

EVOLUTIONARY SYSTEMS QATAR W.L.L.
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE TWO-MONTH PERIOD ENDED 31 MARCH 2020

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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS OF
EVOLUTIONARY SYSTEMS QATAR W.L.L.**

Report on review of interim condensed financial statements

Introduction

We have reviewed the accompanying interim condensed financial statements of Evolutionary Systems Qatar W.L.L. (the "Company") comprising of the interim condensed statement of financial position as at 31 March 2020 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the two-month period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim condensed 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. 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 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 interim financial information does not give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the two-month period then ended in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by International Accounting Standards Board (IASB).

Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.


Ahmed Tawfik Nassim
Auditor's Registration No. 66
Date: 21 October 2020

Doha



EVOLUTIONARY SYSTEMS QATAR W.L.L.
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWO-MONTH PERIOD ENDED 31 MARCH 2020
 (All amounts expressed in Qatari Riyal unless otherwise stated)

		For the period from 1 February 2020 to 31 March 2020 (Reviewed)	For the period from 1 February 2019 to 31 March 2019 (Unreviewed)
Revenue		1,906,501	2,865,504
Cost of revenue	3	(1,024,720)	(2,205,407)
Gross profit		881,781	660,097
Other income		-	41,207
General and administrative expenses		(631,967)	(37,003)
Profit before tax		249,814	664,301
Income tax		(54,887)	(248,468)
Total comprehensive income for the period		194,927	415,833




The accompanying notes are an integral part of these interim condensed financial statements

EVOLUTIONARY SYSTEMS QATAR W.L.L.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020
(All amounts expressed in Qatari Riyal unless otherwise stated)

	Note	31 March 2020 (Audited)	31 March 2019 (Audited)
ASSETS			
Non-current asset			
Property and equipment	4	3,127	21,104
Total non-current asset		3,127	21,104
Current assets			
Accounts and other receivables	5	6,214,854	9,460,506
Contract assets	6	1,134,223	-
Due from a related party	12	102,000	102,000
Cash and bank balances	7	783,684	1,640,076
Total current assets		8,234,761	11,202,582
TOTAL ASSETS		8,237,888	11,223,686
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	200,000	200,000
Legal reserve	9	100,000	100,000
Retained earnings		1,926,788	1,562,382
TOTAL EQUITY		2,226,788	1,862,382
LIABILITIES			
Non-current liability			
Employees' end of service benefits	10	176,289	113,583
Total non-current liability		176,289	113,583
Current liabilities			
Accounts and other payables	11	1,720,969	1,528,635
Due to related parties	12	4,113,842	7,719,086
Total current liabilities		5,834,811	9,247,721
TOTAL LIABILITIES		6,011,100	9,361,304
TOTAL EQUITY AND LIABILITIES		8,237,888	11,223,686
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These interim condensed financial statements were approved by the management and authorised for issue on 21 October 2020


Mohit Monga
General Manager



The accompanying notes are an integral part of these interim condensed financial statements

EVOLUTIONARY SYSTEMS QATAR W.L.L.
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE TWO-MONTH PERIOD ENDED 31 MARCH 2020
 (All amounts expressed in Qatari Riyal unless otherwise stated)

	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 February 2019 (Unreviewed)	200,000	100,000	1,146,549	1,446,549
Total comprehensive income for the period	-	-	415,833	415,833
Balance at 31 March 2019 (Audited)	200,000	100,000	1,562,382	1,862,382
Balance at 1 February 2020 (Reviewed)	200,000	100,000	1,731,861	2,031,861
Total comprehensive income for the period	-	-	194,927	194,927
Balance at 31 March 2020 (Audited)	200,000	100,000	1,926,788	2,226,788



The accompanying notes are an integral part of these interim condensed financial statements

EVOLUTIONARY SYSTEMS QATAR W.L.L.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE TWO-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts expressed in Qatari Riyal unless otherwise stated)

	For the period from 1 February 2020 to 31 March 2020 (Reviewed)	For the period from 1 February 2019 to 31 March 2019 (Unreviewed)
	Note	
OPERATING ACTIVITIES		
Profit for the period	249,814	664,301
<i>Adjusted for:</i>		
Depreciation of property and equipment	3,254	4,217
Reversal / provision for employees' end of service benefits	(179,445)	10,347
Operating profit before changes in working capital	73,623	678,865
<i>Working capital changes:</i>		
Accounts and other receivables	132,071	(718,920)
Contract assets	129,024	140,823
Accounts and other payables	2,060,248	(168,987)
Due to related parties	(3,605,244)	451,351
Cash generated from operating activities	(1,210,278)	383,132
Income tax paid	(53,888)	(67,222)
Employees' end of service benefits paid	(10,236)	(3,291)
Net cash (used in) / generated from operating activities	(1,274,402)	312,619
INVESTING ACTIVITY		
Purchase of property and equipment	-	(733)
Net cash flows used in investing activity	-	(733)
Net (decrease) / increase in cash and cash equivalents	(1,274,402)	311,886
Cash and cash equivalents at beginning of the period	2,058,086	1,328,190
Cash and cash equivalents at 31 March	783,684	1,640,076

The accompanying notes are an integral part of these interim condensed financial statements



EVOLUTIONARY SYSTEMS QATAR W.L.L.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 31 MARCH 2020
 (All amounts expressed in Qatari Riyal unless otherwise stated)

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Evolutionary Systems Qatar W.L.L. (the “Company”) is registered as a limited liability company with the Ministry of Commerce and Industry under Commercial Registration No. 14266 dated 18 February 1992. The Company’s registered office is located at P.O. Box 3740, Doha, State of Qatar.

The principal activity of the Company is IT consulting.

2. BASIS OF PREPARATION

Basis of preparation

The interim condensed financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies’ Law No. 11 of 2015.

These interim condensed financial statements have been prepared under the historical cost convention.

Functional and presentation currency

The interim condensed financial statements are presented in Qatari Riyals (QR), which is the Company’s functional and presentational currency.

Change in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year, except for the adoption of the new standards and interpretations effective as of 1 January 2019. Although these new standards and amendments applied for the first time in 2019, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

During the current year, the below new and amended International Financial Reporting Standards (“IFRS” or “standards”) and an interpretation to a standard became effective for the first time for financial years beginning on 1 January 2019:

Standard/ Interpretation	Key content
IFRS 16 <i>Leases</i>	IFRS 16 affects primarily the accounting by lessees and results in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.
Interpretation to IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.
Amendments to IFRS 9 <i>Financial Instruments</i>	Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Amendments to IAS 28 <i>Investments in Associates and Joint Ventures</i>	The amendments to IAS 28 <i>Investments in Associates and Joint Ventures</i> clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9.

EVOLUTIONARY SYSTEMS QATAR W.L.L.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION (CONTINUED)

Standard/ Interpretation	Key content
Amendments to IAS 19 <i>Employee Benefits</i>	Plan Amendment, Curtailment or Settlement specifies how companies determine pension expenses when changes to a defined benefit pension plan occur.
The amendments made during the 2015–2017 cycle are:	
IFRS 3 Business Combinations	A Company remeasures its previously held interest in a joint operation when it obtains control of the business.
IFRS 11 Joint Arrangements	A Company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
IAS 12 Income Taxes	A Company accounts for all income tax consequences of dividend payments in the same way.
IAS 23 Borrowing Costs	A Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

3. COST OF REVENUE

	For the period from 1 February 2020 to 31 March 2020 (Reviewed)	For the period from 1 February 2019 to 31 March 2019 (Unreviewed)
Staff cost	1,014,490	685,730
Professional service	10,230	1,519,677
	1,024,720	2,205,407

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4. PROPERTY AND EQUIPMENT

	Office equipment	Furniture and fixtures	Motor vehicles	Total
Cost				
At 1 April 2018	15,841	1,700	97,000	114,541
Additions	4,399	-	-	4,399
At 31 March 2019 (Audited)	20,240	1,700	97,000	118,940
Additions	2,200	-	-	2,200
At 31 March 2020 (Audited)	22,440	1,700	97,000	121,140
Accumulated depreciation				
At 1 April 2018	14,476	1,181	56,879	72,536
Charge for the year	5,557	341	19,402	25,300
At 31 March 2019 (Audited)	20,033	1,522	76,281	97,836
Charge for the year	597	178	19,402	20,177
At 31 March 2020 (Audited)	20,630	1,700	95,683	118,013
Net carrying amount				
At 31 March 2019 (Audited)	207	178	20,719	21,104
At 31 March 2020(Audited)	1,810	-	1,317	3,127

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(All amounts expressed in Qatari Riyal unless otherwise stated)

5. ACCOUNTS AND OTHER RECEIVABLES

	2020 (Audited)	2019 (Audited)
Accounts receivable, gross	6,155,151	6,676,688
Less: provision for impairment of accounts receivables	<u>(2,102,914)</u>	<u>(1,644,754)</u>
Accounts receivable, net	4,052,237	5,031,934
Accrued income	1,572,174	3,466,409
Bank guarantee	518,045	885,755
Refundable deposits	58,532	57,750
Prepayments	<u>13,866</u>	<u>18,658</u>
	<u>6,214,854</u>	<u>9,460,506</u>

6. CONTRACT ASSETS

With respect to project contracts and long-term service agreements, the aggregate amount of costs incurred to date plus recognised margin less progress billings is determined on a contract-by-contract basis. As the amount is positive, it is included as an asset designated as “Contract assets”.

	2020 (Audited)	2019 (Audited)
Project costs incurred for the year	4,757,018	-
Recognized profit for the year on project contracts	<u>1,439,084</u>	<u>-</u>
	6,196,102	-
Progress billings made to customers up to 31 March 2020	<u>(5,061,879)</u>	<u>-</u>
Project contracts work-in-progress, net contract asset position	<u>1,134,223</u>	<u>-</u>

7. CASH AND BANK BALANCES

Cash on hand	10,226	39,226
Cash at bank	<u>773,458</u>	<u>1,600,850</u>
	<u>783,684</u>	<u>1,640,076</u>

8. SHARE CAPITAL

	2020 (Audited)		2019 (Audited)	
	No. of shares	Amount	No. of shares	Amount
Authorised and issued				
Ordinary shares of QR 1,000 each	<u>200</u>	<u>200,000</u>	<u>200</u>	<u>200,000</u>

The capital is fixed for the amount of QR 200,000 divided into 200 equal shares. The value of each share is QR 1,000 and the shares were distributed as follows:

Name	Nationality	No. of shares	Amount
Mohamed Ahmed Abdullah Ali	Qatari	102	102,000
Evolutionary Systems Pvt. Ltd.	Indian	<u>98</u>	<u>98,000</u>
		<u>200</u>	<u>200,000</u>

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9. LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Articles of Association, an amount equal to 10% of the net profit for the year should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Articles of Association. No transfer was made in the legal reserve during the year as the Company has reached the prescribed amount

10. EMPLOYEES' END OF SERVICE BENEFITS

	2020	2019
	(Audited)	(Audited)
At 1 April	113,583	71,246
Provision made during the year	72,942	62,083
Employees' end of service benefits paid	<u>(10,236)</u>	<u>(19,746)</u>
At 31 March	<u>176,289</u>	<u>113,583</u>

11. ACCOUNTS AND OTHER PAYABLES

Advances from customers	980,267	696,612
Accounts payable	416,801	501,450
Accruals	223,404	82,105
Other payable	<u>100,497</u>	<u>248,468</u>
	<u>1,720,969</u>	<u>1,528,635</u>

12. RELATED PARTY DISCLOSURE

Related parties represent major partners and key management personnel of the Company and companies in which they are major owners. Pricing policies and terms of these transactions are approved by the Company's management.

(i) Transactions with related parties

	Nature of	2020	2019
	transaction	(Audited)	(Audited)
Evolutionary Systems Pvt. Ltd.	Services received	14,560	6,570,062
Evolutionary Systems UK	Services received	-	1,456,000
Evolutionary Systems Singapore	Services received	-	1,092,000

(ii) Due from a related party

	Relationship	2020	2019
		(Audited)	(Audited)
Mohammed Ahmed A A Alsheeb	Partner	<u>102,000</u>	<u>102,000</u>

(iii) Due to related parties

Evolutionary Systems UK	Affiliate	2,078,668	1,456,000
Evolutionary Systems Pvt. Ltd.	Affiliate	1,073,724	4,659,062
Evolutionary Systems Arabia FZ L. L. C.	Affiliate	528,774	512,024
Evolutionary Systems Singapore	Affiliate	<u>432,676</u>	<u>1,092,000</u>
		<u>4,113,842</u>	<u>7,719,086</u>

EVOLUTIONARY SYSTEMS QATAR W.L.L.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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13. CONTINGENCIES AND COMMITMENTS

The Company had the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	2020 (Audited)	2019 (Audited)
Performance guarantee	518,045	714,054
Tender guarantee	-	167,500

14. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expense. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the interim condensed financial information is described in the annual financial statements for the period ended 31 March 2020. In preparing these interim condensed financial statements, 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 were applied to the financial statements for the year ended 31 March 2019.