under the contract and the transaction price which represents revenue expected to be earned under the contract. The revenue is then allocated to the performance obligations under the contract using observable market rates for each stand-alone service provided. Revenue is recognised proportionately as performance obligations are satisfied.
 	
We consider this as a key audit matter due to the multitude and variety of contractual terms, the different pricing elements and the risk of management override.
 	
Refer to financial statements note 5 for significant accounting policy relating to revenue recognition and note 6 for revenue related disclosures.
	Our audit procedures performed included, among others, the following:
	
	• Assessed the design and tested, (on a sample basis), the operating effectiveness of relevant controls in relation to revenue recognition;
	• Reviewed the revenue recognition policy applied by the Company to ensure it's in compliance with IFRS 15 requirements.
	• Performed analytical procedures (for key contracts) by comparing the expectations of the revenue with the actual revenue and analysed the variance;
	• In relation to the criteria utilised by the management to determine the appropriate level of revenue to be recognised we have, on sample basis, tested:
	  ◦ Performance obligations identified to ensure it's consistent with the Terms and Conditions in the underlying contract;
	  ◦ The transaction price agreed to executed customer contracts;
	  ◦ The value of performance obligations used in allocating the transaction price were determined using observable market prices for each stand-alone service provided.
	  ◦ Whether these performance obligations are properly satisfied over time or at a point in time
	
	• Assessed the adequacy of the relevant disclosures in the Company's financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company) (continued)

Other information included in The Company's 2019 Annual Report
Other information consists of the information included in the Company's 2019 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2019 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Company's 2019 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of the Companies' Law and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company) (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young

Yousef A. AlMubarak
Certified Public Accountant
License No. 427

Riyadh: 2 Rajab 1441H
(26 February 2020)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	***2019*** ***SR***	*2018* *SR*
Revenue from contracts	6	**997,515,170**	886,150,723
Direct costs		**(833,693,238)**	(752,528,170)
Gross profit		**163,821,932**	133,622,553
Selling and marketing expenses	7	**(11,782,844)**	(9,720,394)
General and administration expenses	8	**(44,258,309)**	(37,201,962)
Allowance for expected credit losses	15 & 16	**(7,581,286)**	(812,488)
Income from operations		**100,199,493**	85,887,709
Finance costs	9	**(19,326,037)**	(15,788,306)
Share in results of associates, net	14	**833,200**	(241,807)
Other income		**1,283,372**	485,584
Income before zakat		**82,990,028**	70,343,180
Zakat	10	**(7,010,217)**	(5,830,700)
Net income for the year		**75,979,811**	64,512,480
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Re-measurements (loss) gain on employees' defined benefit obligations	21	**(2,450,275)**	5,655,675
Other comprehensive (loss) income		**(2,450,275)**	5,655,675
Total comprehensive income for the year		**73,529,536**	70,168,155
Earnings per share:	11		
Basic and diluted earnings per share income from operations		**6.26**	5.37
Basic and diluted earnings per share net income for the year		**4.75**	4.03

The accompanying notes from 1 to 31 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	***31 December 2019 SR***	*31 December 2018 SR*
ASSETS			
Non-current assets			
Property and equipment	12	**20,539,413**	9,761,819
Intangible assets	13	**2,036,721**	1,588,969
Investment in associates	14	**2,651,976**	1,818,776
Trade receivables, non-current	15	**1,976,522**	28,997,083
Total non-current assets		**27,204,632**	42,166,647
Current assets			
Contract assets	16	**427,921,105**	303,091,489
Trade receivables and other assets	15	**368,598,760**	373,455,516
Deferred costs		**82,825,763**	72,297,245
Cash and cash equivalents	17	**29,361,283**	106,365,312
Total current assets		**908,706,911**	855,209,562
TOTAL ASSETS		**935,911,543**	897,376,209
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	**160,000,000**	160,000,000
Statutory reserve	19	**14,049,229**	6,451,248
Other reserves	19	**7,585,400**	10,035,675
Retained earnings		**72,483,288**	20,101,458
Total shareholders' equity		**254,117,917**	196,588,381
LIABILITIES			
Non-current liabilities			
Employees' defined benefit obligations	21	**15,915,311**	14,334,505
Lease liabilities, non-current	22	**917,453**	-
Contract liabilities, non-current	16	**24,677,276**	25,721,628
Total non-current liabilities		**41,510,040**	40,056,133
Current liabilities			
Short-term loans	23	**219,325,610**	266,971,970
Trade payables and other liabilities	24	**320,345,466**	224,885,814
Contract liabilities	16	**93,001,552**	151,218,171
Dividends payable	25	**-**	11,825,040
Zakat payable	10	**7,610,958**	5,830,700
Total current liabilities		**640,283,586**	660,731,695
TOTAL LIABILITIES		**681,793,626**	700,787,828
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**935,911,543**	897,376,209

The accompanying notes from 1 to 31 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For year ended 31 December 2019

	Share capital SR	*Statutory reserve SR*	*Other reserves SR*	*Retained earnings SR*	*Total shareholders' equity SR*
At 1 January 2018	50,000,000	25,000,000	4,380,000	79,040,226	158,420,226
Net income for the year	-	-	-	64,512,480	64,512,480
Other comprehensive income	-	-	5,655,675	-	5,655,675
Total comprehensive income for the year	-	-	5,655,675	64,512,480	70,168,155
Share capital increase (note 18)	110,000,000	(25,000,000)	-	(85,000,000)	-
Transfer to statutory reserve (note 19)	-	6,451,248	-	(6,451,248)	-
Dividends (note 20)	-	-	-	(32,000,000)	(32,000,000)
At 31 December 2018	160,000,000	6,451,248	10,035,675	20,101,458	196,588,381
Net income for the year	-	-	-	75,979,811	75,979,811
Other comprehensive loss	-	-	(2,450,275)	-	(2,450,275)
Total comprehensive income for the year	-	-	(2,450,275)	75,979,811	73,529,536
Transfer to statutory reserve (note 19)	-	7,597,981	-	(7,597,981)	-
Dividends (note 20)	-	-	-	(16,000,000)	(16,000,000)
At 31 December 2019	**160,000,000**	**14,049,229**	**7,585,400**	**72,483,288**	**254,117,917**

The accompanying notes from 1 to 31 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Notes	***2019*** ***SR***	*2018* *SR*
OPERATING ACTIVITIES			
Income before zakat		**82,990,028**	70,343,180
Adjustments:			
Finance costs	9	**19,326,037**	15,778,306
Provision for employees' defined benefit obligations	21	**6,087,788**	4,842,177
Provision for expected credit losses	15 & 16	**7,581,285**	812,488
Depreciation	12	**693,935**	384,939
Amortization	13	**525,508**	340,991
Share in results of associates, net	14	**(833,200)**	241,807
		116,371,381	92,743,888
Changes in working capital:			
Trade receivables and other assets		**29,213,573**	(41,466,292)
Contract assets		**(129,747,157)**	(55,875,495)
Deferred costs		**(10,528,518)**	13,979,059
Trade payables and other liabilities		**95,459,652**	39,902,470
Contract liabilities		**(59,260,971)**	(10,187,055)
Net cash generated from operations		**41,507,960**	39,096,575
Employees' defined benefit obligations paid	21	**(4,506,982)**	(2,989,030)
Zakat paid	10	**(5,229,959)**	(6,473,166)
Net cash generated from operating activities		**31,771,019**	29,634,379
Investing activities			
Additions to property and equipment	12	**(9,974,279)**	(1,050,065)
Intangible assets	13	**(973,260)**	(894,612)
Proceeds from disposal of property and equipment		**-**	4,744
Net cash used in investing activities		**(10,947,539)**	(1,939,933)
Financing activities			
Proceeds from short-term loans	23	**638,096,998**	666,166,116
Repayment of short-term loans	23	**(685,743,358)**	(578,297,650)
Finance costs paid		**(22,045,609)**	(11,836,941)
Payment of lease liabilities		**(310,500)**	**-**
Dividends paid	25	**(27,825,040)**	(53,174,960)
Net cash (used in) generated from financing activities		**(97,827,509)**	22,856,565
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(77,004,029)**	50,551,011
Cash and cash equivalents at the beginning of the year		**106,365,312**	55,814,301
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	**29,361,283**	106,365,312
Supplemental non-cash information			
Right-of-use assets		**1,497,250**	**-**
Lease liabilities		**1,174,257**	**-**

1. CORPORATE INFORMATION AND ACTIVITIES

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

The registered office of the Company is located at Pearl Centre, King Abdulaziz road, P.O. Box 16116, Riyadh 11464, KSA.

The Company is operating in KSA with the following branches as at 31 December 2019:

Commercial registration number	*Commercial registration date*	*Location*
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 wholesale, retail sale, installation, operation and maintenance of computers, electronic systems, wireless systems, electric and electronic works and installation, operation and maintenance of telecom technology.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as issued by the International Accounting Standards Board ("IASB") as endorsed in KSA and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

Basis of measurement and functional currency

These financial statements are prepared under the historical cost convention. These financial statements are presented in Saudi Arabian Riyal (SR), which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Company used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Long-term assumptions for employee benefits
Employees' defined benefit obligations represent liabilities that will be settled in the future and require actuarial assumptions to project obligations. Management is required to make assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

Defined benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate or government bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the bonds, quality of the corporate bonds and the identification of outliers which are excluded, if any.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flows ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

Allowance for expected credit losses
The Company reviews its trade receivables and contracts assets at each reporting date to assess whether a provision for doubtful debts should be recorded in the statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision. Refer to note (15) for further information.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Critical judgements in applying accounting standards (continued)

Economic useful lives of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Company periodically reviews estimated useful lives and the depreciation method to ensure that the method and year of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

Determination of significant influence
Judgement was required, particularly where the Company owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Company's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Company's shareholding rights in the investee's general meetings, as well as the Company's representation on Board of Directors of such investee and the Company's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Company is accounting for such investment in an associate under the equity method of accounting.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following is an overview of accounting standard changes that the Company will be required to adopt in future years. The Company continues to assess the impact of these standards on the financial statements.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. This standard is not applicable to the Company.

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in the preparation of these financial statements are set out below:

Foreign currencies

Transactions and balances
Foreign currency transactions are translated into SR at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of comprehensive income. Translation of non-monetary items depends on whether they are recognized at historical cost or at fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in statement of comprehensive income).

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is;
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets that do not meet the above criteria, as non-current.

A liability is classified as current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities that do not meet the above criteria, as non-current.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

The Company 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company 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 period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained previously.

Revenue recognition

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied.

The Company recognizes revenue as and when customer receives and consumes the goods and services provided by the Company, which is in line with the requirements of IFRS 15.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when the services are rendered to customers and goods are delivered to the customers.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company is entitled in exchange for transferring the promised goods and services to a customer.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Significant financing component
The Company adjusts the promised amount of consideration, if any, for the time value of money if the contract contains a significant financing component.

Measuring progress towards complete satisfaction of a performance obligation
For revenue streams, the performance obligation (rendering of services or delivery of goods) is satisfied either point in time or over time.

Contract costs
Contract costs are recognized as an expense unless the Company has a reasonable expectation to recover these costs from its customers. The Company amortizes these costs either point in time or on a systematic basis, consistent with the transfer of the goods and services to the customers.

Contract assets and liabilities
Under IFRS 15, when either party to a contract has performed, an entity shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent consideration
The Company has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Company has considered if it has obtained control of the specified goods and services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Company has concluded that they are principal in all revenue arrangements.

As required for the financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note (6) for the disclosure on disaggregated revenue.

The Company recognizes revenue from the following major sources:
- Sale of computer hardware
- Sale of software licenses
- Hardware maintenance services
- Software license support
- Supply of manpower

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Presentation and disclosure requirements

Sale of computer hardware
The Company supplies computer hardware to Government and Private sector customers in KSA. Warranties associated with the sale of computer hardware are provided by vendors.

Revenue is recognised when control of the computer hardware is transferred, generally on delivery of the equipment. Accordingly, the revenue from sale of computer hardware is recognized at a point in time.

Sale of software licenses
Revenue from software licenses is recognized when the company transfers the control of the software licenses to a customer. Accordingly, the revenue from sale of software licenses is recognized at a point in time.

Hardware maintenance services
Hardware maintenance service is considered to be a distinct service as it is regularly supplied by the Company to its customers on a standalone basis and is available for customers from other providers in the market. Revenue relating to the maintenance services is recognised over the period of time.

Software license support
The Company provides various software installation and other support services for specialized business operations. Revenue from software license support is recognized over the period of time.

Supply of manpower
The Company provides technical manpower to support customers in implementing various IT projects. Revenue from supply of manpower is recognized over the period of time.

Other income
Other income is recognized when earned.

Costs and expenses

Costs which are directly related to goods or services provided are classified as direct costs. Expenses which are attributable to selling and marketing activities are classified as selling and marketing expenses. All other indirect expenses are classified as general and administration expenses.

Zakat and Value Added Tax (VAT)

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

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and initial measurement
A financial instrument is recognized in the statement of financial position when the Company becomes party to the contractual provisions of the financial instrument.

A financial instrument is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial assets
Classification of financial assets
On initial recognition, a financial asset is classified and measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI and upon derecognition, cumulative amounts of gain or loss previously recognized in OCI will be reclassified to profit or loss. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition.

The Company has classified its investments as FVOCI as these contractual cash flows are limited to principal and interest only. The Company has exercised irrevocable option to classify these at FVOCI.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement
Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of comprehensive income.

Financial assets at amortized cost, including trade receivables, are subsequently measured at amortized cost using the effective interest rate (EIR) method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in statement of comprehensive income. Any gain or loss on derecognition is recognized in the statement of comprehensive income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in the statement of comprehensive income. Other net gains and losses are recognized in the statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of income.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in the statement of income. Other net gains and losses are recognized in the statement of comprehensive income and are never reclassified to profit or loss.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when: the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Expected credit loss (ECL) assessment for trade receivables and contract assets
The Company applies IFRS 9 general and simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against:

- trade receivables; and
- contract assets

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified Gross Domestic Product ("GDP") of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. The expected credit losses on these financial assets are estimated using a provision matrix.

The Company considers default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the customer is more than 730 days past due on any material credit obligation to the Company.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities
Initial recognition and measurement
The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement
Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of comprehensive income. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the statement of comprehensive income. Any gain or loss on derecognition is also recognized in the statement of comprehensive income.

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are measured at amortized cost using the EIR metho

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the statement of comprehensive income in the period they are incurred. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Capital work in progress ("CWIP") account are assets in the course of construction or development. CWIP is transferred to the appropriate category in property and equipment (depending on the nature of the asset), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction/development cost and any other directly attributable to the construction or acquisition of an item of CWIP intended by management. Costs associated with testing the items of CWIP (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the testing period. Land and CWIP are not depreciated.

Depreciation is calculated from the date the item of depreciable property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

	Years
Equipment	5 years
Motor vehicles	5 Years
Furniture and fixtures	5 Years
Right-of-use assets	Shorter of lease period or estimated useful life

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Residual values, useful lives and methods of depreciation of property and equipment are reviewed on an annual basis, and adjusted prospectively, if appropriate, at each statement of financial position date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period when the asset is derecognized.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

IFRS 16, Leases

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

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

	SR
Assets	
Right-of-use assets	1,497,250
Trade receivables and other assets	(78,638)
Total assets	**1,418,612**
Liabilities	
Lease liabilities, non-current	1,174,257
Trade payables and other liabilities	244,355
Total liabilities	**1,418,612**

On adoption of IFRS 16, the Company has recognised lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2019. The associated right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the amount of prepayments relating to that lease recognised in the statement of financial position as at 31 December 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5%.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16, Leases (continued)

The Company also applied the available practical expedients wherein it:

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

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

	SR
Operating lease commitments disclosed as at 31 December 2018	310,500
Discounted using the Company's incremental borrowing rate of 5%	297,077
Add: contracts reassessed with optional extension periods not recognised as at 31 December 2019	811,035
Lease liabilities recognised as at 1 January 2019	**1,418,612**

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

Summary of new accounting policies
Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

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

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

Short-term leases
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16, Leases (continued)

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

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is indication that intangible assets may be impaired. The amortization period and the amortization method are reviewed atlest at the end of each reporting period. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives, including application software, are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company applies an annual rates of amortization of 20% to its intangible assets.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

Deferred costs

Deferred costs consists of cost of services that will be recognized as direct costs over the period of customer contracts for which the performance obligations are being satisfied.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset is allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss, except for goodwill, is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in an associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company 's share of the post-acquisition profits or losses of the investee in the statement of income, and the Company's share of movements in OCI of the investee in other comprehensive income, if any.

Dividends received or receivable from an associate is recognized as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)

Unrealized gains on transactions, if any, between the Company and its associate are eliminated to the extent of the Company's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The aggregate of the Company's share on earnings or losses of associates is shown on the statement of comprehensive income.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Company determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as ‘share in losses’ of an associate in the statement of income.

Upon loss of significant influence over an associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the statement of income.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to the statement of income where appropriate.

Dividends

The Company recognizes a liability to make dividend distribution to the shareholders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. In accordance with the Companies Law in KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as and when declared and approved by the Board of Directors.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented under trade and other liabilities in the statement of financial position.

Employees' defined benefit obligations
The Company's primary defined benefit plan is an end of service lump sum benefits plan.

The benefit liability recognized in the statement of financial position is the present value of the Defined Benefit Obligation ("DBO") at the reporting date. The plan is unfunded, which means the Company pays benefits as they fall due when employees leave service.

The DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in KSA to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between US and KSA.

The DBO also depends on the assumptions for future salary increases and the rate at which employees are expected to leave. The Company assumed salaries will increase at a rate of 5%p.a. for full-time employees and 0%p.a. for contractual employees above the discount rate, in order to provide stability to the other comprehensive income ("OCI") account. The Company updates the assumptions from year to year based on the actual experience of the Company.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the statement of income. Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the statement of income as past service costs.

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Company's policy.

Segment reporting

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of whose operations are continuously analysed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting (continued)

The Company's operating business are organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that offers different products to its respective market.

For management purpose, the Company is organised into six segments, as described below:

- Business service management unit
- Solutions unit
- Systems unit
- Information technology security unit
- Networking unit
- Operation and maintenance unit.

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Company only operates in KSA and accordingly has no geographical segment.

6. REVENUE FROM CONTRACTS

Disaggregation of revenue
Set out below is the disaggregation of Company's revenue from contracts by type of goods or services, timing of revenue recognition and type of customers:

Timing of revenue recognition	***2019***	*2018*
At a point in time	***SR***	*SR*
Sale of goods	**504,929,277**	460,675,342
Over the period of time		
Sale of services	**492,585,893**	425,475,381
Total	**997,515,170**	886,150,723

6. REVENUE FROM CONTRACTS (continued)

Disaggregation of revenue (continued)

Type of customers	***2019*** ***SR***	*2018* *SR*
Government	**623,290,645**	513,510,196
Private	**252,113,581**	245,871,530
Semi-government	**122,110,944**	126,768,997
Total	**997,515,170**	886,150,723

7. SELLING AND MARKETING EXPENSES

	2019 ***SR***	*2018* *SR*
Employees' costs	**9,007,173**	7,662,398
Advertising and sales promotion	**2,775,671**	2,057,996
Total	**11,782,844**	9,720,394

8. GENERAL AND ADMINISTRATION EXPENSES

	2019 ***SR***	*2018* *SR*
Employees' costs	**33,346,886**	26,863,368
Professional fees	**1,652,194**	1,916,580
Office supplies	**1,537,249**	1,072,105
Operating lease costs (note 28)	**1,266,576**	2,064,782
Travel expenses	**848,656**	512,727
Postage and communication	**748,086**	419,197
Amortization (note 13)	**525,508**	340,991
Depreciation (note 12)	**693,935**	384,939
Withholding tax expense	**410,640**	720,615
Others	**3,228,579**	2,906,658
	44,258,309	37,201,962

9. FINANCE COSTS

	2019 ***SR***	*2018* *SR*
Finance costs on short-term loans	**18,861,182**	14,122,570
Finance costs on letters of credit and guarantee	**1,999,276**	2,119,505
Finance costs on trade receivables - non-current	**803,190**	3,096,267
Finance income on trade receivables - non-current	**(2,806,149)**	(3,732,023)
Others	**468,538**	181,987
	19,326,037	15,788,306

10. ZAKAT

Charge for the year

The zakat charge of the year consists of the current year provision amounting to SR 7,010,217 (31 December 2018: SR 5,830,700) and is based on the following:

	31 December 2019 SR	*31 December 2018 SR*
Shareholders' equity, beginning	**176,486,923**	158,420,226
Opening provisions and other adjustments	**41,165,297**	15,815,382
Book value of long term assets	**(24,120,971)**	(11,350,788)
Zakat base	**193,531,249**	162,884,820
Zakat on zakat base prior to net adjusted profit	**4,646,276**	-
Zakatable income for the year	**94,557,654**	70,343,180
Zakat on adjusted net profit	**2,363,941**	-
Total zakat	**7,010,217**	5,830,700

Some of these amounts as reported above have been adjusted in arriving at the zakat charge for the year.

Movements in zakat provision during the year

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

	2019 SR	*2018 SR*
Balance at 1 January	**5,830,700**	6,473,166
Charged for the year	**7,010,217**	5,830,700
Paid during the year	**(5,229,959)**	(6,473,166)
Balance at 31 December	**7,610,958**	5,830,700

Status of assessments

During 2018, the Company has approached GAZT under the Alternative Dispute Resolution initiative (recently introduced by GAZT) to agree and settle the zakat and withholding tax assessment for the years 2008 to 2016.

Accordingly, 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. The Company has filed the zakat returns for the years 2017 and 2018 and withholding tax returns for the years 2017 and 2018, which are still under review by GAZT.

11. EARNINGS PER SHARE

Basic earnings per share is calculated based on the weighted average number of outstanding shares during the year.

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.

	2019	*2018*
	SR	*SR*
Income from operations	**100,199,493**	85,887,709
Net income for the year	**75,979,811**	64,512,480
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 18)	**16,000,000**	16,000,000
Basic and diluted earnings per share of income from main operations for the year	**6.26**	5.37
Basic and diluted earnings per share of net income for the year	**4.75**	4.03

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

12. PROPERTY AND EQUIPMENT

	Land	*Equipment*	*Motor vehicles*	*Furniture and fixtures*	*Capital work in progress*	*Right-of-use assets*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
Cost							
As at 1 January 2019	8,122,900	10,549,581	1,166,787	1,831,866	795,805	1,497,250	23,964,189
Additions	-	1,039,713	-	-	8,934,566	-	9,974,279
As at 31 December 2019	8,122,900	11,589,294	1,166,787	1,831,866	9,730,371	1,497,250	33,938,468
Accumulated depreciation							
As at 1 January 2019	-	9,890,500	1,092,154	1,722,466	-	-	12,705,120
Charged for the year (note 8)	-	328,598	19,400	77,095	-	268,842	693,935
As at 31 December 2019	-	10,219,098	1,111,554	1,799,561	-	268,842	13,399,055
Net book value							
As at 31 December 2019	**8,122,900**	**1,370,196**	**55,233**	**32,305**	**9,730,371**	**1,228,408**	**20,539,413**
As at 31 December 2018	8,122,900	659,081	74,633	109,400	795,805	-	9,761,819

12. PROPERTY AND EQUIPMENT (continued)

	Land *SR*	*Equipment* *SR*	*Motor vehicles* *SR*	*Furniture and fixtures* *SR*	*Capital work in progress* *SR*	*Total* *SR*
Cost						
As at 1 January 2018	8,122,900	10,303,260	1,166,787	1,831,376	-	21,424,323
Additions	-	253,770	-	490	795,805	1,050,065
Disposals	-	(7,449)	-	-	-	(7,449)
As at 31 December 2018	8,122,900	10,549,581	1,166,787	1,831,866	795,805	22,466,939
Accumulated depreciation						
As at 1 January 2018	-	9,629,557	1,072,754	1,620,575	-	12,322,886
Charged for the year (note 8)	-	263,648	19,400	101,891	-	384,939
Relating to disposals	-	(2,705)	-	-	-	(2,705)
As at 31 December 2018	-	9,890,500	1,092,154	1,722,466	-	12,705,120
Net book value						
As at 31 December 2018	8,122,900	659,081	74,633	109,400	795,805	9,761,819

13. INTANGIBLE ASSETS

	ERP software SR	***Application development SR***	***Other software SR***	***Total SR***
Cost				
As at 1 January 2019	712,471	4,532,387	3,072,765	8,317,623
Additions	-	-	973,260	973,260
As at 31 December 2019	**712,471**	**4,532,387**	**4,046,025**	**9,290,883**
Amortization				
As at 1 January 2019	712,471	4,532,387	1,483,796	6,728,654
Amortization (note 8)	-	-	525,508	525,508
As at 31 December 2019	**712,471**	**4,532,387**	**2,009,304**	**7,254,162**
Net book value				
As at 31 December 2019	**-**	**-**	**2,036,721**	**2,036,721**
As at 31 December 2018	-	-	1,588,969	1,588,969

	ERP software SR	*Application development SR*	*Other software SR*	*Total SR*
Cost				
As at 1 January 2018	712,471	4,532,387	2,178,153	7,423,011
Additions	-	-	894,612	894,612
As at 31 December 2018	712,471	4,532,387	3,072,765	8,317,623
Amortization				
As at 1 January 2018	712,468	4,532,387	1,142,808	6,387,663
Amortization (note 8)	3	-	340,988	340,991
As at 31 December 2018	712,471	4,532,387	1,483,796	6,728,654
Net book value				
As at 31 December 2018	-	-	1,588,969	1,588,969

14. INVESTMENT IN ASSOCIATES

The Company has investments in below associates:

Name of associates	*Principal activities*	*Place of incorporation and principal place of business*	*Shareholding %*
Edarat Group SAL	Technology based solutions	Lebanon	50%
Edarat Telecommunication and Information Technology Company	Development, installation and maintenance of computer hardware and software	KSA	50%
Phoenicia Tech Worldwide Inc. – BVI	Technology based solutions	British Virgin Island	50%

All of the above investments are accounted for using the equity method of accounting.

The movement in investment in associates was as follows:

	Edarat Group SAL SR	*Edarat Telecommunication and Information Technology Company SR*	*Phoenicia Tech Worldwide Inc. - BVI SR*	*Total SR*
As at 1 January 2018	225,290	1,043,388	791,905	2,060,583
Share in results	5,481	501,449	(748,737)	(241,807)
As at 31 December 2018	230,771	1,544,837	43,168	1,818,776
Share in results	(45,089)	648,772	229,517	833,200
As at 31 December 2019	**185,682**	**2,193,609**	**272,685**	**2,651,976**

The following table illustrates the summarized aggregated financial information of Company's associates. The information disclosed reflects the amounts presented in the financial statements of the associates as of 31 December 2019 and 2018.

	31 December 2019 SR	*31 December 2018 SR*
Current assets	**15,942,824**	10,542,878
Non-current assets	**937,942**	1,093,540
Current liabilities	**10,336,273**	5,841,483
Non-current liabilities	**2,232,847**	2,157,382

	2019 SR	*2018 SR*
Sales	**32,587,085**	24,947,496
Cost of sales	**(21,012,595)**	(20,101,901)
Gross profit	**11,574,490**	4,845,595
General and administration expenses	**(10,127,148)**	(5,146,871)
Finance costs	**(222,343)**	(108,221)
Other expenses	**(5,400)**	(158,696)
Other income	**446,801**	84,580
Net results	**1,666,400**	(483,613)

15. TRADE RECEIVABLES AND OTHER ASSETS

	31 December 2019 SR	*31 December 2018 SR*
Trade receivables	**353,952,291**	381,234,798
Less: Allowance for expected credit losses	**(5,682,172)**	(3,018,429)
	348,270,119	378,216,369
Less: Non-current	**(1,976,522)**	(28,997,083)
Trade receivables, current	**346,293,597**	349,219,286
Margin on letters of credit and guarantee (note 26)	**12,380,985**	13,738,848
Advances to suppliers	**932,443**	6,880,167
Prepaid expenses	**1,300,867**	1,486,520
Advances to employees	**1,697,327**	618,791
Amounts due from related parties (note 25)	**4,816,897**	484,139
Other receivables	**1,970,797**	1,821,918
Less: provision for impairment of advances to suppliers	**(794,153)**	(794,153)
	368,598,760	373,455,516

The average credit period on sales of goods and services is 120 days.

Trade receivable comprise of commission free net receivables due from customers with no credit rating. Unimpaired trade receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and vast majority are, therefore, unsecured.

15. TRADE RECEIVABLES AND OTHER ASSETS (continued)

The aging analysis of un-impaired trade receivables is as follows:

			Past due			
	Total ***SR***	*Not yet due* *SR*	*Below 6 months* *SR*	*6 months – 1 year* *SR*	*1– 2 years* *SR*	*Above 2 years* *SR*
31 December 2019	**348,270,119**	**225,643,296**	**60,637,295**	**27,296,346**	**19,372,015**	**15,321,167**
31 December 2018	378,216,369	274,966,829	42,825,597	35,476,481	12,531,034	12,416,428

The movement of allowance for expected credit losses on trade receivables was as follows:

	2019 ***SR***	*2018* *SR*
Balance at 1 January	**3,018,429**	2,205,941
Charged during the year	**2,663,743**	812,488
Balance at 31 December	**5,682,172**	3,018,429

16. CONTRACT ASSETS AND LIABILITIES

Contract assets

Contract assets primarily related to the Company's right to consideration for goods and services delivered but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

	31 December 2019 ***SR***	*31 December 2018* *SR*
Contract assets	**435,642,127**	305,894,969
Less: Allowance for expected credit losses	**(7,721,022)**	(2,803,480)
	427,921,105	303,091,489

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

	2019 ***SR***	*2018* *SR*
Balance at 1 January	**2,803,480**	2,803,480
Charged during the year	**4,917,542**	-
Balance at 31 December	**7,721,022**	2,803,480

Contract liabilities	***31 December 2019*** ***SR***	*31 December 2018* *SR*
Contract liabilities	**117,678,828**	176,939,799
Less: Non-current	**(24,677,276)**	(25,721,628)
Contract liabilities, current	**93,001,552**	151,218,171

The contract liabilities primarily relate to the advance consideration received and amounts of consideration due from customers, for which revenue is recognized on satisfaction of performance obligations.

17. CASH AND CASH EQUIVALENTS

	31 December 2019 SR	*31 December 2018 SR*
Cash at banks	**29,361,283**	106,365,312

18. SHARE CAPITAL

Capital is divided into 16,000,000 shares (31 December 2018: 16,000,000 shares) of SR 10 each.

During 2018, the shareholders of the Company resolved to increase its capital to SR 160 million by transferring SR 85 million and SR 25 million 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 year ended 31 December 2018.

On 24 April 2019, the shareholders of the Company sold 30% of the shares through an Initial Public Offering (“IPO”). Upon successful listing process, the said shares are part of trading in Saudi Stock Exchange “Tadawul”.

19. RESERVES

Statutory reserves
In accordance with the Companies Law and the Company’s By-Laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. Accordingly, the Company transferred 10% of its income during the year. The reserve is not available for distribution.

Other reserves
Movement on other reserves is shown below:

	Cumulative actuarial gains SR	***Total SR***
As at 1 January 2019	10,035,675	**10,035,675**
Re-measurements loss on employees’ defined benefit obligations (note 21)	(2,450,275)	**(2,450,275)**
As at 31 December 2019	7,585,400	**7,585,400**

20. DIVIDENDS

The dividends distributed during 2018 amounting to SR 32 million (SR 2 per share) were approved by the General Assembly on 9 Jumad Awal 1440 H (corresponding to 15 January 2019).

The Board of Directors in their meeting held on 16 Safar 1441H (corresponding to 15 October 2019) approved the distribution of interim dividend of SR 1 per share (2018: SR 2 per share) amounting to SR 16 million (2018: 32 million).

21. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

	31 December 2019 SR	*31 December 2018 SR*
Employees' defined benefit obligation (DBO)	**15,915,311**	14,334,505

The Company grants end-of-service benefits ("benefit plan") to its employees taking into consideration the local labor law requirements in KSA. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation (equivalent to a duration of 5 years at 31 December 2019). In countries where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in the KSA to generate a credible discount rate the discount rate has instead been based on US Treasury bonds adjusted for country differences between US and KSA.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within re-measurements of employees' defined benefit obligations under OCI and cumulative actuarial gains in the statement of changes in shareholders' equity.

The following table represents the movement in the DBO for the year:

	2019 SR	*2018 SR*
Balance at 1 January	**14,334,505**	18,137,000
Current service cost	**3,050,209**	4,026,584
Interest cost	**587,304**	815,626
Amounts recognized in profit or loss	**3,637,513**	4,842,210
Re-measurements:		
Change in demographic assumption	**1,908**	(1,554,041)
Change in financial assumption	**1,400,915**	(721,274)
Experience gains	**1,047,452**	(3,380,360)
Amounts recognized in OCI (note 19)	**2,450,275**	(5,655,675)
Benefits paid during the year	**(4,506,982)**	(2,989,030)
Balance at 31 December	**15,915,311**	14,334,505

Significant actuarial assumptions
The significant actuarial assumptions used in the DBO computation is shown below:

	31 December 2019	*31 December 2018*
Discount rate	**2.80%**	4.10%
Salary growth rate	**5 % for full time employees and NIL for contractual employees**	5 % for full time employees and NIL for contractual employees
Withdrawal rate	**5 % to 25%**	5 % to 25%
Retirement age	**55 to 60 years**	55 to 60 years

21. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at 31 December 2019, while holding all other assumptions constant:

			Impact on defined benefit obligation	
	Change in Assumption	*Base value SR*	*Increase in assumption SR*	*Decrease in assumption SR*
Discount rate	**1%**	**15,915,311**	**14,813,062**	**17,174,606**
Salary growth rate	**1%**	**15,915,311**	**17,137,543**	**14,821,563**
Withdrawal rate	**20%**	**15,915,311**	**15,381,435**	**16,540,541**

22. LEASE LIABILITIES

	31 December 2019 SR	*31 December 2018 SR*
As at 1 January 2019	**1,418,612**	-
Additions during the year	**66,145**	-
Payments	**(310,500)**	-
As at 31 December 2019	**1,174,257**	-

Following is the aggregate maturities of lease liabilities:

	31 December 2019 SR	*31 December 2018 SR*
Within one year	**310,500**	-
One to five years	**999,000**	-
	1,309,500	-

	31 December 2019 SR	*31 December 2018 SR*
Future minimum lease payment	**1,309,500**	-
Less: un-amortized finance charges	**(135,243)**	-
Present value of minimum lease payment	**1,174,257**	-
Less: current-portion of lease payment (*)	**(256,804)**	-
	917,453	-

(*) current portion of lease liabilities is included under trade payables and other liabilities.

23. SHORT-TERM LOANS

The Company obtained short-term loans from various local banks and 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.

Breakdown of the short-term loans are as follows:

	31 December 2019 SR	*31 December 2018 SR*
Murabaha facilities	**205,990,599**	256,867,689
Conventional facilities	**13,335,011**	10,104,281
	219,325,610	266,971,970

Movements in short-term loans are shown below:

	2019 SR	*2018 SR*
Balance at 1 January	**266,971,970**	179,103,504
Additions	**638,096,998**	666,166,116
Repayments	**(685,743,358)**	(578,297,650)
Balance at 31 December	**219,325,610**	266,971,970

24. TRADE PAYABLES AND OTHER LIABILITIES

	31 December 2019 SR	*31 December 2018 SR*
Trade payables	**288,643,221**	178,462,898
Amounts due to related parties (note 25)	**18,103,386**	13,950,499
Accrued salaries and other employee costs	**7,200,568**	4,365,016
Value Added Tax (VAT), net	**2,693,205**	5,204,382
Accrued expenses	**1,613,647**	9,116,727
Withholding tax payable	**1,132,909**	13,263,791
Other payables	**958,530**	522,501
	320,345,466	224,885,814

No commission is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

25. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of shareholders, key management personnel, directors and entities which are controlled directly or indirectly or influenced by these parties. In the normal course of business, the Company has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Company's management or its Board of Directors.

25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key management personnel compensation
The remuneration of key management personnel for the year are as follows:

	2019 ***SR***	*2018* *SR*
Salaries and short-term benefits	**9,364,120**	6,098,713
Employees’ end-of-service benefits	**358,000**	243,095

Terms and conditions of transactions with related parties
Outstanding balances at the statement of financial position date are unsecured, commission free and settlement occurs in cash. The Company did not record any impairment of receivables relating to amounts owed by related parties.

Related party transactions and balances
During the year, the Company 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 year are as follows:

	2019 ***SR***	*2018* *SR*
Purchases from related parties	**82,996,969**	18,335,938
Revenue from related parties	**915,088**	258,048
Operating lease income and other charges from related parties	**209,659**	210,473

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

Related party	***Relationship***	***31 December 2019 SR***	*31 December 2018 SR*
Amounts due from related parties (note 15)**:**			
Edarat Telecommunication and Information Technology Company	Associate	**-**	484,139
Electronic Maps Est.	Affiliate	**4,816,897**	-
		4,816,897	484,139

25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party	*Relationship*	***31 December 2019 SR***	*31 December 2018 SR*
Amounts due to related parties (note 24)**:**			
Esri Saudi Arabia Limited Company	Affiliate	**17,103,174**	13,025,209
Electronic Maps Trading Company	Affiliate	**2,990**	925,290
Edarat Telecommunication and Information Technology Company	Associate	**367,532**	-
Emaar Executives Contracting	Affiliate	**629,690**	-
		18,103,386	13,950,499

As at 31 December 2019, outstanding dividends payable to the shareholders amounted to SR Nil (31 December 2018: SR 11.8 million) (note 20).

26. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorized as follows:

	31 December 2019 SR	*31 December 2018 SR*
Financial assets		
Cash and cash equivalents	**29,361,283**	106,365,312
Trade receivables	**348,270,119**	378,216,369
Amounts due from related parties	**4,816,897**	484,139
Margin on letters of credit and guarantee	**12,380,985**	13,738,848
Investments at FVOCI	**-**	1,218
	394,829,284	498,805,886
Financial liabilities		
Trade payables	**288,643,221**	178,462,898
Short-term loans	**219,325,610**	266,971,970
Dividends payable	**-**	11,825,040
Amounts due to related parties	**18,103,386**	13,950,499
	526,072,217	471,210,407

27. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's principal financial instruments consist of bank balance and trade receivables which are generated directly from operations. The Company has various other financial instruments such as amounts due from related parties, margin on letters of credit and guarantee, trade payables, short-term loans and amounts due to related parties which are incurred to finance operations in the normal course of business.

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes commission rate risk and currency risk), liquidity risk, credit risk and equity price risk.

The Company's senior management is responsible for identifying and controlling risks. The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Company monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Market risk

Market risk is the risk that changes in market prices, such as currency rates and commission rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company has no significant commission bearing assets, but has commission bearing liabilities at 31 December 2018 and 31 December 2019. The Company manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The following table demonstrates the sensitivity of the Company to a reasonably possible change, with all other variables held constant, of the Company income before zakat (through the impact on floating rate borrowings) for the year ended 31 December:

Gain/(loss) through the statement of income	***2019 SR***	*2018 SR*
Floating rate debt:		
+50bps	**(1,096,628)**	(706,031)
-50bps	**1,096,628**	706,031

27. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Market risk (continued)

Commission rate risk (continued)

The sensitivity analysis has been determined based on the exposure to commission rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. A 50 basis point increase or decrease is used when reporting commission rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in commission rates.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. The Company did not have any trade receivables at the reporting date which individually comprised more than 10% of the trade receivables balance. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Trade receivables

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Amounts due from related parties

An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (note 24). The Company does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Company evaluates the risk with respect to amounts due from related parties as low.

Credit risk related to time deposit and cash deposit

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Cash is substantially placed with national banks with sound credit ratings. The Company does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Equity price risk

The Company is exposed to equity price risks arising from its equity investments. At the end of the reporting period, most of the Company's equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. At the reporting date, the exposure of the equity investments was SR Nil (31 December 2018: SR 1,218). Sensitivity analysis on the change in market value is not disclosed due to immateriality of the amount.

ECL assessment for trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The key inputs into the measurement of ECL are the following variables:

- Probability of default (PD) using statistical model (i.e. normal distribution curve)
- GDP of KSA, as a macroeconomic variable to adjust the historic loss rate

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The management believes that the Company is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

27. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Contractual maturities of financial liabilities	*Commission rate %*	*Within three months SR*	*Four to six months SR*	*Over six months SR*	*Total SR*
31 December 2019					
Trade payables	**Commission free**	**288,643,221**	**-**	**-**	**288,643,221**
Short-term loans	**Variable**	**102,174,747**	**64,531,699**	**52,619,124**	**219,325,570**
Amounts due to related parties	**Commission free**	**18,103,386**	**-**	**-**	**18,103,386**
		408,921,354	**64,531,699**	**52,619,124**	**526,072,177**
31 December 2018					
Trade payables	Commission free	178,462,898	-	-	178,462,898
Short-term loans	Variable	215,045,909	51,926,061	-	266,971,970
Dividends payable	Commission free	11,825,040	-	-	11,825,040
Amounts due to related parties	Commission free	13,950,499	-	-	13,950,499
		419,284,346	51,926,061	-	471,210,407

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt: short-term loans, trade and other liabilities less cash and cash equivalents.

	31 December 2019 SR	*31 December 2018 SR*
Short-term loans	**219,325,610**	266,971,970
Trade and other liabilities	**320,345,466**	224,885,814
Less: Cash and cash equivalents	**(29,361,283)**	(106,365,312)
Net debt	**510,309,793**	385,492,472
Shareholders' equity	**254,117,917**	196,588,381
Shareholders' equity and net debt	**764,427,710**	582,080,853
Gearing ratio	**67%**	66%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants may lead to call-back of facilities. The Company did not comply with certain loan covenants during the year which could result in terminating facilities from the banks. However, the Company was able to obtain a waiver letter from the concerned banks in this regard. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2019.

28. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Company as a lessee
The Company incurred the following operating lease expense during the year:

	2019 ***SR***	*2018* *SR*
Premises (note 8)	**1,266,576**	2,064,782

Commitments
The Company had the following commitments as at the reporting date:

	31 December 2019 ***SR***	*31 December 2018* *SR*
Commitments for property under construction	**17,239,201**	**-**
Operating lease commitments	**310,500**	310,500
	17,549,701	310,500

Contingent liabilities
The Company had the following contingent liabilities as at the reporting date:

	31 December 2019 ***SR***	*31 December 2018* *SR*
Letters of credit	**81,494,368**	47,177,569
Letters of guarantee	**162,440,325**	146,872,671
	243,934,693	194,050,240

29. SEGMENT INFORMATION

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

Business Service Management Unit
Business Service Management unit provides software in areas of business service management, data center monitoring and optimization, in addition to contract center related solutions, as per requirements.

Solutions Unit
Solutions is a business unit that plan, design, establish and equip modern geographic information system ("GIS") centers, providing business with necessary infrastructure. It aids in building geographic data, training client teams, configuring GIS tools and building end-user applications.

Systems Unit
The system unit provides technological and business expertise to turn possibilities into real business solutions.

Information Technology Security Unit
Information technology Security provides a broad portfolio of industry-best solutions, which help customers develop, deploy, fulfil and maintain optimum security. It is a unit that meets all customer requirements for their information security cycle.

29. SEGMENT INFORMATION (continued)

Networking Unit
The business unit's main responsibility is to build efficient and cost effective networks and communication solutions based on technologies from various leading Information Communication Technology ("ICT").

Operation and Maintenance Unit
Operation and Maintenance Unit is the Management Operation and Maintenance Project Unit that apply project management support for tasks where the application of knowledge, skills, and techniques to successfully implement IT infrastructure is necessary.

Corporate
The Corporate division is mainly involved in planning and execution of the overall objectives of the Company and synchronizes the functions of finance, operations, procurement, logistics, sales, administration, and human resources department.

Management monitors the operational results of the operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is based on operating profit and loss. The Company does not track assets and liabilities by business segment. These are not reported to the board of directors under any related segments and are monitored on a centralized basis and are accordingly disclosed as unallocated assets and liabilities.

Consistent with the Company's internal reporting process, business segments have been approved by board of directors in respect of the Company's activities. Transactions between the business segments are reported at cost.

29. SEGMENT INFORMATION (continued)

The Company's revenue, direct cost and gross profit by business segments, are as follows. The Company manages the other expenses, assets and liabilities at corporate and accordingly are not allocated between business segments:

2019	*Business service management unit SR*	*Solutions unit SR*	*Systems unit SR*	*Information technology security unit SR*	*Networking unit SR*	*Operation and maintenance unit SR*	*Corporate SR*	*Total SR*
Revenue from contracts	**83,951,014**	**283,753,211**	**248,556,908**	**137,389,141**	**117,293,882**	**126,571,014**	**-**	**997,515,170**
Direct costs	**(61,132,327)**	**(250,508,883)**	**(213,354,255)**	**(111,217,947)**	**(96,060,646)**	**(101,419,180)**	**-**	**(833,693,238)**
Gross profit	**22,818,687**	**33,244,328**	**35,202,653**	**26,171,194**	**21,233,236**	**25,151,834**	**-**	**163,821,932**
Selling and marketing expenses	**(848,835)**	**(3,685,210)**	**(2,962,467)**	**(1,544,284)**	**(1,333,822)**	**(1,408,226)**	**-**	**(11,782,844)**
General and administration expenses	**(9,765,223)**	**(5,067,251)**	**(6,802,957)**	**(7,040,991)**	**(7,613,167)**	**(7,968,720)**	**-**	**(44,258,309)**
Allowance for expected credit losses	**(383,903)**	**(1,382,738)**	**(4,071,193)**	**(628,272)**	**(536,378)**	**(578,802)**	**-**	**(7,581,286)**
Share in results of associates, net	**-**	**-**	**-**	**-**	**-**	**-**	**833,200**	**833,200**
Finance (cost) / income - net	**(433,348)**	**(6,180,507)**	**(7,398,925)**	**(4,734,347)**	**(1,003,302)**	**424,392**	**-**	**(19,326,037)**
Other income	**106,029**	**381,896**	**313,925**	**173,521**	**148,141**	**159,860**	**-**	**1,283,372**
Income before zakat	**11,493,407**	**17,310,518**	**14,281,036**	**12,396,821**	**10,894,708**	**15,780,338**	**833,200**	**82,990,028**

29. SEGMENT INFORMATION (continued)

31 December 2019	*Business service management Unit SR*	*Solutions unit SR*	*Systems unit SR*	*Information technology security unit SR*	*Networking unit SR*	*Operation and maintenance unit SR*	*Corporate SR*	*Total SR*
Trade Receivables, Non-current portion	**295,162**	**382,021**	**316,837**	**301,983**	**426,889**	**253,630**		**1,976,522**
Property & Equipment	-	-	-	-	-	-	**20,539,413**	**20,539,413**
Intangible Assets	-	-	-	-	-	-	**2,036,721**	**2,036,721**
Investment in Associates	-	-	-	-	-	-	**2,651,976**	**2,651,976**
Total non-current assets	**295,162**	**382,021**	**316,837**	**301,983**	**426,889**	**253,630**	**25,228,110**	**27,204,632**
Trade Receivables – current portion	**51,702,990**	**66,987,639**	**55,499,798**	**52,897,815**	**74,777,388**	**44,404,489**	-	**346,270,119**
Prepayments Expenses	**395,076**	**895,915**	**1,011,953**	**556,327**	**329,581**	**799,374**	**13,523,518**	**17,511,744**
Contract assets	**80,538,135**	**81,506,295**	**118,643,861**	**47,893,119**	**70,006,991**	**29,332,704**	-	**427,921,105**
Deferred Cost	**5,147,584**	**31,217,631**	**12,703,558**	**17,328,892**	**15,680,409**	**747,689**	-	**82,825,763**
Related party	-	**4,816,897**	-	-	-	-	-	**4,816,897**
Cash and cash equivalents	-	-	-	-	-	-	**29,361,283**	**29,361,283**
Total current assets	**137,783,785**	**185,424,377**	**187,859,170**	**118,676,153**	**160,794,369**	**75,284,256**	**42,884,801**	**908,706,911**
Total assets	**138,078,947**	**185,806,398**	**188,176,007**	**118,978,136**	**161,221,258**	**75,537,886**	**68,112,911**	**935,911,543**

29. SEGMENT INFORMATION (continued)

31 December 2019	*Business service management unit SR*	*Solutions unit SR*	*Systems unit SR*	*Information technology security unit SR*	*Networking unit SR*	*Operation and maintenance unit SR*	*Corporate SR*	*Total SR*
Lease liabilities, non-current portion	-	-	-	-	-	-	**917,453**	**917,453**
Contract liabilities, non-current portion	**339,374**	**9,688,424**	**2,243,235**	**3,519,738**	**4,149,837**	**4,736,668**	-	**24,677,276**
Employees' defined benefit obligation	**1,935,378**	**2,247,872**	**1,764,625**	**1,447,918**	**1,264,019**	**7,255,499**	-	**15,915,311**
Total non-current liabilities	**2,274,752**	**11,936,296**	**4,007,860**	**4,967,656**	**5,413,856**	**11,992,167**	**917,453**	**41,510,040**
Short-term loans	**8,835,616**	**66,370,611**	**76,982,737**	**50,862,932**	**16,273,714**	-	-	**219,325,610**
Trade Payables	**22,531,957**	**81,776,976**	**110,448,272**	**48,701,812**	**27,306,165**	**14,020,141**	**1,961,284**	**306,746,607**
Accrual Expenses and other payables	**897,606**	**814,024**	**998,343**	**863,072**	**521,276**	**4,917,200**	**4,587,338**	**13,598,859**
Contract liabilities	**3,766,030**	**23,882,747**	**12,067,298**	**16,815,489**	**15,995,883**	**20,474,105**	-	**93,001,552**
Zakat payable	**993,539**	**1,808,327**	**1,478,189**	**1,061,634**	**931,785**	**1,337,484**	-	**7,610,958**
Total current liabilities	**37,024,748**	**174,652,685**	**201,974,839**	**118,304,939**	**61,028,823**	**40,748,930**	**6,548,622**	**640,283,586**
Total liabilities	**39,299,500**	**186,588,981**	**205,982,699**	**123,272,595**	**66,442,679**	**52,741,097**	**7,466,075**	**681,793,626**

29. SEGMENT INFORMATION (continued)

31 December 2018	*Business service management unit SR*	*Solutions unit SR*	*Systems unit SR*	*Information technology security unit SR*	*Networking unit SR*	*Operation and maintenance unit SR*	*Corporate SR*	*Total SR*
Revenue from contracts	95,179,181	239,675,674	225,818,552	122,968,008	85,074,763	117,434,545	-	886,150,723
Direct costs	(59,571,730)	(214,500,267)	(197,188,509)	(107,192,111)	(72,026,799)	(102,048,754)	-	(752,528,170)
Gross profit	35,607,451	25,175,407	28,630,043	15,775,897	13,047,964	15,385,791	-	133,622,553
Selling and marketing expenses	(3,061,943)	(1,040,194)	(1,043,531)	(1,579,638)	(1,803,916)	(1,191,172)	-	(9,720,394)
General and administration expenses	(11,718,690)	(3,981,036)	(3,993,809)	(6,045,600)	(6,903,959)	(4,558,868)	-	(37,201,962)
Allowance for expected credit losses	(87,267)	(219,752)	(207,047)	(112,746)	(78,003)	(107,673)	-	(812,488)
Share in results of associates, net	-	-	-	-	-	-	(241,807)	(241,807)
Finance (cost) / income – net	(119,747)	(6,195,146)	(5,043,085)	(3,410,665)	(1,221,488)	201,825	-	(15,788,306)
Other income	52,155	131,335	123,742	67,383	46,618	64,351	-	485,584
Income before zakat	20,671,959	13,870,614	18,466,313	4,694,631	3,087,216	9,794,254	(241,807)	70,343,180

29. SEGMENT INFORMATION (continued)

31 December 2018	*Business service management unit SR*	*Solutions unit SR*	*Systems unit SR*	*Information technology security unit SR*	*Networking unit SR*	*Operation and maintenance unit SR*	*Corporate SR*	*Total SR*
Trade Receivables, Non-current portion	3,730,560	7,407,168	8,050,027	2,376,275	2,423,249	5,009,804	-	28,997,083
Property & Equipment	-	-	-	-	-	-	9,761,819	9,761,819
Intangible Assets	-	-	-	-	-	-	1,588,969	1,588,969
Investment in Associates	-	-	-	-	-	-	1,818,776	1,818,776
Total non-current assets	3,730,560	7,407,168	8,050,027	2,376,275	2,423,249	5,009,804	13,169,564	42,166,647
Trade Receivables – current portion	44,928,087	89,206,414	96,948,537	28,618,085	29,183,812	60,334,351	-	349,219,286
Prepayments Expenses	1,121,588	2,345,428	2,750,302	2,284,183	746,523	753,695	13,750,372	23,752,091
Contract assets	80,109,765	58,640,341	85,061,613	28,530,165	40,406,832	10,342,773	-	303,091,489
Deferred Cost	8,775,633	31,655,192	15,908,763	13,451,444	2,506,213		-	72,297,245
Related party	-	484,139	-	-	-	-	-	484,139
Cash and cash equivalents	-	-	-	-	-	-	106,365,312	106,365,312
Total current assets	134,935,073	182,331,514	200,669,215	72,883,877	72,843,380	71,430,819	120,115,684	855,209,562
Total assets	138,665,633	189,738,682	208,719,242	75,260,152	75,266,629	76,440,623	133,285,248	897,376,209

29. SEGMENT INFORMATION (continued)

31 December 2018	Business service management unit SR	Solutions unit SR	Systems unit SR	Information technology security unit SR	Networking unit SR	Operation and maintenance unit SR	Corporate SR	Total SR
Contract liabilities, non-current portion	-	17,024,262	3,190,730	` 3,428,269	2,078,367	-	-	25,721,628
Employees' defined benefit obligation	3,714,708	549,376	648,641	1,005,324	1,396,072	7,020,384	-	14,334,505
Total non-current liabilities	3,714,708	17,573,638	3,839,371	4,433,593	3,474,439	7,020,384	-	40,056,133
Short-term loans	8,204,370	97,766,903	83,142,197	50,829,135	20,971,274	6,058,091	-	266,971,970
Trade Payables	8,194,733	49,137,176	62,723,856	52,351,966	7,429,233	12,216,032	360,401	192,413,397
Accrual Expenses and other payables	1,545,729	12,559,236	7,772,519	7,756,763	1,873,915	925,220	39,035	32,472,417
Contract liabilities	11,210,531	34,945,074	16,908,615	19,829,914	8,526,623	59,797,414	-	151,218,171
Dividends payable	-	-	-	-	-	-	11,825,040	11,825,040
Zakat payable	1,713,485	1,149,726	1,530,660	389,135	255,897	791,797	-	5,830,700
Total current liabilities	30,686,848	195,558,115	172,077,847	131,156,913	39,056,942	79,788,554	12,224,476	660,731,695
Total liabilities	34,583,556	213,131,753	175,917,218	135,590,506	42,531,381	86,808,938	12,224,476	700,787,828

30. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the year end, the Board of Directors in their meeting held on 10 Jumad Awal 1441H (Corresponding to 05 January 2020) resolved to distribute dividends amounting to SR 1 per share aggregating to SR 16 million. The Board of Directors will present it to the shareholders in the upcoming General Assembly meeting.

Furthermore, the Board of Directors in their meeting held on 10 Jumad Awal 1441H (Corresponding to 05 January 2020) also resolved to increase the Company's Share Capital through issuance of one (1) bonus share for every four (4) shares by transferring from retained earnings and statutory reserve respectively to share capital.

31. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 2 Rajab 1441H (corresponding to 26 February 2020).