

Arab Sea Information System Company
(A Listed Joint Stock Company)
Condensed Consolidated Interim Financial Statements
And Review Report
For the three-month and six-month period ended 30 June 2025

Arab Sea Information System Company
(A Listed Joint Stock Company)
Condensed Consolidated Interim Financial Statements
For the three-month and six-month period ended 30 June 2025

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF ARAB SEA INFORMATION SYSTEMS COMPANY
A JOINT STOCK COMPANY

(1/2)

Introduction

We have reviewed the accompanying 30 June 2025 condensed consolidated interim financial statements of Arab Sea Information Systems Company ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprises:

- The condensed consolidated statement of financial position as at 30 June 2025;
- The condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2025;
- The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2025;
- The condensed consolidated statement of cash flows for the six-month period ended 30 June 2025; and
- The notes to the condensed consolidated interim financial statements.

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The condensed consolidated statement of financial position includes intangible assets, with net book value of SAR 118.7 million as of 30 June 2025 (31 December 2024: SAR 120.4 million). Due to the presence of certain indicators of impairment of intangible assets, and due to the unavailability of the recoverable amount assessment as of 30 June 2025, we were unable to obtain sufficient and appropriate review evidence through alternative means regarding the valuation of the intangible assets of 30 June 2025. Consequently, we are unable to ascertain whether any adjustments are necessary to be recognized in the condensed consolidated interim financial statements.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the basis for qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

TO THE SHAREHOLDERS OF ARAB SEA INFORMATION SYSTEMS COMPANY
A JOINT STOCK COMPANY

(2/2)

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of condensed consolidated interim financial statements, the Group incurred a net loss of SAR 6.2 million for the six-month period ended 30 June 2025 and, as of that date, the Group's current liabilities exceeded its current assets, resulting in a negative working capital of SAR 22.6 million. These conditions indicate that a material uncertainty exists that may cast a doubt on the Group's ability to continue as a going concern. As stated in note 1, the management has made an assessment of the Group's ability to continue as a going concern, and as result, these condensed consolidated interim financial statements have been prepared on a going concern basis. Our conclusion is not modified in respect of this matter.

Empasis of Matter – Comparative Information

We draw attention to Note 19 of the condensed consolidated interim financial statements, which indicates that the comparative information presented as at 1 January 2024 and 31 December 2024, as well as for the three and six-month periods ended 30 June 2024 have been restated. Our conclusion is not modified in respect of this matter.

Other Matter

The condensed consolidated interim financial statements of the Group for the three and six months period ended 30 June 2024, excluding the adjustments described in Note 19, were reviewed by another auditor who expressed a modified conclusion on those condensed consolidated interim financial statements on 11 August 2024 and the consolidated financial statements of the Group as at and for the year ended 31 December 2024, excluding the adjustments described in Note 19, were audited by another auditor who expressed a modified opinion on those consolidated financial statements on 10 April 2025.

For Sultan Ahmed Alshubaily
Certified Public Accountants Company

Sultan Ahmed Alshubaily
Certified Public Accountant - License No. 600
Riyadh: 17 Safar 1447H
Corresponding to: 11 August 2025




Arab Sea Information System Company
(A Listed Joint Stock Company)
Condensed Consolidated Statement of Financial Position
As at 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

			31 December 2024 (Audited) (Restated Note 19)	1 January 2024 (Audited) (Restated Note 19)
	Note	30 June 2025 (Unaudited)		
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment, net	5	65,874,329	66,604,496	3,877,863
Intangible assets, net	6	118,667,776	120,402,100	125,372,395
Right of use assets	7	232,432	632,050	1,418,357
Total non-current assets		184,774,537	187,638,646	130,668,615
Current assets				
Inventory		789,441	799,561	1,272,926
Trade receivables, net	8	9,402,492	10,012,232	12,821,680
Prepayments and other debit balances		2,729,739	2,077,217	1,876,862
Cash and cash equivalents		1,491,814	3,377,329	3,670,756
Total current assets		14,413,486	16,266,339	19,642,224
Total assets		199,188,023	203,904,985	150,310,839
<u>EQUITY AND LIABILITIES</u>				
Equity				
Share capital	9	100,000,000	100,000,000	100,000,000
Additional contributions from a shareholder		23,404,530	23,404,530	-
Retained earnings		3,181,862	9,356,654	26,942,462
Total equity		126,586,392	132,761,184	126,942,462
LIABILITIES				
Non-current liabilities				
Employees' post-employment benefits		6,603,554	6,061,906	5,619,039
Long-term liabilities to a shareholder – non-current portion	10	29,000,838	34,909,939	-
Lease liabilities – non-current portion	7	-	13,370	518,008
Total non-current liabilities		35,604,392	40,985,215	6,137,047
Current liabilities				
Contract liabilities		943,055	2,234,876	1,795,267
Long-term liabilities to a shareholder - current portion	10	13,733,819	7,552,802	-
Lease liabilities – current portion	7	26,393	504,638	780,159
Trade payables		1,907,277	2,050,902	2,122,771
Due to related parties	11	4,700,446	3,142,894	3,982,969
Accrued expense and other credit balances		15,583,451	14,538,579	7,578,563
Zakat provision	12	102,798	133,895	971,601
Total current liabilities		36,997,239	30,158,586	17,231,330
Total liabilities		72,601,631	71,143,801	23,368,377
Total equity and liabilities		199,188,023	203,904,985	150,310,839


Chief Financial Officer


Chief Executive Officer


Chairman of the Board of
Directors

The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements.

Arab Sea Information System Company

(A Listed Joint Stock Company)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three-month and six-month period ended 30 June 2025

(All amounts in Saudi Riyals unless otherwise stated)

		For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025	2024	2025	2024
	Note	(Unaudited)	(Unaudited) (Restated Note 19)	(Unaudited)	(Unaudited) (Restated Note 19)
Revenue	13	10,020,379	7,600,214	21,652,881	16,690,041
Cost of revenue		(6,592,095)	(5,184,397)	(13,257,843)	(11,828,199)
Gross profit		3,428,284	2,415,817	8,395,038	4,861,842
Selling and marketing expenses		(2,332,505)	(2,586,854)	(5,447,407)	(5,563,728)
General and administrative expenses		(4,603,792)	(5,626,476)	(9,025,117)	(9,643,098)
Provision for expected credit losses		-	(183,605)	-	(3,363,584)
Operating loss		(3,508,013)	(5,981,118)	(6,077,486)	(13,708,568)
Other income, net		94,069	136,296	358,632	186,158
Provisions no longer required		-	231,050	-	333,646
Finance costs		(228,669)	(106,642)	(455,938)	(203,799)
Loss before Zakat		(3,642,613)	(5,720,414)	(6,174,792)	(13,392,563)
Zakat	12	-	(102,595)	-	(246,393)
Loss for the period		(3,642,613)	(5,823,009)	(6,174,792)	(13,638,956)
Other comprehensive income:					
Other comprehensive income items that will not be reclassified subsequently to profit or loss		-	-	-	-
Total comprehensive loss for the period		(3,642,613)	(5,823,009)	(6,174,792)	(13,638,956)
Loss per share					
Basic and diluted loss per share attributable to ordinary equity holders of the company	14	(0.04)	(0.06)	(0.06)	(0.14)



Chief Financial Officer



Chief Executive Officer



Chairman of the Board of
Directors

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Arab Sea Information System Company
 (A Listed Joint Stock Company)
Condensed Consolidated Statement of Changes in Equity
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Additional contributions from a shareholder	Retained earnings	Total
For the six-month period ended 30 June 2024					
Balance as at 1 January 2024 (audited) - (Restated Note 19)		100,000,000	-	26,942,462	126,942,462
Loss for the period - Restated		-	-	(13,638,956)	(13,638,956)
Balance as at 30 June 2024 (unaudited) - Restated		100,000,000	-	13,303,506	113,303,506
For the six-month period ended 30 June 2025					
Balance as at 1 January 2025 (audited) - (Restated Note 19)		100,000,000	23,404,530	9,356,654	132,761,184
Loss for the period		-	-	(6,174,792)	(6,174,792)
Balance as at 30 June 2025 (unaudited)		100,000,000	23,404,530	3,181,862	126,586,392



Chief Financial Officer



Chief Executive Officer



Chairman of the Board of
Directors


.The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements

Arab Sea Information System Company
(A Listed Joint Stock Company)
Condensed Consolidated Statement of Cash Flows
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

		For the six-month period ended 30 June 2025 (Unaudited)	For the six-month period ended 30 June 2024 (Restated Note 19) (Unaudited)
	Note		
Cash flows from operating activities			
Loss before Zakat		(6,174,792)	(13,392,563)
Adjustments for:			
Depreciation of property, plant and equipment	5	757,821	106,970
Amortization of intangible assets	6	8,008,177	7,248,001
Depreciation of right of use assets	7	399,618	393,154
Finance costs		455,938	203,799
Provision for employees' post-employment benefits		581,696	474,416
Provisions no longer required		-	(333,646)
Provision for expected credit losses		-	3,363,584
		4,028,458	(1,936,285)
Changes in Working Capital:			
Inventory		10,120	7,154
Trade receivables		609,740	4,675,588
Prepayments and other debit balances		(652,522)	248,599
Contract liabilities		(1,291,821)	(816,523)
Trade payables		(143,625)	(490,764)
Accrued expense and other credit balances		1,044,872	1,969,427
Due to related parties		1,557,552	656,500
Cash generated from operating activities		5,162,774	4,313,696
Zakat paid	12	(31,097)	(73,576)
Employee defined benefit obligation paid		(211,585)	(53,479)
Net cash flows generated from operating activities		4,920,092	4,186,641
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment	5	(27,654)	(29,926)
Payments for additions to intangible assets	6	(6,273,853)	(5,014,566)
Net cash used in investing activities		(6,301,507)	(5,044,492)
Cash flows from financing activities			
Lease liabilities paid	7	(504,100)	(504,100)
Net cash used in financing activities		(504,100)	(504,100)
Net change in cash and cash equivalents		(1,885,515)	(1,361,951)
Cash and cash equivalents at the beginning of the period		3,377,329	3,670,756
Cash and cash equivalents at the end of the period		1,491,814	2,308,805


Chief Financial Officer


Chief Executive Officer


Chairman of the Board of
Directors

The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. Company information

A- Company Establishment

Arab Sea Information Systems Company (“the Company”) is a listed joint stock company incorporated in accordance with the applicable Companies Law in the Kingdom of Saudi Arabia, under Ministerial Resolution No. (128/M) dated 14 Rabi Al-Thani 1429H (corresponding to 20 April 2009), announcing the transformation of Arab Sea Information Systems Company from a limited liability company to a closed joint stock company. Subsequently, it became a listed joint stock company on 26 February 2017. The Company is registered under Commercial Registration No. 1010169116 issued in Riyadh on 27 Jumada Al-Thani 1422H (corresponding to 15 September 2001), with a unified national number 7001437289.

The Company’s head office is located in Riyadh, Kingdom of Saudi Arabia, P.O. Box 40268, Postal Code 11499.

The principal activities of Arab Sea Information Systems Company include network installations; retail sales of computers and their accessories including printers and ink; design and programming of customized software; providing of telecommunications and information networks management and monitoring services; cybersecurity; and repair and maintenance of engines, systems, and fixed and portable data storage devices.

The accompanying condensed consolidated interim financial statements include the accounts of the Company and its branches, as set out below:

Name of branch	Commercial Register No.	City
Arab Sea Training Center	1010664109	Riyadh
Arab Sea Information Systems Company	1131291891	Buraydah
Arab Sea Information Systems Company	2051221240	Khobar
Arab Sea Information Systems Company	3550123009	Tabuk
Arab Sea Information Systems Company	4030287742	Jeddah
Arab Sea Information Systems Company	5855339644	Khamis Mushatt

B- Fiscal year

The Company’s fiscal year commences on 1 January and ends on 31 December of each year, in accordance with its bylaws.

C- Going concern

The Group incurred a net loss of SAR 6.2 million for the six-month period ended 30 June 2025 (30 June 2024: SAR 13.6 million). In addition, as at 30 June 2025, the Group’s current liabilities exceeded its current assets by SAR 22.6 million (31 December 2024: SAR 13.9 million). These conditions indicate the existence of material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Management has carried out an assessment of the Group’s ability to continue operating under the going concern assumption, and, accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

Management assessed the Group’s ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months. In preparing the forecast, management has considered all reasonably probable cash flows with such timing and amount as supported by the circumstances and facts available as of the date of the approval of these consolidated financial statements. In preparing its business plan the management considered the following factors:

- 1- The Group has continued to improve its operations and its revenue increased to SAR 21.7 million for the six-month period ended 30 June 2025 compared to SAR 16.7 million and SAR 14.8 million for the six-month period ended 30 June 2024 and for the six-month period ended 30 June 2023 respectively. In addition, there is an expectation of further growth in the next 12 months.
- 2- The Group continued to generate positive cash flows from its operating activities and generated SAR 4.9 million for the six-month period ended 30 June 2025 and management believes that the Group will be able to generate positive cash flows in its plan for the next 12 months.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. Company information (continued)

C- Going concern (continued)

- 3- Initiating discussions with local banks to obtain long-term financing facilities.

Based on the above business plan, the Group's cash flow forecast for the 12-month period from the reporting date shows a net positive cash flow position and the Group's management believes that it will be able to generate sufficient cash flows to enable it to meet its obligations as they fall due for the next 12 months from the date of these condensed consolidated interim financial statements considering the above mentioned factors. However, there is a continued dependence on the successful outcome of the following:

- The Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these condensed consolidated interim financial statements.
- The Group's ability to obtain bank facility agreements.

Accordingly, management continues to believe that it remains appropriate to prepare the condensed consolidated interim financial statements on a going concern basis. Therefore, the condensed consolidated interim financial statements have been prepared on a going concern basis.

D- Functional and presentation currency

The condensed consolidated interim financial statements were presented in Saudi Riyals which are the functional currency and the presentation currency of the company.

2. Group information

The condensed consolidated interim financial statements include the condensed interim financial statements of Arab Sea Information Systems Company and the condensed interim financial statements of the entities it controls (the subsidiaries) as at 30 June 2025.

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Ownership % as at</u>	
		<u>30 June 2025</u>	<u>31 December 2024</u>
Arab Sea Financial Company (*)	Saudi Arabia	100%	100%
Era Data Company for Information Technology (**)	Saudi Arabia	100%	100%

(*) Arab Sea Financial Company – a closed joint stock company – was incorporated in accordance with the Companies Law of the Kingdom of Saudi Arabia under Commercial Registration No. 1010725510 issued in Riyadh on 20 Dhu al-Qidah 1442H (corresponding to 30 June 2021), with a unified national number 7023847770 and a share capital of SAR 5 million. On 24 Dhu al-Hijjah 1444H (corresponding to 12 July 2023), the Company increased its share capital from SAR 5 million to SAR 15 million. The Company's principal activity is providing technology solutions in financial services.

(**) Era Data Information Technology a single-person limited liability company, was incorporated in accordance with the Companies Law of the Kingdom of Saudi Arabia under Commercial Registration No. 1010778606 issued in Riyadh on 6 Rajab 1443H (corresponding to 7 February 2022), with a unified national number 7027761753 and a share capital of SAR 2.5 million. The Company's principal activities include designing and programming customized software, providing telecommunications and information network management and monitoring services, providing call center services, and registration to provide cloud computing services. During the periods ended 30 June 2025 and 2024, the subsidiary did not engage in any commercial activities stated in its commercial registration.

3. Basis of Preparation

3-1 Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). They should be read in conjunction with the latest consolidated financial statements of the Company for the year ended 31 December 2024. These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements; however, specific explanatory notes have been included to explain significant events and transactions to provide an understanding of the changes in the Group's consolidated financial position and consolidated performance since 31 December 2024.

3-2 Basis of Measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the recognition of employees' end-of-service benefit provisions, which are measured at the present value of future obligations using the projected unit credit method.

3-3 Basis of Consolidation of the Condensed Consolidated Interim Financial Statements

The consolidated financial statements comprise the financial statements of the parent company, Arab Sea Information Systems Company, a listed joint stock company, and its subsidiaries (together referred to as the "Group") as at 30 June 2025. Control over an investee 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, and only if, the Group:

- 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(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- Any additional facts or circumstances indicating whether the Group has, or does not have, the current ability to direct the relevant activities at the time when decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether it controls an investee whenever facts and circumstances indicate that there is a change in one or more of the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses such control.

Assets, liabilities, income, and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date control is transferred to the Group until the date such control ceases.

Where necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with the accounting policies of the Group.

All intercompany balances within the Group, including assets, liabilities, equity, income, expenses, and cash flows arising from transactions between Group companies, are fully eliminated upon consolidation of the financial statements.

3. Basis of Preparation (continued)

3-3 Basis of Consolidation of the Condensed Consolidated Interim Financial Statements (continued)

Any change in the ownership interests in subsidiaries, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over its subsidiaries, it ceases to recognize the related assets, liabilities, non-controlling interests, and other components of equity, and recognizes the resulting gain or loss in the condensed consolidated statement of profit or loss. The retained investment is recognized at fair value.

When the Group loses control over a subsidiary:

- The carrying amounts of the assets and liabilities of the subsidiary are derecognized at the date control is lost.
- The carrying amount of any non-controlling interests is derecognized.
- The cumulative balance of other equity components related to the subsidiary is derecognized.
- The fair value of the consideration received is recognized.
- The fair value of any retained investment is recognized.
- Any resulting surplus or deficit in profit or loss is recognized.

The parent's share of amounts previously recognized in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3-4 Use of Estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant estimates made by management in applying the company's accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the most recent annual consolidated financial statements, except for the lease contract estimates described below:

Renewal and Termination Options

When determining the lease term, management considers all relevant facts and circumstances that create an economic incentive to exercise the renewal option or not to exercise the termination option. Renewal options or periods following termination options are included in the lease term only if it is reasonably certain that the lease will be renewed or not terminated. At the commencement date of the lease, the Group assesses whether it is reasonably certain to exercise the renewal options. The Group reassesses whether it is reasonably certain to exercise these options if a significant event or a significant change in circumstances occurs that is within its control.

Leases – Estimation of the Incremental Borrowing Rate

The Group cannot readily determine the implicit interest rate in lease contracts; therefore, it uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate represents the rate of interest that the Group would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, over a similar term, and with similar security.

Accordingly, the incremental borrowing rate reflects what the Group would have to pay, which requires estimation when observable rates are not readily available or when they need to be adjusted to reflect the terms and conditions of the lease contract. The Group estimates the incremental borrowing rate using observable inputs (such as prevailing market interest rates) when available, and it is required to make certain entity-specific estimates.

4. Significant Accounting Policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements for the annual financial year ended 31 December 2024, except for the lease policy described below.

Leases

At the inception of a contract, the Group determines whether the contract is, or contains, a lease. A contract is considered a lease if it conveys the right to control the use of a specified asset for a specified period in exchange for consideration.

The Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is made available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date, and less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) that depend on the rate or index.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date, as the interest rate implicit in the lease cannot be readily determined. After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or change in the lease term, a change in lease payments (such as changes to future payments resulting from a change in the index or rate used to determine those payments), or a change in the assessment of an option to purchase the underlying asset.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term. The annual short-term lease contracts amounted to SAR 163,314.

4-1 New Standards, Amendments to Standards, and Interpretations

There are new standards and a number of amendments to standards that became effective as of 1 January 2025, as disclosed in the Group's annual consolidated financial statements. However, these have no material impact on the Group's condensed consolidated interim financial statements.

Arab Sea Information System Company
(A Listed Joint Stock Company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

5. Property, plant and equipment, net

	30 June 2025 (Unaudited)	31 December 2024 (Audited) (Restated Note 19)	1 January 2024 (Audited)
Cost:			
Balance at the beginning of the period / year	72,062,201	9,332,031	8,806,413
Additions during the period / year	27,654	62,988,399	657,618
Disposals during the period/year	-	(258,229)	(132,000)
Balance at the end of the period / year	72,089,855	72,062,201	9,332,031
Accumulated depreciation			
Balance at the beginning of the period / year	5,457,705	5,454,168	5,397,957
Charged during the period / year	757,821	261,766	188,211
Disposals during the period / year	-	(258,229)	(132,000)
Balance at the end of the period / year	6,215,526	5,457,705	5,454,168
Net book value	65,874,329	66,604,496	3,877,863

As at 30 June 2025, the carrying amount of fully depreciated assets that are still in use amounted to SAR 4,769,728 (31 December 2024: SAR 4,769,728).

Property and equipment include projects under construction amounting to SAR 2,175,839, representing costs incurred for infrastructure preparation and installation of special units for the establishment of the cloud services unit of a subsidiary, "Era Data Company for Information Technology" which is expected to be completed by the end of 2025.

6. Intangible assets, net

Intangible assets represent the cost of developing and creating the (SMACC) program in addition to a number of accounting applications and programs in the group. Below is a summary of the movement of intangible assets.

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	1 January 2024 (Audited)
Cost:			
Balance at the beginning of the period / year	275,631,067	262,202,246	250,873,466
Additions during the period / year	6,273,853	13,428,821	11,328,780
Balance at the end of the period / year	281,904,920	275,631,067	262,202,246
Accumulated amortization:			
Balance at the beginning of the period / year	155,228,967	136,829,851	124,264,255
Charged during the period / year	8,008,177	13,872,962	12,565,596
Impairment of intangible assets	-	4,526,154	-
Balance at the end of the period / year	163,237,144	155,228,967	136,829,851
Net book value	118,667,776	120,402,100	125,372,395

7. Right of use assets and lease liabilities

The Group leases office premises. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any contractual restrictions; however, the leased assets may not be used as collateral for borrowing purposes.

As the Group is not able to readily determine the interest rate implicit in the lease, it uses the lessee's incremental borrowing rate to measure the lease liabilities.

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7. Right of use assets and lease liabilities (continued)

	30 June 2025 (Unaudited)	31 December 2024 (Audited) (Restated Note 19)	1 January 2024 (Audited) (Restated Note 19)
Right of use assets			
Cost:			
Balance at the beginning of the period / year	1,768,277	1,768,277	-
Additions during the period / year	-	-	1,768,277
Balance at the end of the period / year	1,768,277	1,768,277	1,768,277
Accumulated depreciation:			
Balance at the beginning of the period / year	1,136,227	349,920	-
Charged during the period / year	399,618	786,307	349,920
Balance at the end of the period / year	1,535,845	1,136,227	349,920
Net book value	232,432	632,050	1,418,357

Lease liabilities recognized in the statement of financial position

	30 June 2025 (Unaudited)	31 December 2024 (Audited) (Restated Note 19)	1 January 2024 (Audited) (Restated Note 19)
Balance at the beginning of the period / year	518,008	1,298,167	-
Additions during the period / year	-	-	1,768,277
Finance cost charged during the period / year	12,485	80,941	60,990
Payment during the period / year	(504,100)	(861,100)	(531,100)
Balance at the end of the period / year	26,393	518,008	1,298,167

	30 June 2025 (Unaudited)	31 December 2024 (Audited) (Restated Note 19)	1 January 2024 (Audited) (Restated Note 19)
Current	26,393	504,638	780,159
Non- current	-	13,370	518,008
Balance as at the end of the period / year	26,393	518,008	1,298,167

Amounts recognized in the statement of profit or loss and comprehensive income:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Depreciation on right-of-use assets	399,618	393,154
Interest expense on lease liabilities	12,485	68,752

8. Trade receivables, net

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	1 January 2024 (Audited)
Trade Receivables	34,816,260	35,426,000	35,017,752
Less: allowance for impairment of trade receivables	(25,413,768)	(25,413,768)	(22,196,072)
	9,402,492	10,012,232	12,821,680

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8. Trade receivables, net (continued)

The movement in the allowance for impairment of trade receivables is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	1 January 2024 (Audited)
Balance at the beginning of the period / year	25,413,768	22,196,072	18,296,072
Charged during the period / year	-	3,217,696	3,900,000
Balance at the end of the period / year	25,413,768	25,413,768	22,196,072

9. Share capital

The Company's share capital amounts to SAR 100 million, consisting of 100 million shares with a par value of SAR 1 per share as at 30 June 2025 (31 December 2024: SAR 100 million consisting of 100 million shares with a par value of SAR 1 per share).

10. Long term liabilities to a shareholder

	30 June 2025 (Unaudited)	31 December 2024 (Audited) (Restated Note 19)	1 January 2024 (Audited)
Loan from a shareholder against the office tower and the land on which it is built	59,000,000	59,000,000	-
Loan from a shareholder to finance the company's operations	6,000,000	6,000,000	-
Present Value Difference	(22,265,343)	(22,537,259)	-
	42,734,657	42,462,741	-

	30 June 2025 (Unaudited)	31 December 2024 (Audited) (Restated Note 19)	1 January 2024 (Audited)
Allocated as follows:			
Current portion of long-term liabilities to a shareholder	13,733,819	7,552,802	-
Noncurrent portion of long-term liabilities to a shareholder	29,000,838	34,909,939	-
	42,734,657	42,462,741	-

11. Related party transactions

Related parties comprise the major shareholders, members of the Board of Directors, senior executive management of the Group, and companies in which they are major shareholders. The prices and terms relating to these transactions are approved by the Group's management.

Due to related parties

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	1 January 2024 (Audited)
Related Parties with Board Members	4,700,446	3,142,894	3,982,969
	4,700,446	3,142,894	3,982,969

The significant transactions with related parties included in the condensed consolidated interim statement of profit or loss and other comprehensive income and the condensed consolidated interim statement of financial position were as follows:

	Nature of the transaction	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Related Parties with Board Members	Expense paid on behalf	1,557,552	656,500

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11. Related party transactions (continued)

Transactions with Key Management Personnel

Compensation of the Group's key management personnel includes salaries, non-cash benefits, and contributions to long-term employee benefits.

Compensation and benefits of key management personnel include the following:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Salaries and Benefits of Executives	1,732,416	1,941,884
Board and Committee Meeting Attendance Allowances	183,000	234,000
	1,915,416	2,175,884

12. Zakat provision

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	1 January 2024 (Audited)
Balance at the beginning of the period / year	133,895	971,601	957,328
Zakat assessment differences	-	145,051	73,577
Charged during the period / year	-	-	726,312
Payments during the period / year	(31,097)	(722,688)	(785,616)
Provisions no longer required	-	(260,069)	-
Balance at the end of the period / year	102,798	133,895	971,601

Arab Sea Information Systems Company has submitted its Zakat returns to the Zakat, Tax and Customs Authority ("the Authority") up to the financial year ended 31 December 2024 and has settled the amounts due based on the submitted returns and issued certificate valid until 30 April 2026. The Company also received a final assessment for the year 2023, which resulted in differences amounting to SAR 145,051. The year ended 31 December 2024 is currently under review by the Authority.

Zakat Status of Arab Sea Financial Company:

The subsidiary calculates its Zakat provision separately. It has submitted its financial statements and Zakat return for the year 2024 and obtained the certificate from the Authority. The Company has not received any Zakat assessments to date.

Zakat Status of Era Data Company for Information Technology:

The subsidiary calculates its Zakat provision separately. It has submitted its financial statements and Zakat return for the year 2024 and obtained the certificate from the Authority. The Company has not received any Zakat assessments to date.

13. Revenue

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue from sale of software and hardware	9,918,936	7,130,576	20,290,732	15,873,517
Revenues from maintenance and technical support services	78,993	469,638	1,291,820	816,524
Revenue from e-commerce operations	22,450	-	70,329	-
	10,020,379	7,600,214	21,652,881	16,690,041

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13. Revenue (Continued)

The details of the Group's revenue from contracts by type of service and timing of revenue recognition are presented below:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue recognition Timing				
At a point of time				
Revenue from sale of software and hardware	9,918,936	7,130,576	20,290,732	15,873,517
Revenue from e-commerce operations	22,450	-	70,329	-
Over period of time				
Revenues from maintenance and technical support services	78,993	469,638	1,291,820	816,524
Total	10,020,379	7,600,214	21,652,881	16,690,041

14. Loss per share

Basic and Diluted loss per share is calculated by dividing the loss for the period attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued upon the conversion of all potential dilutive ordinary shares into ordinary shares.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited) Restated	2025 (Unaudited)	2024 (Unaudited) Restated
Net loss for the period	(3,642,613)	(5,823,009)	(6,174,792)	(13,638,956)
Weighted average number of shares	100,000,000	100,000,000	100,000,000	100,000,000
Basic and diluted loss per share	(0.04)	(0.06)	(0.06)	(0.14)

15. Segment information

Operational segment

The Group's products are generated within the Kingdom of Saudi Arabia, and it has only two segments: the software and applications, and the hardware segment. Neither segment has met the quantitative thresholds set out in IFRS 8 Operating Segments for separate disclosure. The types and details of revenue have been disclosed in Note (13).

Geographical segment

The Group conducts its activities both within and outside the Kingdom of Saudi Arabia, with the operations of the Company and its subsidiaries concentrated primarily in the Kingdom of Saudi Arabia, as well as in the branch of Egypt and United Arab Emirates.

The following is a summary of some of the financial statements for each geographic region:

Geographic Information	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Revenue		
Kingdom of Saudi Arabia	21,514,388	16,287,712
United Arab Emirates	112,656	368,283
Egypt	25,837	34,046
	21,652,881	16,690,041

16. Capital commitments and contingent liabilities

The Group has contingent liabilities in the form of bank guarantees issued in the normal course of business amounting to SAR 3.6 million as at 30 June 2025 (31 December 2024: SAR 2.1 million).

The Group also has capital commitments contracted for but not yet incurred as at 30 June 2025 amounting to SAR 1.5 million (31 December 2024: SAR 1.5 million).

17. Fair value of financial instruments

Fair value is the amount 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 Group's financial instruments consist of financial assets and financial liabilities. The financial assets comprise trade receivables, other debit balances, and cash and cash equivalents, while the financial liabilities comprise trade payables, accrued expenses, and amounts due to related parties.

The fair values of the financial instruments do not materially differ from their carrying amounts, unless otherwise stated.

18. Risk management

Special Commission Rate Risk

Special commission rate risk relates to the risk arising from the fluctuation in the value of a financial instrument as a result of changes in prevailing market commission rates.

Credit Risk

Credit risk is the risk that counterparties will be unable to meet their contractual obligations to the Group, which could result in a financial loss for the Group. Potential concentrations of credit risk primarily arise from trade receivables. Cash is deposited with banks having high credit ratings, and management believes there are no concentrations of credit risk for which an adequate provision has not been made as at the reporting date.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in generating funds to meet its financial liabilities associated with financial instruments. Liquidity risk may arise from the inability to sell a financial asset quickly for an amount close to its fair value.

Risk Concentration

Risk concentration arises when a number of counterparties engage in similar business activities, operate within the same geographical region, or share similar economic characteristics that could cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Risk concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

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19. Restatement of prior periods

During the period, management reassessed the accounting treatment and presentation of certain transactions and balances recorded in the Group's consolidated financial statements to determine whether these transactions and balances had been accounted for and presented appropriately in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. This process resulted in the restate of certain items in the Group's consolidated financial statements.

19-1 The impact on the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2024 as a result of the restatement is as follows:

	Note	Amounts previously reports 30 June 2024 (Unaudited)	Impact of restatement	Amounts after restatement 30 June 2024 (Unaudited)
Revenue		16,690,041	-	16,690,041
Cost of revenue	19-6	(16,538,820)	4,710,621	(11,828,199)
Gross profit		151,221	4,710,621	4,861,842
Selling and marketing	19-7	(5,577,319)	13,591	(5,563,728)
General and administrative expenses	19-7	(9,664,903)	21,805	(9,643,098)
Provision for expected credit losses	19-5	-	(3,363,584)	(3,363,584)
Operating loss		(15,091,001)	1,382,433	(13,708,568)
Other income, net		186,158	-	186,158
Provisions no longer required		333,646	-	333,646
Finance costs	19-7	(135,047)	(68,752)	(203,799)
Loss before Zakat		(14,706,244)	1,313,681	(13,392,563)
Zakat		(246,393)	-	(246,393)
Loss for the period		(14,952,637)	1,313,681	(13,638,956)
Other comprehensive income:				
Other comprehensive income items that will not be reclassified subsequently to profit or loss				
Other comprehensive income		-	-	-
Total comprehensive loss for the period		(14,952,637)	1,313,681	(13,638,956)
Loss per share				
Basic and diluted loss per share attributable to ordinary equity holders of the company		(0.15)	(0.01)	(0.14)

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19- Restatement of prior periods (continued)

19-2 The impact on the consolidated condensed statement of profit or loss for the three-month period ended 30 June 2024 as a result of the restatement is as follows:

	Note	Amounts previously reports 30 June 2024 (Unaudited)	Impact of restatement	Amounts after restatement 30 June 2024 (Unaudited)
Revenue		7,600,214	-	7,600,214
Cost of revenue	19-6	(7,549,716)	2,365,319	(5,184,397)
Gross profit		50,498	2,365,319	2,415,817
Selling and marketing	19-7	(2,593,650)	6,796	(2,586,854)
General and administrative expenses	19-7	(5,637,379)	10,903	(5,626,476)
Provision for expected credit losses	19-5	-	(183,605)	(183,605)
Operating loss		(8,180,531)	2,199,413	(5,981,118)
Other income, net		136,296	-	136,296
Provisions no longer required		231,050	-	231,050
Finance costs	19-7	(67,523)	(39,119)	(106,642)
Loss before Zakat		(7,880,708)	2,160,294	(5,720,414)
Zakat		(102,595)	-	(102,595)
Loss for the period		(7,983,303)	2,160,294	(5,823,009)
Other comprehensive income:				
Other comprehensive income items that will not be reclassified subsequently to profit or loss				
Other comprehensive income		-	-	-
Total comprehensive loss for the period		(7,983,303)	2,160,294	(5,823,009)
Loss per share				
Basic and diluted loss per share attributable to ordinary equity holders of the company				
		(0.08)	0.02	(0.06)

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19- Restatement of prior periods (continued)

19-3 The impact on the condensed consolidated statement of financial position as at 1 January 2024 as a result of the restatement is as follows:

	Note	Amounts previously reports 1 January 2024 (Audited)	Impact of restatement	Amounts after restatement 1 January 2024 (Audited)
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment, net		3,877,863	-	3,877,863
Intangible assets, net		125,372,395	-	125,372,395
Right of use assets	19-7	-	1,418,357	1,418,357
Total non-current assets		129,250,258	1,418,357	130,668,615
Current assets				
Inventory		1,272,926	-	1,272,926
Trade receivables, net		12,821,680	-	12,821,680
Prepayments and other debit balances	19-7	2,098,983	(222,121)	1,876,862
Cash and cash equivalents		3,670,756	-	3,670,756
Total current assets		19,864,345	(222,121)	19,642,224
Total assets		149,114,603	1,196,236	150,310,839
<u>EQUITY AND LIABILITIES</u>				
Equity				
Share capital		100,000,000	-	100,000,000
Retained earnings	19-7	27,044,393	(101,931)	26,942,462
Total equity		127,044,393	(101,931)	126,942,462
LIABILITIES				
Non-current liabilities				
Employees' post-employment benefits		5,619,039	-	5,619,039
Lease liability – non-current portion	19-7	-	518,008	518,008
Total non-current liabilities		5,619,039	518,008	6,137,047
Current liabilities				
Contract liabilities		1,795,267	-	1,795,267
Lease liabilities – current portion	19-7	-	780,159	780,159
Trade payables		2,122,771	-	2,122,771
Due to related parties		3,982,969	-	3,982,969
Accrued expense and other credit balances		7,578,563	-	7,578,563
Zakat provision		971,601	-	971,601
Total current liabilities		16,451,171	780,159	17,231,330
Total liabilities		22,070,210	1,298,167	23,368,377
Total equity and liabilities		149,114,603	1,196,236	150,310,839

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19- Restatement of prior periods (continued)

19-4 The impact on the condensed consolidated statement of financial position as at 31 December 2024 as a result of the restatement is as follows:

	Note	Amounts previously reports 31 December 2024 (Audited)	Impact of restatement	Amounts after restatement 31 December 2024(Audited)
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment, net	19-8	65,844,179	760,317	66,604,496
Intangible assets, net		120,402,100	-	120,402,100
Right of use assets	19-7	-	632,050	632,050
Total non-current assets		186,246,279	1,392,367	187,638,646
Current assets				
Inventory		799,561	-	799,561
Trade receivables, net		10,012,232	-	10,012,232
Prepayments and other debit balances	19-7	2,307,167	(229,950)	2,077,217
Cash and cash equivalents		3,377,329	-	3,377,329
Total current assets		16,496,289	(229,950)	16,266,339
Total assets		202,742,568	1,162,417	203,904,985
<u>EQUITY AND LIABILITIES</u>				
Equity				
Share capital		100,000,000	-	100,000,000
Additional contributions from a shareholder	19-8 19-9 19-10	12,136,625	11,267,905	23,404,530
Retained earnings		9,722,016	(365,362)	9,356,654
Total equity		121,858,641	10,902,543	132,761,184
LIABILITIES				
Non-current liabilities				
Employees' post-employment benefits		6,061,906	-	6,061,906
Long-term liabilities to a shareholder – non-current portion	19-9 19-10	46,963,375	(12,053,436)	34,909,939
Lease liabilities – non-current portion	19-7	-	13,370	13,370
Total non-current liabilities		53,025,281	(12,040,066)	40,985,215
Current liabilities				
Contract liabilities		2,234,876	-	2,234,876
Long-term liabilities to a shareholder - current portion	19-9 19-10	5,900,000	1,652,802	7,552,802
Lease liabilities – current portion	19-7	-	504,638	504,638
Trade payables		2,050,902	-	2,050,902
Due to related parties		3,142,894	-	3,142,894
Accrued expense and other credit balances	19-11	14,396,079	142,500	14,538,579
Zakat provision		133,895	-	133,895
Total current liabilities		27,858,646	2,299,940	30,158,586
Total liabilities		80,883,927	(9,740,126)	71,143,801
Total equity and liabilities		202,742,568	1,162,417	203,904,985

19- Restatement of prior periods (continued)

19-5 The Group's management did not recognize the expected credit loss provision related to trade receivables for interim periods in prior years in accordance with the requirements of IFRS 9, as the provision was recognized only at the end of the financial year. The comparative interim periods have been retrospectively restated.

19-6 The Group's management did not capitalize salaries and costs related to developers to intangible assets for the interim periods in prior years, as capitalization was performed only at the end of the financial year. Development costs were recorded within cost of revenue in the consolidated statement of profit or loss and other comprehensive income during the interim periods in prior years. The comparative interim periods have been retrospectively restated.

19-7 The Group's management had not applied IFRS 16 in prior periods, whereby lease expenses were recognized in the consolidated statement of profit or loss and other comprehensive income, and prepaid rent were recorded under prepaid expenses and other debit balances, without recognizing the right of use assets and the corresponding lease liabilities. This matter has been corrected by retrospectively applying the requirements of IFRS 16, whereby previously recorded rent expenses were reversed, prepaid rent were derecognized, and instead, right of use assets have been recognized along with the related depreciation. In addition, lease liabilities have been recorded, and the associated interest expenses were recognized in accordance with the standard's requirements.

19-8 During the previous year, the Group's management purchased an office tower from a major shareholder. The asset was initially recorded under property and equipment at the total value of the future contractual payments plus non-recoverable taxes, which differed from the asset's fair value at the acquisition date. As the transaction performed with a related party, the Group's management retrospectively adjusted the asset's value to its fair value at the acquisition date and recognized the difference as additional contributions from a shareholder in the consolidated statement of changes in equity, retrospectively.

19-9 During the previous year, the Group's management purchased an office tower from a major shareholder, with payment to be made over ten years in semi-annual instalments. At initial recognition, the liability was measured at its present value using the Saudi Interbank Offered Rate (SAIBOR), without applying the prevailing market interest rate for a similar financial instrument with a comparable credit rating. The Group's management recalculated the present value of the future payments using the prevailing market interest rate at the acquisition date that reflects the Group's credit risk and retrospectively adjusted the liability balance. The balance of additional contributions from a shareholder was also retrospectively adjusted based on this revision.

19-10 During the previous year, the Group's management obtained a loan of SAR 6 million from a shareholder, with repayment agreed over 36 monthly instalments. At initial recognition, the liability was measured at its present value using the Saudi Interbank Offered Rate (SAIBOR), without applying the prevailing market interest rate for a similar financial instrument with a comparable credit rating. The Group's management recalculated the present value of the future payments using the prevailing market interest rate at the loan inception date that reflects the Group's credit risk and retrospectively adjusted the liability balance. The balance of additional contributions from a shareholder was also retrospectively adjusted based on this revision.

19-11 The Group's management did not recognize the accrued remuneration for committee members in the previous year. This matter has been corrected by retrospectively recognizing the accrued remuneration in the consolidated statement of financial position.

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19- Restatement of prior periods (continued)

19-12 The impact on the condensed consolidated statement of changes in equity as at 1 January 2024, resulting from the above adjustments:

	1 January 2024
Equity before adjustment	127,044,393
Depreciation of right of use assets	(349,920)
Rent expense adjustment	308,979
Interest charged on lease liabilities	(60,990)
Equity as at 1 January 2024 (restated)	126,942,462

19-13 The impact on the condensed consolidated statement of changes in equity as at 31 December 2024, resulting from the above adjustments:

	31 December 2024
Equity before adjustment	121,858,641
Depreciation of right of use assets	(1,136,227)
Rent expense adjustment	1,162,250
Interest charged on lease liabilities	(141,931)
Interest charged on long-term liabilities to a shareholder	(106,954)
Adjustments to committee members' remuneration	(142,500)
Adjustments to additional contributions from a contributor	11,267,905
Equity as at 31 December 2024 (restated)	132,761,184

19-14 The impact on the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024, resulting from the above adjustments:

	Amounts previously reports For the six- month period ended 30 June 2024 (Unaudited)	Impact of restatement	Amounts after restatement For the six- month period ended 30 June 2024 (Unaudited)
Net cash flows generated from operating activities	(1,028,080)	5,214,721	4,186,641
Payments for additions to intangible assets	(303,945)	(4,710,621)	(5,014,566)
Net cash flows used in investment activities	(333,871)	(4,710,621)	(5,044,492)
Lease liabilities paid	-	(504,100)	(504,100)
Net cash flows used in financing activities	-	(504,100)	(504,100)

20. Subsequent events

The Group's management believes that there are no material subsequent events after the reporting date that require adjustment to, or disclosure in, these condensed consolidated interim financial statements.

21. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the Board of Directors of the Company on 13 Safar 1447H (corresponding to 7 August 2025).