

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
For the three-month and nine-month periods ended
30 September 2023
Together with
INDEPENDENT AUDITOR'S REVIEW REPORT

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the period ended 30 September 2023

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**Independent auditor's review report on the interim condensed consolidated financial statements
to the shareholders of Al Moammar Information Systems Company
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Moammar Information Systems Company (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of the 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.

Basis for Qualified Conclusion

1. As of 30 September 2023, the Group has gross trade receivables and contract assets amounting to SR 816 million and SR 925 million (31 December 2022: SR 523 million and SR 663 million), respectively and has estimated expected credit losses ("ECL") amounting to SR 88 million on trade receivables (31 December 2022: SR 28 million) and SR 43 million on contract assets (31 December 2022: SR 13 million). Management has provided us with a latest ECL model on 9 November 2023. Based on our review, we are unable to conclude that the ECL model is in accordance with International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("IFRS as endorsed in KSA"). Further, we were not provided sufficient evidence to conclude on the appropriateness of the classification and presentation of trade receivables and contract assets between current and non-current in these interim condensed consolidated financial statements. Accordingly, we are unable to obtain sufficient evidence to assess the adequacy of the ECL estimates and the correctness of the carrying value and presentation of trade receivables and contract assets.
2. During the three-month and nine-month periods ended 30 September 2023, the Group has recognized margin on supply of equipment and material amounting to SR 4.5 million and SR 25.6 million, respectively on a project. As the installation has not yet been completed, revenue should only be recorded to the extent of cost incurred, with no related margin. The recognition of such margin represents a departure from IFRS as endorsed in KSA and accordingly the net income would be lower by SR 4.5 million and SR 25.6 million for the three-month and nine-month periods ended 30 September 2023, respectively.

Qualified Conclusion

Based on our review, except for the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Independent auditor's review report on the interim condensed consolidated financial statements
to the shareholders of Al Moammar Information Systems Company
(A Saudi Joint Stock Company) (continued)**

Other Matters

- The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 8 Sha'ban 1444H (corresponding to 28 February 2023). Further, the interim condensed consolidated financial statements of the Group for the three-month and nine-month period ended 30 September 2022 were reviewed by the same another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 16 Rabi' al-Thani 1444H (corresponding to 10 November 2022).
- On 10 July 2023, the Group declared dividends amounting to SR 45 million from retained earnings of SR 112 million as of 30 June 2023 (30 September 2023: SR 7 million). This was paid to the shareholders on 9 August 2023. The matters described in the Basis for Qualified Conclusion paragraph of our report may result in adjustments to the reported retained earnings as of 30 June 2023 and 30 September 2023.

for Ernst & Young Professional Services

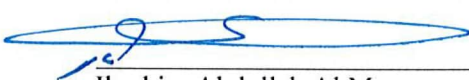
Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354





Riyadh: 2 Jumada Al-Ula 1445H
(16 November 2023)

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

		30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
ASSETS	Note		
Non-current assets			
Property and equipment, net	7A	38,264,115	40,622,269
Intangible assets, net	7B	4,899,842	5,494,771
Equity-accounted investees	8A	12,924,789	8,807,719
Advance for investment	8B	-	25,000,000
Investment classified at FVTPL	8B	25,000,000	-
Contract assets, net	9A	20,168,241	22,259,987
Contract costs, net	9B	17,608,799	9,867,633
Total non-current assets		118,865,786	112,052,379
Current assets			
Contract assets, net	9A	861,961,291	628,031,875
Contract costs, net	9B	40,715,521	15,873,454
Trade and other receivables, net	10	739,476,625	506,985,897
Prepayments and other assets, net	11	177,547,486	191,957,831
Inventory	12	3,163,269	1,508,743
Cash and cash equivalents		79,767,965	152,283,200
Total current assets		1,902,632,157	1,496,641,000
Total assets		2,021,497,943	1,608,693,379
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	300,000,000	300,000,000
Statutory reserve	14	-	9,586,376
Other reserves		10,108,064	9,744,876
Retained earnings		7,013,625	51,767,686
Total shareholders' equity		317,121,689	371,098,938
Liabilities			
Non-current liabilities			
Employee benefits		24,529,908	22,891,760
Contract liabilities	18	21,063,470	9,986,647
Lease liabilities		-	90,844
Total non-current liabilities		45,593,378	32,969,251
Current liabilities			
Loans and borrowings	16	688,421,302	370,942,909
Trade and other payables	17	812,634,938	501,737,708
Other liabilities		31,774,309	682,753
Contract liabilities	18	120,185,961	322,614,569
Zakat	6	5,766,366	8,647,251
Total current liabilities		1,658,782,876	1,204,625,190
Total liabilities		1,704,376,254	1,237,594,441
Total shareholders' equity and liabilities		2,021,497,943	1,608,693,379


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of
Directors


Abdullah Ghazi Al Ghamdi
Chief Executive Officer

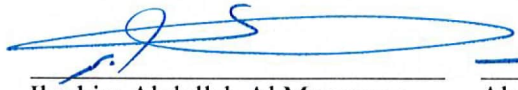

Karthik Ramaswamy Nagar
Subramanian
Chief Financial Officer

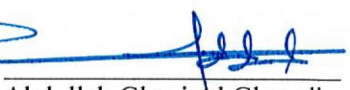
The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.


AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the three-month and nine-month periods ended 30 September 2023

	Note	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
		2023 SR	2022 SR	2023 SR	2022 SR
Revenue	4	361,209,998	198,801,620	1,171,415,278	476,433,190
Cost of sales		(303,043,882)	(146,474,682)	(957,881,485)	(347,102,973)
Gross profit		58,166,116	52,326,938	213,533,793	129,330,217
General and administration expenses		(19,535,451)	(20,627,437)	(58,782,219)	(60,009,937)
Selling and marketing expenses		(3,388,812)	(2,397,071)	(10,206,985)	(7,921,479)
Impairment loss on contract assets and trade receivables	9,10	(93,211,266)	-	(89,542,117)	(1,700,000)
Income/(Loss) from operations		(57,969,413)	29,302,430	55,002,472	59,698,801
Other income		1,481,802	907,302	3,412,107	2,134,519
Share in profit/(loss) of equity-accounted investees	8A	806,037	462,721	4,117,070	3,776,446
Finance costs		(14,093,813)	(4,456,440)	(32,559,636)	(14,452,931)
Finance income		866,405	870,049	3,187,550	876,189
Income before Zakat		(68,908,982)	27,086,062	33,159,563	52,033,024
Zakat	6	(500,000)	(2,000,000)	(6,500,000)	(5,500,000)
Net income/(Loss) for the period		(69,408,982)	25,086,062	26,659,563	46,533,024
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Remeasurements gain on employee benefits		131,234	1,483,801	363,188	2,417,663
Other comprehensive income		131,234	1,483,801	363,188	2,417,663
Total comprehensive income/(Loss) for the period		(69,277,748)	26,569,863	27,022,751	48,950,687
Earnings per share:					
Basic and diluted earnings per share for the period		(2.31)	0.84	0.89	1.55


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors


Abdullah Ghazi Al Ghamdi
Chief Executive Officer


Karthik Ramaswamy Nagar Subramanian
Chief Financial Officer

The accompanying notes from 1 to 23 form an integral part of these interim consolidated financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 September 2023

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained Earnings/ (loss) SR	Total shareholders' equity SR
As at 1 January 2022 (Audited)	250,000,000	5,647,975	7,168,919	70,842,327	333,659,221
Net income for the period	-	-	-	46,533,024	46,533,024
Other comprehensive income for the period	-	-	2,417,663	-	2,417,663
Total comprehensive income for the period	-	-	2,417,663	46,533,024	48,950,687
Dividends (note 15)	-	-	-	(61,000,000)	(61,000,000)
Transfer to share capital (note 13)	50,000,000	(5,647,975)	-	(44,352,025)	-
Balance as at 30 September 2022 (Unaudited)	300,000,000	-	9,586,582	12,023,326	321,609,908
As at 1 January 2023 (Audited)	300,000,000	9,586,376	9,744,876	51,767,686	371,098,938
Net income for the period	-	-	-	26,659,563	26,659,563
Other comprehensive income for the period	-	-	363,188	-	363,188
Total comprehensive income for the period	-	-	363,188	26,659,563	27,022,751
Transfer to retained earnings	-	(9,586,376)	-	9,586,376	-
Dividends (note 15)	-	-	-	(81,000,000)	(81,000,000)
Balance as at 30 September 2023 (Unaudited)	300,000,000	-	10,108,064	7,013,625	317,121,689



Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors



Abdullah Ghazi Al Ghamdi
Chief Executive Officer



Karthik Ramaswamy Nagar Subramanian
Chief Financial Officer

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AL MOAMMAR INFORMATION SYSTEMS COMPANY


(A Saudi Joint Stock Company)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2023

		For the nine-month period ended 30 September (unaudited)	
		2023	2022
	Note	SR	SR
Cash flow from operating activities			
Net income for the period		26,659,563	46,533,024
<i>Adjustments for:</i>			
Depreciation of property and equipment	7A	2,772,618	2,759,844
Amortization of intangible assets	7B	1,651,901	968,082
Share in profit of equity-accounted investee	8A	(4,117,070)	(3,776,446)
Impairment loss on trade receivables	10	59,620,039	2,090,465
Impairment loss/(reversal) on contract assets	9A	29,836,563	(390,465)
Employee benefits		5,620,213	5,132,814
Finance costs		32,559,636	14,452,931
Finance income		(3,187,550)	(876,189)
Zakat charge	6	6,500,000	5,500,000
		157,915,913	72,394,060
<i>Changes in working capital:</i>			
Contract assets		(261,674,234)	(7,594,639)
Contract costs		(32,583,233)	41,504,239
Trade and other receivables		(292,110,767)	(31,230,737)
Prepayments and other assets		14,410,346	(183,738,395)
Trade and other payables		310,897,230	27,112,773
Inventory	12	(1,654,526)	(1,557,182)
Other liabilities		31,091,556	(1,991,537)
Contract liabilities		(191,351,785)	172,887,995
Net cash (used in)/ from in operations		(265,059,500)	87,786,577
Employee benefits paid		(3,618,877)	(3,915,697)
Zakat paid	6	(9,380,885)	(8,403,775)
Net cash (used in)/ from operating activities		(278,059,262)	75,467,105
Cash flow from investing activities			
Purchases of property and equipment	7A	(414,464)	(1,800,179)
Purchases of intangible assets		(1,056,972)	(2,763,836)
Adjustment due to disposal of assets		-	(54,048)
Finance income		3,187,550	876,189
Dividend received from associate	8A	-	1,732,500
Net cash from/ (used in) investing activities		1,716,114	(2,009,374)
Cash flow from financing activities			
Proceeds from loans and borrowings	16	1,050,547,964	687,542,526
Repayment of loans and borrowings	16	(733,069,571)	(577,625,347)
Finance costs paid		(32,551,963)	(14,504,096)
- Payment of lease liabilities- Principle		(87,750)	(142,750)
- Payment of lease liabilities- Interest		(10,767)	(25,740)
Dividends paid	15	(81,000,000)	(25,000,000)
Net cash generated from financing activities		203,827,913	70,244,593
Net (decrease)/increase in cash and cash equivalents		(72,515,235)	143,702,324
Cash and cash equivalents at the beginning of the period		152,283,200	21,563,199
Cash and cash equivalents at the end of the period		79,767,965	165,265,523


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors


Abdullah Ghazi Al Ghamdi
Chief Executive Officer


Karthik Ramaswamy Nagar Subramanian
Chief Financial Officer

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and nine-month period ended 30 September 2023

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 Road - Al Sahafa District

Unit No 1, 3296

Riyadh 13315, Kingdom of Saudi Arabia

The Company is registered in KSA with the following branches as at 30 September 2023:

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

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

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

During 2023, the subsidiary received permit approval from the Saudi Central Bank (“SAMA”) to carry out the Buy Now Pay Later (“BNPL”) activities in KSA under the name of MIS pay. However, the subsidiary has not commenced its operations yet.

During April 2023, the Group incorporated a wholly owned subsidiary “Excellence Solution for Information technology Company” (A one person company) under commercial registration number 1010875044 with a paid-up capital of SR 100,000. The primary business of this wholly owned subsidiary is to engage in providing information and Telecommunication solutions services, Softwares deployment, other communication activities, Computer programming activities, Computer consulting expertise and facilities management activities, Data processing, web hosting and related activities.

During April 2023, the Group incorporated a wholly owned subsidiary “Integrated Excellence Information Technology Company” (A one person company) under commercial registration number 1010878145 with a paid-up capital of SR 100,000. The primary business of this wholly owned subsidiary is to engage to build a one-stop homing solution & living needs by solving all the cumbersome purchasing tasks.

1. CORPORATE INFORMATION (CONTINUED)

These interim consolidated financial statements include the financial information of the branches of the Company and the above-mentioned subsidiaries (together referred to as the “Group”).

These interim consolidated financial statements were approved by the Board of Directors on 25 Rabie-Al-Thani 1445H (corresponding to 9 November 2023).

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The interim consolidated financial statements do not include all of the information and disclosures required for full annual consolidated financial statements and should be read in conjunction with Group’s annual consolidated financial statements for the year ended 31 December 2022. Certain comparative figures in these interim consolidated financial statements have been reclassified wherever necessary for better presentation and disclosure.

These interim consolidated financial statements have been prepared on a historical cost using accrual basis, except for equity-accounted investees which are measured using equity method. The carrying amount of financial assets and liabilities are a reasonable approximation of their fair values. These interim consolidated financial statements are prepared on a going concern basis. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to 30 September 2022) (hereinafter referred as the “Law”) came into force on 26/06/1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/06/1444H (corresponding to 19 January 2023). The management is in the process of assessing the impact of the Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

2.2 Functional and presentation currency

These interim consolidated financial statements are presented in Saudi Riyal (“SR”) which is the functional currency of the Group. The Group has used the Saudi Riyal (“SR”) as presentation currency.

2.3 Material Accounting Policy Information

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

AL MOAMMAR INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and nine-month period ended 30 September 2023

2. BASIS OF PREPARATION (CONTINUED)**2.3 Material Accounting Policy Information (CONTINUED)**

Following standard, interpretation or amendment are effective from January 1, 2023 and are adopted by the Group, however, these does not have a material impact on these interim condensed consolidated financial statements:

Standard, interpretation or amendments	Description	Effective date
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after January 01, 2023.
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 01, 2023.
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after January 01, 2023.

Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which are effective from periods on or after January 1, 2024. The Group did not opt for early adoption of these pronouncements and do not expect the adoption to have a significant impact on these interim consolidated financial statements of the Group.

Standard, interpretation or amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024

AL MOAMMAR INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and nine-month period ended 30 September 2023

2 BASIS OF PREPARATION (CONTINUED)**2.3 Material Accounting Policy Information (CONTINUED)**

Standard, interpretation or amendments	Description	Effective date
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	January 01, 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 01, 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	January 01, 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities	January 01, 2024 subject to endorsement from SOCPA

3. Significant Accounting Estimates and Assumptions

The preparation of the Group's interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2022. In 2021 the Group entered into a contract with its customer to build data centers. The following significant judgement has been applied to the assessment.

3. Significant accounting estimates and assumptions (CONTINUED)

The Group has applied the significant judgement while assessing the performance obligations under revenue from contracts with customers. The Group entered into separate contracts with customer to build data centers. These contracts involve various promises including design, procurement and construction of the data centers. The Group evaluates whether it is a principal or an agent under these contracts.

The Group assessed that it is acting as a principal where it is responsible to make the decisions around effective utilization of internal resources and/or vendors/sub-contractor in implementation services and in the eventual delivery of the deliverables fulfilling the customer's requirements. Where the Group is the primary obligor within the context of the contract and has the direct responsibility to provide the services, the revenue is recorded on a gross basis as a principal.

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

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

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

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

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

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

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

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

3. Significant accounting estimates and assumptions (CONTINUED)

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

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

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

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

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

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

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

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

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

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4. REVENUE

The Group revenue is derived from contracts with customers.

Disaggregation of revenue

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
Timing of revenue recognition				
Services transferred overtime	210,739,120	163,596,347	888,432,762	360,029,865
Product transferred at a point in time	150,470,878	35,205,273	282,982,516	116,403,325
	<u>361,209,998</u>	<u>198,801,620</u>	<u>1,171,415,278</u>	<u>476,433,190</u>
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
Type of customers				
Private	155,552,731	60,022,019	637,663,486	115,424,886
Government & government -controlled entities	205,657,267	138,779,601	533,751,792	361,008,304
	<u>361,209,998</u>	<u>198,801,620</u>	<u>1,171,415,278</u>	<u>476,433,190</u>
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
Product or service				
Equipment and hardware	287,459,009	19,422,689	946,999,664	66,436,334
Maintenance, services and solutions	69,676,142	176,074,784	203,220,656	401,207,080
Software licenses	4,074,847	3,304,147	21,194,958	8,789,776
	<u>361,209,998</u>	<u>198,801,620</u>	<u>1,171,415,278</u>	<u>476,433,190</u>
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
Revenue earned as principal or agent				
Revenue derives from principal	349,986,238	181,300,565	1,118,821,921	424,662,639
Revenue derives from agent	11,223,760	17,501,055	52,593,357	51,770,551
	<u>361,209,998</u>	<u>198,801,620</u>	<u>1,171,415,278</u>	<u>476,433,190</u>

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4. REVENUE (CONTINUED)

The Group previously used to assess managed service revenues in relation to operation and maintenance contracts as a single performance obligation instead of using a multiple performance obligations approach. The Group has assessed the impact of this change as immaterial. Going forward, from 1 October 2023, Group will follow multiple performance obligation approach for managed service contracts.

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 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
Net income/(Loss) for the period	(20,275,823)	25,086,062	75,792,722	46,533,024
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted earnings per share for the period	(0.68)	0.84	2.53	1.55

6. ZAKAT

Zakat charge for the nine-month period ended 30 September 2023 amounts to SR 6,500,000 (unaudited) (for the nine-month period ended 30 September 2022 amounts to SR 5,500,000) (unaudited).

Zakat charge for the three-month period ended 30 September 2023 amounts to SR 500,000 (unaudited) (for the three-month period ended 30 September 2022 amounts to SR 2,000,000) (unaudited).

Movement in Zakat provision during the period / year

	30 September 2023 SR	31 December 2022 SR
Balance at 1 January	8,647,251	7,451,026
Charge for the period/year	6,500,000	9,600,000
Paid during the period/year	(9,380,885)	(8,403,775)
	5,766,366	8,647,251

The Company has finalized its Zakat and withholding tax assessment with the Zakat, Tax and Customs Authority ("ZATCA") up to year 2016 and obtained the final Zakat and withholding tax certificates. The Group has filed its Zakat and withholding tax returns for the years 2017 to 2022, which are under review by ZATCA.

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7A. PROPERTY AND EQUIPMENT, NET

	Land SR	Building* SR	Equipment SR	Motor vehicles SR	Furniture and fixtures SR	Total SR
2023						
Cost						
As at 1 January 2023 (Audited)	8,122,900	30,425,433	16,358,599	1,287,687	3,489,497	59,684,116
Additions	-	33,602	266,001	62,500	52,361	414,464
Disposals	-	-	-	-	-	-
As at 30 September 2023 (unaudited)	8,122,900	30,459,035	16,624,600	1,350,187	3,541,858	60,098,580
Accumulated Depreciation						
As at 1 January 2023 (Audited)	-	3,759,068	12,826,044	1,180,328	1,296,407	19,061,847
Charge for the period	-	1,284,016	916,064	26,591	545,947	2,772,618
Disposals	-	-	-	-	-	-
As at 30 September 2023 (unaudited)	-	5,043,084	13,742,108	1,206,919	1,842,354	21,834,465
Net book value						
As at 30 September 2023 (unaudited)	8,122,900	25,415,951	2,882,492	143,268	1,699,504	38,264,115

**Building includes right-of-use assets at net book value of SR 220,252 (unaudited) (2022: SR. 421,883 (audited)) related to leased office premises.

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7A. PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Building*	Equipment	Motor vehicles	Furniture and fixtures	Total
2022 (Audited)	SR	SR	SR	SR	SR	SR
Cost						
As at 1 January 2022	8,122,900	29,270,525	15,681,493	1,287,687	3,422,257	57,784,862
Additions	-	1,154,908	677,106	-	67,240	1,899,254
As at 31 December 2022	8,122,900	30,425,433	16,358,599	1,287,687	3,489,497	59,684,116
Accumulated depreciation						
As at 1 January 2022	-	2,049,294	11,618,700	1,132,225	597,765	15,397,984
Charge for the year	-	1,709,774	1,207,344	48,103	698,642	3,663,863
As at 31 December 2022	-	3,759,068	12,826,044	1,180,328	1,296,407	19,061,847
Net book value						
As at 31 December 2022	8,122,900	26,666,365	3,532,555	107,359	2,193,090	40,622,269

*Property and equipment include right-of-use assets at net book value of SR 421,883 (audited) (2021: SR. 690,725 (Audited)) related to leased office premises that do not meet the definition of investment property

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7B. INTANGIBLE ASSETS, NET

	<i>ERP Software SR</i>	<i>Application development SR</i>	<i>Other Software SR</i>	<i>Total SR</i>
2023				
Cost				
As at 1 January 2023 (Audited)	4,572,834	4,532,387	6,361,069	15,466,290
Additions	1,056,972	-	-	1,056,972
As at 30 September 2023	5,629,806	4,532,387	6,361,069	16,523,262
Accumulated amortization				
As at 1 January 2023 (Audited)	2,339,414	4,532,387	3,099,718	9,971,519
Charge for the period	1,245,118	-	406,783	1,651,901
Disposal	-	-	-	-
As at 30 September 2023 (Unaudited)	3,584,532	4,532,387	3,506,501	11,623,420
Net book value				
As at 30 September 2023 (Unaudited)	2,045,274	-	2,854,568	4,899,842

	<i>ERP software SR</i>	<i>Application Development SR</i>	<i>Other Software SR</i>	<i>Total SR</i>
2022				
Cost				
As at 1 January 2022 (audited)	3,297,535	4,532,387	7,244,622	15,074,544
Additions	1,275,299	-	1,854,087	3,129,386
Disposal	-	-	(2,737,640)	(2,737,640)
As at 31 December 2022 (audited)	4,572,834	4,532,387	6,361,069	15,466,290
Accumulated amortization				
As at 1 January 2022 (Audited)	1,698,313	4,532,387	2,528,703	8,759,403
Charge for the year	641,101	-	625,248	1,266,349
Disposal	-	-	(54,233)	(54,233)
As at 31 December 2022 (Audited)	2,339,414	4,532,387	3,099,718	9,971,519
Net book value				
As at 31 December 2022 (Audited)	2,233,420	-	3,261,351	5,494,771

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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	40%
Phoenicia Tech Worldwide Inc. – BVI	Technology based solutions	British Virgin Island	50%

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

The movement in investment in associates is as follows:

	<i>Edarat Group SAL</i>	<i>Edarat Telecommunication & Information Technology Company</i>	<i>Phoenicia Tech Worldwide Inc.</i>	<i>Total SR</i>
At 1 January 2022 (Audited)	95,034	6,455,092	1,057	6,551,183
Share of profit	69,482	5,987,392	58,316	6,115,190
Dividend received	-	(1,732,500)	-	(1,732,500)
Disposal of investment*	-	(2,126,154)	-	(2,126,154)
At 31 December 2022(Audited)	164,516	8,583,830	59,373	8,807,719
Share of profit	52,737	4,119,520	(55,187)	4,117,070
At 30 September 2023 (Unaudited)	217,253	12,703,350	4,186	12,924,789

*During last quarter of 2022, the Group sold 63,000 shares out of 312,000 having carrying value of SR 2,126,154 for SR 17,365,135 resulting in Gain on disposal of shares amounting to SR 15,238,980.

8B. INVESTMENT

The Company has an investment in Vision Bank Limited ('the bank'), which is accounted for in these financial statements at the cost of acquisition of SR 25 million. The Company has chosen to account for the investment at fair value through profit or loss. The bank has obtained regulatory licenses from relevant authorities and is currently in pre-operation phase including development of its IT infrastructure and recruitment and training of staff. It is the Company's estimate that the carrying value approximates the fair value, as the bank is yet to commence operations.

9A. CONTRACT ASSETS, NET

	30 September 2023 SR	31 December 2022 SR
Unbilled receivables*	925,050,882	663,376,649
Less: Impairment loss on contract assets	(42,921,350)	(13,084,787)
	882,129,532	650,291,862

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9A. CONTRACT ASSETS, NET (CONTINUED)

Classification of contract assets

	30 September 2023 SR	31 December 2022 SR
Unbilled receivables, current	861,961,291	628,031,875
Unbilled receivables, non-current	20,168,241	22,259,987
	<u>882,129,532</u>	<u>650,291,862</u>

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Opening balance	663,376,649	580,968,599
Additions	998,617,598	740,456,696
Invoicing during the year	(736,943,365)	(658,048,646)
Closing balance	<u>925,050,882</u>	<u>663,376,649</u>

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

	30 September 2023 SR	31 December 2022 SR
Opening balance	13,084,787	13,225,252
Charge/(reversal) during the period/year	29,836,563	(140,465)
Closing balance	<u>42,921,350</u>	<u>13,084,787</u>

9. CONTRACT COSTS, NET

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Classification of contract costs		
Contract costs, non-current	17,608,799	9,867,633
Contract costs, current	40,715,521	15,873,454
	<u>58,324,320</u>	<u>25,741,087</u>

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9B. CONTRACT COSTS, NET (CONTINUED)

	<i>30 September 2023 (Unaudited) SR</i>	<i>31 December 2022 (Audited) SR</i>
Opening balance	25,741,087	72,075,505
Additions	50,292,342	34,133,094
Amortization	(17,709,109)	(45,378,550)
Agency related recoveries	-	(35,088,962)
Closing balance (refer notes a and b)	<u>58,324,320</u>	<u>25,741,087</u>

*a) It includes incurred costs in respect of long-term IT support contracts, which will generate resources that will be used in satisfying these contracts and are expected to be recovered. They were therefore recognised as an asset for costs to fulfil contracts. The asset is amortised on a straight-line basis over the term where the Group is principal in the performance obligation, and

b) It includes amounts prepaid by the Group to a third party on behalf of customers and will be adjusted against the recoveries from the customer in due course. These balances do not gross up expenses as these payments relates to the transaction where Group acts as an agent.

10. TRADE AND OTHER RECEIVABLES, NET

	<i>30 September 2023 SR</i>	<i>31 December 2022 SR</i>
Trade receivables – external*	816,397,499	523,493,100
Less: Impairment loss on trade receivables	<u>(87,648,500)</u>	<u>(28,028,461)</u>
	728,748,999	495,464,639
Trade receivables - amounts due from related parties (note 19)	25,875	1,213,369
Other receivables	<u>10,701,751</u>	<u>10,307,889</u>
	<u>739,476,625</u>	<u>506,985,897</u>

*Trade receivables includes SR 573,593,979 (31 December 2022: SR R 406,906,907) due from government or government - controlled entities which represent the vast majority of the total receivables. In certain cases, the Group obtains collateral over receivables from non-government-controlled entities.

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10. TRADE AND OTHER RECEIVABLES, NET (CONTINUED)

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

	Total	Not yet due	0 to 3 months	4 to 6 months	7 to 12 months	Over 1 year
	SR	SR	SR	SR	SR	SR
30 September 2023 (Unaudited)	816,423,374	-	501,068,460	147,346,391	71,679,893	96,328,630
ECL	87,648,500	-	24,716,577	18,191,486	16,695,594	28,044,843
ECL%	11%	0%	5%	12%	23%	29%
31 December 2022 (Audited)	524,706,469	18,990,977	412,508,898	54,435,810	20,783,458	17,987,326
ECL	28,028,461	270,930	3,896,697	6,363,601	3,498,150	13,999,083
ECL%	5%	1%	1%	12%	17%	78%

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

	30 September 2023	31 December 2022
	SR	SR
Opening balance	28,028,461	28,580,375
Charged during the period/year	59,705,555	1,840,465
Write off during the period/year	(85,516)	(2,392,379)
Closing balance	87,648,500	28,028,461

11. PREPAYMENTS AND OTHER ASSETS, NET

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	SR	SR
Advances to suppliers**	130,554,325	176,462,388
Prepaid expenses	14,295,568	8,498,689
Margin on letters of credit and guarantees	10,075,508	6,699,334
Advances to employees	3,659,328	728,869
Others	19,756,910	362,704
	178,341,639	192,751,984
Provision for impairment on advances to suppliers	(794,153)	(794,153)
	177,547,486	191,957,831

**Primarily pertains to advances paid to vendors related to data center projects.

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12. INVENTORY

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Goods held for sales	<u>3,163,269</u>	<u>1,508,743</u>
Goods in transit	<u>-</u>	<u>-</u>

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

13. SHARE CAPITAL

Capital of SAR 300,000,000 is divided into 30,000,000 shares of SR 10 each.

The Board of Directors in their meeting held on 28 Jumada-1 1443H (corresponding to 31 January 2022) resolved to increase the Company's share capital to SR 300,000,000 (previously SR 250,000,000) through issuance of one (1) bonus share for every five (5) shares by transferring SR 44,352,025 and SR 5,647,975 from retained earnings and statutory reserve, respectively to share capital. The legal formalities required to enforce the increase of the share capital were completed during the year ended 31 December 2022.

14. STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-Laws, the Company must transfer 10% of its net income to the statutory reserve at year end. As at 30 September 2023, the Group transferred SR nil (unaudited) (31 December 2022: SR 9,586,376 (audited)) of its net income to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve reaches 30% of the share capital. The Group has utilized the statutory reserve of SR Nil (unaudited) (31 December 2022: SR 5,647,975 (audited)) to issue the bonus shares.

The board of directors in their meeting held on 30 April 2023 (corresponding to 10 Shawwal 1444) recommended cancelling the statutory reserve of the company as a part of the amendments to the company by-laws to be in line with the new company law. The amendments to the company's by-laws had been approved by the Extraordinary General Assembly meeting held on 6 August 2023 (corresponding to 19 Muharam 1445).

15. DIVIDENDS

On 10 July 2023 corresponding to 12 Dhu hajja 1444H, the Board of Directors of the Group resolved to distribute cash dividends amounting to SR 1.5 per share aggregating to SR 45,000,000 (unaudited). This dividend was paid on 9 August 2023

On 10 January 2023 corresponding to 17 Jumada-II 1444H, the Board of Directors of the Group resolved to distribute cash dividends amounting to SR 1.2 per share aggregating to SR 36,000,000 (unaudited). This dividend was paid on 12 March 2023.

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

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15. DIVIDENDS (CONTINUED)

The Board of Directors in their meeting held on 03 Dhu Hajja 1443H (Corresponding to 2 July 2022) resolved to distribute dividends amounting to SR. 1.20 per share aggregating to SAR. 36,000,000 and was paid on 13 October 2022.

16. LOANS AND BORROWINGS

The Group has obtained loans from various local commercial banks and other financial institutions to meet the working capital requirements. These loans are subject to certain financial covenants which are reviewed on annual basis and are secured by promissory notes and assignment of certain contract proceeds and carry commission charges at prevailing market commission rates. The Group did not comply with certain loan covenants during period/year. However, the Group was able to obtain waivers from the respective banks in this regard.

	30 September 2023 (Unaudited) SR	<i>31 December 2022 (Audited) SR</i>
Murabaha facilities	665,943,483	353,451,097
Conventional facilities	22,477,819	17,491,812
	<u>688,421,302</u>	<u>370,942,909</u>

Movement in loans and borrowings are shown below:

	30 September 2023 (Unaudited) SR	<i>31 December 2022 (Audited) SR</i>
Opening balance	370,942,909	370,753,812
Additions during the period/year	1,050,547,964	905,673,031
Repayment made during the period/year	(733,069,571)	(905,483,934)
Closing balance	<u>688,421,302</u>	<u>370,942,909</u>

17. TRADE AND OTHER PAYABLES

	30 September 2023 (Unaudited) SR	<i>31 December 2022 (Audited) SR</i>
Trade payables	572,345,542	368,843,373
Accrued expenses	221,430,086	114,395,116
Accrual of other employee costs	10,622,923	10,493,870
Amounts due to related parties (note 19)	7,415,177	6,726,989
Other payables	536,113	980,274
Lease liabilities, current	285,097	298,086
	<u>812,634,938</u>	<u>501,737,708</u>

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18. CONTRACT LIABILITIES

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

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Contract liabilities- non-current	21,063,470	9,986,647
Contract liabilities- current	120,185,961	322,614,569
	<u>141,249,431</u>	<u>332,601,216</u>

The amount of SR 276,758,259 included in contract liabilities at 31 December 2022 has been recognised as revenue during the nine-month period ended 30 September 2023 (for the year ended 31 December 2022: SR 89,688,733).

The movements during the year are as follows:

	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Opening balance	332,601,216	147,994,605
Additions	684,313,355	729,933,967
Utilization	(875,665,140)	(545,327,356)
Closing balance	<u>141,249,431</u>	<u>332,601,216</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES

During the period ended 30 September 2023, the Group transacted with its related parties. The terms of those transactions are approved by management/Board of Directors in the ordinary course of business. The transactions during the period are as follows:

	30 September 2023 (Unaudited) SR	30 September 2022 (Audited) SR
Transaction with shareholders		
Dividends paid	81,000,000	25,000,000
Transactions with associate:		
Edarat Telecommunication and Information Technology Company;		
Revenue	25,562	1,441,517
Purchases	17,627,674	29,289,394
Sub-lease rental income	-	304,307

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19. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Transactions with entities having common shareholders

Purchases

Emaar executives for information technology	-	4,365,632
ESRI Saudi Arabia Limited Company	-	2,144,210
Electronic maps trading company	6,171	756,178

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

	30 September 2023 (Unaudited) SR	30 September 2022 (Unaudited) SR
Salaries and short-term benefits	6,784,134	6,221,776
Employee benefits	329,178	310,617
	<u>7,113,312</u>	<u>6,532,393</u>

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

	30 September 2023 SR	31 December 2022 SR
Due from related parties (note 10):		
Electronic Maps Trading Company	-	233,939
Emaar Executives for Information Technology Company*	-	979,430
Edarat Telecommunication and Information Technology Company	25,875	-
	<u>25,875</u>	<u>1,213,369</u>
Due to related parties (note 17):		
Emaar Executives for Information Technology*	-	453,244
ESRI Saudi Arabia Limited Company*	-	21,563
Edarat Telecommunication and Information Technology Company	7,415,177	6,252,182
	<u>7,415,177</u>	<u>6,726,989</u>

* These parties are no longer related parties from as at 30 September 2023.

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21. SEGMENT INFORMATION

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

Information about reportable segments

	Segments						Data center unit	Non-segment remaining items	Total
	Business service management Unit	Solutions unit	Systems unit	Information technology security unit	Networking unit	Operation and maintenance unit			
As at 30 September 2023									
Total assets	147,212,097	295,224,543	428,057,138	141,797,807	365,238,139	259,577,263	183,278,609	201,112,347	2,021,497,943
Total liabilities	46,504,034	357,913,743	319,423,551	151,110,899	336,397,670	108,839,484	377,774,289	6,412,584	1,704,376,254
For the nine-month period ended 30 September 2023									
Revenue									
Timings of revenue									
Sale of goods at point in time	3,426,997	12,586,236	83,734,476	20,953,845	143,006,628	19,274,334	-	-	282,982,516
Sale of services over period of time	4,393,675	28,246,077	20,685,990	21,175,997	81,917,239	202,945,000	529,068,784	-	888,432,762
Type of customers									
Government & government - controlled entities	3,672,249	31,873,139	95,536,448	33,549,179	147,246,288	221,874,489	-	-	533,751,792
Private	4,148,422	8,959,173	8,884,018	8,580,663	77,677,579	344,847	529,068,784	-	637,663,486
<i>Principal or agent revenue</i>									
Principal revenue	4,393,675	30,928,145	83,710,301	32,527,454	221,047,039	217,146,523	529,068,784	-	1,118,821,921
Agent revenue	3,426,997	9,904,168	20,710,166	9,602,387	3,876,828	5,072,811	-	-	52,593,357
Income before zakat	455,663	2,031,450	1,454,440	1,999,276	1,860,625	5,859,214	15,381,825	4,117,070	33,159,563

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21. SEGMENT INFORMATION (CONTINUED)

	Segments							Corporate unit	Total
	Business service management Unit	Solutions unit	Systems unit	Information technology security unit	Networking unit	Operation and maintenance unit	Data center unit		
As at 31 December 2022 (audited)									
Total assets	146,345,714	224,439,118	193,071,620	143,642,203	334,545,514	165,530,360	169,899,858	231,218,992	1,608,693,379
Total liabilities	76,239,385	253,629,434	105,527,551	122,219,035	108,426,412	166,326,364	398,676,622	6,549,638	1,237,594,441
For the nine-month period ended 30 September 2022									
Revenue									
Timings of revenue									
Sale of goods at point in time	9,947,874	19,288,125	18,045,260	17,410,721	40,321,135	11,390,210	-	-	116,403,325
Sale of services over period of time	11,385,913	17,352,312	21,988,283	12,185,519	92,381,780	144,216,231	60,519,827	-	360,029,865
Type of customers									
Government & government-controlled entities	16,053,189	25,032,719	34,606,288	24,695,619	105,214,390	155,406,099	-	-	361,008,304
Private	5,280,598	11,607,718	5,427,254	4,900,621	27,488,525	200,343	60,519,827	-	115,424,886
Principal or agent revenue									
Principal revenue	10,956,988	19,588,281	35,523,916	19,964,186	126,898,268	151,211,172	60,519,828	-	24,662,639
Agent revenue	10,376,800	17,052,157	4,509,627	9,632,054	5,828,934	4,370,979	-	-	51,770,551
Income before zakat	5,787,123	3,697,596	1,863,168	4,836,205	8,623,732	21,392,344	2,056,410	3,776,446	52,033,024

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22. CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees

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

	30 September 2023 SR	31 December 2022 SR
Letters of guarantee	443,271,136	428,451,181
Letters of credit	403,293,129	390,852,882

The duration of the letters of guarantees is between three to thirty-six months. While the duration for letter of credits is between 3 months to 12 months.

23. SUBSEQUENT EVENT

The Board of Directors in their meeting held on 26 Rabie Al-Thani 1445H (corresponding to 11 October 2023) recommended to purchase 300,000 of company's own shares which will be held as treasury shares. These purchases of the shares are subject to approval and consent of the Extraordinary General Assembly to proceed with the other institutional formality.

Except as mentioned above, no event has occurred subsequent to the reporting date and including the date of the approval of the interim consolidated financial statements which requires the adjustment to, or disclosures, in these interim condensed consolidated financial statements.