

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
For the three-month and six-month period ended 30 June 2024
together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and six-month period ended 30 June 2024

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Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Moammar Information Systems Company, a Saudi Joint Stock Company ("the Company" or "the Parent Company") and its Subsidiaries (collectively referred to as "the Group") as at 30 June 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three and six months periods then ended and the related interim condensed consolidated statements of changes in shareholder's equity and cash flows for the six-month period then ended and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Other matter

The financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2024. further, the interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2023 were reviewed by another auditor who expressed modified review conclusion on those interim condensed consolidated financial statements on 20 August 2023.

For Dr. Mohamed Al-Amri & Co.

Ahmed Al-Jumah
Certified Public Accountant
Registration No. 621



Riyadh, on 18 August 2024 (G)
Corresponding to: 14 Safar 1446 (H)

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

		30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
	Note		
ASSETS			
Non-current assets			
Property and equipment	7A	35,863,462	37,506,419
Intangible assets	7B	3,154,539	3,868,853
Equity-accounted investees	8A	15,460,000	15,885,121
Investment classified at Fair Value through Profit or Loss (FVTPL)	8B	157,381,281	-
Trade and other receivables, net	10	14,492,483	22,468,386
Contract assets, net	9A	81,281,639	10,283,608
Contract costs, net	9B	15,165,658	11,057,878
Total non-current assets		322,799,062	101,070,265
Current assets			
Contract assets, net	9A	899,800,324	694,834,858
Contract costs, net	9B	93,100,372	109,438,300
Trade and other receivables, net	10	663,908,625	631,741,087
Prepayments and other assets, net	11	190,117,268	126,848,445
Investment classified at FVTPL	8B	-	25,000,000
Inventories	12	5,668,570	2,555,222
Cash and cash equivalents	13	197,950,218	162,665,473
Total current assets		2,050,545,377	1,753,083,385
TOTAL ASSETS		2,373,344,439	1,854,153,650
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	14	300,000,000	300,000,000
Statutory reserve	15	-	-
Other reserves	16A	9,115,646	9,748,399
Treasury shares	16B	-	(12,447,944)
Retained earnings / (accumulated losses)		103,759,139	(10,412,333)
Total shareholders' equity		412,874,785	286,888,122
Liabilities			
Non-current liabilities			
Employee benefits	18	26,041,231	24,697,800
Total non-current liabilities		26,041,231	24,697,800
Current liabilities			
Loans and borrowings	20	937,592,460	619,294,498
Trade payables and other liabilities	21	837,285,709	660,218,208
Other liabilities	22	7,127,521	56,302,021
Contract liabilities	19	148,434,656	197,055,144
Zakat payable	6	3,988,077	9,697,857
Total current liabilities		1,934,428,423	1,542,567,728
Total liabilities		1,960,469,654	1,567,265,528
Total shareholders' equity and liabilities		2,373,344,439	1,854,153,650

Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors

Dr. Abdullah AlGhamdi
Chief Executive Officer

Karim Mohamed Awany Gaffar
Chief Financial Officer

The accompanying notes from 1 to 28 form an integral part of interim condensed consolidated financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
For the three-month and six-month period ended 30 June 2024

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2024	2023	2024	2023
		SR (Unaudited)	SR (Unaudited)	SR (Unaudited)	SR (Unaudited)
Revenue	4	350,546,251	372,728,138	684,053,113	810,205,280
Cost of revenue		(272,430,534)	(293,810,152)	(551,995,704)	(654,837,603)
Gross profit		78,115,717	78,917,986	132,057,409	155,367,677
General and administration expenses		(27,516,520)	(19,996,995)	(51,694,500)	(39,246,768)
Selling and marketing expenses		(4,314,520)	(3,660,534)	(8,446,835)	(6,818,173)
Allowance for expected credit losses against trade receivables and contract assets	9A,10	(6,737,297)	3,669,149	(2,467,972)	3,669,149
Income from operations		39,547,380	58,929,606	69,448,102	112,971,885
Other income		1,099,945	508,326	2,170,695	1,930,305
Gain on disposal of shares in equity- accounted investees		-	-	57,532,443	-
Gain on fair value in investments at FVTPL, net		16,340,023	-	16,340,023	-
Share of profit of equity-accounted investees	8A	2,901,374	1,994,033	3,477,995	3,311,033
Finance cost		(16,839,120)	(9,060,423)	(32,023,627)	(18,465,824)
Finance income		2,090,213	731,199	3,722,182	2,321,145
Income before zakat		45,139,815	53,102,741	120,667,813	102,068,544
Zakat	6	(2,500,000)	(3,600,000)	(4,938,675)	(6,000,000)
Net income for the period		42,639,815	49,502,741	115,729,138	96,068,544
Other comprehensive income / (loss)					
Item that will not be reclassified to profit or loss:					
Remeasurements gain / (loss) on employees' defined benefit obligations	18	52,310	423,201	(632,753)	231,954
Other comprehensive income / (loss)		52,310	423,201	(632,753)	231,954
Total comprehensive income for the period		42,692,125	49,925,942	115,096,385	96,300,498
Earnings per share:					
Basic and diluted earnings per share of net income for the period	5	1.42	1.65	3.86	3.20

Ibrahim Abdullah Al Moammar
Vice Chairman, Board of
Directors



Dr. Abdullah AlGhamdi
Chief Executive Officer



Karim Mohamed Awny Gaffar
Chief Financial Officer

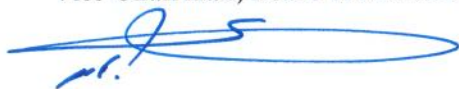


The accompanying notes from 1 to 28 form an integral part of interim condensed consolidated financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the six-month period ended 30 June 2024

	Share capital	Statutory reserve	Other reserves	Treasury shares reserve	Retained earnings	Total shareholders' equity
	SR	SR	SR	SR	SR	SR
As at 1 January 2023 (audited)	300,000,000	9,586,376	9,744,876	-	51,767,686	371,098,938
Net income for the period	-	-	-	-	96,068,544	96,068,544
Other comprehensive income for the period	-	-	231,954	-	-	231,954
Total comprehensive income for the period	-	-	231,954	-	96,068,544	96,300,498
Dividends (note 17)	-	-	-	-	(36,000,000)	(36,000,000)
Balance as at 30 June 2023 (Unaudited)	300,000,000	9,586,376	9,976,830	-	111,836,230	431,399,436
As at 1 January 2024 (Audited)	300,000,000	-	9,748,399	(12,447,944)	(10,412,333)	286,888,122
Net income for the period	-	-	-	-	115,729,138	115,729,138
Other comprehensive loss for the period	-	-	(632,753)	-	-	(632,753)
Total comprehensive income for the period	-	-	(632,753)	-	115,729,138	115,096,385
Loss on disposal of treasury shares (note 16B)	-	-	-	-	(1,557,666)	(1,557,666)
Return from sell of treasury shares (note 16B)	-	-	-	12,447,944	-	12,447,944
Balance as at 30 June 2024 (Unaudited)	300,000,000	-	9,115,646	-	103,759,139	412,874,785

Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors



Dr. Abdullah AlGhamdi
Chief Executive Officer



Karim Mohamed Awany Gaffar
Chief Financial Officer



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AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2024

		For the six-month period ended 30 June	
		2024	2023
		SR	SR
	Note	(Unaudited)	(Unaudited)
Operating activities			
Net income for the period		115,729,138	96,068,544
<i>Adjustments for:</i>			
Depreciation of property and equipment	7A	1,834,481	1,816,008
Amortization of intangible assets	7B	714,314	1,057,793
Share of profit on equity-accounted investees	8A	(3,477,995)	(3,311,033)
Allowance / (reversal) of expected credit losses on trade receivables and contract assets	9A, 10	2,467,972	(3,669,149)
Employee benefits charge	18	4,308,344	3,801,002
Gain from disposal of shares in equity accounted investees	8A	(57,532,443)	-
Gain on fair value in investments at FVTPL, net	8B	(16,340,023)	-
Finance costs		32,023,627	18,465,824
Finance income		(3,722,182)	(2,321,145)
Zakat expense	6	4,938,675	6,000,000
		80,943,908	117,907,844
<i>Changes in working capital:</i>			
Contract assets		(277,251,977)	(281,969,565)
Contract costs		12,230,148	(3,799,788)
Trade and other receivables		(25,371,127)	(95,640,420)
Prepayments and other assets		(63,268,823)	(19,751,553)
Trade payables and other liabilities		177,067,501	318,197,458
Inventories		(3,113,348)	(1,457,795)
Other liabilities		(49,174,500)	8,149,776
Contract liabilities		(48,620,488)	(192,024,675)
Net cash used in operations		(196,558,706)	(150,388,718)
Zakat paid	6	(10,648,455)	(9,380,885)
Employee benefits paid	18	(3,597,666)	(2,493,766)
Net cash used in operating activities		(210,804,827)	(162,263,369)
Investing activities			
Purchase of property and equipment	7A	(191,524)	(212,087)
Purchase of intangible assets	7B	-	(706,542)
Investment at FVTPL		(116,041,258)	-
Disposal of equity-accounted investee	8A	61,435,559	-
Net cash used in investing activities		(54,797,223)	(918,629)
Financing activities			
Proceeds from loans and borrowings	20	836,199,853	566,912,866
Repayment of loans and borrowings	20	(517,901,891)	(391,818,615)
Finance costs paid		(28,148,046)	(16,034,595)
Loss on treasury shares, net	16B	(1,557,666)	-
Proceeds from selling of treasury shares	16B	12,447,944	-
Payment of lease liabilities			
- Principal		(153,399)	(79,691)
- Interest		-	(8,058)
Dividend paid	17	-	(36,000,000)
Net cash generated from financing activities		300,886,795	122,971,907
Net change in cash and cash equivalents		35,284,745	(40,210,091)
Cash and cash equivalents at the beginning of the period	13	162,665,473	152,283,200
Cash and cash equivalents at the end of the period	13	197,950,218	112,073,109

Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors

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Chief Financial Officer

The accompanying notes from 1 to 28 form an integral part of interim condensed consolidated financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2024

1. CORPORATE INFORMATION

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

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

Head Office and Central Region:

6330 Al Thumamah Rd - Al Sahafa Dist.

Unit No 1, 3296

Riyadh 13315, Kingdom of Saudi Arabia

The Company is registered in KSA with the following branches as at 30 June 2024:

<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.

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

During December 2021, the Group incorporated a wholly owned subsidiary “Excellence Application Solutions Company” (A one person company) under commercial registration number 1010764928 with a paid-up capital of SR 10,000,000. The primary business of this wholly owned subsidiary is to engage with clients to nurture bold ideas and build innovative technology solutions by offering its expertise derived from its employees with long experience in managing such businesses, technical strength in the development of technologies and digital integration. The Company engages in developing leading-edge platforms and products such as buy now pay later, marketplace and open banking solutions.

During 2023, the subsidiary received permit approval from the Saudi Central Bank (“SAMA”) to carry out the Buy Now Pay Later (“BNPL”) activities in KSA under the name of MIS pay. However, the subsidiary has already commenced its operations.

During April 2023, the Group incorporated a wholly owned subsidiary “Excellence Solution for Information technology Company” (A one person company) under commercial registration number 1010875044 with the capital of SR 100,000. The primary business of this wholly owned subsidiary is to engage in providing information and Telecommunication solutions services, Softwares deployment, other communication activities, Computer programming activities, Computer consulting expertise and facilities management activities, Data processing, web hosting and related activities. However, the subsidiary has not commenced its operations as at the end of the reporting date.

During April 2023, the Group incorporated a wholly owned subsidiary “Integrated Excellence Information Technology Company” (A one person company) under commercial registration number 1010878145 with the capital of SR 100,000. The primary business of this wholly owned subsidiary is to engage to build a one-stop homing solution & living needs by solving all the cumbersome purchasing tasks. However, the subsidiary has not commenced its operations as at the end of the reporting date.

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

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2024

1. CORPORATE INFORMATION (CONTINUED)

These interim condensed consolidated financial statements were approved by the Board of Directors on 18 August 2024 corresponding to 14 Safar 1446H.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The interim condensed consolidated financial statements do not include all of the information and disclosures required for full annual consolidated financial statements and should be read in conjunction with Group's annual consolidated financial statements for the year ended 31 December 2023. Certain comparative figures in these interim condensed consolidated financial statements have been reclassified wherever necessary for better presentation and disclosure.

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

2.2 Functional and presentation currency

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

2.3 Material accounting policy information

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.4 New Standards, Interpretations and Amendments Adopted by the Group

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group, however, these do not have a material impact on the consolidated financial statements of the period.

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

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2024

2.4 New Standards, Interpretations and Amendments Adopted by the Group (CONTINUED)

Standard, interpretation or amendments	Description	Effective date
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a Company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

Accounting Standards Issued but Not Yet Effective

The International Accounting Standard Board (IASB) has issued the following accounting standards, amendments, which are effective from the period on or after 01 January 2025. The Group did not opt for early adoption of these pronouncements and does not expect the adoption to have a significant impact on these interim condensed consolidated financial statements of the Group.

Standard, interpretation or amendments	Description	Effective date
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2023. In 2021, the Group entered into a contract with its customer to build data centers. The following significant judgement has been applied to the assessment.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and six-month period ended 30 June 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

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

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

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

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

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4. REVENUE

The Group revenue is derived from contracts with customers:

Disaggregation of revenue

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

Timing of revenue recognition	For three-month period ended 30-June		For six-month period ended 30-June	
	2024 SR (Unaudited)	2023 SR (Unaudited)	2024 SR (Unaudited)	2023 SR (Unaudited)
Product transferred at a point in time	113,292,250	58,056,184	183,548,315	132,511,638
Services transferred overtime	237,254,001	314,671,954	500,504,798	677,693,642
	<u>350,546,251</u>	<u>372,728,138</u>	<u>684,053,113</u>	<u>810,205,280</u>
Type of customers	For three-month period ended 30-June		For six-month period ended 30-June	
	2024 SR (Unaudited)	2023 SR (Unaudited)	2024 SR (Unaudited)	2023 SR (Unaudited)
Government & government - controlled entities	155,100,464	177,894,374	297,767,018	328,094,525
Private	195,445,787	194,833,764	386,286,095	482,110,755
	<u>350,546,251</u>	<u>372,728,138</u>	<u>684,053,113</u>	<u>810,205,280</u>
Product or service	For three-month period ended 30-June		For six-month period ended 30-June	
	2024 SR (Unaudited)	2023 SR (Unaudited)	2024 SR (Unaudited)	2023 SR (Unaudited)
Equipment and hardware	252,472,870	277,793,832	511,251,937	659,540,655
Software licenses	17,142,195	7,054,556	26,993,342	17,120,111
Maintenance services	80,931,186	87,879,750	145,807,834	133,544,514
	<u>350,546,251</u>	<u>372,728,138</u>	<u>684,053,113</u>	<u>810,205,280</u>
Revenue, type principal or agent	For three-month period ended 30-June		For six-month period ended 30-June	
	2024 SR (Unaudited)	2023 SR (Unaudited)	2024 SR (Unaudited)	2023 SR (Unaudited)
Revenue derived from principal	325,389,436	350,900,160	643,745,135	768,835,683
Revenue derived from agent	25,156,815	21,827,978	40,307,978	41,369,597
	<u>350,546,251</u>	<u>372,728,138</u>	<u>684,053,113</u>	<u>810,205,280</u>

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5. EARNINGS PER SHARE

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

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

	For three-month period ended 30-June		For six-month period ended 30-June	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income for the period	42,639,815	49,502,741	115,729,138	96,068,544
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted earnings per share	1.42	1.65	3.86	3.20

6. ZAKAT

The Zakat charge for the six-month period ended 30 June 2024 consists of current period provision amounting to SR 4,938,675 (unaudited) (30 June 2023: SR 6,000,000 (unaudited)).

Movements in Zakat provision during the period/year.

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Balance at 1 January	9,697,857	8,647,251
Charged for the period/year	4,938,675	10,431,491
Paid during the period/year	(10,648,455)	(9,380,885)
	3,988,077	9,697,857

The Company has finalized its Zakat and withholding tax assessment with the Zakat, Tax and Customs Authority ("ZATCA") up to year 2016 and obtained the final Zakat and withholding tax certificate. The Company has filed the Zakat returns for the years 2017 to 2023 and withholding tax returns for the years 2017 to 2022, which are under review by ZATCA.

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7A. PROPERTY AND EQUIPMENT

For the period ended 30 June 2024

<u>2024</u>	<i>Land</i> SR	<i>Building*</i> SR	<i>Equipment</i> SR	<i>Motor vehicles</i> SR	<i>Furniture and fixtures</i> SR	<i>Total</i> SR
<i>Cost</i>						
As at 1 January 2024 (Audited)	8,122,900	30,459,035	16,806,132	1,349,887	3,531,007	60,268,961
Additions	-	-	191,524	-	-	191,524
As at 30 June 2024 (Unaudited)	8,122,900	30,459,035	16,997,656	1,349,887	3,531,007	60,460,485
<i>Accumulated depreciation</i>						
As at 1 January 2024 (Audited)	-	5,475,286	14,054,288	1,218,056	2,014,912	22,762,542
Charge for the period	-	849,575	612,478	22,029	350,399	1,834,481
As at 30 June 2024 (Unaudited)	-	6,324,861	14,666,766	1,240,085	2,365,311	24,597,023
<i>Net book value</i>						
As at 30 June 2024 (Unaudited)	8,122,900	24,134,174	2,330,890	109,802	1,165,696	35,863,462

* Building includes right-of-use assets at net book value of SR 57,226 (unaudited) (31 December 2023: SR 153,047 (audited)) related to leased office premises that do not meet the definition of investment property.

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7A. PROPERTY AND EQUIPMENT (CONTINUED)

	For the year ended 31 December 2023					
	<i>Land SR</i>	<i>Building* SR</i>	<i>Equipment SR</i>	<i>Motor vehicles SR</i>	<i>Furniture and fixtures SR</i>	<i>Total SR</i>
2023						
<i>Cost</i>						
As at 1 January-2023 (Audited)	8,122,900	30,425,433	16,358,599	1,287,687	3,489,497	59,684,116
Additions	-	33,602	447,533	62,200	41,510	584,845
As at 31 December-2023 (Audited)	8,122,900	30,459,035	16,806,132	1,349,887	3,531,007	60,268,961
<i>Accumulated depreciation</i>						
As at 1 January-2023 (Audited)	-	3,759,068	12,826,044	1,180,328	1,296,407	19,061,847
Charge for the year	-	1,716,218	1,228,244	37,728	718,505	3,700,695
As at 31 December-2023 (Audited)	-	5,475,286	14,054,288	1,218,056	2,014,912	22,762,542
<i>Net book value</i>						
As at 31 December-2023 (Audited)	8,122,900	24,983,749	2,751,844	131,831	1,516,095	37,506,419

* Building includes right-of-use assets at net book value of SR 153,047 (2022: SR 421,883) related to leased office premises that do not meet the definition of investment property.

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7B. INTANGIBLE ASSETS

	For the period ended 30 June 2024			
	<i>ERP software SR</i>	<i>Application development SR</i>	<i>Other software SR</i>	<i>Total SR</i>
<u>Cost</u>				
As at 1 January 2024 (Audited)	5,629,807	4,532,387	6,361,069	16,523,263
Additions	-	-	-	-
As at 30 June 2024 (Unaudited)	5,629,807	4,532,387	6,361,069	16,523,263
<u>Accumulated amortization</u>				
As at 1 January 2024 (Audited)	4,481,253	4,532,387	3,640,770	12,654,410
Charge for the period	459,202	-	255,112	714,314
As at 30 June 2024 (Unaudited)	4,940,455	4,532,387	3,895,882	13,368,724
<u>Net book value</u>				
As at 30 June 2024 (Unaudited)	689,352	-	2,465,187	3,154,539

	For the year ended 31 December 2023			
	<i>ERP software SR</i>	<i>Application development SR</i>	<i>Other software SR</i>	<i>Total SR</i>
<u>Cost</u>				
As at 1 January 2023 (Audited)	4,572,834	4,532,387	6,361,069	15,466,290
Additions	1,056,973	-	-	1,056,973
As at 31 December 2023 (Audited)	5,629,807	4,532,387	6,361,069	16,523,263
<u>Accumulated amortization</u>				
As at 1 January 2023 (Audited)	2,339,414	4,532,387	3,099,718	9,971,519
Charge for the year	2,141,839	-	541,052	2,682,891
As at 31 December 2023 (Audited)	4,481,253	4,532,387	3,640,770	12,654,410
<u>Net book value</u>				
As at 31 December 2023 (Audited)	1,148,554	-	2,720,299	3,868,853

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8. INVESTMENTS

8A. EQUITY-ACCOUNTED INVESTEEES

<u>Name of associates</u>	<u>Principal activities</u>	<u>Place of incorporation and principal place of business</u>	<u>%age holding</u>	
			<u>30 June 2024</u>	<u>31 December 2023</u>
Edarat Group SAL	Technology based solutions	Lebanon	50%	50%
Edarat Telecommunication and Information Technology Company	Development, installation and maintenance of computer hardware and software	Kingdom of Saudi Arabia	30%	40%
Phoenicia Tech Worldwide Inc. – BVI	Technology based solutions	British Virgin Island	50%	50%

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

The movement in investment in associates was as follows:

	<u>Edarat Group SAL</u>	<u>Edarat Telecommunication & Information Technology Company</u>	<u>Phoenicia Tech Worldwide Inc.</u>	<u>Total SR</u>
At 1 January 2023 (Audited)	164,516	8,583,830	59,373	8,807,719
Share of profit / (loss)	103,836	7,028,634	(55,068)	7,077,402
At 31 December 2023 (Audited)	268,352	15,612,464	4,305	15,885,121
Share of profit / (loss)	1,416	3,478,372	(1,793)	3,477,995
Disposal of investment	-	(3,903,116)	-	(3,903,116)
At 30 June 2024 (Unaudited)	269,768	15,187,720	2,512	15,460,000

* During the period ended 30 June 2024, the Company sold 126,000 (unaudited) shares out of total held shares aggregate to 504,000 shares (unaudited) having carrying value of SR 3,903,116 (unaudited) at a sale proceeds of SR 61,435,559 (unaudited) resulting in gain on disposal of shares amounting to SR 57,532,443 (unaudited).

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8B. INVESTMENT CLASSIFIED AT FVTPL

The investments classified at fair value through profit and loss include:

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Vision Bank Limited (A)	19,000,000	25,000,000
International companies specialized in the field of artificial intelligence (A.I.) (B)	37,780,790	-
X.AI Corp. (C)	3,793,720	-
Saudi Data Centers Fund (D)	96,806,771	-
	<u>157,381,281</u>	<u>25,000,000</u>

- A) The Company has an investment in Vision Bank Limited ('the bank'), which was initially accounted for at the cost of acquisition of SR 25 million. The Company has chosen to account for the investment at fair value through profit or loss. The bank has obtained regulatory licenses from relevant authorities and is currently in pre-operation phase including development of its IT infrastructure and recruitment and training of staff. It is the Company's estimate that the carrying value approximates the fair value, as the bank has yet to commence operations. As at 30 June 2024, there was a decrease in the fair value of the investment by SR 6 million.
- B) The Board of Directors in their meeting held on to 29 Jumada Al-Ula 1445H (corresponding to 10-January-2024) resolved to allocate 40 million Saudi riyals to establish an investment portfolio via self-financing to invest in international companies specialized in the field of artificial intelligence (A.I). On 21 January 2024, the Company placed and invested the funds in three major & leading international companies based in the United States of America in the field of AI. The Company had accounted for the investment in these companies at the cost of acquisitions of SR 37.8 million (unaudited). The Company has chosen to account for the investment at fair value through profit or loss.
- C) During the six-month period ended 30 June 2024, the Company had additionally invested to the minimum subscription packet value (SPV) amounting to USD 1,000,000 in one of the AI companies based outside the Kingdom of Saudi Arabia. The Company has transferred the funds fees to the funder's company during the reporting period.
- D) As at 31 March 2024, MIS had obtained 6,589,853.93 units valued at SR 10 each (amounting to SR 65,898,539) (unaudited), and as at 30 June 2024, MIS has obtained further 856,820.77 units in the Saudi Data Centers Fund 1 (amounting to SR 8,568,208), equivalent to 10% of the completed works relating to data centers design and construction contract. As at 30 June 2024, there was an increase in the fair value of the investment by SR 22.3 million. These units are classified as investment at fair value through profit and loss.

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9A. CONTRACT ASSETS

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Unbilled receivables*	1,054,638,821	777,386,844
Less: allowance for expected credit loss on contract assets	(73,556,858)	(72,268,378)
	<u>981,081,963</u>	<u>705,118,466</u>

Classification of contract assets	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Unbilled receivables, non-current	81,281,639	10,283,608
Unbilled receivables, current	899,800,324	694,834,858
	<u>981,081,963</u>	<u>705,118,466</u>

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

The movement of contract assets-gross balance is as follows:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Opening balance	777,386,844	663,376,649
Additions during the period/year	653,484,119	1,159,656,605
Invoicing during the period/year	(376,232,142)	(1,045,646,410)
Closing balance	<u>1,054,638,821</u>	<u>777,386,844</u>

The movement for allowance for expected credit losses on contract assets was as follows:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Opening balance	72,268,378	13,084,787
Charged during the period / year	1,288,480	59,183,591
Closing balance	<u>73,556,858</u>	<u>72,268,378</u>

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9B. CONTRACT COSTS

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Classification of contract costs		
Contract costs, non-current	15,165,658	11,057,878
Contract costs, current	93,100,372	109,438,300
	<u>108,266,030</u>	<u>120,496,178</u>

The movement of contract cost balance is as follows:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Opening balance	120,496,178	25,741,087
Additions during the period / year	108,535,480	165,162,979
Amortization during the period / year	(120,765,628)	(70,407,888)
Closing balance	<u>108,266,030</u>	<u>120,496,178</u>

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

10. TRADE AND OTHER RECEIVABLES

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Trade receivables - external*	725,556,698	697,413,658
Less: allowance for expected credit loss on trade receivables	(57,469,807)	(56,290,315)
	668,086,891	641,123,343
Other receivables	10,314,217	13,086,130
	<u>678,401,108</u>	<u>654,209,473</u>

Classification of trade receivable

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Trade receivables - non-current	14,492,483	22,468,386
Trade and other receivables – current	663,908,625	631,741,087
	<u>678,401,108</u>	<u>654,209,473</u>

* Trade receivables includes SR 423,205,354 (31 December 2023: SR 483,227,809) due from government or government - controlled entities which represent the vast majority of the total receivables.

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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement in allowance for expected credit losses on trade receivables is as follows:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Opening balance	56,290,315	28,028,461
Charged during the period / year	1,179,492	28,347,370
Write off during the period / year	-	(85,516)
Closing balance	<u>57,469,807</u>	<u>56,290,315</u>

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

	Total SR	Not yet due SR	0-1 year SR	1-2 year SR	Above 2 years SR
30 June 2024	725,556,698	202,861,556	409,249,369	48,875,941	64,569,832
31 Dec 2023	697,413,658	105,792,321	480,693,085	41,530,317	69,397,935

11. PREPAYMENTS AND OTHER ASSETS

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Margin on letters of credit and guarantee	13,777,093	14,263,086
Prepaid expenses	14,547,301	9,933,420
Advances to employees	7,951,304	1,820,867
Advances to suppliers*	142,382,524	101,332,926
Others	12,253,199	292,299
	190,911,421	127,642,598
Provision on advances to suppliers	(794,153)	(794,153)
	<u>190,117,268</u>	<u>126,848,445</u>

* Primarily pertains to advances paid to suppliers related to data centers project.

12. INVENTORIES

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Goods held for sales	5,867,693	2,754,345
Less: allowance for slow moving inventories	(199,123)	(199,123)
	<u>5,668,570</u>	<u>2,555,222</u>

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

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13. CASH AND CASH EQUIVALENTS

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Cash at bank - current accounts	29,261,694	98,081,318
Cash at bank – deposits*	167,823,215	61,193,413
Cash in hand	865,309	658,383
Restricted cash	-	2,732,359
	<u>197,950,218</u>	<u>162,665,473</u>

* The average rate on bank deposits is 6.19% (31 December 2023: 5.50% (audited)) with an original maturity of three months or less.

14. SHARE CAPITAL

Share capital of SR 300,000,000 is fully paid up and divided into 30,000,000 shares of SR 10 each.

15. STATUTORY RESERVE

The Board of Directors in their meeting held on 30 April 2023 (corresponding to 10 Shawwal 1444) recommended cancelling the statutory reserve of the Company as a part of the amendments to the Company's By-laws to be in line with the new Regulations for Companies (31 December 2023: Nil). The amendments to the Company's by-laws had been approved by the Extraordinary General Assembly meeting held on 6 August 2023 (corresponding to 19 Muharram 1445).

16A. OTHER RESERVES

Other reserves relate to remeasurement gain or losses on employees' defined benefit obligations. The loss recorded during the period amounted to SR (632,753) (unaudited) (30 June 2023: a gain of SR 231,954 (unaudited)) and the balance as at 30 June 2024 is SR 9,115,646 (unaudited) (31 December 2023: SR 9,748,399 (audited)).

16B. TREASURY SHARES

During the year ended 31 December 2023, the Company entered into market making arrangement with Al Rajhi Capital to provide continuous buying and selling of the Company shares in order to support Company's liquidity in shares trading. As at 30 June 2024, the Company held Nil (31 December 2023: 91,529) of its own shares. As at 30 June 2024, the Company recorded a loss of SR 1,557,666 (unaudited) (31 December 2023: SR 4,739,751 (audited)).

Further, the Board of Directors in their meeting held on 26 Rabie Al-Thani 1445H (corresponding to 11 October 2023) recommended to purchase 300,000 of Company's own shares which will be held as treasury shares. These purchases of the shares are subject to approval and consent of the Extraordinary General Assembly to proceed with the other institutional formality. The regulatory procedures required to enforce purchase of treasury shares were not completed as of the reporting date.

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17. DIVIDENDS

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

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

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

18. EMPLOYEE BENEFITS

The Group has a post-employment defined benefit plan. The benefits are required by Saudi Labor Law. These benefits are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia. The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and other comprehensive income and amounts recognized in the consolidated statement of financial position.

At 30 June 2024, the weighted average duration of the defined benefit obligation was 5 years (2023: 5 years).

The following table represents the movement in the defined benefit obligations for the period / year:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Balance at 1 January	24,697,800	22,891,760
<i>Included in profit or loss</i>		
Current service cost	3,745,428	6,036,327
Interest cost	562,916	1,132,413
	4,308,344	7,168,740
<i>Included in OCI</i>		
Re-measurements:		
Change in experience variances		
Change in financial assumption	1,226,447	389,310
Gain on remeasurement	(593,694)	(392,833)
	632,753	(3,523)
<i>Other</i>		
Benefit paid	(3,597,666)	(5,359,177)
Balance at the end of the period	26,041,231	24,697,800

Significant actuarial assumptions

The significant actuarial assumptions used in the computation is shown below:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Discount rate	5.10%	4.65%
Salary growth rate		
Full time employees	4%	4 %
Contractual employees	0%	0%
Withdrawal rate	5% to 25%	5% to 25%
Retirement age	55 to 60 years	55 to 60 years

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18. EMPLOYEE BENEFITS (CONTINUED)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

		30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Discount rate	1% increase	1,215,156	1,275,283
	1% decrease	(1,359,635)	(1,432,816)
Salary growth rate	1% increase	(1,367,346)	(1,433,337)
	1% decrease	1,244,791	1,300,006
Withdrawal rate	20% increase	406,296	430,418
	20% decrease	(422,842)	(458,004)

19. 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.

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Contract liabilities- non-current	-	-
Contract liabilities- current	148,434,656	197,055,144
	<u>148,434,656</u>	<u>197,055,144</u>

The amount of SR 109,285,528 included in contract liabilities at 31 December 2023 (audited) has been recognised as revenue on 30 June 2024 (unaudited) (2023: SR 282,931,422 (audited)).

The movement during the year is as follows:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Opening balance	197,055,144	332,601,216
Additions	485,689,990	1,029,358,350
Utilization	(534,310,478)	(1,164,904,422)
Closing balance	<u>148,434,656</u>	<u>197,055,144</u>

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20. LOANS AND BORROWINGS

The Group has obtained loans from various local commercial banks and other financial institutions to meet the working capital requirements. These loans are subject to certain financial covenants and are secured by promissory notes and assignment of certain contract proceeds and carry commission charges at prevailing market commission rates. Certain covenants breaches are noted as at 30 June 2024. Breaches of covenants as per bank procedures are tested on an annual basis upon receipt of annual financial statements.

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Murabaha facilities	883,127,314	612,153,612
Conventional facilities	54,465,146	7,140,886
	937,592,460	619,294,498

Movements in loans and borrowings are shown below:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Opening balance	619,294,498	370,942,909
Additions during the period / year	836,199,853	1,604,536,480
Repayment made during the period / year	(517,901,891)	(1,356,184,891)
Closing balance	937,592,460	619,294,498

21. TRADE PAYABLES AND OTHER LIABILITIES

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Trade payables	385,765,239	415,764,027
Accrued expenses	426,471,010	221,272,436
Amounts due to related parties (note 23)	9,062,509	14,066,671
Accrued salaries and other employee costs	12,267,172	7,030,768
Other payables	3,719,779	2,084,306
	837,285,709	660,218,208

22. OTHER LIABILITIES

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Value added tax, net	-	29,701,451
Withholding tax payable	7,127,521	5,548,142
Notes payables	-	21,052,428
	7,127,521	56,302,021

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23. RELATED PARTY TRANSACTIONS AND BALANCES

During the period ended 30 June 2024, the Group entered into transaction with its related parties. The terms of those transactions are approved by the management/Board of Directors in the ordinary course of business. The transactions during the period are as follows:

	30 June 2024 SR (Unaudited)	30 June 2023 SR (Unaudited)
Transaction with shareholders		
Dividends paid	-	36,000,000
Transaction with Associate		
Edarat Telecommunication and Information Technology Company		
Revenue	105,435	10,513
Purchases	11,745,523	9,140,177
Transactions with entities having common shareholders		
Purchases		
*Electronic Maps Trading Company	-	6,171

* This party is no longer considered as a related party as of 30 June 2024.

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

	30 June 2024 SR (Unaudited)	30 June 2023 SR (Unaudited)
Salaries and short-term benefits	3,782,000	5,124,408
Employee benefits	188,750	214,428
	3,970,750	5,338,836

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The following balance was outstanding with related parties at the reporting date:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Due to related parties: (note 21)		
Edarat Telecommunication and Information Technology Company	9,062,509	14,066,671
	9,062,509	14,066,671

24. SEGMENT INFORMATION

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

Business Service Management Unit

Business Service Management unit provides software in areas of business service management, data center monitoring and optimization, in addition to contract center related solutions, as per requirements.

Solutions Unit

Solutions is a business unit that plan, design, establish and equip modern geographic information system (“GIS”) centers, providing business with necessary infrastructure. It aids in building geographic data, training client teams, configuring GIS tools and building end-user applications.

Systems Unit

The system unit provides technological and business expertise to turn possibilities into real business solutions.

Information Technology Security Unit

Information technology Security provides a broad portfolio of industry-best solutions, which help customers develop, deploy, fulfil and maintain optimum security. It is a unit that meets all customer requirements for their information security cycle.

Networking Unit

The business unit’s main responsibility is to build efficient and cost effective networks and communication solutions based on technologies from various leading Information Communication Technology (“ICT”).

Operation and Maintenance Unit

Operation and Maintenance Unit is the Management Operation and Maintenance Project Unit that apply project management support for tasks where the application of knowledge, skills, and techniques to successfully implement IT infrastructure is necessary.

Data Center Unit

The Data center division is mainly involved in designing, development, execution (on a turnkey basis) and operations of data centers.

Subsidiaries

Subsidiaries segment represents the two companies wholly owned by Al Moammar Information Systems Co. “Excellence Medical Systems Company” & “Excellence Application Solutions Company”.

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24. SEGMENT INFORMATION (CONTINUED)

Management monitors the operational results of the operating segments separately for making decisions about resource allocation and performance assessment. Consistent with the Group's internal reporting process, business segments have been approved by board of directors in respect of the Group's activities.

The segment information from operations of these segments is provided below:

	Segments								Subsidiaries	Total
	Business service management Unit	Solutions Unit	Systems Unit	Information Technology security Unit	Networking Unit	Operation and maintenance Unit	Data Center Unit	Non-segment remaining items Unit		
In SR										
As at 30 June 2024 (Unaudited)										
Total assets	104,925,642	423,187,417	247,291,259	182,398,033	467,741,189	207,930,131	249,286,633	476,803,148	13,780,987	2,373,344,439
Total liabilities	42,316,923	380,839,100	192,650,137	254,719,681	451,387,831	156,539,928	445,497,428	3,321,981	33,196,645	1,960,469,654
For the period ended 30 June 2024 (Unaudited)										
Revenue										
<i>Timings of revenue</i>										
Sale of goods at point in time	6,557,192	8,946,271	54,864,217	26,797,781	72,180,740	10,971,010	-	-	3,231,104	183,548,315
Sale of services over year of time	417,670	7,915,560	8,636,323	8,052,958	50,057,524	119,149,618	302,353,381	-	3,921,764	500,504,798
<i>Type of customers</i>										
Government & government - controlled entities	5,253,182	13,885,533	39,103,869	22,886,956	83,004,192	129,429,329	-	-	4,203,957	297,767,018
Private	1,721,680	2,976,298	24,396,671	11,963,782	39,234,073	691,298	302,353,381	-	2,948,912	386,286,095
<i>Principal or agent revenue</i>										
Principal revenue	417,670	8,185,147	62,115,622	26,165,751	113,035,588	128,206,141	302,353,381	-	3,265,835	643,745,135
Agent revenue	6,557,192	8,676,685	1,384,919	8,684,988	9,202,676	1,919,240	-	-	3,882,278	40,307,978
Income before Zakat	2,844,567	2,918,781	1,777,654	4,566,070	12,058,128	13,783,547	71,585,120	19,818,019	(8,684,073)	120,667,813

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24. SEGMENT INFORMATION (CONTINUED)

In SR	Business service management Unit	Solutions Unit	Systems Unit	Information technology security Unit	Networking Unit	Operation and maintenance Unit	Data Center Unit	Non- segment remaining items	Total
As at 31 December 2023									
(Audited)									
Total assets	78,315,511	162,666,009	198,620,984	146,320,758	324,289,557	321,662,668	376,678,679	245,599,484	1,854,153,650
Total liabilities	16,557,358	180,163,895	124,201,596	104,607,302	244,971,488	294,275,239	579,014,700	23,473,950	1,567,265,528
For the period ended 30 June 2023 (Unaudited)									
Revenue									
<i>Timings of revenue</i>									
Sale of goods at point in time	3,271,148	8,666,558	42,563,341	12,486,424	53,464,755	12,059,412	-	-	132,511,638
Sale of services over year of time	3,173,379	19,979,099	20,640,020	15,241,811	50,401,106	141,419,515	426,838,712	-	677,693,642
<i>Type of customers</i>									
Government & government - controlled entities	2,812,842	24,377,221	54,514,955	24,738,285	68,378,937	153,272,285	-	-	328,094,525
Private	3,631,685	4,268,436	8,688,406	2,989,950	35,486,924	206,642	426,838,712	-	482,110,755
<i>Principal or agent revenue</i>									
Principal revenue	3,173,379	22,666,283	44,065,551	20,592,386	101,543,612	149,955,760	426,838,712	-	768,835,683
Agent revenue	3,271,148	5,979,374	19,137,810	7,135,849	2,322,249	3,523,167	-	-	41,369,597
Income before Zakat	1,323,435	2,033,651	22,422,281	4,794,757	4,213,493	13,981,575	49,988,319	3,311,033	102,068,544

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25. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following contingent liabilities as at the reporting date:

Contingent liabilities

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Letters of credit	231,953,975	292,796,316
Letter of guarantees	593,952,687	507,407,976
	<u>825,906,662</u>	<u>800,204,292</u>

The Group had no capital commitments as at 30 June 2024 and 31 December 2023.

26. RECEIVABLES FINANCING CAPITAL

During year 2023, the Company had sold part of its semi-government & private receivables to the bank without recourse with aggregate amount of SR 68,549,604.

As at 30 June 2024, the bank has received all its dues from the semi-government & private receivables amounting of SR 68,549,604.

27. RECLASSIFICATION

Certain prior period amounts in the interim condensed consolidated statement of financial position have been reclassified to conform to the presentation in the current period.

28. SUBSEQUENT EVENT

No material events have occurred subsequent to the reporting date and before the issuance of these interim condensed consolidated financial statements which require adjustments or additional disclosures to these interim condensed consolidated financial statements.