

**AL MOAMMAR INFORMATION SYSTEMS COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM**  
**FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month period ended 31 March 2021  
Together with  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**AL MOAMMAR INFORMATION SYSTEMS COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
As at 31 March 2021

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## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
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 31 March 2021 condensed interim financial statements of Al Moammar Information Systems Company ("the Company") which comprises:

- the condensed statement of financial position as at 31 March 2021;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed statement of cash flows for the three-month period ended 31 March 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 31 March 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.

# 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) (Continued)

## Other matter

The interim condensed financial statements of the Company as at and for the three-month period ended 31 March 2020, were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 30 April 2020.

## KPMG Professional Services




**Fahad Mubark Aldossari**  
License No: 469

Date: 26 April 2021  
Corresponding to: 14 Ramadan 1442H




**AL MOAMMAR INFORMATION SYSTEMS COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2021

		31 March 2021 SR (Unaudited)	31 December 2020 SR (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	39,161,239	37,353,304
Intangible assets		1,979,503	2,089,690
Equity-accounted investees	8	4,520,401	4,919,342
Contract assets	9	22,356,301	24,120,402
Trade receivables	10	657,347	618,345
<b>Total non-current assets</b>		<b>68,674,791</b>	<b>69,101,083</b>
<b>Current assets</b>			
Contract assets	9	361,086,301	336,072,012
Contract costs	9	105,205,421	110,815,191
Trade and other receivables	10	528,028,948	516,373,846
Prepayments and other assets	11	20,187,083	19,141,670
Cash and cash equivalents		80,880,401	81,408,907
<b>Total current assets</b>		<b>1,095,388,154</b>	<b>1,063,811,626</b>
<b>TOTAL ASSETS</b>		<b>1,164,062,945</b>	<b>1,132,912,709</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	12	200,000,000	200,000,000
Proposed share capital	12	50,000,000	-
Statutory reserve	13	-	9,037,604
Other reserves		8,320,965	7,442,580
Retained earnings		44,951,543	91,870,956
<b>Total shareholders' equity</b>		<b>303,272,508</b>	<b>308,351,140</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employee benefits		20,403,489	20,123,942
Contract liabilities	17	26,767,592	33,277,882
Lease liabilities		567,912	647,565
<b>Total non-current liabilities</b>		<b>47,738,993</b>	<b>54,049,389</b>
<b>Current liabilities</b>			
Loans and borrowings	15	396,027,367	371,942,139
Trade and other payables	16	263,554,430	243,368,697
Other liabilities		1,126,168	7,136,576
Contract liabilities	17	142,629,262	139,750,551
Zakat payable	6	9,714,217	8,314,217
<b>Total current liabilities</b>		<b>813,051,444</b>	<b>770,512,180</b>
<b>Total liabilities</b>		<b>860,790,437</b>	<b>824,561,569</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,164,062,945</b>	<b>1,132,912,709</b>

  
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 period ended 31 March 2021

	<i>Note</i>	For the three-month period ended 31 March (Unaudited)	
		2021 SR	2020 SR
Revenue	4	223,456,828	228,038,753
Cost of sales		(186,310,607)	(190,425,212)
<b>Gross profit</b>		<b>37,146,221</b>	<b>37,613,541</b>
General and administration expenses		(12,591,019)	(12,488,464)
Selling and marketing expenses		(2,649,456)	(3,206,674)
Impairment loss on trade receivables and contract assets	9,10	(174,000)	-
<b>Income from operations</b>		<b>21,731,746</b>	<b>21,918,403</b>
Other income		486,980	55,491
Share of (loss)/profit of equity-accounted investees	8	(398,941)	62,993
Finance costs		(5,089,802)	(4,279,741)
Finance income		713,000	634,469
<b>Income before zakat</b>		<b>17,442,983</b>	<b>18,391,615</b>
Zakat	6	(1,400,000)	(1,463,905)
<b>Net income for the period</b>		<b>16,042,983</b>	<b>16,927,710</b>
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurements gain on employees' defined benefit obligations		878,385	1,090,430
<b>Other comprehensive income</b>		<b>878,385</b>	<b>1,090,430</b>
<b>Total comprehensive income for the period</b>		<b>16,921,368</b>	<b>18,018,140</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share of net income for the period	5	0.80	0.85

  
Ibrahim Abdullah Al Moammar  
Vice Chairman, Board of  
Directors

  
Ziad Mortaja  
Chief Executive Officer

  
Karthik Ramaswamy Nagar  
Subramanian  
Chief Financial Officer

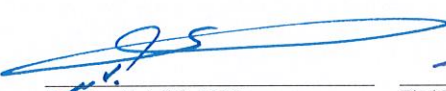



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**AL MOAMMAR INFORMATION SYSTEMS COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
For the three-month period ended 31 March 2021

	Share capital SR	Proposed Share Capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total shareholders' equity SR
Balance as at 1 January 2020	160,000,000		14,049,229	7,585,400	72,483,288	254,117,917
Net income for the period	-	-	-	-	16,927,710	16,927,710
Other comprehensive income for the period	-	-	-	1,090,430	-	1,090,430
Total comprehensive income for the period	-	-	-	1,090,430	16,927,710	18,018,140
Dividends	-	-	-	-	(16,000,000)	(16,000,000)
Transfer to proposed share capital	-	40,000,000	(14,049,229)	-	(25,950,771)	-
Balance as at 31 March 2020 (Unaudited)	160,000,000	40,000,000	-	8,675,830	47,460,227	256,136,057
As at 1 January 2021	200,000,000	-	9,037,604	7,442,580	91,870,956	308,351,140
Net income for the period	-	-	-	-	16,042,983	16,042,983
Other comprehensive income for the period	-	-	-	878,385	-	878,385
Total comprehensive income for the period	-	-	-	878,385	16,042,983	16,921,368
Dividends (note 14)	-	-	-	-	(22,000,000)	(22,000,000)
Transfer to proposed share capital (note 12)	-	50,000,000	(9,037,604)	-	(40,962,396)	-
Balance as at 31 March 2021 (Unaudited)	200,000,000	50,000,000	-	8,320,965	44,951,543	303,272,508

  
Ibrahim Abdullah Al Moammar  
Vice Chairman, Board of Directors

  
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Chief Financial Officer



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# AL MOAMMAR INFORMATION SYSTEMS COMPANY

(A Saudi Joint Stock Company)


## CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2021

	Note	31 March 2021 SR	31 March 2020 SR
<b>Operating activities</b>			
Net income for the period		16,042,983	16,927,710
<i>Adjustments for:</i>			
Depreciation of property and equipment	7	666,453	190,879
Amortization of intangible assets		166,191	164,587
Share of loss/(profit) of equity-accounted investee	8	398,941	(62,993)
Impairment loss on trade receivables and contract assets, net		174,000	-
Impairment loss on contract costs		1,900,000	-
Employee benefits		1,462,561	1,196,870
Finance costs		5,089,802	4,279,741
Finance income		(713,000)	(634,469)
Zakat expense	6	1,400,000	1,463,905
		<u>26,587,931</u>	<u>23,526,230</u>
<i>Changes in working capital:</i>			
Contract assets		(22,930,188)	(26,748,568)
Contract costs		3,709,770	(10,974,672)
Trade and other receivables		(11,729,104)	(109,798,150)
Prepayments and other assets		(1,045,413)	(367,021)
Trade and other payables		20,185,733	36,528,162
Other liabilities		(6,010,409)	(557,058)
Contract liabilities		(3,631,580)	6,593,906
<b>Net cash used in from operations</b>		<u>5,136,740</u>	<u>(81,797,171)</u>
Employee benefits paid		<u>(304,629)</u>	<u>(87,455)</u>
<b>Net cash generated from /(used in) operating activities</b>		<u>4,832,111</u>	<u>(81,884,626)</u>
<b>Investing activities</b>			
Acquisition of property and equipment	7	(2,474,388)	(4,462,802)
Acquisition of intangible assets		(56,002)	(115,003)
<b>Net cash used in investing activities</b>		<u>(2,530,390)</u>	<u>(4,577,805)</u>
<b>Financing activities</b>			
Proceeds from loans and borrowings	15	194,488,750	284,742,098
Repayment of loans and borrowings	15	(170,403,522)	(191,989,213)
Finance costs paid		(4,835,802)	(3,684,290)
Payment of lease liabilities			
- Principle		(68,183)	(140,572)
- Interest		(11,470)	(14,678)
Dividends paid	14	(22,000,000)	(16,000,000)
<b>Net cash (used in)/generated from financing activities</b>		<u>(2,830,227)</u>	<u>72,913,345</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(528,506)</u>	<u>(13,549,086)</u>
Cash and cash equivalents at the beginning of the period		<u>81,408,907</u>	<u>29,361,283</u>
<b>Cash and cash equivalents at the end of the period</b>		<u>80,880,401</u>	<u>15,812,197</u>

  
Ibrahim Abdullah Al Moammar  
Vice Chairman, Board of  
Directors

  
Ziad Mortaja  
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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)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

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**1. CORPORATE INFORMATION**

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

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

Head Office and Central Region:  
6330 Al Thumamah Rd - Al Sahafa Dist.  
Unit No 1, 3296  
Riyadh 13315, Kingdom of Saudi Arabia

The Company is registered in KSA with the following branches as at 31 March 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 25 April 2021 (corresponding to 13 Ramadan 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. 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 three-month period ended 31 March 2021

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**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 three-month period ended 31 March 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:

	<b>31 March 2021 SR</b>	<b>31 March 2020 SR</b>
<i><b>Timing of revenue recognition</b></i>		
Services transferred overtime	<b>120,562,385</b>	106,093,193
Product transferred at a point in time	<b>102,894,443</b>	121,945,560
	<b>223,456,828</b>	228,038,753
	<b>31 March 2021 SR</b>	<b>31 March 2020 SR</b>
<i><b>Type of customers</b></i>		
Government & government - controlled entities	<b>176,993,839</b>	164,330,793
Private	<b>46,462,989</b>	63,707,960
	<b>223,456,828</b>	228,038,753
	<b>31 March 2021 SR</b>	<b>31 March 2020 SR</b>
<i><b>Product or service</b></i>		
Maintenance services	<b>120,562,385</b>	106,093,193
Equipment and hardware	<b>52,187,238</b>	88,976,596
Software licenses	<b>50,707,205</b>	32,968,964
	<b>223,456,828</b>	228,038,753

**AL MOAMMAR INFORMATION SYSTEMS COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

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**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.

	<b>31 March 2021 SR</b>	31 March 2020 SR
Net income for the period	<b>16,042,983</b>	16,927,710
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	20,000,000	20,000,000
Basic and diluted earnings per share of net income for the period	<b>0.80</b>	0.85

The weighted average number of ordinary shares used as a denominator in calculating basic and diluted EPS for 31 March 2020 has been adjusted on account of the bonus share issue.

**6. ZAKAT**

The Zakat charge consist of provision amounting to SR 1,400,000 (2020: SR 8,192,758) and is based on the following:

*Movements in zakat provision during the year*

	<b>31 March 2021 SR</b>	31 December 2020 SR
Balance at 1 January	<b>8,314,217</b>	7,610,958
Charged for the period/year	<b>1,400,000</b>	8,192,758
Paid during the period/year	-	(7,489,499)
	<b>9,714,217</b>	8,314,217

The Company has finalized its Zakat and withholding tax assessment with the GAZT up to year 2016 and obtained the final Zakat and withholding tax certificate. At 31 March 2021, the Company has filed the Zakat returns for the years 2017 to 2019 and withholding tax returns for the years 2017 to 2019, which are under review by GAZT.

**AL MOAMMAR INFORMATION SYSTEMS COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

**7. PROPERTY AND EQUIPMENT**

	<b>Land SR</b>	<b>Building* SR</b>	<b>Equipment SR</b>	<b>Motor vehicles SR</b>	<b>Furniture and fixtures SR</b>	<b>Capital work in progress** SR</b>	<b>Total SR</b>
<b>2021</b>							
<i>Cost</i>							
<b>As at 1-January-2021</b>	8,122,900	21,092,510	13,004,497	1,166,787	2,598,591	3,709,516	49,694,801
Additions	-	-	37,609	-	-	2,436,779	2,474,388
Transfers from capital work in progress**	-	4,376,822	1,383,113	-	203,810	(5,963,745)	-
<b>As at 31-March-2021</b>	<b>8,122,900</b>	<b>25,469,332</b>	<b>14,425,219</b>	<b>1,166,787</b>	<b>2,802,401</b>	<b>182,550</b>	<b>52,169,189</b>
<i>Accumulated Depreciation</i>							
<b>As at 1-January-2021</b>	-	537,684	10,671,720	1,130,954	1,139	-	12,341,497
Charge for the period	-	335,378	194,081	4,837	132,157	-	666,453
<b>As at 31-March-2021</b>	-	<b>873,062</b>	<b>10,865,801</b>	<b>1,135,791</b>	<b>133,296</b>	-	<b>13,007,950</b>
<i>Net book value</i>							
<b>As at 31-March-2021</b>	<b>8,122,900</b>	<b>24,596,270</b>	<b>3,559,418</b>	<b>30,996</b>	<b>2,669,105</b>	<b>182,550</b>	<b>39,161,239</b>

\*Property and equipment include right-of-use assets at net book value of **SR 892,356** (2020: **SR 959,566**) related to leased office premises that do not meet the definition of investment property.

\*\* This represents the portion of new head office building which became available for use during March 2021.



**AL MOAMMAR INFORMATION SYSTEMS COMPANY**  
(A Saudi Joint Stock Company)  
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**7. PROPERTY AND EQUIPMENT (CONTINUED)**

	Land SR	Building* SR	Equipment SR	Motor vehicles SR	Furniture and fixtures SR	Capital work in progress SR	Total SR
<u>2020</u>							
<i>Cost</i>							
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
<i>Accumulated Depreciation</i>							
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
<i>Net book value</i>							
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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**8. 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>Total</u>
At 1 January 2020	2,651,976
Share of profit for the year	2,267,366
At 31 December 2020	4,919,342
Share of loss for the period	(398,941)
<b>At 31 March 2021</b>	<b><u>4,520,401</u></b>

**9. CONTRACT ASSETS AND CONTRACT COSTS**

	<b>31 March 2021 SR</b>	31 December 2020 SR
Unbilled receivables*	<b>390,239,830</b>	366,989,642
Less: Impairment loss on contract assets	<b><u>(6,797,228)</u></b>	<u>(6,797,228)</u>
	<b><u>383,442,602</u></b>	<u>360,192,414</u>
Contract costs (to fulfil the contracts with customers)**	<b>108,205,421</b>	111,915,191
Less: Impairment loss on contract costs***	<b><u>(3,000,000)</u></b>	<u>(1,100,000)</u>
	<b><u>105,205,421</u></b>	<u>110,815,191</u>

*Classification of contract assets and contract costs*

	<b>31 March 2021 SR</b>	31 December 2020 SR
Unbilled receivables, current	<b>22,356,301</b>	24,120,402
Unbilled receivables, non-current*	<b><u>361,086,301</u></b>	<u>336,072,012</u>
	<b><u>383,442,602</u></b>	<u>360,192,414</u>
Contract costs (to fulfil the contracts with customers), current**	<b><u>105,205,421</u></b>	<u>110,815,191</u>

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**9. CONTRACT ASSETS AND CONTRACT COSTS (CONTINUED)**

*Movement of impairment loss on contract assets was as follows:*

	<b>31 March 2021 SR</b>	31 December 2020 SR
Opening balance	<b>6,797,228</b>	7,721,022
Charged during the period/year	-	(923,794)
Closing Balance	<b>6,797,228</b>	6,797,228

\* 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.

\*\* 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.

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

**10. TRADE AND OTHER RECEIVABLES**

	<b>31 March 2021 SR</b>	31 December 2020 SR
Trade receivables - external*	<b>533,508,149</b>	523,913,562
Less: Impairment loss on trade receivables	<b>(14,711,438)</b>	(14,537,438)
	<b>518,796,711</b>	509,376,124
Trade receivables - amounts due from related parties (note 18)	<b>5,875,792</b>	5,552,217
Other receivables - vendor rebates	<b>4,013,792</b>	2,063,850
	<b>528,686,295</b>	516,992,191

**Classification of trade receivable**

	<b>31 March 2021 SR</b>	31 December 2020 SR
Trade receivables and other assets - current	<b>528,028,948</b>	516,373,846
Trade receivables - non-current	<b>657,347</b>	618,345
	<b>528,686,295</b>	516,992,191

\*Trade receivables includes **SR 418,378,651** (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)

	<i>Total</i>	<i>Not yet due</i>	<i>0-1 year</i>	<i>1-2 year</i>	<i>2- 3 years</i>	<i>Above 3</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>years</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>31 March 2021</b>	<b>539,383,941</b>	<b>45,771,074</b>	<b>409,411,325</b>	<b>48,804,235</b>	<b>9,730,104</b>	<b>25,667,203</b>
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:

	<b>31 March 2021</b>	31 December 2020
	<b>SR</b>	<b>SR</b>
Opening balance	<b>14,537,438</b>	5,682,172
Charged during the period/year	<b>174,000</b>	8,855,266
Closing balance	<b>14,711,438</b>	14,537,438

**11. PREPAYMENTS AND OTHER ASSETS**

	<b>31 March 2021</b>	31 December 2020
	<b>SR</b>	<b>SR</b>
Margin on letters of credit and guarantee	<b>12,960,220</b>	14,761,743
Prepaid expenses	<b>3,878,107</b>	2,698,090
Advances to employees	<b>1,362,630</b>	650,623
Advances to supplier	<b>2,780,279</b>	1,825,367
	<b>20,981,236</b>	19,935,823
Provision on advances to supplier	<b>(794,153)</b>	(794,153)
	<b>20,187,083</b>	19,141,670

**12. SHARE CAPITAL**

Capital of SAR 200,000,000 is divided into 20,000,000 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 proposed share capital. The legal formalities required to enforce the increase of the share capital are still in progress as of 31 March 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.

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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 breaches are noted as at 31 March 2021, during the period end the respective bank has issued the waiver on default of the covenants.

	<b>31 March 2021 SR</b>	31 December 2020 SR
Murabaha facilities	<b>362,939,383</b>	312,409,293
Conventional facilities	<b>33,087,984</b>	59,532,846
	<b><u>396,027,367</u></b>	<u>371,942,139</u>

Movements in loans and borrowings are shown below:

	<b>30 March 2021 SR</b>	31 December 2020 SR
Opening balance	<b>371,942,139</b>	219,325,610
Additions during the period/year	<b>194,488,750</b>	915,520,221
Repayment made during the period/year	<b>(170,403,522)</b>	(762,903,692)
Closing balance	<b><u>396,027,367</u></b>	<u>371,942,139</u>

**16. TRADE AND OTHER PAYABLES**

	<b>31 March 2021 SR</b>	31 December 2020 SR
Trade payables	<b>223,693,298</b>	212,013,646
Amounts due to related parties	<b>18,171,839</b>	22,542,670
Accrued expenses	<b>13,798,947</b>	2,248,474
Accrual of other employee costs	<b>7,210,587</b>	5,865,047
Other payables	<b>318,748</b>	428,972
Lease liabilities, current	<b>361,011</b>	269,888
	<b><u>263,554,430</u></b>	<u>243,368,697</u>

**17. CONTRACT LIABILITIES**

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

	<b>31 March 2021 SR</b>	31 December 2020 SR
Contract liabilities- current	<b>142,629,262</b>	139,750,551
Contract liabilities- non-current	<b>26,767,592</b>	33,277,882
	<b><u>169,396,854</u></b>	<u>173,028,433</u>

The amount of **SR 48,859,354** included in contract liabilities at 31 December 2020 has been recognised as revenue during the three months period ended 31 March 2021 (year ended 31 December 2020: 82,012,695).



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**18. RELATED PARTY TRANSACTIONS AND BALANCES**

During the period ended 31 March 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:

	<b>31 March 2021 SR</b>	<b>31 December 2020 SR</b>
<b>Transaction with shareholders</b>		
Dividends paid	<b>22,000,000</b>	36,000,000
<b>Transaction with Associate-</b>		
Edarat telecommunication and information technology company		
Revenue	<b>84,365</b>	2,622,529
Purchases	-	2,582,558
<b>Transactions with entities having common shareholders</b>		
<b>Purchases</b>		
ESRI Saudi Arabia Limited Company	<b>3,612,341</b>	17,066,704
Emaar executives for information technology	<b>7,707,237</b>	14,160,812
Electronic maps trading company	<b>89,252</b>	1,312,946

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

	<b>31 March 2021 SR</b>	<b>31 December 2020 SR</b>
Salaries and short-term benefits	<b>1,563,040</b>	10,855,316
Employee benefits	<b>98,306</b>	398,685
	<b>1,661,346</b>	11,254,001

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

	<b>31 March 2021 SR</b>	<b>31 December 2020 SR</b>
<b>Due from related parties:</b>		
Electronic maps trading company	<b>4,316,897</b>	4,816,897
Edarat telecommunication and information technology company	<b>1,558,895</b>	735,320
	<b>5,875,792</b>	5,552,217
<b>Due to related parties:</b>		
ESRI Saudi Arabia Limited company	<b>10,374,425</b>	16,108,788
Emaar executives for information technology	<b>7,707,237</b>	6,291,851
Electronic maps trading company	<b>90,177</b>	142,031
	<b>18,171,839</b>	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						<i>Corporate</i>	<i>Total</i>
	<i>Business service management Unit</i>	<i>Solutions unit</i>	<i>Systems unit</i>	<i>Information technology security Unit</i>	<i>Networking Unit</i>	<i>Operation and maintenance unit</i>		
<b>As at 31 March 2021</b>								
<b>Total assets</b>	136,355,831	190,706,554	196,053,203	123,536,018	249,926,797	138,909,226	128,575,314	1,164,062,945
<b>Total liabilities</b>	59,955,095	200,666,267	171,061,427	110,924,495	233,702,927	79,307,329	5,172,897	860,790,437
<b>For the three-month period ended 31 March 2021</b>								
<b>Revenue</b>								
<b><i>Timings of revenue</i></b>								
Sale of goods at point in time	18,174,512	13,707,032	46,607,132	6,610,270	14,421,272	3,374,225	-	102,894,443
Sale of services over period of time	4,695,935	32,153,775	13,941,671	8,210,574	22,754,642	38,805,788	-	120,562,385
<b><i>Type of customers</i></b>								
Government & government - controlled entities	4,016,467	36,881,798	57,716,851	12,144,786	24,182,750	42,051,187	-	176,993,839
Private	18,853,980	8,979,009	2,831,952	2,676,058	12,993,164	128,826	-	46,462,989
<b>Income before zakat</b>	2,960,190	1,745,829	4,957,307	700,003	3,706,978	3,771,616	(398,940)	17,442,983

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**19. SEGMENT INFORMATION (CONTINUED)**

Information about reportable segments

	Segments						<i>Corporate</i>	<i>Total</i>
	<i>Business service management Unit</i>	<i>Solutions unit</i>	<i>Systems unit</i>	<i>Information technology security unit</i>	<i>Networking unit</i>	<i>Operation and maintenance unit</i>		
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	126,430,689	1,132,912,709
Total liabilities	40,316,317	209,265,342	188,835,235	119,547,070	177,929,253	85,106,587	3,561,765	824,561,569
For the three-month period ended 31 March 2020								
Revenue								
<i>Timings of revenue</i>								
Sale of goods at point in time	11,060,622	20,516,957	25,910,308	20,093,395	42,479,049	1,885,228	-	121,945,559
Sale of services over year of time	4,982,915	28,161,239	23,239,783	12,287,849	14,222,622	23,198,786	-	106,093,194
<i>Type of customers</i>								
Government & government - controlled entities	4,949,319	39,275,272	45,978,806	28,284,152	35,115,470	25,084,013	-	178,687,032
Private	11,094,218	9,402,924	3,171,286	4,097,092	21,586,201	-	-	49,351,721
Income before zakat	4,380,283	1,444,224	987,702	1,833,323	7,882,295	2,156,263	(292,475)	18,391,615

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**20. COMMITMENTS AND CONTINGENT LIABILITIES**

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

	<b>31 March 2021 SR</b>	31 December 2020 SR
Capital commitments for property under construction	<b><u>3,831,454</u></b>	<u>4,418,377</u>

*Contingent liabilities*

	<b>31 March 2021 SR</b>	31 December 2020 SR
Letters of credit	<b><u>90,134,468</u></b>	<u>43,653,588</u>
Letter of guarantees	<b>194,006,090</b>	177,071,166

**21. SUBSEQUENT EVENT**

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