

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

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

<u>INDEX</u>	<u>PAGES</u>
Independent auditor's report	1-5
Interim Consolidated statement of financial position	6
Interim Consolidated statement of profit or loss and other comprehensive income	7
Interim Consolidated statement of changes in equity	8
Interim Consolidated statement of cash flows	9
Notes to the interim consolidated financial statements	10 – 56

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the interim consolidated financial statements of Al Moammar Information Systems Company - A Saudi Joint Stock Company - ("the Company" or "the Parent Company") and its subsidiaries (together "the Group"), which comprise the interim consolidated statement of financial position as at 30 June 2024, and the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended and notes to the interim consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2024, and its interim consolidated financial performance and its interim consolidated cash flows for the six-month period then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with 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 Interim Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the interim consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim consolidated financial statements of the current period. These matters were addressed in the context of our audit of the interim consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Shareholders of Al Moammar Information Systems Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group has recognized revenue from operations amounting to SR 684.1 million for the six-month period ended 30 June 2024 (year ended 31 December 2023: SR 1,459.7 million), as per the accounting policy described in note 5.2 and note 24 for related disclosure. The Group's revenue includes revenue from sale of hardware, licensing of software products, maintenance, manpower and consulting services either sold separately or bundled into various categories.</p> <p>Revenue is a key audit matter due to the complexity and judgment involved in applying IFRS 15, Revenue from contracts with customers. Factors contributing to this complexity include complex contractual arrangements, determining performance obligations, principal vs agent relationships, transaction pricing, and the timing of revenue recognition.</p>	<ul style="list-style-type: none"> • Assessed Group's revenue recognition policy and its compliance in terms of IFRS 15; • Assessed the relevant design and implementation of internal controls related to revenue recognition; • Reviewed customer contracts on a sample basis to understand key terms, deliverables, and obligations; • Assessed the timing of revenue recognition at a point in time or over period of time as per the requirements of IFRS 15; • Evaluated the appropriateness of principal (gross) or agent (net) treatment based on the standard's criteria and compared findings to management's conclusion; • Assessed the identified performance obligations to ensure they accurately reflect the contractual commitments; • Assessed the allocation of transaction prices to distinct performance obligations on a sample basis; • Verified revenue recognition on a sample basis by reviewing supporting documentation (BOQs, POs, invoices, payroll, delivery notes, job completion certificates, customer acknowledgments) and comparing to the Group's calculations; and • Assessed the adequacy of the related disclosures in the accompanying interim consolidated financial statements.

Independent Auditor's Report to the Shareholders of Al Moammar Information Systems Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
Allowance for expected credit losses against trade receivables and contract assets:	
<p>As at 30 June 2024, the Group gross trade receivables and contract assets amounted to SR 725.6 million (31 December 2023: SR 697.4 million) and SR 1,054.6 million (31 December 2023: SR 777.4 million) respectively, against which an allowance for expected credit loss of SR 57.5 million (31 December 2023: SR 56.3 million) and SR 73.6 million (31 December 2023: SR 72.3 million) has been recorded.</p> <p>The Group calculated expected credit losses using the simplified approach under IFRS 9, Financial Instruments. This model considers various factors, including historical loss rates, customer profiles, default probabilities, loss given default, discount rates, and macroeconomic conditions.</p> <p>Given the significant estimation uncertainty and judgment required to assess the appropriateness and adequacy of allowances for expected credit losses related to trade receivables and contract assets, this area is considered a key audit matter.</p> <p>Refer to note 5.7 for the accounting policy and note 9A and 10 for related disclosures.</p>	<ul style="list-style-type: none"> • Obtained a thorough understanding of the Group's approach to determining allowances for expected credit loss, including the methodology used, key data used, and underlying assumptions in the calculations; • Involved our internal experts to evaluate the expected credit loss (ECL) model. Tested key assumptions related to forward-looking data, examined model inputs and techniques, and assessed the model's overall suitability for the Group's trade receivable and contract asset customers; • We assessed the Group's application of relevant assumptions into the estimation of expected credit losses. Additionally, we tested the mathematical accuracy and computational integrity of the allowances using identical input data as employed by the Group; • We conducted procedures to evaluate the methodology used for the allowance for expected credit losses, including the consideration of current and projected economic conditions. We also assessed the computation of the allowance for expected credit losses and the completeness and accuracy of information used in estimating the probability of default; and • Assessed the adequacy of the related disclosures in the accompanying interim consolidated financial statements.

Other matters

- The consolidated 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 (Corresponding to 21 Ramadan 1445 (H)). The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2024 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 20 May 2024 (Corresponding to 12 Thul-Qi'dah 1445 (H)). Further, the interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2023 were reviewed by another auditor who expressed a modified review conclusion on those interim condensed consolidated financial statements on 20 August 2023 (Corresponding to 4 Safar 1445 (H)).
- The interim consolidated statement of profit or loss and other comprehensive income for the three- and six-month periods ended 30 June 2023 and the interim consolidated statements of changes in equity and cash flows for the six-month period ended 30 June 2023, as well as the related notes, have not been audited and are presented for comparative purposes only. In addition, the interim consolidated statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2024, has also not been audited and is presented for information purposes only.

**Independent Auditor's Report to the Shareholders of Al Moammar Information Systems Company
(A Saudi Joint Stock Company) (continued)**

Other matters (Continued)

- The Group issued a separate set of interim condensed consolidated financial statements for the three- and six-month periods ended 30 June 2024, which were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and we expressed an unmodified review conclusion thereon dated 18 August 2024.

Responsibilities of Management and Those Charged with Governance for the Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Parent Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Company's Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim consolidated 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 a guarantee that an audit conducted in accordance with 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 these interim consolidated financial statements.

As part of an audit in accordance with 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 interim consolidated 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report to the Shareholders of Al Moammar Information Systems Company
(A Saudi Joint Stock Company) (continued)**

Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements (Continued)

- 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 Group'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 interim consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the interim consolidated financial statements of the current period 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.

For BDO Dr. Mohamed Al-Amri & Co.

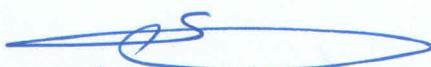

Ahmed Al-Jumah
Certified Public Accountant
Registration No. 621



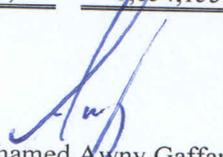
Riyadh, on 10 October 2024 (G)
Corresponding to: 7 Rabi' al Thani 1446 (H)

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

		30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
ASSETS			
Non-current assets			
Property and equipment	6	35,863,462	37,506,419
Intangible assets	7	3,154,539	3,868,853
Equity-accounted investees	8A	15,460,000	15,885,121
Investments 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		<u>322,799,062</u>	<u>101,070,265</u>
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 as 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		<u>2,050,545,377</u>	<u>1,753,083,385</u>
TOTAL ASSETS		<u>2,373,344,439</u>	<u>1,854,153,650</u>
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)		92,859,139	(10,412,333)
Total shareholders' equity		<u>401,974,785</u>	<u>286,888,122</u>
Liabilities			
Non-current liabilities			
Employee benefits	18	26,041,231	24,697,800
Total non-current liabilities		<u>26,041,231</u>	<u>24,697,800</u>
Current liabilities			
Loans and borrowings	21	951,791,389	619,294,498
Trade payables and other liabilities	22	833,986,780	660,218,208
Other liabilities	23	7,127,521	56,302,021
Contract liabilities	19	148,434,656	197,055,144
Zakat payable	29	3,988,077	9,697,857
Total current liabilities		<u>1,945,328,423</u>	<u>1,542,567,728</u>
Total liabilities		<u>1,971,369,654</u>	<u>1,567,265,528</u>
Total shareholders' equity and liabilities		<u>2,373,344,439</u>	<u>1,854,153,650</u>


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors


Dr. Abdullah AlGhamdi
Chief Executive Officer


Karim Mohamed Awny Gaffar
Chief Financial Officer

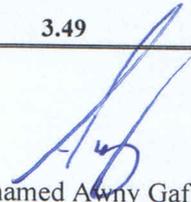
The accompanying notes from 1 to 38 form an integral part of these interim consolidated financial statements.

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

	Notes	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 (Audited)	SR (Unaudited)
Revenue	24	350,546,251	372,728,138	684,053,113	810,205,280
Cost of revenue	25	(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	26	(27,516,520)	(19,996,995)	(51,694,500)	(39,246,768)
Selling and marketing expenses	27	(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
Share of profit of equity-accounted investees	8A	2,901,374	1,994,033	3,477,995	3,311,033
Finance cost	28	(27,739,120)	(9,060,423)	(42,923,627)	(18,465,824)
Gain on disposal of shares in equity-accounted investees		-	-	57,532,443	-
Gain on fair value in investments at FVTPL, net	8B	16,340,023	-	16,340,023	-
Finance income		2,090,213	731,199	3,722,182	2,321,145
Income before zakat		34,239,815	53,102,741	109,767,813	102,068,544
Zakat	29	(2,500,000)	(3,600,000)	(4,938,675)	(6,000,000)
Net income for the period		31,739,815	49,502,741	104,829,138	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		31,792,125	49,925,942	104,196,385	96,300,498
Earnings per share:					
Basic and diluted earnings per share of net income for the period	30	1.06	1.65	3.49	3.20


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 38 form an integral part of these interim consolidated financial statements.

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

	Share capital SR	Statutory reserve SR	Other reserves SR	Treasury shares reserve SR	Retained earnings/ (accumulated losses) SR	Total shareholders' equity 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	-	-	-	-	104,829,138	104,829,138
Other comprehensive loss for the period	-	-	(632,753)	-	-	(632,753)
Total comprehensive income for the period	-	-	(632,753)	-	104,829,138	104,196,385
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 (Audited)	300,000,000	-	9,115,646	-	92,859,139	401,974,785


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors

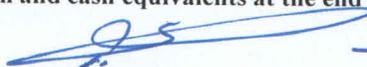

Dr. Abdullah AlGhamdi
Chief Executive Officer


Karim Mohamed Awny Gaffar
Chief Financial Officer

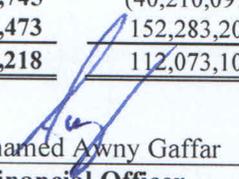
The accompanying notes from 1 to 38 form an integral part of these interim consolidated financial statements.

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

	Note	For the six-month period ended 30 June	
		2024 SR (Audited)	2023 SR (Unaudited)
Operating activities			
Net income for the period		104,829,138	96,068,544
<i>Adjustments for:</i>			
Depreciation of property and equipment	6	1,834,481	1,816,008
Amortization of intangible assets	7	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 in fair value of shares in investments at FVTPL, net	8B	(16,340,023)	-
Finance costs	28	42,923,627	18,465,824
Finance income		(3,722,182)	(2,321,145)
Zakat expense	29	4,938,675	6,000,000
		<u>80,943,908</u>	<u>117,907,844</u>
<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		<u>(196,558,706)</u>	<u>(150,388,718)</u>
Zakat paid	29	(10,648,455)	(9,380,885)
Employee benefits paid	18	(3,597,666)	(2,493,766)
Net cash used in operating activities		<u>(210,804,827)</u>	<u>(162,263,369)</u>
Investing activities			
Purchase of property and equipment	6	(191,524)	(212,087)
Purchase of intangible assets	7	-	(706,542)
Investments carried at FVTPL	8B	(116,041,258)	-
Disposal of equity accounted investee	8A	61,435,559	-
Net cash used in investing activities		<u>(54,797,223)</u>	<u>(918,629)</u>
Financing activities			
Proceeds from loans and borrowings	21	836,199,853	566,912,866
Repayment of loans and borrowings	21	(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)
Dividends paid	17	-	(36,000,000)
Net cash from financing activities		<u>300,886,795</u>	<u>122,971,907</u>
Net change in cash and cash equivalents		<u>35,284,745</u>	<u>(40,210,091)</u>
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	<u>197,950,218</u>	<u>112,073,109</u>


Ibrahim Abdullah Al Moammar
Vice Chairman, Board of Directors


Dr. Abdullah AlGhamdi
Chief Executive Officer


Karim Mohamed Awmy Gaffar
Chief Financial Officer

The accompanying notes from 1 to 38 form an integral part of these interim consolidated financial statements.

AL MOAMMAR INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM 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”) 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 solution.

During 2023, the subsidiary received permit approval from the Saudi Central Bank (“SAMA”) to carry out the Buy Now Pay Later (“BNPL”) activities in KSA under the name of MIS pay. The subsidiary has 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 consolidated financial statements include the financial information of the branches of the Company and the above-mentioned subsidiaries (together refer to as “the Group”).

These interim consolidated financial statements were approved by the Board of Directors on 10 October 2024 (G) corresponding to 7 Rabi’ al Thani 1446 (H).

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The interim consolidated financial statements are prepared in accordance with IFRS Accounting Standards that are endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

2.2 Basis of measurement

These interim consolidated financial statements have been prepared on a historical cost basis using the going concern basis of assumption, except for measurement of employee benefits that are measured at present value using projected unit credit method and the investment classified as FVTPL. The carrying amount of financial assets and liabilities are a reasonable approximation of their fair values.

2.3 Functional and presentation currency

These interim 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.

2.4 Going concern

These interim consolidated financial statements have been prepared on a going concern basis. In assessing the going concern assumption, the management has considered the current and expected operational levels and available facilities to meet the requirements as they fall due. The facilities are subject to certain financial covenants. 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. There have been some delays in collections from the customers, however the risk of default is considered low, considering the significant amount of receivables are from governmental customers and continue to be received. Also, the Group continues to work with its suppliers to source equipment to meet its contractual needs.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the interim consolidated financial statements, is included in the following notes:

- Note 5.12: Classification of equity accounted investees; whether the Group has significant influence over an investee
- Note 5.9: Lease term; whether the Group is reasonably certain to exercise extension options.
- Note 5.2: Gross versus net revenue presentation assessment; the determination by the Company as to whether it acts as a principal in a transaction or agent.
- Note 5.2: Data center revenue assessment.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the interim consolidated financial statements, is included in the following notes:

- Note 5.7, 5.8, 5.10, 6 and 7: Impairment of non-financial assets, Property and equipment and Intangibles assets.
- Note 5.7 and 32: Measurement of ECL allowance for trade receivables and contract assets: Key assumptions in determining the expected credit loss provision.
- Note 5.8 and 5.10: Useful lives and residual values of property & equipment and intangible assets.
- Note 5.15 and 18: Measurement of employee benefits obligations: Key actuarial assumptions.
- Note 5.5 and 29: Provision for Zakat.

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

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 interim 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
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

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

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (CONTINUED)

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 1 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 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

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

5 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in the interim consolidated financial statements.

5.1 Fair value measurement

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

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

The principal or most advantageous market must be accessible by the 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.

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

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

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

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

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

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2 Revenue recognition

The Group generates revenue from the sale of computer hardware, software, post contract support and Cloud computing solutions. The Group also generates revenue from providing professional services to end-users to maintain the customer's IT infrastructure such as operations & maintenance and managed services.

The Group recognizes revenue when it satisfies a performance obligation by transferring control of a product or service to a customer based on allocated transaction price of each performance obligation.

The following are some of the key indicators used by the Group in determining when control has passed to the customer:

- (i) the Group has a right to payment for the product or service;
- (ii) the customer has legal title to the product;
- (iii) the Group has transferred physical possession of the product to the customer;
- (iv) the customer has the significant risks and rewards of ownership of the product; and
- (v) the customer has accepted the product.

Transaction price is allocated to each performance obligation with reference to the price specified in the underlying customer contract and further analyzed for other applicable aspects such as variable considerations, non-cash considerations, consideration payable to the customer, material rights including combination of contracts and adjusts the promised amount of consideration for its effects including that of significant financing component in measuring the transaction price.

For determining standalone selling price, the Company uses observable prices wherever available. When evidence from recent transactions is not available to confirm that the prices are representative of the standalone selling price, then adjusted market assessment approach, cost plus margin approach or residual value approach as prescribed in IFRS 15 will be used to estimate the standalone selling prices.

In determining the transaction price, the Company adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed by the customer provides the Company with a significant benefit of financing the transfer of goods or services to the customer. If a significant financing component is identified, Company separates it from the transaction price and account for it separately. The amount of the significant financing component is determined by calculating the difference between the cash selling price and the discounted selling price, reflecting the implied rate of interest.

The Company recognise revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (ie the cash selling price).

However, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Principal versus agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on a gross basis, or acting as an agent, reporting revenue on a net basis. The Group evaluates the following indicators amongst others when determining whether it is acting as a principal or agent in the transaction and recording revenue on a gross, or net, basis:

- (i) the Group is primarily responsible for fulfilling the promise to provide the specified goods or service;

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2 REVENUE RECOGNITION (CONTINUED)

Principal versus agent (Continued)

- (ii) the Group has inventory risk before the specified good or service has been transferred to a customer;
- (iii) the Group has discretion in establishing the price for the specified good or service.

The Group assesses different categories of revenue in the light of the above indicators, however, before concluding on whether it is acting as a principal or an agent, the Group exercises judgement considering the nature of the product and solution offering, complexity involved in delivering the product and solution, level of control available to the Group in the process of delivering the product and solution.

Sales of product and services in which the Group acts as a principal are presented on a gross basis.

Sales of product and services where there is no involvement of the Group for fulfilling the performance obligation is presented on a net basis. These generally includes the sale of certain third-party services, post contract support, software assurance, third-party hosted Cloud arrangements and sale of certain security software products.

Amounts collected by the group on behalf of a third party are accounted for as a payable in the interim consolidated statement of financial position until they are settled and do not gross up revenue and expenses. Similarly, amounts prepaid by the group to a third party on behalf of customers are recognised as a receivable until they are recovered and do not gross up revenues and expenses.

Hardware revenue

The Group sells third-party hardware that is sourced from multiple vendors and distributors. The revenue from these arrangements is primarily recognized on a gross basis as the principal in the transaction when the product is received by the client because we control the product prior to transfer to the client. In addition to other factors considered, we assume primary responsibility for fulfillment in the arrangement, we assume inventory risk if the product is returned by the client, we set the price of the product charged to the client and we work closely with our clients to determine their hardware specifications.

Third-party vendors typically provide standard warranties on most of the hardware products the Group sells. These manufacturer warranties are assurance-type warranties and are not considered separate performance obligations. The warranties are not sold separately and only provide assurance that products will conform with the manufacturer's specifications, unless specifically required by customer and / or provided by the vendor.

Software revenue

Revenue from sale of third-party software license where the nature of installation/integration are not considered complex is determined to be a separate performance obligation and is recorded on net basis.

Where a complex interfacing or a specialized configuration of the third-party software license is performed by the entity to enable customer to derive its intended benefit from the software within the context of the contract, it generally results in the Group acting as a principal for the integrated performance obligation of software license and the implementation services and the revenue is recorded on a gross-basis.

For sale of anti-virus software where the upgrades provided by the third-party vendors are considered integral to maintaining the utility of the underlying software to the end-user, the Group records revenue on a net basis.

Revenue from the sale of third-party software license is recorded when the customer acquires the right to use or receives a copy of software license and control transfers to the customer, but not prior to the commencement of the initial license term.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2 REVENUE RECOGNITION (CONTINUED)

Post contract support revenue

Post contract support (PCS) provides the Group's customers with the right to obtain software upgrades, bug fixes and technical support services. The Group directly provides technical support to its customers for certain product(s) and therefore acts as a principal and records revenue on gross basis.

Where the Group arranges to provide support services directly from the third-party vendor without the Group's involvement, the revenue is recorded on a net basis as an agent.

The Group further evaluates whether the access to upgrades is a separate performance obligation by assessing if the vendor-delivered upgrades are critical to the core functionality of the software. The criticality of upgrades is used to further assess the level of control the Group has in a transaction. Where the upgrades require the continued input of the vendor without involvement of the Group, such unspecified upgrades are treated as a separate performance obligation and the revenue is recorded on net basis as the Group is acting as an agent.

The determination of unspecified upgrades as a portion of the PCS is computed as a percentage of the total PCS value based on the certain product specific information and hence the Group exercises significant judgement in this area.

Services revenue

The Group evaluates the control assessment of services rendered to customers either directly or through the involvement of third-party vendors. The Group 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 with the customer and has the direct responsibility to provide the services either directly or indirectly, the revenue is recorded on gross basis as a principal.

Certain third-party sub-contracts in which the Group does not control the services prior to transferring to our customers, revenue is recorded on net basis.

Cloud subscription revenue

The Group evaluates whether Cloud subscription products provided to customers with right to access hosted in the technology cloud platforms without the client taking possession of the software. The Group does not take control of the software products or assume any responsibility to the clients related to the provisioning of the offerings in the cloud, accordingly, revenue is recorded on net basis and the Group shall be acting as an agent.

Systems integration services revenue

The Group sells hardware, software license, installation, post contract support and other services are bundled as a solution. Hardware, software and installation are treated as a single performance obligation as the goods or services are not distinct within the context of the contract because they are not separately identifiable from the other promises in the contract. The Group recognizes revenue relating to installed hardware and software along with installation over time using the input method.

Managed services revenue

The Group delivers managed services contracts for its customers which generally extend for multi-years. Revenue from managed services contracts comprises provision of manpower for maintaining the IT infrastructure of the customer and providing IT and related consumables to operate and maintain the customer's IT environment during the tenure of the contract. The Group is acting as a principal where it is responsible to make the decisions around effective utilization of internal resources including hiring of resources and fulfilling the customer's requirements. Where the Group is the primary obligor within the context of the contract with the customer and has the direct responsibility to provide the manpower services either directly or indirectly, the revenue is recorded on gross basis acting as a

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2 REVENUE RECOGNITION (CONTINUED)

Managed services revenue (continued)

principal. Managed services revenue is recognised over time, throughout the term of the contract, as services are delivered.

However, in cases where there is a need to employ third-party sub-contractors in which the Group does not control the services prior to transferring to our customers, revenue is recorded on net basis and the Group shall be acting as an agent.

The Group previously used to assess managed service revenues in relation to operation and maintenance contracts as a single performance obligation as opposed to multiple performance obligations for individual services provided. During the year, the Group has quantified the impact of identifying multiple performance obligations on revenue and found it to be immaterial.

Data center revenue

In 2021, the Group entered into a contract with its customer to build data centers. 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.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.3 Basis of consolidation

The Group's interim consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the interim consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully interim consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the interim consolidated statement of profit or loss. Any investment retained is recognised at fair value.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the interim consolidated statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity, respectively.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.3 Basis of consolidation (Continued)

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of subsidiary comprises the:

- the fair value of the assets transferred / acquired
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

When the Group loses control over a subsidiary, it recognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

5.4 Cost of sales and expenses

Costs which are directly related to goods or services provided are classified as costs of sales. Expenses which are attributable to selling and marketing activities are classified as selling and marketing expenses. All other indirect expenses are classified as general and administration expenses.

5.5 Zakat and Value Added Tax (VAT)

The Group is subject to the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in KSA. Zakat is provided on an accrual basis and is computed and charged based on Zakat base. Adjustments if any are made to the Zakat provision when the final assessments are obtained from the ZATCA.

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

5.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5.7 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and initial measurement

Trade receivables are initially recognized when they originated. All other financial instruments are recognized in the statement of financial position when the Group becomes party to the contractual provisions of the financial instruments. A trade receivable without a significant financing component is initially measured at the transaction price.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.7 Financial instruments (continued)

A financial instrument (unless it is a trade receivable without a significant financing component) is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified and measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit & loss.

Financial assets at amortized cost, including trade receivables, are subsequently measured at amortized cost using the effective interest rate (EIR) method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in the statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in comprehensive income and are never reclassified to profit or loss.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.7 Financial instruments (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's interim consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Expected credit loss (ECL) assessment for trade receivables and contract assets

The financial assets which are in the scope of impairment are bank balances, account receivables, contract assets and balances due from related party.

Loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For ECL on trade receivables and contract assets, the Group has divided its trade receivable and contract assets into two broad categories, private customers and government/government-controlled entities ("Government customers").

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from private customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable/contract asset progressing through successive stages of delinquency to write-off.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.7 Financial instruments (continued)

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

ECL rate is calculated for each segment based on delinquency status and actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecast and industry outlook.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are presented on the face of the statement of profit or loss and other comprehensive income.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial liabilities

Initial recognition and measurement

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are measured at amortized cost using the effective interest rate method.

Derecognition

The Group derecognises financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.7 Financial instruments (continued)

Offsetting

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

5.8 Property and equipment

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Capital work in progress ("CWIP") account are assets in the course of construction or development. CWIP is transferred to the appropriate category in property and equipment (depending on the nature of the asset), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction/development cost and any other directly attributable to the construction or acquisition of an item of CWIP intended by management. Costs associated with testing the items of CWIP (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the testing year. Land and CWIP are not depreciated.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss as follows:

	<u>Estimated useful life (in years)</u>
Building	20 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Equipment	5 years

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and year of depreciation are consistent with the expected pattern of economic benefits derived from these assets.

The useful life, residual values and depreciation method are reviewed at each reporting date and adjusted if appropriate.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal year if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.9 Leases (continued)

The Group presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’, the current portion of lease liabilities is presented in ‘trade and other payables’ and the non-current portion of lease liabilities is presented as a financial line item in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.10 Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is indication that intangible assets may be impaired. The amortization year and the amortization method are reviewed at least at the end of each reporting year. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization year or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Group estimates the useful lives of 5 years of its intangible assets.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

5.11 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.12 Equity-accounted investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in an associate is accounted for using the equity method of accounting, after initially being recognized at cost.

Judgement is required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investments in associates under the equity method of accounting.

Under the equity method of accounting, the investments are initially recognized at cost, which includes transaction costs and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in OCI of the investee until the date on which significant influence ceases.

Dividends received or receivable from an associate is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions, if any, between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The aggregate of the Group's share on earnings or losses of associates is shown in profit or loss.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'share in losses' of an associate in profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.12 Equity-accounted investees (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to profit or loss where appropriate.

There is significant judgement involved in assessing Edarat Telecommunication and Information Technology Company 'Edarat' as an associate. In forming the judgement, management has assessed Edarat's Board structure, its voting power in Edarat, independent board members, Edarat's business activities along with other factors such as Edarat's shareholding structure.

5.13 Dividends

The Group recognizes a liability to make dividend distribution to the shareholders of the Group when the distribution is authorized and the distribution is no longer at the discretion of the Group. In accordance with the Companies Law in Saudi Arabia, a distribution is authorized when it is approved by the shareholders. Interim dividends are recorded as and when declared and approved by the Board of Directors.

5.14 Provisions

Provisions are recognized when the Group 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. Provisions are not recognised for future operating losses.

5.15 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and allowances that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented under trade and other liabilities in the statement of financial position.

Employees' defined benefit obligations

The Group's primary defined benefit plan is an end of service lump sum benefits plan.

The benefit liability recognized in the statement of financial position is the present value of the Defined Benefit Obligation ("DBO") at the reporting date. The plan is unfunded, which means the Group pays benefits as they fall due when employees leave service.

The Defined Benefit Obligation is re-measured on an annual basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. As there are insufficient corporate and government bonds in KSA to generate a credible discount rate, the discount rate has instead been based on US Treasury bonds adjusted for country differences between US and KSA.

The Group updates the assumptions from year to year based on the actual experience of the Group. The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' salaries and other benefits expense in the statement of income. Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the year in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in profit or loss.

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

5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.15 Employee benefits (continued)

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in profit or loss.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour Law as well as the Group's policy.

5.16 Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of whose operations are continuously analysed by Chief Operating Decision Maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

The Group's operating business are organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that offers different products to its respective market.

For management purpose, the Group is organised into six segments, as described below:

Business service management unit
Solutions unit
Systems unit
Information technology security unit
Networking unit
Operation and maintenance unit
Data center unit
Subsidiaries

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group only operates in KSA and accordingly has no geographical segment. Refer note 33 for information related to each reportable segment.

5.17 Finance income and cost

The Group's finance income and finance costs includes interest income or expense and is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

6. PROPERTY AND EQUIPMENT

	For the period ended 30 June 2024					
	<i>Land</i>	<i>Building*</i>	<i>Equipment</i>	<i>Motor vehicles</i>	<i>Furniture and fixtures</i>	<i>Total</i>
<u>2024</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
<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 (Audited)	<u>8,122,900</u>	<u>30,459,035</u>	<u>16,997,656</u>	<u>1,349,887</u>	<u>3,531,007</u>	<u>60,460,485</u>
<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 (Audited)	<u>-</u>	<u>6,324,861</u>	<u>14,666,766</u>	<u>1,240,085</u>	<u>2,365,311</u>	<u>24,597,023</u>
<i>Net book value</i>						
As at 30 June 2024 (Audited)	<u>8,122,900</u>	<u>24,134,174</u>	<u>2,330,890</u>	<u>109,802</u>	<u>1,165,696</u>	<u>35,863,462</u>

* Building includes right-of-use assets at net book value of SR 57,226 (31 December 2023: SR 153,047) related to leased office premises that do not meet the definition of investment property (Note 20).

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

6. PROPERTY AND EQUIPMENT (CONTINUED)

	For the year ended 31 December 2023					
	<i>Land</i> <i>SR</i>	<i>Building*</i> <i>SR</i>	<i>Equipment</i> <i>SR</i>	<i>Motor</i> <i>vehicles</i> <i>SR</i>	<i>Furniture</i> <i>and fixtures</i> <i>SR</i>	<i>Total</i> <i>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)	<u>8,122,900</u>	<u>30,459,035</u>	<u>16,806,132</u>	<u>1,349,887</u>	<u>3,531,007</u>	<u>60,268,961</u>
<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)	<u>-</u>	<u>5,475,286</u>	<u>14,054,288</u>	<u>1,218,056</u>	<u>2,014,912</u>	<u>22,762,542</u>
<i>Net book value</i>						
As at 31 December 2023 (Audited)	<u>8,122,900</u>	<u>24,983,749</u>	<u>2,751,844</u>	<u>131,831</u>	<u>1,516,095</u>	<u>37,506,419</u>

* 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 (Note 20).

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

7. 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>
Cost				
As at 1 January 2024 (Audited)	5,629,807	4,532,387	6,361,069	16,523,263
Additions	-	-	-	-
As at 30 June 2024 (Audited)	5,629,807	4,532,387	6,361,069	16,523,263
Accumulated amortization				
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 (Audited)	4,940,455	4,532,387	3,895,882	13,368,724
Net book value				
As at 30 June 2024 (Audited)	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>
Cost				
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
Accumulated amortization				
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
Net book value				
As at 31 December 2023 (Audited)	1,148,554	-	2,720,299	3,868,853

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.

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

8. INVESTMENTS (CONTINUED)

8A. EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

The movement in investment in associates was as follows:

	<i>Edarat Group SAL</i>	<i>Edarat Telecommunication & Information Technology Company</i>	<i>Phoenicia Tech Worldwide Inc.</i>	<i>Total SR</i>
At 1 January 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 (Audited)	269,768	15,187,720	2,512	15,460,000

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

8B. INVESTMENT CLASSIFIED at FVTPL

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

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

Classification of investment classified at FVTPL

Investment classified at FVTPL, non-current	157,381,281	-
Investment classified at FVTPL, current	-	25,000,000
	157,381,281	25,000,000

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. 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-financings 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. The Company has chosen to account for the investment at fair value through profit or loss.

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

8B. INVESTMENT CLASSIFIED at FVTPL (CONTINUED)

- 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), 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.

9A. CONTRACT ASSETS

	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
Unbilled receivables*	1,054,638,821	777,386,844
Less: allowance for expected losses on contract assets	(73,556,858)	(72,268,378)
	981,081,963	705,118,466
Classification of contract assets		
Unbilled receivables, non-current	81,281,639	10,283,608
Unbilled receivables, current	899,800,324	694,834,858
	981,081,963	705,118,466

* 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 (Audited)	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	1,054,638,821	777,386,844

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

9A. CONTRACT ASSETS (CONTINUED)

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

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

9B. CONTRACT COSTS

	30 June 2024 SR (Audited)	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 (Audited)	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 (Audited)	31 December 2023 SR (Audited)
Trade receivables - external*	725,556,698	697,413,658
Less: allowance for expected credit losses 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>

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

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Classification of trade receivable

	30 June 2024 SR (Audited)	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
	678,401,108	654,209,473

* Trade receivables include 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.

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

	30 June 2024 SR (Audited)	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	57,469,807	56,290,315

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

	<i>Total SR</i>	<i>Not yet due SR</i>	<i>0-1 year SR</i>	<i>1-2 year SR</i>	<i>Above 2 years SR</i>
30 June 2024	725,556,698	202,861,556	409,249,369	48,875,941	64,569,832
31 December 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 (Audited)	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 supplier	(794,153)	(794,153)
	190,117,268	126,848,445

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

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

12. INVENTORIES

	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
Goods held for sale	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.

13. CASH AND CASH EQUIVALENTS

	30 June 2024 SR (Audited)	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%) with an original maturity of three month or less.

14. SHARE CAPITAL

Share capital of SR 300,000,000 is fully paid up is 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 amount to SR (632,753) (30 June 2023: a gain of SR 231,954 and balance as at 30 June 2024 is SR 9,115,646 (31 December 2023: SR 9,748,399).

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 (31 December 2023 SR 4,739,751).

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

16B. TREASURY SHARES (CONTINUED)

Further, the Board of Directors in their meeting held on 26 Rabie Al-Thani 1445H (corresponding to 11 October 2023) recommended purchasing 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.

17. DIVIDENDS

On 10 July 2023 corresponding to 12 Dhu 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 interim consolidated statement of profit or loss and other comprehensive income and amounts recognized in the interim 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 (Audited)	31 December 2023 SR (Audited)
Balance at 1 January	24,697,800	22,891,760
Included in profit or loss		
Current service cost	3,745,428	6,036,327
Interest cost	562,916	1,132,413
	4,308,344	7,168,740
Included in OCI		
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)
Other		
Benefit paid	(3,597,666)	(5,359,177)
Balance at the end of the period/year	26,041,231	24,697,800

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

18. EMPLOYEE BENEFITS (CONTINUED)

Significant actuarial assumptions

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

	30 June 2024 SR (Audited)	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

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 (Audited)	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 (Audited)	31 December 2023 SR (Audited)
Contract liabilities- non-current	-	-
Contract liabilities- current	148,434,656	197,055,144
	148,434,656	197,055,144

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

The movement during the period/year is as follows:

	30 June 2024 SR	31 December 2023 SR
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	148,434,656	197,055,144

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

20. LEASE LIABILITIES

The Group leases certain office premises, which typically run for a period of 5 to 10 years, with an option to renew the lease after that date.

Lease liabilities as at period/year end are as follows:

	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
Lease liability– non-current portion	-	-
Lease liability –current-portion*	-	131,697
	<u>-</u>	<u>131,697</u>

* current portion of lease liabilities is included under trade and other payables.

Right-of-use assets

	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
At 1 January	153,047	421,883
Depreciation charge for the period/year	(95,821)	(268,836)
	<u>57,226</u>	<u>153,047</u>

Amounts recognised in statement profit or loss and other comprehensive income:

	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
Depreciation	95,821	268,836
Interest expense on lease liabilities	-	10,767
	<u>95,821</u>	<u>279,603</u>

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

21. 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 (Audited)	31 December 2023 SR (Audited)
Murabaha facilities	896,821,434	612,153,612
Conventional facilities	54,969,955	7,140,886
	<u>951,791,389</u>	<u>619,294,498</u>

Movements in loans and borrowings are shown below:

	30 June 2024 SR (Audited)	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)
Finance cost during the period	36,907,500	40,662,425
Finance cost paid during the period	(22,708,571)	(40,662,425)
Closing balance	<u>951,791,389</u>	<u>619,294,498</u>

22. TRADE PAYABLES AND OTHER LIABILITIES

	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
Trade payables	385,765,239	415,764,027
Accrued expenses	423,172,081	221,272,436
Amounts due to related parties (note 31)	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
	<u>833,986,780</u>	<u>660,218,208</u>

23. OTHER LIABILITIES

	30 June 2024 SR (Audited)	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
	<u>7,127,521</u>	<u>56,302,021</u>

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

24. 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 (Audited)	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 (Audited)	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 (Audited)	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 (Audited)	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>

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

25. COST OF REVENUE

	30 June 2024 SR (Audited)	30 June 2023 SR (Unaudited)
Equipment and software cost	436,796,943	503,340,581
Service and support cost	31,285,718	51,703,209
Manpower cost	83,913,043	99,793,813
	<u>551,995,704</u>	<u>654,837,603</u>

26. GENERAL AND ADMINISTRATION EXPENSES

	30 June 2024 SR (Audited)	30 June 2023 SR (Unaudited)
Employees' costs	35,883,328	26,346,599
Office supplies	4,976,711	3,755,924
Professional fees	4,916,456	4,471,903
Depreciation on property and equipment (<i>note 6</i>)	1,834,481	1,816,008
Amortization on intangible assets (<i>note 7</i>)	714,314	1,057,793
Travel expenses	769,501	440,209
Postage and communication	525,709	429,551
Others	2,074,000	928,781
	<u>51,694,500</u>	<u>39,246,768</u>

27. SELLING AND MARKETING EXPENSES

	30 June 2024 SR (Audited)	30 June 2023 SR (Unaudited)
Employees' cost	5,530,699	3,692,061
Advertising and sales promotion	2,916,136	3,126,112
	<u>8,446,835</u>	<u>6,818,173</u>

28. FINANCE COSTS

	30 June 2024 SR (Audited)	30 June 2023 SR (Unaudited)
Finance costs on loans and borrowings	36,907,500	13,368,330
Finance costs on letters of credit and guarantee	4,778,576	4,963,474
Bank charges	1,237,551	125,962
Others	-	8,058
	<u>42,923,627</u>	<u>18,465,824</u>

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

29. ZAKAT

The Zakat charge of the six month period ended 30 June 2024 consists of current period provision amounting to SR 4,938,675 (30 June 2023: SR 6,000,000) and is based on the following:

	30 June 2024 SR (Audited)	30 June 2023 SR (Unaudited)
Shareholders' equity, beginning	143,444,061	167,549,469
Opening provisions and other adjustments	71,566,969	29,905,336
Book value of long-term assets	(80,138,385)	(37,987,777)
Zakat base	134,872,645	159,467,028
Zakat prior to net adjusted profit (A)	3,476,747	4,110,741
Income for the period	58,477,119	51,482,369
Zakat on adjusted net profit (B)	1,461,928	1,889,259
Zakat amount for the period (A+B)	4,938,675	6,000,000

Movements in Zakat provision during the period/year

	30 June 2024 SR (Audited)	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 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.

30. EARNINGS PER SHARE

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

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

	For three-month period ended		For six-month period ended	
	30 June 2024 SR (Unaudited)	2023 SR (Unaudited)	30 June 2024 SR (Audited)	2023 SR (Unaudited)
Net income for the period	31,739,815	49,502,741	104,829,138	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	1.06	1.65	3.49	3.20

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

31. RELATED PARTY TRANSACTIONS AND BALANCES

During the six month 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 (Audited)	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 period are as follows:

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

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 (Audited)	31 December 2023 SR (Audited)
Due to related parties: (note 22)		
Edarat Telecommunication and Information Technology Company	9,062,509	14,066,671
	<u>9,062,509</u>	<u>14,066,671</u>

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

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a. Accounting classification and fair values

The following table shows fair values which are equal to the carrying value of the financial assets and financial liabilities.

<u>Carrying value</u>	<i>Note</i>	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
<i>Financial assets at amortized cost</i>			
Trade receivables, net	10	668,086,891	641,123,343
Margin on letters of credit and guarantee	11	13,777,093	14,263,086
Cash and cash equivalents	13	197,950,218	162,665,473
		879,814,202	818,051,902
<i>Financial liabilities at amortized cost</i>			
Loans and borrowings	21	951,791,389	619,294,498
Amount due to related parties	31	9,062,509	14,066,671
Trade payables and other liabilities	22	821,695,233	638,989,072
Notes payables		-	21,052,428
		1,782,549,131	1,293,402,669

b. Financial risk and capital management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
 - Interest rate risk
 - Currency risk

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its oversight role by Internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b. Financial risk and capital management (continued)

i) Credit risk

The Group manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from Group's trade receivables, contract assets and balances with banks.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties.

Below areas with maximum exposure to credit risk for the components of the statement of financial position.

Credit risk related to time deposit and cash deposit

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from governments, semi government and private customers.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics- governments and private.

Trade receivables and contract assets

Trade receivables and contract assets consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables and contract assets.

Amounts due from related parties

An impairment analysis is performed at each reporting date on an individual basis for all related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties. The Group does not hold collateral as a security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to amounts due from related parties as minimal.

ECL assessment for trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The key inputs into the measurement of ECL are the following variables:

- Probability of default (PD) using statistical model
- GDP of KSA, as a macroeconomic variable to adjust the historic loss rate

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

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b. Financial risk and capital management (continued)

ECL assessment for trade receivables and contract assets (continued)

Trade receivables

The following table provides information about the exposure to credit risk and calculated ECLs using simplified approach for trade receivables for private customers.

	As at 30 June 2024			As at 31 December 2023		
	Weighted average loss rate	Gross carrying amount SR	Allowance for expected credit losses SR	Weighted average loss rate	Gross carrying amount SR	Allowance for expected credit losses SR
Current Balance - Not Due	2.9%	142,105,164	4,168,309	5.0%	95,277,441	4,779,817
0-1 year past due	11.2%	125,452,924	14,088,931	10.9%	83,537,873	9,072,097
1-2 year past due	13.5%	9,942,563	1,341,265	21.6%	9,328,367	2,017,789
Greater than 2 years past due	15.0%	24,850,693	3,720,593	17.6%	24,629,278	4,336,485
Credit impaired		-	-		-	-
		<u>302,351,344</u>	<u>23,319,098</u>		<u>212,772,959</u>	<u>20,206,188</u>

Trade receivables from government and government - controlled entities is SR 423,205,354 (31 December 2023 SR 484,640,699) and allowance for credit loss is calculated using simplified approach SR 34,150,709 (31 December 2023: SR 36,084,127).

	External credit rating	Weighted average loss rate	Gross carrying amount SR	Impairment loss allowance SR	Credit impaired SR
30 June 2024					
Grades 1-6: Low risk	A1	8.10%	423,205,354	34,150,709	-
31 December 2023					
Grades 1-6: Low risk	A1	7.40%	484,640,699	36,084,127	-

Contract assets

The following table provides information about the exposure to credit risk and calculated ECLs using simplified approach for contract assets for private customers as at 30 June 2024.

	Weighted average loss rate	Gross carrying amount SR	Impairment loss allowance SR	Credit impaired SR
30 June 2024	1.76%	227,175,931	3,990,451	9,729,934
31 December 2023	1.95%	147,875,545	2,877,404	8,281,734

Contract assets from government and government - controlled entities is SR 827,462,890 (31 December 2023: SR 629,511,299) and allowance for credit loss is calculated using simplified approach SR 9,219,241 (31 December 2023: SR 13,405,378).

	External credit rating	Weighted average loss rate	Gross carrying amount SR	Impairment loss allowance SR	Credit impaired SR
30 June 2024					
Grades 1-6: Low risk	A1	1.11%	827,462,890	9,219,241	50,617,232
31 December 2023					
Grades 1-6: Low risk	A1	2.13%	629,511,299	13,405,378	47,703,862

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

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b. Financial risk and capital management (continued)

ii) Market risk

Market risk is the risk that changes in market prices, such as currency rates and commission rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing assets, but has commission bearing liabilities at 30 June 2024 and 31 December 2023. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Sensitivity analysis for variable rate financial instruments

The following table demonstrates the sensitivity of the Group to a reasonably possible change, with all other variables held constant, of the Group Income before Zakat (through the impact on floating rate borrowings) for the period ended 30 June 2024 and the year ended 31 December 2023:

	30 June 2024 SR (Audited)	31 December 2023 SR (Audited)
Floating rate		
Increase by 50 base points	4,415,637	3,407,721
Decrease by 50 base points	(4,415,637)	(3,407,721)

The sensitivity analysis has been determined based on the exposure to commission rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. A 50-basis point increase or decrease is used when reporting commission rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in commission rates.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit. Upon careful comparison of the financial liabilities included within the current liabilities with the financial assets forming part of the current assets, there seems to be a reasonably hedging position between the two categories.

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

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b. Financial risk and capital management (continued)

iii) Liquidity risk (continued)

Exposure to liquidity risk

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<u>As at 30 June 2024</u>	<u>Carrying amount</u>	<u>Total</u>	<u>Within 3 months</u>	<u>4 to 6 months</u>	<u>Over 6 months</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Loans and borrowings	951,791,389	963,709,165	669,873,882	275,092,901	18,742,382
Trade payables and other liabilities*	821,695,233	821,695,233	727,668,948	25,299,496	68,726,789
Other liabilities	7,127,521	7,127,521	7,127,521	-	-
	<u>1,780,614,143</u>	<u>1,792,531,919</u>	<u>1,404,670,351</u>	<u>300,392,397</u>	<u>87,469,171</u>

<u>As at 31 December 2023</u>	<u>Carrying amount</u>	<u>Total</u>	<u>Within 3 months</u>	<u>4 to 6 months</u>	<u>Over 6 months</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Loans and borrowings	619,294,498	622,593,427	366,055,768	75,566,537	180,971,122
Trade payables and other liabilities*	653,187,440	653,187,440	364,513,655	142,486,671	146,187,114
Other liabilities	56,302,021	56,302,021	49,395,071	6,906,950	-
	<u>1,328,783,959</u>	<u>1,332,082,888</u>	<u>779,964,494</u>	<u>224,960,158</u>	<u>327,158,236</u>

* Excluding, accrued salaries and other employees-related statutory payments whose maturities are uncertain at reporting date.

c. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

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

32. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

c. Capital management (continued)

The Group includes within net debt: short-term loans, trade and other liabilities less cash and cash equivalents.

	30 June 2024	31 December 2023
	SR	SR
	(Audited)	(Audited)
Loans and borrowings	951,791,389	619,294,498
Trade payables and other liabilities	833,986,780	660,218,208
Other liabilities	7,127,521	56,302,021
Less: Cash and cash equivalents	(197,950,218)	(162,665,473)
Net Debt	1,594,955,472	1,173,149,254
Shareholders' equity	401,974,785	286,888,122
Shareholders' equity and net debt	1,996,930,257	1,460,037,376
Gearing ratio	80%	80%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants may lead to call-back of facilities. The Group did not comply with certain loan covenants during the period. However, the Group was able to obtain waiver letters from the respective banks in this regard. No changes were made in the objectives, policies or processes for managing capital during the period ended 30 June 2024 and 31 December 2023.

33. 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.

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

33. SEGMENT INFORMATION (CONTINUED)

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".

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

33. 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						Data Center Unit	Non-segment remaining Unit	Subsidiaries	Total
	Business service Management Unit	Solutions Unit	Systems Unit	Information Technology Security Unit	Networking Unit	Operation And Maintenance Unit				
	SR	SR	SR	SR	SR	SR	SR	SR	SR	
As at 30 June 2024 (Audited)										
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	42,438,609	381,804,961	193,600,553	256,473,842	453,291,663	157,288,688	449,952,712	3,321,981	33,196,645	1,971,369,654
For the period ended 30 June 2024 (Audited)										
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	2,722,882	1,952,920	827,237	2,765,110	10,154,299	13,034,787	67,176,877	19,818,019	(8,684,318)	109,767,813

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

33. SEGMENT INFORMATION (CONTINUED)

	Segments							Non-segment remaining items	Total
	Business service management Unit	Solutions Unit	Systems Unit	Information technology security Unit	Networking Unit	Operation and maintenance unit	Data Center Unit		
	SR	SR	SR	SR	SR	SR	SR		
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

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

34. COMMITMENTS AND CONTINGENT LIABILITIES

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

Contingent liabilities

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

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

35. RECEIVABLES FINANCING

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 to SR 68,549,604.

36. RECLASSIFICATIONS

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

37. RESTATEMENT

During the audit of these interim consolidated financial statements, we have identified additional adjustments to the interim condensed consolidated financial statements for the three- and six-months period ended 30 June 2024 which were issued on 18 August 2024. These adjustments are as presented below.

	30 June 2024		30 June 2024
	As perviously reported	Restatement	Restated
	SR	SR	SR
Interim condensed consolidated statement of financial position at 30 June 2024			
Loans and borrowings	937,592,460	14,198,929	951,791,389
Trade payables and other liabilities	837,285,709	(3,298,929)	833,986,780
Retained earnings	103,759,139	(10,900,000)	92,859,139
Interim condensed consolidated statement of profit or loss and other comprehensive income For the six-month period ended 30 June 2024			
Finance cost	(32,023,627)	(10,900,000)	(42,923,627)
Basic and diluted earnings per share of net income for the period	3.86	(0.37)	3.49
For the three-month period ended 30 June 2024			
Basic and diluted earnings per share of net income for the period	1.42	(0.37)	1.06

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

37. RESTATEMENT (CONTINUED)

The interim condensed consolidation statement of cash flows was restated accordingly but net cash used in operating activities, net cash used in investing activities and net cash from financing activities remain unchanged.

38. SUBSEQUENT EVENTS

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