

Tam Development Company
(A Saudi Joint Stock Company)
Interim Consolidated Condensed Financial Statements (Unaudited)
For the six-month period ended
30 June 2023
together with the **Independent Auditor's Report**

Tam Development Company
(A Saudi Joint Stock Company)
Interim Consolidated Condensed Financial Statements (Unaudited)
For the six-month period ended 30 June 2023

<u>Index</u>	<u>Pages</u>
Independent auditor's report on review of the interim consolidated condensed financial statements	1
Interim consolidated condensed Statement of financial position	2
Interim consolidated condensed statement of profit or loss and other comprehensive income	3
Interim consolidated condensed statement of changes in shareholders' equity	4
Interim consolidated condensed statement of cash flows	5
Notes to the interim consolidated condensed financial statements	6-26



KPMG Professional Services

Riyadh 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 الرياض، 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 consolidated condensed financial statements

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

Introduction

We have reviewed the accompanying 30 June 2023 interim consolidated condensed financial statements of **TAM Development Company** ("the Company") and its subsidiary ("the Group") which comprises:

- the interim consolidated condensed statement of financial position as at 30 June 2023;
- The interim consolidated condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2023;
- The interim consolidated condensed statement of changes in shareholders' equity for the six-month period ended 30 June 2023;
- the interim consolidated condensed statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the interim consolidated condensed financial statements.

Management is responsible for the preparation and presentation of these interim consolidated condensed 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 interim consolidated condensed 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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 interim consolidated condensed financial statements of TAM Development Company and its subsidiary are 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

Hani Hamzah A. Bedairi
License No. 460



Riyadh on 15 Safar 1445H
Corresponding to 31 August 2023

Tam Development Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)
As at 30 June 2023
(Saudi Riyal)

		30 June 2023 (Unaudited)	31 December 2022 (Audited) (Restated-Note30)
	Note		
<u>Assets</u>			
Non-current assets			
Property, plant, and equipment	5	1,776,834	1,700,914
Intangible assets	6	7,237,372	4,273,341
Right-of-use assets	7	934,989	1,373,014
Bank deposits	8	5,000,000	5,000,000
Total non-current assets		<u>14,949,195</u>	<u>12,347,269</u>
Current assets			
Trade receivables	9	47,813,343	16,951,207
Other current assets	10	13,187,351	14,490,942
Contract assets	11	14,078,356	27,201,483
Cash at banks	12	32,191,028	61,387,845
Total current assets		<u>107,270,078</u>	<u>120,031,477</u>
Total assets		<u><u>122,219,273</u></u>	<u><u>132,378,746</u></u>
<u>SHAREHOLDERS' EQUITY AND</u>			
<u>LIABILITIES</u>			
Shareholders' equity			
Share capital	13	36,599,970	36,599,970
Treasury shares	14	(3,659,970)	(3,659,970)
Statutory reserve		6,320,238	6,320,238
Other reserve		3,078,000	3,078,000
Additional contributions from shareholders		3,905,218	3,659,970
Retained earnings		30,647,699	25,622,816
Total shareholders' equity		<u>76,891,155</u>	<u>71,621,024</u>
Liabilities			
Non-current liabilities			
Employees' benefit obligations	16	4,473,302	4,188,585
Total Non-current liabilities		<u>4,473,302</u>	<u>4,188,585</u>
Current liabilities			
Trade payables and other current liabilities	17	20,338,227	26,148,990
Contract liabilities	18	18,277,770	24,573,185
Credit facilities		-	2,848,643
Lease liabilities	7	420,799	906,661
Zakat provision	19	1,818,020	2,091,658
Total current liabilities		<u>40,854,816</u>	<u>56,569,137</u>
Total liabilities		<u>45,328,118</u>	<u>60,757,722</u>
Total shareholders' equity and liabilities		<u><u>122,219,273</u></u>	<u><u>132,378,746</u></u>

The accompanying notes 1 through 32 form an integral part of these interim consolidated condensed financial statements.

Tam Development Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the six-month period ended 30 June 2023
(Saudi Riyal)

		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
	Note		
Revenue	20	62,810,514	38,257,424
Cost of revenue	21	(38,376,160)	(25,827,790)
Gross income		24,434,354	12,429,634
General and administrative expenses	22	(17,363,908)	(9,039,205)
Expense of provision for expected credit losses- trade receivables	9	(95,759)	(84,774)
Expense of provision for expected credit losses- contract assets	11	(288,349)	-
Other income	23	86,554	-
Operating profit for the period		6,772,892	3,305,655
Finance expenses		(156,858)	(51,238)
Profit before Zakat for the period		6,616,034	3,254,417
Zakat expense	19	(1,852,121)	(881,750)
Net profit for the period		4,763,913	2,372,667
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Re-measurement of employees' defined benefit obligations	16	260,970	652,160
Total other comprehensive income for the period		260,970	652,160
Total comprehensive income for the period		5,024,883	3,024,827
Earnings per share:			
Basic earnings per share	25	1.45	0.72

The accompanying notes 1 through 32 form an integral part of these interim consolidated condensed financial statements.

Tam Development Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
For the six-month period ended 30 June 2023
(Saudi Riyal)

	Share capital	Treasury shares	Other reserve	Additional contributions from shareholders	Statutory reserve	Retained earnings	Total equity
Balance as at 1 January 2023							
as previously stated (audited)	36,599,970	-	3,078,000	-	6,320,238	25,622,816	71,621,024
Adjustments - treasury shares (note 30)	-	(3,659,970)	-	3,659,970	-	-	-
Balance as at 1 January 2023 (audited) –							
(Restated- note 30)	36,599,970	(3,659,970)	3,078,000	3,659,970	6,320,238	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	(3,659,970)	3,078,000	3,905,218	6,320,238	30,647,699	76,891,155
Balance as at 1 January 2022 (audited)	36,599,970	-	-	-	3,481,669	4,756,518	44,838,157
Net profit for the period	-	-	-	-	-	2,372,667	2,372,667
Other comprehensive loss for the period	-	-	-	-	-	652,160	652,160
Total comprehensive income for the period	-	-	-	-	-	3,024,827	3,024,827
Dividends (Note 1.5)	-	-	-	-	-	(1,612,763)	(1,612,763)
Balance as at 30 June 2022 (unaudited)	36,599,970	-	-	-	3,481,669	6,168,582	46,250,221

The accompanying notes 1 through 32 form an integral part of these interim consolidated condensed financial statements.

Tam Development Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)
For the six-month period ended 30 June 2023
(Saudi Riyal)

	30 June 2023	30 June 2022
Cash flows from operating activities:		
Net profit for the period before Zakat	6,616,034	3,254,417
Adjustments:		
Amortization of intangible assets	835,262	893,986
Provision for employees' benefits	820,288	540,426
Depreciation of property, plant, and equipment	503,005	318,984
Depreciation on right-of-use assets	438,025	56,307
Provision for expected credit losses - trade receivables	95,759	84,774
Provision for expected credit losses - contract assets	288,349	-
Finance charges for employees' rights' benefits	121,038	50,358
Finance costs on lease liabilities	35,820	881
	<u>9,753,580</u>	<u>5,200,133</u>
Change in liabilities and operating assets		
Trade receivables	(30,957,895)	8,017,940
Other current assets	1,303,591	(2,884,328)
Contract assets	12,834,778	-
Trade payables and other current liabilities	(5,810,763)	(9,824,478)
Contract liabilities	(6,295,415)	17,810,976
Employees' benefits paid	(395,639)	(424,811)
Zakat paid	(2,125,759)	(1,311,748)
Net cash (used in) generated from operating activities	<u>(21,693,522)</u>	<u>16,583,684</u>
<u>Cash flows from investing activities</u>		
Acquisition of property, plant, and equipment	(578,925)	(466,111)
Addition of intangible assets	(3,799,293)	(585,217)
Net cash used in investing activities	<u>(4,378,218)</u>	<u>(1,051,328)</u>
<u>Cash flows from financing activities</u>		
Credit facilities	(2,848,643)	(4,242,465)
Additional contributions from shareholders	245,248	-
Lease liability	(521,682)	(58,800)
Net cash used in financing activities	<u>(3,125,077)</u>	<u>(4,301,265)</u>
Net changes in cash and cash equivalents during the period	(29,196,817)	11,231,091
Cash and cash equivalents at beginning of the period	61,387,845	38,190,120
Cash and cash equivalents at end of the period	<u>32,191,028</u>	<u>49,421,211</u>
<u>Non-cash transactions</u>		
Dividends (Note 15)	-	(1,612,763)
Actuarial gains on remeasurement of employees' benefits obligations (note 16)	(260,970)	(652,160)

The accompanying notes 1 through 32 form an integral part of these interim consolidated condensed financial statements.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

1. REPORTING ENTITY

TAM Development Company (the “Company” or “Parent Company”) is a Saudi Joint Stock Company 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).

The Parent Company obtained approval to register its shares and offer 585,600 shares representing (16%) of its shares in the secondary market (Numo) pursuant to Capital Market Authority (CMA) resolution dated 28/12/2022 corresponding to 04/06/1444H. On July 3, 2023 (corresponding to 15 Muharram 1444 H), the company submitted a request to Ministry of Commerce to list a proposal to amend some articles of the Company’s articles of association. The proposal includes amending the legal form of the Company to a listed joint stock company, and the Ministry issued no objection letter to the proposal on July 5, 2023 (corresponding to 17 Muharram 1444 H) to be presented to the Company’s Extraordinary General Assembly, who voted to approve the proposal on 27 August 2023, corresponding to 11 Safar 1445. As at the date of the report, the legal procedures to change the legal form of the company from a closed joint stock company to a joint stock company have not been completed.

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

<u>License No.</u>	<u>License No.</u>	<u>License commencement date</u>	<u>License expiry date</u>
		12 April 2021 (Corresponding to 29 Sha’ban 1442H)	10 March 2024 (Corresponding to 29 Sha’ban 1445H)
Media	75841		17 November 2024
Public relations & communications	80531	20 December 2021 (Corresponding to 15 Jumada I 1443H)	(Corresponding to 15 Jumada I 1446H)

The Company has the following branches and the interim consolidated condensed financial statement include the results of these branches:

<u>City</u>	<u>CR No.</u>	<u>Issue date</u>
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 Fahed Road - Building No. 8428 - Postal Code 12363- Ext No. 4250
Kingdom of Saudi Arabia

The consolidated financial statements include the separate financial statements of the Parent Company and its subsidiary (collectively referred to as the “Group”).

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

1. REPORTING ENTITY (CONTINUED)

The Company holds 100% of the shares of Society Experts Limited (the “Subsidiary”), a single shareholder limited liability company registered under Commercial registration issued in Jeddah, and the 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 exporting, commercial undertakings, marketing services for third parties, consulting services, e-marketing, market research and opinion polls.

2. BASIS OF PREPARATION

2-1 Statement of compliance

These interim consolidated condensed financial statements for the six-month period ended 30 June 2023, have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

These interim consolidated condensed 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 2022.

The Group owns Society Experts Limited Liability Company that is a Single-Shareholder Limited Liability Company registered under Commercial registration No. 4030593075 dated 29 Dhul-Qi’dah 1438H (corresponding to 21 August 2017).

The principal activities of the Subsidiary are to provide senior management consulting services and providing marketing services on behalf of third parties, market research and opinion polls.

2-2 Basis of consolidation of the consolidated financial statements

The subsidiary, Society Experts Limited Liability Company, hereinafter referred to as the Group, was consolidated from the date of the Parent Company's control of the subsidiary until such control ceases. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements have been prepared on the basis of the financial statements of the Parent company and its subsidiary Society Experts Limited Company, and the Parent Company owns 100% as of 30 June 2023 (31 December 2022: 100%) of the Subsidiary’s shares.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

2. BASIS OF PREPARATION (CONTINUED)

2.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Basis of measurement

These interim consolidated condensed financial statements have been prepared on a historical cost basis using the going concern basis of assumption, except for measurement of employees' benefit obligations that are measured at present value using projected unit credit method. The carrying amount of financial assets and liabilities reasonably approximates their fair value.

2.5 Functional and presentation currency

These interim consolidated condensed financial statements have been presented in Saudi Riyal ("SAR"), which is the Group's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

Subsidiary is an entity that is controlled by the Group. Control is achieved when the Group has rights to the returns, from its involvement in the investee has the ability to affect those returns through its control over the investee. Specifically, the Group controls an investee if, and only if, the Group has all the following:

- Power over the investee (i.e., existing rights that give it the ability to direct the activities of the investee);
- Exposure, or rights, to variable returns from its involvement in the investee; and
- 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 the majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over the investee, including:

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

The transactions, balances, unrealized gains or losses between the Group companies are eliminated. Accounting policies of subsidiary are changed, where necessary, to ensure consistency with the policies adopted by the Group.

These consolidated financial statements have been prepared for TAM Development Company and its subsidiary, Society Experts Limited. The Company owns 100% of the subsidiary's shares.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of assets and liabilities as current and non-current

The Group 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 amortized in the normal operating cycle.
- If it is held primarily for trading purposes.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets of the Group are classified 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; or
- 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 other liabilities as non-current.

The significant accounting policies adopted in the preparation of these interim consolidated condensed financial statements are consistent with those adopted in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022.

3-1 Significant accounting estimates and judgements

The preparation of the Group's interim consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2022.

3-2 Fair value measurement

Fair value is the price that would be received to sell an asset or pay 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 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.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-2 Fair value measurement (continued)

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

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 interim consolidated condensed 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 prices (unadjusted) in active financial markets for identical assets or liabilities.

Level 2: inputs other than quoted price included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the interim consolidated condensed 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 determines 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 management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources and others to determine whether the change is reasonable.

3-3 Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss of the year attributable to the Group's ordinary shareholders by the weighted average number of 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.

3-4 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 Group. All operational results of the operating segments are reviewed by the operating decision makers 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.

The significant accounting policies set out below have been applied to all periods presented in these financial statements, unless otherwise stated.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the application of the new standards effective as of 1st of January 2023, which are explained in the Group's annual financial statements, which have no significant impact on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

A number of standards, amendments and interpretations have been issued. The new requirements were issued by the International Accounting Standards Board on 20 March 2022, and contain two tables, as follows:

New currently effective requirements: This table lists the recent changes to the Standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2023.

New currently effective requirements:

Effective date	New standards or amendments
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts
	Definition of accounting estimate - amendments to IAS 8
	Disclosure of Accounting Policies - amendments to IAS 1 and IFRS Practice Statement 2
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Forthcoming requirements: This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

Effective date	New standards or amendments
1 January 2024	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
	Lease Liability in a sale and Leaseback (Amendments to IFRS 16)
	Non-current Liabilities with Covenants (Amendments to IAS 1)
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – optional

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Tools and equipment	Computers	Office renovations	Total
<u>Cost</u>					
As at 1 January 2023	573,452	108,904	1,469,661	1,933,576	4,085,593
Additions	-	-	431,106	147,819	578,925
As at 30 June 2023	573,452	108,904	1,900,767	2,081,395	4,664,518
<u>Accumulated depreciation</u>					
As at 1 January 2023	266,411	103,139	952,875	1,062,254	2,384,679
Charge for the period	42,281	882	117,376	342,466	503,005
As at 30 June 2023	308,692	104,021	1,070,251	1,404,720	2,887,684
<u>Net carrying amount</u>					
30 June 2023	264,760	4,883	830,516	676,675	1,776,834
31 December 2022	307,041	5,765	516,786	871,322	1,700,914

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

6. INTANGIBLE ASSETS

	<u>Computer Software</u>	<u>Website</u>	<u>Applications</u>	<u>Under Construction</u>	<u>Total</u>
<u>Cost</u>					
As at 1 January 2023	22,975	4,297,705	8,964,312	1,584,550	14,869,542
Additions	-	-	2,085,731	1,713,562	3,799,293
Transfer from under construction to applications	-	-	1,413,767	(1,413,767)	-
As at 30 June 2023	<u>22,975</u>	<u>4,297,705</u>	<u>12,463,810</u>	<u>1,884,345</u>	<u>18,668,835</u>
<u>Accumulated amortization</u>					
As at 1 January 2023	22,975	4,189,499	6,383,727	-	10,596,201
Charge for the period	-	7,897	827,365	-	835,262
As at 30 June 2023	<u>22,975</u>	<u>4,197,396</u>	<u>7,211,092</u>	<u>-</u>	<u>11,431,463</u>
Net carrying amount 30 June 2023	<u>-</u>	<u>100,309</u>	<u>5,252,718</u>	<u>1,884,345</u>	<u>7,237,372</u>
31 December 2022	<u>-</u>	<u>108,206</u>	<u>2,580,585</u>	<u>1,584,550</u>	<u>4,273,341</u>

* 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.

7. RIGHT-OF-USE ASSETS

7-1 Right-of-use assets

Right-of-use assets represent value of lease of Jeddah office.

Right-of-use assets	
Cost:	
At 1 January 2023	3,292,614
Additions during the period	-
Balance as at 30 June 2023	<u>3,292,614</u>
Accumulated depreciation:	
At 1 January 2023	1,919,600
Charged during the period	438,025
Balance as at 30 June 2023	<u>2,357,625</u>
Net carrying amount:	
30 June 2023	<u>934,989</u>
31 December 2022	<u>1,373,014</u>

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

7. RIGHT-OF-USE ASSETS (CONTINUED)

7-2 Lease liabilities

	30 June 2023	31 December 2022
Balance as at beginning of the period /year	906,661	57,919
Additions	-	1,825,105
Charged finance costs during the period / year	35,820	34,119
Lease payments during the period / year	(521,682)	(1,010,482)
Balance as at end of the period / year	420,799	906,661
	30 June 2023	31 December 2022
Lease liabilities	420,799	906,661
Current portion of leases	420,799	906,661
Total lease liabilities	420,799	906,661

7.3 Operating leases

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

Operating lease expense was SAR 165,000 (30 June 2022: SAR 427,367) (Note 22),

8. BANK DEPOSITS

On 21 April 2022, Murabaha term deposit was tied with a local bank amounting to SAR 5,000,000 that is payable on 20 April 2025 with Murabaha rate ranging from 2.9% to 3.3%.

9. TRADE RECEIVABLES

	30 June 2023	31 December 2022
Trade receivables	48,106,898	17,149,003
Less: Allowance for expected credit losses	(293,555)	(197,796)
Net trade receivables	47,813,343	16,951,207

Movement in the expected credit losses are as follows:

	30 June 2023	31 December 2022
Balance as at beginning of the period /year	197,796	339,312
Charged during the period / (reimbursed) during the year	95,759	(141,516)
Balance as at end of the period / year	293,555	197,796

Below is aging analysis of accounts receivable balances as at 30 June 2023 / 31 December 2022:

	Less than 90 days	91-180 days	181-270 days	271 – 265 days	More than 365 days	Total
30 June 2023	40,262,265	7,254,150	119,188	-	471,295	48,106,898
31 December 2022	16,677,708	-	68,295	-	403,000	17,149,003

During the subsequent period, the group collected an amount of SAR 32,327,519 from the total trade receivables outstanding as of 30 June 2023.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

10. OTHER CURRENT ASSETS

	30 June 2023	31 December 2022
Margin on letters of guarantee	9,967,570	11,253,889
VAT receivables	469,807	1,267,934
Prepaid expenses	1,112,816	897,275
Advances to suppliers	207,855	487,444
Advance for investment in companies	563,675	187,825
Other	865,628	396,575
	13,187,351	14,490,942

11. CONTRACT ASSETS

Total data for ongoing contract revenue projects as per the period/year:

	30 June 2023	31 December 2022
Total charged costs	30,058,558	44,468,552
Add:		
Realized gross profits	26,456,980	35,593,858
Revenue - according to the percentage of completion	56,515,538	80,062,410
Less:		
Progress billings issued for work completed	(42,111,989)	(52,824,083)
Less: Allowance for expected credit losses	(325,193)	(36,844)
Contract assets	14,078,356	27,201,483

- Movement in provision for the expected credit losses:

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	36,844	-
Charged during the Period	288,349	36,844
Balance at the end of the period/year	325,193	36,844

12. CASH AT BANKS

	30 June 2023	31 December 2022
Cash at banks	32,191,028	61,387,845
	32,191,028	61,387,845

13. SHARE CAPITAL (restated- note 30)

The Group's capital as at 30 June 2023 amounted to SAR 36,599,970 (31 December 2022: SAR 36,599,970) divided into 3,659,997, and SAR 10 for each.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

13. SHARE CAPITAL (restated- note 30) (continued)

The following shows the major shareholders as of 30 June 2023:

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

- The following is the details of outstanding number of shares:

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

14. TREASURY SHARES (restated- note 30)

- 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 SAR 10 per share with a total value of SAR 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).

15. DIVIDENDS

- In the meeting held on 6 April 2022 (corresponding to 4 Ramadan 1443h), the group's board of directors resolved to distribute dividends to the shareholders of 10% from year's income ended 31 December 2021 with amount of SAR 1,612,763 (SAR 0.44 of each share) (30 June 2021: SAR 908,159).

- In the meeting held on 30 May 2022 corresponding to 28 shawwal 1443h, the group's board of directors approved to cover part of the costs of the offering in the parallel market (nomu) from the dividends distributed to shareholders for the financial year ended on 31 December 2021, at an amount of SAR 672,000 from the total estimated dividends amounting to SAR 1,612,763, this amount shall be deducted from all shareholders, each according to its percentage, and the remaining shall be paid to the shareholders as dividends.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

16. EMPLOYEES' BENEFITS OBLIGATIONS

The group operates employees' end of service benefits in accordance with the Saudi labor law, recruitment market and regulations of social security applicable in the kingdom of Saudi Arabia.

Net benefit expenses recognized in the statement of profit or loss.

	30 June 2023	30 June 2022
Current service cost	820,288	540,426
Interest cost	121,038	50,358
	941,326	590,784

The provision movement of the employees' benefit obligations included in the statement of financial position is as follows:

Balance at 1 January 2022	3,634,942
Interest cost	101,154
Current service cost	1,371,431
Actuarial losses on remeasurement of employees' benefit obligations	(467,694)
Benefits paid	(451,248)
Balance at 31 December 2022	4,188,585
Balance at 1 January 2023	4,188,585
Interest cost	121,038
Current service cost	820,288
Actuarial losses on remeasurement of employees' benefit obligations	(260,970)
Benefits paid	(395,639)
Balance at 30 June 2023	4,473,302

The significant assumptions used in determining the defined benefits obligations are as follows:

	30 June 2023	31 December 2022
Discount rate	4.95%	5.25%
Salary increases rate	5.70%	6%

The sensitivity analyzes below have been determined based on the method for assessing the impact on the employees' defined benefits obligation as a result of reasonable changes in key assumptions that occur at the end of the period. The sensitivity analyzes might not represent an actual change in the employees' defined benefits obligation as it is unlikely that changes in assumptions would occur in isolation.

A quantitative sensitivity analysis for significant assumptions on the employees' benefits are shown below:

	30 June 2023	31 December 2022
Discount rate		
1% increase	(338,006)	(331,509)
1% decrease	311,559	308,252
Future salary increases		
1% increase	283,189	302,204
1% decrease	(318,976)	(332,165)

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	30 June 2023	31 December 2022
Contract accruals for Ministry of Culture's projects*	6,707,364	10,410,826
Accrued expenses and employees' accruals	7,637,194	10,134,387
Trade payables	4,518,233	4,318,102
Withholding tax	453,805	687,062
Board and its committees' remunerations	456,500	397,500
Value Added Tax (VAT)	565,131	201,113
	20,338,227	26,148,990

* The above amount represents the amounts collected from Ministry of Culture's projects to produce and support short and long films for the winners of Light competition to support films, where contracts were signed on 29 December 2020, as well as the project to produce the winning long films in the Light competition to support films (the second group), where the contracts were signed on 7 November 2021.

18. CONTRACT LIABILITIES

Total data for ongoing contract revenue projects as at the end of the period/year:

	30 June 2023	31 December 2022
Total charged costs	46,745,070	28,993,231
Add:		
Realized gross profits	21,054,876	12,270,511
Revenue - according to the percentage of completion	67,799,946	41,263,742
Less:		
Progress billings issued for work completed	(86,077,716)	(65,836,927)
Contract liabilities	(18,277,770)	(24,573,185)

19. ZAKAT

- Movement in provision for Zakat

	30 June 2023	31 December 2022
Balance at beginning of the period /year	2,091,658	1,311,748
Zakat charge during the period / year	1,852,121	2,091,658
Zakat paid during the period/year	(2,125,759)	(1,311,748)
Balance as at end of the period / year	1,818,020	2,091,658

- Zakat charge during the period/year is as follows:

	30 June 2023	31 December 2022
Zakat for the current period/year	1,818,020	2,091,658
Prior-year's adjustments	34,101	-
	1,852,121	2,091,658

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

19. ZAKAT (continued)

- Status of assessment

The Group has submitted its zakat and withholding tax returns for all years ended up to 31 December 2022 to the Zakat, Tax and Customs Authority (ZATCA) and obtained the final Zakat Certificate.

During the period, 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 SAR 34,101.

The group submits zakat returns for each of the group companies separately.

20. REVENUE

	For the six-month period ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Consulting services and projects management	55,917,428	33,047,855
Technological solutions	6,893,086	5,209,569
	62,810,514	38,257,424

The Group generates its revenues from government, semi-government, and private customers against projects services provided during the year under the agreements and contracts signed with the customers.

	For the six-month period ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Government and semi government sectors	51,831,275	34,712,195
Private sector	10,979,239	3,545,229
	62,810,514	38,257,424

21. COST OF REVENUE

	For the six-month period ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Consulting services and projects management	34,909,152	22,432,636
Technological solutions	3,467,008	3,395,154
	38,376,160	25,827,790

22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Salaries and other allowances	8,797,287	4,357,640
Employees’ expenses	3,495,958	2,246,516
Office and administrative expenses	1,818,280	680,505
Rent expenses (Note 7)	165,000	427,367
Consulting and legal expenses	385,219	404,697
Depreciation and amortization charges	510,900	318,984
Government expenses	539,538	317,970
Subscriptions expenses	645,275	133,218
Remunerations for board of directors and its committees	59,000	-
Amortization charge of right-of-use assets	438,025	56,307
Public offering expenses	245,248	-
Other general and administrative expenses	264,178	96,001
	17,363,908	9,039,205

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

23. OTHER INCOME

	For the six-month period ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Miscellaneous	4,026	-
Bank deposit returns	82,528	-
	86,554	-

24. RELATED PARTY TRANSACTIONS

The related parties comprise of related companies and shareholders. The pricing policies and guidelines of the transactions have been agreed upon from the board of directors in the normal business operations. During the period, the Group transacted with Board of Directors and Key management personnel as the following:

24.1 Transaction with related parties:

Related party	Nature of transaction	30 June 2023	30 June 2022
Bupa Arabia Company	Health insurance contract	803,416	457,409
Careem Communications Company for Information Technology	Transportation services	94,299	-

24.2 Transaction with Board of Directors and Key management personnel:

	30 June 2023	30 June 2022
Salaries and allowances	1,380,000	1,170,000
End-of-service defined benefits obligation	1,395,610	1,185,754
Remunerations for board of directors and its committees	59,000	-
	2,834,610	2,355,754

24.3 Transactions with Shareholders:

Treasury shares transaction with shareholders is described in note 14.

25 EARNINGS PER SHARE

In accordance with IAS 33, basic earnings per share is calculated by dividing the profit attributable to the Group's shareholders by the weighted average number of ordinary shares during the period ended 30 June 2023. The total number of shares was 3,294,000 ordinary shares (June 30, 2022: 3,659,997 ordinary shares). As a result of treasury share transaction (see note 14), the calculation of basic and diluted earnings per share for all periods presented has been adjusted retrospectively.

The diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares during the period assuming the conversion of all diluted shares into ordinary shares.

The diluted earnings per share is equivalent to the basic earnings per share for the periods ended 30 June 2023 and 30 June 2022 due to the absence of financial instruments with lower impact for the return on share.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

25. EARNINGS PER SHARE (CONTINUED)

	For the six-month period ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Net profit for the period	4,763,913	2,372,667
Number of ordinary shares (note 13)	3,294,000	3,294,000
Basic earnings per share	1.45	0.72

26. REPORTING SEGMENTS

Consulting services and projects management segment:

- Formulating strategies and designing initiatives 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.

Technology solutions segment:

Designing, implementing, and managing the operation of digital programs and products that enable digital transformation for the government and quasi government segments and automate the communication and community engagement, explore and improve talents, and processes of managing the government support for all segments of the community.

As at and for the period ended 30 June 2023:

	Consulting services and projects management	Technological 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 income	21,008,276	3,426,078	24,434,354

As at and for the period ended 30 June 2022:

	Consulting services and projects management	Technological solutions	Total
Revenue	33,047,855	5,209,569	38,257,424
Cost of revenue	(22,432,636)	(3,395,155)	(25,827,790)
Gross income	10,615,219	1,814,414	12,429,634

The Group's Management does not believe that distributing the property, plant and equipment used in the Group operations is considered appropriate for the internal administrative analysis. Accordingly, no information has been disclosed on the operating segments.

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

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

26. REPORTING SEGMENTS (CONTINUED)

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

	For the six-month period ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Gross income from segments	24,434,354	12,429,634
General and administrative expenses	(17,363,908)	(9,039,205)
Expected credit losses – trade receivable	(95,759)	(84,774)
Expected credit losses – contract assets	(288,349)	-
Other income	86,554	-
Finance expenses	(156,858)	(51,238)
Total unallocated amount	(17,818,320)	(9,175,217)
Profit before Zakat for the period	6,616,034	3,254,417

27. CONTINGENCIES

The Group has contingencies at the period ended 30 June 2023 that include the letters of guarantee as follows:

	30 June	31 December
	2023	2022
Letters of guarantee	19,389,933	16,764,615

28. FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a 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 absence of a principal market for the assets or liabilities, or in the most advantageous market for the assets or liabilities In the absence of a principal market, the principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their 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.

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.

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Financial Statements (Unaudited)
30 June 2023

28. FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

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.

30 June 2023							
Fair value							
	Fair value through other comprehensive income	Amortized cost	Total	Range 1	Level 2	Level 3	Total
Financial assets							
Trade receivables	-	47,813,343	47,813,343	-	-	-	47,813,343
Contract assets	-	14,078,356	14,078,356	-	-	-	14,078,356
Cash and cash equivalents	-	32,191,028	32,191,028	-	-	-	32,191,028
Bank Deposits	-	5,000,000	5,000,000	-	-	-	5,000,000
Total	-	99,082,727	99,082,727	-	-	-	99,082,727
Financial liabilities							
Contract accruals for Ministry of Culture's projects	-	6,707,364	6,707,364	-	-	-	6,707,364
Trade payables	-	4,518,233	4,518,233	-	-	-	4,518,233
Contract liabilities	-	18,277,770	18,277,770	-	-	-	18,277,770
Total	-	29,503,367	29,503,367	-	-	-	29,503,367

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

28. FINANCIAL INSTRUMENTS – ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONTINUED)

	31 December 2022		Fair value				
			Fair value				
	Fair value through other comprehensive income	Amortized cost	Total	Range1	Level 2	Level 3	Total
Financial assets							
Trade receivables	-	16,951,207	16,951,207	-	-	-	16,951,207
Contract assets	-	27,201,483	27,201,483	-	-	-	27,201,483
Cash and cash equivalents	-	61,387,845	61,387,845	-	-	-	61,387,845
Bank deposits	-	5,000,000	5,000,000	-	-	-	5,000,000
Total	-	110,540,535	110,540,535	-	-	-	110,540,535
Financial liabilities							
Trade payables	-	4,318,102	4,318,102	-	-	-	4,318,102
Contract accruals for Ministry of Culture's projects	-	10,410,826	10,410,826	-	-	-	10,410,826
Contract liabilities	-	24,573,185	24,573,185	-	-	-	24,573,185
Credit facilities	-	2,848,643	2,848,643	-	-	-	2,848,643
Total	-	42,150,756	42,150,756	-	-	-	42,150,756

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the trade receivables, contract assets, other current assets, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Bank balances and deposits are held with local banks with sound external credit ratings.

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 managers 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 that represents its estimate of incurred losses in respect of trade receivables (Note 9).

The following table provides information about the exposure to credit risk and ECLs of customers as at:

	Total carrying amount	Impairment loss allowance	Weighted- average loss rate
As at 30 June 2023			
Less than 90 days	40,262,265	33,557	%0.1
91 - 180 days	7,254,150	67,238	%0.9
181 - 270 days	119,188	3,726	%3.1
271 - 365 days	-	-	%0.0
More than 365 days	471,295	189,034	%40.1
Total	48,106,898	293,555	
	Total carrying amount	Impairment loss allowance	Weighted- average loss rate
As at 30 June 2022			
Less than 90 days	10,817,920	11,140	0%
91 - 180 days	549,470	25,498	5%
181 - 270 days	734,965	81,436	11%
271 - 365 days	-	-	0%
More than 365 days	742,393	306,012	41%
Total	12,844,748	424,086	

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT (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 another financial asset. 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 management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit.

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 Group's financial position and cash flows. The Group's interest rate risk arises 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 flow interest rate risks to the Group are not significant.

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 equity. Net debt is calculated as loans less cash and cash equivalents.

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

	30 June 2023	31 December 2022
Trade payables and other current liabilities	20,338,227	26,148,990
Credit facilities	-	2,848,643
Lease liabilities	420,799	906,661
Less: cash at banks	(32,191,028)	(61,387,845)
Net debt	(11,432,002)	(31,483,551)
Total equity	76,891,155	71,621,024
Net debt to equity ratio	15%	44%

Tam Development Company
(A Saudi Joint Stock Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
30 June 2023

30. Correction of error

During the period ended 30 June 2023, the Group discovered that treasury shares were erroneously not accounted for in its consolidated financial statements for the year ended 31 December 2022. This error has been corrected by restating the affected financial statement line items for prior period. There is no impact on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2022. The following table summarizes the impact on the Group's consolidated financial statements:

Adjustments to the Consolidated Statement of financial position as at December 31, 2022:

	<u>Balances as previously reported</u>	<u>Adjustments</u>	<u>31 December 2022 Restated</u>
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
Equity			
Share capital	36,599,970	-	36,599,970
Treasury shares	-	(3,659,970)	(3,659,970)
Statutory reserve	6,320,238	-	6,320,238
Other reserve	3,078,000	-	3,078,000
Additional contributions from shareholders	-	3,659,970	3,659,970
Retained earnings	25,622,816	-	25,622,816
Total shareholders' equity	<u>71,621,024</u>	<u>-</u>	<u>71,621,024</u>

31. SUBSEQUENT EVENTS

- In their meeting held on 11 July 2023 (corresponding to 05 Dhul-Hijjah 1444H), the Group's board of directors resolved to distribute dividends to the shareholders, amounting to SAR 2,799,900 at 85 Halalah per share (2022: SAR 1,612,763 at 44 Halalah per share). A vote was taken during the Extraordinary General Assembly held on 27 August 2023, corresponding to 11 Safar 1445, to approve the dividends.
- The Extraordinary General Assembly held on 27 August 2023, corresponding to 11 Safar 1445, also voted to approve the proposal to amend the company's articles of association (refer to note 1).

32. APPROVAL OF THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

These interim consolidated condensed financial statements were approved and authorized for issue by the Board of Directors on 12 Safar 1445H (Corresponding to 28 August 2023).