

**Evolutionary Systems Saudi Company**  
**(Limited Liability Company)**  
**Riyadh – Saudi Arabia**  
**Special Purpose Financial Statements and**  
**Independent Auditor’s Report**  
**For the year ended March 31, 2020**

**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Riyadh – Saudi Arabia**  
**Special Purpose Financial Statements and Independent Auditor’s Report**  
**for the year ended March 31, 2020**

---

**Table of Contents**

	<b><u>Page</u></b>
Independent Auditor’s Report	1- 3
Special Purpose Statement of Financial Position as of March 31, 2020,	4
Special Purpose Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2020	5
Special Purpose Statement of Changes in Partners’ Equity for the year ended March 31, 2020	6
Notes to the Special Purpose Financial Statements for the year ended March 31, 2020	7 - 17



# ASSOCIATED ACCOUNTANTS

Houmod Al Robian and Co. - Certified Accountants and Consultants

## Independent Auditor's Report

To, The Partners  
**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
Riyadh – Saudi Arabia

### Qualified Opinion:

We have audited the special purpose financial statements of **Evolutionary Systems Saudi Company** (the "Company") which comprise of special purpose statement of financial position as at March 31, 2020 and the related statements of profit or loss and other comprehensive income, and changes in partners' equity for the year then ended, and the summary of significant accounting policies and explanatory notes from 1 to 14, which are an integral part of these special purpose financial statements.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report hence, the special purpose financial statements referred to above in whole present fairly, in all material respects, the financial position of **Evolutionary Systems Saudi Company** as of March 31, 2020 and the results of its operations, its changes in partners' equity and cash flows for the year then ended are in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

### Basis for Qualified Opinion:

The Company did not disclosed a statement of cash flows and its associated notes which contravene with International Accounting Standard 7 Statement of Cash Flows that requires to prepare and present the cash flows during the year. The departure, in our opinion, impacts on the truth and fairness of the special purpose financial statements.

We conducted our audit in accordance with the International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the special purpose financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the special purpose financial statements in the Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter:

These special purpose financial statements were prepared for special purpose to represent them with the holding company's special purpose financial statements which has different period/year-end than the Company. Accordingly, these special purpose financial statements should not be used for any other purpose. Our opinion is not modified in respect of the above matter.

### Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements:

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the IFRS as endorsed by SOCPA, in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.





## Independent Auditor's Report (continued):

### Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

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

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

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

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

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

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



# ASSOCIATED ACCOUNTANTS

Houmod Al Robian and Co. - Certified Accountants and Consultants

## Independent Auditor's Report (continued):

### Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements (continued):

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

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

### Report on Other Legal and Regulatory Requirements:

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for companies and the Company's Articles of Association in so far as they affect the preparation and presentation of the special purpose financial statements.

Date: October 26, 2020

Associated Accountants  
Independent Member of Geneva Group International



Hamoud Ali Al-Rubian  
(License No. 222)



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Statement of Financial Position**  
**as of March 31, 2020**  
(Saudi Riyal)

	<u>Note</u>	<u>2020</u>
<b><u>Assets</u></b>		
Non-current assets:		
Property and equipment, net	4&5	144,290
Right of use assets	4&6	48,841
Total non – current assets		<u>193,131</u>
Current assets:		
Accounts receivable, net	4&7	15,868,407
Accrued revenue		7,592,861
Prepayments and other receivables	4&8	3,606,995
Cash in hand and at banks	4&9	5,152,769
Total current assets		<u>32,221,032</u>
<b>Total assets</b>		<u><u>32,414,163</u></u>
<b><u>Partners' Equity and Liabilities</u></b>		
Partners' equity:		
Share capital	10	500,000
Statutory reserve		230,156
Retained earnings		275,307
Actuarial loss reserve	4	(138,488)
Total partners' equity		<u>866,975</u>
Liabilities:		
Non-current liabilities:		
Employees' benefit obligation	4&11	726,192
Current liabilities:		
Finance lease obligation	4&6	25,078
Accounts payable		28,839,062
Accruals and other payables	12	1,113,952
Provision for income tax	4&13	842,904
Total current liabilities		<u>30,820,996</u>
Total liabilities		<u>31,547,188</u>
<b>Total partners' equity and liabilities</b>		<u><u>32,414,163</u></u>

The accompanying notes from 1 to 14 are an integral part of these special purpose financial statements

**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended From February 1, 2020 till March 31, 2020**  
(Saudi Riyal)

	<u>Note</u>	<u>From February 1 till March 31, 2020</u>
Revenue	4	9,102,502
Cost of revenue		(4,593,477)
Gross income		<u>4,509,025</u>
Selling and distribution expenses	4&14	(11,130)
Reversal of expected credit loss	4	363,910
Finance cost		(2,312)
Net income before tax		<u>4,859,493</u>
Income tax charge	4&13	(824,735)
<b>Net income for the year</b>		<u><u>4,034,758</u></u>
<b>Other Comprehensive Income:</b>		
Items that will not be reclassified to profit or loss:		
Actuarial loss from re-measurement of employees' benefit obligation	4&11	(8,182)
<b>Total comprehensive income for the year</b>		<u><u>4,026,576</u></u>

The accompanying notes from 1 to 14 are an integral part of these special purpose financial statements

**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Statement of Changes in Partners' Equity**  
**for the year ended March 31, 2020**  
(Saudi Riyal)

	Share capital	Statutory reserve	(Accumulated losses) / retained earnings	Reserve for actuarial gain / (loss)	Total
<b>2019</b>					
Balance as of April 1, 2019	500,000	230,156	322,392	47,633	1,100,181
Net loss for the year	-	-	(4,081,843)	-	(4,081,843)
Other comprehensive loss	-	-	-	(177,939)	(177,939)
<b>2020</b>					
Balance as of January 31, 2020	500,000	230,156	(3,759,451)	(130,306)	(3,159,601)
Net income for the year	-	-	4,034,758	-	4,034,758
Other comprehensive loss	-	-	-	(8,182)	(8,182)
<b>Balance as of March 31, 2020</b>	<b>500,000</b>	<b>230,156</b>	<b>275,307</b>	<b>(138,488)</b>	<b>866,975</b>

The accompanying notes from 1 to 14 are an integral part of these special purpose financial statements



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

---

**1- Legal Status and Activities**

Evolutionary Systems Saudi Company (“the Company”) is a Saudi foreign limited liability Company registered in Riyadh under CR. No. 1010349266 dated 24 Shawal, 1433H corresponding to September 11, 2012G.

The main activity of the Company is to engage in implementation of contracts for installation and operations, maintenance and design, software development and provide information technology services, provide solutions and the related technical support, according to Saudi Arabian General Investment Authority (SAGIA) license No. 1025330519284 dated 18 Jamada II, 1433H corresponding to May 9, 2012G.

**2- Basis of Preparation**

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

The special purpose financial statements are presented in Saudi Riyal which represents the functional currency of the Company’s activities.

The preparation of the special purpose financial statements in accordance with IFRS require the use of some significant accounting estimates and also requires the Company’s Management to practice judgments in implementation of the accounting policies. The disclosure of significant estimates and assumption, carried in the preparation of these special purpose financial statements, are disclosed in the paragraph of “Significant Accounting Estimates and Assumptions” hereunder.

**3- Significant Accounting Estimates and Assumptions**

The preparation of the special purpose financial statements in accordance with IFRS requires the use of judgments, estimates and assumptions that may impact the value of revenues, expenses, assets and liabilities and attached notes besides disclosure of liabilities. The uncertainty in respect of these assumptions and estimates may require material adjustment to the carrying amount of asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the special purpose financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in these special purpose financial statements.

**Going concern assumption**

The management of the Company has no doubt about its ability to continue as a going concern in the foreseeable future. Accordingly, the special purpose financial statements have been prepared on a going concern basis.

**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

---

**3- Significant Accounting Estimates and Assumptions (continued):**

**Provision of expected credit losses:**

The provision of expected credit losses is determined through many factors to insure that the accounts receivable balances are not overstated as a result of un-collectability, including quality and aging of the accounts receivables and other consideration of un-collectability though continuous credit evaluation of the financial positions of the customers and guarantees required from the customers' certain circumstances.

**Actuarial evaluation for obligation of end of services benefits:**

An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

**Measurement of fair value:**

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 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 best economic interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are recognized in the special purpose financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

Fair value measurement for unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation, are evaluated on a periodic basis.

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



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

---

**4- Summary of Significant Accounting Policies:**

**IFRS (16) “Leases”**

The IFRS (16) specifies the principles of recognition, measurement and disclosure of lease contracts which replaced IAS (17) “leases”. This standard requires the lessees to include all lease contracts qualified for capitalization as items in statement of the financial position.

The standard provide two exemptions for capitalizing a lease contract:

- low value lease contract
- Short term lease contracts (12 months or less).

At the commencement date of a lease contract the lessee shall recognize an obligation of payments of lease (present value of due lease payments) and an asset (right of use) representing the right of using the leased assets during the period of contract where the difference between the total value of due lease payments under the lease contract and present value of lease payment shall be recognized as financing expenses.

The standard requires the lessees to re-measure the lease obligation upon occurrence of certain events affecting the lease contract where the lessee shall generally recognize the amount of re-measurement of lease obligation as an adjustment to the right of use asset.

**IFRS (9) “Financial Instruments”**

IFRS 9 “Financial Instruments” specifies the requirements for recognition and measurement of financial assets and financial liabilities and some contracts of purchase or sale of non-financial assets. This standard replaces IAS (39) “Financial Instruments: recognition and measurement “.

Hereunder is the new significant accounting policies and nature of changes that occurred to the previous accounting policies.

**Classification and measurement of financial assets and liabilities:**

IFRS 9 retains, to significant extent, the current requirements of IAS 39 of classification and measurement of financial liabilities but excludes certain categories allowed previously in IAS 39 related to the financial assets designated till maturity dates, loans and available for sale.

In accordance with IFRS 9, upon initial recognition the financial assets are classified as financial assets measured by amortized costs or fair value through the profits and losses (FVPL) or through the other comprehensive income (FVOCI). The classification of the financial assets as per IFRS 9 depends on the business model through which these assets are managed and also the characteristics of its contractual cash flows.

A financial asset is measured at amortized cost if it meets both of the following conditions:

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



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

**4- Summary of Significant Accounting Policies (continued):**

**IFRS 9 “Financial Instruments” (continued):**

The Company, upon initial measurement, may measure a financial assets (irrevocably) at fair value through profit or loss if it eliminates or reduces significantly, the non-consistency of measurement or recognition (non-accounting consistency) that arises otherwise from measurement of assets and liabilities or recognition of gains and losses thereof on different basis.

The following accounting policies shall be implemented to the subsequent measurement of financial assets of the Company:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment is recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss
Financial assets measured at FVOCI	The change in the carrying amount of the financial asset measured at FVOCI are accounted through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of profit or loss and recognised in other gains/ (losses). Foreign exchange gains and losses are presented in other income/expense.
Financial assets measured at FVPL	Financial assets measured at fair value through statement of profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

**Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments as part of its financial assets, which are carried at amortised cost and FVOCI. The ECL is based on a 12-month ECL or a lifetime ECL. The 12-month ECL results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since initial recognition, the allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (the lifetime ECL). For accounts receivable, the Company applies the simplified approach in calculating ECL’s. Therefore, the Company does not track changes in credit risk, but instead recognized a loss allowance based on lifetime ECL’s at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Presentation of impairment of value**

The IFRS 9 replaces the impairment model from “incurred loss model” as per IAS 39 into a new model “expected credit loss model”. The new impairment model is applied on financial assets measured at amortized cost, contract assets and investment in debt instruments measured at FVOCI but not for investments measured at FVPL.

**Credit impaired financial assets:**

The Company, at date of each reporting period, should assesses whether the financial assets designated at amortized cost is credit impaired. The financial assets is deemed as “credit impaired” when the occurrence of a one damaging event or more impact the future cash flows estimated for the financial asset.

**Hedge accounting:**

The IFRS 9 requires the Company to insure that the relations of hedge accounting conforms with objectives and strategies of the Company’s risk management and implements more unique methods and future looking to evaluate hedging effectiveness.

**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

---

**4- Summary of Significant Accounting Policies (continued):**

**Properties and equipment**

**A- Recognition and measurement:**

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss.

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

**B- Subsequent capital expenditure**

Replacement cost of a part of an item of properties, plants and equipment and any other subsequent capital expenditure is recognized at the book value if :

- It is probable that the future economic benefits will flow to the Company due to the added part, expense or cost incurred.
- Its cost can be measured reliably. The book value of the asset that was replaced shall be written off.

**C- Depreciation**

Depreciation is calculated at cost less the residual value by adopting straight-line method over the useful life of the assets in accordance with the following table:

<u>Item</u>	<u>Percentage of depreciation</u>
Furniture and fixtures	15%
Tools and equipment	10%
Computers and software	20%

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Cash at hand and in bank**

- Represent cash in hand, bank balances and deposit balances with banks and any short term investment with high liquidity which can be converted into known amounts of cash that are not subject to significant change in value.
- For cash flows statement purposes, the cash at hand and in the banks compose of cash in hand, bank balances and short-term investments ready for conversion into known cash amounts and its maturity period is three months or less.



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

---

**4- Summary of Significant Accounting Policies (continued):**

**Employees' benefit obligation**

- Short-term obligations

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under other payables.

- Post-employment obligation

The Company provides end of service benefits to its employees in accordance with the requirements of Ministry of Labor of the Kingdom of Saudi Arabia. The entitlement to these benefits, is based upon the employees' basic salary, housing and transportation and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period.

The employees' benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality United States government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Past-service costs are recognized immediately in the statement of profit or loss.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employees' benefit expense in the statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

**Provision for income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax, the tax currently payable is based on taxable income which differs from net income as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

**Revenue Recognition:**

The company recognizes revenue from contracts with customer based on five step model as set

Out in IFRS 15 – Revenue from Contracts 15-Revenue from contracts with customer.

Step 1: Identify contracts or contracts with customers; a contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Defining performance obligations (duties) in the contract; a performance obligation is a promise in a contract with a customer to transfer a good of service to the customer.

Step 3: Determine the transaction price; the transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

---

**4- Summary of Significant Accounting Policies (continued):**

**Revenue Recognition (continued):**

Step 4: Allocate the transaction price to the performance obligation in the contract ; For a contract that has more than one performance obligation in an amount that depict the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation .

Step 5: Revenue recognition when the entity performs performance requirements.

The company recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligation. The company considers the below mentioned indicators to assess the transfer of control of the promised asset.

- The company has present right to payment for the asset
- The customer has legal title to the asset
- The company has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

Revenue recognition from different source

**- Gain or losses resulted from disposal of properties, plants and equipment.**

The gain and losses resulted from disposal of properties, plants and equipment is recognized in the consolidated statement of profit and loss on the period by which any of those assets is sold.

**- Recovery of credit losses**

Recovery of credit losses is recognized in the consolidated statement of profit or loss and as reduction from provision of credit loss provision upon collection.

**- Other revenues**

The other revenues are recognized in the consolidated statement of profit or losses when the conditions of its realization are fulfilled.

**General and administrative expenses**

General and administrative expenses include expenses related to management, and not related to cost of revenues or selling and marketing. Allocations between cost of revenues, general and administrative expenses, when required, are made on consistent basis.

**Selling and Marketing Expenses**

Selling and marketing expenses principally comprise of costs incurred in the sales and marketing of the Company' services.

**Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss statement.

**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**

---

**4- Summary of Significant Accounting Policies (continued):**

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Offsetting of financial instruments**

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

**Foreign currencies transactions**

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI statement of profit or loss, respectively).



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**  
(Saudi Riyal)

**5- Property and Equipment**

	<b>Furniture and fixtures</b>	<b>Tools and equipment</b>	<b>Computer and software</b>	<b>Total</b>
<b>Cost</b>				
Balance as of Jan 31, 2020	96,833	93,139	165,491	355,463
Additions	-	-	-	-
Balance as of March 31, 2020	<b>96,833</b>	<b>93,139</b>	<b>165,491</b>	<b>355,463</b>
<b>Accumulated Depreciation</b>				
Balance as of Jan 31, 2020	(39,708)	(41,920)	(123,872)	(205,500)
Charge for the year	(1,569)	(1,506)	(2,598)	(5,673)
Balance as of March 31, 2020	<b>(41,277)</b>	<b>(43,426)</b>	<b>(126,470)</b>	<b>(211,173)</b>
<b>Book value:</b>				
As of March 31, 2020	<b>55,556</b>	<b>49,713</b>	<b>39,021</b>	<b>144,290</b>
As of Jan 31, 2020	57,125	51,219	41,619	149,963

**6- Right of Use Assets - Building**

<b>Cost</b>			<b>2020</b>
Balance as at March 31			<b>99,266</b>
<b>Accumulated Depreciation</b>			
Balance as at Jan 1			(42,152)
Depreciation charge for the period			(8,273)
Balance as of March 31			(50,425)
<b>Balance as at March 31</b>			<b>48,841</b>
<b>Lease obligation</b>			
			<b>2020</b>
Balance as at Jan 1			50,332
Payment during the period			(25,254)
Balance as at March 31			<b>25,078</b>
	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>
Lease obligation	<b>25,078</b>	-	<b>25,078</b>

The minimum lease payment related the lease liability as of March 31, 2020 is as follows:

	<b>2020</b>
Not later than 1 year	25,078
Later than 1 year and not later than 5 years	-
Later than 5 years	-
	<b>25,078</b>



**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**  
(Saudi Riyal)

**7- Trade Receivable**

	<u>2020</u>
Trade receivables	19,705,926
Less: Expected credit losses	(3,837,519)
Less: Bad debt written off	--
	<u>15,868,407</u>

**8- Prepayments and Other Receivables**

	<u>2020</u>
Margin deposits	3,339,421
Prepaid expenses	237,573
Others	30,001
	<u>3,606,995</u>

**9- Cash in Hand and at Banks**

	<u>2020</u>
Cash in hand	44,688
Cash at banks	5,108,081
	<u>5,152,769</u>

**10- Share Capital**

The Company's capital of SR. 500,000 consists of 100 equity shares of SR. 5,000 each and is divided between partners as follows:

	<u>No. of shares</u>	<u>Value</u>	<u>Amount</u>
Evolutionary Systems Pvt. Ltd.	50	5,000	250,000
Evolutionary Systems Arabia FZ LLC.	50	5,000	250,000
	<u>100</u>		<u>500,000</u>

**11- Employees' Benefit Obligation**

	<u>2020</u>
Balance at the beginning of the year	690,652
Provided during the period	27,358
Actuarial loss from re-measurement of employees' benefit obligation	8,182
Payments during the period	--
Balance at the end of the period	<u>726,192</u>

The following represent the assumptions used in actuarial valuation:

	<u>2020</u>
Discount rate	2.5%
Rate of salary increase	4%
Turnover rate	10%
Retirement age	<u>60 years</u>

**Evolutionary Systems Saudi Company**  
(Limited Liability Company)  
**Notes to the Special Purpose Financial Statements**  
**for the year ended March 31, 2020**  
(Saudi Riyal)

**12- Accruals and Other Payables**

	<u>2020</u>
Accrued salaries	474,817
Withholding tax	304,078
Accrued expenses	89,997
Others	245,060
	<u>1,113,952</u>

**13- Provision for Income Tax**

	<u>2020</u>
Balance at the beginning of the period	18,169
Provided during the period	824,735
Paid during the period	-
Balance at the end of the period	<u>842,904</u>

b) Income tax status:

The Company has received an income tax certificate for the year ended March 31, 2019 from GAZT.

c) There was no income tax assessment of the company by GAZT in the past.

**14- Selling and Distribution Expenses**

	<u>From Feb 1 till Mar 31, 2020</u>
Tender expenses	11,130
	<u>11,130</u>