presight
A G42 company

PRESIGHT AI HOLDING PLC

Review Report and Condensed Consolidated Interim Financial Information

for the six-month period ended on June 30, 2023

PRESIGHT AI HOLDING PLC

Review report and condensed consolidated interim financial information for the six-month period ended 30 June 2023

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PRESIGHT AI HOLDING PLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Presight AI Holding PLC (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2023, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* ('IAS 34'). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

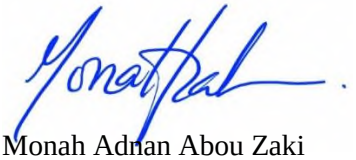
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other matter

The comparative information presented in the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows and the related notes have not been reviewed or audited.

Deloitte & Touche (M.E.) LLP



Monah Adnan Abou Zaki
11 August 2023
Abu Dhabi
United Arab Emirates

Condensed consolidated statement of financial position as at 30 June 2023

	Notes	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
ASSETS			
Non-current assets			
Property and equipment		**3,788**	3,465
Intangible assets		**103**	130
Right-of-use assets	**5**	**16,008**	18,985
Total non-current assets		**19,899**	22,580
Current assets			
Trade and other receivables	**6**	**197,897**	943,087
Contract assets	**7**	**613,853**	436,641
Bank balances	**9**	**2,374,870**	184
Total current assets		**3,186,620**	1,379,912
Total assets		**3,206,519**	1,402,492
EQUITY AND LIABILITIES			
Equity			
Share capital	**10**	**560,868**	184
Share premium	**10**	**1,679,952**	-
Retained earnings		**296,096**	650,052
Equity attributable to owners of the Company		**2,536,916**	650,236
Non-controlling interest		**83,112**	117,514
Total equity		**2,620,028**	767,750
Non-current liabilities			
Employees' end of service benefits		**11,493**	8,095
Lease liabilities		**8,520**	11,509
Total non-current liabilities		**20,013**	19,604
Current liabilities			
Trade and other payables	**11**	**372,241**	334,140
Lease liabilities		**9,507**	8,208
Contract liabilities		**21,204**	9,086
Due to related parties	**8**	**163,526**	263,704
Total current liabilities		**566,478**	615,138
Total liabilities		**586,491**	634,742
Total equity and liabilities		**3,206,519**	1,402,492

Thana Pramotedham
Chief Executive Officer

Dr. Adel Al Sharji
Chief Operating Officer

Raghupathy Ramadorai Meyoor
Chief Financial Officer

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2023

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Revenue	**12**	**287,708**	267,218	**513,918**	478,507
Direct costs	**13**	**(206,001)**	(170,297)	**(332,160)**	(272,392)
Gross profit		**81,707**	96,921	**181,758**	206,115
General, administrative and marketing expenses	**14**	**(36,731)**	(33,315)	**(64,382)**	(73,559)
Finance income		**22,018**	-	**22,018**	-
Profit for the period		**66,994**	63,606	**139,394**	132,556
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the period		**66,994**	63,606	**139,394**	132,556
Profit attributable to:					
Owners of the Company		**66,484**	63,606	**138,893**	132,556
Non-controlling interest		**510**	-	**501**	-
		66,994	63,606	**139,394**	132,556
Total comprehensive income for the period attributable to:					
Owners of the Company		**66,484**	63,606	**138,893**	132,556
Non-controlling interest		**510**	-	**501**	-
		66,994	63,606	**139,394**	132,556
Basic and diluted earnings per share	**17**	**0.04**	34.6	**0.04**	72.2

Condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023

	|--Attributable to the owners of the Company--|				
	Share capital AED'000	**Share premium AED'000**	**Retained earnings AED'000**	**Total AED'000**	**Non-controlling interests AED'000**	**Total equity AED'000**
At 1 January 2022 (audited)	-	-	1,177,179	1,177,179	-	1,177,179
Total comprehensive income for the period:						
Profit for the period	-	-	132,556	132,556	-	132,556
Total comprehensive income for the period	-	-	132,556	132,556	-	132,556
At 30 June 2022 (unaudited)	-	-	1,309,735	1,309,735	-	1,309,735
At 1 January 2023 (audited)	184	-	650,052	650,236	117,514	767,750
Total comprehensive income for the period:						
Profit for the period	-	-	138,893	138,893	501	139,394
Total comprehensive income for the period	-	-	138,893	138,893	501	139,394
Issue of share capital (note 10)	560,684	1,679,952	-	2,240,636	-	2,240,636
Dividend declared (note 15)	-	-	(492,849)	(492,849)	(34,903)	(527,752)
At 30 June 2023 (unaudited)	**560,868**	**1,679,952**	**296,096**	**2,536,916**	**83,112**	**2,620,028**

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows for the six-month period ended 30 June 2023

	Notes	Six-month period ended 30 June 2023 AED'000 (unaudited)	2022 AED'000 (unaudited)
Cash flows from operating activities			
Profit for the period		**139,394**	132,556
Adjustments for:			
Depreciation of property and equipment		**834**	740
Amortisation of intangible assets		**27**	3
Depreciation of right-of-use assets	**5**	**3,873**	2,740
Provision for employees' end of service benefits		**4,252**	3,059
Finance income		**(22,018)**	-
Finance expenses		**233**	265
Operating cash flows before movements in working capital		**126,595**	139,363
Decrease in trade and other receivables		**740,039**	38,309
Increase in contract assets		**(177,212)**	(355,919)
Increase in contract liabilities		**12,118**	40,898
Increase/(decrease) in trade and other payables		**38,101**	(122,214)
(Decrease)/increase in due to related parties		**(100,722)**	256,445
Cash generated from/(used in) operating activities		**638,919**	(3,118)
Employees' end of service benefits paid		**(310)**	(480)
Net cash generated from/(used in) operating activities		**638,609**	(3,598)
Cash flows from investing activities			
Payment for acquisition of property and equipment		**(1,157)**	(1,560)
Payment for acquisition of intangible asset		**-**	(160)
Net cash used in investing activities		**(1,157)**	(1,720)
Cash flows from financing activities			
Proceeds from issuance of share capital (net)		**2,240,636**	-
Payment of dividends	**15**	**(527,752)**	-
Finance income received		**10,826**	-
Payments of principal portion of lease liabilities		**(2,819)**	(650)
Net cash flow generated from/(used in) financing activities		**1,720,891**	(650)
Net increase/(decrease) in cash and cash equivalents		**2,358,343**	(5,968)
Cash and cash equivalents at the beginning of the period		**184**	5,968
Cash and cash equivalents at 30 June	**9**	**2,358,527**	-
Non-cash transaction:			
Transfer of employees' end of service benefits		**(544)**	-

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023

1 Legal status and principal activities

Presight AI Holding PLC (the "Company") is incorporated as a public company limited by shares operating under a license number 000008980 issued by Abu Dhabi Global Market Registration Authority pursuant to Abu Dhabi Global Market Companies Regulations 2020 on 12 December 2022. The Group's parent company and controlling party is Group 42 Holding Ltd (the "Parent Company"), a private company registered in Abu Dhabi Global Market. The Company was listed on the Abu Dhabi Securities Exchange on 27 March 2023.

The registered address of the Company is Al Khatem Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

The principal activity of the Company is to act as a holding company for the entities within the Group.

For the periods prior to the formation of the Company, the condensed consolidated interim financial information represent the financial information of subsidiaries using the carrying value of the assets and the liabilities.

These condensed consolidated interim financial information include the financial performance, financial position and cash flows of the Company and its subsidiaries (collectively referred to as the "Group"), details of which are set out below:

Name of subsidiaries	**Place of incorporation and operation**	**Principal activities**	**Proportion of ownership interest**	
			30 June 2023	31 December 2022
Assetik Tech Ltd	Abu Dhabi, United Arab Emirates	Technology and computer services activities, computer consultancy and computer facilities management activities, computer programming activities and other information service activities such as treasury financial systems and application development.	**100%**	100%
G42 Smart Nation AI Holding RSC Ltd	Abu Dhabi, United Arab Emirates	Holding company	**100%**	100%
G42 Sky14 Technology Projects RSC Ltd	Abu Dhabi, United Arab Emirates	Holding company	**100%**	100%
Presight AI Ltd	Abu Dhabi, United Arab Emirates	Business incubator, other information technology and computer service activities, other professional, scientific and technical activities, computer consultancy and computer facilities management activities, computer programming activities, activities of holding companies, other information service activities, data processing, hosting and related activities, activities of head offices.	**100%**	100%

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

1 Legal status and principal activities (continued)

Name of subsidiaries	Place of incorporation and operation	Principal activities	Proportion of ownership interest	
			30 June 2023	31 December 2022
Below are the subsidiaries of G42 Smart Nation AI Holding RSC Ltd:				
G42 Smart Nation Technology Projects LLC**	Abu Dhabi, United Arab Emirates	Information technology network services, technological projects management, innovation & artificial intelligence research & consultancies, security & surveillance systems installation & maintenance, telecommunication systems equipment installation and maintenance, services, management and operation of computer networks, computer infrastructure establishment, institution and maintenance, retail sale of computer outfit and data processing.	**99.99%**	99.99%
G42 Smart City AI SPV Ltd*	Abu Dhabi, United Arab Emirates	Holding company	**100%**	100%
G42 AS SPV RSC Ltd*	Abu Dhabi, United Arab Emirates	Holding company	**100%**	100%
JTO Holding SPV Ltd	Abu Dhabi, United Arab Emirates	Holding company	**60%**	60%
Intellibrain Technological Projects LLC**	Abu Dhabi, United Arab Emirates	Technological projects management, innovation and artificial intelligence research and consultancies.	**60%**	60%
Below are the subsidiaries of Presight AI Ltd:				
G42 Analytics Technology Projects LLC**	Abu Dhabi, United Arab Emirates	Information technology network services, technological projects management, innovation & artificial intelligence research & consultancies	**99.99%**	99.99%
Analytics AI Limited Liability Partnership	Kazakhstan	Implementing state of the art analytical and artificial intelligence software systems; installation works, general management, providing customer support, expand partnership networks, commercial activity, foreign economic and foreign trade activity including export and import	**100%**	100%
Presight AI Kazakhstan Ltd.*	Kazakhstan	Provision of AI-powered big data analytics platforms	**100%**	-

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

1 Legal status and principal activities (continued)

Name of subsidiaries	Place of incorporation and operation	Principal activities	Proportion of ownership interest	
			30 June 2023	31 December 2022
Below are the subsidiaries of G42 Sky14 Technology Projects RSC Ltd:				
G42 Sky1 Technology Projects LLC**	Abu Dhabi, United Arab Emirates	Information technology network services and technological projects management.	**99.99%**	99.99%
Smart Interaction2 Holding SPV RSC Ltd*	Abu Dhabi, United Arab Emirates	Special purpose vehicle	**100%**	-

* These subsidiaries were dormant as at 30 June 2023 and 31 December 2022.

** An entity under common control has assigned the beneficial ownership of its stake in these subsidiaries to the Company, thereby, the Group holds 100% of the shareholding.

During the period, the Company has completed the legal formalities for the transfer of shares (the "Shares"), in the entities listed above in accordance with the Share Purchase Agreements ("SPAs") dated 15 December 2022 entered into with the Parent Company and an entity under common control (a "related party").

2 Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

IFRS 17 *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

Amendments to IAS 1 *Presentation of Financial Statements*: Classification of liabilities as current or non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Amendments to IAS 8 - Definition of accounting estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

International Tax Reform - Pillar Two Model Rules (amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments are:

- An exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception.
- A disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes.
- A disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information (continued)

International Tax Reform - Pillar Two Model Rules (amendments to IAS 12) (continued)

The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	Effective date not yet decided
Lease liability in a sale and leaseback (Amendments to IFRS 16) The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Non-current liabilities with covenants (Amendments to IAS 1)	1 January 2024
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments supplement requirements already in IFRS Accounting Standards and require an entity to disclose: • the terms and conditions; • the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet; • ranges of payment due dates; and • liquidity risk information.	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated interim financial information as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

3 Statement of compliance and basis of preparation

Statement of compliance

These condensed consolidated interim financial information for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" and applicable requirements of Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015.

Basis of preparation

The condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2022. In addition, results for six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The condensed consolidated financial information is presented in UAE Dirhams ("AED"), the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest thousand (AED'000) except where otherwise indicated. In order to align the presentation currency with the functional currency, the Group has changed its presentation currency to AED as compared to US Dollar ("USD") in the prior period. Since AED is pegged to USD, the Group has used a fixed conversion rate of USD 1.00 = AED 3.6725 for presenting the comparatives in the condensed consolidated interim financial information.

The condensed consolidated interim financial information has been prepared on the historical cost basis.

The Company entered into Share Purchase Agreements ("SPAs") dated 15 December 2022 for the transfer of shares (the "Shares"), relating to the entities listed in note 1 to the condensed consolidated interim financial information (the "Entities"), that are beneficially owned and controlled by the Parent Company. As per the SPAs, the Parent Company transferred the entire economic interest in the Entities to the Company for a nominal value. Thereby, the Company holds 100% of the transferred shares of the Entities. During the period, the legal formalities of the transfer were completed.

The aforementioned transfer of the Shares to the Company is a common control transaction as the Entities continue to be controlled by the Parent Company before and after the reorganisation. Therefore, this reorganisation is considered to be outside the scope of IFRS 3 *Business Combinations*. The Company has applied the pooling of interest method of accounting for the reorganisation.

The basic principle of accounting for business combinations under common control using the pooling of interest method is that the structure of ownership is discretionary, and any reorganisation thereof is without economic substance from the perspective of the controlling party. The pooling of interest method is considered to involve the combining parties being presented as if they had always been combined. To this effect, the Company accounts for the transaction from the beginning of the period in which the combination occurs (irrespective of its actual date) and restates comparatives to include all combined entities.

The concept of pooling generally is based on the premise of a continuation of the combining entities. Consistently, the pre-combination equity composition and history associated with the assets and liabilities would be carried forward upon the combination. In the condensed consolidated interim financial information of the Group, the retained earnings of the individual entities that are combined are reflected under 'retained earnings'.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

4 Summary of significant accounting policies and estimates

The accounting policies applied by the Group in this condensed consolidated interim financial information are consistent with those in the annual audited consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective 1 January 2023.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Critical judgements and key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 applied to the Group's annual consolidated financial statements for the year ended 31 December 2022.

5 Right-of-use assets

The Group's right-of-use assets include leases for office premises. The lease term is 2-5 years.

During the six-month period ended 30 June 2023, the Group recognized right-of-use assets amounting to AED 896 thousand (31 December 2022: AED 3,753 thousand). Depreciation expense during the period amounted to AED 3,873 thousand (31 December 2022: AED 6,313 thousand).

6 Trade and other receivables

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade receivables	**171,734**	932,477
Less: expected credit loss allowance	**(2,696)**	(2,696)
	169,038	929,781
Advance to suppliers	**13,811**	9,519
Refundable deposits	**3,051**	2,967
Prepayments	**638**	364
Other receivables	**11,359**	456
	197,897	943,087

6 Trade and other receivables (continued)

The Group measures the allowance for expected credit loss (ECL) for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a loss rate, with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The expected credit loss on trade receivables is AED 2,696 thousand as at 30 June 2023 (31 December 2022: AED 2,696 thousand).

Trade receivables include AED 141,159 thousand (31 December 2022: AED 924,027 thousand) pertaining to related parties (note 8).

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting an order for sale of services or goods from counterparty.

7 Contract assets

Contract assets mainly represent balances due from customers under software development, installation and support service contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group recognises a contract asset for any work performed in excess of amounts billed to the customer.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Payments are usually not due from the customers until either the services are complete or the respective milestones are achieved and therefore a contract asset is recognised over the period in which the services are performed to represent the Group's right to consideration for the services transferred to date. All the contract assets are expected to be realised within one year and hence classified under current assets. The expected credit loss on contract assets is AED 3,067 as at 30 June 2023 (31 December 2022: AED 3,067 thousand).

Carrying amount of contract assets is as follows:

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Contract assets	**616,920**	439,708
Less: expected credit loss allowance	**(3,067)**	(3,067)
	613,853	436,641

Contract assets include AED 575,179 thousand (31 December 2022: AED 431,295 thousand) pertaining to related parties (note 8).

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

8 Related party transaction and balances

Related parties, as defined in International Accounting Standard 24: *Related Party Disclosures* include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Management approves prices and terms of payment for these transactions and these are carried out at mutually agreed rates.

The Group, in the ordinary course of business, enters into transactions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Group has a related party relationship with the Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

The Group maintains significant balances with these related parties, which arise from commercial transactions.

Balances with related parties at the end of the reporting period comprise:

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Due to related parties:		
Entities under common control	**163,526**	263,704

Significant transactions with related parties in the condensed consolidated statement of profit or loss include the following:

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Revenue (note 12)	**259,325**	245,863	**454,952**	457,153
Staff cost and allowances (ii) (notes 13 and 14)	**54,339**	38,910	**101,531**	69,289

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

8 Related party transaction and balances (continued)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Support services and manpower fee* (note 14)	**10,455**	13,980	**16,632**	26,654
Transfer of employees' end of service benefits (net)	**(544)**	1,245	**(544)**	(125)
Sub-contractor costs and project consumables (note 13)	**62,921**	102,749	**126,385**	161,028
Dividend declared (note 15)	**-**	**-**	**492,849**	-

*Support services and manpower fee are paid by the Group for support and manpower services provided by an entity under common control (a "related party") in accordance with an Intra Group Services Agreement (the "Agreement") between the parties.

i. During 2022, the Group's bank balances were part of a cash pooling facility arrangement (the "Arrangement") where all balances at the end of the day were transferred to the bank account of an entity under common control (a "related party"). During the period, the arrangement has been revoked and the Group has entered into a cash pooling arrangement with the bank where all bank balances of the subsidiaries of the Company are transferred to the bank account of the Company at the end of the day (note 9).

ii. In accordance with an Inter-Group arrangement (the "Arrangement"), the Group's employees are legally under the sponsorship of an entity under common control (a "related party") and the related payroll costs (including end of service benefits) are recharged to the Group (note 13 and 14).

iii. Remuneration of key management personnel is paid by the Parent Company and recharged to the Group as management fee.

iv. Refer notes 6, 7, 9 and 11 for balances with related parties.

v. Guarantees amounting to AED 2,927 thousand (31 December 2022: AED 381,363 thousand) are in the name of related parties but assigned for the benefit of the Group (note 18).

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

9 Bank balances

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash at bank - current accounts	**508,527**	184
Short-term deposits (i)	**1,866,343**	**-**
	2,374,870	184
Less: Fixed deposit - under lien	**(16,343)**	**-**
Cash and cash equivalents for the purpose of cash flows	**2,358,527**	184

(i) Short-term deposits excluding fixed deposits have original maturities of less than three months. The deposits carry interest at prevailing market rates. Short-term deposits include a fixed deposit amounting to AED 16,343 thousand with an original maturity of 12-months and is held under lien as security for a bank guarantee.

Cash at bank and short-term deposit of AED 1,374,870 thousand (31 December 2022: AED 184 thousand) pertain to banks which are a related party (note 8).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of the UAE. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

10 Share capital

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Issued and fully paid:		
5,608,680 thousand ordinary shares of AED 0.10 each (31 December 2022: 1,836 thousand ordinary shares of AED 0.10 each)	**560,868**	184

On 16 February 2023, the Company's Board of Directors resolved to increase the share capital of the Company from AED 184 thousand divided into 1,836 thousand shares of AED 0.10 each to AED 560,868 thousand divided into 5,608,680 thousand shares of AED 0.10 each.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

10 Share capital (continued)

On 3 March 2022, pursuant to the public offering approved by the Securities and Commodities Authority, the Company offered the remaining 1,359,680 thousand shares of AED 0.10 each for public subscription on the Abu Dhabi Securities Exchange. The Company's offer price was set at AED 1.34 per share and was fully subscribed on 27 March 2023, resulting in a share premium of AED 1,686,001 thousand. Share issue costs amounted to AED 6,049 thousand which have been off set against the share premium.

The Board further resolved to allot 4,204,674 thousand shares of AED 0.10 each to the existing shareholder and 42,490 thousand shares of AED 0.10 each to other shareholder (an "entity under common control").

11 Trade and other payables

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade payables	**42,436**	30,265
Project and other accruals	**265,502**	251,735
Provision for bonus	**23,000**	30,294
VAT payable (net)	**36,773**	20,085
Other payables	**4,530**	1,761
	372,241	334,140

Accrued expenses amounting to AED 136 thousand (31 December 2022: AED 4,040 thousand) pertain to a related party (note 8).

12 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services as follows:

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Revenue from contracts with customers				
Revenue recognised over time				
Revenue from project services	**281,869**	265,724	**483,324**	475,519
Revenue from leases	**-**	1,494	**-**	2,988
	281,869	267,218	**483,324**	478,507

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

12 Revenue (continued)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Revenue recognised at point in time				
Revenue from sale of hardware and software licenses	**5,839**	**-**	**30,594**	**-**
	287,708	267,218	**513,918**	478,507

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Revenue by geographical markets:				
Within UAE	**231,523**	199,041	**440,314**	389,052
Outside UAE	**56,185**	68,177	**73,604**	89,455
	287,708	267,218	**513,918**	478,507

Revenue includes AED 454,952 thousand (30 June 2022: AED 457,153 thousand) pertaining to related parties (note 8).

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June are as set out below.

	30 June 2023 AED'000 (unaudited)	30 June 2022 AED'000 (unaudited)
Within one year	**852,151**	503,110
More than one year	**1,448,886**	1,052,237
Revenue from project services	**2,301,037**	1,555,347

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

13 Direct costs

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Sub-contractor costs (i)	**151,110**	140,067	**243,422**	212,529
Staff costs and allowances (note 8)	**35,459**	26,794	**67,226**	46,225
Project consumables (i)	**13,982**	3,436	**14,718**	13,484
Other direct costs	**5,450**	-	**6,794**	154
	206,001	170,297	**332,160**	272,392

(i) Sub-contractor costs and project consumables include an amount of AED 126,385 thousand (30 June 2022: AED 161,028 thousand) pertaining to related parties (note 8).

14 General, administrative and marketing expenses

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	**2023 AED'000 (unaudited)**	2022 AED'000 (unaudited)
Staff costs and allowances (note 8)	**18,880**	13,294	**34,305**	24,242
Support services and manpower fee* (note 8)	**10,455**	13,980	**16,632**	26,654
Depreciation of right-of-use assets (note 5)	**2,132**	1,455	**3,873**	2,740
Subcontracting costs	**2,628**	-	**3,634**	8,113
Professional fees	**625**	571	**2,358**	2,954
Depreciation of property and equipment	**430**	357	**834**	743
Marketing expense	**460**	482	**783**	1,044
IT expenses	**164**	-	**223**	683
Amortisation of intangible assets	**15**	3	**27**	3
Other expenses	**942**	3,173	**1,713**	6,383
	36,731	33,315	**64,382**	73,559

*Support services and manpower fee are paid by the Group for support and manpower services provided by a related party in accordance with an Intra Group Services Agreement (the "Agreement") between the parties (note 8).

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

15 Dividends

On 31 January 2023, the Company declared a dividend amounting to AED 492,849 thousand. Further, JTO Holding SPV Ltd (a "subsidiary") declared a dividend of AED 34,903 thousand to its minority shareholder.

16 Non-controlling interest

Non-controlling interest represents the minority shareholder's proportionate share in the aggregate value of the net assets of the subsidiaries, JTO Holding SPV Ltd and Intellibrain Technological Projects LLC, and the results of the subsidiaries' operations.

Movement during the period is as follows:

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
At 1 January	**117,514**	**-**
Share of profit for the period/year	**501**	117,514
Dividends	**(34,903)**	**-**
	83,112	117,514

The summarised financial information is shown on a 100 percent basis. It represents the amounts shown in subsidiaries' financial statements prepared in accordance with IFRS under the Group accounting policies, and before intercompany eliminations.

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Non-controlling interest (%)	**40%**	40%
Revenue	**1,285**	293,800
Profit		
- attributable to owners of the Company	**753**	176,272
- attributable to the NCI	**501**	117,514
Other comprehensive income	**-**	**-**
Total comprehensive income for the period/year	**1,254**	293,786

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

16 Non-controlling interest (continued)

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Current assets	**207,799**	293,800
Current liabilities	**(19)**	(14)
Net assets	**207,780**	293,786
- attributable to owners of the Company	**124,668**	176,272
- attributable to the NCI	**83,112**	117,514

17 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic earnings per share computations:

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2023 (unaudited)	2022 (unaudited)	**2023 (unaudited)**	2022 (unaudited)
Profit attributable to owners of the Company (AED'000)	**66,484**	63,606	**138,893**	132,556

The following reflects the calculation of weighted average number of shares for the purpose of basic earnings per share computations:

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2023 (unaudited)	2022 (unaudited)	**2023 (unaudited)**	2022 (unaudited)
Weighted average number of shares in issue ('000)	**1,727,458**	1,836	**3,881,223**	1,836
Earnings per share (AED)	**0.04**	34.6	**0.04**	72.2

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

17 Basic and diluted earnings per share (continued)

Earnings per share is AED 0.04 in the current period as compared to AED 72.2 in the prior period as the number of underlying shares have increased from 1,836 thousand in the prior period to 5,608,680 thousand in the current period (note 10). The earnings per share on a like for like basis with a weighted average number of shares of 1,836 thousand is AED 75.6.

The Group does not have potentially dilutive shares and accordingly, diluted earnings per share is equal to basic earnings per share.

18 Contingent liabilities and commitments

The Group has the following contingent liabilities and commitments outstanding at 30 June 2023 and 31 December 2022:

	30 June 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Guarantees	**463,192**	433,124

The guarantees were issued in the normal course of business.

Guarantees amounting to AED 2,927 thousand (31 December 2022: AED 381,364 thousand) are in the name of related parties but assigned for the benefit of the Group (note 8).

19 Segment information

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The operations of the Group are limited to one segment viz. artificial intelligence, machine learning, data analytics and hosting. The products and services being sold under this segment are of similar nature.

The Group's chief operating decision maker reviews the internal management reports prepared based on aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified the above segment as the only operating segment for the Group.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2023 (continued)

20 Financial instruments

All financial assets and liabilities are measured at amortised cost and management consider that the carrying amounts of financial assets and liabilities recognised in the condensed consolidated interim financial information approximate their fair values.

21 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six month ended 30 June 2023 and 30 June 2022.

22 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group has conducted an assessment of the potential impact of these laws and regulations. Based on this assessment, the Group has determined that no deferred tax implications are to be considered in the preparation of these condensed consolidated interim financial information.

23 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was approved by management and authorised for issue by the Board of Directors on 11 August 2023.