

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended
30 June 2021
Together with
Independent Auditor's Review Report

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
As at 30 June 2021

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KPMG Professional Services

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Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

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

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

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of Al Moammar Information Systems Company ("the Company") which comprises:

- the condensed statement of financial position as at 30 June 2021;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six month periods ended 30 June 2021;
- the condensed statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed statement of cash flows for the six-month period ended 30 June 2021; and
- the notes to the condensed interim financial statements.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed interim financial statements of Al Moammar Information Systems Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Fahad Mubark Aldossari
License No: 469

Date: 26 July 2021
Corresponding to: 16 Dhu al-Hijjah 1442H

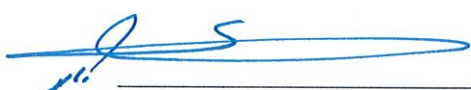


KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (15,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل. المسماة سابقاً "شركة كي بي إم جي للفرز ان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة تجلزية محدودة بضمان. جميع الحقوق محفوظة

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

		30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
	Note		
ASSETS			
Non-current assets			
Property and equipment	7	40,952,707	37,353,304
Intangible assets		2,216,066	2,089,690
Equity-accounted investees	8a	4,553,660	4,919,342
Advance for investment	8b	25,000,000	-
Contract assets	9a	21,255,757	24,120,402
Trade receivables	10	374,799	618,345
Total non-current assets		94,352,989	69,101,083
Current assets			
Contract assets	9a	393,339,995	336,072,012
Contract costs	9b	102,563,511	110,815,191
Trade and other receivables	10	584,613,713	516,373,846
Prepayments and other assets	11	21,790,314	19,141,670
Cash and cash equivalents		26,036,912	81,408,907
Total current assets		1,128,344,445	1,063,811,626
TOTAL ASSETS		1,222,697,434	1,132,912,709
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	250,000,000	200,000,000
Statutory reserve	13	-	9,037,604
Other reserves		7,516,516	7,442,580
Retained earnings		55,380,204	91,870,956
Total shareholders' equity		312,896,720	308,351,140
Liabilities			
Non-current liabilities			
Employee benefits		21,660,910	20,123,942
Contract liabilities	17	29,945,623	33,277,882
Lease liabilities		507,510	647,565
Total non-current liabilities		52,114,043	54,049,389
Current liabilities			
Loans and borrowings	15	377,415,426	371,942,139
Trade and other payables	16	316,922,992	243,368,697
Other liabilities		2,575,694	7,136,576
Contract liabilities	17	157,871,533	139,750,551
Zakat payable	6	2,901,026	8,314,217
Total current liabilities		857,686,671	770,512,180
Total liabilities		909,800,714	824,561,569
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,222,697,434	1,132,912,709



Ibrahim Abdullah Al Moammar
Vice Chairman, Board of
Directors



Ziad Mortaja
Chief Executive Officer




Karthik Ramaswamy Nagar
Subramanian
Chief Financial Officer




The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the three-month and six-month period ended 30 June 2021

	Note	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
		2021	2020	2021	2020
		SR	SR	SR	SR
Revenue	4	247,842,234	319,512,185	471,299,062	547,550,938
Cost of sales		(215,359,842)	(271,141,063)	(401,670,449)	(461,228,444)
Gross profit		32,482,392	48,371,122	69,628,613	86,322,494
General and administration expenses		(14,391,681)	(14,513,076)	(26,982,700)	(27,339,371)
Selling and marketing expenses		(2,407,304)	(2,060,202)	(5,056,759)	(5,266,876)
Impairment loss on trade receivables and contract assets	9a, 10	(800,000)	(4,928,666)	(974,000)	(4,928,666)
Income from operations		14,883,407	26,869,178	36,615,154	48,787,581
Other income		1,170,075	3,640,384	1,657,054	3,695,875
Share of profit/(loss) of equity-accounted investees	8a	305,133	56,766	(93,808)	119,759
Finance cost		(4,812,260)	(4,593,769)	(9,902,062)	(8,219,400)
Finance income		132,306	1,265,737	845,306	1,246,096
Income before zakat		11,678,661	27,238,296	29,121,644	45,629,911
Zakat	6	(1,250,000)	(2,828,853)	(2,650,000)	(4,292,758)
Net income for the period		10,428,661	24,409,443	26,471,644	41,337,153
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Remeasurements gain/(loss) on employees' defined benefit obligations		(804,449)	(2,254,824)	73,936	(1,164,394)
Other comprehensive income		(804,449)	(2,254,824)	73,936	(1,164,394)
Total comprehensive income for the period		9,624,212	22,154,619	26,545,580	40,172,759
Earnings per share:					
Basic and diluted earnings per share of net income for the period	5	0.42	0.98	1.06	1.65


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Ziad Mortaja
Chief Executive Officer


Karthik Ramaswamy Nagar
Subramanian
Chief Financial Officer




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AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)


CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total shareholders' equity SR
Balance as at 1 January 2020	160,000,000	14,049,229	7,585,400	72,483,288	254,117,917
Net income for the period	-	-	-	41,337,153	41,337,153
Other comprehensive income for the period	-	-	(1,164,394)	-	(1,164,394)
Total comprehensive income for the period	-	-	(1,164,394)	41,337,153	40,172,759
Dividends	-	-	-	(16,000,000)	(16,000,000)
Transfer to share capital	40,000,000	(14,049,229)	-	(25,950,771)	-
Balance as at 30 June 2020 (Unaudited)	200,000,000	-	6,421,006	71,869,670	278,290,676
As at 31 December 2020	200,000,000	9,037,604	7,442,580	91,870,956	308,351,140
Net income for the period	-	-	-	26,471,644	26,471,644
Other comprehensive income for the period	-	-	73,936	-	73,936
Total comprehensive income for the period	-	-	73,936	26,471,644	26,545,580
Dividends (note 14)	-	-	-	(22,000,000)	(22,000,000)
Transfer to share capital (note 12)	50,000,000	(9,037,604)	-	(40,962,396)	-
Balance as at 30 June 2021 (Unaudited)	250,000,000	-	7,516,516	55,380,204	312,896,720


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Vice Chairman, Board of Directors


Ziad Mortaja
Chief Executive Officer


Karthik Ramaswamy Nagar Subramanian
Chief Financial Officer



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AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
CONDENSED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2021

		For the six-month period ended 30 June 2020 (unaudited)	
		2021	2020
		SR	SR
Note			
Operating activities			
	Net income for the period	26,471,644	41,337,153
	Adjustments for:		
	Depreciation of property and equipment	1,384,696	374,980
	Amortization of intangible assets	339,853	338,172
	Share of loss/(profit) of equity-accounted investee	93,808	(119,759)
	Impairment loss on trade receivables and contract assets, net	974,000	2,428,666
	Impairment loss on contract costs	3,400,000	2,500,000
	Employee benefits	3,023,115	2,571,518
	Finance cost	9,902,062	8,219,400
	Finance income	(845,306)	(1,246,096)
	Zakat expense	2,650,000	4,292,758
		47,393,872	60,696,792
Changes in working capital:			
	Contract assets	(54,152,338)	(121,444,801)
	Contract costs	4,851,680	(14,875,993)
	Trade and other receivables	(69,221,321)	(199,299,254)
	Prepayments and other assets	(2,648,644)	(3,170,626)
	Trade and other payables	73,554,295	84,224,303
	Other liabilities	(4,560,882)	3,369,083
	Contract liabilities	14,788,723	31,376,301
	Net cash generated from/(used in) operations	10,005,385	(159,124,195)
	Zakat paid	(8,063,191)	-
	Employee benefits paid	(1,412,211)	(253,853)
	Net cash generated from/(used in) operating activities	529,983	(159,378,048)
Investing activities			
	Acquisition of property and equipment	(4,984,099)	(6,722,365)
	Acquisition of intangible assets	(466,240)	(143,880)
	Advance for investment	(25,000,000)	-
	Dividend received from associate	271,874	-
	Net cash used in investing activities	(30,178,465)	(6,866,245)
Financing activities			
	Proceeds from loans and borrowings	362,339,862	327,198,158
	Repayment of loans and borrowings	(356,866,575)	(133,007,509)
	Finance cost paid	(9,109,050)	(6,998,557)
	Payment of lease liabilities	(87,750)	(155,250)
	Dividends paid	(22,000,000)	(16,000,000)
	Net cash (used in)/generated from financing activities	(25,723,513)	171,036,842
	Net (decrease)/increase in cash and cash equivalents	(55,371,995)	4,792,549
	Cash and cash equivalents at the beginning of the period	81,408,907	29,361,283
	Cash and cash equivalents at the end of the period	26,036,912	34,153,832

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Vice Chairman, Board of
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AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021

1. CORPORATE INFORMATION

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

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

Head Office and Central Region:

6330 Al Thumamah Rd - Al Sahafa Dist.

Unit No 1, 3296

Riyadh 13315, Kingdom of Saudi Arabia

The Company is registered in KSA with the following branches as at 30 June 2021:

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

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

These condensed interim financial statements were approved by the Board of Directors on 26 July 2021 (corresponding to 16 Dhu al-Hijjah 1442H).

2. BASIS OF ACCOUNTING

2.1 Statement of Compliance

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

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with Company’s annual financial statements for the year ended 31 December 2020.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyal (“SR”) which is the functional currency of the Company.

2.4 Going concern

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

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2020.

3.1 Significant accounting estimates and assumptions

The preparation of the Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2020.

3.2 Fair value measurement

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

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

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

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

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

The 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. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Fair value measurement (continued)

For assets and liabilities that are recognized in the financial statements at fair value 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 year. The Company determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

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

4. REVENUE

The Company revenue is derived from contracts with customers:

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:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
Timing of revenue recognition	2021 SR	2020 SR	2021 SR	2020 SR
<u>At a point in time</u>				
Sale of goods	113,016,312	210,159,186	215,910,754	332,104,745
<u>Over a period of time</u>				
Sale of services	134,825,922	109,352,999	255,388,308	215,446,193
Total	247,842,234	319,512,185	471,299,062	547,550,938

	For the three-month period ended 30 June		For the six-month period ended 30 June	
Type of customers	2021 SR	2020 SR	2021 SR	2020 SR
Government & government - controlled entities	184,278,155	150,261,078	361,274,799	302,173,786
Private	63,564,079	169,251,107	110,024,263	245,377,152
Total	247,842,234	319,512,185	471,299,062	547,550,938

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021

5. EARNINGS PER SHARE

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

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
	SR	SR	SR	SR
Net income for the period	10,428,661	24,409,443	26,471,644	41,337,153
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share*	25,000,000	25,000,000	25,000,000	25,000,000
Basic and diluted earnings per share of net income for the period	0.42	0.98	1.06	1.65

*The weighted average number of ordinary shares used as a denominator in calculating basic and diluted EPS for 30 June 2020 has been adjusted on account of the bonus share issue.

6. ZAKAT

The Zakat charge consist of provision amounting to SR 2,650,000 (2020: SR 8,192,758) and is based on the following:

Movements in zakat provision

	30 June 2021 SR	31 December 2020 SR
Balance at 1 January	8,314,217	7,610,958
Charge for the period/year	2,650,000	8,192,758
Paid during the period/year	(8,063,191)	(7,489,499)
	2,901,026	8,314,217

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

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021

7. PROPERTY AND EQUIPMENT

<u>2021</u>	<u>Land</u>	<u>Building*</u>	<u>Equipment</u>	<u>Motor</u>	<u>Furniture</u>	<u>Capital</u>	<u>Total</u>
Cost	SR	SR	SR	vehicles	and fixtures	work in	SR
As at 1 January 2021	8,122,900	21,092,510	13,004,497	1,166,787	2,598,591	3,709,516	49,694,801
Additions	-	-	996,557	158,400	147,377	3,681,765	4,984,099
Transfers from capital work in progress	-	6,105,399	1,009,262	-	276,620	(7,391,281)	-
Written off	-	-	-	(37,500)	-	-	(37,500)
As at 30 June 2021	8,122,900	27,197,909	15,010,316	1,287,687	3,022,588	-	54,641,400
Accumulated Depreciation							
As at 1 January 2021	-	537,684	10,671,720	1,130,954	1,139	-	12,341,497
Charge for the period	-	702,526	401,065	13,179	267,926	-	1,384,696
Written off	-	-	-	(37,500)	-	-	(37,500)
As at 30 June 2021	-	1,240,210	11,072,785	1,106,633	269,065	-	13,688,693
Net book value							
As at 30 June 2021	8,122,900	25,957,699	3,937,531	181,054	2,753,523	-	40,952,707

*Property and equipment include right-of-use assets at net book value of **SR 825,145** (2020: SR 959,566) related to leased office premises that do not meet the definition of investment property.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021

7. PROPERTY AND EQUIPMENT (CONTINUED)

<u>2020</u>	Land SR	Building* SR	Equipment SR	Motor vehicles SR	Furniture and fixtures SR	Capital work in progress** SR	Total SR
Cost							
As at 1 January 2020	8,122,900	1,497,250	11,589,294	1,166,787	1,831,866	9,730,371	33,938,468
Additions	-	-	680,538	-	8,434	16,899,227	17,588,199
Transfers from capital work in progress	-	19,595,260	734,665	-	2,590,157	(22,920,082)	-
Disposals	-	-	-	-	(1,831,866)	-	(1,831,866)
As at 31 December 2020	8,122,900	21,092,510	13,004,497	1,166,787	2,598,591	3,709,516	49,694,801
Accumulated Depreciation							
As at 1 January 2020	-	268,842	10,219,098	1,111,554	1,799,561	-	13,399,055
Charge for the year	-	268,842	452,622	19,400	33,444	-	774,308
Disposals	-	-	-	-	(1,831,866)	-	(1,831,866)
As at 31 December 2020	-	537,684	10,671,720	1,130,954	1,139	-	12,341,497
Net book value							
As at 31-December-2020	8,122,900	20,554,826	2,332,777	35,833	2,597,452	3,709,516	37,353,304

* Property and equipment include right-of-use assets at net book value of SR 959,566 (2019: SR 1,228,408) related to leased office premises that do not meet the definition of investment property.

** This represents the new head office building which became available for use during December 2020

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8a. EQUITY-ACCOUNTED INVESTEEES

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

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

The movement in investment in associates was as follows:

	<u>Amount SR</u>
At 1 January 2020	2,651,976
Share of profit for the period	2,267,366
At 31 December 2020	4,919,342
Share of loss for the period	(93,808)
Dividend received	(271,874)
At 30 June 2021	<u>4,553,660</u>

8b. ADVANCE FOR INVESTMENT

During the period ended 30 June 2021, the Company has signed a subscription agreement to acquire 1.58% shareholding in a digital bank and has paid an advance for investment amounting to SR 25,000,000. As at 30 June 2021, the necessary legal formalities for incorporation of legal entity and regulatory approvals are not completed.

9a. CONTRACT ASSETS

	<u>30 June 2021 SR</u>	<u>31 December 2020 SR</u>
Unbilled receivables*	421,141,980	366,989,642
Less: Impairment loss on contract assets	(6,546,228)	(6,797,228)
	<u>414,595,752</u>	<u>360,192,414</u>

Classification of contract assets

	<u>30 June 2021 SR</u>	<u>31 December 2020 SR</u>
Unbilled receivables, current	393,339,995	336,072,012
Unbilled receivables, non-current	21,255,757	24,120,402
	<u>414,595,752</u>	<u>360,192,414</u>

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

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9a. CONTRACT ASSETS (CONTINUED)

Movement of impairment loss on contract assets was as follows:

	30 June 2021 SR	31 December 2020 SR
Opening balance	6,797,228	7,721,022
Charged during the period/year	(251,000)	(923,794)
Closing Balance	<u>6,546,228</u>	<u>6,797,228</u>

9b. CONTRACT COSTS

	30 June 2021 SR	31 December 2020 SR
Contract costs*	107,063,511	111,915,191
Less: Impairment loss on contract costs	<u>(4,500,000)</u>	<u>(1,100,000)</u>
	<u>102,563,511</u>	<u>110,815,191</u>

*The Company has incurred costs in respect of long-term IT support contracts, which will generate resources that will be used in satisfying these contracts and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil contracts. The asset is amortised on a straight-line basis over the term each of the specific contract it relates to.

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 SR	31 December 2020 SR
Trade receivables - external*	592,233,887	523,913,562
Less: Impairment loss on trade receivables	<u>(15,762,438)</u>	<u>(14,537,438)</u>
	<u>576,471,449</u>	<u>509,376,124</u>
Trade receivables - amounts due from related parties (note 18)	4,691,644	5,552,217
Other receivables - vendor rebates	<u>3,825,419</u>	<u>2,063,850</u>
	<u>584,988,512</u>	<u>516,992,191</u>

Classification of trade receivable

	30 June 2021 SR	31 December 2020 SR
Trade receivables and other assets – current	584,613,713	516,373,846
Trade receivables - non-current	<u>374,799</u>	<u>618,345</u>
	<u>584,988,512</u>	<u>516,992,191</u>

*Trade receivables includes **SR 513,603,742** (31 December 2020: 458,736,590) due from government or government - controlled entities which represent the vast majority of the total receivables. In certain private cases, the Company obtains collateral over receivables.

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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Total SR	Not yet due SR	0-1 year SR	1-2 year SR	2- 3 years SR	Above 3 years SR
30 June 2021	596,925,531	20,307,530	469,773,738	57,736,015	21,631,950	27,476,298
31 December 2020	529,465,779	23,627,897	422,337,707	49,222,195	6,533,983	27,743,997

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

	30 June 2021 SR	31 December 2020 SR
Opening balance	14,537,438	5,682,172
Charged during the period/year	1,225,000	8,855,266
Closing balance	15,762,438	14,537,438

11. PREPAYMENTS AND OTHER ASSETS

	30 June 2021 SR	31 December 2020 SR
Margin on letters of credit and performance guarantee	11,571,077	14,761,743
Prepaid expenses	5,741,067	2,698,090
Advances to employees	2,334,790	650,623
Advances to supplier	2,937,533	1,825,367
	22,584,467	19,935,823
Provision on advances to supplier	(794,153)	(794,153)
	21,790,314	19,141,670

12. SHARE CAPITAL

Capital of SAR 250,000,000 is divided into 25,000,000 shares (31 December 2020: 20,000,000) of SR 10 each. The Board of Directors in their meeting held on 20 Jumada Al-Awwal 1442H (Corresponding to 4 January 2021) resolved to increase the Company's share capital to SR 250,000,000 through issuance of one (1) bonus share for every four (4) shares by transferring SR 40,962,396 and SR 9,037,604 from retained earnings and statutory reserve, respectively to share capital. The legal formalities required to enforce the increase of the share capital were completed during the period ended 30 June 2021.

13. STATUTORY RESERVE

In accordance with the Company regulation of KSA and the Company's By-Laws, the Company must transfer 10% of its net income to the statutory reserve at year end. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital.

14. DIVIDENDS

The Board of Directors in their meeting held on 20 Jumada I 1442H (Corresponding to 4 January 2021) resolved to distribute cash dividends amounting to SR 1.10 per share aggregating to SR 22,000,000 and was paid on 20 January 2021. The dividends were approved by the General Assembly on 14 Shawwal 1442H (corresponding to 26 May 2021).

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15. LOANS AND BORROWINGS

The Company has obtained loans from various local commercial banks and other financial institutions to meet the working capital requirements. These loans are subject to certain financial covenants and are secured by promissory notes and assignment of certain contract proceeds and carry commission charges at prevailing market commission rates. Certain covenant breach is noted as at 30 June 2021. However, during the period the respective bank has issued the waiver for the same.

	30 June 2021 SR	31 December 2020 SR
Murabaha facilities	358,364,724	312,409,293
Conventional facilities	19,050,702	59,532,846
	<u>377,415,426</u>	<u>371,942,139</u>

Movements in loans and borrowings are shown below:

	30 June 2021 SR	31 December 2020 SR
Opening balance	371,942,139	219,325,610
Additions during the period/year	362,339,862	915,520,221
Repayment made during the period/year	(356,866,575)	(762,903,692)
Closing balance	<u>377,415,426</u>	<u>371,942,139</u>

16. TRADE AND OTHER PAYABLES

	30 June 2021 SR	31 December 2020 SR
Trade payables	266,086,619	212,013,646
Amounts due to related parties (note 18)	19,324,326	22,542,670
Accrued expenses	22,298,601	2,248,474
Accrual of other employee costs	8,752,412	5,865,047
Other payables	116,858	428,972
Lease liabilities, current	344,176	269,888
	<u>316,922,992</u>	<u>243,368,697</u>

17. CONTRACT LIABILITIES

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

	30 June 2021 SR	31 December 2020 SR
Contract liabilities- current	157,871,533	139,750,551
Contract liabilities- non-current	29,945,623	33,277,882
	<u>187,817,156</u>	<u>173,028,433</u>

The amount of **SR 76,896,750** included in contract liabilities at 31 December 2020 has been recognised as revenue during the six month period ended 30 June 2021 (year ended 31 December 2020: 82,012,695).

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18. RELATED PARTY TRANSACTIONS AND BALANCES

During the period ended 30 June 2021, 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 period/year are as follows:

	30 June 2021 SR	31 December 2020 SR
Transaction with shareholders		
Dividends paid	22,000,000	36,000,000
Transaction with Associate		
Edarat telecommunication and information technology company		
Revenue	225,998	2,622,529
Purchases	1,600,000	2,582,558
Transactions with entities having common shareholders		
Purchases		
Emaar executives for information technology	16,151,673	14,160,812
ESRI Saudi Arabia Limited Company	4,127,406	17,066,704
Electronic maps trading company	714,689	1,312,946

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

	30 June 2021 SR	31 December 2020 SR
Salaries and short-term benefits	3,184,196	10,855,316
Employee benefits	196,612	398,685
	3,380,808	11,254,001

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

	30 June 2021 SR	31 December 2020 SR
Due from related parties:		
Electronic maps trading company	4,316,897	4,816,897
Edarat telecommunication and information technology company	374,747	735,320
	4,691,644	5,552,217
Due to related parties:		
Emaar executives for information technology	14,061,562	6,291,851
ESRI Saudi Arabia Limited company	4,692,340	16,108,788
Electronic maps trading company	570,424	142,031
	19,324,326	22,542,670

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19. 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:

Information about reportable segments

	Segments						Corporate	Total
	Business service management Unit	Solutions unit	Systems unit	Information technology security Unit	Networking Unit	Operation and maintenance unit		
As at 30 June 2021								
Total assets	110,945,035	221,923,208	193,522,926	146,796,789	263,518,413	184,152,867	101,838,196	1,222,697,434
Total liabilities	42,828,278	187,320,387	165,634,914	99,438,058	176,616,787	236,039,153	1,923,137	909,800,714
For the six-month period ended 30 June 2021								
Revenue								
Timings of revenue								
Sale of goods at point in time	19,568,715	39,249,037	70,915,777	15,756,400	45,121,922	25,298,903	-	215,910,754
Sale of services over period of time	10,104,074	60,033,553	41,023,852	19,760,268	50,634,410	73,832,151	-	255,388,308
Type of customers								
Government & government -controlled entities	7,412,944	81,146,416	92,252,096	31,082,641	50,376,322	99,004,380	-	361,274,799
Private	22,259,846	18,136,173	19,685,385	4,434,027	45,380,009	128,823	-	110,024,263
Income before zakat	2,372,431	2,388,048	7,902,543	1,573,673	10,792,823	5,910,483	(1,818,357)	29,121,644

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19. SEGMENT INFORMATION (CONTINUED)

Information about reportable segments

	Business service management Unit	Segments				Corporate	Total
		Solutions unit	Systems unit	Information technology security unit	Networking unit	Operation and maintenance unit	
As at 31 December 2020							
Total assets	115,643,802	195,791,861	199,932,251	139,870,303	241,937,713	113,306,090	1,132,912,709
Total liabilities	40,316,317	209,265,342	188,835,235	119,547,070	177,929,253	85,106,587	824,561,569
For the six-month period ended 30 June 2020							
Revenue	21,581,316	125,718,204	105,694,928	78,984,423	166,360,191	49,211,876	547,550,938
Timings of revenue							
Sale of goods at point in time	12,481,890	59,743,706	70,949,142	53,277,762	128,321,415	7,330,830	332,104,745
Sale of services over year of time	9,099,425	65,974,498	34,745,787	25,706,663	38,038,774	41,881,046	215,446,193
Type of customers							
Government & government - controlled entities	9,450,809	79,595,652	54,494,725	40,296,357	69,329,681	49,006,562	302,173,786
Private	12,130,508	46,122,551	51,200,203	38,688,067	97,030,510	205,313	245,377,152
Income before zakat	1,971,035	6,567,967	3,302,357	7,225,452	24,123,036	2,675,773	45,629,911

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20. COMMITMENTS AND CONTINGENT LIABILITIES

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

	30 June 2021 SR	31 December 2020 SR
Capital commitments for property under construction	602,848	4,418,377
Contingent liabilities		
	30 June 2021 SR	31 December 2020 SR
Letter of performance guarantees	236,204,961	177,071,166
Letters of credit	69,626,650	43,653,588

21. SUBSEQUENT EVENT

On 7 July 2021 corresponding to 27 Dhu'l-Qi'dah 1442H, the Board of Directors of the Company has resolved to distribute cash dividends amounting to SR 1 per share aggregating to SR 25 million.

Except mentioned above, no other event has occurred subsequent to the balance sheet date and including the date of the approval of the financial statements which requires the adjustment to, or disclosures, in these financial statements.