TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements (Unaudited)
For the six-month period ended
30 June 2024
together with the
Independent Auditor's Report

KPMG Professional Services
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of interim condensed consolidated financial statements

To the Shareholders of TAM Development Company (a Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **TAM Development Company ("the Company") and its subsidiary ("the Group")** as at 30 June 2024, the condensed consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of this 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 this 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 statements Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of 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 is endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2024 of TAM Development Company ("the Company") and its subsidiary ("the Group") is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

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ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
Lic No. 46
C.R. 1010425494
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KPMG
KPMG Professional Services

Hani Bin Hamzah Bin Ahmed Bedairi
License No. 460

Riyadh on 1 September 2024
Corresponding to: 28 Safar 1446H

Tam Development Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 June 2024
(Saudi Riyal)

	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant, and equipment	4	**1,591,575**	1,602,417
Intangible assets	5	**9,894,476**	9,925,260
Right-of-use assets	6	**16,183,239**	496,964
Bank deposit	7	**-**	5,000,000
Total non-current assets		**27,669,290**	17,024,641
Current assets			
Trade receivables	8	**79,758,276**	66,914,511
Other current assets	9	**13,552,252**	11,314,189
Contract assets	10	**59,812,090**	41,156,844
Bank deposit	7	**5,000,000**	6,000,000
Cash and cash equivalents	11	**27,105,438**	46,367,331
Total current assets		**185,228,056**	171,752,875
Total assets		**212,897,346**	188,777,516
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	**36,599,970**	36,599,970
Statutory reserve	15	**-**	6,320,238
Treasury shares	13	**(3,659,970)**	(3,659,970)
Other reserve	15	**-**	3,078,000
Additional contributions from shareholders		**3,905,218**	3,905,218
Retained earnings		**80,868,332**	63,515,670
Total shareholders' equity		**117,713,550**	109,759,126
Liabilities			
Non-current liabilities			
Employees' benefit obligations	16	**5,543,087**	5,423,128
Lease liabilities	6	**11,548,466**	
Total non-current liabilities		**17,091,553**	5,423,128
Current liabilities			
Trade payables and other current liabilities	17	**41,256,667**	29,925,882
Contract liabilities	18	**31,803,753**	40,213,322
Lease labilities	6	**3,740,389**	-
Zakat provision	20	**1,291,434**	3,456,058
Total current liabilities		**78,092,243**	73,595,262
Total liabilities		**95,183,796**	79,018,390
Total shareholders' equity and liabilities		**212,897,346**	188,777,516

The financial statements appearing have been approved by the board of directors on 27 August 2024 and signed on their behalf by:

Eyad Nimran Musbah Alramlawi	**Abdullah bin Anwar bin Mohammad Yousef Andijani**
Chief investement and Financial Officer	Managing Director – Chief Excutive Officer

The accompanying notes (1) to (31) form an integral part of these interim condensed consolidated financial statements.

Tam Development Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income (Unaudited)
For the six-month period ended 30 June 2024
(Saudi Riyal)

	Note	**30 June 2024 (Unaudited)**	30 June 2023 (Unaudited)
Revenue	21	**120,700,929**	62,810,514
Cost of revenue	22	**(82,953,183)**	(38,376,160)
Gross profit		**37,747,746**	24,434,354
General and administrative expenses	23	**(25,605,885)**	(17,363,908)
Impairment loss of trade receivables	8	**(76,978)**	(95,759)
Reversal /Impairment (loss) of contract assets	10	**259,359**	(288,349)
Other income		**104,000**	4,026
Operating profit		**12,428,242**	6,690,364
Finance income		**503,249**	82,528
Finance costs		**(872,886)**	(156,858)
Net finance cost		**(369,637)**	(74,330)
Profit before Zakat		**12,058,605**	6,616,034
Zakat expense	20	**(628,681)**	(1,852,121)
Net profit for the period		**11,429,924**	4,763,913
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Actuarial gains from re-measurement of employees' end of service benefits	16	**576,120**	260,970
Total other comprehensive income		**576,120**	260,970
Total comprehensive income for the period		**12,006,044**	5,024,883
Earnings per share:			
Basic and diluted earnings per share	25	**3.47**	1.45

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Managing Director – Chief Excutive Officer

The accompanying notes (1) to (31) form an integral part of these interim condensed consolidated financial statements.

Tam Development Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
For the six-month period ended 30 June 2024
(Saudi Riyal)

	Share capital	Statutory reserve	Treasury shares	Other reserve	Additional contributions from shareholders	Retained earnings	Total shareholders' equity
Balance as at 1 January 2024 (audited)	**36,599,970**	**6,320,238**	**(3,659,970)**	**3,078,000**	**3,905,218**	**63,515,670**	**109,759,126**
Net profit for the period	-	-	-	-	-	**11,429,924**	**11,429,924**
Other comprehensive income for the period	-	-	-	-	-	**576,120**	**576,120**
Total comprehensive income for the period	-	-	-	-	-	**12,006,044**	**12,006,044**
Dividends (Note14)	-	-	-	-	-	**(4,051,620)**	**(4,051,620)**
Transferred From statutory reserve to retained Earning	-	**(6,320,238)**	-	-	-	**6,320,238**	-
Transferred From other reserve to retained Earning	-	-	-	**(3,078,000)**	-	**3,078,000**	-
Balance as at 30 June 2024 (unaudited)	**36,599,970**	**-**	**(3,659,970)**	**-**	**3,905,218**	**80,868,332**	**117,713,550**
Balance as at 1 January 2023 (audited)	36,599,970	6,320,238	(3,659,970)	3,078,000	3,659,970	25,622,816	71,621,024
Net profit for the period	-	-	-	-	-	4,763,913	4,763,913
Other comprehensive income for the period	-	-	-	-	-	260,970	260,970
Total comprehensive income for the period	-	-	-	-	-	5,024,883	5,024,883
Additional contributions from shareholders	-	-	-	-	245,248	-	245,248
Balance as at 30 June 2023 (unaudited)	36,599,970	6,320,238	(3,659,970)	3,078,000	3,905,218	30,647,699	76,891,155

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Managing Director – Chief Excutive Officer

The accompanying notes (1) to (31) form an integral part of these interim condensed consolidated financial statements.

Tam Development Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six-month period ended 30 June 2024
(Saudi Riyal)

	30 June 2024 (unaudited)	30 June 2023 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period before Zakat	**12,058,605**	6,616,034
Adjustments:		
Amortization of intangible assets	**2,226,056**	835,262
Employees' benefits obligations	**972,981**	820,288
Depreciation of property, plant, and equipment	**533,977**	503,005
Depreciation on right-of-use assets	**1,077,754**	438,025
Impairment loss of trade receivables	**76,978**	95,759
(Reversal)/Impairment loss of contract assets	**(259,359)**	288,349
Finance costs	**397,786**	156,858
Finance income	**(503,249)**	(82,528)
	16,581,529	9,671,052
Change in liabilities and operating assets		
Trade receivables	**(12,920,743)**	(30,957,895)
Other current assets	**(2,289,448)**	1,303,160
Contract assets	**(18,395,887)**	12,834,778
Trade payables and other current liabilities	**11,330,351**	(5,810,763)
Contract liabilities	**(8,409,569)**	(6,295,415)
Employees' benefits paid	**(390,062)**	(395,639)
Zakat paid	**(2,793,305)**	(2,125,759)
Net cash flows used in operating activities	**(17,287,134)**	(21,776,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to purchase property and equipment	**(523,135)**	(578,925)
Payments to purchase and develop intangible assets	**(2,195,272)**	(3,799,293)
Bank deposits	**6,000,000**	-
Finance income	**554,634**	82,959
Net cash flows generated from/ (used in) investing activities	**3,836,227**	(4,295,259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of credit facilities	**-**	(2,848,643)
Additional shareholders contribution	**-**	245,248
Dividends	**(4,051,186)**	-
Payment of lease liabilities	**(1,759,800)**	(521,682)
Net cash flows used in financing activities	**(5,810,986)**	(3,125,077)
Net changes in cash and cash equivalents during the period	**(19,261,893)**	(29,196,817)
Cash and cash equivalents at beginning of the period	**46,367,331**	61,387,845
Cash and cash equivalents at end of the period	**27,105,438**	32,191,028
NON-CASH TRANSACTIONS		
Actuarial gains from re-measurement of employees' end of service benefits	**(576,120)**	(260,970)
Transferred From statutory reserve to retained Earnings	**(6,320,238)**	-
Transferred From other reserve to retained Earnings	**(3,078,000)**	-
Right-of-use assets and lease liabilities additions	**16,764,029**	-

The financial statements appearing have been approved by the board of directors on 27 August 2024 and signed on their behalf by:

Eyad Nimran Musbah Alramlawi	**Abdullah bin Anwar bin Mohammad Yousef Andijani**
Chief investement and Financial Officer	Managing Director – Chief Excutive Officer

The accompanying notes (1) to (31) form an integral part of these interim condensed consolidated financial statements.

1. REPORTING ENTITY

Tam Development Company (A Saudi Joint Stock Company) (“Company” or “Parent Company”) was established under commercial registration no. 4030225576 dated 25 March 2012 (corresponding to 2 Jumada I 1433H) in the city of Jeddah. The Company’s head office has been transferred from Jeddah to Riyadh under commercial registration no. 1010524000 issued on 13 February 2019 (corresponding to 7 Jumada’ II 1440) in Riyadh.

Based on the Ordinary General Assembly meeting held on 28 April 2021 (Corresponding to 16 Ramadan 1442H), the Company decided to change its legal form from a Limited Liability Company (‘LLC’) to a Closed Joint Stock Company (‘CJSC’), and the Company’s Commercial Registration was amended to be a Closed Joint Stock Company on 9 December 2021 (corresponding to 5 Jumada’ I 1443H).

Based on the Extraordinary General Assembly meeting held on 27 August 2023 (Corresponding to 11 Safar 1445H), the Company decided to change its legal form from A Closed Joint Stock Company (‘CJSC’) to A Saudi Joint Stock Company, and the Company’s Commercial Registration was amended to be A Saudi Joint Stock Company on 23 October 2023 (corresponding to 8 Rabee’ I I 1445H).

The parent company obtained the approval to register and offer its shares in the parallel market "Nomu" based on the decision of the Board of the Capital Market Authority on December 28, 2022, corresponding to 4 Jumada II 1444H, and the company was listed in the parallel market "Nomu" on 14 June 2023 corresponding to 25 Dhu al-Qa'dah 1444 H.

The Parent Company is principally engaged in the activities of advertising, public relations, communications, activities of business incubator and accelerator, marketing services for third parties, market research, opinion polls, and management consulting services under the licenses as follows:

License No.	License No.	License commencement date	License expiry date
Media	75841	12 April 2021 Corresponding to 29 Sha’ban 1442H	6 February 2027 Corresponding to 29 Sha’ban 1448H
Public relations and communications	80531	20 December 2021 Corresponding to 15 Jumada I 1443H	17 November 2024 Corresponding to 15 Jumada I 1446H
Business Incubator License	756	21 February 2024 Corresponding to 11 Sha’ban 1445H	7 December 2024 Corresponding to 6 Jumada I I 1446H

The Parent Company has the following branches:

City	CR No.	Issue date
Jeddah	4030225576	14 April 2014 (corresponding to 22 Jumada I 1433H)
Dammam	2050106223	13 February 2019 (corresponding to 7 Jumada II 1440H)

The Parent Company’s Head Office is located at the following address:

Riyadh - Al Muhammadiyah District - King Fahd Road - Building No. 8428 - Postal Code 12363- Ext No. 4250 Kingdom of Saudi Arabia

1. REPORTING ENTITY (CONTINUED)

The interim condensed consolidated financial statements include the separate financial statements of the Parent Company and its subsidiary; the Company holds 100% of the capital of the Subsidiary (collectively referred to as the "Group").

		% of ownership	
Subsidiary	**Country of Incorporation**	**30 June 2024**	31 December 2023
Society Experts Limited Company	Kingdom of Saudi Arabia	**100**	100

Society Experts Limited Company A limited liability Company (single shareholder) ("the Subsidiary") was registered under commercial registration issued in Jeddah, and Company's Headquarter has been transferred from Jeddah to Riyadh on 20 October 2021 (corresponding to 14 Rabi' I 1443H):

City	**CR No.**	**Issue date**
Riyadh	1010749399	04 October 2021 (corresponding to 27 Safar 1443H)
Jeddah	4030593075	21 August 2017 (corresponding to 29 Dhul Qadah 1438H)
Riyadh	1010769438	02 January 2022 (corresponding to 29 Jumada al-Ula 1443H)

The Subsidiary is principally engaged in advisory services, top management, marketing services for third parties, market research, opinion polls and Design and programming of special software and application development.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2024, have been prepared accordance with IAS 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by The Saudi Organization for Chartered and Professional Accountants (SOCPA).

These Interim Condensed Consolidated Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with Group's annual financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Results for the Interim period is not necessarily indicative of the results that may be expected for the financial year.

2.2 Basis of measurement

The Interim Condensed Consolidated Financial Statements have been prepared on historical cost convention, unless otherwise stated, using the accruals basis of accounting and the going concern concept.

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

The Interim Condensed Consolidated Financial Statements of the Company are presented in Saudi Riyals (SR) which is the Group's functional and presentation currency.

2.4 New Standards, Amendment and Interpretations

A. *New effective standards or amendments*

The following standards, amendments and interpretations will become effective on or after 1 January 2024. The management has opted not to early adopt these pronouncements and they do not have a material effect on the on the consolidated financial statements.

Standard, amendments, and interpretation	Description	Mandatory effective date
Amendments to IFRS 16 Lease liabilities in sale and leaseback transactions.	These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how companies are accounted for sale and leaseback transactions after the transaction date. Sale and leaseback transactions in which some or all lease payments are considered as variable lease payments depend on the indicator or price that is likely to be affected.	Periods starting on or after 1 January 2024
Amendments on IAS (1) Non-current liabilities with classification of liabilities as current or non-current	These amendments illustrate how compliance with the conditions that entities must comply with within twelve months after the reporting period affects the classification of liabilities. These amendments are also intended to improve the information provided by companies regarding liabilities subject to these conditions.	Periods starting on or after 1 January 2024
Amendments to IAS (7) and IFRS (7)	Supplier Financing Arrangements	Periods starting on or after 1 January 2024
Amendments to IAS (27)	Non-transferability	Periods starting on or after 1 January 2024
IFRS 1 "General requirements for the disclosure of financial information related to sustainability."	This standard includes the basic framework for the disclosure of material information about sustainability risks and opportunities across the company value chain.	Periods starting on or after 1 January 2024
International Financial Reporting Standard (Sustainability 2) "Climate-Related Disclosures"	This is the first objective standard issued that defines requirements for enterprises to disclose information about climate-related risks and opportunities.	Periods starting on or after 1 January 2024

2. BASIS OF PREPARATION (CONTINUED)

2.4 New Standards, Amendment and Interpretations (Continued)

B. Accounting standards, amendments, and *interpretations* issued but not yet effective.

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standard, amendments, and interpretation	Description	Mandatory effective date
IAS 21	Lack of exchangeability – amendments to IAS 21	Periods starting on or after 1 January 2025
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations, and amendments with effective date of 1 January 2024 will not have any material impact on the Group's interim condensed consolidated Interim financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's interim condensed consolidated financial statements on adoption.

2.5 Material accounting judgments, estimates and assumptions

The preparation of the Interim Condensed Consolidated Financial Statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those on which the estimates were based.

The estimates and underlying assumptions have been reviewed on an ongoing basis and adjustments to accounting estimates are recognized in the period in which the estimates are revised if the adjustment affects only that period, or in the period of the adjustment and future periods if the adjustment affects both current and future periods.

The Group bases its assumptions and estimates on information available when preparing the consolidated financial statements. The assumptions and current conditions of future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in assumptions when they occur.

<u>Provision for expected credit loss (ECLs) on trade receivable and contract assets</u>

The Group uses a model in estimating lifetime ECLs that have not been credit-impaired or credit-impaired based on a change in the credit risk associated with the financial instrument.

Trade receivables and contract assets are combined based on the common credit risk characteristics and the days in which they are due to measure the ECLs. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic activity indicators affecting the ability of the customers to settle the receivables.

2. BASIS OF PREPARATION (CONTINUED)

2.5 Material accounting judgments, estimates and assumptions. (continued)

Cost to complete the project.

As part of application of percentage of completion method on contracts accounting, the cost to complete the projects is estimated. These estimates include (amongst other items) the project cost, which is estimated by the Group's management based on the project's requirements. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

Useful lives of Property and equipment

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 management believes that the residual value may not result in significant change to depreciation cost and carrying amount of the assets. Accordingly, the residual value is assumed to be zero. Management also believes that the straight-line depreciation reflects the pattern of consumption of economic benefits. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives and residual values differ from previous estimates.

Useful life of intangible assets

The management determines the estimated useful life of intangible assets with finite useful life for calculating amortization. This estimate is determined after considering the expected usage of the assets or any technical obsolescence. Management believes that the straight-line amortization reflects the pattern of consumption of economic benefits. The management reviews the useful life of intangible assets annually and future amortization cost is adjusted where management believes the useful life differs from previous estimates.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

A. Basis of consolidation

A.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred at the acquisition is generally measured at fair value of the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are considered to be expenses when incurred, except if related to the issue of debt instruments or equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it will not be remeasured, and the settlement is accounted for within equity. Otherwise, the contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES(CONTINUED)

A. Basis of consolidation(continued)

A.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A.3 Non-controlling interests

NCIs are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

A.4 Loss of control

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

Unrealized gain or losses, Transactions, and balances are eliminated from transactions between the group company. The accounting policies of the subsidiary are changed as necesSRy to ensure that they are consistent with the policies followed by the Group.

These interim condensed consolidated financial statements have been prepared for TAM Development Company and its subsidiary, Society Experts Limited Company, and the parent company owns 100% of the shares of the subsidiary.

B. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. 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 appropriate market for the asset or liability.

The principal or the most appropriate 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.

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.

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.

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES(CONTINUED)

B. Fair value measurement (continued)

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs).

For assets and liabilities that are recognized in the 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 period. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyzes the changes 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 for each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

C. Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of the ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES(CONTINUED)

D. Reporting Segments

An operating segment is a part of the Group's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Company. All operational results of the operating segments are reviewed by the operating decision maker in the Group to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

E. Classification of assets and liabilities as current and non-current

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

The assets are classified as current when they are:

- Expected to be realized or intended to be sold or consumed in the ordinary course of operation.
- If it is held primarily for trading purposes.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current assets.

The liabilities are classified as current when they are:

- When it is expected to be settled in the normal operating cycle.
- If it is held primarily for trading purposes.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial period.

The Group classifies all liabilities as non-current liabilities.

4. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Tools and equipment	Computers	Office renovations	Office renovations under construction	Total
Cost						
As at 1 January 2024	**595,726**	**129,621**	**2,258,369**	**2,125,440**	**-**	**5,109,156**
Additions	**-**	**-**	**331,885**	**-**	**191,250**	**523,135**
As at 30 June 2024	**595,726**	**129,621**	**2,590,254**	**2,125,440**	**191,250**	**5,632,291**
Accumulated depreciation						
As at 1 January 2024	**362,794**	**105,602**	**1,210,235**	**1,828,108**	**-**	**3,506,739**
Charge for the period	**49,176**	**3,120**	**184,349**	**297,332**	**-**	**533,977**
As at 30 June 2024	**411,970**	**108,722**	**1,394,584**	**2,125,440**	**-**	**4,040,716**
Net book value						
As at 30 June 2024 (unaudited)	**183,756**	**20,899**	**1,195,670**	**-**	**191,250**	**1,591,575**
As at 31 December 2023 (audited)	**232,932**	**24,019**	**1,048,134**	**297,332**	**-**	**1,602,417**

	Furniture and fixtures	Tools and equipment	Computers	Office renovations	Total
Cost					
As at 1 January 2023	573,452	108,904	1,469,661	1,933,576	4,085,593
Additions	22,274	20,717	788,708	191,864	1,023,563
31 December 2023	595,726	129,621	2,258,369	2,125,440	5,109,156
Accumulated depreciation					
As at 1 January 2023	266,411	103,139	952,875	1,062,254	2,384,679
Charged for the year	96,383	2,463	257,360	765,854	1,122,060
31 December 2023	362,794	105,602	1,210,235	1,828,108	3,506,739
Net book value					
As at 31 December 2023 (audited)	232,932	24,019	1,048,134	297,332	1,602,417
As at 31 December 2022 (audited)	307,041	5,765	516,786	871,322	1,700,914

Depreciation for the period/year has been allocated as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
General and administrative expenses	**533,977**	**1,122,060**

5. INTANGIBLE ASSETS

Intangible assets represent the website if the company, websites, and electronic applications that are internally developed.

	Computer Software	Website	Electronic applications	Intangible assets under development	Total
Cost					
As at 1 January 2024	**22,975**	**4,297,705**	**18,377,939**	**131,324**	**22,829,943**
Additions	**-**	**-**	**2,004,432**	**190,840**	**2,195,272**
Transferred from under development to electronic applications	**-**	**-**	**-**	**-**	**-**
As at 30 June 2024	**22,975**	**4,297,705**	**20,382,371**	**322,164**	**25,025,215**
Accumulated amortization					
As at 1 January 2024	**22,975**	**4,205,293**	**8,676,415**	**-**	**12,904,683**
Charge for the period	**-**	**7,897**	**2,218,159**	**-**	**2,226,056**
As at 30 June 2024	**22,975**	**4,213,190**	**10,894,574**	**-**	**15,130,739**
Net carrying amount					
As at 30 June 2024 (unaudited)	**-**	**84,515**	**9,487,797**	**322,164**	**9,894,476**
31 December 2023 (audited)	**-**	**92,412**	**9,701,524**	**131,324**	**9,925,260**

	Computer software	Website	Electronic applications	Intangible assets under development	Total
Cost:					
As at 1 January 2023	22,975	4,297,705	8,964,312	1,584,550	14,869,542
Additions	-	-	2,381,569	5,578,832	7,960,401
Transferred from under development to electronic applications	-	-	7,032,058	(7,032,058)	-
As at 31 December 2023	22,975	4,297,705	18,377,939	131,324	22,829,943
Accumulated amortization:					
As at 1 January 2023	22,975	4,189,499	6,383,727	-	10,596,201
Charged during the year	-	15,794	2,292,688	-	2,308,482
As at 31 December 2023	22,975	4,205,293	8,676,415	-	12,904,683
Net carrying amount:					
As at 31 December 2023 (audited)	-	92,412	9,701,524	131,324	9,925,260
As at December 2022 (audited)	-	108,206	2,580,585	1,584,550	4,273,341

* Electronic applications are built-in digital products that specialize in building and designing digital platforms, collecting, and sorting data, and managing financial processes to help automate and run projects.

Amortization for the year has been allocated as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Cost of revenue	**2,218,159**	2,292,688
General and administrative expenses	**7,897**	15,794
	2,226,056	2,308,482

6. RIGHT-OF-USE ASSETS

6.1 Right-of-use assets

The right-of-use assets represent the value of a new lease contract with Radah Hittin Real Estate Company for its main branch in Riyadh in addition to the lease of Jeddah office.

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance at the beginning of the period /year	**496,964**	1,373,014
Additions to right-of-use assets during the period/year	**16,764,029**	-
Depreciation for the period/ year	**(1,077,754)**	(876,050)
Balance at the end of the period/year	**16,183,239**	496,964

6.2 Lease liabilities

The lease liabilities listed in the statement of financial position were as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance at the beginning of the period /year	**-**	906,661
New lease agreements entered during the period/ year	**16,764,029**	-
Payments during the period/year	**(1,759,800)**	(951,682)
Interest expense incurred during the period/year	**284,626**	45,021
Balance at the end of the period/year	**15,288,855**	-

	30 June 2024 (unaudited)	31 December 2023 (audited)
Lease liabilities		
Current portion of lease liabilities	**3,740,389**	-
Non-current portion of lease liabilities	**11,548,466**	-
Total lease liabilities	**15,288,855**	-

- On January 19, 2024, the parent company signed a new financing lease contract with Radah Hittin Real Estate Company for its main branch in Riyadh for Five years, at a value of SR 23,851,575.

- The total interest expense on lease liabilities during the period ended 30 June 2024 is SR 284,626 (2023: SR 45,021).

7. BANK DEPOSITS

	30 June 2024 (unaudited)	31 December 2023 (audited)
Non-current bank deposit*	**-**	5,000,000
Current bank deposit	**5,000,000**	6,000,000
	5,000,000	11,000,000

* Represents a deposit with a local bank in exchange for obtaining banking facilities. The original maturity period is three years with a Murabaha rate from 2.9% to 3.3%, ending on April 21, 2025.It has been classified as a current bank deposit as of June 30, 2024, since its maturity period is less than a year.

8. TRADE RECEIVABLES

	30 June 2024 (unaudited)	31 December 2023 (audited)
Trade receivables*	**79,729,194**	67,028,767
Retention	**675,039**	454,723
Total trade receivables	**80,404,233**	67,483,490
Less: Allowance for impairment of trade receivables	**(645,957)**	(568,979)
Net trade receivables	**79,758,276**	66,914,511

*All trade receivables are inside the Kingdom of Saudi Arabia (KSA).

Movement in the allowance for impairment of trade receivables during the period / year:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance as at beginning of the period /year	**568,979**	197,796
Allowance for impairment of trade receivables during the year	**76,978**	371,183
Balance as at end of the period / year	**645,957**	568,979

9. OTHER CURRENT ASSETS

	30 June 2024 (unaudited)	31 December 2023 (audited)
Letters of guarantee cover margin	**3,893,277**	6,347,054
Prepaid expenses	**1,989,427**	683,738
Employees receivables	**256,113**	77,959
VAT receivables	**58,529**	1,030,494
Advances to suppliers	**5,432,684**	945,213
Refundable deposits	**1,191,906**	911,248
Murabaha on accrued bank deposits	**97,173**	148,558
Advances for investment in companies	**563,675**	563,675
Other	**445,218**	982,000
Total other current assets	**13,928,002**	11,689,939
Less: Allowance for impairment of other current assets	**(375,750)**	(375,750)
Net other current assets	**13,552,252**	11,314,189

Movement in the allowance for impairment of other current assets during the period / year:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance at beginning of the period /year	**375,750**	-
Allowance for impairment of other current assets during the year	**-**	375,750
Balance at end of the period / year	**375,750**	375,750

10. CONTRACT ASSETS

Contract assets from continuous contracts as at the end of period / year is as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Total charged costs	**114,950,859**	62,063,699
Add:		
Realized gross profits	**87,919,733**	51,761,622
Revenue - according to the percentage of completion	**202,870,592**	113,825,321
Less:		
Progress billings issued for work completed	**(142,364,428)**	(71,715,044)
Less: allowance for impairment before write-off	**(694,074)**	(953,433)
	59,812,090	41,156,844

Movement in the allowance for impairment of contract assets during the period / year:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance at the beginning of the period / year	**953,433**	36,844
(Reversal)/Allowance for impairment of contract assets during the period / year	**(259,359)**	2,214,677
Write-off during the year	**-**	(1,298,088)
Balance at the end of the period / year	**694,074**	953,433

11. CASH AND CASH EQUIVALENTS

	30 June 2024 (unaudited)	31 December 2023 (audited)
Cash at banks and financial institutions	**11,105,438**	36,367,331
Short term Murabaha deposits *	**16,000,000**	10,000,000
	27,105,438	46,367,331

* The short-term deposits carry Murabaha rates of 5.85% and 5.90% with a maturity period of less than three months.

12. SHARE CAPITAL

The Company's share capital as at 30 June 2024 amounted to SR 36,599,970 (31 December 2023: SR 36,599,970) divided into 3,659,997, and SR 10 for each.

12. SHARE CAPITAL (CONTINUED)

The following shows the major shareholders as of 30 June 2024:

Major shareholders	Ownership percentage	Number of ordinary shares	Number of diluted shares
Abdullah Anwar Muhammad Yousuf Andjani	20.01%	732,381	
Ain Altanmaweyah for Investment Company	16.50%	604,151	-
Salem Salah Salem Bamkhrama	11.75%	430,280	
Maalem Al-Massa Real Estate Company - Single Person Company	11.48%	420,513	-
TAM Development Company - A Saudi Joint Stock Company (Treasury shares)	10.00%	-	365,997
Faisal Commercial Business Company - Single Person Company	7.40%	270,843	-

The following is the details of outstanding number of shares:

Number of outstanding ordinary shares	Treasury shares	Number of issued shares
3,294,000	365,997	3,659,997

13. TREASURY SHARES

In the Extraordinary General Assembly meeting held on 10 October 2022 (corresponding to 14 Rabi' al-Awwal 1444 H), the shareholders decided to allocate 365,997 shares out of their 3,659,997 ordinary shares, through shareholders' waiver of 10% of the share capital in favor of the Company, at a rate of SR 10 per share with a total value of SR 3,659,997 and hold them as treasury shares, in order to allocate them to the company's employees as part of the employee stock ownership plan, noting that this plan has not been activated yet. Shareholders waived proportionately from each shareholder shares equally on October 16, 2022, (corresponding to Rabi' al-Awwal 20, 1444 H).

14. DIVIDENDS

The Group's Board of Directors decided in the meeting held on 21 May 2024 (corresponding to Dhul-Qi'dah 13, 1445 H), to distribute dividends to partners in the amount of 1.23 riyals per share, with a total amount of SR 4,051,620, and the number of shares entitled to dividends is 3,294,000 shares. The extraordinary general assembly approved the board of directors' decision to distribute dividends on 11 June 2024 (corresponding to 5 Dhu al-Hijjah 1445 H).

15. STATUTORY RESERVE AND OTHER RESERVE

The Group's Board of Directors decided in the meeting held on 21 May 2024 (corresponding to Dhul-Qi'dah 13, 1445 H), to transfer the full balance of the statutory reserve amounting to SR 6,320,238 and the other reserve amounting to SR 3,078,000 to the retained earnings balance. The extraordinary general assembly approved the board of directors' decision to transfer the reserves on 11 June 2024 (corresponding to 5 Dhu al-Hijjah 1445 H).

16. EMPLOYEES' BENEFITS OBLIGATIONS

The Group has a post-employment defined benefit plan. The benefits are applicable under 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 Kingdom of Saudi Arabia. The following table summarizes the components of the net benefit expense recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income and amounts recognized in the interim condensed consolidated statement of financial position.

A) Changes in the present value of defined benefit obligations

Movement in the provision for employees' end of service benefits included in the interim condensed consolidated statement of profit or loss and other comprehensive income is as follows:

	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Current service cost	**972,981**	820,288
Interest cost	**113,160**	121,038
	1,086,141	941,326

Movement in the provision for employees' end of service benefits included in the interim condensed consolidated statement of financial position is as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance at the beginning of the period / year	**5,423,128**	4,188,585
Interest cost	**113,160**	242,077
Current service cost	**972,981**	1,640,576
Actuarial gains on remeasurement of employees' benefits obligations	**(576,120)**	(90,793)
Benefits paid	**(390,062)**	(557,317)
Balance at the end of the period / year	**5,543,087**	5,423,128

B) Sensitivity analyses

The principal assumptions used in determining the post-employment defined benefit liability includes the following:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Discount rate	**%6.00**	4.65%
Salary increases rate	**%4.00**	5.40%

A quantitative sensitivity analysis for significant assumptions on the employees' benefits as at 30 June 2024 and 31 December 2023 are shown below:

	Discount rate	
	Increase by 1%	**Decrease by 1%**
Defined benefit obligations as at 30 June 2024	**(377,910)**	**430,805**
Defined benefit obligations as at 31 December 2023	886,746	1,630,661

16. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

B) Sensitivity analyses (continued)

	Salary increase rate	
	Increase by 1%	**Decrease by 1%**
Defined benefit obligations as at 30 June 2024	**409,389**	**(365,201)**
Defined benefit obligations as at 31 December 2023	1,623,706	885,965

The sensitivity analysis above has been based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employees' benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	30 June 2024 (unaudited)	31 December 2023 (audited)
Contracts accruals for Ministry of Culture's projects	**420,541**	570,645
Accrued expenses and employees' accruals	**19,345,943**	18,634,776
Employees payables	**133,533**	173,676
Trade payables	**20,359,455**	9,627,563
Withholding tax	**112,195**	304,222
Remunerations for board of directors and its committees	**885,000**	615,000
	41,256,667	29,925,882

18. CONTRACT LIABILITIES

Contract liabilities from continuous contracts as at the end of the period / year is as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Total charged costs	**38,980,492**	47,016,628
Add:		
Realized gross profits	**15,738,689**	33,301,946
Revenue - according to the percentage of completion	**54,719,181**	80,318,574
Less:		
Progress billings issued for work completed	**(86,522,934)**	(120,531,896)
	(31,803,753)	(40,213,322)

19. COMMITMENTS AND CONTINGENCIES

The Group has issued letters of guarantee in the ordinary course of business through the banks amounting to SR 19.7 million (31 December 2023: SR 21.4 million).

20. ZAKAT

Movement in provision for Zakat

	30 June 2024 (unaudited)	31 December 2023 (audited)
Balance at beginning of the period /year	**3,456,058**	2,091,658
Zakat charge during the period / year (*)	**628,681**	3,490,158
Zakat paid during the period/year	**(2,793,305)**	(2,125,758)
Balance as at end of the period / year	**1,291,434**	3,456,058

20. ZAKAT (CONTINUED)

(*) Zakat charge during the period / year is as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Zakat for the current period / year	**628,681**	3,456,058
Prior year's expenses	**-**	34,100
	628,681	3,490,158

- **Zakat assessment**

The Group has submitted its zakat and withholding tax returns for all years ended up to 31 December 2023 to the Zakat, Tax and Customs Authority (ZATCA) and obtained the temporary Zakat Certificate.

During the year ended 31 December 2023, the Zakat Authority "the Authority" submitted a zakat assessment for the fiscal year ending on December 31, 2019, and demanded the company with amount of SR 34,100.

The group submits zakat returns for each of the group companies separately and does not submit a consolidated zakat return.

21. REVENUE

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognized over time or at a specific point of time as services are provided. The stage of completion for determining the amount of revenue is assessed based on surveys of work performed. Invoicing of revenue is based on billing terms as per the contracts.

21.1 Revenue by provided services

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Consulting services	**104,439,297**	55,917,428
Digital solutions	**16,261,632**	6,893,086
	120,700,929	62,810,514

21.2 Revenue by Customer Sector

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Government and semi government	**114,150,110**	51,831,275
Private sector companies	**6,550,819**	10,979,239
	120,700,929	62,810,514

21. REVENUE (CONTINUED)

21.3 Time of revenue recognition

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Over-time	**118,623,829**	58,471,614
At a point of time	**2,077,100**	4,338,900
	120,700,929	62,810,514

22. COST OF REVENUE

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Consulting services	**71,673,808**	34,909,152
Digital solutions	**11,279,375**	3,467,008
	82,953,183	38,376,160

- Cost of revenue does not include the costs of employees not allocated to projects; these costs are included in general and administrative expenses (Note 23).

23. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Salaries and other allowances	**13,392,738**	8,797,287
Employees' expenses	**5,136,912**	3,495,958
Office and administrative expenses	**1,313,297**	1,818,280
Consulting and legal expenses	**1,594,332**	385,219
Depreciation and amortization charges	**541,874**	510,900
Governmental charges	**965,485**	539,538
Remunerations for board of directors and its committees	**345,000**	59,000
Subscriptions expenses	**700,891**	645,275
Depreciation charge for right of use assets	**1,077,754**	438,025
Other	**537,602**	674,426
	25,605,885	17,363,908

24. TRANSACTIONS WITH RELATED PARTIES

The related party of the Group include the shareholders, subsidiaries, directors, key management personnel, and members of the board of directors. Terms and conditions of these transactions are approved by the Group's management. In the ordinary course of business, the Group transacts with related parties. The following table shows the balances and transactions made with related parties during the period/ year:

24. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

24.1 Transaction with related parties:

Related party	Nature of transaction	**30 June 2024 (unaudited)**	30 June 2023 (unaudited)
Bupa Arabia Company (Affiliate Company) *	Health insurance contract	**1,114,824**	803,416
Careem Transportation Information Technology Company (Affiliate Company) **	Transportation services	**196,359**	94,299

* The due from related parties balance as at the end of period / year is SR 117,734 under trade receivables and other current assets (2023: SR 57,628).

** The due to related parties balance as at the end of period / year is SR697,915 under trade payables and other current liabilities (2023: SR 168,605).

24.2 Compensation and benefits to key management personnel

	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Salaries and allowances	**3,616,000**	1,380,000
End-of-service benefits	**1,400,681**	1,395,610
	5,016,681	2,775,610

24.3 Board of Directors' remuneration and related expenses

	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Board of Directors' and its committees' remuneration	**345,000**	59,000
	345,000	59,000

25. EARNINGS PER SHARE

In accordance with IAS 33, basic earnings per share are calculated by dividing profit attributable to the shareholders of the Group based on the weighted average number of the ordinary shares during the period ended 30 June 2024.

Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares during the period assuming that all diluted shares are converted into ordinary shares.

The diluted earnings per share is equivalent to the basic earnings per share for the period ended 30 June 2024 and 30 June 2023 due to the absence of financial instruments with lower impact for the share return.

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Net profit for the period	**11,429,924**	4,763,913
Number of ordinary shares (note 12)	**3,294,000**	3,294,000
Earnings per share (basic and diluted)	**3.47**	1.45

25. EARNINGS PER SHARE (CONTINUED)

Weighted average number of shares during the period

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Number of ordinary shares	**3,659,997**	3,659,997
Effect of treasury shares	**(365,997)**	(365,997)
Weighted average number of ordinary shares	**3,294,000**	3,294,000

26. REPORTING SEGMENTS

In line with internal reporting process, management has adopted two primary segments for monitoring and preparing financial reporting, as follows:

Segment Name	**Segment activities' description**
Consulting services	▪ Formulating strategies and designing initiatives in order to raise the experience quality for the citizen and users of the government and quasi government services using one of the innovation and design approaches. ▪ Managing implementation of the government and quasi government programs and initiatives as per the approved strategies that contribute to achieving success indicators of the transformation plans of the various entities.
Digital solutions	▪ Designing, implementing and managing the operation of digital programs and products enables the government and quasi government segment to automate the communication and community engagement, explore and improve talents, and manage the government support for all segments of the community.

As at and for the period ended 30 June 2024 (unaudited):

	Consulting services	**Digital solutions**	**Total**
Revenue	**104,439,297**	**16,261,632**	**120,700,929**
Cost of revenue	**(71,673,808)**	**(11,279,375)**	**(82,953,183)**
Gross profit	**32,765,489**	**4,982,257**	**37,747,746**

26. REPORTING SEGMENTS (CONTINUED)

As at and for the period ended 30 June 2023 (unaudited):

	Consulting services	Digital solutions	Total
Revenue	55,917,428	6,893,086	62,810,514
Cost of revenue	(34,909,152)	(3,467,008)	(38,376,160)
Gross profit	21,008,276	3,426,078	24,434,354

The results of all operating segments are reviewed regularly by the Group's management to take decisions on the allotted resources to segments, evaluate its performance, and ensure availability of specific financial information about each segment.

Reconciliation of information on reportable segments to net profit for the Group.

	For the six-month period ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Gross profit from segments	**37,747,746**	24,434,354
General and administrative expenses	**(25,605,885)**	(17,363,908)
Impairment loss of trade receivables	**(76,978)**	(95,759)
Reversal /Impairment (loss) of contract assets	**259,359**	(288,349)
Finance income	**503,249**	82,528
Other income	**104,000**	4,026
Finance expenses	**(872,886)**	(156,858)
Total unallocated amount	**(25,689,141)**	(17,818,320)
Profit before Zakat for the period	**12,058,605**	6,616,034

27. FINANCIAL INSTRUMENTS

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 the most advantageous market must be accessible by the Company.

27. FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The 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.

Accounting classification and fair values

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

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

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis using level 1 or level 2 indicators, 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 period.

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

The table below shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities that are not measured at fair value if the carrying amount is reasonably close to the fair value.

27. FINANCIAL INSTRUMENTS (CONTINUED)

	30 June 2024 (unaudited)						
				Fair value			
	Fair value through other comprehensive income (FVOCI)	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Trade receivables	-	**79,758,276**	**79,758,276**	**-**	**-**	**-**	**79,758,276**
Contract assets	-	**59,812,090**	**59,812,090**	**-**	**-**	**-**	**59,812,090**
Cash and cash equivalents	-	**27,105,438**	**27,105,438**	**-**	**-**	**-**	**27,105,438**
Bank deposit		**5,000,000**	**5,000,000**				**5,000,000**
Total	-	**171,675,804**	**171,675,804**	**-**	**-**	**-**	**171,675,804**
Financial liabilities							
Trade payables and other current liabilities	-	20,779,996	20,779,996	-	-	-	20,779,996
Contract liabilities	-	31,803,753	31,803,753	-	-	-	31,803,753
Lease liabilities	-	15,288,855	15,288,855	-	-	-	15,288,855
Total	-	67,872,604	67,872,604	-	-	-	67,872,604

27. FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2023 (audited)							
				Fair value			
	Fair value through other comprehensive income (FVOCI)	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables	-	66,914,511	66,914,511	-	-	-	66,914,511
Contract assets	-	41,156,844	41,156,844	-	-	-	41,156,844
Cash and cash equivalents	-	46,367,331	46,367,331	-	-	-	46,367,331
Bank deposit		11,000,000	11,000,000	-	-	-	11,000,000
Total	-	165,438,686	165,438,686	-	-	-	165,438,686
Financial liabilities							
Trade payables and other current liabilities	-	10,198,208	10,198,208	-	-	-	10,198,208
Contract liabilities	-	40,213,322	40,213,322	-	-	-	40,213,322
Total	-	50,411,530	50,411,530	-	-	-	50,411,530

28. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Group is exposed to the following risks by using the financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks when appropriate, in close co-operation with the Company's operating units.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The fair value of financial assets represents the maximum credit exposure.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and the country in which customers operate.

The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references.

The Group established a provision for impairment representing its estimate of expected incurred losses. The following table provides information about the exposure to credit risk and ECLs for customers:

For the period ended 30 June 2024 (unaudited)

	Total carrying amount	**Provision for expected credit losses**	**Weighted-average credit loss rate**
Less than 90 days	**60,245,900**	**131,112**	**0.0%**
91 - 180 days	**724,840**	**4,565**	**0.0%**
181 - 270 days	**16,931,558**	**374,608**	**0.2%**
271 - 365 days	**2,079,270**	**65,822**	**2.2%**
More than 365 days	**422,665**	**69,850**	**14.4%**
Total	**80,404,233**	**645,957**	

For the year ended 31 December 2023 (audited)

	Total carrying amount	Provision for expected credit losses	Weighted-average credit loss rate
Less than 90 days	51,662,095	70,348	0.1%
91 - 180 days	13,014,769	71,387	0.5%
181 - 270 days	2,172,145	7,244	0.3%
271 - 365 days	43,998	1,713	3.9%
More than 365 days	590,483	418,287	70.8%
Total	67,483,490	568,979	

During the subsequent period, the Group collected an amount of SR 47,064,871 from the total trade receivables outstanding as of 30 June 2024.

28. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to manage liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following is an analysis of the undiscounted contractual maturities of the Company's financial liabilities as at the end of period / year.

	Less than 1 year	1-5 years	Over 5 years	Total contractual cash flows	Carrying amount
As at 30 June 2024					
Trade payables	**20,359,455**	**-**	**-**	**20,359,455**	**20,359,455**
Accrued expenses	**19,479,476**	**-**	**-**	**19,479,476**	**19,479,476**
Lease liabilities	**3,708,150**	**15,272,550**	**-**	**18,980,700**	**15,288,855**
As at 31 December 2023					
Trade payables	9,627,563	-	-	9,627,563	9,627,563
Accrued expenses	18,808,452	-	-	18,808,452	18,808,452

Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, which affect the Group's income or the value of its financial assets. The objective of market risk management is to manage and maintain market risk exposures within acceptable parameters, while optimizing the return.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is not exposed to fluctuations in foreign exchange rates during its ordinary course of business, as the Group's core transactions during the period were denominated in Saudi Riyals and US Dollars. Since the Saudi Riyal is pegged against the US Dollar, there are no significant risks associated with transactions and balances denominated in US Dollars.

Interest rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arise mainly from short term bank debts and long term debts, which are at floating rates of interest. All debts are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flows interest rate risks to the Company are not significant.

28. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Capital management.

The Group's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Group monitors its capital base using a ratio of net debt to shareholders' equity. Net debt is calculated as loans less cash and cash equivalents.

The Group's net debt to shareholders' equity ratio at the end of the period / year is as follows:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Trade payables and other current liabilities	**41,256,667**	29,925,882
Lease liabilities	**15,288,855**	-
Less: cash and cash equivalents	**(27,105,438)**	(46,367,331)
Net debt	**29,440,084**	(16,441,449)
Total shareholders' equity	**117,713,550**	109,759,126
Net debt to shareholders' equity ratio	**25%**	-%

29. RECLASSIFICATION

Some comparative figures have been reclassified to align with the presentation of the current period, and the reclassification has no impact on the total shareholders' equity or period profit, as detailed below:

Items	**Balances before reclassification**	**The impact of reclassification**	**Balances after reclassification**
Finance income	**-**	**82,528**	**82,528**
Other income	**86,554**	**(82,528)**	**4,026**

30. SUBSEQUENT EVENTS

No subsequent events to the reporting period have been identified which require an adjustment or disclosure in the consolidated financial statements.

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been approved by the Board of Directors on 27 August 2024 (corresponding to 23 Safar 1446H).